Agribusiness Incubation
Component 3 – Agribusiness Marketing
Component 3:

AGRIBUSINESS MARKETING
Learning Objectives

You will be able to:

• Specify where in the value chain to market there is opportunity to help your incubatees add value to their products/services

• Specify actions you can take to help your clients sell their products/services more successfully
WARM-UP Activity (5 minutes)

*Think for a moment about agricultural commodities and make a note of an example where the profitability of that commodity increased by adding value. (2 min)*

*When invited, offer an example to trainer. (3 min)*
1. Adding Value to the Market

♦ Your primary goal as an agribusiness incubator is to develop SME entrepreneurs into profitable and sustainable enterprises.

♦ You will help your clients turn their uncompetitive commodities into competitive products.
2. Beyond Commodities: Differentiated Products

- Differentiating the products creates value
- Differentiating products requires more coordination
- More coordination requires value chains (organized systems for the production of higher value)
From Markets to Value Chains

Commodity → Product → Differentiated Product

Wheat → White Bread

Differentiated Product:
- White, thinly slice, low carb
- Dark, raisin, seven grains
- French Baguette
- Italian Rustic, Olives, Focaccia, Tuscan
Examples of Successful Products

**Step 1**
Choose a market which corresponds to the incubatees **brand domain** e.g. poultry products, agricultural hand nut cracking equipment.

**Step 2**
Identify a need in that market which is underserved or served unproductively

**Step 3**
Create a value added **product or service** to meet that need

**Step 4**
Test, refine and confirm the value, affordability and **salability** of the new product in the target market

**Step 5**
Communicate the **value proposition** associated with the new product
4. Selecting a Market

There are four market entry options available to an incubatee:

- traditional markets
- institutional markets
- incubator affiliated markets, and
- export markets.
Selection of a Market in which an Incubatee Chooses to Compete

Institutional Markets: i) School Food Programs, ii) Government Agencies, iii) Restaurant and Hotel Industry; iv) Foreign Embassies; etc

Export Markets: i) Specialty Food Markets, ii) Fresh F&V Supermarket Sales; ii) Brokers & Agents

Traditional Markets: i) Rural Retail Outlets and Chains, ii) Street Vendors, iii) Urban Whole Sale Markets

Incubator Affiliated Markets, e.g. Villgro Stores, Timbali, Technoserve Mozambique

Most Difficult/ Highest Return

Least Difficult / Lowest Return
Different Product/Market Niches Require Different Core Competencies from Incubatees

Fresh Fruit & Vegetable to Supermarkets

Specialty Food to Foreign Distributor

- Production Quality Control
- Selling
- Logistics

- Branding & Packaging
- Logistics
- Food Regulatory Compliance
HACCP – Hazard Analysis & Critical Control Points is a critical food hygiene management system for consumption products processing and production.

ISO – International Organization for Standardization is a global network that identifies international standards for businesses, governments and societies. ISO 9000 is for Quality Management. ISO 14000 is for Environmental Management. Sub-categories for each.

Organic – certified by the registered entity.

Fair Trade – guarantees fair pricing for producers in the value chain.

Ethnic/Religious – Halal or Kosher are two most common religious certifications in the US market.

Regional/National or Cause certifications
5. Market Positioning: Defining the Value Proposition vs Existing Competition

Example: Fresh melons sold in the Paris wholesale market (Origin: Senegal)
6. Execution: Influencing your Market

♦ A great deal of market success relates to execution.

♦ Marketing is not a true or false test.

♦ Companies shape and mold the markets in which they participate.
6. Execution: Be Systematic

♦ Listen systematically to customers and respond to their problems quickly

♦ Listen systematically to network partners and respond to their advice and admonitions

♦ Continuous adjustment and improvement: compare actual against planned revenue, market share and positioning. Fix problems quickly

♦ Celebrate successes and learn from failures

♦ Incorporate lessons learned in current marketing methods and keep moving forward
7. Export Market Development

Export Markets are an excellent target market for value added food processing entrepreneurs.

Incubator managers should:

♦ Learn about international opportunities and the requirements for entering these markets
♦ Understand the value-chain associated with each market
♦ Do not ignore available markets in countries that are frequently overlooked (Kenya, South Africa, Mexico, Korea)
Good News for Export Market Development

### PRODUCTS
- Choma Sauce (Kenya)
- Jollof Rice Mix (Ghana)
- Cape Malay Curry (South Africa)
- Piri Piri Sauce (Mozambique)
- Chiponde Sauce (Zambia)
- Baobab products (Africa)
- Injera Mix (Ethiopia)
- Tagine Seasoning (Morocco)
- Yassa Sauce (Senegal)
- Chapati Majis (Tanzania)

### EXPORT MARKETS
ACTIVITY - Increasing Sales (30 Minutes)

1. Recall the type of incubator you represent and note its strengths. (1 min)

2. Review briefly the Value Chain map and the promising intervention point(s) identified for growth. (1 min)

3. With a partner, brainstorm ways to support your incubatees’ capacity to increase sales by a factor of ten. (8 min)

4. Select an idea with promise and integrate it into your Value Chain map. (10 min)

5. When invited by trainer, explain briefly your idea for increased marketing. (10 min)
Marketing is all about creating value based on how value is defined in the mind of the customers which incubated companies target.

Marketing agribusiness services and agribusiness practices requires knowledge of the position of: product formulations, packaging, pricing and promotion.

The best kind of incubator support comes from developing internal capabilities, which include a mixture of business experience, business acumen and creativity.
Stay Tuned!

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