

PROMOVE Comércio

Mozambique

From Business Development to Export Strategy

Webinar

09. September 2021

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United Nations Industrial Development Organization (UNIDO)



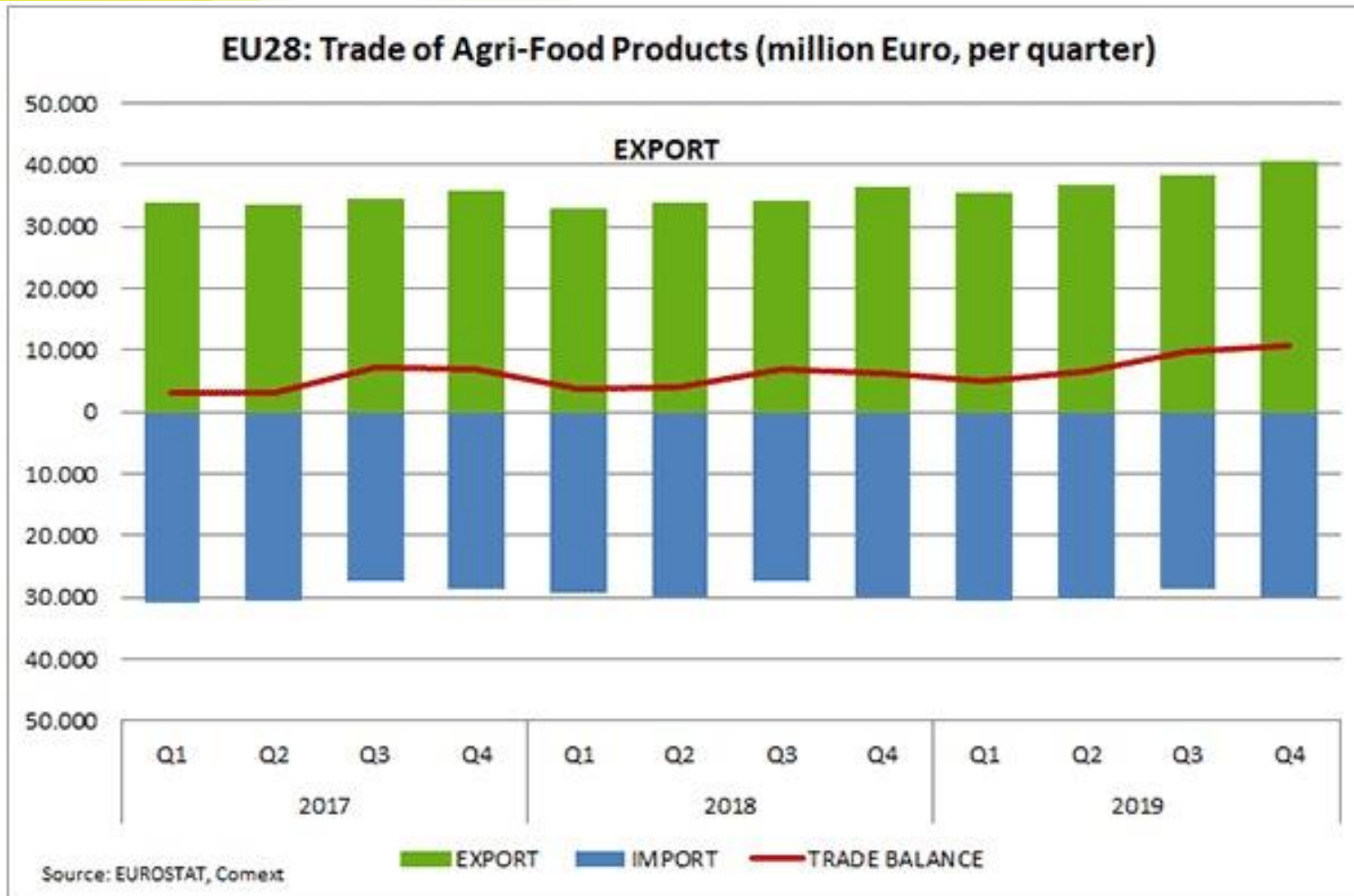
Part 2

From Business Development to Export Strategy

Introduction

- Strategic Export Marketing and “Quick Wins”
- Touching selected export-related concerns
- Importance of “export market analysis”
- Company-internal (export) marketing, sales know how and information
- Why no list of names of potential (EU) buyers and B2B contacts?

EU 28: Trade of Agri-Food Products



Source: Eurostat, Comext

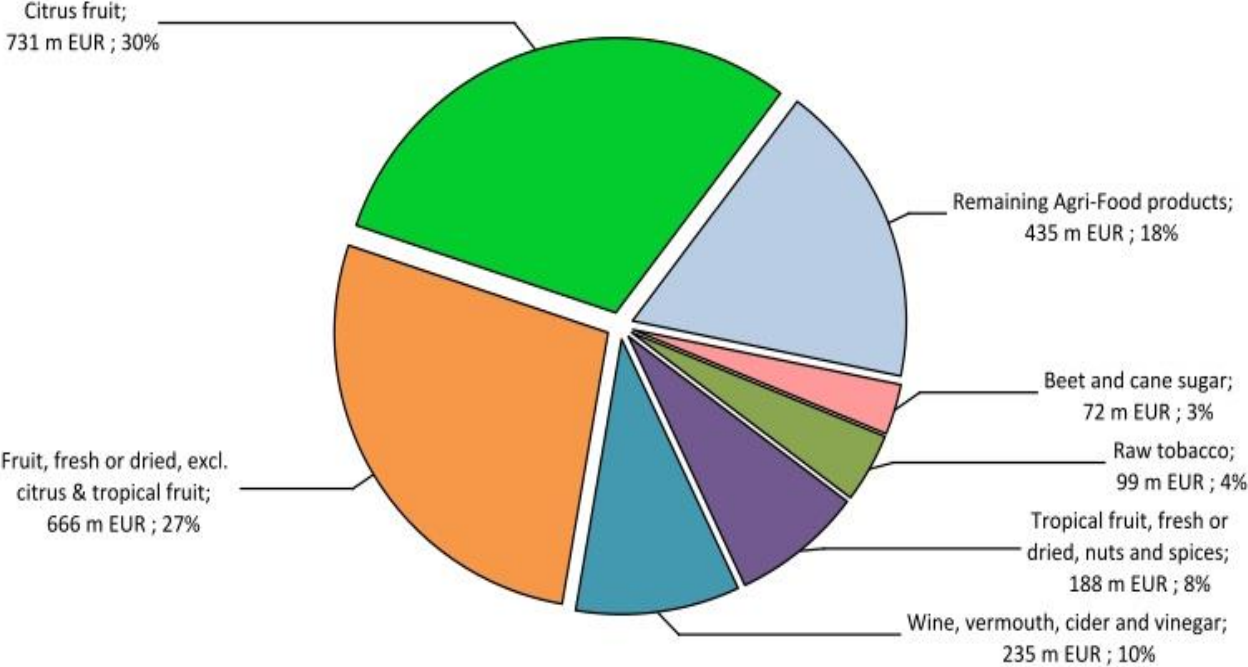
Rise of import values in 2019. The highest increases were for tropical fruit (which grew by €752 million), oilseeds (other than soyabeans) (up by €747 million), and vegetable oils (other than palm and olive oil) (up €660 million).

Import values declined for palm and palm kernel oil (a fall of €612 million), citrus fruit (down €282 million), and olive oil (a decrease of €215 million).

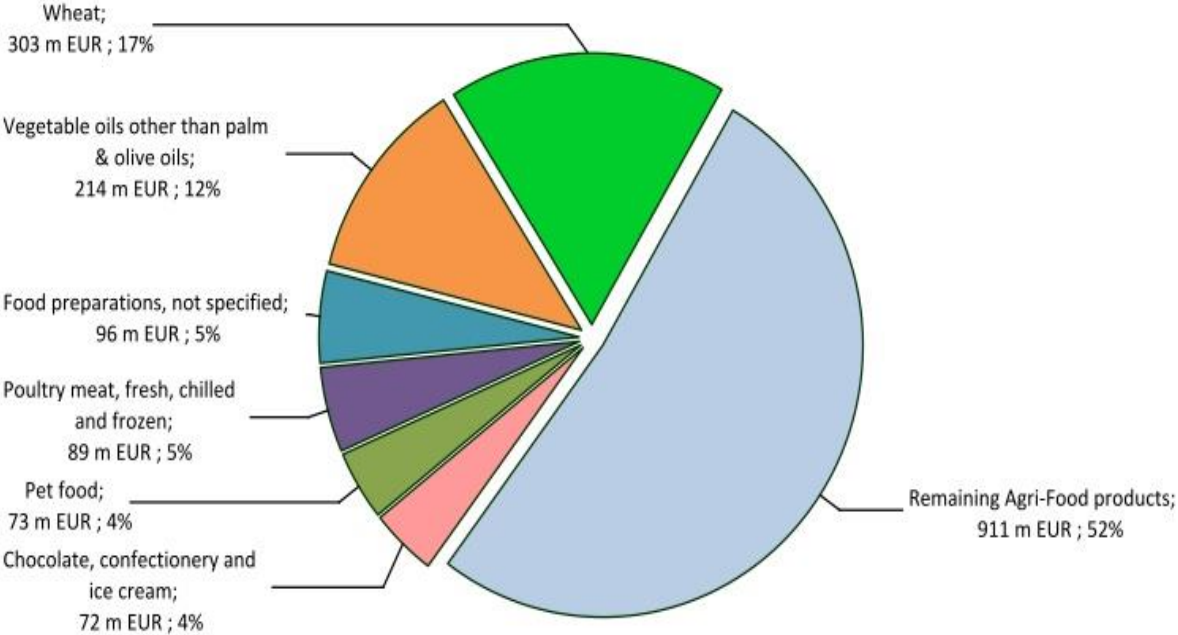
Five countries provided 35% of the EU's agri-food imports in 2019: the USA (€11.8 billion worth of imports), Brazil (€11.6 billion), Ukraine (€7.4 billion), China (€6.1 billion), and Argentina (€5 billion).

EU Agri-Food Trade with EPA SADC

Top EU Agri-Food **imports** from EPA SADC in 2020



Top EU Agri-Food **exports** to EPA SADC in 2020



Source: EuroStat

Steps to exporting - simplified

- 1 *Decide where to sell your agro-food products:*
market scan and research
- 2 *Have a realistic plan:*
business-marketing-export plan, business model with client focus
- 3 *Choose a route to the EU Market and specific countries:*
sell directly, distributor, sales agent, wholesaler, retailer, joint venture
- 4 *Find the export opportunities:*
trade fairs, B2B meetings, support from chambers and institutions
- 5 *Manage the export administration and documentation:*
different requirements for export to the EU and other international markets
- 6 *Start marketing:*
client communication, adverts, global social media, landing pages, B2B visits
- 7 *Get paid and limit risks:*
Incoterms, export documentation, written quotations and legally binding contracts

The SME Export-Marketing-Cycle



Export Marketing Cycle – Understand Markets



COLLECT DATA *Market scan* *Market research and analysis*

- Macro trade data and statistics
- Overall market trends (EU 27, other European countries)
- Market briefs with specific focus (healthy food trends, organic foods)

→ [EUR-Lex, Summary of EU legislation on food safety](https://eur-lex.europa.eu/summary/chapter/3010.html)
<https://eur-lex.europa.eu/summary/chapter/3010.html>

→ [EU agricultural market briefs, organic products](https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/agri-market-brief-18-organic-imports_en.pdf)
https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/agri-market-brief-18-organic-imports_en.pdf

→ [EU information website on EU agri-food markets](https://agridata.ec.europa.eu/extensions/DataPortal/trade.html)
<https://agridata.ec.europa.eu/extensions/DataPortal/trade.html>

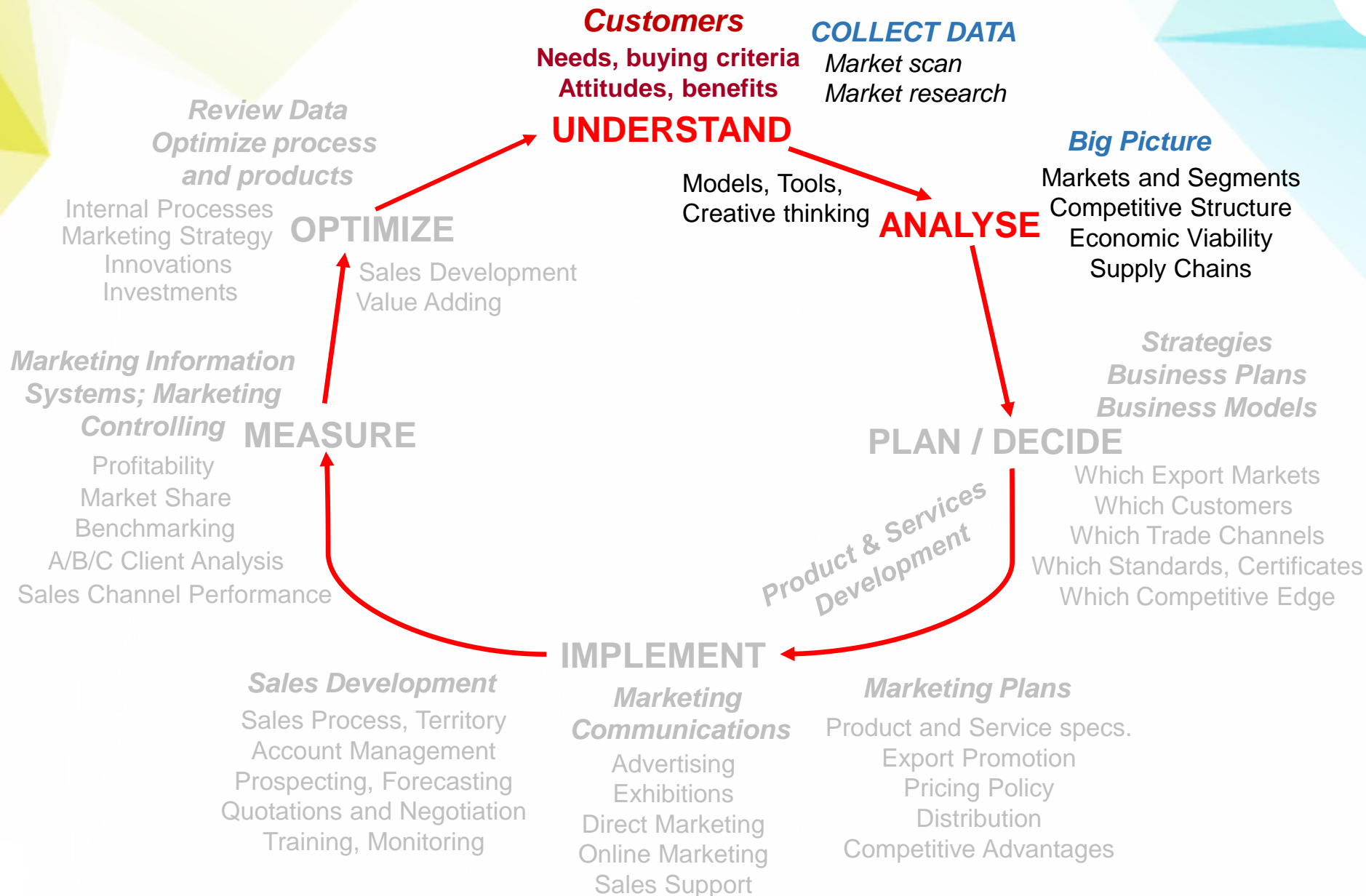
→ [EPA SADC agri-food trade statistics](https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/agrifood-epa-sadc_en.pdf)
https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/agrifood-epa-sadc_en.pdf

→ [EU policy EPA and SADC](https://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/)
<https://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>

→ [Eurostat – multiple EU statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Africa-EU_-_international_trade_in_goods_statistics)
https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Africa-EU_-_international_trade_in_goods_statistics

Many “macro data”
resources available
for free use
(some examples)

The SME Export-Marketing-Cycle



Export Marketing Cycle – Export Market Analysis



COLLECT DATA *Market scan* *Market research and analysis*

- Market Information websites
- Focus depends on products, specific market segments and focus target markets
- Own research, market visits, tradefairs (e.g. worlds leading tradefair for Organic Food, [BIOFACH](#)), specialist marketing analysts in target market, support by national business service providers

Selected market
Information service
links (free-of-charge
and in-depths
market reports for
payment)

→ [ITC trade map, trade statistics for international business development](https://exportpotential.intracen.org/en/)

<https://exportpotential.intracen.org/en/>

→ [ITC Export potential for agri-food products from Mozambique](https://exportpotential.intracen.org/en/products/tree-map?fromMarker=i&exporter=508&toMarker=w&market=w&whatMarker=k)

<https://exportpotential.intracen.org/en/products/tree-map?fromMarker=i&exporter=508&toMarker=w&market=w&whatMarker=k>

→ [EU export trade Information by CBI Netherlands](https://www.cbi.eu)

<https://www.cbi.eu>

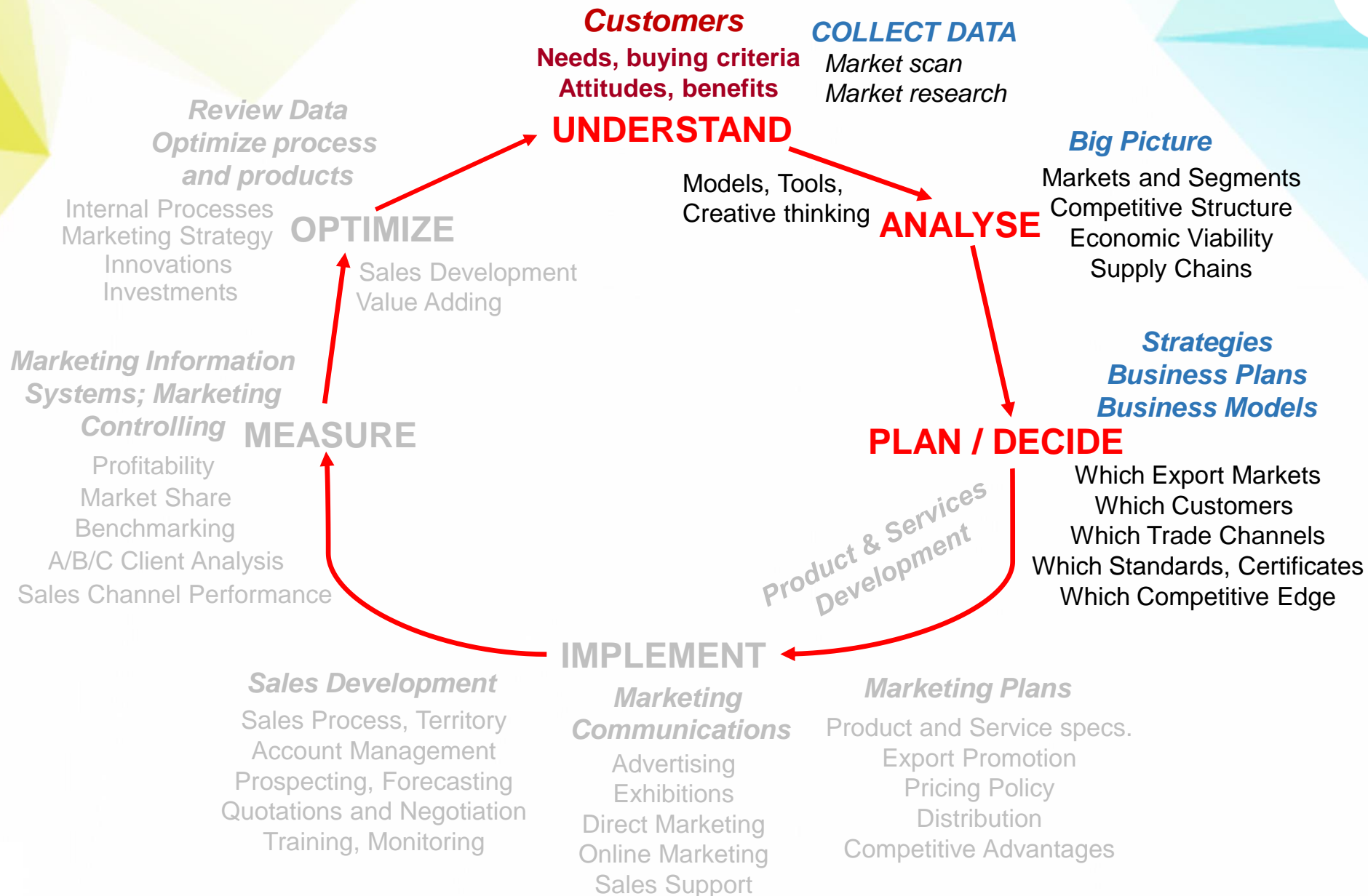
→ [CBI example on market Information Moringa products](https://www.cbi.eu/market-information/natural-ingredients-health-products/moringa)

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Export Marketing Cycle – Export Market Analysis

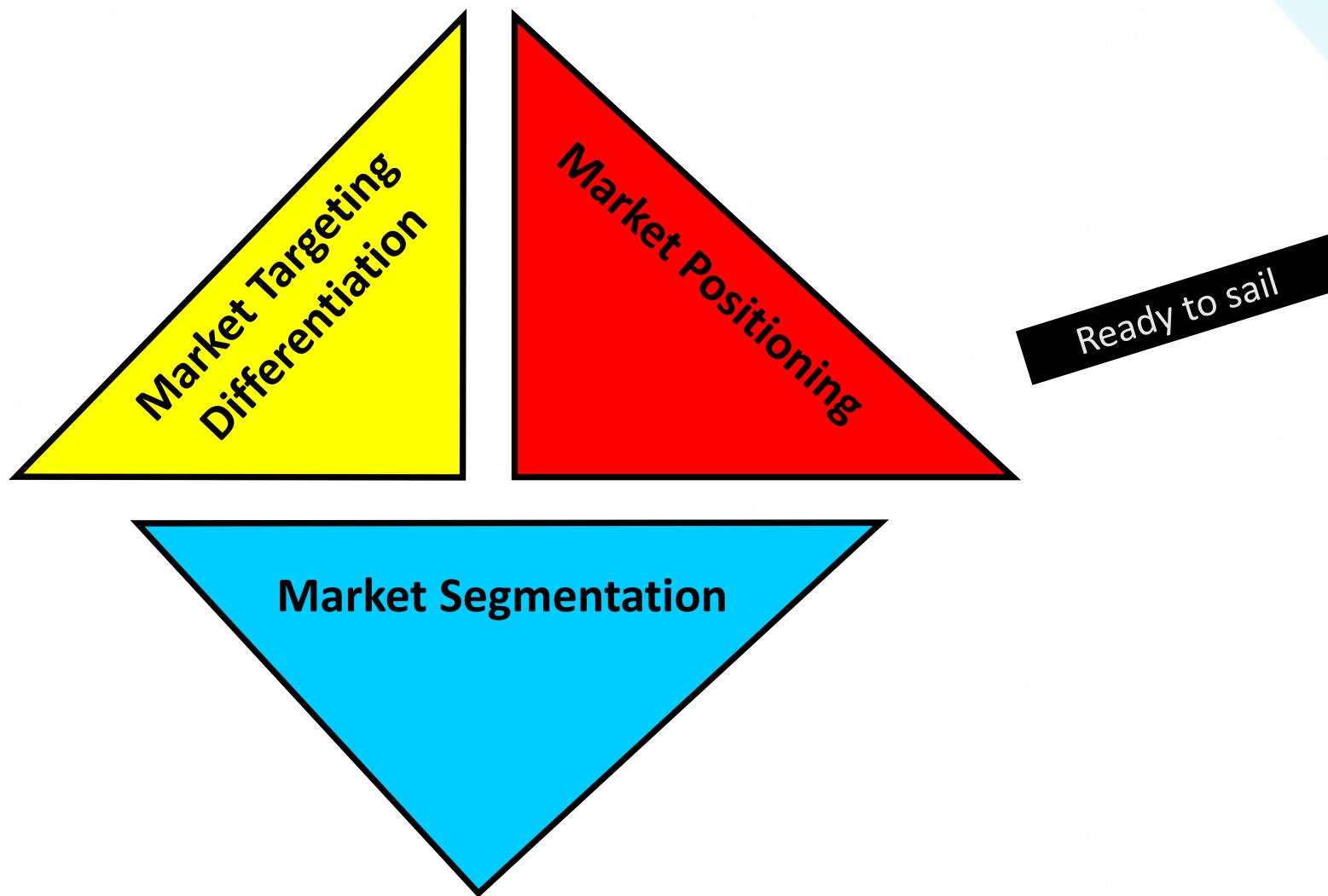
| | |
|-----------------------------------|--|
| Market Profile | - Market characteristics for the products growth rates, structural changes, potential market segments, key segments, Consumer trends, price segments |
| Competitive Profile | - Distribution methods number of main competitors, competitors' landscape, competitive strength of main competitors, own competitive edge |
| Distribution Profile | - Current distribution channels and methods optional distribution channels, structural limitations and best fit, differentiating channel costs, export clients' supply chain requirements, B2B contacts, trade fairs, market information journals |
| Export country regulations | - Product related transport related, Storage related, packaging and labelling related Food regulation and traceability related, quality and certification related |

The SME Export-Marketing-Cycle



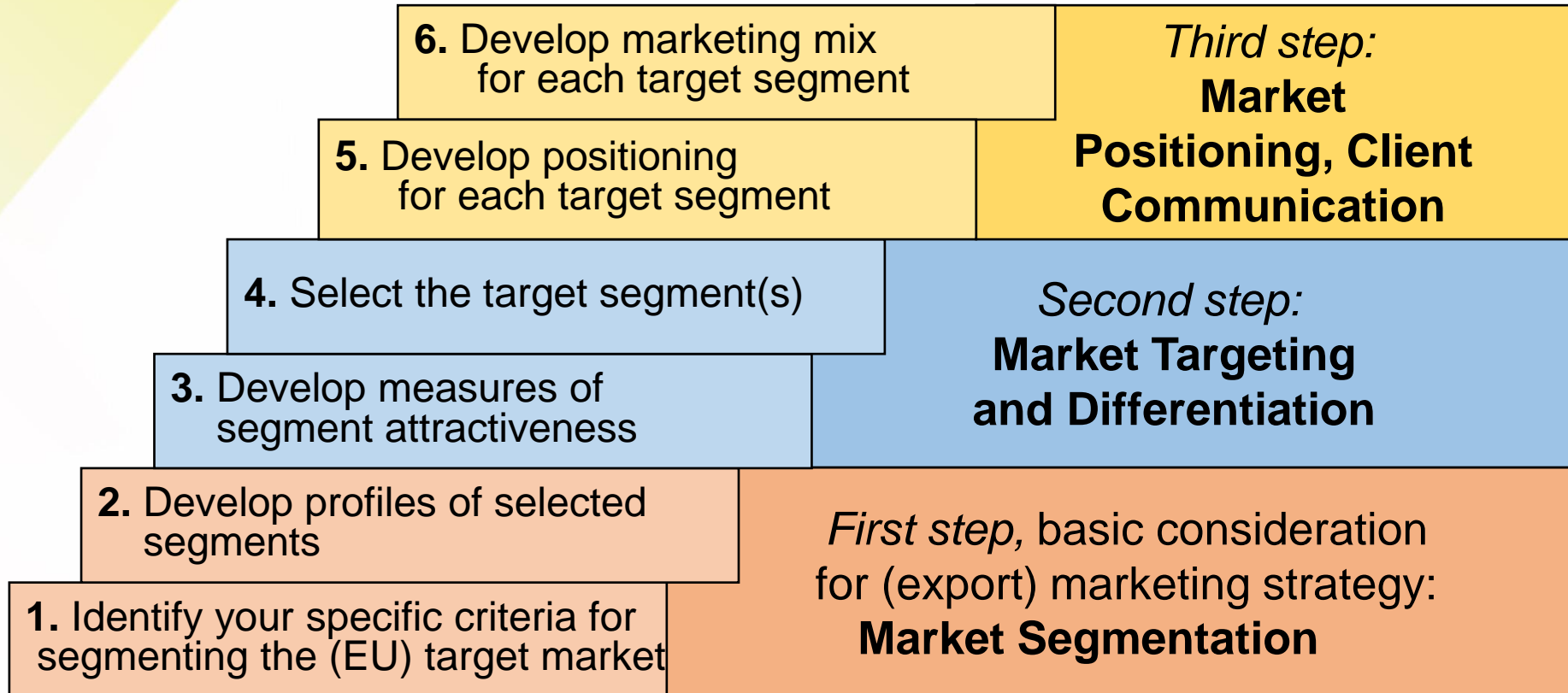
Export Strategy – Segmentation, Differentiation, Positioning

Product differentiation in global markets



Export Strategy – Segmentation, Differentiation, Positioning

Export market analysis – strategy and Information gathering



Export Strategy – Example Segmentation

End Market Segments for Mango Butter

Health Products:

Type of buyers-
Importers/distributors,
processors

Retailers- Specialist
retailers, drugstores,
pharmacies, mainstream
retailers, online retail.

Products- creams, salves



Food sector:

Type of buyers-
Importers/Distributors,
processors

Retailers- Mainstream
retailers, specialist
retailers, online retail.

Products -Confectionery



Personal care sector:

Type of buyers-
Importers/Distributors,
processors

Retailers- Specialist
retailers, drugstores,
pharmacies, mainstream
retailers, online retail.

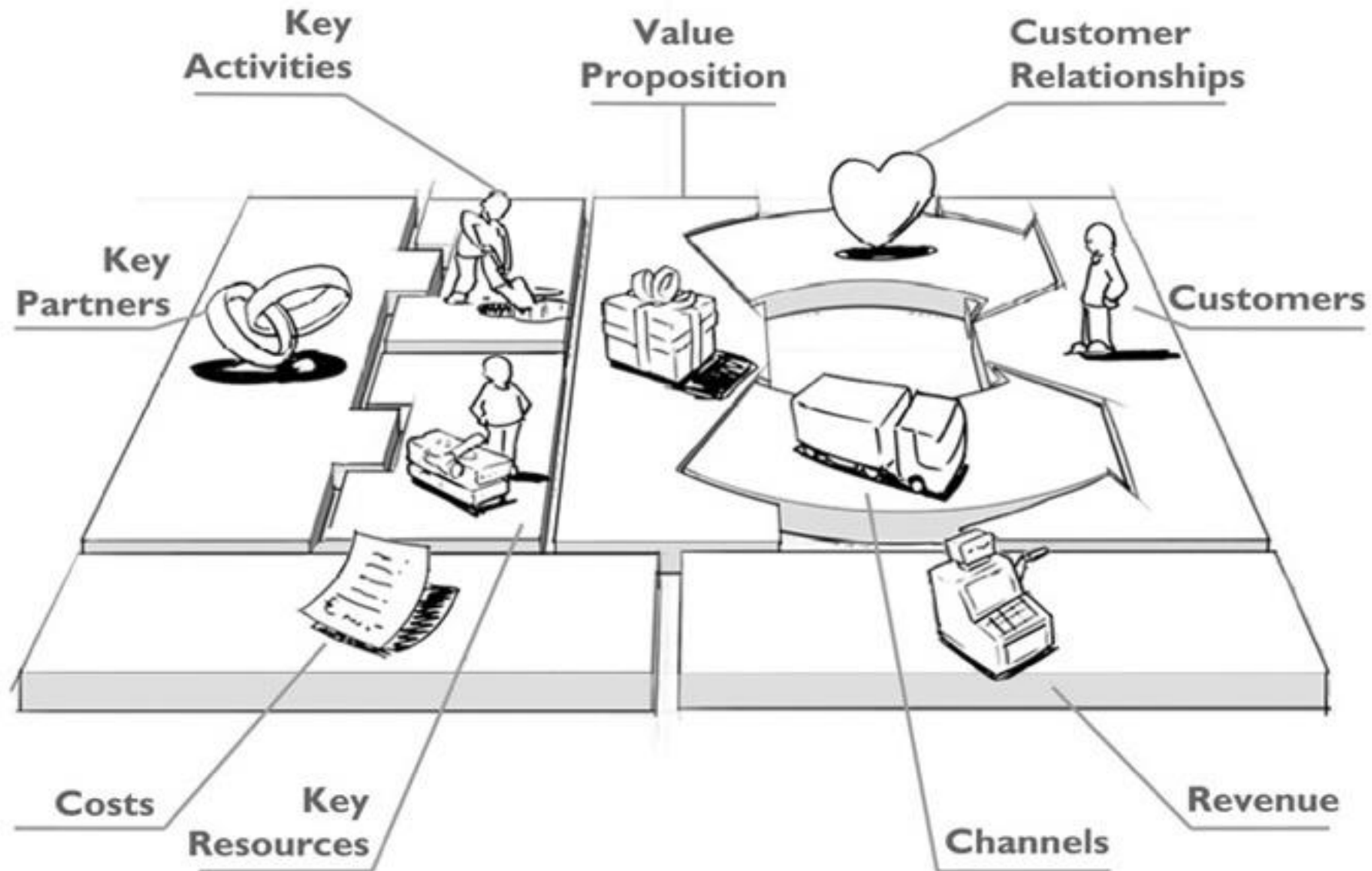
Products- Skin care, hair
care, colour cosmetics



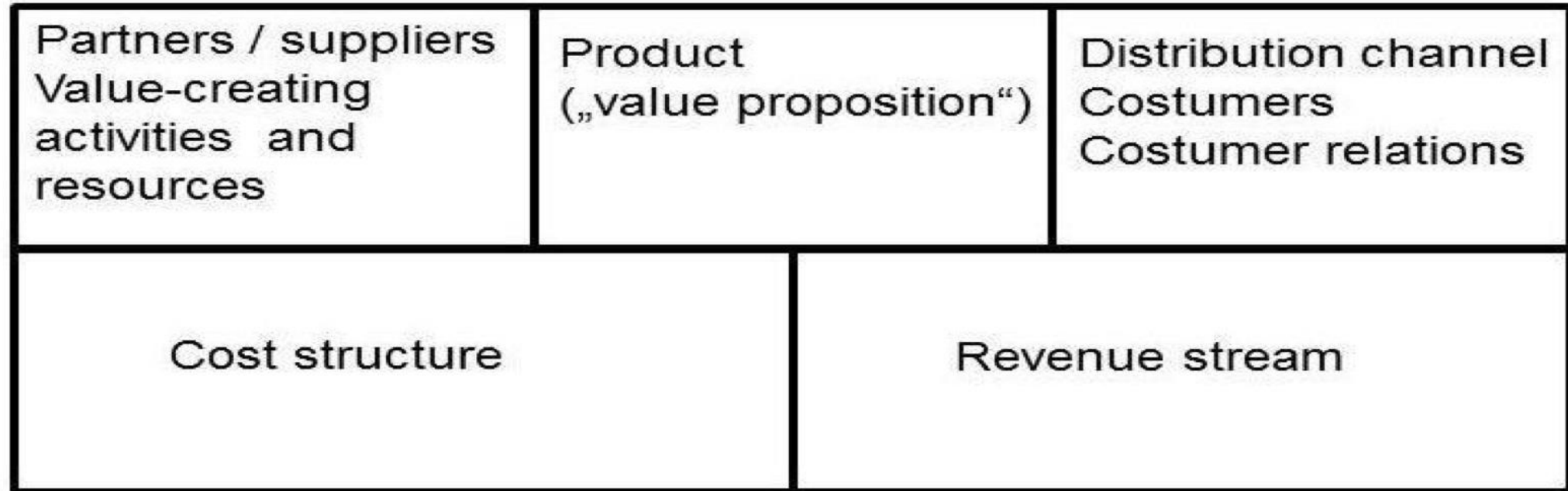
The SME Export-Marketing-Cycle



Export Strategy – Business Model Canvas

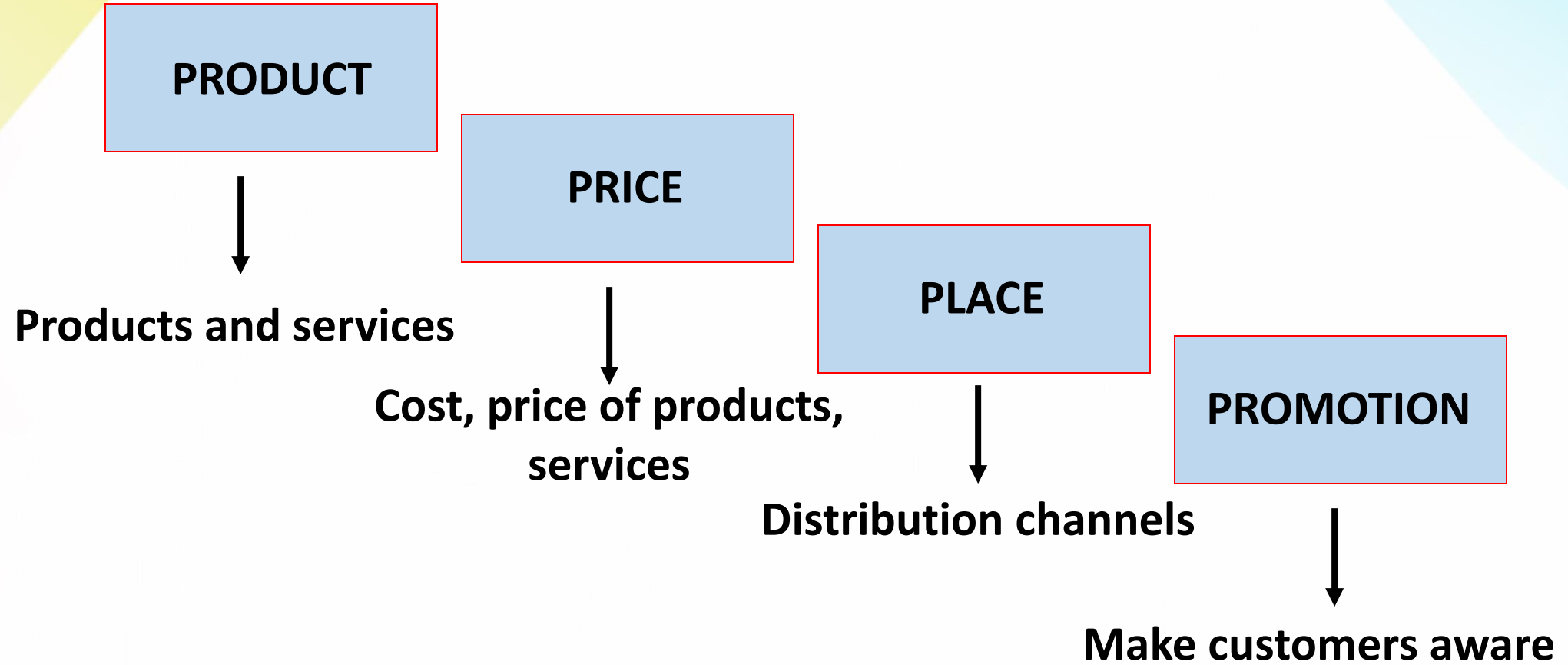


Export Strategy – simplified Business Model Canvas

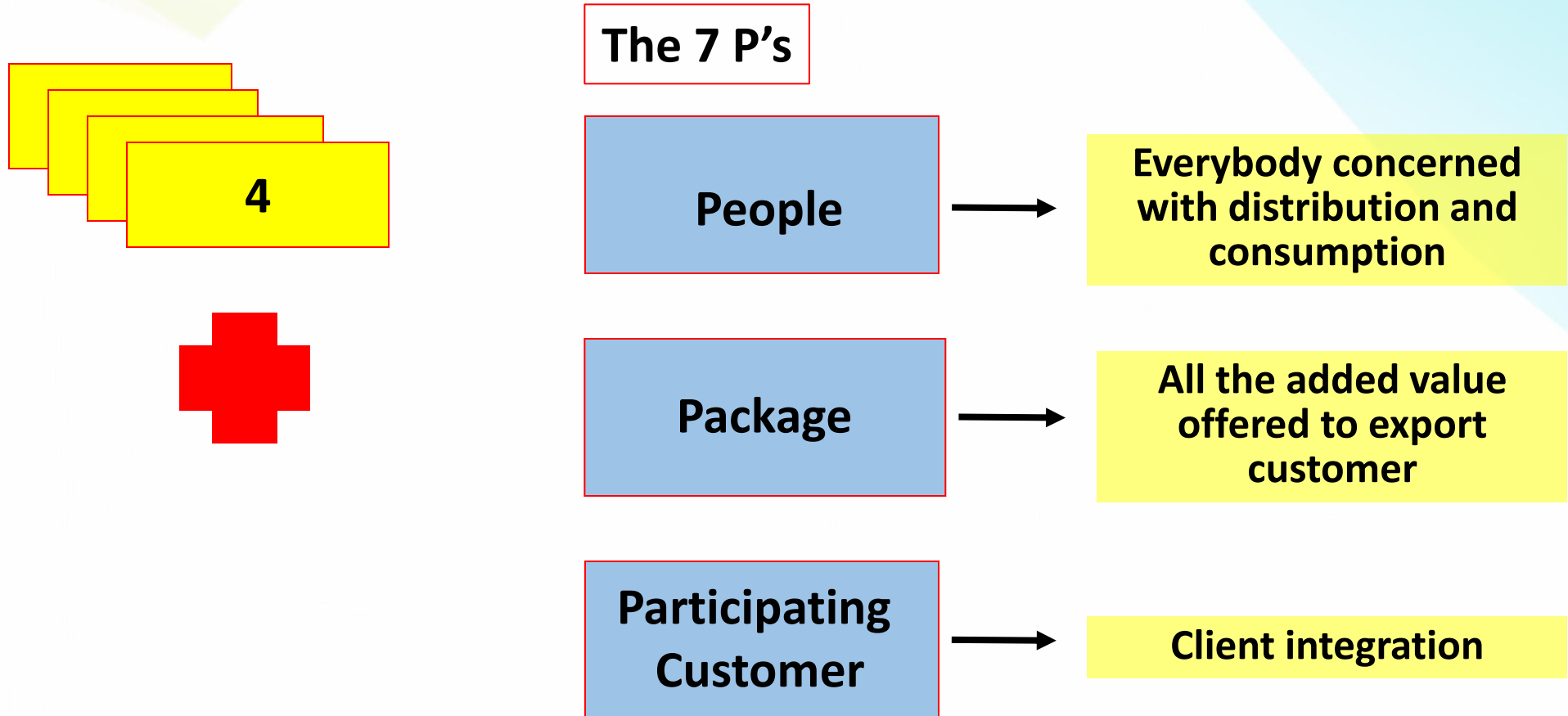


Key Elements of Global Export Marketing Mix

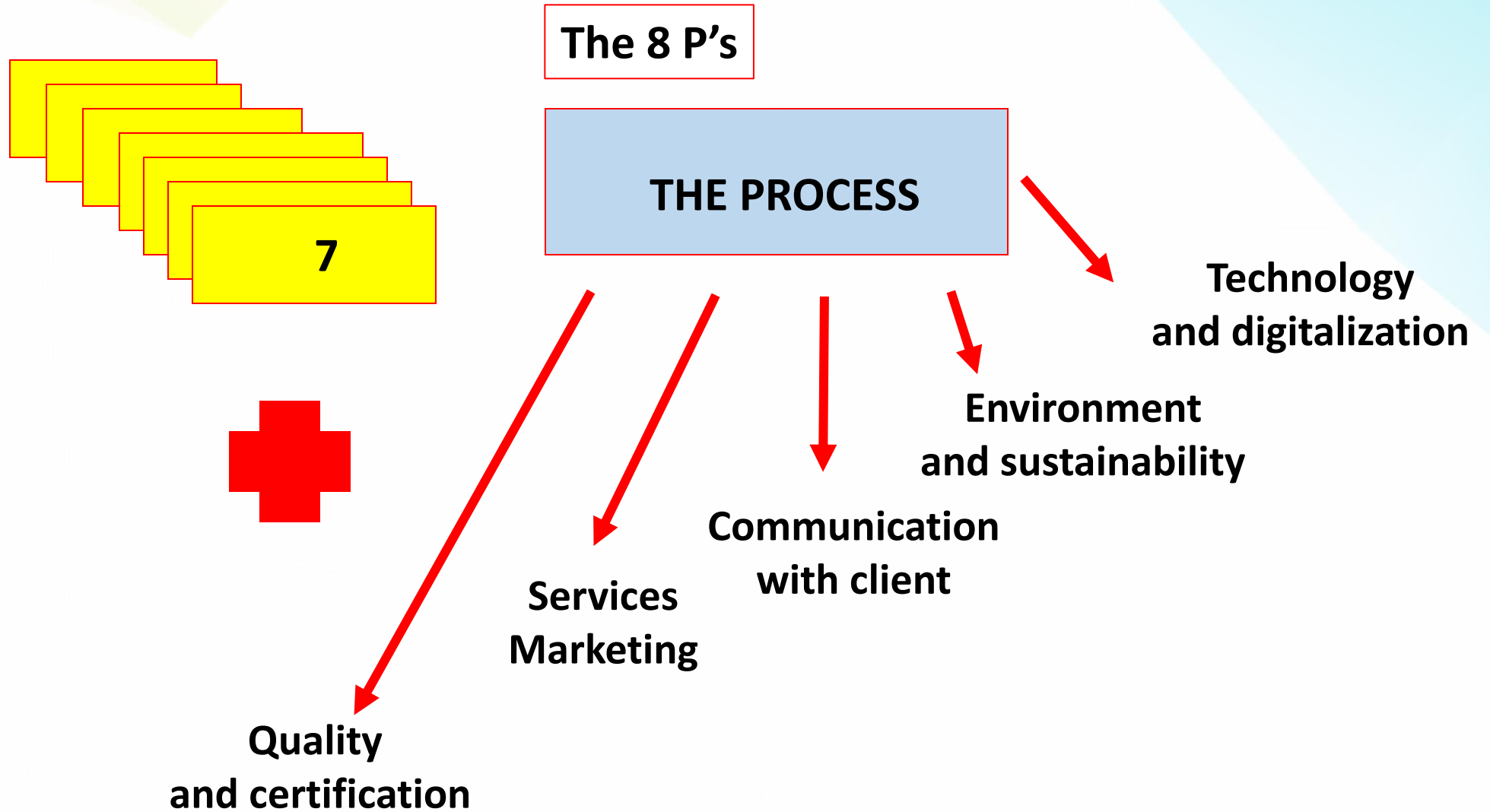
The 4 P's



Key Elements of Global Export Marketing Mix for client-centred (Export) Marketing



Key Elements of Global Export Marketing Mix



Reduce perceived Risks for Importers (Example: Oils for Cosmetics)

1. Payment conditions:

- Use comprehensible price calculations based on your own business evaluations: not on rumored European Market prices, speculations only on the commodity exchange
- Allow payment targets although potentially risky for you: no advance payment, importers need time for quality control

2. Delivery conditions:

- Favorable Incoterms: DDP, CFR, FOB, CIF
- Handling
 - Reduce handlings costs as much as possible: use standard containers: drums, canisters, etc; palletize, enable machine unloading


3. Certifications:

- Although costly, certifications reduce quality concerns: organic certifications, ISSO 9001, GMP, etc.
- Have accompanying documents ready to send
- Send specifications, certificates of analysis, safety data sheets (if applicable to the product)
- Send samples if required (correctly labelled including lot number)

Export Strategy – Pricing

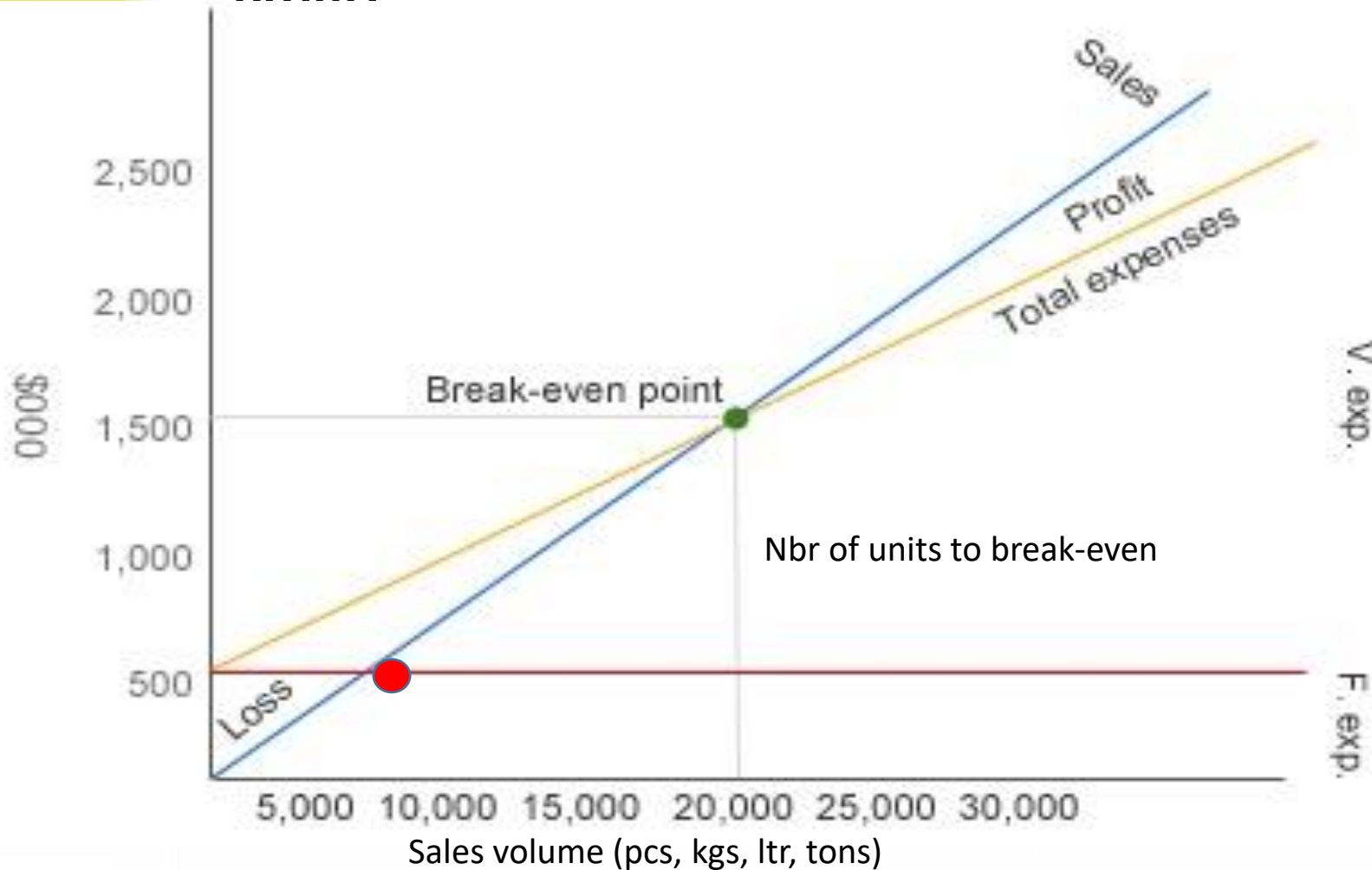
Checklist

- Does your export price reflect the (perceived + certified) quality of the product?
- Is the importer aware of the basis of your price quotation? (ex-factory, FOB, C&F, CIF)
- Is your export price competitive for the specific target market and the market segment?
- Do you consider specific objectives, such as market penetration, market skimming?
- Do you have to grant potential discount or “special offers” to the importer?
- Which pricing options are available if the exporters’ cost increase or decrease?
Is the demand at the specific export market either elastic or inelastic?
- Does any competitive situation influence your pricing options on medium or long term?
- Do you differentiate between sales channels?

- 
- **Do you cover your cost?**
 - **Are you aware of the *short-term* lower price limit?**
 - **Did you plan for unforeseen circumstances?**
 - **Does the export contract provide for a *realistic* profit margin?**

Export Strategy – Costing and Pricing

Break-even or C-V-P analysis (cost-volume-profit)



PROFIT

Break even price

LOSS

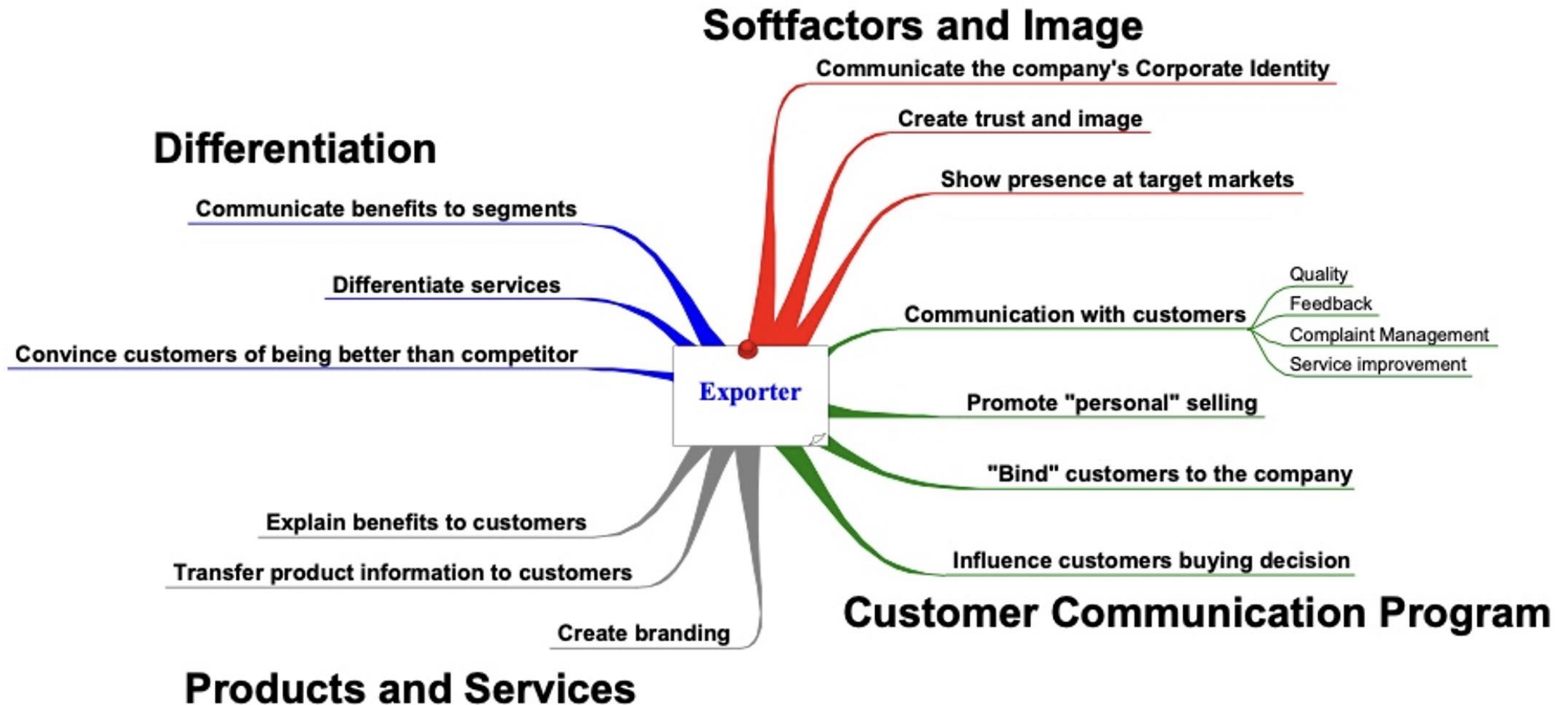
Export Strategy – The Fixed-Cost Trap

Finding, calculating and reducing of fixed costs

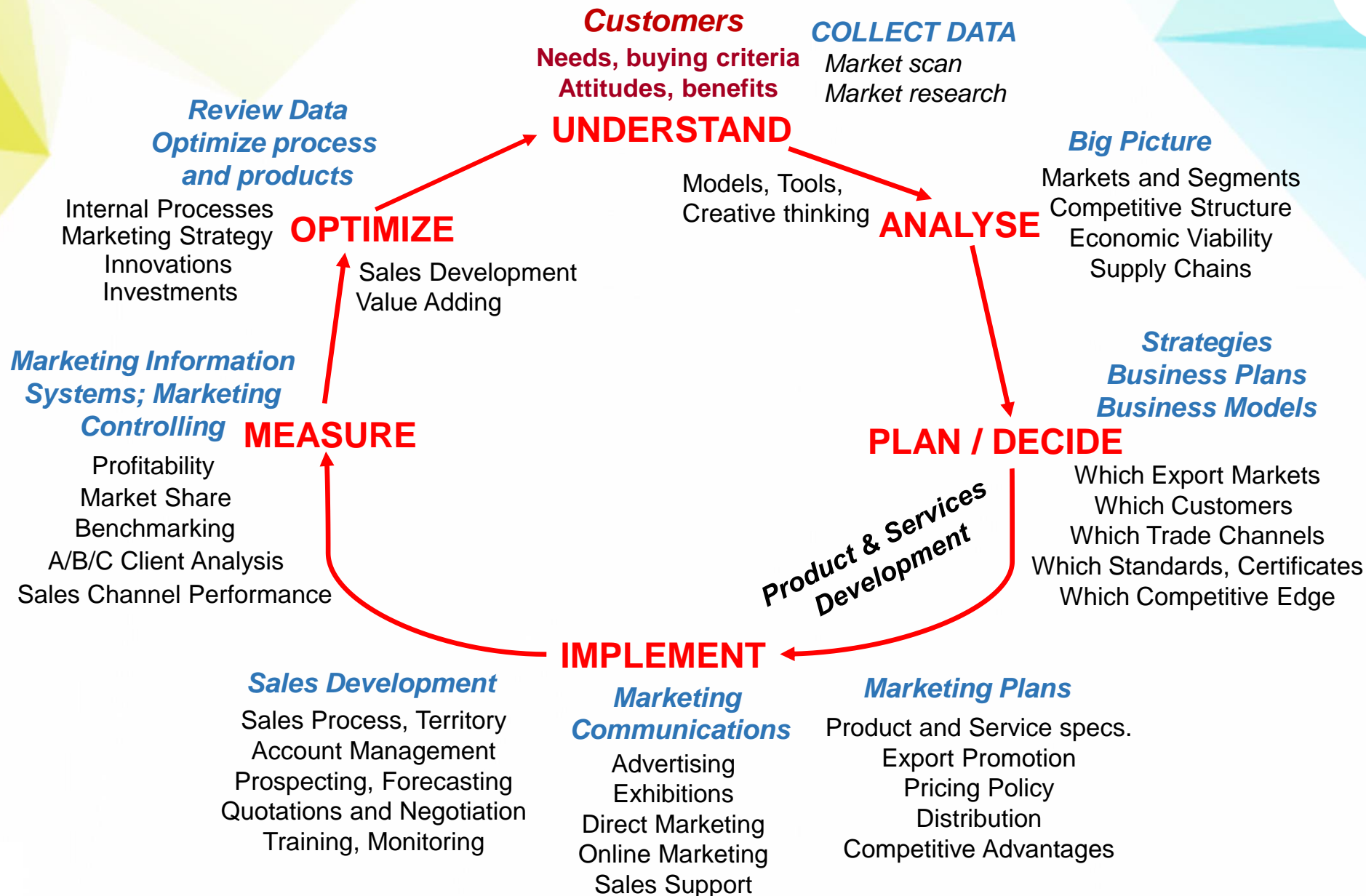
- **Depreciation and amortization** –
the gradual writing off of the cost of tangible and intangible assets over their useful lives
- **Advertising** –
including the cost of website hosting and media campaigns
- **Salaries** -
fixed compensation paid to employees regardless of the number of hours worked
- **Rent or mortgage payments, interest expense** –
monthly payments to landlord, lender; cost of loans as long as agreements call for fixed interest rate
- **Insurance and taxes** –
periodic premiums paid to insurance companies, taxes charged by a local government
- **Utilities** –
electricity, gas, phones, trash and sewer services, sometimes to be considered as mixed costs

Export Strategy – Client Communication

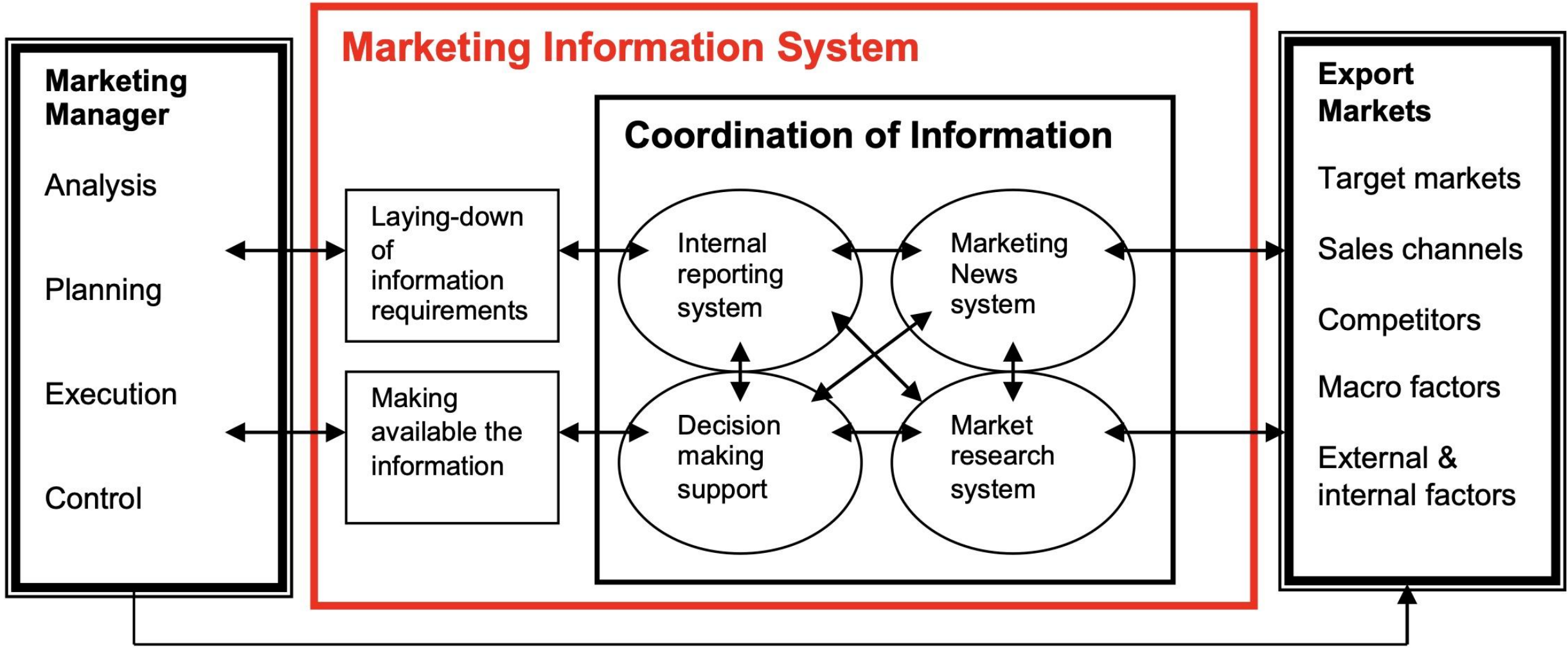
Communication of **benefits** to the export client



The SME Export-Marketing-Cycle



Export Strategy - MIS



Marketing decisions and -communication



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