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Indo-German Cooperation on **Agricultural Market Development**

Building sustainable partnerships



INTERNATIONAL MARKETING MANAGEMENT

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Indo-German Cooperation on
Agricultural Market Development

Preface

The Indo-German Cooperation on Agricultural Market Development (AMD) Project is intended to contribute to the sustainable economic growth of India's agricultural sector and improve livelihoods in rural regions. The project's goal is to support India's strategy for modernizing agricultural markets and enhance knowledge and skills on the various key aspects of international Agribusiness management, specifically targeting the European Union (EU) markets. The project further focuses enhancing the knowledge on international market management; outlook to identify markets and buyers; Indian and EU trade policies; import regulations and associated incentives; agri trade logistics & management; emerging foreign trade policies; and tools for enhancing price competitiveness in the global markets.

It is with great pleasure that we present an e-book, "International Marketing Management" The e-book comprises information on export food trade policies and showcasing the need and scope of export opportunities in Rajasthan, Odisha, and Uttar Pradesh states. The e-book will give information and knowledge to upcoming entrepreneurs and learn the details to start a foreign trade operation. The e-book has been prepared to provide basic knowledge about the export-import management of agri. commodities in seven parts. This e-book is a part of the series of seven e-books as

1. India's agri-food trade policies and export incentives
2. European union agri-food trade policies and import regulations
3. Product and market identification for exports
4. International marketing management
5. Trade operations and documentation
6. Agri-trade logistics and customs regulation
7. International trade and finance

We wish all the officials from the agriculture and marketing division/ APMCs, state representatives from the Directorate of Marketing and Inspection (DMI), and leading exporters/ agri-startups/ FPO CEOs/ FPOs resource institutions that will benefit from the e-book and get knowledge about export-import operations.

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Preface

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International Marketing Management



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Indo-German Cooperation on Agricultural Market Development

Chapter No 1

International Product Decision



Choosing Appropriate Marketing Channel for European Nations

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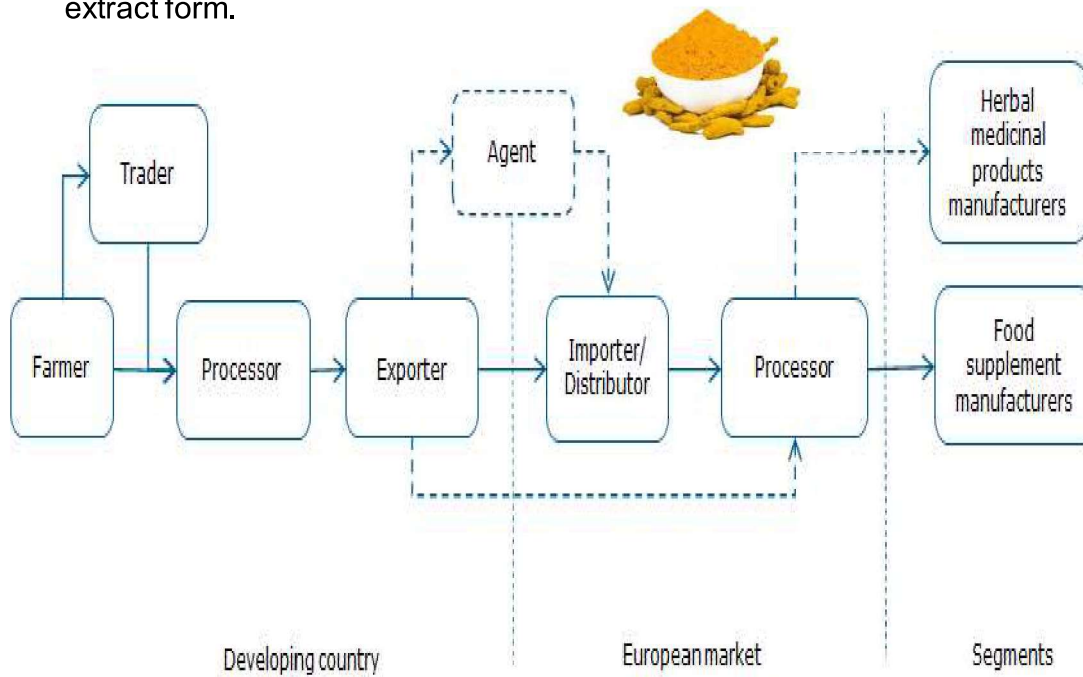
Turmeric



Through what channels does turmeric end up on the end-market?

the export value chain for turmeric on its journey to the European market.

Turmeric can enter the European market in a powdered, liquid and curcumin extract form.



Importer/Distributor

As a processor/exporter of turmeric, your main entry points to the European turmeric market are importers/distributors. European importers/distributors often deal in a wide range of natural ingredients. Their expertise is in the global sourcing of natural ingredients, ensuring the quality and documentary and regulatory compliance, along with selling to processors and natural health product manufacturers.

The British company Supplement Factory is a leading importer/distributor of turmeric in Europe. It uses turmeric's curcumin content in its natural health products. Other importers/distributors of turmeric in the European market include Nexira and Forward Farma BV. Some importers/distributors specialise in trading and supplying organic turmeric to European natural health product companies. BioImport is one company doing so.

Agents

An export agent is a firm or an individual that undertakes most of the exporting activities on behalf of an exporter, usually for a commission. In contrast to importers/distributors, agents do not buy products themselves but contact potential customers on your behalf to sell your products to. Agents can be found in developing countries as well as in Europe. However, it is not that common for companies to use agents in the European market. As an exporter from a developing country, you can work with agents who represent and act on your behalf on the European market.

Processors

Europe has a large processing industry. Processors mainly buy their raw materials from importers and distributors. Processing varies from basic processing to isolation and modification of specific molecules. Processors sell ingredients to the end-product manufacturers of herbal medicinal products and food supplements, sometimes via ingredients distributors. However, processors and end-product manufacturers are increasingly sourcing key ingredients directly, instead of via importers. They do this to guarantee quality, price and a reliable supply over time for ingredients with high supply risks. These can be ingredients that are used in high-volume end-products, ingredients with a high-risk supply situation or ingredients with a crucial active component.

If you have the human resources/staff available, you could supply processors or end-product manufacturers directly and get a better price. You must have impeccable company and product documentation, and you need to ensure a consistent quality and quantity. Moreover, you will need high-quality logistics systems so you can deliver smaller quantities at short notice. You also need to convince manufacturers to add another supplier instead of using an existing supplier, which will be difficult. If you are a small supplier, it may be easier for you to trade through smaller processors. They often require lower quantities and are still important to the industry.

Tips:

Be prepared to send high-quality samples to prospective buyers, who will test your samples to assess whether you are a credible exporter of turmeric. Doing so will give you an advantage when you are seeking to enter the European market.

Consider expanding your turmeric product range, for example by adding organic turmeric. This will probably increase your chances of entering the European market, as some importer/distributors only import organic products.

Be prepared to meet prospective buyers who are interested in purchasing larger volumes if you are in a position to do so.

What is the most interesting channel for you?

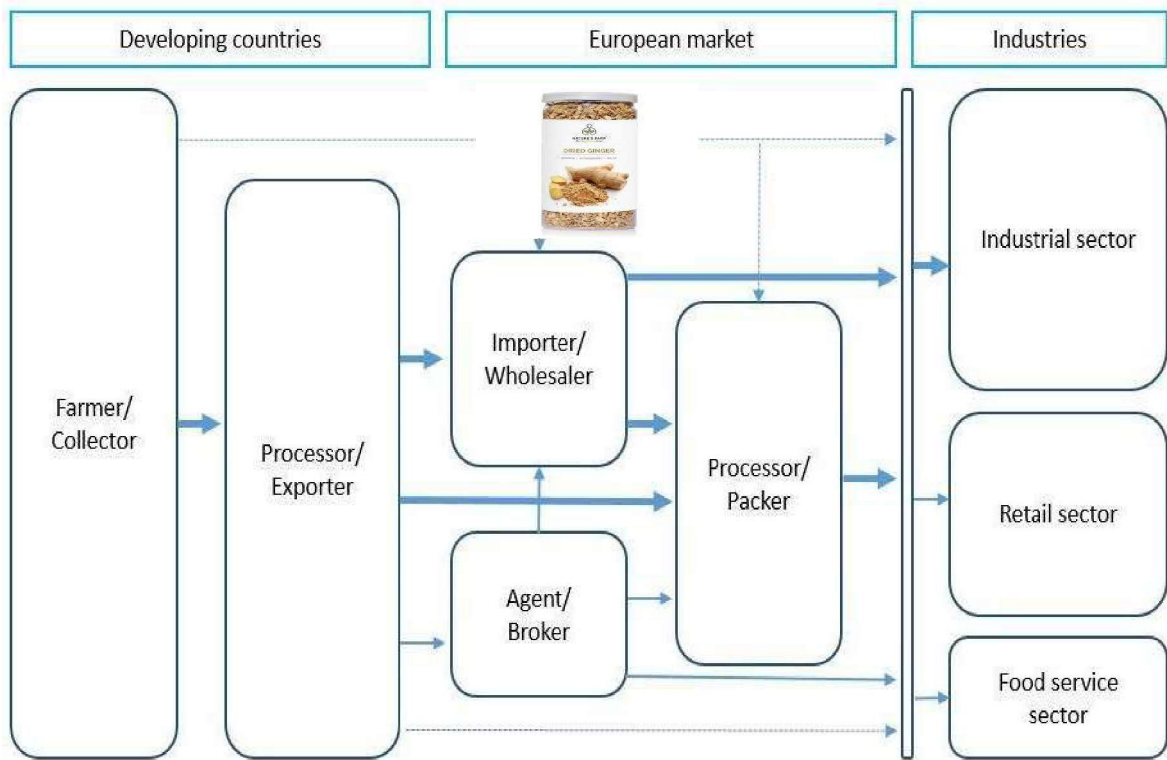
As an exporter of turmeric in a developing country, importers/distributors are the most interesting channel. Dutch company Trading Organic is a leading importer of organic turmeric in Europe. Other importers of turmeric on the European market include Dr. Behr GmbH (Germany) and Curcumaxx (France).

The European finished natural health products market is another interesting channel for exporters. For example, Ayusri Health Products is an Indian company exporting finished curcumin capsules to the European market.

dried ginger



Trade channels for dried ginger in Europe



Food-processing industry

The food and drinks processing industry is roughly estimated to use 75-90% of all dried ginger on the European market. The largest users within this segment include spice mixture producers, convenience food and snacks, culinary, bakery products, the sauces, seasonings and soups industry, the drinks and beverages industry, and the confectionary and chocolate industry.

Spice mixture producers are companies specialised in production of spices and seasonings for different applications. Those companies are constantly investing in research to develop custom formulations for food-processing companies and help launching new attractive tastes. They produce either dried or liquid spice ingredients. Some examples of such companies in Europe are AVO (German producer with also a factory in Poland and in France), Meat Cracks, Kerry Ingredients, Frutarom (part of IFF), Farevelli Group, Food Ingredients Group, Kalsec, EHL Ingredients or Ion Mos.

The meat industry is an important user of dried ginger but very often not supplied directly but through spice and food ingredient companies. However, larger groups of companies may import dried ginger directly. An example of such a group includes OSI Food Solutions.

The European sauces, seasonings and soups industry is also an important user of dried ginger. However, this market is dominated by international brands such as Kraft Heinz, McCormick, and Maggi (Nestle).

Retail

The retail and food-service segments for spices and herbs are dominated by European (often national) spice brands/companies, such as Fuchs in Germany, Verstegen and Euroma in the Netherlands, Santa Maria, part of the Paulig Group (Scandinavian countries) and multinational brands such as McCormick, Kraft Heinz, etc. For example, the Dutch spice specialist Silvo is part of McCormick since 2004. Also, some strong brands are developing in south Eastern Europe, such as Prymat Group. These spice companies import spices directly from all over the world and have in-house processing and R&D facilities.

Private label (supermarket) brands are important as well. European spice packers and blenders conduct production for all these brands. Since supermarkets often require large quantities and have very specific requirements regarding packaging, it is very difficult to supply them directly from outside Europe. Products already packed in origin countries are mainly found in European ethnic supermarkets, open-air markets, and web shops.

- The retail sector can also be segmented into supermarkets, independent grocers and specialty shops. Most retailers sell individually packed spices or herbs and also a range of specific mixtures. Overall, tailored spice and herb mixtures are becoming more popular in the retail segment, partly due to the increasing interest in ethnic food but also due to the growing demand for convenience.
 - Leading supermarket chains in Europe include Tesco, Carrefour, Lidl, Metro, Aldi, Delhaize, Rewe, Edeka, Auchan and Albert Heijn.
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- **Food service**

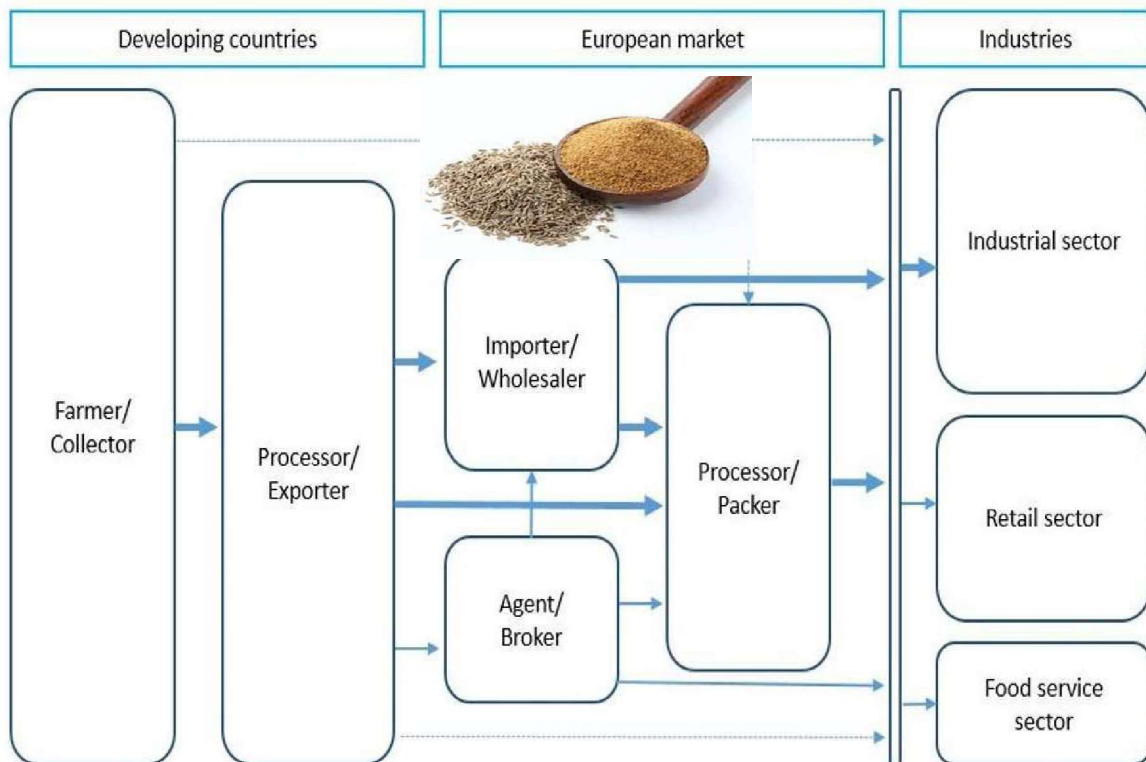
- The foodservice channel (hotels, restaurants and catering) is usually supplied by specialised importers or wholesalers. These companies are sometimes the same as the brands that supply the retail segment. The foodservice segment often requires larger packaging sizes of dried ginger, e.g. cans from 300 to 500 grams or sacks of a few kg.
 - World cuisines, healthy food and food enjoyment are the major driving forces in the foodservice channel in Europe. The fastest-growing business types are likely to be new (healthier) fast food, street food, pop up restaurants, international cuisines and sandwich bars.
-

■ **Ingredients industry**

- The ingredients industry is composed by ingredient formulators that serve various end-using industries such as food, cosmetics and health care. Ingredient formulators are often large-scale companies operating globally, like Givaudan, Firmenich (now part of DSM), Symrise, Naturex and Oterra. These companies focus on cutting-edge technology and usually source from various global suppliers. They have very strict sourcing protocols for quality control and consistency, as well as sustainability.
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Trade channels for cumin seeds in Europe



■ Agents and brokers

- Brokers and agents are intermediaries that bring buyers and sellers together. They charge a commission for their services. Agents and brokers are an interesting option if you have a special product, such as high-quality or sustainable cumin seeds, for which buyers are harder to find. The role of the agent is slowly diminishing due to the increased transparency demanded by the market. Another role agents play is to participate in tenders launched by European retailers. In this case, agents can help exporters to place cumin seeds directly in the European retail segment.

-
- The retail sector can be further segmented into several subcategories like described below.
 - Retail chains - Increasing the market share of their private labels is the main development for leading retail chains. Companies that hold the largest market shares in Europe are Schwartz Gruppe (Lidl and Kaufland brands), Carrefour, Tesco, Aldi, Edeka, Leclerc, Metro Group, Rewe Group, Auchan, Intermarché, and Ahold (Delhaize or Albert Heijn). Examples of ethnic retail chains selling cumin seeds are Asian (Wah Nam Hong or Go Asia) or Turkish (Marmara or Eurogida) stores.
 - Independent ethnic grocers – Cumin seeds are often sold by specialised ethnic shops such as Indian, Pakistani, Turkish, North African and Middle Eastern shops. The UK has a particularly high presence of ethnic shops selling cumin seeds. Some examples are Taj Stores (Bangladeshi with range of international offers), Indian Spice Shop (Indian) or the Asian Cookshop (Asian). In Germany, there is also a large number of Turkish grocery shops selling cumin seeds, some of them have already grown into supermarket chains.
-

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- Specialised spice shops – Spice shops usually belong to the high-end market segment and offer a wide range of spices from different origins. They commonly sell spices measured by weight but also have their own branded products. Some of them have grown into specialised chains such as Alfons Schuhbeck, named after the Germany celebrity chef, with many shops across Germany. Examples of specialised spice shops in Europe include Jacob Hooy (the Netherlands), Épices Roëllinger (France) or Spice Mountain (UK).
 - Specialised organic and health food shops – Specifically relevant for suppliers of organic certified cumin seeds. Many organic shops are part of specialised organic food retail chains, especially in Germany. Examples are Biomarkt, DM and Alnatura. Organic food, including cumin, is also sold in specialised health food stores together with food supplements, herbal teas and other health products (for example by Holland & Barrett in the UK, Ireland, the Netherlands and Belgium). Some organic retailers import directly.
-

- Online retail – Online retail is currently dominated by the leading retail chains. Specialised online retailers selling food exclusively online are still rare, with the UK based Ocado being the most notable example. The Covid-19 pandemic and the measures imposed as a result in many countries in Europe have dramatically increased online retail orders in Europe. There are examples of Asian shops selling spices, including cumin, such as Red Rickshaw, the Asian Cookshop or Spices of India.
 - Street markets – Although the market share of street markets has decreased significantly over the last decade, street markets are still a popular place for food shopping in Europe. Across Europe, street markets are operational on certain days of the week and sellers often move from city to city to offer their products. Examples are Quinn's Market and Southall market in London.
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■ **Food processing segment**

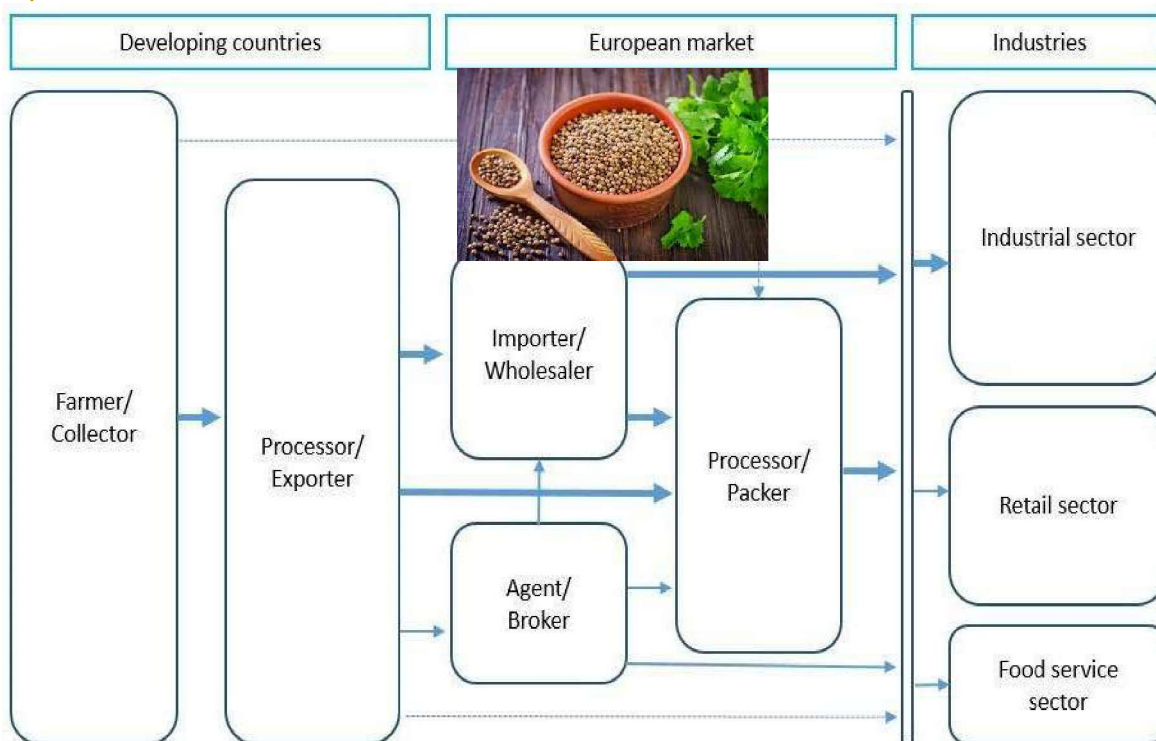
- Spice mixture and ingredient producers – These producers specialise in the production of spices and seasonings for different applications. They are constantly investing in research to develop custom formulations for the food processing industry and help launch new attractive tastes. Examples of these companies include leading spice companies already mentioned in the retail chapter above. Aside from curry and other Asian, Turkish, North African and Middle Eastern spice mixes, cumin powder is an important ingredient in chilli powders, in addition to chilli peppers.
- Apart from spice companies, several other producers make customised (dried or liquid) spice solutions for specific industry needs. Examples of spice mixtures and ingredients companies include OSI Food Solutions, AVO (German producer, part of the European group), Meat Cracks, Colin Ingredients, Kerry Ingredients, Solina Group, Frutarom, Farevelli Group, Food Ingredients Group, Kalsec, EHL Ingredients, and Ion Mos

- Food service segment
 - Specialised distributors supply the food service channel, which includes hotels, restaurants, catering, and institutions. These distributors can import cumin seeds directly, but they often buy from wholesale bulk importers. The food service segment often requires specific packaging of cumin seeds, which is different from bulk or retail packaging, for example, from 300 g to 1 kg packs. Examples of distributors supplying the food service segment with cumin seeds are Metro Cash & Carry and Brake Brothers.
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coriander seeds



Trade channels for coriander seeds in Europe



Several sub-types of coriander seed importers include the following:

Bulk spice importers – In Europe, this category includes wholesale traders and owners of retail brands. Many of these brand owners have already been mentioned in the market analysis of this study. Several other bulk importers and wholesalers include Barnes Williams (United Kingdom), AKO (Germany), Husarich (Germany), Nedspice (Netherlands), Euroma (Netherlands), European Spice Services (Netherlands), Saran Enterprises (Poland), and ISFI Spices (Belgium).

Ethnic food importers – These importers specialise in supplying to the ethnic food service segment and ethnic shops. Very often, these traders import branded products or packs which are smaller than typical bulk packs, such as 1 kg–5 kg. Examples include Fudco (United Kingdom), Ahmed Bros (United Kingdom), and Kreyenhop & Kluge (Germany). Some of them specialise in supplying to specific industries, such as the meat processing industry, for example, Germany's Scheid.

Spice mixes and ingredient suppliers – These traders specialise in supplying to a wide range of food industries. This category includes businesses such as Kerry Ingredients (Ireland), Worlée (Germany), Culinar (Sweden), Epos (Netherlands), and Colin Ingredients (France).

Flavour and fragrances suppliers – These companies import and process coriander seeds for the food and non-foods industries, such as cosmetics. Sometimes they also import coriander seed essential oil in bulk. Examples include IFF and Kerry Ingredients & Flavours.

Suppliers to the food supplements industry – This segment includes companies that source raw materials to produce extracts, capsules, pills, etc. Some examples include Buckton Scott, Capsumed (Germany), and Evolution.

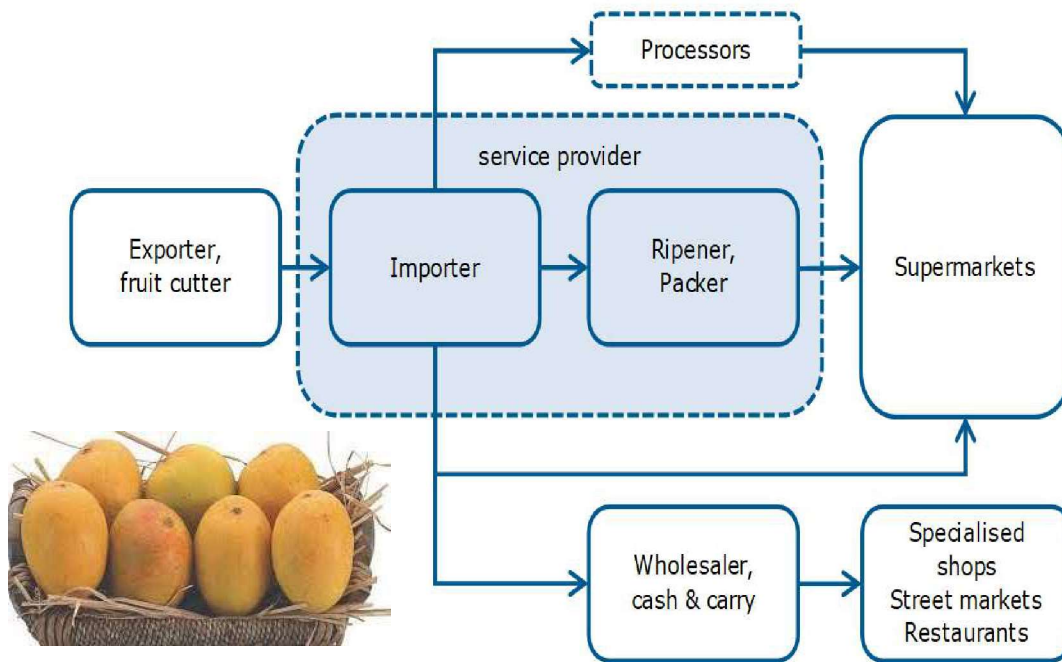
Suppliers of botanicals for alcoholic drinks – This industry includes examples such as Beacon Commodities, Star Spice, and Seasoned Pioneers.

General importers – Importers in this segment also import several other types of products in addition to coriander seeds. Examples include Velji Bhovan & Sons (United Kingdom), Eric Bur (France), and Kündig Group (Germany).

Mango



Market channels for mangoes



Supermarket programmes

Most mangoes are sold through supermarkets, which become increasingly involved in sourcing. This is relatively easy when mangoes are sourced from Spain. For example, German supermarket Rewe established Eurogroup in Spain to oversee production and sourcing.

However, overseas mango imports during the rest of the season is often complicated. Fluctuations in price, volumes and quality continue to provide opportunities for independent traders. Supply contracts for mango are often combined with purchases on the spot market.

Wholesalers (spot market)

Traditional fruit wholesalers cover the spot market, moving according to trade fluctuations. They supply to specialised shops, street merchants, restaurants and hotel chains. Sometimes these companies combine import and wholesale activities, but a traditional wholesaler does not take many risks with importing long-distance mangoes – with the exception of ethnic mango varieties which are flown in. Typical wholesale markets include Rungis in Paris and Mercabarna in Barcelona.

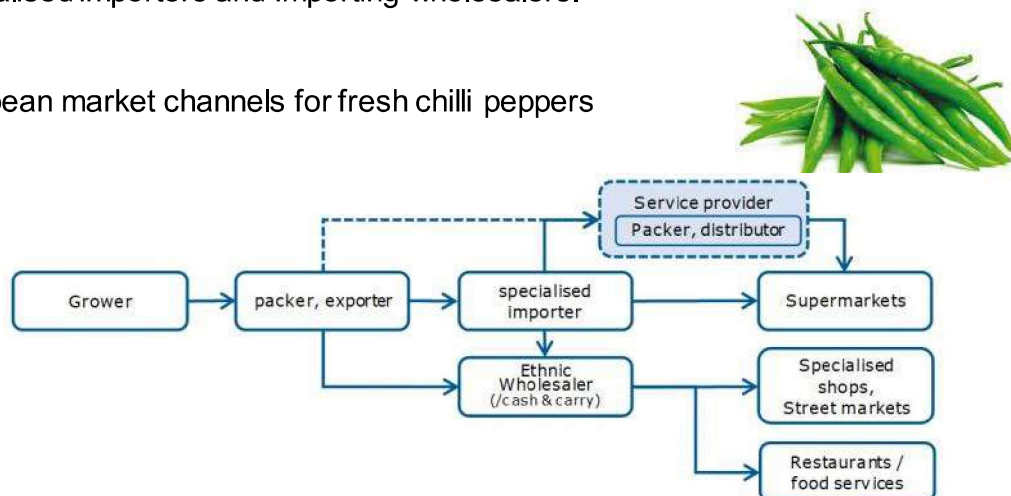


Green Chilli

Through what channels does a product end up on the end-market?

A large part of the chilli pepper demand is fulfilled by grower groups and service providers. For the more exotic varieties, the market depends on specialised importers and importing wholesalers.

European market channels for fresh chilli peppers



- **Specialised importers form the main channel for chilli peppers**
 - The main entrance to Europe is importers that specialise in exotic or ethnic vegetables. They have an important responsibility in fulfilling the demand for different types of chilli peppers, from common off-season chillies to the most exotic chilli peppers.
 - Importers manage supply chains from different origins and perform quality control. They are familiar with all the requirements of end clients and distribute to different European markets.
 - There is a wide variety of chilli pepper importers, in size, segment and product assortment. There are exotic specialists with chilli peppers such as BUD Holland and Roveg in the Netherlands, CMR Group in Spain, and Neta in France. Other importers have a stronger ethnic focus such as Tropifruit in the UK or Belimpex in the Netherlands.
-

- **Service providers provide access to supermarkets**
 - In general, supermarkets want to buy as close to the source as possible, but they also want to be unburdened. The companies that have a direct relation with large supermarket chains, often present themselves as service providers. They organise the supply chain according to the needs of their clients, from sourcing to (re-)packing and branding. These service providers either source directly from the origin, or select specialised importers to find specific chilli pepper varieties. You can become part of this supply chain if you are able to offer the quality and logistics that a service provider requires.
 - **Wholesalers (spot market)**
 - The wholesale channels are crucial for the distribution of different chilli pepper varieties. Wholesalers often supply smaller quantities of exotic chillies to hospitality and food services, specialised fruit retailers and street markets. Ethnic wholesalers can have their own import and international contacts, such as Punjab Exotic Foods and Sunnyfield Veg. Other wholesalers depend on a network of experienced importers. Typical wholesale markets include Rungis in Paris, New Spitalfields Market in London and Marcabarna in Barcelona.
-

Visit wholesale markets (when possible)

- Rungismarket (Paris, France): the most famous wholesale market in France;
- Mercamadrid (Madrid, Spain): one of the main wholesale markets in Spain;
- Mercabarna (Barcelona, Spain): one of the main wholesale markets in Spain;
- Grossmarkt Hamburg (Hamburg, Germany): close to the port of Hamburg;
- SogeMi Mercato Agroalimentare Milano (Milan, Italy): one of the largest wholesale markets for fresh fruit and vegetables in Italy;
- New Spitalfields Market or New Covent Garden Market (the United Kingdom): 2 wholesale markets for fresh products in London.

Thanks

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Chapter No 2

Establish to your own brand

Establish to your own brand



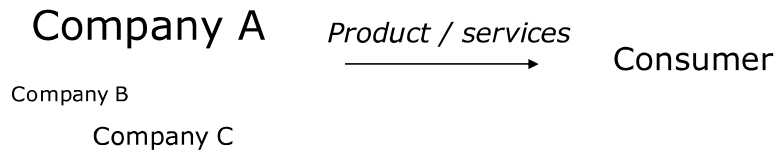
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Brands are much more than logos



What is a brand ?

A traditional scenario of market



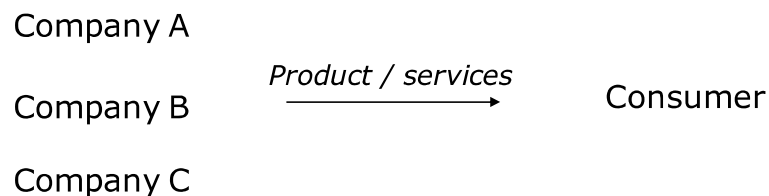
In a traditional market scenario, the company is catering to the consumer.

The number of competitors are small.

In these markets the companies can come with advanced technologies and other strategies to capture more market share.

(The size and power of the players is important.)

What is a brand ?



In complex markets, the differences between companies are not much.

The companies can not differentiate much themselves from others on the basis of quality and technology etc. factors as all the companies are competent enough.

This scenario explains the need for the differentiation for the companies.

What is a brand ?

Branding is an effort to give a unique identity to the company's products and create emotional associations with consumers.

It is a form of marketing.

A brand is a set of associations that are linked to a product range, a division, or company.

These associations reside in the memory of customers.

These associations help customers understand

what the brand or company is,

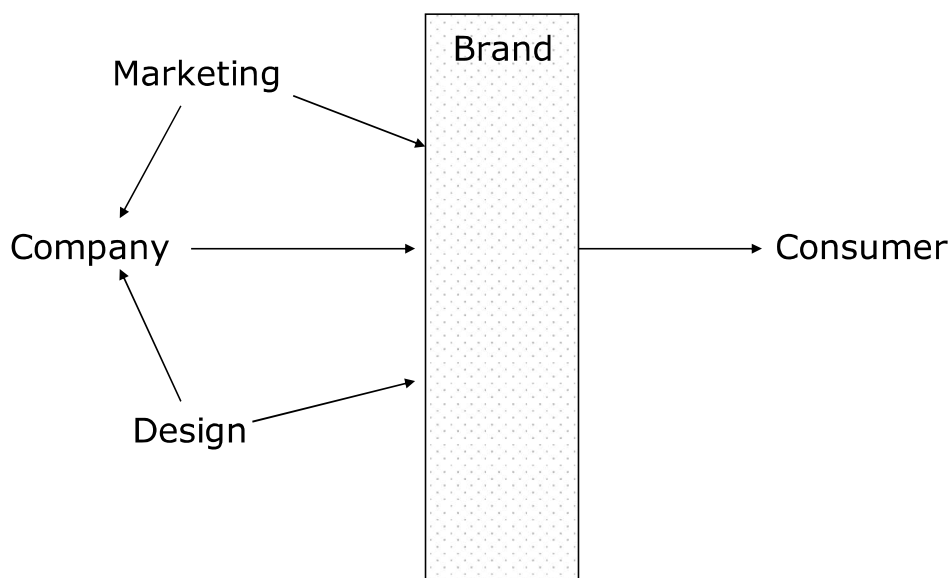
why it is potentially relevant to them,

how it is different or similar to other products made by the company,

and how it is similar or different from competitor's products.

What is a brand ?

Branding is a combined effort of the company which is projected to the consumer.



What is a brand ?

What a brand means to common person ?



In 'blind' taste tests, people prefer the taste of Pepsi over the taste of Coke. However, if the test is not 'blind' and the tasters know which beverage is which, they prefer the taste of Coke over Pepsi! That is the emotional power of a brand. The Coca-Cola brand has the power to actually change an individual's taste!

Coca-Cola is the no.1 brand in the world.

The first shape that was registered is the Coca-Cola bottle.

Broccoli and Cauliflower



Top producers: China, India, Spain, Mexico, USA, Italy

UK Broccoli mostly comes from Spain or Italy. How far away is that?

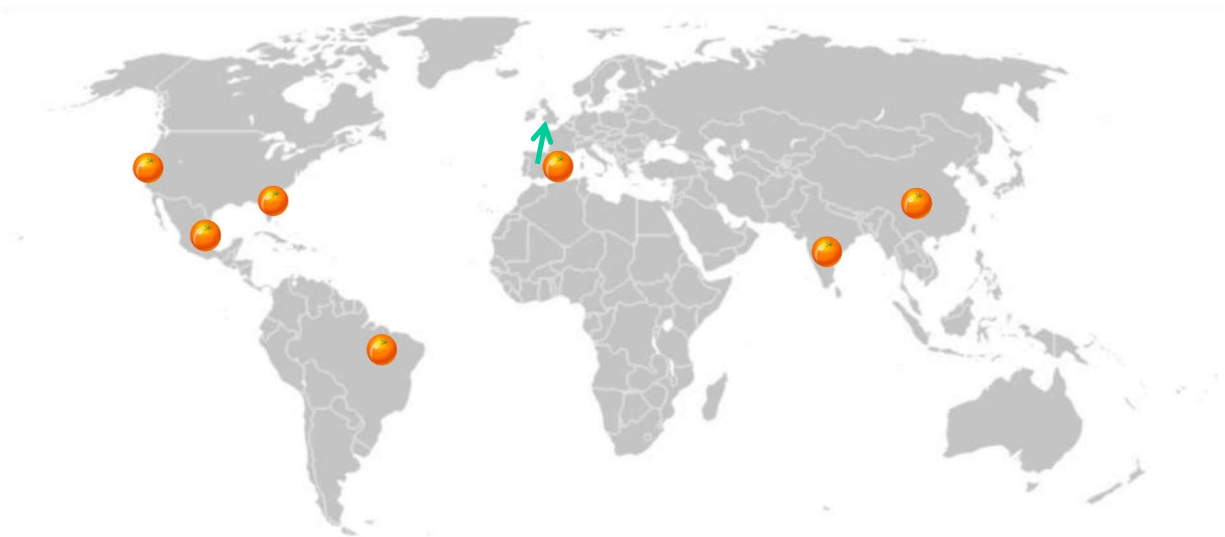
Spain: 800 miles Italy: 900 miles



What is a brand ?

- (1) Products and services have become so alike that they fail to distinguish themselves by their quality, efficacy, reliability, assurance and care. Brands add emotion and trust to these products and services, thus providing clues that simplify consumers' choice.
- (2) These added emotions and trust help create a *relationship* between brands and consumers, which ensures consumers' loyalty to the brands.
- (3) Brands create aspirational lifestyles based on these consumer relationships. Associating oneself with a brand transfers these lifestyles onto consumers.
- (4) The branded lifestyles extol values over and above the brands' product or service category that allow the brands to be extended into other product and service categories. Thus saving companies the trouble and costs of developing new brands, while entering new lucrative markets.
- (5) The combination of emotions, relationships, lifestyles and values allows brand owners to charge a price premium for their products and services, which otherwise are barely distinguishable from generics.

Oranges

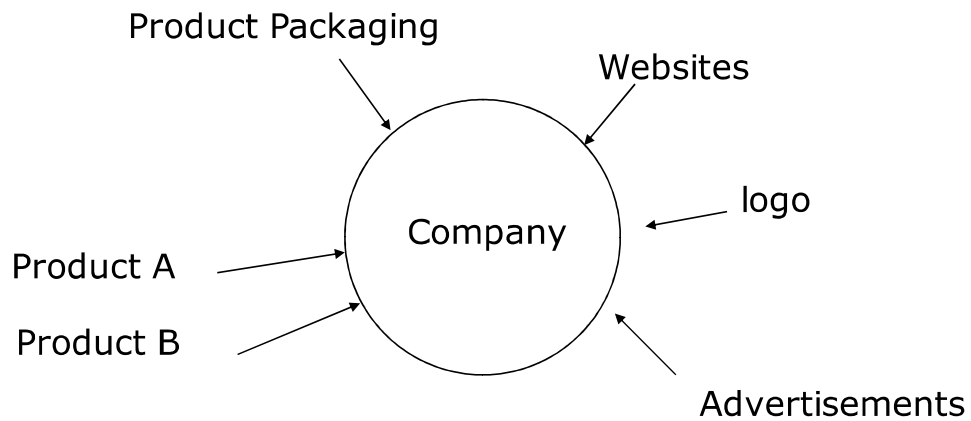


Top producers: Brazil, USA, China, India, Mexico, Spain

UK oranges mostly come from Spain. How far away is that? 800 miles



Integrity of Brand



A brand is a promise. A promise to achieve certain results, deliver a certain experience, or act in a certain way. A promise that is conveyed by everything people see, hear, touch, taste or smell about your business.

Bananas



Top banana producers: India, China, Philippines, Ecuador, Brazil

UK bananas mostly come from the Caribbean. How far away is that? 4600 miles!



Company / Service —————> People

BRAND

The market

A traditional market scenario is in market a company or service is catering to consumers After there are plenty of players who are competing against each other, the market becomes complex

At this time companies start fighting against each other to capture a large market share with lot of Efforts in various fields.

Like using advanced technology, giving quality products etc.

This all is possible when there is a lot of variation in sizes of the companies

But when all the companies are quite competitive this difference doest work.

Here advertising and branding comes as a major player.

What goes in to making a Chocolate Bar?



Calcium sulphate



Cocoa



Sugar



Wheat



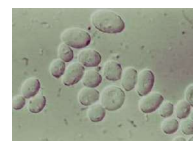
Palm oil



Soya



Salt

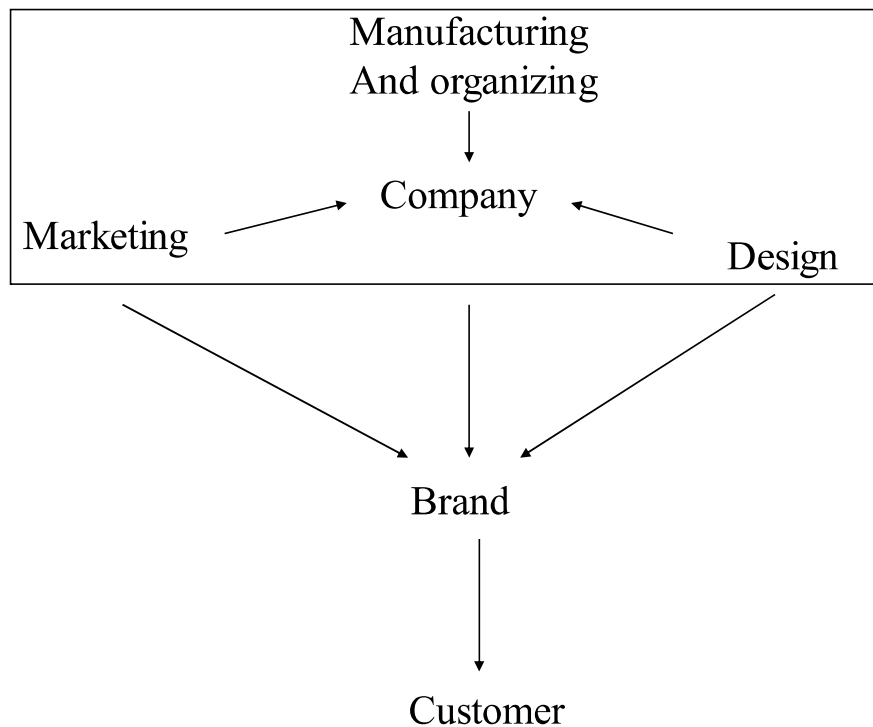


Yeast



Milk





Where do the ingredients come from?



Cocoa:	West Africa	Milk:	EU	Palm oil:	SE Asia
Sugar:	Caribbean	Yeast:	Europe	Soya:	Brazil/Argentina
Wheat:	East Anglia	Salt:	China	Calcium Sulphate:	India



Brand

Aesthetics –integrated family look

Style of use

Style of design ??

Some functions —————> Design features

Interface design

May be a unique way to operate mobile phone

How far have the ingredients travelled?



Cocoa: 3100 miles

Sugar: 4600 miles

Wheat: 200* miles

Milk: 500* miles

Yeast: 500* miles

Salt: 4700 miles

Palm oil: 6500 miles

Soya: 5600 miles

Calcium Sulphate: 4700 miles

Total food miles: ~30,400



Points

What is brand?

Why is it necessary?

What makes a brand?

What are the efforts

And a lot of examples

of each and every type of branding

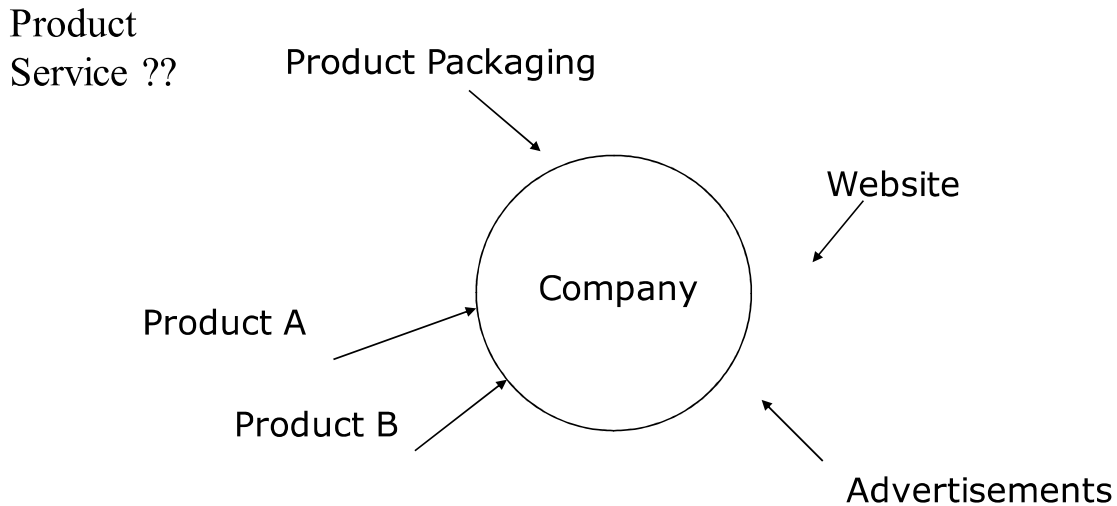
What might increase the food miles even further?



- **Transport routes: sometimes transport stops at other countries on the way**
- **Processing and packaging are sometimes done in other countries... more miles!**



Form
Agri business
Company strategies

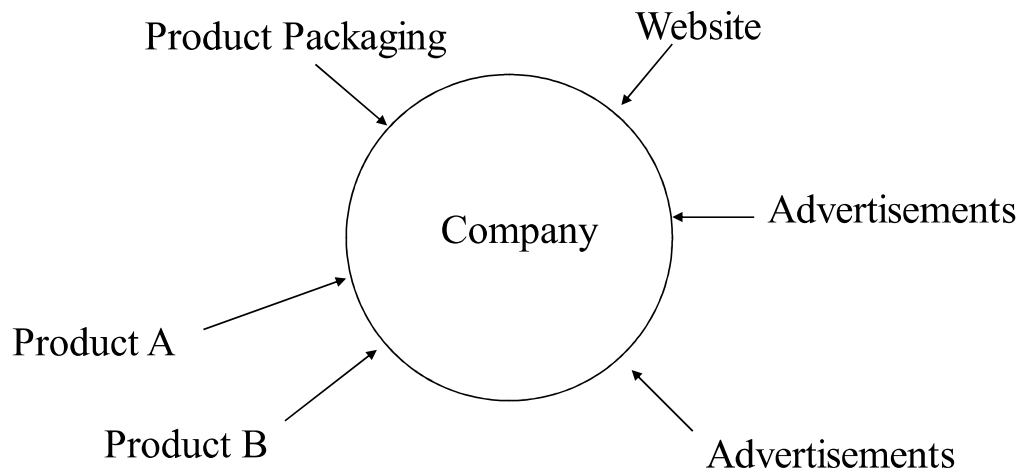


Why do we source our food from so many different countries?

- Climate – we can't grow them here
 - Many ingredients need to be grown in particular climates
 - Soya can only handle a 1.4 degree temperature change so climate change would affect production
- Space
 - Agriculture needs a lot of land
- Expertise
- Cost of production
 - Countries with a lower cost of living can produce food more cheaply



Integrated image and promise form the company



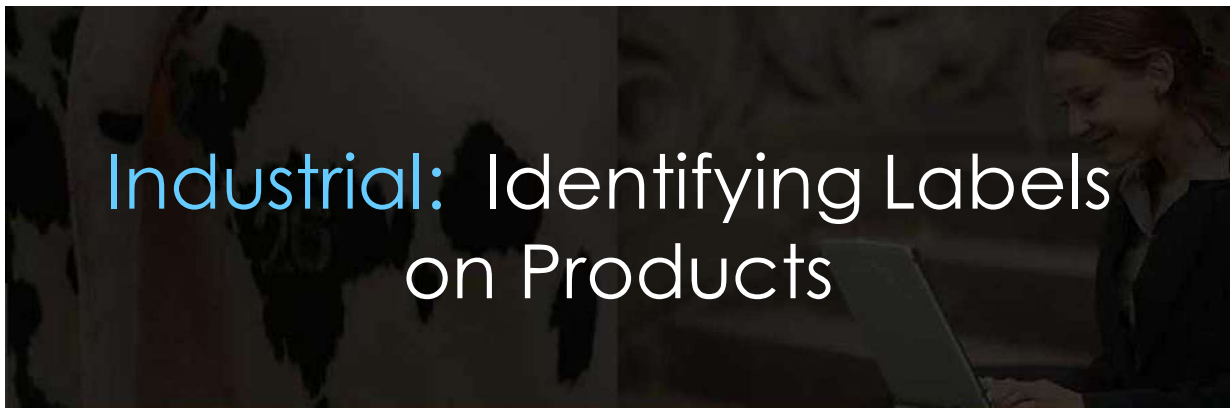
Objectives

- What is Branding? Understand its importance in the fullest sense.
- Understand your personal brand promise and how your distinct talent contributes to the strategic direction of your team and organization.
- Design your personal brand to better distinguish your talent and contribution and to deliver inspired performance.



Agrarian: A Mark on Livestock

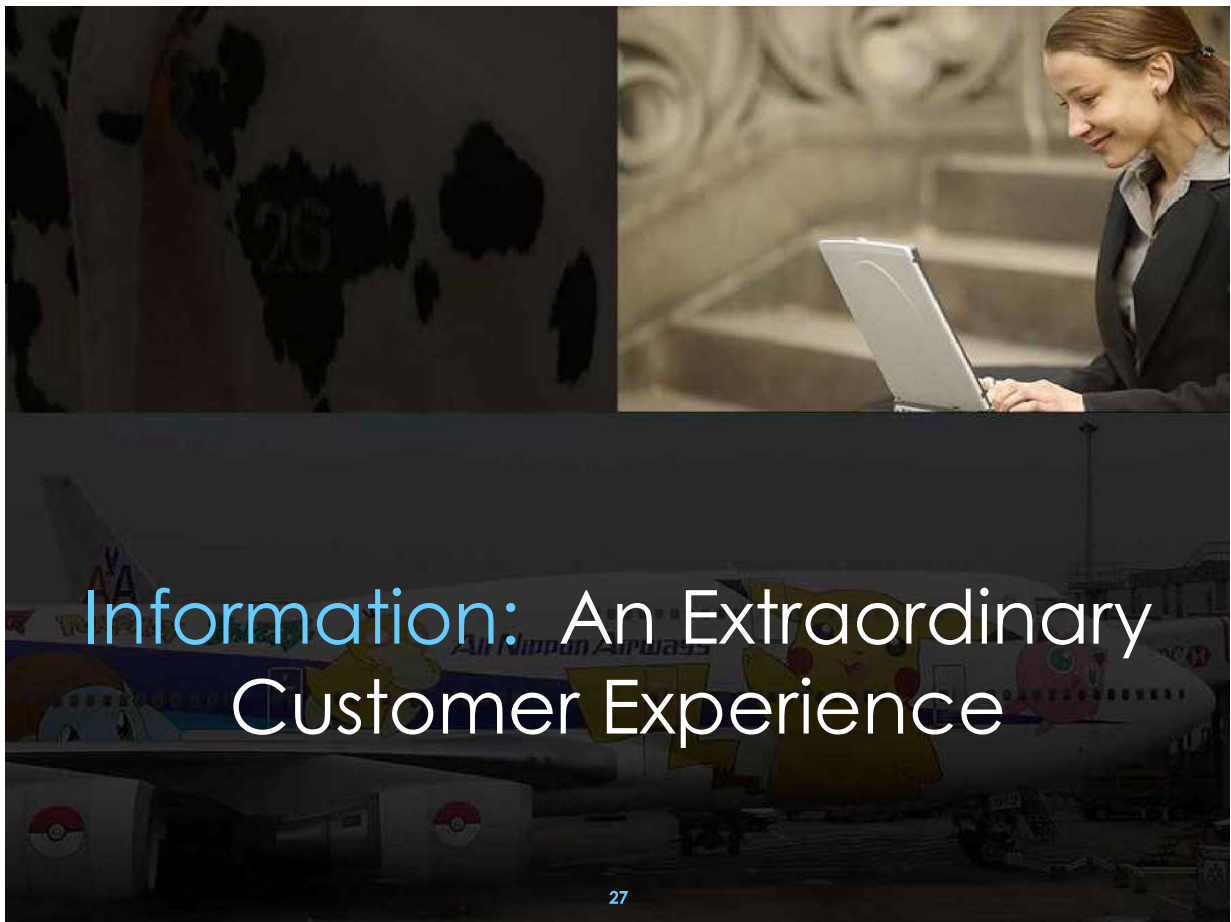
25



Industrial: Identifying Labels on Products



26



Information: An Extraordinary Customer Experience

27

**What is
my
distinct
brand?**

**What do I
want to
be known
for?**

28

**You have a
brand
whether you
are aware
of it or not!**

**Your Life
Experiences**



**Your Point of View
and Actions**



**The Way Others
Perceive Your**



Your Default Brand

29

Your Distinction

Your Brand Promise

Your Distinct Contribution/ Talent

Your Default Brand

Your Actions and Points of View

30

Brand Choices

31



32

NORDSTROM



33



TOYOTA



34

“A great brand taps into emotions. Emotions drive most, if not all, of our decisions. A brand reaches out with a powerful connecting experience. It’s an emotional connecting point that transcends the product.”

Scott Bedbury, Nike/Starbucks

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Distinct?
or
Extinct?

36



**Why Do
People
Choose You?**

**For Projects?
Teams?**



Tasks?

Four Descriptive Words

- In the pre-work we asked you to collected four distinct words from 4 - 6 people who know you and your work.
- If you did not do the pre-work think of what others might say about you to come up with at least 16 words.
- Reflect on feedback from any recent 360 or your last performance review.

In pairs, discuss...

- Is there anything you think others missed or might miss?
- Is there anything that might surprise you in what others have said.



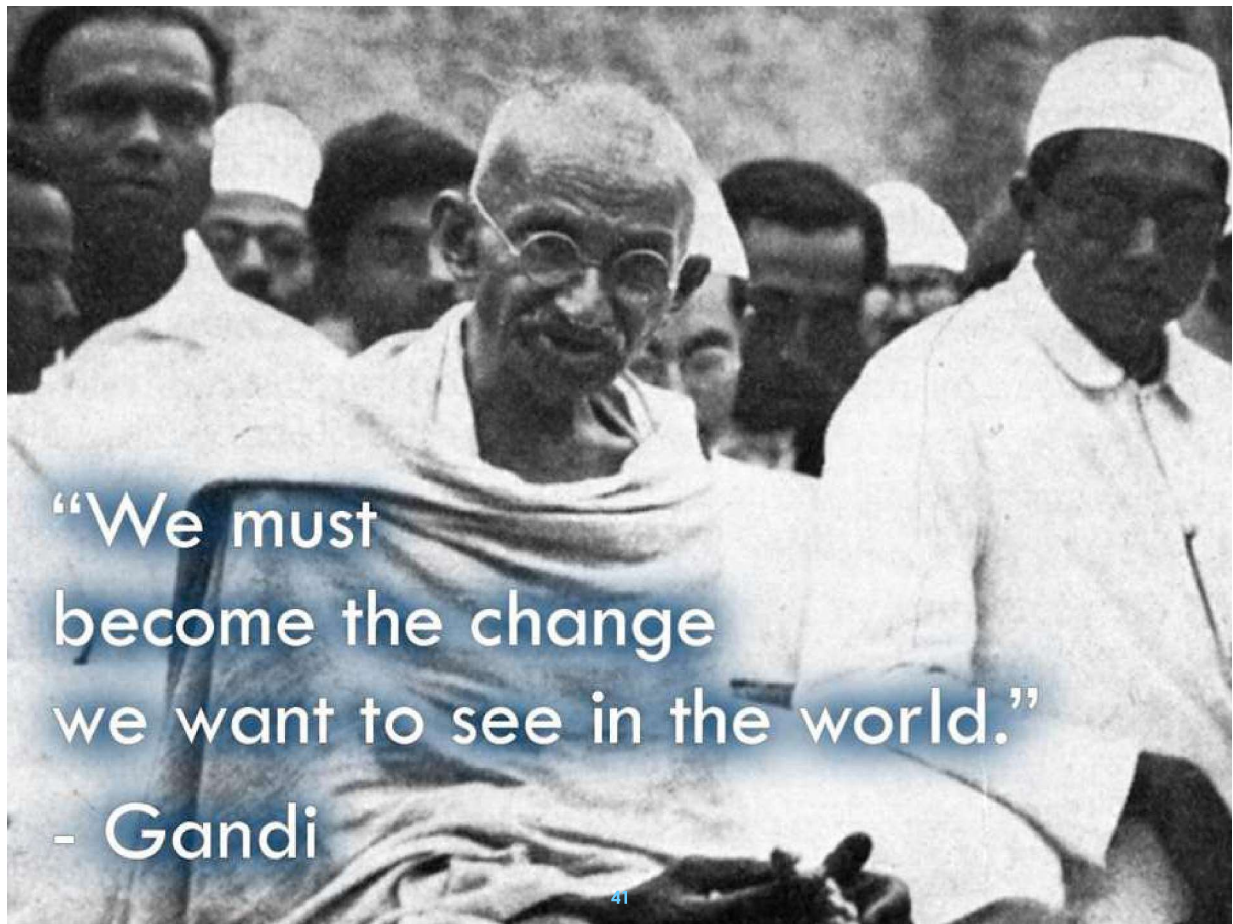
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Your Brand?

- Am I aware my default brand?
- Do I like it?
- How would I change it if I could?
- What opportunities does it open or close for me?



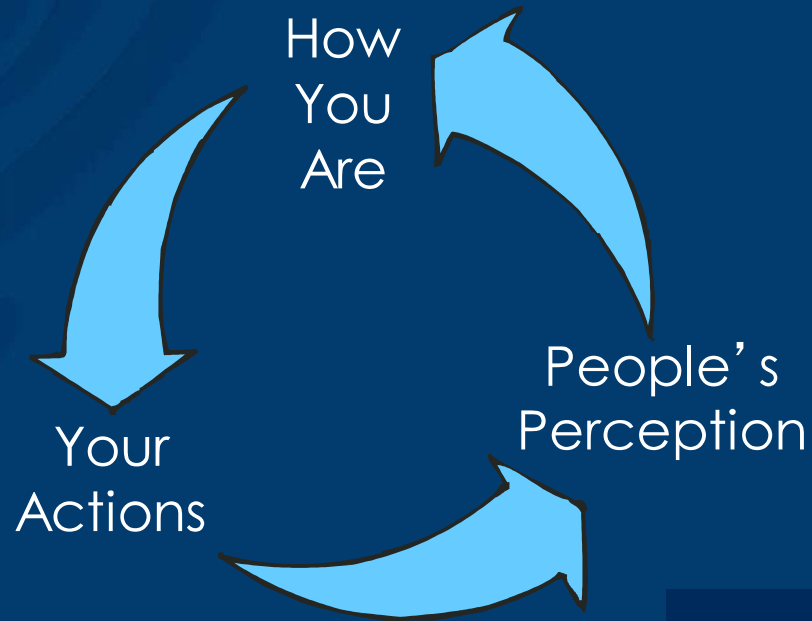
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Distinct Contribution/Talent

- Have I received the highest Performance Review I could receive?
- What areas do I want to develop?
- If I fully developed myself in the areas I am committed to developing, how would people describe me?
- Would this description match the sixteen distinct words from my current Default Brand?
- What is the gap and the opportunity for development?

Why: Perception is Everything



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Building Your Personal Brand

**Commitment to Inventing
a New Personal Brand**



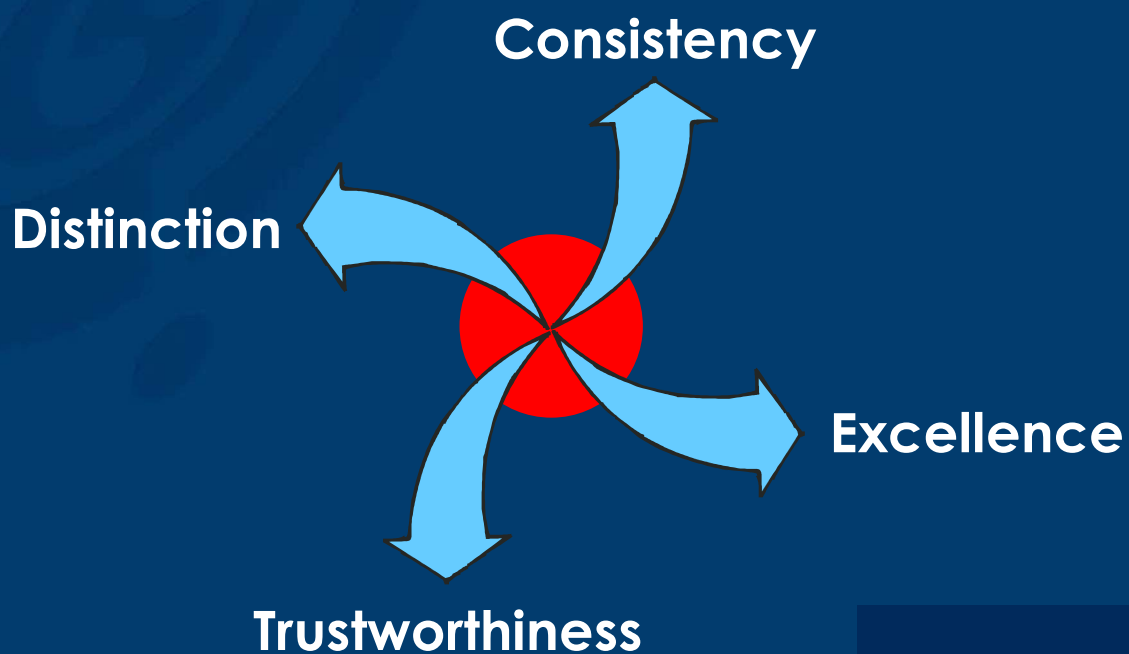
**Accurate Perception of
Current Default Brand**

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What Makes a Brand Distinct?

45

Brand is Defined By



46

“If there is nothing very special about your work, no matter how hard you apply yourself, you won’t get noticed and that increasingly means you won’t get paid much, either.”

Michael Goldhaber, Wired

47

Contribution/Talent Inventory

- What are my aspirations?
- What am I passionate about?
- What are my special strengths?
- What is my contribution to my work, my team, my organization, and it’s strategic goals?

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Top Brands

A brand analyst and strategy company (Millward Brown Optimor) annually ranks the world's most powerful brands measured by their dollar value

1. Apple



6. AT&T



2. Google



7. Microsoft



3. IBM



8. Marlboro



4. McDonald's



9. VISA



5. Coca-Cola



10. China Mobile



Top Brands

Top sports/entertainment industry related brands of 2013 according to Millward Brown Optimor's annual rankings

1. Apple



7. Microsoft



14. Amazon



28. Disney



56. Nike



Thanks

Chapter No 3

Export-Pricing-Methods



Export Pricing Methods

Dr. Ramesh Mittal

Director

CCS National Institute of Agricultural Marketing
Jaipur

In the era of Global Market Economy and fierce competition, importance of accurate costing of product need not be over - emphasized. In accurate costing can lead to either losing of orders or losing of profits. Export pricing is most important tool for promoting sales and contesting international competition. Exporter has to face domestic producers in the export market, producers in other competing supplying countries and domestic producer's in one owns country. Costs, Demand and Competition are the three important factors that determine price. The price for export should be as realistic as possible. The exporter has to exclude cost for domestic production which are not applicable for export and add those elements of costs which are relevant to export product. Exporter has to compete with manufacturers formal over the world. Hence, his price has to be realistic considering all export benefits and price in foreign market.

Following are few examples of such factors :

- ▶ Range of product offered
- ▶ Prompt deliveries and continuity in supplies
- ▶ Product differentiation and brand image
- ▶ Frequency of purchases
- ▶ Presumed relationship between quality and price
- ▶ Credit offered

Pricing Vs Costing :

- ▶ There is a lot of confusion between the price and the cost. Many consider these synonymous. A few points to give you a mental pictures of these points are as under
- ▶ Price is what we offer to the customer. Cost is the price that we pay / incur for the product.
- ▶ Price includes our profit margin. Cost only gives the expenses we have incurred.
- ▶ Costing is the Cost Accountant's privilege. Pricing is the Marketing man's privilege.

Export Price :

- ▶ Once the Ex- works / purchase price has been decided the additional expenses that have to be added are as under :
- ▶ Loading charges from work to truck/ rail/ air etc.
- ▶ Freight charges to port of shipment
- ▶ Clearing and forwarding charges
- ▶ Dock charges / wharf age/ terminal handling charges etc.
- ▶ Freight charges to the destination port
- ▶ Insurance charges
- ▶ Insurance (both to port of shipment and destination)
- ▶ Commission
- ▶ Interest charges
- ▶ Guarantee/Warrantee costs

In order to withstand international competition, the Government offers certain exemptions and incentives / benefits. These are additional realizations which tend to reduce the cost of your product. the following are few of them :

- ▶ There is no sales tax applicable on the final product
- ▶ There is no excise applicable on the final product
- ▶ Duty free import of raw materials, components and consumables is permitted under the advance licensing scheme.
- ▶ Income tax benefit under 80HHC
- ▶ Special import license
- ▶ Credit of duty under the duty Entitlement Pass Book Scheme
- ▶ Any other special subsidy announced by the government

Special Factors for Exporting Pricing :

There are many unique factors relating to goods to be sold abroad. These factors influence their determination in comparison to those having bearing on pricing for domestic products. These factors may be delivery schedules, terms of payments, motivation of pricing, size of order etc.

Factors that increase price of Export Products :

- ▶ Special packing, marking and labeling
- ▶ Additional supervision and effort for Export product
- ▶ Export Transaction cost
- ▶ Cost of Export Procedure
- ▶ Marketing cost
- ▶ Additional Insurance cost

Factors that reduce price of Export Products :

Export Assistance and Facilities

- ▶ Refund or exemption from excise duty
- ▶ Lower price due to Imported components and spares
- ▶ Import of raw materials at International price
- ▶ Benefit of economy of scale
- ▶ Cheaper Export credit

Ascertaining Exact Benefits from Export Assistance Schemes :

In order to ascertain the exact benefits that can be derived from export assistance schemes it is necessary first to locate the exact clarification or SI. Number of the product under these schemes. The problem is exacerbated for products carrying specific brand names, as the brand rate may differ from the all industry rate. This occurs for example, under the duty drawback credit scheme, which provides relief on the customs and excise duties paid on raw materials and components used in export production. The exporter should be aware of two types of drawback rates :

1. All industry rates : These are published in the form of a government notification every year and are normally valid for one year.
2. Brand rates : These are fixed at the exporters or the manufacturer request.

➤INTRODUCTION:

PRICE:

Price means the expression of value of utility of a commodity in terms of money.

PRICING:

Pricing is the technique of determining such acceptable price at which the seller is willing to sell and the buyer is willing to buy the product.

EXPORT PRICING:

Export pricing is also closely related to export promotion, So Export pricing is determining such acceptable export price.

FACTORS DETERMINING EXPORT PRICES:

1. INTERNAL FACTORS:

- a. Cost
- b. Objectives of the firm
- C. Product
- d. Image of the firm
- e. Promotional Activities
- f. Product life cycle

2. EXTERNAL FACTORS:

- a. Competition
- b. Demand
- c. Consumers-
- e. Economic conditions
- f. Channel of distribution
- g. Market Opportunities

BASIC DATA REQUIRED FOR EXPORT PRICING DECISIONS:

1. Product cost:

- a) Material
- b) Labor
- c) Factor overhead
- d) Administrative overhead

2. Cost of Distribution:

- a) Selling cost
- b) Packing cost
- c) Transportation cost
- d) Insurance cost

BASIC DATA REQUIRED FOR EXPORT PRICING DECISIONS:

3. Cost Relating to Exports:

- a) Product modification
- b) Cost of documents
- c) Export packing and marketing
- d) Loading at factory
- e) Transport to dock or airport
- f) Handling charges and fees at port or airport.

4. Cost Estimates:

- a) FOB, C & F or CIF
- b) Sea freight or air freight
- c) Unloading charges at destination
- d) Airport handling charges or fees
- e) Import duty and taxes

BASIC DATA REQUIRED FOR EXPORT PRICING DECISIONS:

4. Cost Estimates:

- f) Clearing agent's fees
- g) Transport to importer's warehouses
- h) Importer's margin
- i) Wholesaler's and retailer's margin

5. Regulation in exporting country:

- a) Floor price
- b) Duty drawback scheme
- c) Import replenishment
- d) Income Tax
- e) Railway freight concession

BASIC DATA REQUIRED FOR EXPORT PRICING DECISIONS:

6) Regulation in importing country:

- a) Import duty
- b) Quota restrictions
- c) Sources of supply (foreign or domestic)
- d) Substitute products.
- e) Complimentary products
- f) Terms of payment

7) Other Relevant Data:

- a) Customer's attitude towards prices and quality
- b) Inventory of finished goods
- c) Political restrictions on trade
- d) Air or ship services
- e) Business policy
- f) Sales in units and rupees
- g) Trade agreement –bilateral or multilateral

EXPORT PRICING STRATEGIES :

1. Skimming pricing strategy:

A high premium price is charged when a product is launched in the market .
Other two types i.e.

a) Rapid skimming pricing:

When high prices are charged, and the product is promoted with heavy promotional expenditure.

b) Slow skimming pricing:

Where high prices are charged, and there is limited promotional effort to promote the product.

Skimming pricing strategy advantages & disadvantages:

1. Advantage:

- a. Higher Profits
- b. Developmental Expenses
- c. demand Assessment
- d. Suitability
- e. No Blocking of Funds
- f. Feasible for Short Term
- g. Prestige Status
- h. Reflection of High Quality

2. Disadvantage:

- a. Slower Turnover
- b. Growing Competition
- c. Customer Dissatisfaction
- d. Uncertainty of High Profit in the Long Run
- e. Not Useful for Products of Daily Use

EXPORT PRICING STRATEGIES :

2. Penetration pricing strategy:

A strategy of charging low prices in the early stages of product introduction in the market.

a) Rapid Penetration pricing strategy:

Where low prices are charged, and the product is promoted with heavy promotional expenditure.

b) Slow Penetration pricing strategy0:

Where low price is charged, and there is limited promotional expenditure to promote the product.

Penetration pricing strategy advantages & disadvantages:

Advantage:

1. Quick Sales
2. Brand Loyalty
3. Economies of Large Scale
4. Less Competition
5. Brand Leadership
6. Long Term Strategy
7. Suitability
8. No Blocking of Funds

Disadvantage:

1. Development expenses
2. Consumers Doubts
3. Disadvantageous in Long Run
4. Prestige Status
5. Blocking of Funds
6. Price Resistance
7. Problem of Obsolescence

EXPORT PRICING STRATEGIES:

Other pricing strategies

- 3) Probe pricing strategy
- 4) Follow the Leader Pricing Strategy
- 5) Differential Trade margins pricing strategy
- 6) Standard export pricing strategy
- 7) Differential pricing strategy
- 8) Market pricing strategy
- 9) Transfer pricing strategy
- 10) Trial Pricing
11. Flexible- Price Strategy

BREAK EVEN ANALYSIS:

Meaning:

Break even technique is concerned with finding out that level or point at which the sales will break-even (no profit or no loss).

FORMULA TO CALCULATE B.E.P.

Where,

SP = Selling Price

VC = Variable Cost

FC = Fixed Cost

C = Contribution (i.e. profit)

FORMULA

$$\text{BEP-FC/ SP-VC OR FC/C}$$

EXPORT PRICING QUOTATIONS:

MEANING:

Quotation is an offer or proposal made by an exporter in reply to the enquiry from an importer.

TYPES OF QUOTATIONS:

1. FOB (Free On Board):

Quotation Under FOB quotation, the seller quotes a price which includes all expenses incurred till the goods are actually loaded on board the ship.

2. C&F Quotation (Cost and Freight):

The price quoted includes total cost of goods, packing, carriage, loading charges and the payment of freight up to the part of destination.

2. CIF (Cost Insurance and Freight)

Quotation CIF means cost, insurance and freight. It includes FOB price plus freight plus marine insurance up to the part of destination

Example of Pricing of Ginger

Ginger is an annual crop. The prices fluctuate from harvesting season to harvesting season. The price of dried ginger also depends on the price of fresh ginger. In addition, the different product varieties and origins have different prices.

Global market prices for ginger are strongly influenced by the largest producer of both fresh and dried ginger: China. While Chinese ginger is - on average - the cheapest ginger available on the global market, traders often prefer more expensive, high-quality ginger from suppliers in Peru and Brazil. They also buy from these countries because of quality differentiation and/or risk mitigation.

The price of ginger that consumers buy in the supermarket consists of:

- Raw materials: 5-15%.
- Processing: 5-15%
- Transport costs: 2-5%
- Import and processing in Europe: 15-30%
- Retail margin: 30-60%

Here are a few examples of dried ginger available across Europe:

- Dried ginger, as a snack, 1kg for GBP 16.5 (up 1 GBP from 2019 to 2020 and up another 0.5GBP from 2020 to 2021).
- Dried ginger pieces packaged in various quantities, UK. Price varies from €30 to €40 per kg.
- Ground ginger, Germany, prices vary from €20-60 per kg depending on the packaging size.

The margins you can obtain as an exporter may differ. These are influenced by factors such as:

- Country of origin
- Current and expected future harvest situation
- Quality of the raw material
- Level of processing
- Level of demand
- Trends in prices

Margins and profits can be higher for you as an exporter if you are able to add value locally. For example, by further processing or certification, you can create a competitive edge and benefit more.

► Tips:

- • See the websites of Spices Board India, Nedspice and International Trade Centre: Market Price Information for up to date information on national and international prices for ginger.
- • Establish long-lasting relationships with your buyers. Buyers are willing to pay higher prices to suppliers that are able to help secure supply and comply with delivery times as well as food safety requirements. They will also be more willing to invest in your partnership.

What are the prices for turmeric on the European market?

- ▶ The prices of turmeric vary greatly between regions. A buyer of turmeric from India indicates that the market price for turmeric powder has increased to FOB (Free on Board) USD 2.00 to 2.50/kg in 2022. Whereas in other regions, the FOB prices of turmeric powder can reach USD 3-4/kg. Prices for turmeric from India fluctuated in 2020. Pharmaceutical grade turmeric capsules are priced at (FOB) USD 60-100 per kilogramme. The development of turmeric prices will depend on weather conditions and market demand for turmeric.
- ▶ Interviews with European buyers and importers of turmeric suggest that the market price of turmeric has increased since the global COVID-19 pandemic because of the disruption it has caused to supply chains. Especially in terms of increased transportation costs and delays in receiving orders. For example, an importer of turmeric from Thailand commented: “we have experienced higher transportation costs”. Disruption to supply chains is expected to continue because of lockdown and quarantine measures introduced during the COVID-19 pandemic.
- ▶ Figure 10: Estimated price breakdown of turmeric in the European market
Raw material 5%
Processing 5%
Shipment 10%
Import and processing 10%
Retail 15%
Source: Ecovia Intelligence

- ▶ Tips:
- ▶ • Factor in the implications of COVID-19, particularly increased delivery costs, in your price calculations. If you fail to do so, you could end up with financial losses.
- ▶ • Monitor the price development of turmeric from India. If you cannot compete with prices from India, make sure the quality of your turmeric is high. This is how you can set yourself apart from your competitors.
- ▶ • Consult Spices Board India for information about the worldwide spices market, including up-to-date price information.
- ▶ • Certification schemes can enable you to charge a premium for your turmeric. Ensure you can justify your price with relevant certifications.

What are the prices for cumin seeds?

Margins for each actor in the cumin seed supply chain are imprecise because they depend on many factors. Most cumin seeds are sold as an ingredient and price margins related to retail prices are not the best way of gaining market insights. Cumin seed prices show frequent fluctuations mostly depending on the production volumes in the main producing countries, primarily India.

Retail prices in European supermarkets vary per brand and type of cumin seeds. The price per kilo of whole cumin seeds sold under established European brands in common retail packs of 30 g to 50 g is usually €40/kg - €50/kg. The price of ground cumin is usually in the range of €50/kg - €60/kg, although there is no general rule. The prices of larger packs of 100 g to 300 g in bags, sold in ethnic shops, are significantly lower. In some ethnic shops, the price per kilo is one-fifth of the price in mainstream supermarkets. Commonly, prices of packs of glass containers are higher compared to packs of plastic containers and bags.

The price breakdown below is a very rough indication, and it only demonstrates margins throughout the retail segment, which is only part of the market. Supply to the industry and foodservice segment has a different structure and the final price is lower, as it does not include retail margins. Many factors contribute to the price, like quality, variety, origin, sterilisation costs, food safety certification costs, taxes, sales, and network margins.

Cumin seed retail price breakdown
Source: [Autentika Global](#), based on industry sources.

Steps in the export process	Type of price	Example, margin addition and price breakdown (€/kg)	Share of the retail price
Raw material price, whole farmers quality	Farmers gate price	1.7	3.4%
Transport to factory, cleaning (including product loss for EU estimated at 10%), processing, quality control, packing and export of whole cumin seeds	FOB origin price	2.5	5%
Storing, finance, insurance, handling and shipping	CIF price	3	6%
Processing, cleaning, sterilisation, grinding (product loss in these steps is estimated at 5%), quality control and retail packing 35-40g.	Final production price	6	12%
Selling retail packed product to retailers	Wholesale price	10	20%
Retail sales of the final packed product (mostly between 35 - 40g in supermarkets)	Retail price	50	100%

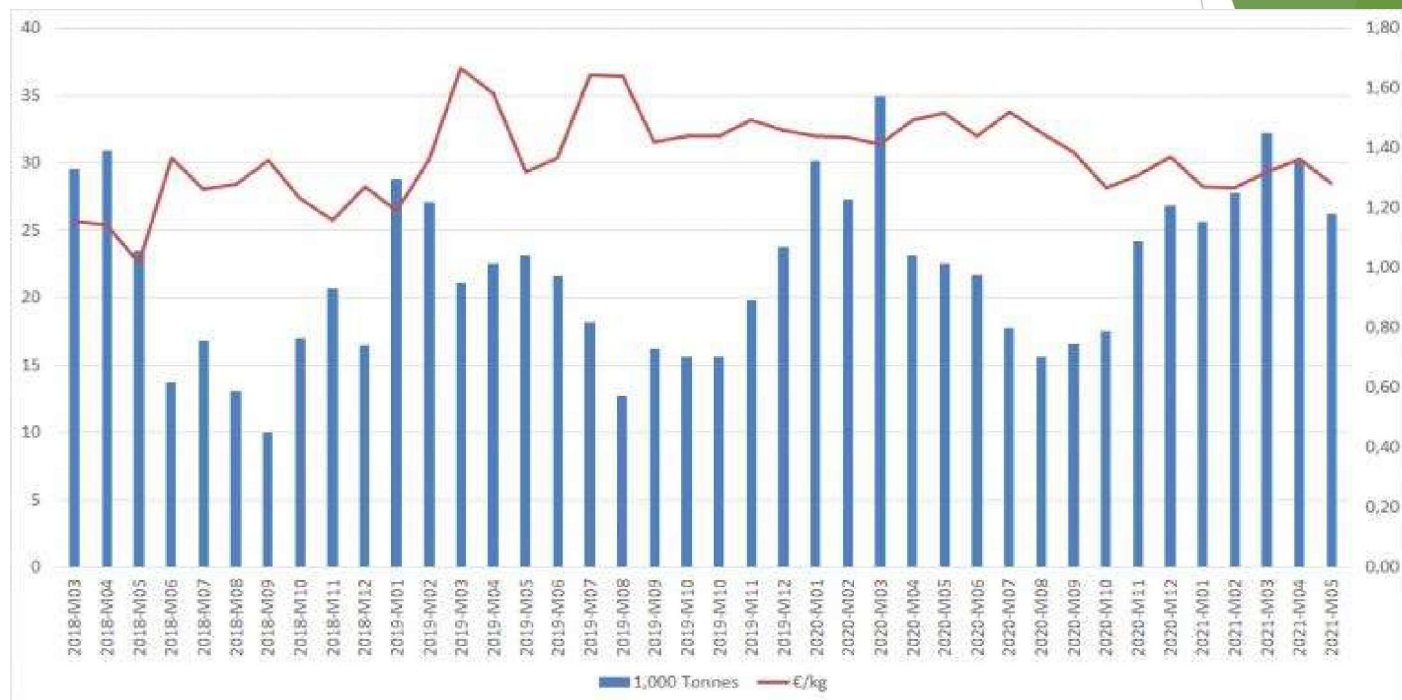
What are the prices for mangoes on the European market?

Price development

For mangoes, December is generally a good month with relatively good prices because people tend to spend more on food. January can be a difficult month to get good prices, because that is when Peru and Brazil are in the market with high volumes at the same time. In January and February, there is a hectic flow of Peruvian mangoes on the market. In July and August, there is sometimes a second dip in prices. In August, Brazil starts to increase its supply, while demand in Europe is low due to competition from local summer fruit. In the end, every year is different and supply remains very unpredictable.

Since 2015, the average prices for mangoes seem to have decreased, but this is not necessarily a trend that will continue. Fluctuations in supply and quality affect prices and are difficult to predict at this moment. The year 2019 was an off-year for Spain, which led to good prices in the European summer until the larger volumes of Brazil and Peru came onto the market. The price level dropped in the winter of 2019/20 due to a large volume of small-sized mangoes. At the start of 2020, supply was still strong and there was no price peak in March and April like last year. Due to increasing costs of the COVID-19 measures and logistics, the price level maintained itself (see Figure 6). In continuation of the 2020/2021 season, the supply has been limited, but so has been the demand in many countries. Therefore price peaks were avoided.

Example of import price development per calendar month in the Netherlands in 1,000 tonnes and euro/kg



Prices per channel

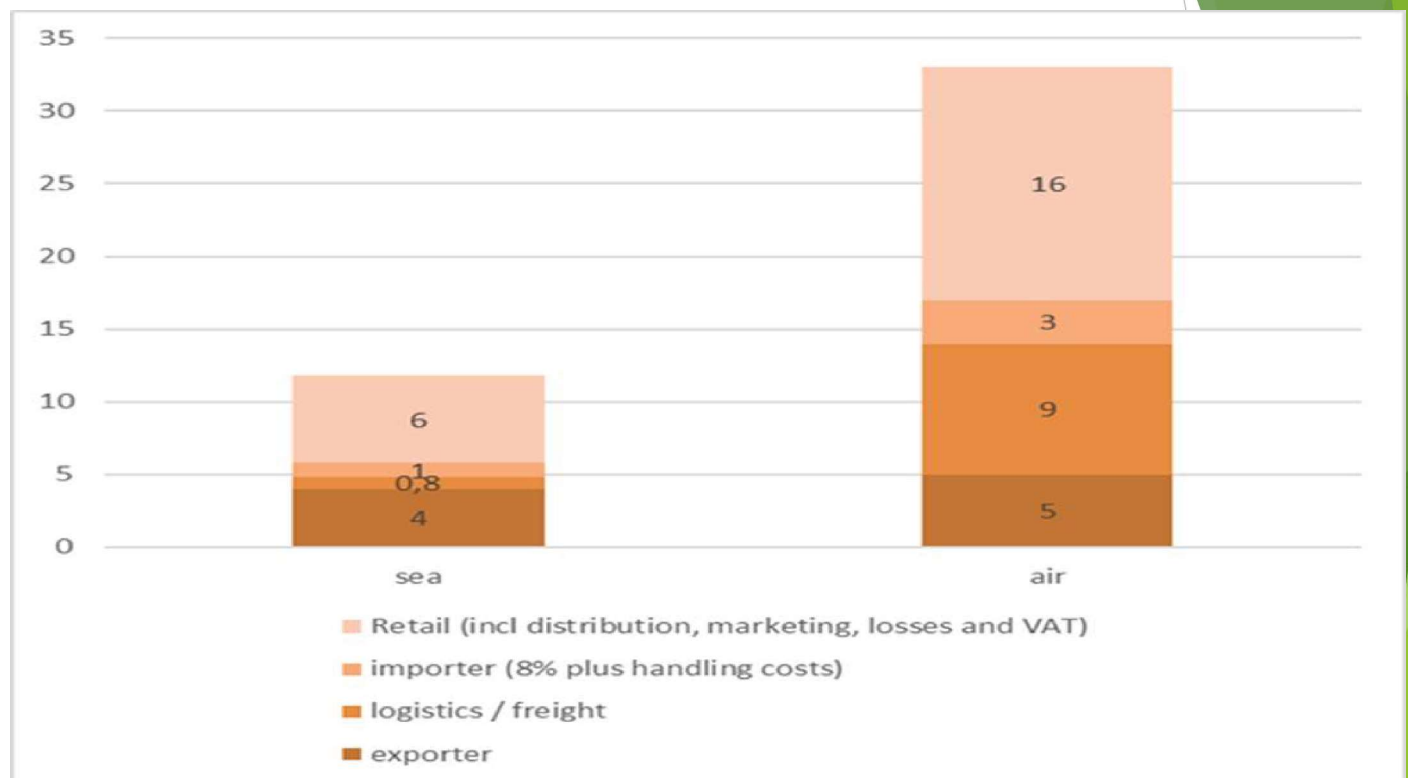
The market for mangoes can be unstable with fluctuating availability and prices. European prices (selling price by importers) for sea-freighted mangoes generally range between €3 and €8 (see Table 3), or more or less expensive than that in exceptional markets. Availability has a relatively big influence on mango prices. The biggest impact on mango prices are temporary shortfalls and oversupply from various supply countries being in the market at the same time.

The wholesale prices for tree-ripened, airfreighted mangoes is much higher. These are approximately three times the normal value, mainly due to the extra transport costs. Importers and retailers mostly benefit from these higher prices, although the risk of losing overripe fruit is also higher. The prices for airfreighted mangoes increased significantly due to the soaring transport prices and lack of flights during the COVID-19 lockdowns. These prices are expected to remain high as long as logistical costs do not go down.

Importers generally maintain a profit margin of at least 8% over the sale price. For niche varieties this margin can be considerably higher, corresponding to the smaller volumes and the higher risks involved.

In retail, mangoes usually sell for between €1.50 and €2. Fresh cut mango is available in European supermarkets for approximately €2 euros up to 200g or €10-€12 euros per kilo. Airfreighted whole mango sells for a little under €5 per piece.

Indicative price breakdown for sea and airfreighted mangoes, in euros per 4 kg box



Importer spot prices in euros per 4kg box

	high
2014	9
2015	8
2016	7
2017	7
2018	9

What are the prices for fresh chilli peppers?

The prices for chilli peppers vary a lot, according to availability, variety and origin. In general, the more niche the chilli pepper, the higher the price. Temporary shortfalls in supply or demand can have a major impact on prices.

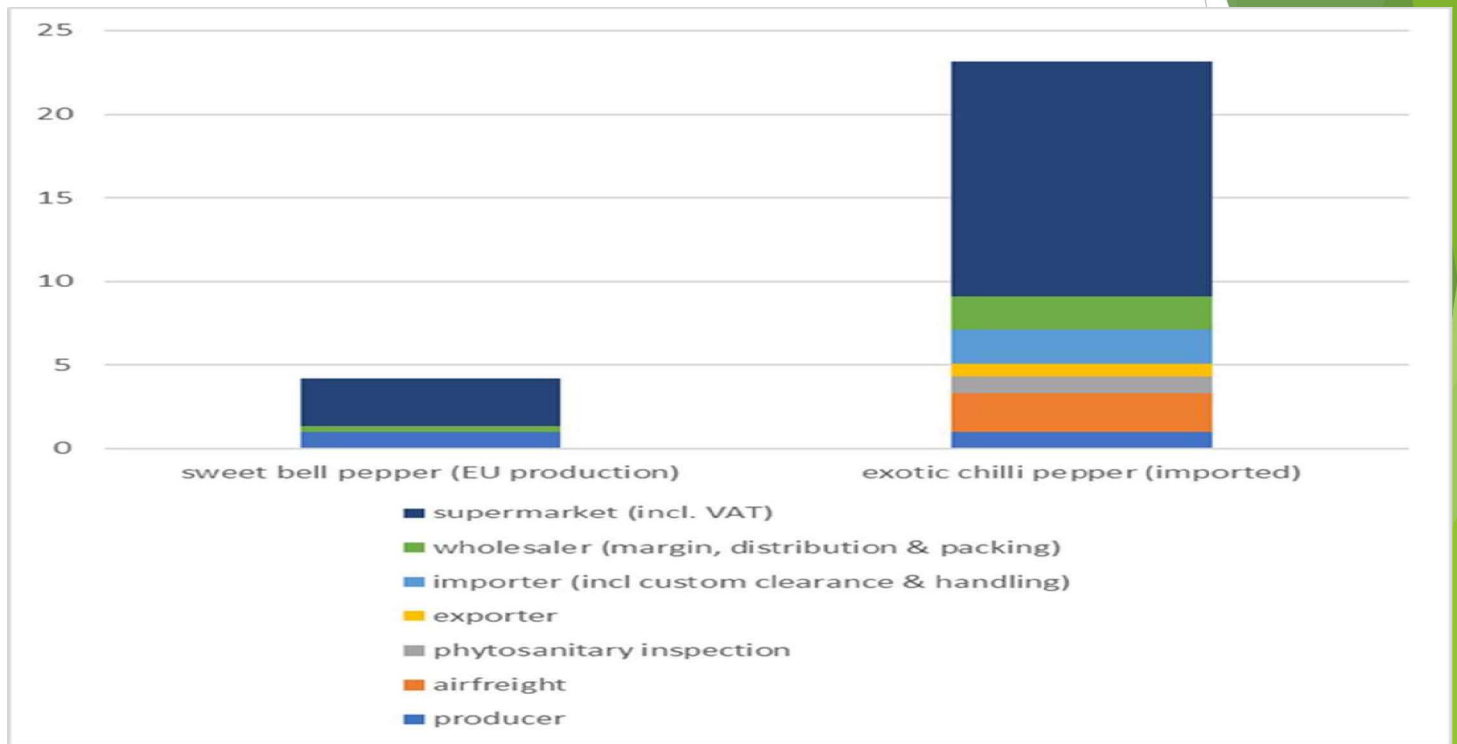
Chilli peppers can give a good return. But only fresh and clean chilli peppers have a market value. There are also specific factors that can easily increase the price for imported chilli peppers. For example, airfreight costs are usually around 2 to 2.5 euros per kilo, and much higher in recent times due to the COVID-19 pandemic. Physical inspections at the destination country in Europe can be as high as several hundred euros (for example in the Netherlands).

The margin of importers is usually 8% over the selling price plus handling costs. Because exotic chilli peppers are sold in minor volumes, importers often have a double role as wholesaler. Therefore, costs and margins are generally higher than for other regular vegetables.

The wholesale price for a Cayenne or Jalapeño pepper from Spain can be between 2.5 and 4 euros per kilo, while a Bird's eye chilli or Habanero from Eastern Africa can be between 6 and 10 euros per kilo. There is also a big difference between a bulk product such as a sweet bell pepper and a much more exotic Bird's eye chilli pepper.

Consumer prices in Europe are generally between €0.20 and €0.80 per pepper (or €10–30 per kilo), but it depends heavily on the specific variety and retail outlet. Locally produced and common peppers may be sold for well below €10 per kilo. The price of a rare variety can be as much as €75 per kilo, such as the extremely hot, British grown [‘Armageddon’ chilli pepper introduced by Tesco in 2019](#).

Example of indicative price breakdown, in euro per kilo



Pricing Considerations

As you develop your export pricing strategy, these considerations will help determine the best price for your product overseas:

- What type of market positioning (i.e., customer perception) does your company want to convey from its pricing structure?
- Does the export price reflect your product's quality?
- Is the price competitive?
- What type of discount (e.g., trade, cash, quantity) and allowances (e.g., advertising, trade-offs) should your company offer its foreign customers?
- Should prices differ by market segment?
- What should your company do about product-line pricing?
- What pricing options are available if your company's costs increase or decrease?
- Is the demand in the foreign market elastic or inelastic?
- Is the foreign government going to view your prices as reasonable or exploitative?
- Do the foreign country's antidumping laws pose a problem?

Key Elements of Pricing Analysis

Foreign Market Objectives

An important aspect of your company's pricing analysis is the determination of market objectives. For example, is your company attempting to penetrate a new market, seeking long-term market growth, or looking for an outlet for surplus production or outmoded products? Marketing and pricing objectives may be generalized or tailored to particular foreign markets. For example, marketing objectives for sales to a developing nation, where per capita income may be one-tenth of that in the United States, necessarily differ from marketing objectives for sales to Europe or Japan.

Costs

The actual cost of producing a product and bringing it to market is key to determining if exporting is financially viable.

- Cost-plus method is when the exporter starts with the domestic manufacturing cost and adds administration, research and development, overhead, freight forwarding, distributor margins, customs charges, and profit. However, the effect of this pricing approach may be that the export price escalates into an uncompetitive range once exporting costs have been included.

Marginal cost pricing is a more competitive method of pricing a product for market entry. This method considers the direct out-of-pocket expenses of producing and selling products for export as a floor beneath which prices cannot be set without incurring a loss. For example, additional costs may occur because of product modification for the export market.

- Costs may decrease, however, if the export products are stripped-down versions or made without increasing the fixed costs of domestic production.
- Other costs should be assessed for domestic and export products according to how much benefit each product receives from such expenditures, and may include:
 - Fees for market research and credit checks
 - Business travel expenses
 - International postage and telephone rates
 - Translation costs
 - Commissions, training charges, and other costs associated with foreign representatives
 - Consultant and freight forwarder fees
 - Product modification and special packaging costs

After the actual cost of the export product has been calculated, you should formulate an approximate consumer price for the foreign market.

Market Demand

For most consumer goods, per capita income is a good gauge of a market's ability to pay. Some products (for example, popular U.S. fashion labels) create such a strong demand that even low per capita income will not affect their selling price. Simplifying the product to reduce its selling price may be an answer for your company in markets with low per capita income. Your company must also keep in mind that currency fluctuations may alter the affordability of its goods.

Competition

In the domestic market, U.S. companies carefully evaluate their competitors' pricing policies. You will also need to evaluate competitor's prices in each potential export market. If there are many competitors within the foreign market, you may have to match the market price or even underprice the product or service for the sake of establishing a market share. If the product or service is new to a particular foreign market, however, it may actually be possible to set a higher price than is feasible in the domestic market

Pricing Summary

It's important to remember several key points when determining your product's price:

- Determine the objective in the foreign market.
- Compute the actual cost of the export product.
- Compute the final consumer price.
- Evaluate market demand and competition.
- Consider modifying the product to reduce the export price.
- Include "non-market" costs, such as tariffs and customs fees.
- Exclude cost elements that provide no benefit to the export function, such as domestic advertising.



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Chapter No 4

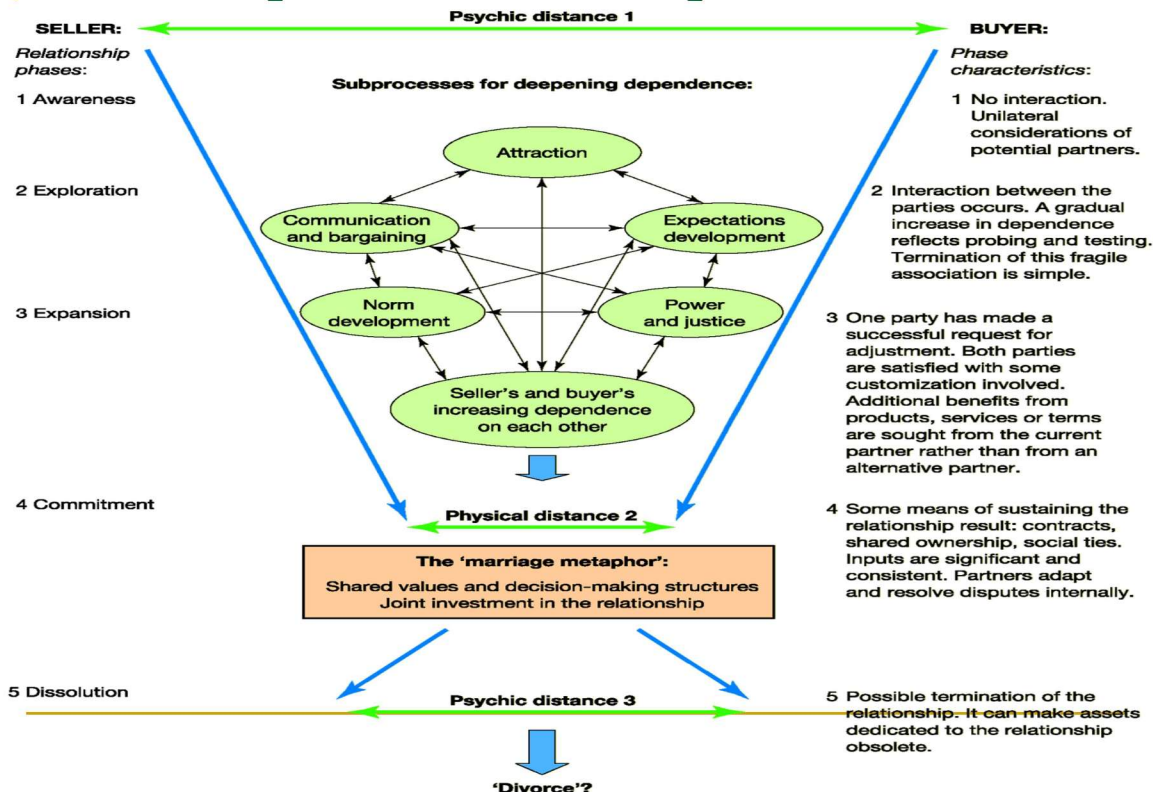
International Entry Modes in EU



International entry modes in European Nations

Dr Ramesh Mittal
Director
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Jaipur

The five-phase relationship model



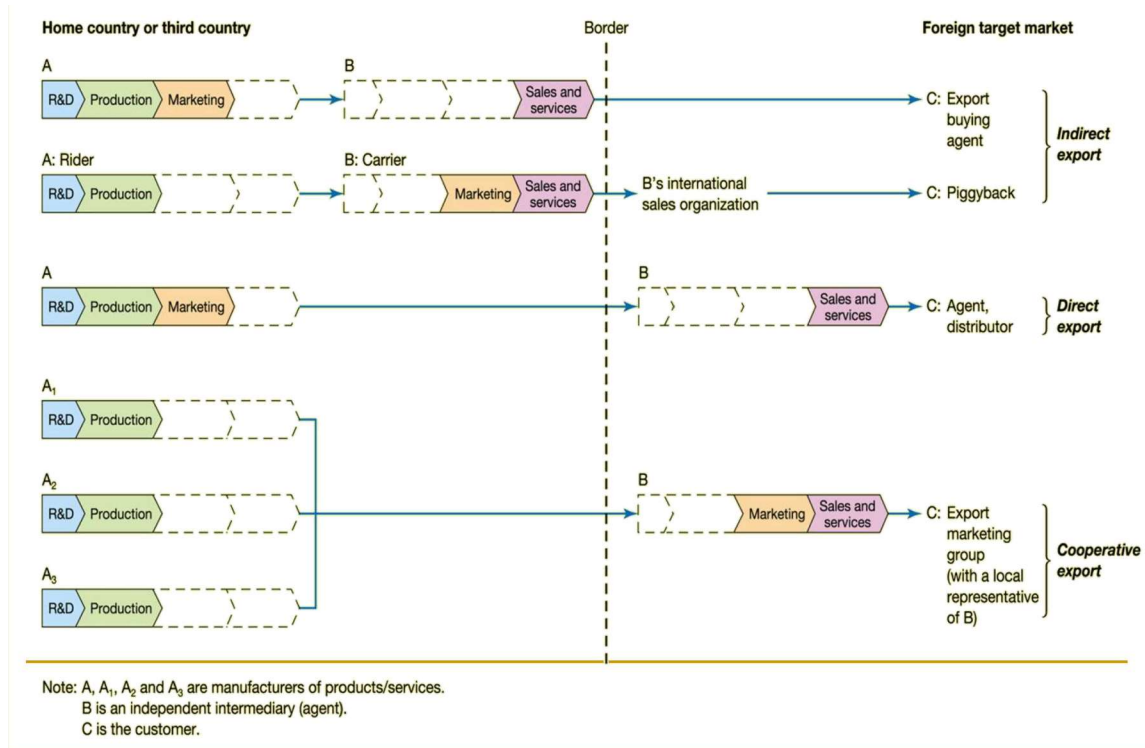
Types of entry modes

- Exporting (indirect and direct)
 - Intermediate entry modes
 - Hierarchical entry modes
-

EXPORTING

- - number and type of intermediaries, functions performed – full- service high specialization (clearing goods)
PARTNER MINDSHARE (= the measurement of the strength of a relationship between manufacturer and export-partner in terms of trust, commitment, and cooperation ...)
 - drivers: (1) commitment and trust; (2) collaboration; (3) mutuality of interest and common purpose + product, brand and profit
 - 3 major types:
 - a) **indirect export** – through usually another domestic company – export house, trading company that performs exporting activities
 - b) **direct export** – company performs exporting activities (majority of or all) itself
 - c) **cooperative export** – collaborative agreements with other organizations – some exp. activities
-

Export modes



Indirect export modes

- Limited international expansion objectives
- Minimal resources
- Gradual market entry
- Test of market
- Little or no control over the way the product is marketed
- No contact
- Little or no information

1. **Export buying agent** (export commission house) – the overseas customer's hired purchasing agent operating on basis of orders received from the customer/buyer – scan domestic market
2. **Broker** – to bring a buyer and seller together; performs a contractual function; does not actually handle the products sold or bought; the broker is paid a commission (cca 5%); commodity specialist
3. **Export management company (export house)** – „export department“ for a range of companies; conduct business in the name of each manufacturer it represents; knowledge of the market!!!; specialization by geographical area, product or customer type; paid a commission;
 - competitive products, interest in high profitable products, lower specialization...
4. **Trading company** – colonial times, Africa and East Asia, in Japan over 50% of whole export; barter – or counter trade, financing
5. **Piggyback** – non-competitive but related and complementary products; SME with a larger exporting company – full utilization of export facilities of a larger company

Direct export modes

Manufacturer sells directly to the importer located in the foreign market

DISTRIBUTOR

- independent company that stocks the manufacturer's product
- It has freedom to choose own customer and price
- Profit from the differences between seller and buyer price
- Exclusive representatives = sole distributors in a country
- Buy on their own accounts
- Usually represents the manufacturer in all aspect of sales and servicing

AGENT

- Independent company that sells on behalf of the manufacturer
- Usually it will not see or stock the product
- Exclusive, semi-exclusive, non-exclusive
- Commission on a pre-agreed basis
- Sells to wholesalers and retailers
- Gathering some market and financial information- but not always – depends on contract

Cooperative export - export marketing groups

- Functions:
 - exporting in the name of the association
 - consolidating freight, negotiating rates and chartering ships
 - performing market research
 - appointing selling agents abroad
 - obtaining credit information and collecting debts
 - setting prices for export
 - allowing uniform contracts and terms of sale
 - allowing cooperative bids and sales negotiation
- Usually SMEs – more effective

What to look for in an intermediary

- Size of firm
 - Physical facilities
 - Willingness to carry inventories
 - Knowledge/use of promotion
 - Reputation with supplier, customers, and banks
 - Sales performance record
 - Cost of operations
 - Overall experience
 - Knowledge of English or other relevant languages
 - Knowledge of business methods in manufacturer's country
-

Through what channels can you get turmeric on the European market?

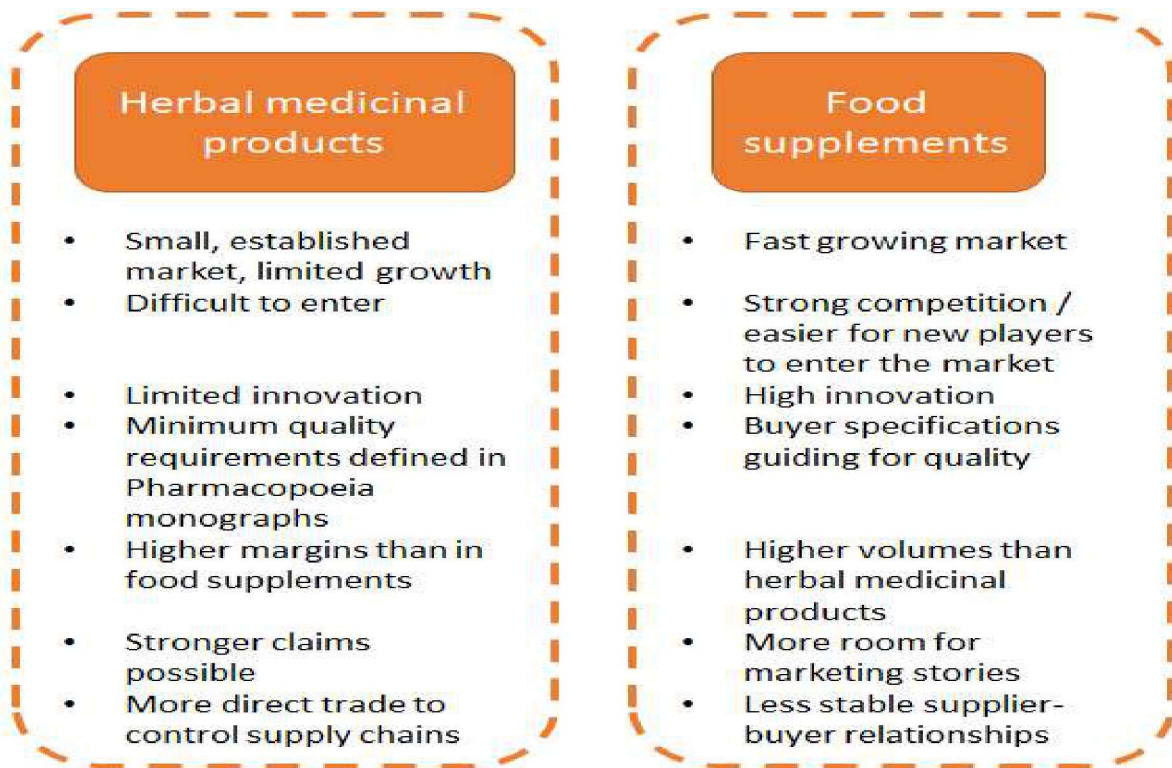
The commercial production of turmeric takes place in several countries around the world, including India, Peru, Madagascar, Costa Rica, Vietnam and China. On the European market for health products, turmeric can be used in food supplements and herbal medicinal products.

How is the end market segmented?

The end market for turmeric can be segmented into 2 main segments: food supplements and herbal medicinal product. You absolutely need to know in which segment your turmeric ends up, as there are big differences in related legislation.

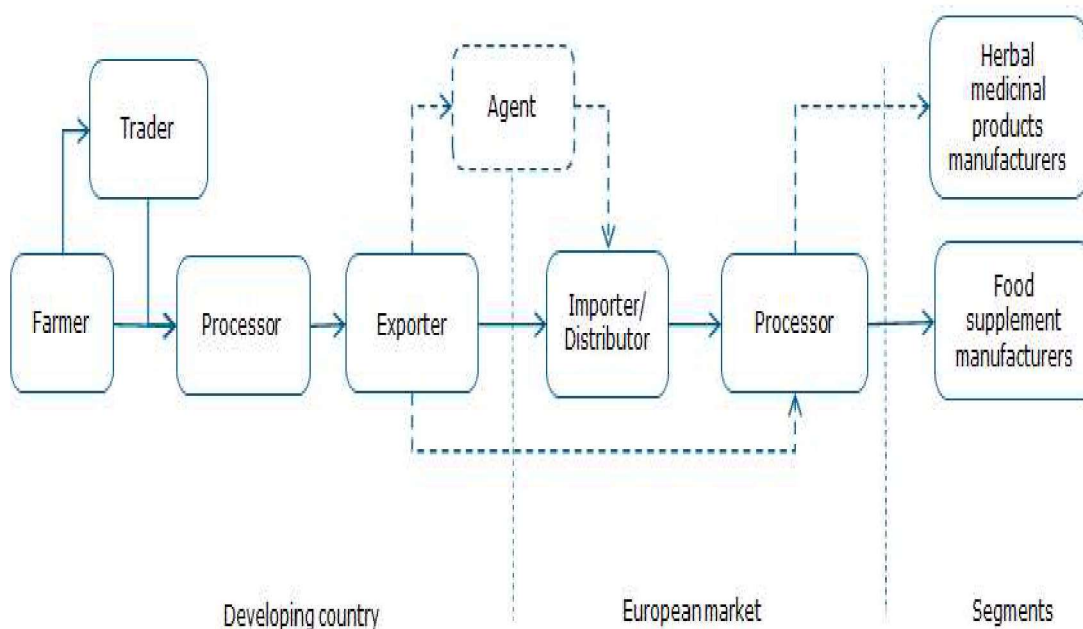
The difference between herbal medicinal products and food supplements is not always clear. This mainly depends on how a product is marketed. Only herbal medicinal products can make a medicinal claim, meaning that they can be used for treating a specific condition. In addition, the content of active ingredients or compounds differs between the 2 segments. Figure 4 presents the segments for turmeric products on the European market.

End market segments for turmeric in Europe



Through what channels does turmeric end up on the end-market?

the export value chain for turmeric on its journey to the European market. Turmeric can enter the European market in a powdered, liquid and curcumin extract form.



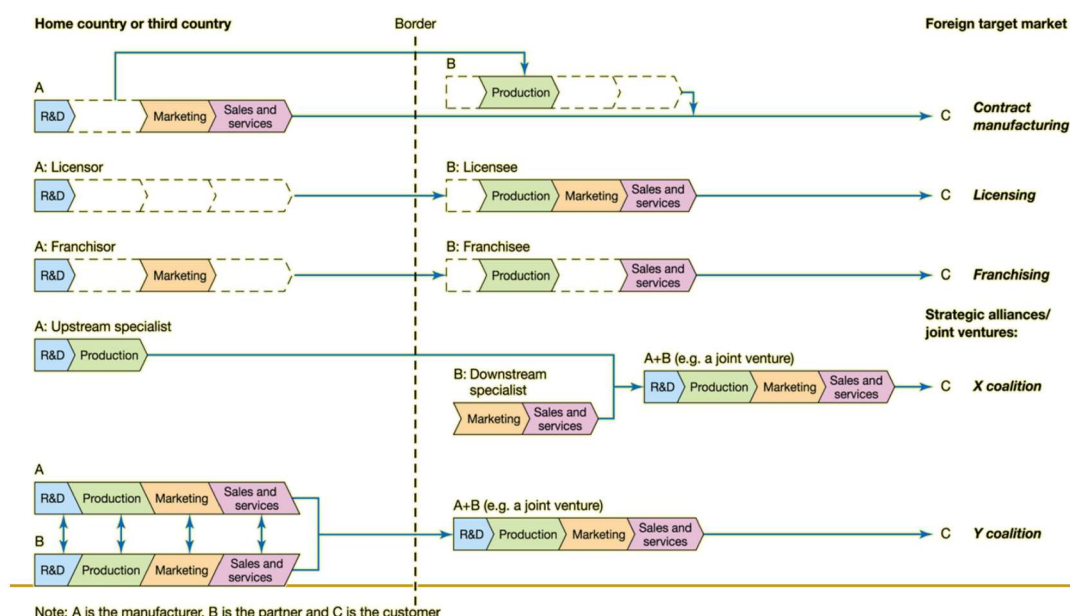
Tips:

Be prepared to send high-quality samples to prospective buyers, who will test your samples to assess whether you are a credible exporter of turmeric. Doing so will give you an advantage when you are seeking to enter the European market.

Consider expanding your turmeric product range, for example by adding organic turmeric. This will probably increase your chances of entering the European market, as some importer/distributors only import organic products.

Be prepared to meet prospective buyers who are interested in purchasing larger volumes if you are in a position to do so.

Intermediate export modes



INTERMEDIATE ENTRY MODES

■ = transfer of skills and knowledge

- (1) **Contract manufacturing** – outsourced to an external partner specialized in production and production technology – lower risk, lower costs, appropriate foreign market demand; better interaction with local market, high level of control; high flexibility; product could be exported
 - (2) **Licensing** – patent covering a product or process, know-how, technical/marketing advice and assistance, use of trade mark/name – concentration on core competences - R&D, lower expertise for overseas, the end of the PLC in home country, government regulations restrict foreign direct investment...
 - (3) **Franchising** – product and trade name, business format package (trade mark/name, copyright, design, patent, trade secret, business and management know-how, geographic exclusivity, market research for the area...)
 - (4) **Strategic alliances/joint ventures** – new opportunities, speed up market entry, lower costs compared to solely business; up-stream collaboration – on R&D and/or production; down-stream – marketing, distribution, sales, service - = **Y coalition**; both streams – **X coalition**
-

- Seeking for resources:
 - Development know-how
 - Sales and service expertise
 - Low-cost production facilities
 - Strategically critical manufacturing capabilities
 - Reputation and brand equity
 - Market access and knowledge
 - Financial resources...
 - ? Who is the leading company?
 - ? Double..management?
 - ?Repatriation of profits?
 - ? Shared equity?
 - Mixing different cultures!
 - Developing trust!
 - Providing and exit strategy!
-

Contract manufacturing

Contract manufacturing

- _____ is the term used to refer to manufacturing which is outsourced to an external partner, one that specializes in production and production technology.

Factors encouraging foreign market production

- Desirability of being close to foreign customers
- Foreign production costs are low
- Transportation costs may render heavy products non-competitive
- Tariffs can prevent entry of an exporter's products
- Government preference for national suppliers

Licensing

- the exchange of rights, such as manufacturing rights, to another in exchange for payment



Rights that may be offered in a licensing agreement

- Patent covering a product or process
- Manufacturing know-how not subject to a patent
- Technical advice and assistance
- Marketing advice and assistance
- Use of a trade mark/trade name

Motives for licensing

IN

- Licensors will remain technologically superior in its product development
- Licensor is too small to have financial, managerial or marketing expertise for overseas investment
- Product is at end of product life cycle in advanced countries but stretching product life cycle is possible in less developed countries

OUT

- Opportunity for profit on key components
 - Government regulations may restrict foreign direct investment or, if political risks are high, licensing may be only realistic entry mode
 - Constraints may be imposed on imports
-

Franchising

- the exchange of rights between a franchisor and franchisee, such as the right to use a total business concept including use of trade marks, against some agreed royalty

Types:

- Product and trade name franchising
 - Business format 'package' franchising
-

Through what channels can you get dried ginger on the European market?

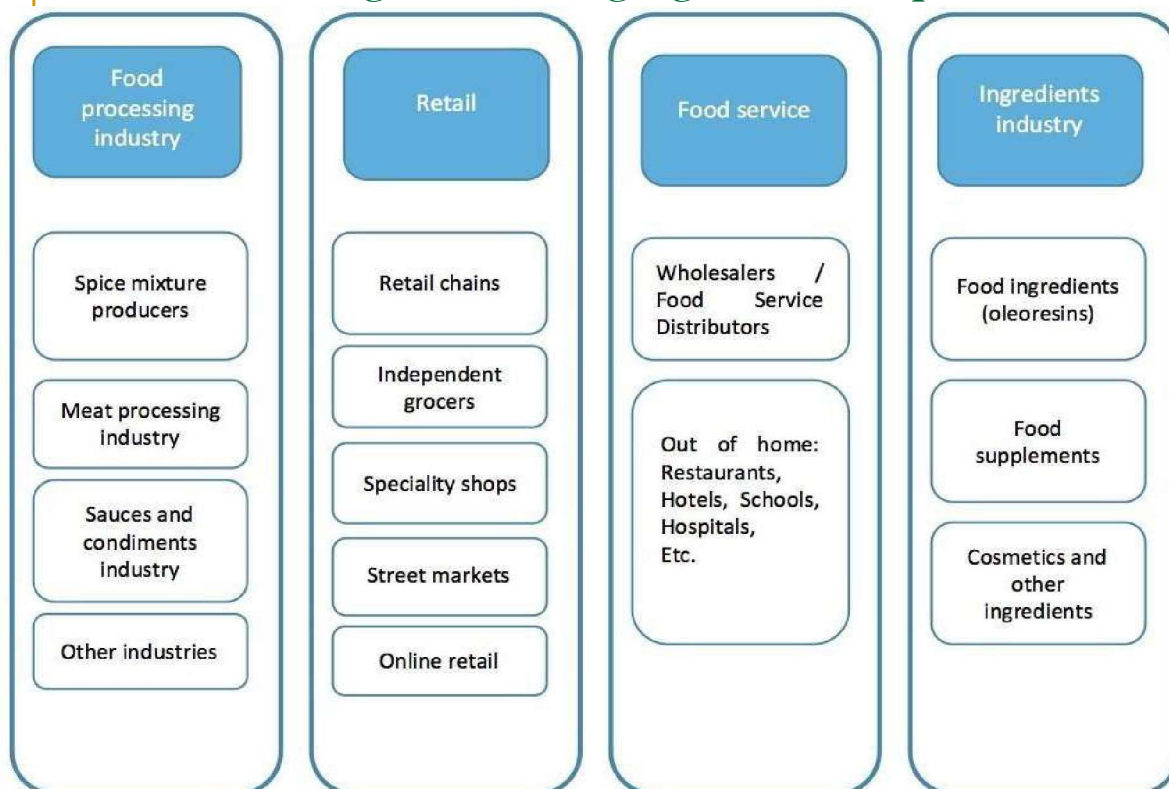
Of course, dried ginger is used at home as a spice in Asian-style food dishes, and to a lesser extent also to spice self-baked cookies etc. In addition, ginger pieces are used to make tea or extracts for cold treatments. Consumer use at home of ground ginger or ginger pieces accounts for between 10-25% of the total market.

However, the main market segment of ginger is the food-processing industry with 75-90% of the market. The leading segment is bakery products (such as gingerbread and cookies and other sweet pastry products), but also Asian food products, soups and sauces, and various drinks or infusions (e.g. ginger ale, ginger beer, tea).

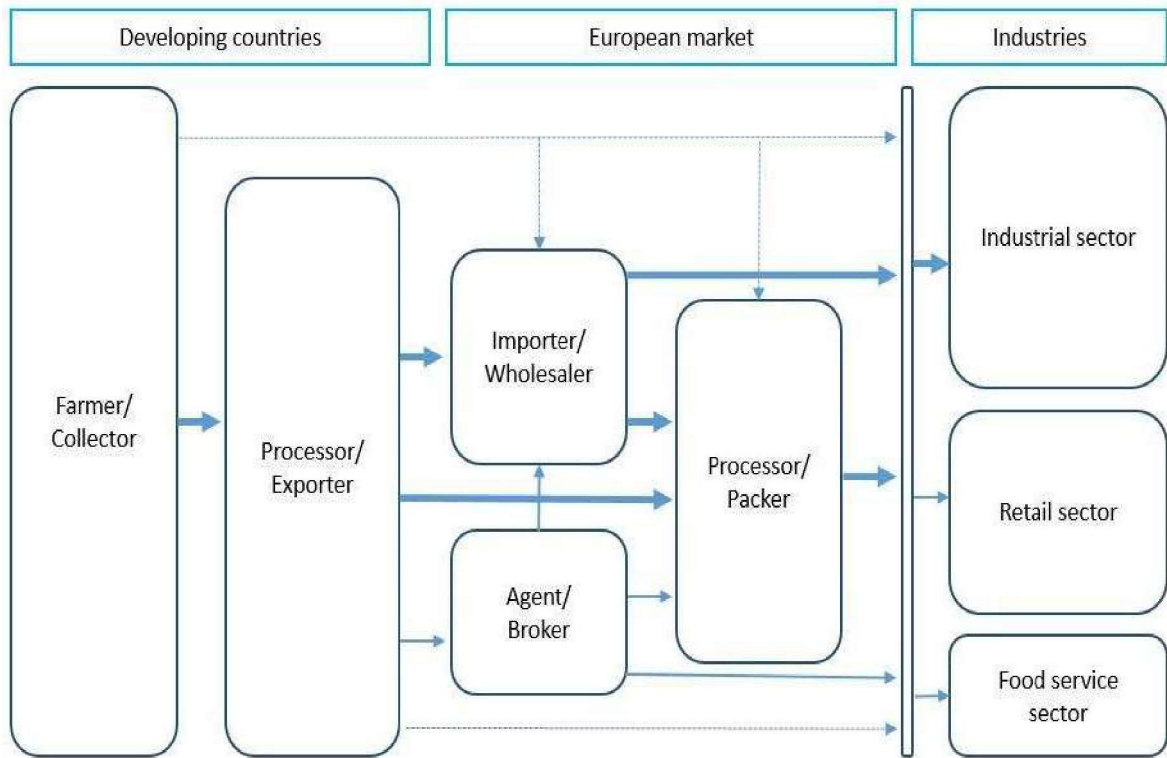
How is the end market segmented?

The largest buyer of dried ginger in Europe is the food-processing industry, followed by retail, foodservice and food ingredients (additive segments).

End market segments for ginger in Europe



Trade channels for dried ginger in Europe



Business format ‘packages’



Interdependence between franchisor-franchisee

Franchisor-franchisee

- Fast growth
- Capital infusion
- Income stream
- Community goodwill

Franchisee-franchisor

- Trade mark strength
- Technical advice
- Support services
- Marketing resources
- Advertising

Joint venture and strategic alliances

- an equity partnership between two or more partners?

$A + B \longrightarrow C$ – JOINT VENTURE
 $A \longleftrightarrow B$ – STRATEGIC ALLIANCE

Reasons for using joint ventures

- Complementary technology or management skills can lead to new opportunities
- Firms with partners in host countries can increase speed of market entry
- Less developed countries may restrict foreign ownership
- Costs of global operations in R&D and production can be shared
- Entering new markets

Through what channels can you get cumin seeds on the European market?

Cumin seeds are sold through different channels to reach end segments of retail (home consumption), food service (out-of-home consumption), and ingredient segments (such as spice manufacturers and food industry). Whole cumin seeds are used in all segments, while ground cumin seeds are mostly used by spice manufacturers to create specific spice mixes (such as curry) or to create customised spice solutions for the food industry, for example, in the production of sauces, sausages, soups, and ready meals. Most cumin seeds are imported whole and crushed after import. The curry industry in the United Kingdom imports a large share of cumin powder.

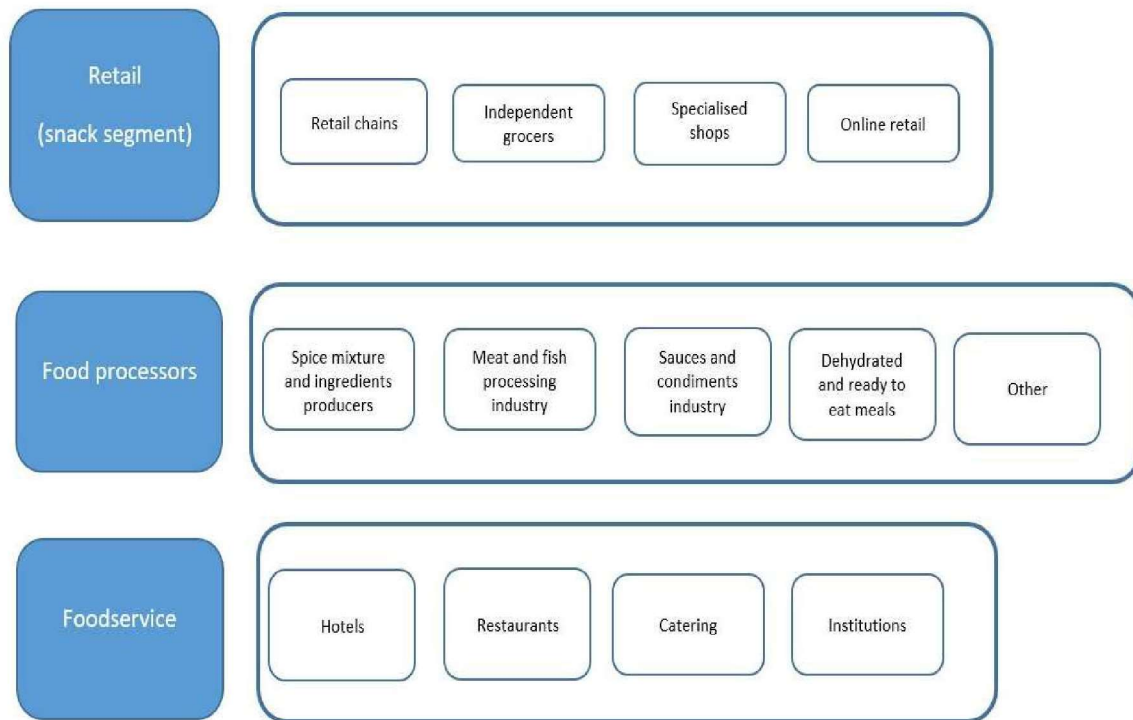
How is the end market segmented?

The end-market segments for cumin seeds include the food processing industry, retail, food service, and ingredients.

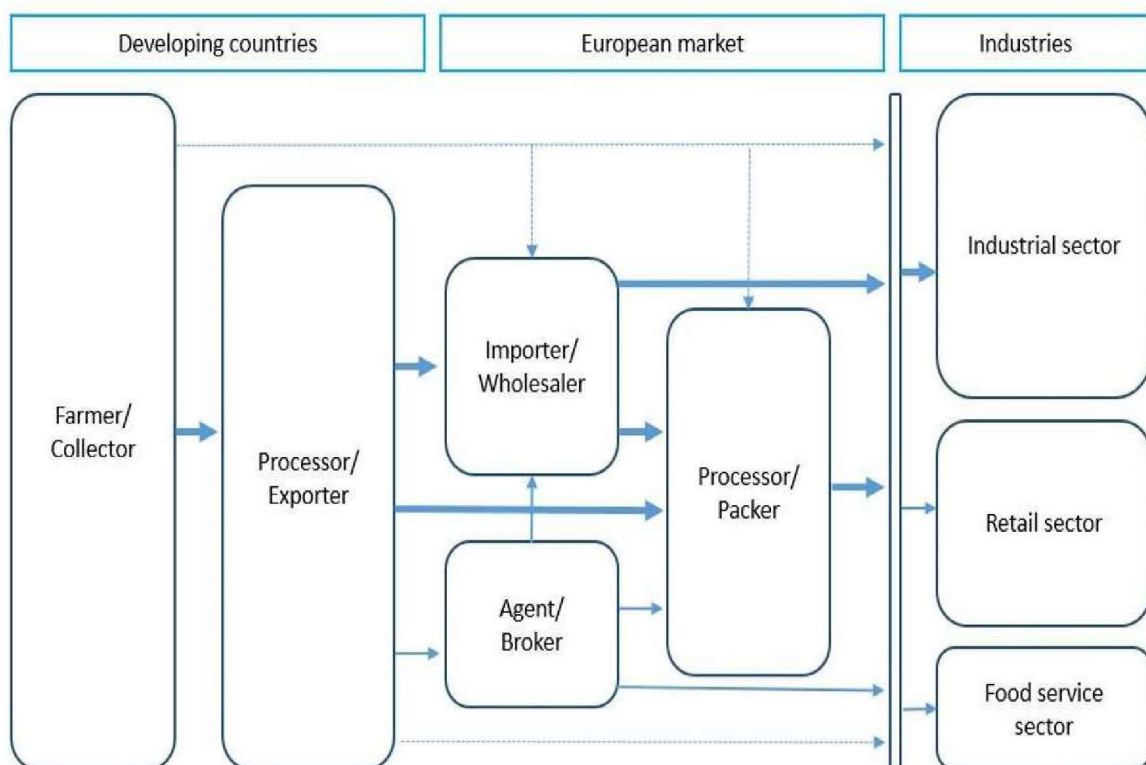
Factors to consider within the cost/benefit analysis when deciding about JV/SA

- Financial commitment
 - Synergy
 - Management commitment
 - Risk reduction
 - Control
 - Long-run market penetration
 - Resources (own and of partner): critical manufacturing capabilities, low-cost production facilities, reputation/brand equity, market access/knowledge, development know-how, sales and service expertise..
-

End-market segments for cumin seeds in Europe



Trade channels for cumin seeds in Europe

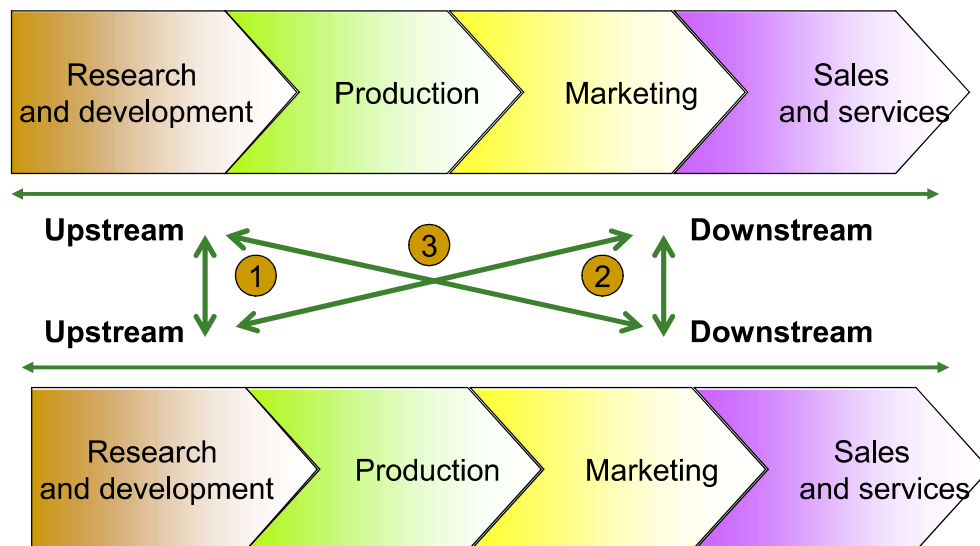


What is the most interesting channel for you?

Specialist spice importers are probably the best contacts for placing cumin seeds on the European market. This is specifically relevant for new suppliers, because supplying the retail segment directly is very demanding and requires a lot of quality and logistical investments. Another important channel is ethnic food importers that can help cut the supply chain and place products directly into ethnic retail and foodservice segments. The challenge is to establish relationships with these types of importers, which normally already buy spices from other suppliers.

However, for well-equipped and price-competitive producers, packing for private labels can be an option. Private label packing is often done through importers that enter into partnerships with retail chains in Europe. As labour costs in Europe are increasing, importers of cumin seeds sometimes search for opportunities to pack brands in developing countries, but only if they can ensure full traceability and quality control.

Collaboration possibilities in the value chain



Source: Source: Adapted from Lorange and Roos, 1995, p. 16.

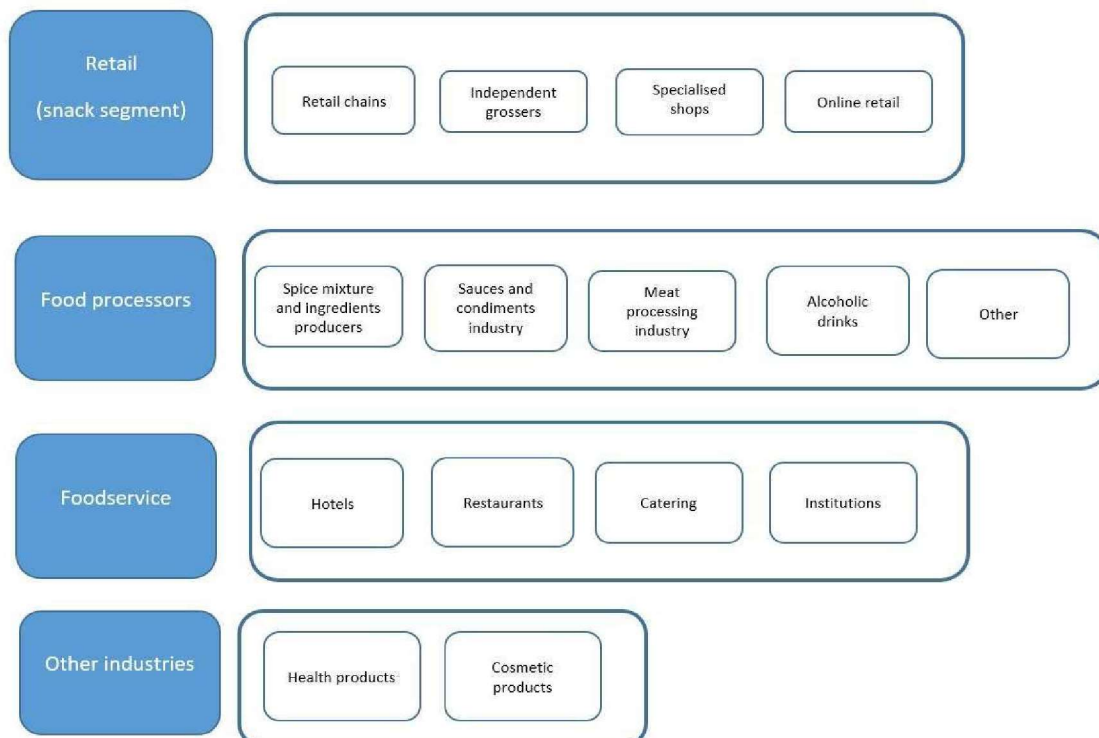
Through what channels can you get coriander seeds on the European market?

Coriander seeds are sold through different channels to reach end segments of retail (home consumption), food service (out-of-home consumption), and ingredient segments (such as spice manufacturers and food industry). Whole coriander seeds are used in all segments, while ground coriander seeds are mostly used by spice manufacturers to create specific spice mixes (such as curry) or to create customised spice solutions for the food industry, for example, in the production of sauces, sausages, soups, and ready meals. Most coriander seeds are imported whole and crushed after import. The curry industry in the United Kingdom imports a large share of coriander powder.

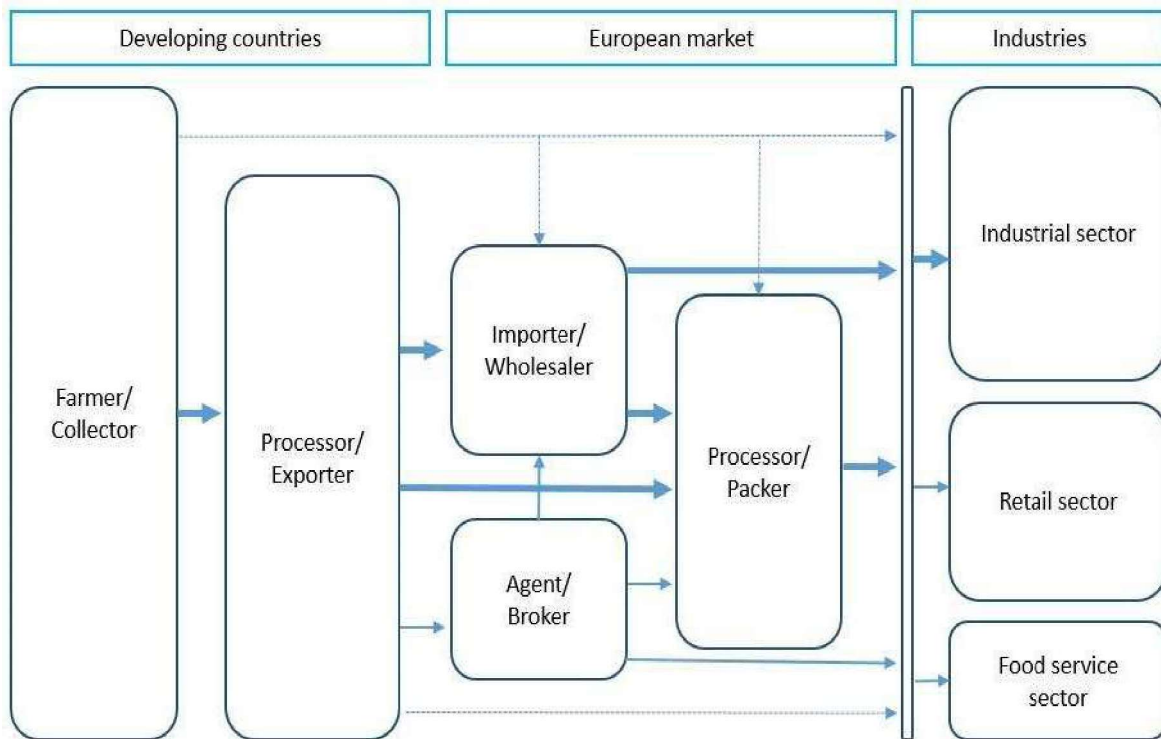
How is the end market segmented?

The end-market segments for coriander seeds include the food processing industry, retail, food service, and ingredients.

End-market segments for coriander seeds in Europe



Trade channels for coriander seeds in Europe



Through what channels can you get mangoes on the European market?

Most mangoes are imported by specialized traders, some of which have their own packing and ripening facilities. Ready-to-eat, ripened and fresh cut mangoes are popular for supermarkets, but you will also find opportunities in the wholesale channel.

How is the end market segmented? Main segment

The main segment for mangoes are Class I mangoes and common varieties such as Kent and Keitt, either conventional or ripened in the destination country. Class II mangoes are not common, but odd sizes or mangoes that fail to meet the usual specifications are sold for any acceptable price. See also the buyer requirements above.

High segment: Tree-ripened, fresh cut and organic

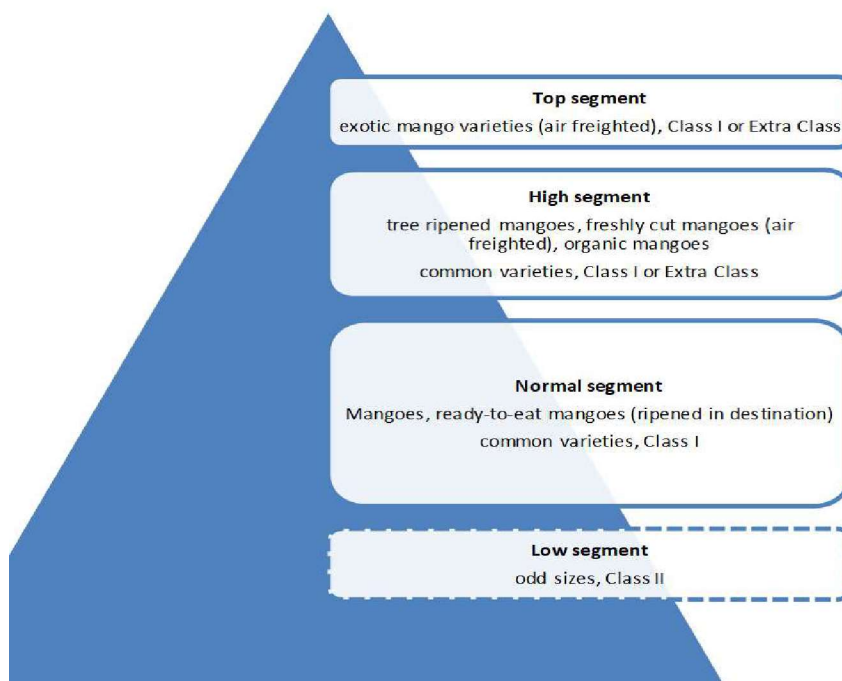
Common mangoes can also be shipped tree ripened by air and placed in a high segment. The best time for airfreighted mangoes is when the market demand for mangoes is strong, which is usually between the end of November and the end of December. Many of the large mango traders also deal in air-flown mangoes for specific client groups.

Fresh cut and organic mangoes are becoming more popular and are also part of a high segment. Fresh cut mango is available throughout the year in European supermarkets sold at high prices due to the processing and airfreight costs. However, it does save on shipping weight (no peel, no pit) and provides the consumer with a practical and quality product. Organic mangoes can be difficult to source and are not always available in standard retail.

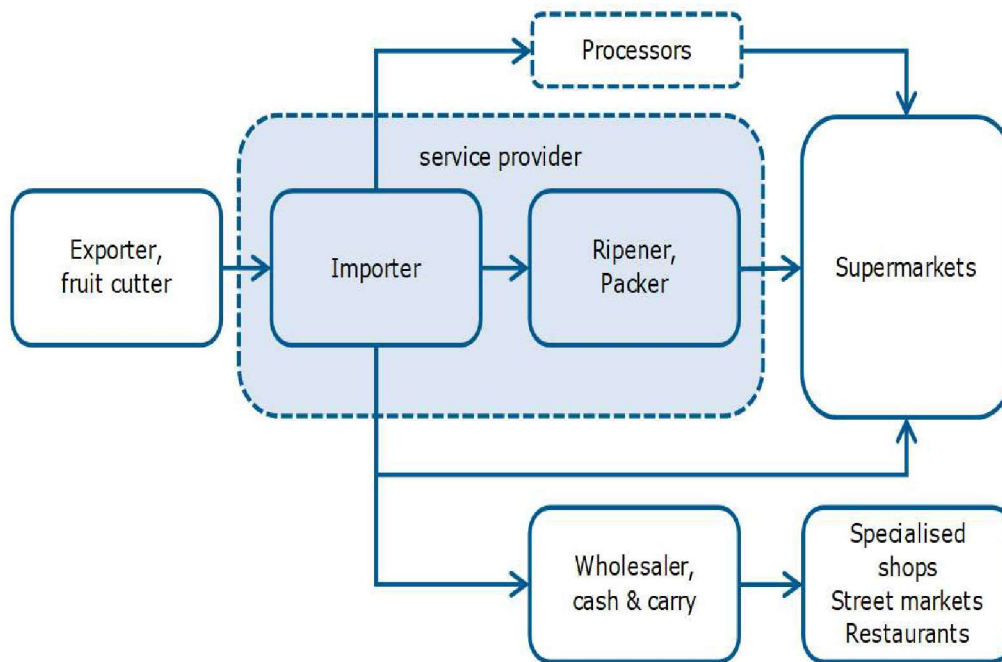
Top segment

In the top segment, you can find exotic, tree-ripened varieties for luxury and specific ethnic markets. They are valued for their superior taste and sweetness, but their total volumes are very small compared to the common mango trade. The niche demand and the air-freight costs are what makes these mangoes expensive for consumers. They are generally sold by specialist and ethnic retailers or used in the food service industry.

Market segments for mangoes in Europe



Market channels for mangoes



What is the most interesting channel for you?

Being part of a retail supply programme gives you the best security and often more profitable margins on average. However, the requirements are high and the room for negotiation is minimal.

The most likely route to become part of a retail programme is to cooperate with a service provider that has a local infrastructure and supply contracts with retailers. Direct sales to supermarkets are much more difficult and only in reach of companies that have the resources to have a presence in Europe and can arrange a year-round supply.

Because mangoes are a difficult product for sourcing, there are plenty of opportunities outside the direct retail approach. Trading companies that supply the spot market are easiest to connect to. In a good market, they can provide you with a very profitable return, but there are no guarantees. The spot market prices fluctuate more and for exporters, there is more risk involved. For mangoes, it is best to find a mango specialist with experience and a large network in the mango business, for example, the Dutch-German company Hars & Hagebauer, which promotes itself as mango specialist.

HIERARCHICAL ENTRY MODES

- The firm completely owns and control foreign market entry mode
 - Allocation of responsibility and competence between head office and subsidiaries:
 - (1) Domestic-based sales representatives/manufacturer's own sales force
 - (2) Resident sales representatives/sales subsidiary/sales branch
 - (3) Sales and production subsidiary
 - (4) Region centre
 - (5) Transnational organization(globally integrated)
-

Type of modes

Domestic-based sales representative

- type of sales representative resides in the home country of the manufacturer and travels abroad to perform the sales function

Advantages

- Better control of sales
- Close contact with customers

Disadvantages

- High travel expenses
- Too expensive for markets far from home

subsidiary

- a local company owned and operated by a foreign company under the laws and taxation of the host country

REASONS:

- To defend existing business
 - To gain new business
 - To save costs
 - To avoid government restrictions
-

Methods of establishing a wholly-owned subsidiary and site selection criteria

- Methods: Acquisition and Greenfield investment
 - Criteria:
 - Investment climate
 - Investment incentives
 - Operational costs
 - Workforce considerations
 - Corporate tax advantages
 - Quality of living
 - Infrastructure in place
 - Business services available
 - Sufficient office space
 - Presence of other companies
-

Through what channels can you get chilli peppers on the European market?

Europe has a regular channel for common chilli peppers and a wide variety of exotic chillies that are marketed by a large group of specialised importers and wholesalers. The requirement and characteristics of these chillies are as diverse as the companies that trade them.

How is the end-market segmented?

The European chilli pepper market is diverse with different consumer groups, but it can roughly be divided in conventional segments and specialised or ethnic segments.

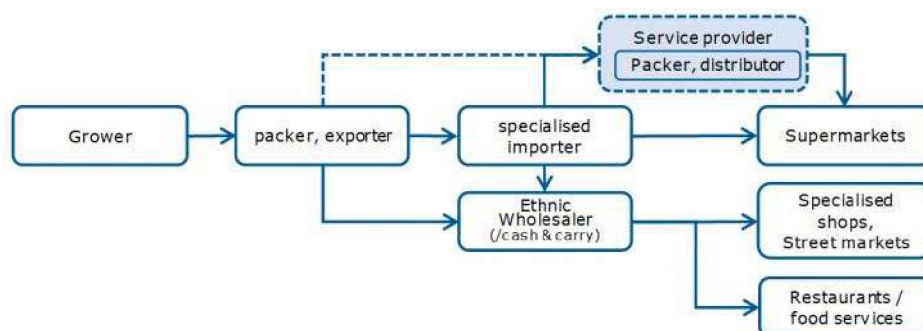
The conventional channel, mainly consisting of supermarkets, mainly focuses on the consumption of red cayenne chilli peppers of the *Capsicum Annuum* species. In some countries local varieties are added such as the Hungarian wax pepper in Eastern Europe, the Pepperoncino in southern Italy, the Piment d'Espelette in French Basque region, and the Padron and Ñora in Spain. Other varieties such as the Habanero, Jalapeño or Madame Jeanette are niche varieties for retailers that want to offer a wider assortment. The priority for supermarkets is product appearance, low pesticide residues and sustainable standards.

The specialised or ethnic segment is most diverse. Restaurants, Asian supermarkets, specialised web-shops, ethnic shops or street merchants caters to a wider public of consumers with different backgrounds and food preferences. Exotic chilli peppers are more common in this segment, but over time move to conventional retail when other consumers become familiar with them as well. The quality requirement in the ethnic segment mainly focuses on taste and freshness, while product certifications and physical appearance are less important. Origin may also play a role when it affects the flavour of a specific chilli pepper.

Through what channels does a product end up on the end-market?

A large part of the chilli pepper demand is fulfilled by grower groups and service providers. For the more exotic varieties, the market depends on specialised importers and importing wholesalers.

European market channels for fresh chilli peppers



What is the most interesting channel for you?

There is a wide choice of companies you can approach. It makes sense to look what kind of chilli peppers a company has in its assortment when selecting potential buyers.

When starting up your export of chilli peppers you should start with smaller, specialised importers and importing wholesalers. This way, you can build a track record before reaching out to larger clients. Ethnic buyers and foreign-owned wholesalers may have the advantage of a cultural link with your country, and potentially operate in your language.

Larger exotic importers may provide better access to larger retail channels, but will also be more demanding with formalities and certifications. If you are able to join a larger group of growers in and around Europe, you can become part of a year-round supply programme.

Foreign sales, sales and production subsidiary

Advantages

- Full control of operation
- Market access
- Market knowledge
- Reduced transport costs
- Access to raw materials

Disadvantages

- High initial capital investment
- Loss of flexibility
- High risk
- Taxation problems

Region centres

Advantages

- Synergies on regional/global scale
- Scale efficiency
- Ability to leverage learning on cross-national scale

Disadvantages

- Potential for increased bureaucracy
 - Limited national level responsiveness
 - Missing communication between head office and centre
-

Acquisition

Advantages

- Quick access to
 - Distribution channels
 - Labour force
 - Management experience
 - Local knowledge
 - Local contacts
 - Established brand names

Disadvantages

- Expensive option
 - High risk
 - Integration concerns
-

Greenfield investment

Advantages

- Optimum format possible
- Optimum technology possible

Disadvantages

- High investment cost
 - Slow entry of new markets
-

Thanks

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Chapter No 5

Product in the international market

International Product Decision first session for Indo German Programme

Product in international market

Dr Ramesh Mittal
Director
CCS National Institute of Agricultural Marketing
Jaipur

Standardisation Vs Adaptation

- **In international markets, success depends on satisfying the market demands. The product or service must be suitable and acceptable for its purpose.**

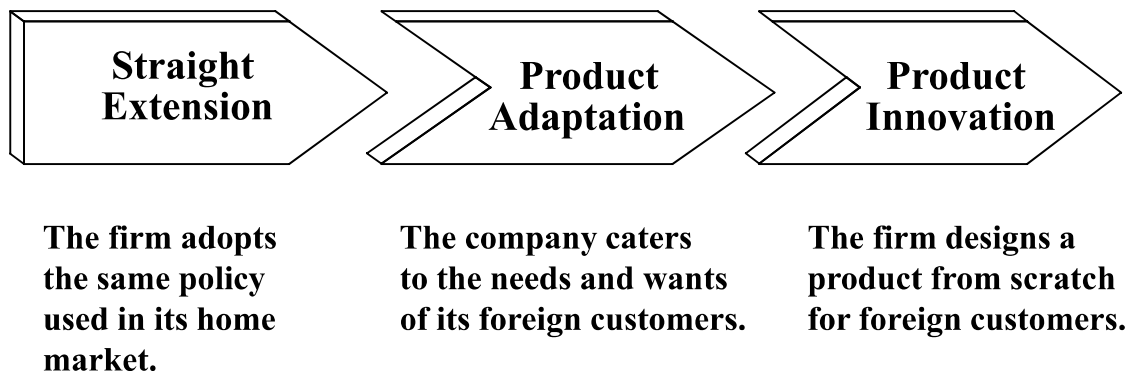
“The main issue for a company about to commence marketing internationally, is to assess the suitability of the existing products for international markets.”

- **Product policy abroad: firm must decide which aspects of a product need to be adapted and which can be standardised.**

Standardisation Vs Adaptation

- **Standardisation policy:** offering a uniform version of a product in all of its foreign markets.
- **Adaptation policy:** offering a product to targeted foreign consumers altered to specific tastes, preferences and needs. Adaptation can concern all the characteristics of the product.
- **Decision between standardisation and adaptation** is not mutually exclusive rather it is a matter of degree
- **A certain degree of adaptation of a product is required in international markets.**

International Product Strategies



These Six Basic Strategies Can Be Further Broken Down Into 3 Options

International Product Strategy	Product Example	Consumer Need Satisfied	Product Strategy	Communication Strategy
<u>Strategy 1</u> Product and Communication Extension	Cumin	Easy to use product	Extension	Extension
<u>Strategy 2</u> Product Extension Communication Adaptation	Coriander	Substitute for existing spice	Extension	Adaptation
<u>Strategy 3</u> Product Adaptation Communication Extension	Mango	Taste	Adaptation: Adding local products to range	Extension: Using global campaign
<u>Strategy 4</u> Product and Communication Adaptation	Green Chilly	Taste/ Lose Weight	Adaptation: Consumer preferences for different flavors	Adaptation:
<u>Strategy 5</u> Product Invention	Turmeric	Immunity	Medicinal	Develop new communication
<u>Strategy 6</u> Need identification	Ginger	Medicinal	drinks	Develop new communication

Reasons for Product Standardization

- **Economies of scale :**
Production, R&D, Marketing
- **Common Consumer needs :**
Cooking patterns, Taste, Aroma
- **Consumer Mobility :**
Customer retention & Loyalty

Indian Curry ...
- **Home Country Image :**
History of Spice trade/good quality/look mangoes
- **Impact of technology :**
GAP, Organic/non organic/certifications

Reasons for Product Adaptation

- **Climate:** winter/ summer
- **Skill level of users :** How to use
- **National consumer habits :**
 - Aromatic
 - Taste
 - Cooking pattern
- **Government regulations** on products, packaging, and labels.
- **Company history and operations (subsidiaries)**

Adaptation

Optional Product Adaptation

Mandatory Product Adaptation

- **Government regulations**
- **Current standards**
- **Measurement systems**
- **any other requirement**

- **Physical distribution**
- **Local use conditions**
- **Climatic conditions**
- **Space constraint**
- **Consumer demographics as related to physical appearance**
- **User's habits**
- **Environmental characteristics**
- **Price**
- **Limiting product movement across national borders (gray marketing)**
- **Historical preference or local customs and culture**

International Product Strategies

- **Standardized Product**
 - Domestic product introduced internationally, with minor or no modification
- **Localized Product**
 - Domestic product adapted for foreign markets
 - Product made/grow specifically for foreign markets
- **Global Product**
 - Product made/grow with international (not national) markets in mind
 - Product having universal use
 - Product being adaptation-ready, when necessary

Degree of Standardization

- International practice at par with other countries
- Core-Product (Common Platform) Approach
 - Balancing standardization & adaptation
 - Over standardization vs. over customization

high touch

Ready to use/cook/eat



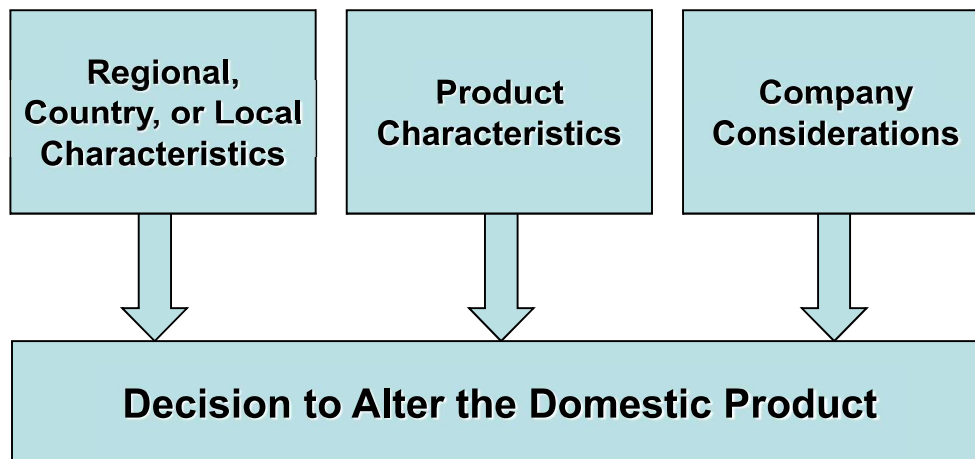


Country-of-Origin Effects



- Impact of where the product is grown
 - perceived quality?
 - patriotism/nationalism?
- Country-of-origin versus country-of- grown/processed
- Interaction of country-of-origin and brand name effects
- Hybrid products (e.g., components manufactured in multiple countries; products via strategic alliances)
- “...any influence that the country of origins , has on a consumers positive or negative perception of a product”
- Stereotypes – positive or negative
- Significant influence on product positioning
- Adapt positioning from country to country

Factors Affecting Adaptation



Considerations in adapting products

Target Market	Macro-environment	Government Regulations	Competition
<ul style="list-style-type: none"> ❑ Who buys the product? ❑ Who uses the product? ❑ How is it used? ❑ Where/ why/ when is it bought? 	<ul style="list-style-type: none"> ❑ Geography ❑ Climate ❑ Economic ❑ Socio-cultural ❑ Political/ legal 	<ul style="list-style-type: none"> ❑ Tariffs ❑ Labeling ❑ Patents/ trademarks ❑ Taxes ❑ Other 	<ul style="list-style-type: none"> ❑ Price ❑ Performance ❑ Design or style ❑ Patent protection ❑ Brand name ❑ Package ❑ Services

The Market Environment

- Government Regulations
 - Political and social agendas often dictate regulatory requirements
- Nontariff Barriers
 - Product standards, testing, subsidized local products
- Customer Characteristics, Expectations, and Preferences
 - Physical size, local behaviors, tastes, attitudes, and traditions
 - Consumption patterns, psychosocial characteristics, and general cultural criteria

The Market Environment

- Economic Development
 - The stage of economic development affects the market size and demand characteristics. Backward innovation of the product may be required to meet local requirements.
- Competitive offerings
 - Monitoring competing local products is critical in adjusting the product for competitive advantage.
- Climate and geography
 - Local climatic conditions and terrain features can make products vulnerable to damage.

What should be the product's...

- Physical attributes?
 - Size, design, materials, weight, color, etc.
- Package attributes?
 - Protection, color, design, brand, etc.
- Service attributes?
 - Use instructions, installation, warranties, repair/maintenance, spare parts, etc.
- Expected profit contribution of each adaptation?

Mango (scientific name: [Mangifera indica](#)) trees are cultivated in tropical and subtropical regions. Important varieties and hybrids for the European market include Kent, Keitt and alternatively Palmer. The fibreless varieties are most in demand because of consumer preference.

Fresh mangoes are available as:

- Normal whole fruit
- Ready-to-eat (ripened at destination)
- Tree-ripened (air-freighted)
- Freshly cut (consumer packed)

Commercial varieties	<ul style="list-style-type: none">•Kent (fibreless)•Keitt (fibreless, productive)•Palmer (minimal fibre)•Osteen (typical variety in Spain)•Tommy Atkins (long shelf life, fibrous but declining interest)•Amelie (Burkina Faso / West Africa)•Shelly (Israel)•Kensington Pride (originating in Australia)
Minor commercial varieties (air freighted)	<ul style="list-style-type: none">•Ataulfo (small Mexican variety)•Nam Dok Mai (exotic variety from Thailand / Southeast Asia)•Alphonso (India, mainly ethnic market)•Kesar (India, mainly ethnic market)

Tips:

Increase your chances in Europe by providing both a reliable and quality supply. Make sure to do whatever you say you will be doing, and be honest about the volume and quality you can offer. Communicate proactively with your buyer whenever you expect quality issues. Any success you appear to have by making things seem better than they actually are will be short-lived.

Reduce your risks in the mango trade by diversifying your markets (focus on both local and export markets).

Which European countries offer most opportunities for mangoes?

The Netherlands play a central role in the mango trade in Europe, but Spain also takes on a more prominent trading role besides their own mango production. The traded mangoes mainly end up in Germany, the United Kingdom, France and Portugal. French and Portuguese consumers value a good tasty mango, while Germany and the United Kingdom maintain the highest standards in terms of certification.

Tip: The Netherlands: your main trade hub for mangoes

Include the Netherlands into your European export plan. Even if you do not manage to sell through the Netherlands, just by meeting and talking to Dutch mango importers or traders you can learn a lot about the mango market in Europe.

Tip: Germany: your largest destination market for mangoes

Test your mangoes regularly on pesticide residues to see if they are fit for the German market. Maintain a residue standard of 30% to 50% of the European guideline as provided by the [MRL database](#).

Tips: United Kingdom: convenience is dominant

Make the United Kingdom your priority market when you want to export Indian mango varieties. The United Kingdom is by far the best market for mango varieties such as Alphonso or Kesar.

Find British mango traders in the [trader search option of UK Trade Info](#) (Search in commodities for mango with HS-code 080450). You can also check the [Exim World United Kingdom buyer and importer directories](#) to see which British companies are importing mangoes mainly from India.

Drivers of Product Adaptation

Example Mango

- Differences in EU :
 - Quality in Germany
 - Taste in (UK)
 - Tree ripened-Dutch
- **Packaging:**
 - Ecological boxes in Germany
- **Distribution:**
 - in Italy and Spain
 - in UK
- **Communication:**
 - in Italy and Spain



Product Characteristics

- Product Constituents
- Branding
- Packaging
- Appearance
- Method of Operation or Usage
- Quality
- Service
- Country-of-Origin Effects

International packaging and European Packaging Trends

- Transportation Concerns
- Climate Concerns
- Economic Concerns
- Cultural Factors
- Promotional Considerations
- Market Retailing Structure
- Labelling



Company Considerations

- Organizational capabilities?
- Is it worth it?
- Can we afford not to do it?
- Can a specific return-on-investment (ROI) be attained?
- Quality, price, and user perceptions?
- Warranties?
- Managerial talent?

- Thanks
- mittalramesh@gmail.com

Chapter No 6

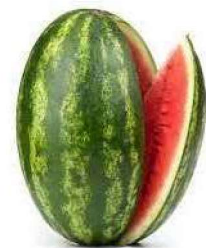
Product Adoption

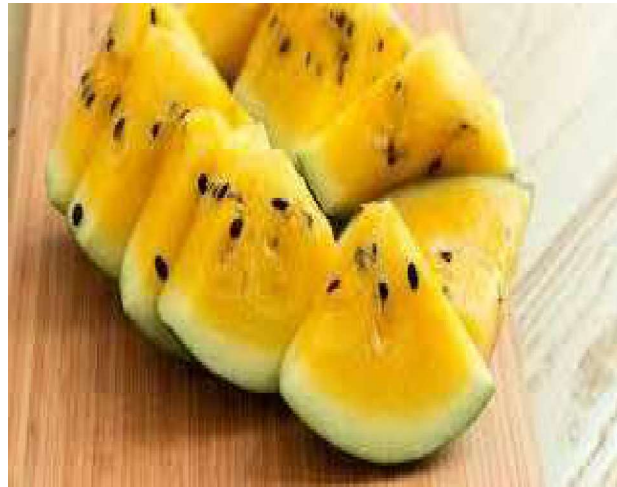


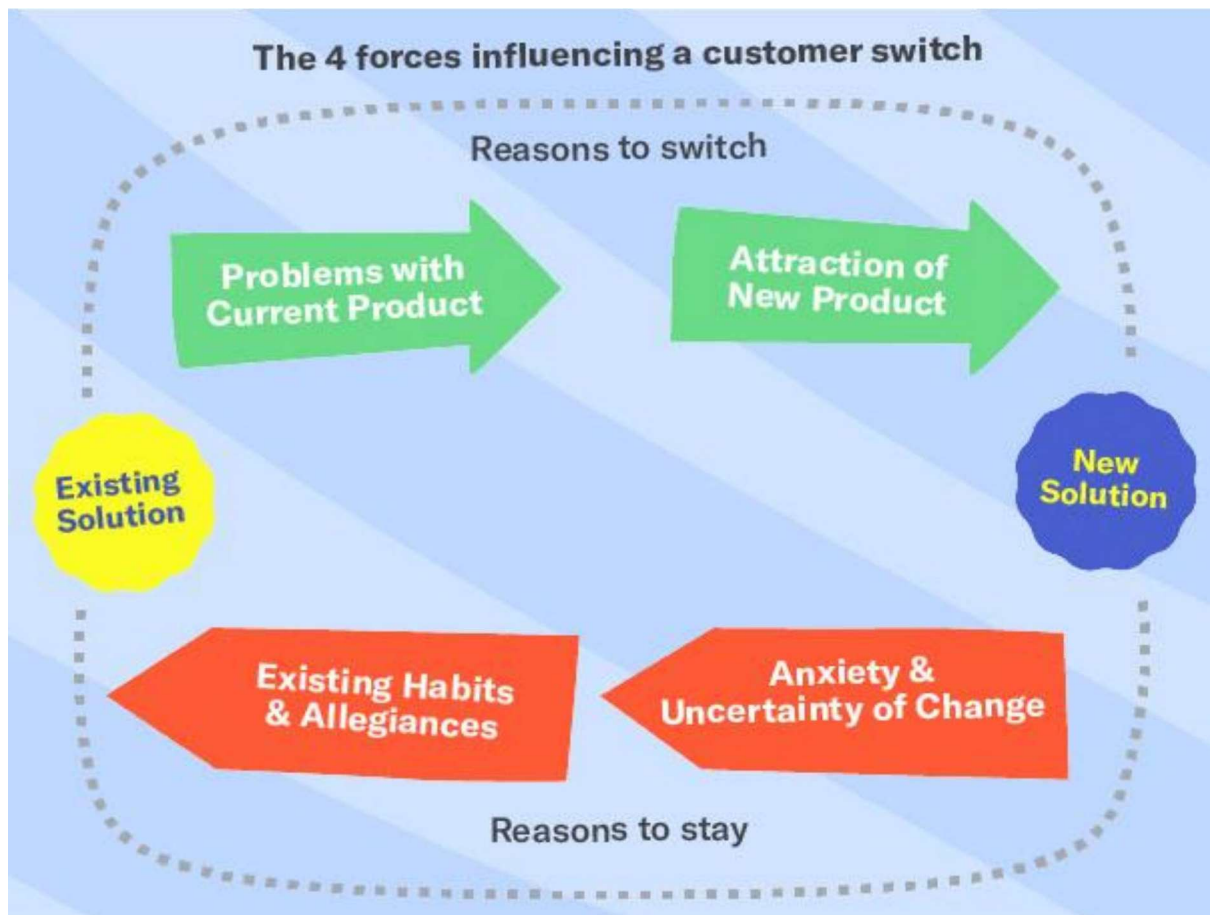
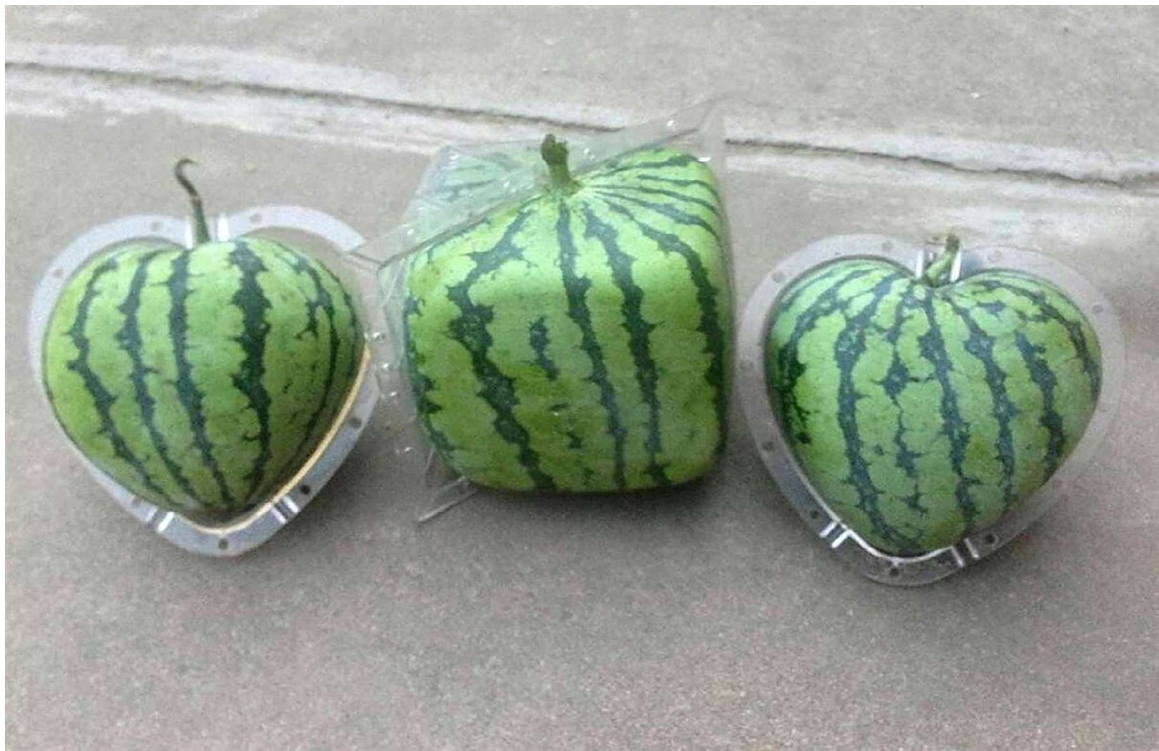
Product adoption Second session for Indo German Programme

Dr Ramesh Mittal
Director
CCS National Institute of Agricultural
Marketing
Jaipur

What is adoption ?







What makes Europe an interesting market for coriander seeds?

Picture 1: Coriander fruit before harvest



Source: Tamil youngsters

Picture 2: Tractor operated coriander threshing



Source: Martiaen Engineering Company

Picture 3: Whole and ground coriander seeds



Source: Indiamart

Picture 4: Coriander seeds, macrocarpum variety



Source: Wikimedia common

- Europe accounts for approximately 15% of the world's total coriander seed imports. European imports of coriander seeds are smaller than those of countries in South and South East Asia, but European demand is stable and growing. Import volumes sometimes fluctuate due to variable production in the main supplying countries. For example, larger imports from non-European Union countries commonly compensate for when Bulgaria, Romania, and Spain have poor crops. Coriander seeds in Europe are sold as spices for the food industry and retail sales, but also as an ingredient in different spice mixtures. Important European users also include the sauces (especially curry) and meat processing industries.
- In the next five years, European coriander seed imports are likely to increase at an annual growth rate between 1% and 2%. Import and consumption growth are forecasted to be driven by the healthy eating trend, the increasing interest in non-European cuisines (such as different Asian curries and stews) and significant usage of coriander seed as an ingredient in the food processing and essential oils industries. Another consumption driver is the increasing interest in traditional medicine (such as Ayurveda) and aromatherapy, where coriander seeds and essential oils are used as natural remedies.

- What makes Europe an interesting market for cumin seeds?
- Europe accounts for approximately 10% of the world's total cumin seed imports. European consumption of cumin seeds is smaller than that of countries in South Asia, Turkey, North Africa and Middle East, but demand is growing. Cumin seeds in Europe are used in the food industry and for retail sales, but also as an ingredient in different spice mixtures. Important European users are ethnic restaurants, but also the cheese and meat processing industries.
- In the next five years, European cumin seed imports are likely to increase at an annual growth rate of around 5%. Import and consumption growth are forecast to be driven by the healthy eating trend (such as veganism) and the increasing interest in non-European cuisines (such as Asian curries and stews). The development of the food industry and new product launches will also support the consumption of cumin.

Diffusion

- In consumer behavior terms, refers to research on the consumer acceptance of new products and services
- Involves understanding two closely related processes:
- **Diffusion:** a *macro* process concerned with the spread of a new product--an innovation--from its source to the consuming public
- **Adoption:** the *micro* process concerned with the stages the consumer goes through in deciding to accept or reject a new product

-
- Which European countries offer most opportunities for coriander seeds?
 - As Europe's main importer of coriander seeds, the United Kingdom is an interesting focus market. Germany is an important consumption market, especially the country's large food processing industry. The Netherlands, France and Austria are other markets with increasing imports and consumption. Poland serves as a trade hub for the supply of coriander seeds from Russia and other East European countries.
-

-
- **Which European countries offer the most opportunities for cumin seeds?**
 - As Europe's main importer of cumin seeds, the United Kingdom is an interesting focus market, because of high curry consumption and a highly developed curry industry. Germany is an important consumption market, especially in the fast-food Turkish style restaurants, but also in the organic segment. The Netherlands is the leading trade hub, but also the largest consumer of cumin as an ingredient in cheese. France and Poland are other markets with increasing import and consumption.
-

1. Purchase time

- Refers to the amount of time that elapses between a consumer's *initial awareness* of a new product or service and the point at which he or she purchases or rejects it
 - Important because is a predictor of the overall length of time it will take for the product to achieve widespread adoption
-

-
- The United Kingdom: Europe's largest market
 - The United Kingdom is the largest European market for coriander seeds, accounting for approximately 30% of all European imports. British coriander seed imports reached a record 7 thousand plus tonnes in 2017, but dropped to 5.8 thousand tonnes in 2019, worth €8.4 million. Nearly 60% of the UK's coriander seed imports concerns crushed or ground seeds, the remaining 40% being whole coriander seeds, which is different from other European countries where whole seeds dominate the trade.
 - In 2019, a 55% share of Britain's coriander seed imports came from India, followed by Bulgaria (9%), Russian Federation (9%), Poland (5%, mostly re-exports) and Argentina (4%). Other emerging suppliers to the UK include Morocco, Syria and Turkey. Over the last 5 years, the Russian Federation gained the most market share, increasing coriander seed exports to the United Kingdom by five times, from 100 tonnes in 2015, to more than 500 tonnes in 2019. On top of that, Poland re-exports another 150–200 tonnes of coriander seeds of Russian origin to the UK per year.
-

Picture 5: Example of private label coriander seeds in the United Kingdom (Tesco)



Source: Tesco

Picture 6: Example of curry paste with coriander seeds as ingredient (Patak's)



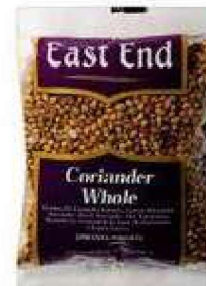
Source: Tesco

Picture 7: Example of ready-to-eat soup with coriander seeds as ingredient in the United Kingdom (Sainsbury's)



Source: Sainsbury's

Picture 8: Example of independent brand of coriander seeds in the United Kingdom (East End)



Source: Amazon

Germany: coriander seeds for sausages

Picture 9: Example of coriander seed brand in Germany (Fuchs)



Source: Amazon

Picture 10: Example of Asian curry powder brand in Germany (Lien Ying)



Source: Edeka

Picture 11: Example of curry ketchup brand in Germany with coriander as an ingredient (Hela)



Source: Hela

Picture 12: Example of dried spice mix with coriander as an ingredient (Kaufland)



Source: Author

- Tips:
- Learn more about the European seeds market on the websites of national associations, such as Seasoning and Spice Association (United Kingdom), German Spice Association, Polish Chamber of Commerce, Royal Dutch Spice Association, National Union of Pepper, Spices, Herbs and Vanilla Processors (France) and the Austrian Chamber of Commerce.
- Consider investing in French speaking staff for easier penetration into the French market of coriander seeds. French companies prefer to communicate in French language.
- See our study on Market Statistics and Outlook for Spices and Herbs for more information and general developments in the European spices sector.
- Check trade statistics of your specific interest on tools such as the ITC's Trade Map and the European Commission's Trade Helpdesk.

Example of a cheese brand with cumin in the Netherlands



Apricot preserve with cumin in France



- Tips:
- Learn more about the European seeds market on the websites of national associations, such as the Seasoning and Spice Association (United Kingdom), the German Spice Association (Germany), the Polish Chamber of Commerce (Poland), the Royal Dutch Spice Association (the Netherlands), the National Union of Pepper, Spices, Herbs and Vanilla Processors (France) and the Spanish Association of Processors and Packers of Spices and Seasonings (Spain).
- See our study on Market Statistics and Outlook for Spices and Herbs for more information and general developments in the European spices sector.
- Check the trade statistics of your specific interest through tools such as the ITC's Trade Map and the European Commission's Access2Markets.

2. Adopter categories

- Involve a classification scheme that indicates where a consumer stands relative to other consumers in terms of when they adopt a new product (i.e., time)
 - Five categories identified in research:
 1. Innovators
 2. Early adopters
 3. Early majority
 4. Late majority
 5. Laggards
-

What trends offer opportunities on the European coriander seeds market?

- Harissa – A Tunisian condiment in the form of a paste made of chilli peppers and several other spices, including coriander seeds. Harissa is now included in the regular assortment of most leading European retail chains. Although also produced by European companies, imported harissa is the preferred choice for European consumers, such as the leading Tunisian brand Du Cap Bon.
-

What trends offer opportunities on the European coriander seeds market?

- Ras-el-hanout – A blend of several spices from North Africa, especially popular in Moroccan cuisine. There are many different recipes for ras-el-hanout, but almost all contain coriander seeds. Until recently, ras-el-hanout was mainly sold in ethnic shops in Europe, but several European spice companies have added it to their assortments.

The examples below show a few products containing coriander seeds as an ingredient in the European market. Keep in mind that some traditional European spice mix brands also use coriander seeds as ingredient, such as France's Épices Rabelais, and Italy's La Saporita.

Picture 13: Example of private label brand of dukkah mixture (Tesco)



Source: Tesco

Picture 14: Example of ras-el-hanout spice mix in the Netherlands (Euroma)



Source: Euroma

Picture 15: Example of private label garam masala mix in Germany (Rewe)



Source: Rewe

Picture 16: Example of coriander seeds sold as a spice in Ayurveda approach (Kaufland)



Source: Ayurveda 101

What trends offer opportunities on the European cumin seeds market?

- Popularity of Asian, African and Middle Eastern cuisines
- Curry – Originally described as a type of dish prepared by stewing a variety of vegetables and meat in a sauce that contains a complex combination of spices. There are many varieties of dishes called 'curries' with cumin powder, coriander powder and curcuma as the main ingredients. Inspired by curry dishes, many European spice companies created their own spice mixes, with cumin seed powder as a regular ingredient. Those mixes are commonly called 'curry powder' or simply 'curry'.
- Garam masala – A powdered spice mix, originally from South Asia, without a standardised recipe. However, similar to curry powder, most garam masala spice combinations contain ground cumin seeds. Almost all European spice companies sell garam masala in retail-branded packaging, including a range of private label packs.

- Turkish meat dishes such as kebab (grilled meat), köfte (meatballs), sucuk (sausage) use cumin as one of the important ingredients in spice mixes.
- Falafel is a deep-fried ball made mostly from ground chickpeas, but it can be also made from broad beans or fava beans, and it is often prepared with cumin as one of the spices. The popularity of falafel is increasing across Europe, especially driven by the veganism trend. Although falafel is considered a national dish in several countries (for example Egypt, Lebanon, Palestine, and Israel), it is now served in non-ethnic restaurants too, especially in vegan and vegetarian restaurants.
- Dukkah – A mix of toasted nuts, seeds, and herbs originally from Egypt. It is mostly used as a dip with bread. The dukkah mix normally contains cumin seeds as an ingredient. Several European companies and a few large retail chains recently launched dukkah blends.



Opinion leaders

- Opinion leaders are most likely to be found among the *early adopters* category
- Opinion leadership is the process by which one person--the opinion leader--*informally* influences the actions or attitudes of others
- The key characteristic is that it takes place between two *individuals*, neither of whom represents a commercial selling source and is thus considered more reliable

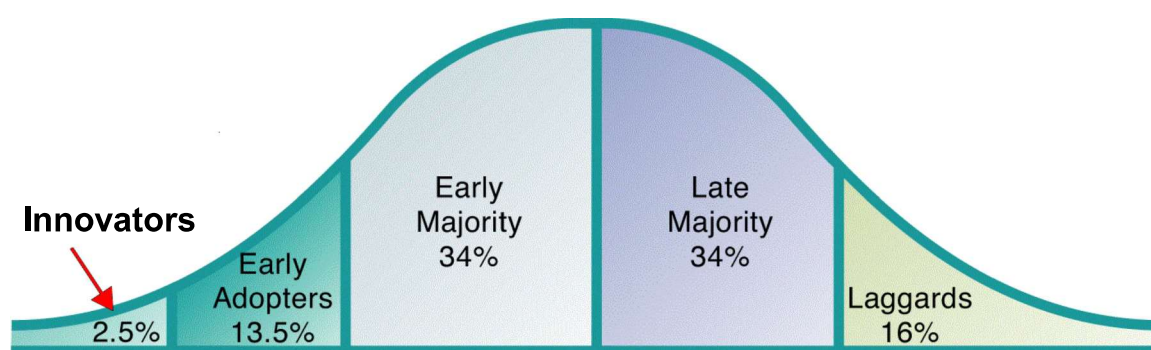
Segments and characteristics for fresh chilli peppers

Conventional segment	Specialised / ethnic segment
<ul style="list-style-type: none">• Outlets: Supermarkets, hypermarkets, grocery stores• Common types: Cayenne (long red), local varieties (capsicum Annuum)• Niche types: Habanero, Jalapeño, Madame Jeanette• Quality: Class I, organic, sustainable, pesticide-free	<ul style="list-style-type: none">• Outlets: Restaurants, ethnic stores, street markets• Common types: Bird's eye (Thai), African Bird's eye, Habanero, Scotch Bonnet, Bhut Jolokia, Jalapeño• Niche types: Ají Amarillo, Rocoto• Quality: Class I and II, taste, fresh

Example of chilli peppers presented in a Dutch supermarket



Time and the Adopter Categories

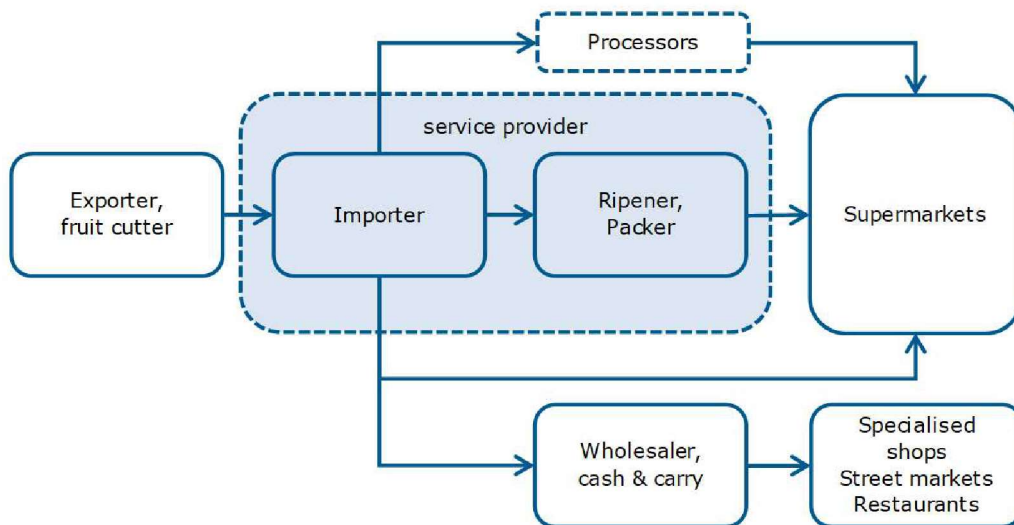


Adopter Categories Based on Innovativeness

Indicative supply calendar for mangoes

	J	F	M	A	M	J	J	A	S	O	N	D
Brazil												
Peru												
Ecuador												
South Africa												
Costa Rica												
Mali / Burkina Faso												
Ivory Coast												
Mexico												
Dominican Republic												
Pakistan / India												
Senegal												
Israel												
Spain												

Market channels for mangoes



Mango with quality 'Extra' Class, Class I and Class II (from left to right)



3. Rate of adoption

- How long it takes a new product or service to be adopted by members of a social system
 - Rate of adoption generally is becoming *faster*
 - Diffusion of products *worldwide* is becoming more rapid as well
 - Marketers generally desire as fast a rate of adoption as possible in order to dominate a market before competitors enter
-

Ginger-curcuma shot with Demeter certification



Growing popularity of ethnic cuisines

- The demand for ethnic food in Europe is rising. Since dried ginger is an important ingredient in Asian dishes, it is becoming increasingly popular on the European market.
 - Examples of Asian recipes that are popular in Europe and that contain ginger are:
 - Hot meals such as 'Ginger and Hoisin Glazed Pork' and 'Ginger Beef Stir-fry';
 - Snacks such as ginger cookies, often consumed during the Chinese New Year.
-

Consumers who enjoy discovering new flavours, new cuisines, and exotic products, are also driving this development. This goes hand in hand with some other developments, such as:

- An increase in global relations and communications. In the past decade, more Europeans travelled to Asian destinations and more foreigners came to Europe each year. Due to the COVID-19 pandemic, people travelled less in 2020. But consumers' desire for exotic flavours only grew, and people increasingly searched for ingredients for that 'exotic effect' in cooking.
- Growing consumption of so-called 'superfoods'. Superfoods are functional ingredients with a particular benefit and ginger is considered to be one of them.
- Ongoing popularity of TV cuisine programmes or social media influencers like Master Chef encouraging cooking at home and experimenting with different products.
- The increase of Asian (managed) restaurants Europe, which results in an increase of Europeans becoming acquainted with Asian dishes and flavours.
- Growth in the multicultural population in Europe. In 2014, 20% of immigrants to Europe were of Asian descent, while in 2020 this share increased to 23%.

“Skimming”

- Sometimes marketers don't seek a rapid rate of adoption
- Making the product available at a very high price to consumers who are willing to pay top dollar, then gradually lowering the price over time for additional segments of the market
- Permits manufacturers to recover development costs more quickly

Use and classification of turmeric in health products

Food supplements	Turmeric root is allowed in food supplements. It is included in the positive lists for Germany and BELFRIT (Belgium, France and Italy). Turmeric essential oil is also listed in BELFRIT.
Herbal medicinal products	Turmeric is allowed on the European market as it is listed in European Pharmacopoeia monograph #2543 : <i>Curcuma longa</i> rhizome. Its use in herbal medicinal products is described in the Community Herbal Monograph on Curcuma longa rhizoma .
Chemical Administration Service number	84775-52-0 (turmeric) 458-37-7 (curcumin)
European Community Number	283-881-2
Harmonised System code for trade in turmeric:	0910.30: 'Turmeric (curcuma)', as raw material (root/powder). Turmeric extract is traded under: 1302.19: 'other vegetable saps and extracts'

The adoption process

- Series of stages the consumer moves through in arriving at a decision to purchase or reject a new product
- Five stages include
 1. Knowledge/awareness
 2. Persuasion/interest
 3. Decision/evaluation
 4. Implementation/trial
 5. Confirmation/adoption (rejection)

Example of turmeric products in the European health product market



The leading importers of turmeric in Europe, 2017-2021

2021	'000 Tonnes	average annual change (2017-2021)	million EUR	average annual change (2017-2021)	Main suppliers (% of 2021 volume)	Important Market Players
UK	7.1	8.3%	11.5	2.4%	India (91.0%)	Pukka Herbs , Vytaliving , Natco Foods
Netherlands	6.8	12.5%	12.1	10.1%	India (45,3%), Peru (29.4%)	Tradin Organic , Forward Farma
Germany	6.4	7.7%	14.0	5.9%	India (78.1%)	Wacker Chemie , Vitabay , Bio Import Europa , Dr. Behr GmbH , Govinda Natur
France	2.5	3.7%	6.1	-0.2%	India (63.4%)	Nexira , Curcuma

Resistance to adoption

- Researchers have identified five factors that may result in consumers' failure to adopt a new product
 1. Value barriers
 2. Usage barriers
 3. Risk barriers
 4. Tradition barriers
 5. Image barriers

Thanks

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Chapter No 7

Promotion for global reach



Promotion for global reach



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INTERNATIONAL PROMOTION

PROMOTION IS NOT ONLY FOR CONVINCING AND MANIPULATING

PEOPLE BUT FOR INFORMING THEM AND FOR COMMUNICATING

WITH THEM AS WELL!

ELEMENTS OF PROMOTION

- ADVERTISING
- SALES PROMOTION
- PUBLICITY
- DIRECT SELLING

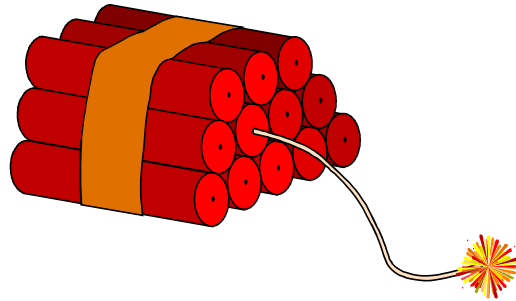
ADVERTISING

- STRENGTH OF SOURCE
- CREDIBILITY OF SOURCE
- PRESTIGE OF SOURCE
- HOMOPHILY



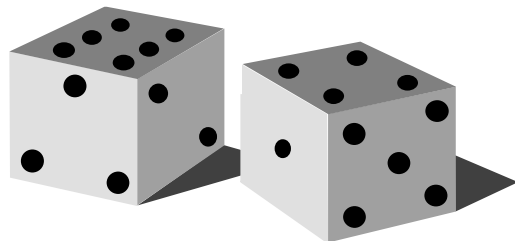
OBJECT OF ADVERTISING

- BRAND
- PRODUCT
- FIRM
- COUNTRY



NEW PHENOMENA IN ADVERTISING

- PATTERN ADVERTISING
- PAN EUROPEAN
ADVERTISING
- PAN EAST EUROPEAN
ADVERTISING

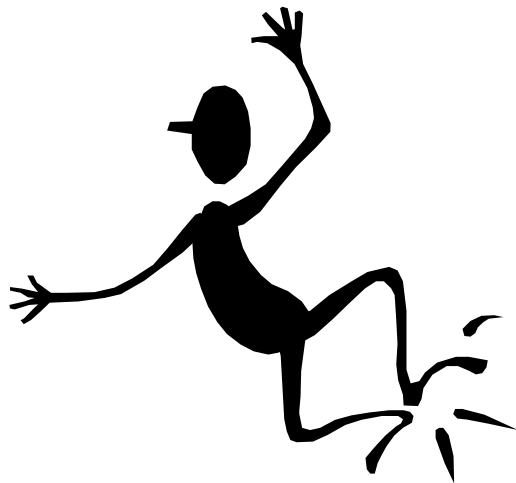


FACTORS TO DETERMINE

- WHAT TO SAY
 - WHAT TO ADVERTISE
- HOW TO SAY IT
 - RATIONAL OR EMOTIONAL MESSAGES
- WITH THE USAGE OF WHO OR WHAT TO SAY IT
 - FAMOUS OR EVERY DAY PEOPLE OR THINGS
- HOW TO DETERMINE WHAT TO DO

SALES PROMOTION

- PRICE REDUCTION
- SALE
- CUPONS
- TRIAL
- PAY FOR ONE, RECEIVE TWO
- GIFT
- GAME



WHEN TO USE SP?

WHEN LAUNCHING A NEW PRODUCT OR SERVICE ON THE MARKET

- TO MAKE THE PEOPLE TRY THE PRODUCT
- MAKE THE PEOPLE TRY A NEW RETAIL SHOP OR SELLING FORM
- CONVINCE THE RETAILERS TO HOLD THE PRODUCT OR OFFER THE SERVICE

WHEN TO USE SP?

- SHORT TERM EFFECT
- USED TOGETHER WITH ADVERTISING
- INFLUENCE THE TIMING OF THE BUYING
- EFFICIENCY OF THE USAGE OF SP CAN BE REDUCED IF OFTEN USED

SPONSORING

- **GOOD CHOICE OF THE EVENT WHAT WE SPONSOR**
- **POSITIVE IN THE EYE OF THE CUST.**
- **CONNECTION BETWEEN THE EVENT AND OFFER**
- **CONN. BETWEEN THE EVENT AND TARGET MARKET**



PUBLICITY

- **CHEAP WAY OF MAKING THE PEOPLE TALK AND WRITE ABOUT OUR OFFER OR COMPANY**
- **TIMING IS OF CRITICAL IMPORTANCE**
- **DIRECT PAYMENT IS MISSING**

DIRECT SELLING

- DIRECT - PERSONAL - COMMUNICATION
- THE CHANNEL IS THE PERSON - WHO HAS TO SELL HIM(HER)SELF
- ACTIVE PARTICIPATION IS NEEDED AS THE CHECKING OF THE CUSTOMERS' UNDERSTANDING AND ACCEPTANCE IS NECESSARY.

INTERNATIONAL PROMOTION STRATEGIES

- PUSH
- PULL
- GRAVITATION

- Agribusiness marketing encompasses many different aspects depending mostly on the size and needs of the business. Small retail localized agribusinesses have limited marketing needs compared to large commercial farms which serve different areas groups of people.
 - Whichever the case, it is very important for any business to promote / put their products and services in front of the right people such that they can generate sales and grow.
-
- Agricultural products are very perishable so they can go bad if not sold as soon as possible which can result in catastrophic losses for the farm business.
 - For traditional farmers who don't use modern urban farming techniques like indoor vertical farming and smart agriculture, perishability can be very disastrous because their costs of production are very high.

- Factors like cost of tilling the land, weeding, harvesting, planting, labor all increase the price of production and lower the profits from the produce as compared to indoor urban farming.
 - On top of that weather factors also come in, pests and disease prevalence also affect the yields from the crops.
 - On the other hand, modern commercial urban farms may have much surplus which can go to waste and may need to sell more produce so that they can break even and get back the money they invested in the business and also get to run their daily management operations.
-
- Other types of agribusinesses types like those providing inputs, and services also face severe competition from other sectors so they need to scour the market thoroughly and acquire more customers if they are to grow, expand and survive.
 - That being said, it is very important for any agribusiness to have a solid marketing plan with which they can sell their goods to customers and also promote their goods to new people so that they can grow.
 - Marketing involves promotion and putting of goods and services in front of the business' customers so that they get to buy them.

Have an online presence

The world is very digital today and first way for any agribusiness to promote themselves before even bothering to go out and look for customers is to have an online presence. It is very important for a business to build a business website, have a listing in yellow pages and online directories like Google my business, do email marketing, and have social media pages to promote products and engage with business customers online.

With this, a business can reach its customers wherever they are, answer customer queries, seek online, ask for reviews, handle orders, and even acquire new customers.

Advertisements

Advertisements can be done on local media; television, radios and online using paid web ads or social media ads like those of Facebook, and Instagram. They can be visually appealing images or videos that tell people about the goods or services of the business. It can be an Instagram image of the organic fresh vegetables a farm offers or a video showing a farm consultant giving expertise at a local farm.

Text image combo advertisements can also be put in newspapers, agricultural magazines and leaflets to inform people about the goods or services.

Partnerships

Partnerships can be made with small businesses and stores like supermarkets, mini groceries, shops so that the farm can supply them with their farm fresh produce. Partnerships can help agribusinesses to become sole suppliers of target customers which helps maintain them and generate regular sales.

Public speaking

Doing public speaking and presentations about the business and what it offers at conferences, organization meetings and concerts can help create product awareness. Guest posting on blogs and online platforms with a staunch audience about content related to the business can also be another way to get people to know about the business. The speaker or guest poster can then give business details to the audience like the address, product fliers and coupons or product freebies.

Business branding

A branded business is easy to promote as compared to a brand less one. A branded agribusiness has its own unique name, logo, and business colors which separates it from other businesses in the market. These can further be put on business cards, letter heads, websites, social media and branded equipment to enable people differentiate your business from others on the market.

After branding, a business can then provide exceptional products or services that so that people can associate them with quality and tag them as great so that they can continuously buy the business' branded goods.

Value addition

Value added goods are easy to promote because they are packaged, labelled, branded and processed. They are therefore of high quality.

People like good things and they spend on them. Having products in attractive packages, processing and adding flavors to produce can entice people to buy and this eases promotion.

Exhibitions

Agricultural trade shows and events are a great way for any agribusiness to promote their products or services by exhibiting them to people that come. The good thing is that these are the very target audience that the business needs that will become customers in due time. Fliers can also be given out to people that visit the exhibition stands so that they get the business contact information for future reference.

Hand out samples and freebies

For new launching agribusinesses, this is very important. Product tasting helps people get affiliated with your products and give recommendations where need be. After using the free product, the people can then buy to continue using if the product matches their taste and needs and above all if it is better than similar products on the market.

Offer discounts

Everyone wants to have that extra money in their pockets. Offering discounts can be a very great agribusiness marketing promotion strategy for those that want more sales or doing a clearance sale for their perishable produce.

On top of offering more for less, free transportation can be arranged for those buying in bulk to their places.

Network with people in your field

A network can take a business places unfathomed. With a strong network, a business can easily promote its goods and services far and wide. The contacts can be used to ease distribution and make deals that result in more sales and growth for the business.

Example of Mango

<https://www.mango.org/professionals/retail/promo-ideas-marketing-messages/>

<https://www.almonds.com/>

Chapter No 8

Social Marketing Digital Marketing



Social Marketing/Digital Marketing

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The basic goal of marketing is to
influence behaviour

Whether it be a

■ **Product**

■ **Adopting a new practice**

■ **Getting your cattle immunized**

Key Concept - Exchange

- Increase or highlight the benefits
- Decrease or de-emphasize the barriers
- Change the product, price, place or promotion to meet the exchange, if necessary

Exchange

You Give Me

\$1.00

You Get

A Pepsi

- a thirst quencher
- good taste
- fun
- youthful feeling
- girl/boyfriend

Exchange

You Give Me

Money

Time

Momentary discomfort

You Get

An immunization

- better health
- avoidance of greater discomfort (sickness)
- ability to go to school, work, travel

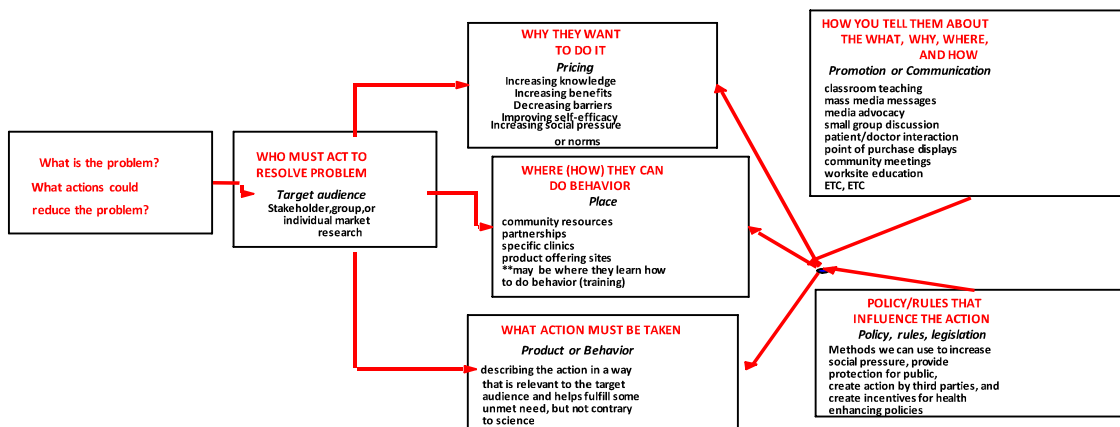
Marketing allows us to bring in
socially desirable behaviours

When we do that we contribute to
Social marketing

Since it covers a wide range of issues not necessarily connected to commercial considerations it has a wider, if not commercially, desirable perspectives

Social Marketing:

A Model for Interventions that Facilitate Change



Social Marketing as a Model for Interventions that Facilitate Change
Susan D. Kirby, 1995

**For the past two decades, the focus has been on
'marketing' Social marketing – using the concepts
of exchanges, transactions, segmentation, target
marketing, consumer research and positioning**

**Understanding, creating, communication
and delivering customer value and
satisfaction are at the very heart of
modern marketing**

- Kotler and Armstrong

Social Change Campaigns often fail because

- **People are uninformed and this makes them harder to reach through conventional media**
- **Response to new information increases with audience involvement or interest; if few people are interested, few will respond**
- **Response to new information increases with information's compatibility with audience attitudes. People tend to avoid disagreeable information**
- **People read different things in information, depending on their beliefs and attitudes**

Why does this happen?

Researchers have cited several factors that dilute mass media effect

- **Audience factors - apathy, defensiveness, cognitive disability**
- **Message factors – attention, comprehension, perception**
- **Media factors – appropriateness of media**
- **Response- mechanism factors – making it easy for the audience to respond**

In order to bring about change in customer/prospect behaviour, the marketer has to first understand the barriers against change by positioning himself/herself in the shoes of the prospect/customer

Conditions that favour Social Change Campaigns

- **Monopolization - Could you be the only message or only use that medium exclusively?**
- **Canalization - Favourable public attitude base helps to channel existing attitudes and behaviour**
- **Supplementation – mass media communication supplemented by face-to-face communication**

So for any Social Change program, the marketing challenge is to identify

- **Cause** – social objective to provide a desirable answer to a social problem
- **Change agent** – whoever attempts to bring about the social change
- **Target adopters** – individuals/groups/entire population
- **Channels** - communication and distribution pathways which help exchange influence and response between change agents and target adopters
- **Change strategy** – program adopted to effect change in target adopters' attitudes and behaviours

Any social program attempts to
market a **social product**

What is a Social Product?

It could be an

- **idea**
- **practice**
- **tangible object**

Social marketing requires knowledge of each target –adopter group

- Socio demographic characteristics
- Psychological profile
- Behavioral characteristics

These help make accurate
predictions

Predictions are prerequisites to the
ability to influence outcomes

Social marketing would have to
identify 'influentials'

The aim is to neutralize, the
opposition and gain support of
'influentials'

Influentials could be

- Permission granting groups
- Support groups
- Opposition groups
- Evaluation groups

Social Change – Management Technology

The social product must fit the target adopter.

- Defining the fit – what are the TA looking for?
- Designing the fit – what makes a good fit?
- Delivering the fit – How to bring it to TA?
- Defending the fit – How do I sustain it?

Digital Marketing

What is digital marketing?

Digital marketing can be described as actively promoting products and services using digital distribution channels as an alternative to the more traditional mediums such as television, print and radio

Digital Marketing

What is Digital Marketing?

- Today's consumer is more cognizant of the marketing messages all around them, leaving them more likely to tune out advertisements or other forms of marketing communication
- In the "golden age" of television, an ad on one of the big three networks could reach 70 percent of the viewing audience
- According to Seth Godin (author of *Permission Marketing*) today's consumer receives roughly one million marketing messages a year on average

Digital Marketing

Overwhelmed consumers are becoming adept at tuning out marketing messages

- E-mail filters to block spam
- Digital video recorders (DVRs) to skip commercials
- Caller ID to screen telemarketers
- Recycling direct mail pieces without opening them

Digital Marketing

Business and marketing professionals refer to this saturation as “clutter”

- Clutter is a major problem for today’s marketer
- The cost of selling has almost tripled over the past decade
- Today’s consumer has a broken trust with traditional marketing means (broadcast media, print media etc.)

Digital Marketing

How does clutter impact marketers?

- Marketers today must determine ways to effectively cut through the clutter if the firms they represent are to financially thrive
- Today's digital marketers must become more creative and free thinking in their approach to promoting company products and services
- Sports, entertainment and event marketing provide an effective means for cutting through today's marketing clutter

Digital Marketing Strategies

How are marketers adjusting?

Digital marketers turn to technology to help reach target consumers

1. Internet marketing
2. Mobile marketing
3. Social marketing
4. Viral marketing

Digital Marketing

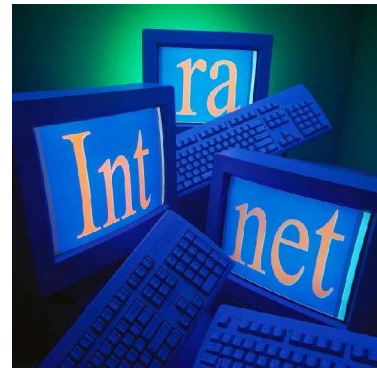
How are marketers adjusting?

The goal for digital marketers is to focus on **interactive elements**, encouraging consumers to participate in the marketing process

U.S. interactive marketing spending will reach \$55 billion by 2014, making up 21% of all marketing spending, according to a report issued by Forrester Research

Internet Marketing

The Internet, far more than any other medium, has given consumers a voice, a publishing platform and a forum where their collective voices can be heard, shared and researched, creating a more powerful and educated audience than ever before



Digital Marketing Strategies

Consumer-Generated Media (CGM)

Encompasses the millions of consumer-generated comments, opinions and personal experiences posted in publicly available online sources on a wide range of issues, topics, products and brands

Also referred to as
Online Consumer
Word-of-Mouth or
Online Consumer
Buzz

Digital Marketing Strategies **Consumer-Generated Media (CGM)**

1. Blogs
2. Message boards and forums
3. Social media
4. Discussions and forums on large email portals (Yahoo!, AOL, MSN)
5. Online opinion/review sites and services/feedback/complaint sites

Digital Marketing Strategies

Sports and entertainment properties
use the Internet for a host of
marketing functions

- Ticket sales
- Sponsorship sales
- Merchandise sales
- Additional revenue streams (banner advertising on team websites etc.)
- Community relations
- Player/staff fan connection (blogs, chats etc.)
- General promotion



Digital Marketing Strategies

Mobile Marketing

Mobile marketing refers to two different marketing means: one refers to marketing on or with a mobile device (such as a mobile phone) while the other (more traditional) is meant to describe marketing “on-the-go”



Digital Marketing Strategies

Apps have recently gained a lot of popularity among consumers

“Apps”

Apps are individual software programs designed to run on the Internet, computer, phone or other electronic device typically designed to increase functionality or ease of use

Digital Marketing Strategies

The sports and entertainment industry has taken note of the apps trend and launched a number of sports and entertainment related apps

Digital Marketing Strategies

Social Media

Social media describes the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives, media and to otherwise interact



Digital Marketing Strategies

Social media presents itself in the form of many variable applications



➤ Google+

➤ YouTube



➤ Twitter

➤ Digg



➤ Flickr

➤ MiniClip



➤ Facebook

➤ foursquare



➤ Vine



Digital Marketing

In today's digital marketing era, harnessing the power of social media has become a top priority of sports and entertainment properties of all shapes and sizes

Athletes, celebrities, leagues, teams, events and corporate sponsors are all shifting the focus to digital marketing strategies as they compete for attention in the social media space

Digital Marketing


Why is social media important to a sports or entertainment marketer?

1. In theory, social media is free
2. Allows an organization to reach a massive audience
3. Social media is still experiencing rapid growth, presenting unlimited potential for marketers

Why is social media important to a sports or entertainment marketer?

- Facebook: More than 1 active billion users 
- Google+: 359 million active users, up 33 percent from the number of users in 2012 
- LinkedIn: 225 million professionals and growing at more than two members per second, representing every company on the Fortune 500 in over 200 countries 
- Twitter: Over 555 million registered users, more than double the number of users in 2011 but users are actively engaged, "favoriting" more than 1.6 billion tweets in May of 2013 alone 

Why is social media important to a sports or entertainment marketer?

- YouTube: According to their website, over 6 billion hours of video are watched each month on YouTube—that's almost an hour for every person on Earth, and 50% more than last year 
- Foursquare: 33 million users with nearly 5 new users signing up every six months



Digital Marketing Strategies

Social Media Platforms

facebook

flickr

Google+



Pinterest



You Tube

Instagram

evite

Linked in



USTREAM

Marketing Applications

4.9

Digital Marketing Strategies



Social Media Marketing

1. When in Doubt, Tweet
2. Respect the Fan
3. Use the Resources You Have
4. Follow Back and Listen
5. If it isn't Broken, Don't Fix it



Digital Marketing Strategies

Viral Marketing

Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence

Viral marketing is the digital marketer's version of "word-of-mouth" advertising

REVIEW (ANSWERS)

Marketing Applications

- 1) Understand the concept of digital marketing

Today's consumer is more cognizant of the marketing messages all around them, leaving them more likely to tune out advertisements or other forms of marketing communication.

Digital marketers turn to technology to help reach target consumers. Marketers must be creative and innovative to connect with today's consumer and target audiences.

Thanks

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Indo-German Cooperation on **Agricultural Market Development**

Building sustainable partnerships

Indo-German Cooperation on **Agricultural Market Development**

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