

Adding Value to Local Foods

The Role & Impact of Marketing Boards

Ian Ivey

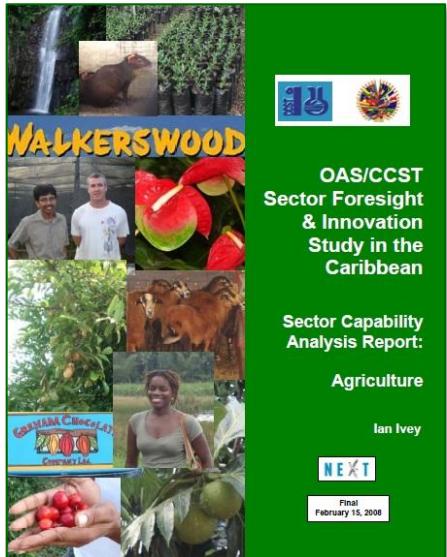


Setting the Scene



Background research

Desktop research



Stakeholder survey



Profile of the Small-Scale Farming in the Caribbean
Workshop on Small-Scale Farming in the Caribbean

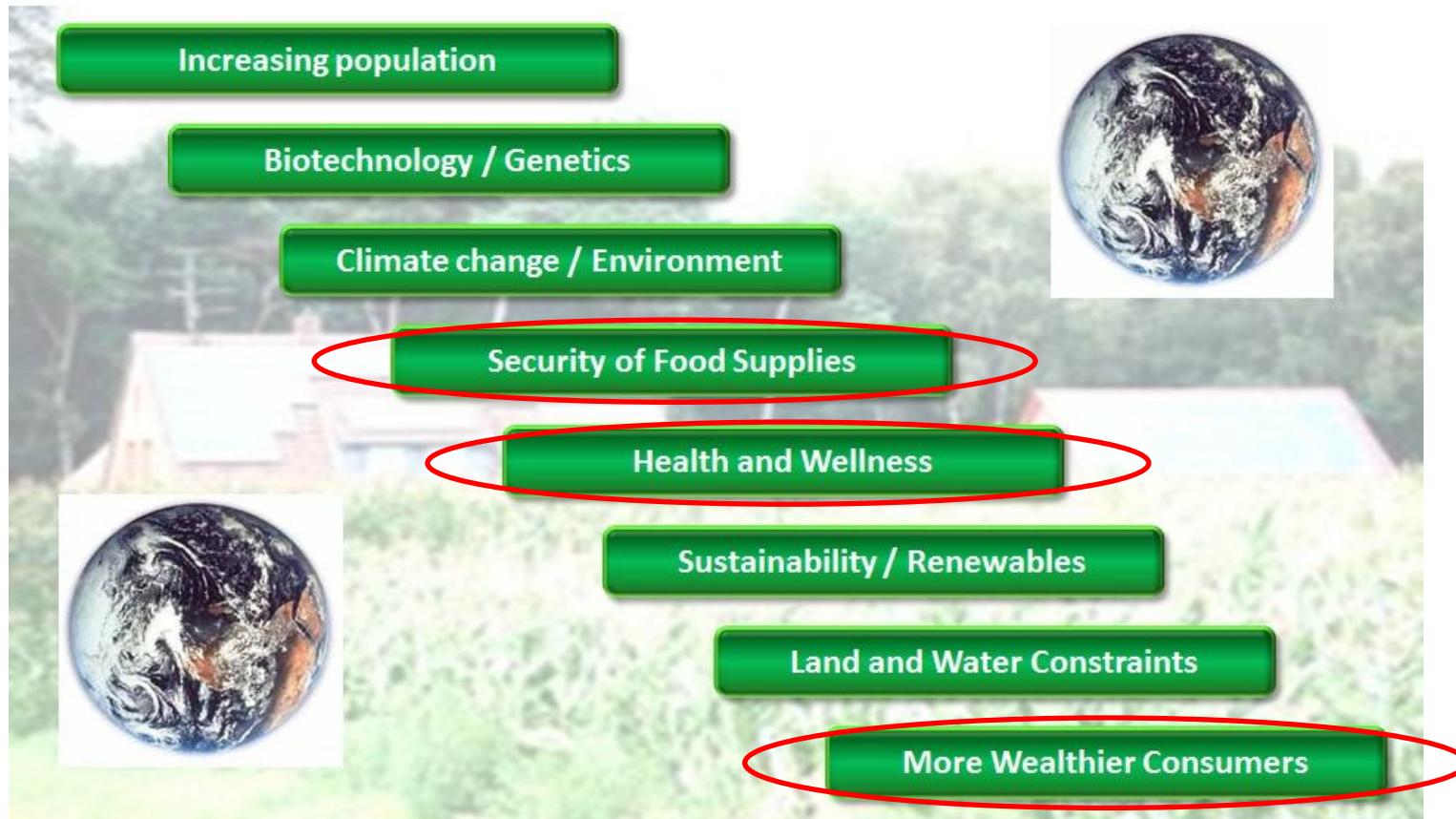
Barbara Graham
October 2012



Stakeholder conversations

In 2012 these are the big sector drivers

Key trends shaping global agriculture



The food and H&W trend is strengthening

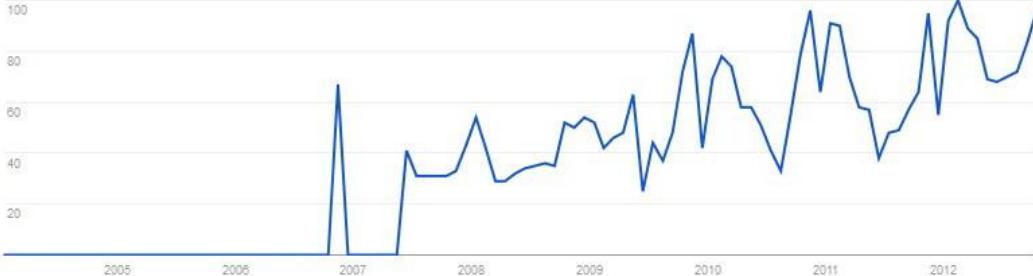
Web Search Interest: sweet potatoes health. Worldwide, 2004 - present.



Interest over time (?)

The number 100 represents the peak search volume

News headlines (?) Forecast (?)



Web Search Interest: cassava health. Worldwide, 2004 - present.



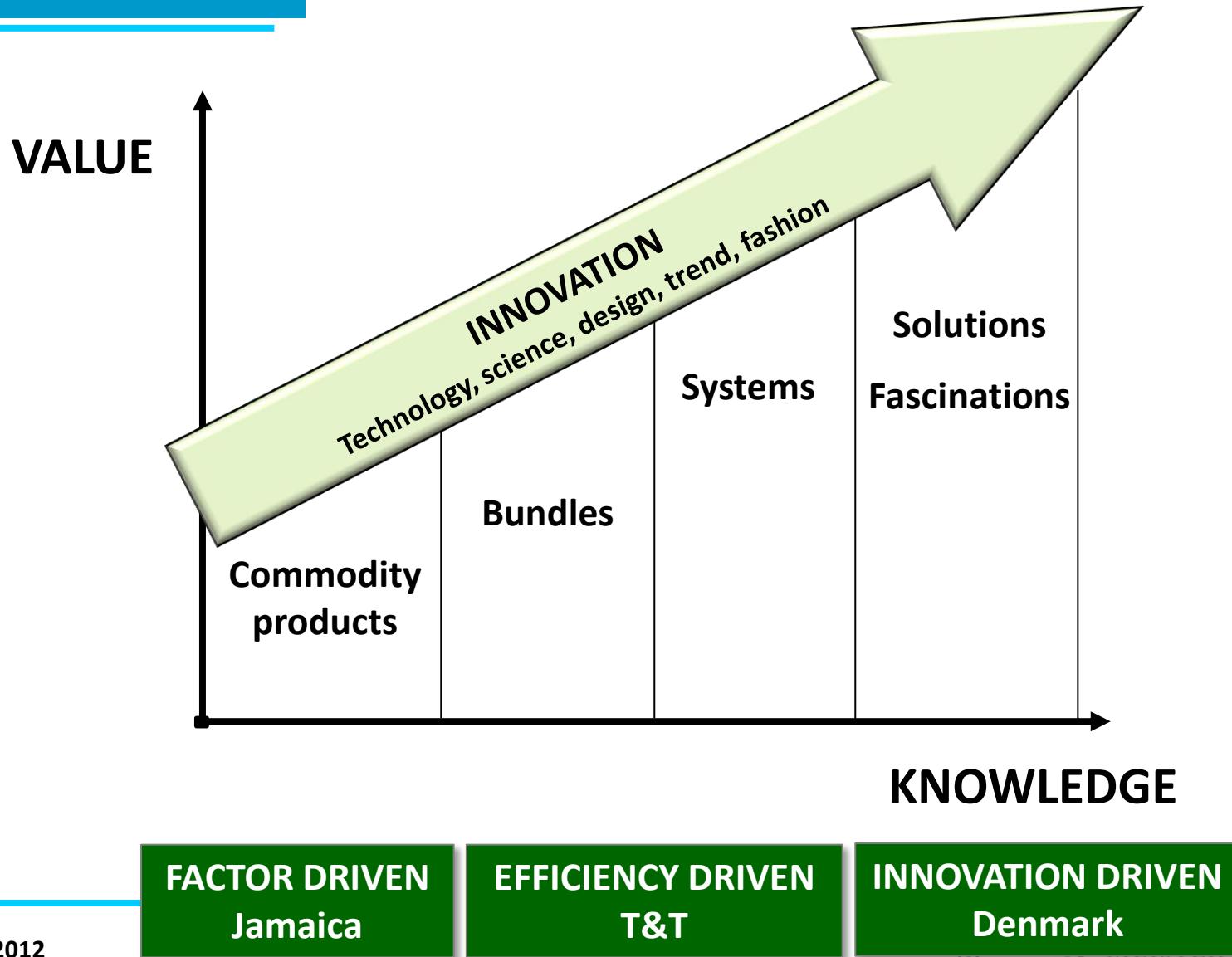
Interest over time (?)

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News headlines (?) Forecast (?)



Thriving in the 21st century requires a shift ...



...and that shift is being driven by consumers....

Age Defiance



Fascination



Egoism



Global living



Sustainability

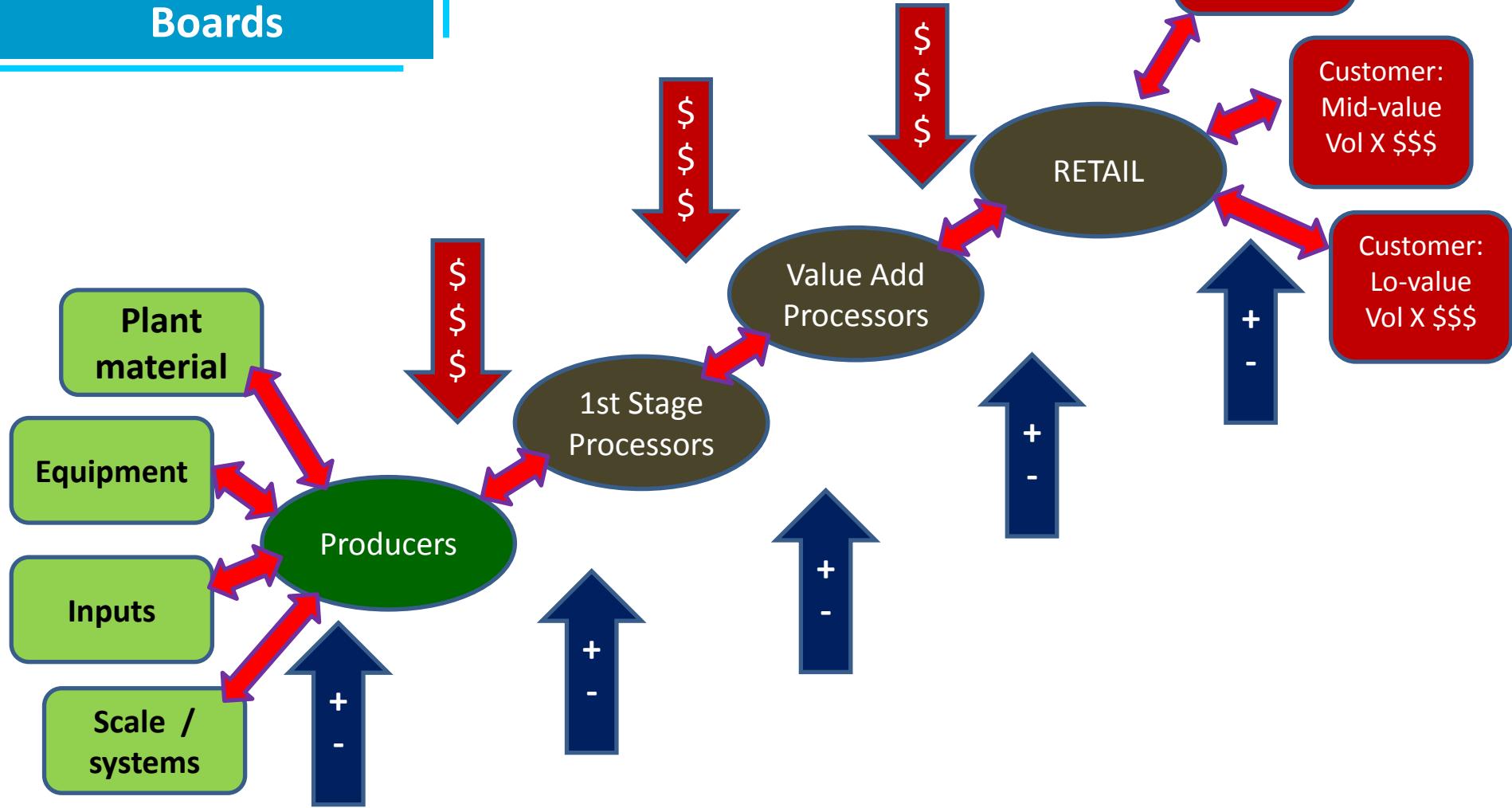


Health / wellness

Gifts of time

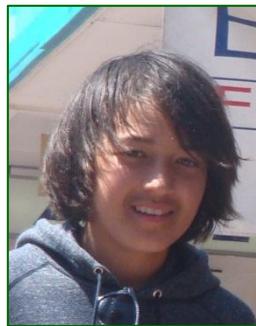
CTA/CCST Marketing Boards

....who create a demand pull...



Facilitators: R&D institutions, Government Incentives, financiers, logistics providers, marketing and branding, health and wellness, etc

...and this defines the viable
market spaces going forward

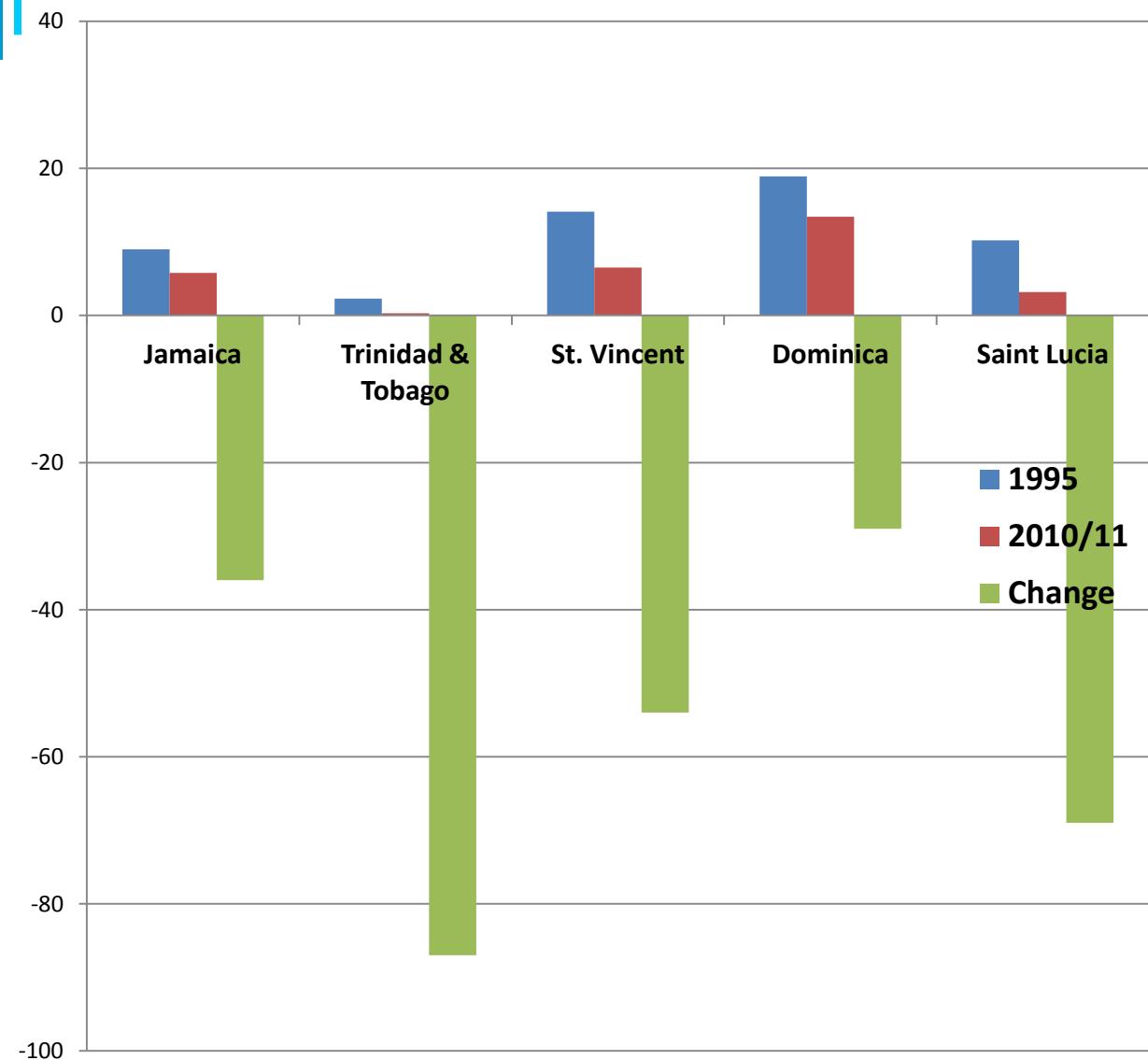


FUTURE CONSUMER / CLIENT 'WANTS'
& 'NEEDS' - GROWTH DRIVERS





Agriculture as a % of GDP



How does that compare?



New Zealand

- Agriculture 4.7% of GDP in 2011
- Value added exports a further 13% of GDP, 40% high value added



Australia

- Agriculture – 4% of GDP in 2011
- One of the lowest cost commodity producers internationally

In T&T value-add estimated to be 2.8% of GDP in 2010

What is Food & Nutrition Security?



A couple of views

"Food security means you need to be able to feed yourself. If it is based upon core competencies then it would mean you would focus on those areas which you are best at. Food security is not just about growing your own food."



"There is a need to define what is meant by 'national food security'. In my view it is the ability of a nation to feed itself with the least risk – at least in the basic food area. It doesn't mean we need to grow all our own food. It means we need to set up a structure to minimise risk. In that case it may be better to contract the growing of food to Guyana if they can produce it more competitively."

A good question from Raffique Shah!

T&T govt. plans to reduce food imports 50% by 2015 = USD 335 million p.a.

Agriculture = 0.3% of GDP today

62.5% of current food imports in 9 categories:

- *70,000 tonnes of wheat.*
- *51,000 tonnes of maize.*
- *15,000 tonnes of cheese and whole milk.*
- *28,000 tonnes of compressed livestock feed.*
- *28,000 tonnes of rice.*
- *15,000 tonnes of soybean oil.*
- *70,000 tonnes of sugar.*
- *4,000 tonnes of beef.*
- *4,000 tonnes of dried milk.*



What substitutes can be produced in T&T at competitive international prices – and by whom?

And even more so because, for example...

..in Jamaica 97.8% of all farms are <5ha..

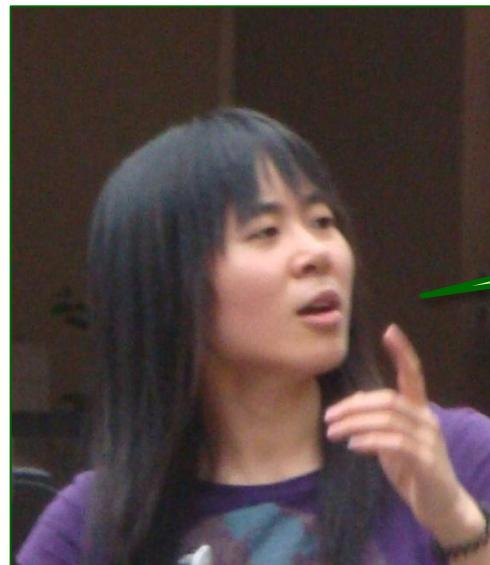
.. And 78.7% are < 1ha..

..how can they produce ‘cheap’ commodities compared to highly mechanised, systems-based 3000 ha Australian wheat farms?



A view of how we could achieve that

"The agricultural sector in small island nations should be maximising the addition of real value to locally produced food and the value created should be used to pay for the import of cheap commodity foods (which will always be the case in relative terms if global food prices continue to increase)."



What a great idea!

Why focus on value adding?

- Fresh produce is expensive in Caribbean countries.
- Low-cost commodity products can't be produced on small-scale units.
- ‘Cheap food’ is being relegated to history.
- Poor people are less able to afford fresh nutritious foods - so we need to lift incomes.
- 400 – 1000%+ value can be generated from basic raw materials in the region – and lift incomes.



Marketing Boards vs. Entrepreneurs



What's the Marketing Boards' track record (-ve)?



Jamaica

- Production down, little value creation, disillusioned growers, 'cooking the books'



Grenada

- Little value creation, no adjustment, 'anti-entrepreneur'



Saint Lucia

- Competing with the private sector, poor collaboration



St. Vincent & the Grenadines

- Competing with the private sector, distorting the market



Trinidad & Tobago

- 'Anti-entrepreneur', little value creation, misguided efforts, 'cooking the books'

Is this the way to address FNS?

Sweet potato fries deal turns sour

Published: Sunday, November 18, 2012

SHALIZA HASSANALI



Buy from farmer at
US 69 c/kg

Sell to KFC at US 23 c/kg



Sweet Potato Fries

Source: <http://guardian.co.tt/business/2012-11-18/sweet-potato-fries-deal-turns-sour>

What's the Marketing Boards' track record (+ve)?



Guyana

- Rice board opens up new markets, non-monopoly



St. Kitts & Nevis

- Facilitation of grower/client trading success



Trinidad & Tobago

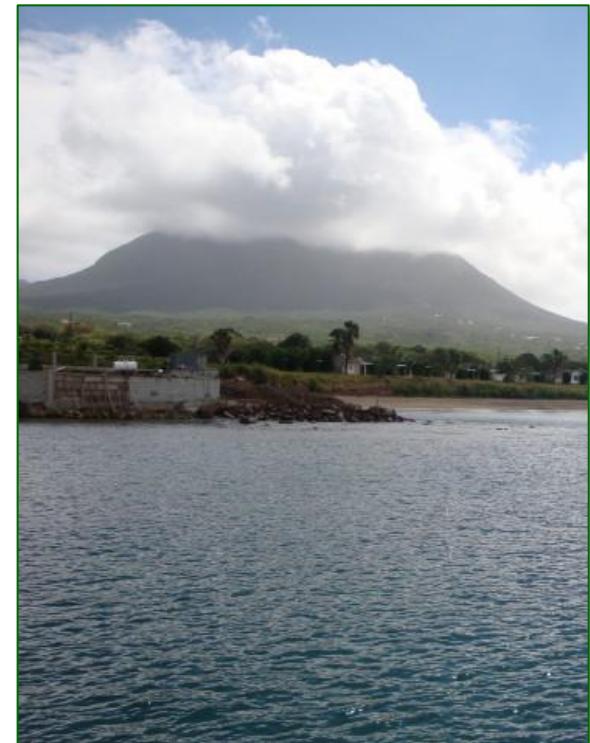
- Export ready certification and market development

A success story in Nevis

Tourism- Agriculture Linkages

- A Working Model of Hotel - Farmer Cooperation – Nevis
 - [St. Kitts and Nevis]

Presenter - Samuel Powell



By facilitating rather than regulating

What are some big Marketing Board issues?

Designed for a different age

- Confused and conflicting agendas

Traders rather than marketers

- Political manipulation and corruption

Production rather than market driven



What's the Entrepreneurs' track record (+ve)?



Antigua & Barbuda

- High value products, value chain development, customer focus



Grenada

- High value creation from cocoa, nutmeg, value chains, export, customer focus



Saint Lucia

- Product innovation, value adding, value chains, exports, customer focus



St. Vincent & the Grenadines

- Healthy food and nutrition, customer focus, value chain



Trinidad & Tobago

- High value creation from cocoa, value chains, exports, healthy food, customer focus

What are some big Entrepreneur issues?

Scale of operations

- ‘Coopetition’ and collaboration

Export capabilities

- Infrastructure and funding

Standards and regulatory compliance



Going forward - some thoughts



What are some reality gaps?

Focus Area	State Boards/Agencies	Successful Entrepreneurs
Orientation	Production driven	Customer/client driven
Product	Traded	Marketed
Agendas	Confused	Focused
Direction	Politically oriented	Market oriented
Mentality	Commodity	Value-adding
Structure	Stand alone	Collaborative
Value Chains	Poorly developed/integrated	Highly developed/integrated
Food security	Local state driven	Global value driven
Agriculture	Is social	Is a business
Nutrition/H&W	A second thought	A high growth opportunity area
PPPs	'We know best'	'We know best'

Who is best at picking priority sectors?

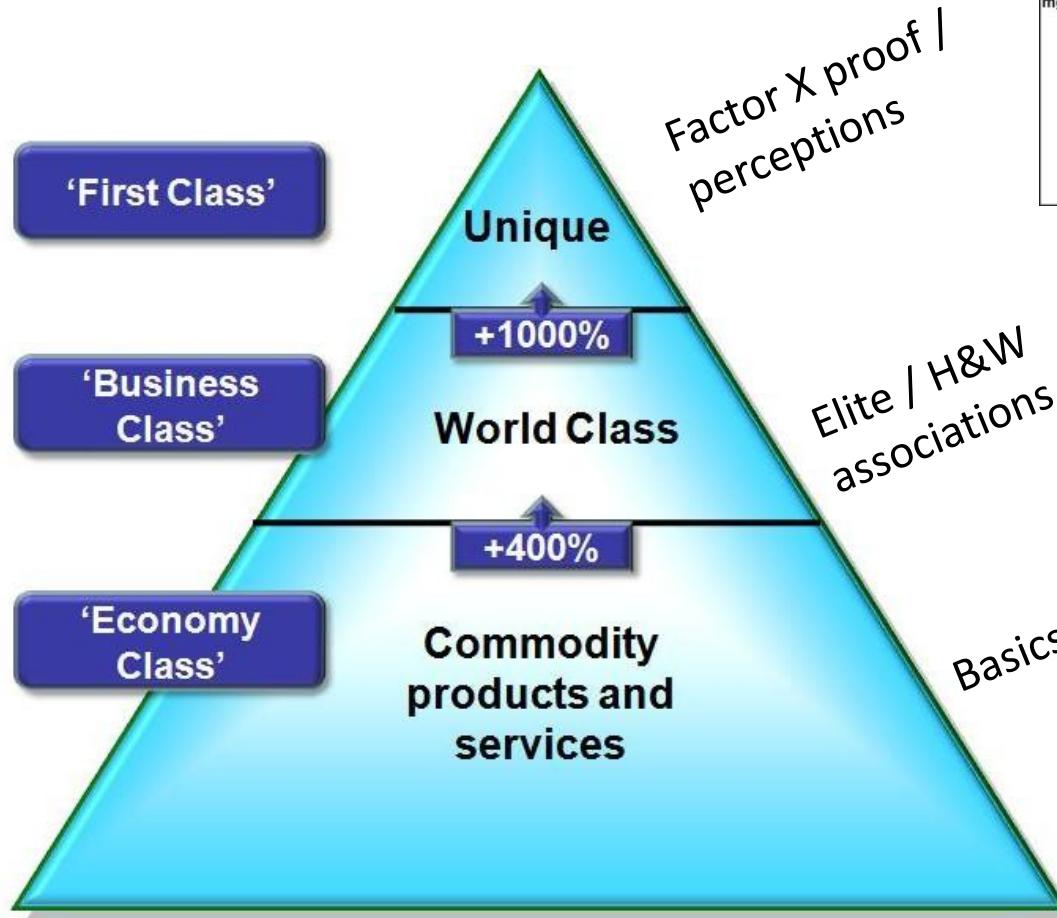
Ranking	'Top Down' Priority Sectors	'Bottom Up' Priority Sectors
1	Agriculture (11%)	Food & Beverage (11%)
2	Tourism (11%)	ICT (9%)
3	ICT (9%)	Agriculture (8%)
4	Financial Services (8%)	Fashion (8%)
5=	Agro-processing (6%)	Health & Wellness (7%)
5=		Creative (7%)



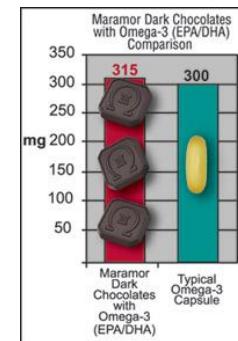
Source: IADB Priority Sector Research, NEXT, 09/09



Innovation creates value



US\$ 2 – 4/kg



US\$ 400 – 1,500/kg +



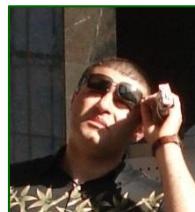
US\$ 50 – 300/kg



US\$ 15 – 25/kg

How much value could we create?

Market Focus	Gross Revenue	Gross Profit/ acre/year
Farm Gate	\$11,250	\$1,550
Direct Export	\$17,500	\$3,850
Origin Specific Cocoa	\$35,000	\$10,400
Farmgate Chocolates	\$280,000	\$100,000
Signature Chocolates (e.g. Gina's, Cocobel, Tobago Estate)	\$1,020,000	\$350,000
Health & Wellness 'Chocolates'	\$3,500,000	\$1,000,000+?



Entrepreneurs are already showing us

Source: 'Cocoa Research Unit – Past, Present and Future', a Power Point presentation by Dr Path Umaharan, 2012

CTA/CCST
Marketing
Boards

Big value adds



10 things needed for a thriving agricultural sector

1	The right scale of operations (viability - \$\$\$/unit area)
2	The right product/crop focuses (more on the unique)
3	The right value propositions (more high-end niches)
4	Develop modern win-win value chains (> share of end-price)
5	The right branding and marketing approach (less trading)
6	More alliances, partnerships and networks (must be win-win)
7	Appropriate technologies (often quite simple)
8	Attractive to young people ('friendly' working conditions)
9	Adopt a systems approach (agriculture is a business!)
10	Financially viable (ROI of 5 – 10% - minimum!)



Making PPP's work to deliver FNS

Public Partner Contribution

Access to land at a realistic cost

Standards setting and monitoring

Market access and support

Appropriate R&D

Infrastructure

Facilitation

Regulatory

A single regional market

A future vision (majority buy in)

Food safety and health regulation

Training and skills development

Technology testing and introduction

Consumer education e.g. nutrition



Private Sector Contribution

Optimal utilisation and maintenance of that land

Standards implementation

Market exploitation

Application of R&D

Effective infrastructure use

Implementation

Commercial

Supplying that single market

A future vision (majority buy in)

Compliance with safety and health requirements

Modern attractive and rewarding work environments

Technology application

Consumer aligned solutions, including nutrition



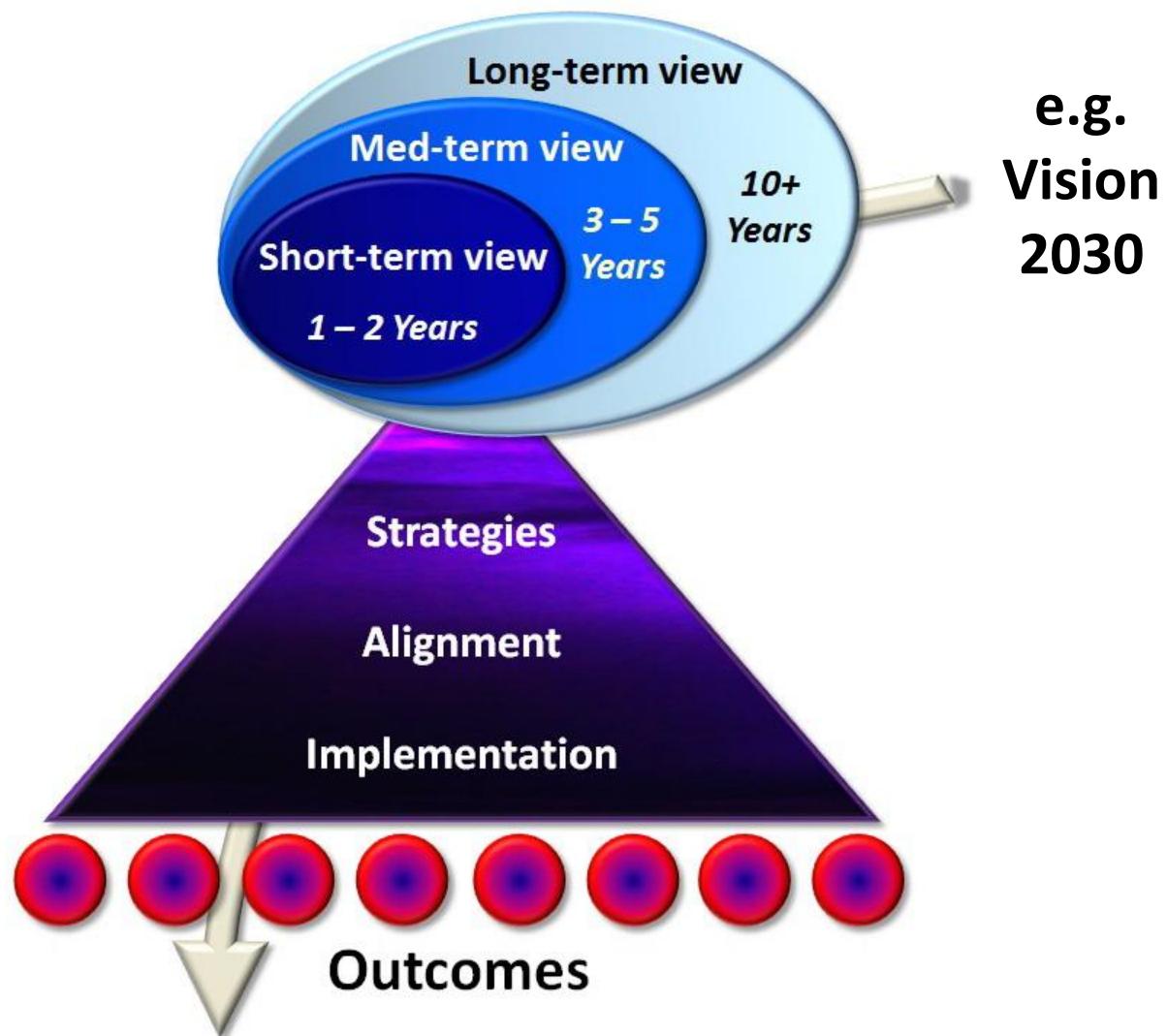
A clear end-goal helps define the challenge



A 250% value add on
everything is required!



Without a long-term vision and PPPs, how can we achieve FNS?



Thank you!

