Branding for development

Desk research into the value of branding for development

Marije Boomsma
Michiel Arnoldus

KIT Working Papers Series
WPS.C2
Table of contents

Abbreviations ........................................................................................................ iv

1 Introduction ......................................................................................................... 1

2 The theory of branding ...................................................................................... 2
   2.1 What is a brand ......................................................................................... 2
   2.2 Brand Awareness, Image and Attitude .................................................... 3
   2.3 The importance of brands ....................................................................... 4
   2.4 Branding and its role in the marketing process ....................................... 5
   2.5 Marketing agri-food products ................................................................. 7
   2.6 Poverty reduction through branding ...................................................... 8

3 Experiences with branding for development .................................................. 9
   3.1 Branding for local markets .................................................................... 9
      3.1.1 A trademark for longan from Hung Yen (Vietnam) ......................... 9
      3.1.2 Establishing the brand name Than Ha Thieu lychee (Vietnam) ........ 9
      3.1.3 A marketing campaign for avocados from Daklak (Vietnam) ......... 10
      3.1.4 Including small-scale organic rice producers in retail (Phillipines) ... 11
      3.1.5 Lessons learned from branding in local markets ......................... 12
   3.2 Branding for international markets ....................................................... 13
      3.2.1 Oke mangoes in European supermarkets (Burkina Faso) .............. 13
      3.2.2 GlobalGAP certified pangasius produced in An Giang (Vietnam) .... 13
      3.2.3 Lessons learned from branding in international markets ............. 14

4 Selecting a pro-poor brand type ................................................................... 15
   4.1 Conclusion .............................................................................................. 15
   4.2 Brand types ............................................................................................ 15
   4.3 Producer brand ...................................................................................... 16
   4.4 Regional / place brand ......................................................................... 17
   4.5 Distributor, manufacturer or retailer brand ........................................... 18
   4.6 Implementation ...................................................................................... 19
   4.7 The next step ........................................................................................ 21

References ........................................................................................................... 22
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>COOPSME</td>
<td>Cooperative Alliance</td>
</tr>
<tr>
<td>DARD</td>
<td>Department of Agriculture and Rural Development</td>
</tr>
<tr>
<td>DOST</td>
<td>Department of Science and Technology</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FLO</td>
<td>Fair Label Organization</td>
</tr>
<tr>
<td>GAP</td>
<td>Good Agricultural Practices</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GTZ</td>
<td>German development organization</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual Property Rights</td>
</tr>
<tr>
<td>KIT</td>
<td>Royal Tropical Institute</td>
</tr>
<tr>
<td>M4P</td>
<td>Markets for the Poor</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>PDCI</td>
<td>Pecuaria Development Cooperative Inc.</td>
</tr>
<tr>
<td>RUDEC</td>
<td>Rural Development Centre</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths Weaknesses Opportunities Threats</td>
</tr>
<tr>
<td>UMFI</td>
<td>Upland Marketing Foundation Inc.</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar</td>
</tr>
<tr>
<td>VASI</td>
<td>Vietnam Agricultural and Science Institute</td>
</tr>
<tr>
<td>VND</td>
<td>Vietnamese Dong</td>
</tr>
</tbody>
</table>
1 Introduction

Branding as a solution to the problems of smallholder producers in developing countries is a relatively new area of expertise. Established initiatives focus either on downstream-defined product branding for export markets (e.g. Fair Trade) or on regional branding, which requires broad territorial cooperation. But little serious attention has been given to strengthening the skills of farmer organizations, processors and traders to brand their products for regional and national markets.

Small entrepreneurs in developing countries face several problems in product branding, given that they often lack:

- knowledge on branding, licensing and market positioning
- access to chains for branded products
- access to credits
- production scale
- quality products
- entrepreneurial skills

This problem is expressed in the New Partnership for African Development, initiated in 2001 by the African Union, which identifies, as one of four main development issues, “the creativity of African people, which in many important ways remains underexploited and underdeveloped”. Establishing how to develop and use creativity, in the sense of entrepreneurship, for development purposes, is an important challenge.

In response to this challenge, the Royal Tropical Institute (KIT) began by examining the issue of product branding. This working paper looks at the question of whether branding can strengthen the position of smallholders in value chains, and if so, how. Our aim is to disseminate knowledge on the pros and cons of branding to Small and Medium Enterprises (SMEs) and practitioners in the South.

This research was conducted through a study of the literature and the internet and through semi-structured interviews with development practitioners.
2 The theory of branding

Simon Anholt, the branding guru of the South, is the architect of the idea that adding value through branding is the most effective way to fight poverty (Anholt, 2003). The world’s hundred strongest brand names are currently worth the same as the GDP of the world’s 63 poorest countries. Anholt argues that the people living in these countries, over half of the world population, should develop strong brands for local products in order to step out of poverty.

It all sounds too good to be true, but what is a brand? How can labels create value? And how will they help the poor? To answer these questions, one first needs to look at the basic principles of branding and marketing.

2.1 What is a brand

When you are in a supermarket what do you buy? Do you buy a product or do you buy a brand? Western consumers make their buying decisions based largely on the image of a brand rather than on other product attributes, such as taste. What a consumer is willing to pay for a product therefore strongly depends on the product’s image among consumers. Nike shoes, which are made in the same Chinese factories as no-name shoes, are five times more expensive. Nike shoes are clearly highly valued by the people who buy them.

Kotler (1991 p. 442) defines a brand as “a name, term, sign, symbol or design, or combination of them which is intended to identify the goods and services of one seller and to differentiate them from those of competitors.” A brand is intended to persuade the consumer about the quality, reliability, social status, value or safety of a product (Bowbrick, 1992), and it indicates that all products carrying this brand have a common manufacturer, distributor, retailer or country of origin. There are several types of brands:

- Umbrella brands: brands that cover diverse kinds of products which are more or less related (e.g. Phillips).
- Manufacturer brands: brands owned by manufacturers (e.g. Nestlé).
- Private labels: the owner of the brand is not the manufacturer. Most private labels are owned by retailers (e.g. Ahold), and thus often referred to as retail brands. Retail brands have become increasingly powerful due to the increased power of retailers over manufacturers, based on their concentration. There is also a large variety in quality of private labels. Some private labels are manufactured in the same plant as high end brands, but others are produced by manufacturers who produce a number of different private labels.
- Distributor brands: brands owned by distributors.
- Generic, regional or place brands: products from one area or region. Regional products can be defined as ‘local products based on a strong territorial identity and reputation, and/or typical products based on specific modes of production and whose quality, reputation or any other characteristics are attributable essentially to their geographical origin’ (Kop P. van de et al, 2006). Usually these products are owned or managed by a sector organization which controls the quality of the products that are sold under this brand name.

Furthermore brands are often described as A, B or C brands, where A brands are well known quality products, such as Coca-Cola and Pepsi, B brands have slightly lower quality, price and reputation, and C brands are low cost alternatives with relatively unknown names. Retail brands of high-end supermarkets tend to be regarded as B-brands, while those of discounters are generally C brands.

Brands are sometimes confused with certificates and labels. Certificates are a specific type of generic branding, generally not exclusively owned by a single organization or enterprise. They say something about the attributes of the product - such as that fair payments were made to labourers or no child labour was involved in production - but they are usually conferred by an external party. The Fair Trade certificate provided by the Fair Trade Labelling Organization (FLO) is one example of this.
Trademarks, on the other hand, are the logos, phrases, and other images that organizations use to give legal protection to their brands. In the example of Lipton English Breakfast Tea, the word “Lipton” is a trademark, as is the orange/red coloured background with “Lipton” written on it in white letters (a “device”) (M4P, Markets & Development Bulletin no. 4).

2.2 Brand Awareness, Image and Attitude

Within the marketing and advertising world it is generally accepted that a brand has three important dimensions that any form of advertising tries to influence: brand awareness, brand image and brand attitude.

The fist dimension is brand awareness, which one can define as the extent to which people are familiar with the brand. There are two components to brand awareness: the extent to which a consumer recognizes the brand when it sees it (brand recognition) and the extent to which the brand comes to the mind of the consumer when a product category, product benefit or other cue is given (brand recall). For example, when people are asked to name a fizzy drink many will immediately mention Coca-Cola (brand recall), while most people will also recognize the Coca-Cola bottle immediately when they are looking at the shelf of soft drinks in the supermarket. This means that the brand awareness of Coca-Cola is very high.

But a brand is more than a name and symbol that is commonly recognised. According to Keller (1993) people have associations in their minds with brands, which lead to perceptions about that brand. These perceptions can be defined as the brand image. The favourability, strength and uniqueness of these associations determine the response to a brand, the response to marketing activities such as promotions and advertising that are carried out by the brand, and ultimately the value of the brand. The latter is often referred to as brand equity.

According to Keller (1993) brand image is influenced by a number of things:

1. Product attributes, which are those descriptive features that characterize a product, such as technical specifications, quality, price and packaging, as well as the kind of people that use it
2. Product benefits, which can be described as what consumers think the product or service can do for them. These can be further divided in:
   a. Functional benefits: the more intrinsic advantages of using the product, such as providing nutrition, saving time, making things easier, providing safety. The functional benefit solves a certain problem or need.
   b. Experiental benefits: these relate to what it feels like to use the product, and tend to correspond to functional benefits.
   c. Symbolic benefits: these usually relate to underlying needs for social approval, personal expression and outer directed self esteem. For example people like to be seen wearing Nike shoes or driving a Mercedes because they feel it tells other something about who they are. One could argue that many symbolic benefits are created and reinforced by people themselves.

It is important to realize though that if a product benefit or attribute is not important to customers it will not help to create a favourable brand image.

In order to explain how this works, let us consider the canned pineapple below. The core product, or tangible product, is the pineapple. Product attributes are the fact that is is sliced, canned, and sweetened, and it has an attractive packaging. Examples of functional benefits are that one can keep it for a year or more before the product goes off, it is available all year round even when pineapples are out of season, and it is easy to use because it is sliced, and tastes well because it is sweetened. Experiential benefits could be that one feels a sense of luxury and summer because one eats a tropical fruit in the middle of a European winter. An example of a symbolic benefit would be a consumer in a developing country who feels sophisticated because he is eating what is considered a Western product, and wants to communicate social status, success and wealth to others by using an expensive Western product and serving pineapple out of season.

Branding for development – KIT Working Paper (Boomsma and Arnoldus)
The third brand dimension, Attitudes, are defined as consumers’ overall evaluations of a brand (Wilkie 1986 in Keller 1993, p4). Brand attitudes are important because they form the basis for the consumers’ product choice (Keller 1993). According to Fishbein and Azjen (1975; 1980) the consumer bases his attitude on the perceived attributes and benefits of the brand, and the evaluative judgement of those attributes and believes, as in how good, bad or important these attributes and benefits are. For example, a consumer might have a favourable brand attitude towards Del Monte pineapple, because to him it is sweeter than that of other producers, and to him sweetness is important.

But brand attitudes are not only based on product attributes and benefits, but also on experiential and symbolic benefits (Rossiter and Percy 1987); a main reason for most people to have a positive brand attitude towards Mercedes is not the technical quality or design of the car but the status that people attach to it. As such it seems obvious that brand attitudes (and brand image) are influenced by consumer's previous experiences with the brand, people in their immediate social circle and opinion leaders they might not personally know.

Although brand image and attitude may seem to be the same at times, they are not. Brand image is the perception of or belief about a brand (Nike is cool, for cool people), the attitude says something about the likelihood of buying it (although Nike is a cool brand I am not going to buy it because it is too expensive and the quality of Adidas is better).

2.3 The importance of brands

How does a brand add value to a product and increase turnover and profit for the manufacturer? The answer is that a brand influences the buying behaviour of customers. A brand with a high brand awareness and positive image can:

- Help the seller to obtain a higher price for their product, as consumers with a strong and favoroule brand attitude are more likely to be willing to pay premium prices for a product (Starr and Rubinson 1978); i.e. consumers are willing to pay a higher price for one bottle of Coca-Cola than for one bottle of a retailer brand cola
- Make sales less sensitive to price increases (Keller 1993).
- Increase sales volumes, through increasing the probability of brand choice, establishing loyalty with customers and retailers, and decrease vulnerability to the competitors’ marketing action and the entrance of new competitors (Keller 1993). Furthermore people are more likely to actively search for a product with a positive brand image (Simonson, Huber and Payne 1988), i.e. consumers will actually look for a restaurant or shop where they stock Coca-cola.
Coca-Cola for example is sold more and at a higher price because people know the product, recognize it on the shelf, and it has a positive brand image as a quality product with great taste. It can also give status to its drinkers; Coca-Cola drinkers are being portrayed as lively and fun people, and people who see themselves as such are likely to identify themselves with the brand. Furthermore through drinking Coca-Cola they can signal to others that they are fun loving people. The positive image increases the likelihood that consumers choose Coca-Cola over competitors, especially new unknown brands. Furthermore people are used to buying it (habitual buying) and new competitors will need to break through that habit. Because Coca-Cola sells well, retailers will always stock it and the number of retailers selling Coca-Cola will continue to grow.

2.4 Branding and its role in the marketing process

For many people, branding has an ambiguous meaning. This is partly because it is used in reference to different things. Some people use the word 'branding' in a general way to mean any kind of promotion, advertising or publicity. Others use 'branding' to talk about the way a product or service is designed to look: the packaging, the logo, the tagline underneath it (Anholt, 2003). A more concise description would be that branding is the process of designing a brand, including names, logo's and identity, creating brand awareness and a positive brand image and attitude. This can be achieved through a variety of ways, including advertising, packaging and product design.

The decision whether to brand a product and how to brand the product depends on the marketing strategy. Porter has defined three generic marketing strategies. A company can either choose:

- Cost-leadership: a company aims to sell low cost products in a broad market
- Differentiation strategy: a company aims to sell unique products in a broad market
- Niche marketing strategy: a company aims to sell products to a very small market segment with very specific needs and demands, through meeting those needs better than its competitors

What the optimal marketing strategy is for a company depends on its own strengths and weaknesses, as well as the opportunities and threats that the market in which it operates offer.

Most companies that choose a cost leadership strategy don’t brand their products, but instead sell them unbranded or to retailers who put their own brand name on the product (private labels). Others do brand their products, but low price is the main component of the brand. For companies that choose a differentiation or niche strategy, branding is almost essential. Furthermore the brand needs to be relevant to the consumers it targets. This implies that it is very difficult for producers who don’t have the necessary skills to develop a brand to be successful with a differentiation or niche marketing strategy.

The marketing process is often seen as a three step process: segment, target and position. Segmentation is the process where the company tries to distinguish different groups of consumers with their own characteristics (i.e. age, socio-economic position, personal values) and demands and preferences regarding the product. Targetting is the process in which one or more specific groups are chosen as the target group for the brand, for example because they are large, have spending power or the brand can meet their demands better than competitors. Finally, positioning is the process of reaching those customers and taking a strategic position amongst competitors. BMW for instance aims at more affluent people with a passion for cars, and positions itself as a more exclusive than a Renault, and sportier than a Mercedes. A perceptual map is often used to show the position of different brands in the minds of consumers. An example of what a perceptual map of the car industry could look like can be seen in Figure 2.
The positioning and implementation of the marketing strategy is done through four variables, called the marketing mix, or sometimes also referred to as the four P’s:

1. **Product**: the type of product, or service, technical specifications (i.e. colour, size, functionalities), quality, packaging but also pre- and after-sales services. Companies can also vary the product range (variety of products, models and varieties).

2. **Price**: is the company going to sell the product for the lowest price and target the lower end of the market, or is it going to sell to the higher value market? The company also has to decide whether it wants to diversify prices by applying different prices in different market segments, such as McDonalds does with its Big Mac all over the world (cf. the Big-Mac index).

3. **Promotion**: the way in which the product is promoted in the market, through advertisement, sponsoring, PR, shelf positioning, and sales promotions.

4. **Place (distribution)**: in which kind of distribution channels it is sold (i.e. supermarkets, special electric stores, internet, phone, wholesalers, personal sales), where (domestic, regional, provincial, export) and how many within an area (only high en retailers, or every street corner).
Figure 3: the marketing mix

Interestingly there is a two-way relationship between the marketing mix and brand: the brand influences the effectiveness of the marketing mix activities, and the marketing activities influence the brand itself. Starting with the former, (Keller 1993) notes that a brand has a positive value if consumers react more favourably to product, price, promotion and distribution changes of that brand than to the same actions carried out by an unbranded version of the same product. Examples are when less advertising is needed to increase sales for a branded good, an increase in the amount of shops will lead to higher sales for a branded good, or a price increase does not lower sales as much for a branded good as it would for an unbranded good or brand with a less favourable image.

2.5 Marketing agri-food products

Poor countries generally supply low-value inputs to companies elsewhere in the world. They lack the capital to further process their agri-food commodities and leave it to foreign companies to add value through branding, turning their agri-food products into ‘consumer goods’.

Agri-food products are homogeneous products sold in bulk by many, relatively small, producers to other businesses on the spot market. Competition is strong and prices are low. Speaking in economic terms, the commodity market is more or less perfectly competitive. Differentiating products by applying the marketing mix is a huge challenge. Lower down the value chain, nearer to the consumer market, opportunities for differentiation increase. Food processors can create monopolies through advertising, branding, product differentiation and sales promotions. For example, tea is produced in low-income countries such as Sri Lanka and Vietnam. They sell their tea as a low-priced bulk product to companies in Western countries that differentiate the bulk product and add value to it through branding (e.g. Lipton, Tetley, PG Tips).

It goes without saying that marketing simple, unprocessed agri-food products is very different from marketing high-value consumer goods. For high-value consumer goods, a business-led approach based on diversification is generally applied. Marketing simple agri-food products, on the other hand, has historically been managed by policy makers whose main goal is to maintain food security. These policy makers have tended to set maximum production volumes for some crops in order to sustain prices, while providing production subsidies for scarce or expensive crops in order to promote production. This was the case until about a decade ago. Since then, the market has been changing due to changing circumstances:
Political factors: the liberalization of markets, with policy makers losing their control over agricultural markets;
- Technical factors, which have triggered globalization;
- Socio-economic factors: a shift in the marketing mix from price to other variables due to growing incomes and the resultant changes in consumption trends. As a result, there is a wider market for socially responsible products, healthy products and environmentally-friendly products (Maslow’s hierarchy of needs);
- Environmental factors: awareness of environmental issues (people, planet, profit).

Over the last couple of years, there has been a growing need for producers of agri-food products to increase their competitiveness, while opportunities for them to do so are also growing. Changing social, economical, environmental and cultural circumstances have resulted in a higher demand for healthy, biological, regional, exotic and farm products, and globalization has simplified competition as well as cooperation between enterprises in the South and in the North, Far East and West. To empower their position in value chains, knowledge of, and experience in, marketing and branding is in high demand by producers in developing countries.

2.6 Poverty reduction through branding

The key question remains as to whether branding can help in reducing poverty, and if so, how.

‘Africa’ carries a negative connotation among many Western consumers and African countries are therefore battling a negative reputation or brand image. Rwanda and Sierra Leone both have the reputation of being war-torn and poverty-stricken. Nigeria is perceived as being corrupt and polluted. These negative images deter consumers from buying African products and even products from other developing countries.

That developing countries could overcome the stigma of negative images has been shown by a number of branding successes in some Asian countries, as well as some African countries (South African wine, Kenyan flowers, Masai tourism, West African music etc.). In these examples, entrepreneurs have managed to add value to quality products produced by the poor through building up a positive image.

The opportunities of branding can and should therefore be more frequently explored as it could help producers and entrepreneurs in developing countries to climb out of poverty. It is a money-making tool that builds on the intrinsic values of a product to persuade international consumers, and the growing middle class in urban domestic markets, to buy. Producers, processors and traders in developing countries should be helped to strengthen their capacity for finding branding opportunities and exploiting them. Examples of how this can be done are presented in the next chapter.
3 Experiences with branding for development

Several organizations, companies and governments are already involved in the promotion of branded products from the South. The cases in this chapter reflect their different strategies.

3.1 Branding for local markets

3.1.1 A trademark for longan from Hung Yen (Vietnam)

Hung Yen is famous for longan fruit production. Out of the total production area of 30,000 ha, between 5,000 and 7,000 ha are situated in Hung Yen. Hung Yen has a competitive advantage due to its favourable climate, and longan from Hung Yen has a special taste. Despite these attributes, Hung Yen farmers had not succeeded in marketing their product before the project started. The Hung Yen longan was largely invisible in the market, and fluctuating quality and an unstable product supply also contributed to this failure.

GTZ, a German development organization, together with the Rural Development Center (RUDEC), the provincial Department of Agriculture and Rural Development (DARD), the Department of Science and Technology (DOST), the Hung Yen Long longan Association, and the Vietnam Cooperative Alliance (COOPSME), supported the longan sector in Hun Yen (Hong Nam commune) through:

- strengthening a cooperative of growers, processors and traders;
- developing label and packaging design, trademark registration and marketing tools to open up new markets;
- developing improved cultivation techniques and;
- developing quality management processes through vertical linkages within the value chain.

The project identified 41 farmer households, of which 39 were specialized in longan production and two in commercialization. The households were selected based on a minimum production area, and the quality and quantity of their longan. As a result, the poorest farmers were not able to join. The project involved a total of 25 ha of land producing 50 tonnes of longan annually.

The farmers involved in the project were trained in cultivation techniques to increase productivity and raise the quality of the produce. A product label was designed using special paper in order to promote the longan in the market and protect the brand from being copied by other producers. During the first year the costs were covered by the project, but starting in the second year the association had to buy the labels themselves (200-300 VND per label). The cooperative was helped to access new markets. It now sells labelled longan in supermarkets (via distribution companies) and fresh markets. One of the biggest retailers in Vietnam, Metro, has its own refrigerated vehicle and is able to buy four tonnes of longan per season.

Due to the project, the Hung Yen longan was promoted as a homogeneous, premium fruit. The consistently high quality level and the attractive packaging resulted in an increased sale price from 10 US cents per kg to 30 US cents per kg.

3.1.2 Establishing the brand name Than Ha Thieu lychee (Vietnam)

The lychee, a fruit similar to the longan, is an important cash crop for farmers in Thanh Ha district, Hai Duong province. In the past, farmers were subject to large price fluctuations, with prices varying from 0.15 USD per kg to 1 USD per kg. Lychee production was also unstable, resulting in an irregular market supply.

The Than Ha lychee association, consisting of 150 medium-income level farmers, developed the idea to establish a brand name for the lychees. It approached GTZ and the Vietnam Agricultural and Science Institute (VASI) for help.
Together they:

- developed Good Agricultural Practices (GAP) in order to increase the quality of lychees and stabilize supply;
- improved the association’s skills in quality monitoring, financial management and marketing in order to strengthen the position of the association in the value chain and market;
- created the regional brand name Thanh Ha Thieu lychee. The brand name was developed through a public-private partnership with a German branding company. Logos, package, leaflets and posters and a video were used to promote lychees from Thanh Ha and increase visibility in the market;
- established market linkages with a distribution company which had access to the retail distribution network for the Northern provinces in Vietnam;
- explored the export market in China for dried (processed) lychee;
- upgraded processing technologies.

The association received business skills training from the project and was helped in setting up a quality control system. The project also funded the design of promotion materials. The association already had a registered logo identifying the fruit’s geographic origin but it needed to be integrated into the new branding materials. As with the longan, the labels each cost about 200 - 300 VND. These were the only extra costs for farmers. Any extra costs related to new farming practices were compensated by the increased productivity.

Good farm practices and skills in running a business helped the association to reduce production losses and strengthen its position in the value chain. In the first year (2006) the newly established longan brand was sold for 1,2 USD per kg. After the first year the market price for lychee went down to approximately 0,35 USD per kg in 2007. This was a big disappointment for the farmers, but the marketing campaign and the fruit quality nevertheless raised the price by 15 US cents/kg over unbranded lychee.

3.1.3 A marketing campaign for avocados from Daklak (Vietnam)

Avocados, rich in oil and protein, are useful for fighting malnutrition. The largest production volumes are found in Daklak where the geographic and climatic conditions are most favourable. Until recently, however, avocados were not produced commercially and avocado plants were mainly used as fences between coffee fields. Since the 1990s, avocado prices have increased, stimulating production.
Recognizing the avocado’s high potential for farmers in the Daklak region, GTZ initiated a value chain analysis to identify key stakeholders in the avocado value chain and major constraints to production. Out of this analysis, a development programme was designed to:

- professionalize the avocado chain;
- raise the demand for avocado;
- and establish a premium brand name for avocados.

Several activities were funded with public money by GTZ:

- market development through market research and consumer awareness campaigns;
- strengthening of the avocado variety selection programme and an avocado seedling sales monitoring system;
- establishment of a value chain group consisting of farmers, collectors and traders who receive training in production and post-harvest operations (Standard Operating Procedures) with the aim to develop homogenous avocado batches consisting of the same varieties and maturity levels;
- research into processing and cold storage for avocados;
- development of a branding strategy which consisted of establishing a premium brand owned by the avocado group.

Figure 6. Dakado avocado

The entry point in the value chain is the traders. Two ‘champion’ traders committed themselves to taking the lead and to taking a risk, mainly through investing in packaging (approximately 2,000 USD in total). Through the traders, collectors and farmers were identified. In the harvest season, one tonne of avocados per day were sold to one of the major retailers in Vietnam. The avocados are promoted through a website and through a promotion campaign called “Discover the magic...” and the premium brand DAKADO will soon be launched. Although the project has only recently begun (in 2007), the impact of this new value chain on farmers’ profits is already estimated at an additional 4,000 - 5,000 VND per kg of premium avocados.

3.1.4 Including small-scale organic rice producers in retail (Philippines)

Due to increasing purchasing power and a growing population, the demand for food in general, but also for high quality products such as organic rice, has been growing in the Philippines. For small-scale producers, organic rice is a high value product because input costs are lower than for conventional rice while at the same time the product is favourable for the environment. The challenge is to produce tradeable volumes and high quality, to access supermarkets and to guarantee a stable supply.

The Upland Marketing Foundation Inc. (UMFI) is an organization specialized in linking farmers to markets. Its mission is to provide affordable access to appropriate technology, financial resources and growing markets; to provide high quality healthy products to consumers; and to advocate for fair trade in the mainstream market. UMFI decided to help the Pecuaria Development Cooperative Inc. (PDCI), in which organic rice producers were organized, to consolidate markets.

Through UMFI, major innovations were accomplished. UMFI helped the organic rice farmers through trading community products. It believes that providing market information, conducting
trainings and linking communities to buyers will not automatically result in tangible or sustainable trade, but that support in accessing markets must also be provided.

UMFI introduced a business environment to the cooperative. It helped the cooperative to enter dynamic markets in which there was a demand for niche products such as organic rice. In this regard, its focus was on meeting consumer preferences. It was aware of the needs of the market through research and interaction with retailers. UMFI also promoted the partnership with the private sector. UMFI hired commercial personnel with knowledge, experience, expertise and their own commercial network. Combining all these aspects resulted in strengthened business capacity and larger production volumes.

Another successful innovation was the introduction of a distributor brand name, ‘Healthy Rice’, instead of the producer brand name ‘Pecuaria Healthy Rice’. Through the distributor brand name, it became possible for UMFI to source from multiple places, increasing the scale of operations and guaranteeing buyers a rice supply year-round.

Last but not least, UMFI has always been sensitive to the needs of producers. Through UMFI’s interventions, the impact on poverty reduction has been substantial. In 2007, UMFI bought 487 tonnes of organic rice, worth USD 302,390, from 426 farmers. The brand Healthy Rice was sold in 90 Metro outlets in the Philippines. As a result, the sales volume increased 69%, the price increased 16%, gross sales went up 89% and incomes rose 119%. Besides financial results, the partnership between UMFI and PDCI has substantially reduced marketing risks for producers.

3.1.5 Lessons learned from branding in local markets

From the above examples, several lessons can be drawn:

- In growing markets, in which the number of supermarkets is increasing and in which there is a growing middle class, and thus a growing demand for high quality agricultural food products, farmers can add value to their products.
- In order to be successful in branding, it is highly important to develop a stable supply of quality products. Producers therefore need to produce on a certain scale and to follow quality requirements. For the smallest and poorest producers, this is often difficult or even unattainable.
- For high quality products and increased productivity, good farm practices are required. Through developing, applying and monitoring simple agricultural practices, the quality of the product can usually be improved substantially. This does not always require large investments. In many cases, the relative production costs go down as a result of improved farm practices.
- Traditions that have been upheld for generations are hard to change. Small farmers are afraid to change and, often, cannot bear the financial risk.
- Farmer cooperations or intermediate traders are useful in branding products for poorer producers, as they can scale up production and control quality.
- Even though farmers produce products for which there is a high demand, in all the examples cited they needed intermediate traders to access new markets, to develop a marketing strategy and to advertise and create awareness of the product.
- ‘Champion producers or traders’, as in the avocado case, could show other producers or traders that producing and selling branded products for higher-end markets is a business opportunity.
- In general, pro-poor brand development needs public support and/or the presence of strong civil society organizations to cover training and start-up costs. (The total budget of GTZ for its SME development programme, including more or less nine value chains, for four years is €1.5 million)
- Another important role of the government, particularly in Asian countries where piracy and counterfeiting are common, is the development of Intellectual Property Rights (IPR). These are important to safeguard investments and the reputation of products. Brands are easier to protect than labels.
- It is not always easy to duplicate success stories. In both the longan and lychee cases, the associations were working effectively. After one year they were approached with a request to increase the scale, but surprisingly, they rejected this idea. The associations were happy with what they had achieved and were not willing to share their successes with newcomers.
- Not mentioned in the above examples is the fact that, in adding value through branding, it is important to provide incentives, sharing increased value with all chain actors including producers. In order to participate fully in value chains, it is vital that smallholders be linked with each other and other actors lower down the value chain (M4P, Markets & Development Bulletin, nr. 4).

3.2 Branding for international markets

3.2.1 Oke mangoes in European supermarkets (Burkina Faso)

Agrofair is a fruit company that was set up in 1996 with the mission ‘to connect an increasing number of farmers and workers from the developing world with Northern markets through the development, management and growth of sustainable fruit supply chains based on fair trade principles’ (Annual Report 2006). Generally, the products supplied by Agrofair are Fair Trade certified. The fruit producers, organized in cooperatives, own 50% of the company; the other half is owned by NGOs and ethical investors. Agrofair sources mangoes year round from Mexico, Brazil, Peru and Burkina Faso.

In Burkina Faso, 2000 tonnes of Burkina Be mangoes are produced between May and July by two cooperatives, together organized into a company called Fruiteq. Based in Bobo Dialasso, Fruiteq has 400 members and employs five people to take care of selection, packaging and exporting of the mangoes and the training and certification of the farmers. The mangoes from Burkina Faso are Fair Trade (as certified by the Fair Label Organization or FLO), certified organic and GLOBALGAP (European supermarkets certification system). The mangoes are exported to the Netherlands, from where they are re-exported, mainly to the UK (60%). The mangoes are usually unpacked and labelled under the name Oke, which is Agrofair’s brand name. Oke’s image is of fair trade and sustainability, and of production by a producer-owned company. Agrofair targets consumers who are pragmatic and cultural ideologists (approximately 30% of the consumer market).

Through Agrofair, producers in developing countries have access to growing, high-value markets in the EU and US. In order to sustain a market share, it is important to deliver mangoes year-round, an impossibility for individual cooperatives that only produce three months of the year. Apart from its marketing function, Agrofair also invests in capacity building of producer organizations. A non-profit department of Agrofair takes care of this. Another innovation is that producers get a guaranteed price for one year, instead of the traditional spot market price which fluctuates a lot. This price is set by the FLO and is usually higher than the world market price. On top of that, producers are paid a premium that has to be used for investments in the community and they are also paid dividends. Because the farmers are co-owners of Agrofair, long-term relationships are guaranteed.

The downside of the Agrofair case is that the certificates for exporting to Europe are expensive, both in terms of fulfilling all the certification requirements and in terms of the certification process itself, which often requires that somebody fly over from Europe. This is particularly the case for the Burkina Be mango, which is certified Organic, Fair Trade and GlobalGAP. The cost of not being able to sell all the produce also has to be taken into account. The market for Fair Trade is relatively small and is, in many countries such as the Netherlands, still a niche market. A part of the relatively expensive Fair Trade produce is therefore sold unbranded in the mainstream local market for a low price. One final downside of Agrofair is that it is owned by many producers and other organizations, so the influence of each on the development of the brand is limited.

3.2.2 GlobalGAP certified pangasius produced in An Giang (Vietnam)

Pangasius fish from Vietnam is sold in 65 countries, including countries in Europe (47%), Russia (11%) and the United States (10%). The biggest share, 30%, originates from An Giang province.
where 1183 ha is in use by pangasius farms. 12,881 households in An Giang are dependent on selling pangasias. There are several standards for pangasius, from strictly organic to less critical standards or private company standards. As Europe is the biggest buyer of pangasius and the market in Europe for pangasius is still growing, GTZ decided to support the upgrading of pangasius farmers and to help them in acquiring GlobalGAP certificates. This was realized together with a seafood importer from Germany which subsequently marketed pangasius from Vietnam in the European Union under its private brand name. Activities that were set up included:

- establishing GlobalGAP standards for pangasius;
- training GlobalGAP trainers for aquaculture;
- implementing trial GlobalGAP implementation at pilot farms;
- building up the capacity of a local GlobalGAP inspection company which could then certify GlobalGAP and organic companies.

The transformation to GlobalGAP standards turned out to be costly as it required high technical standards, hygiene practices, good working conditions and high quality levels. On the other hand, due to the interventions of GTZ, the number of orders increased and market penetration of the European market was achieved. Quality also increased, there were fewer rejections and environmental risks were reduced. A major innovation was the establishment of a local certifier. Consequently, the costs for certification was reduced significantly and more farmers have the possibility to access foreign markets.

3.2.3 Lessons learned from branding in international markets

- A growing market for high quality products from the South exists. The demand for socially responsible products that can be traced back to their origin is also growing.
- The requirements for exporting products to international markets are, however, very high. Only high quality products are accepted and in a growing number of industries, products from the South need to be certified. These requirements are costly, particularly because companies qualified to carry out certification are limited and often have to be flown in from abroad. As a result, export value chains are often only accessible for better-off farmers. This was the case with the pangasius export chain, where high investments were required.
- Another issue is that produce cannot always be sold to export markets. Usually, only the highest quality can be sold abroad while a large part has to be sold locally. In some cases, it may be that the costs for certification are higher than the profits from exporting products abroad.
- Smallholder producers who export their produce abroad are dependent on intermediate traders or importers. They need assistance in doing market analysis, finding market opportunities, targeting markets and gaining access to these markets in terms of accessing retailers, arranging logistics, negotiating prices, carrying out promotion and building up an image. Moreover, in export markets, producers generally do not own the brand name themselves but supply to branded value chains, such as in the pangasius case. In the Oke mango case, the farmers are co-owners of the brand name, but their influence is limited and they completely depend on the marketers in Europe.
- On the other hand, as long as smallholders in the South do not have the capabilities (foreign language skills, capital, knowledge on marketing etc..) to brand their products themselves, supplying to branded value chains can be a valuable source of income. In order to reduce risk (that one day the export requirements become even more strict or the buyer decides to source from somewhere else) diversifying markets is recommended.
4 Selecting a pro-poor brand type

4.1 Conclusion

The examples in the previous chapter demonstrate not only that opportunities exist for exporting products from the South, but also that these opportunities are found in local markets given the growing middle class in many urban centres. Through branding these products additional value can be added on top of the value of the tangible products. Branding can hence help poor people to earn more income.

From the cases we can learn that there are certain conditions for small producers and their organizations in benefiting from branding:

- Their product needs to have intrinsic quality attributes;
- GAP and quality control systems are required for guaranteeing good and stable quality (particularly for export)
- The product needs to be produced at sufficient scale and constant supply is required;
- The market and marketing channels need to be known. Therefore intermediate traders are usually involved (both for the domestic and export markets);
- Champion producers and / or champion traders who are willing to take a risk need to be available to set the example for other producers;
- External support for investments in capacity building and enabling environment help covering investment costs;
- All chain actors need to be included and need to benefit from the added value through branding (particularly important in chains in which the producer organization is not the owner of the brand name);
- There needs to be a demand (or potential demand) for branded products;
- Market diversification for producers helps reducing the risk of investing in brands.

4.2 Brand types

There are basically three brands from which small producers in developing countries can choose:

1. producer brand owned by the farmer organization itself
2. regional or place brand
3. branded value chain owned by the buyer (i.e. distributor, manufacturer or retailer)

Selecting one brand type does not per se exclude another. For instance, one could market a rooibos tea as a producer owned brand (a ‘brandname item’) and as a regional/place brand, both with or without fair trade certification. But each type of brand has its own success factors, and these need to be assessed before choosing one and putting a product on the market.
### Table 1: Branding types

<table>
<thead>
<tr>
<th>Branding type</th>
<th>Owner of the brand name</th>
<th>Investments (costs)</th>
<th>Responsible for promotion</th>
<th>Example value chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Producer brand</td>
<td>SME or cooperative</td>
<td>Quality system Quality control through Good Farm Practices Marketing/promotion Property rights</td>
<td>SME Cooperative</td>
<td>Longan Lychee Avocado</td>
</tr>
<tr>
<td>B. Regional / place brand</td>
<td>Umbrella organization</td>
<td>Quality control through Good Farm Practices</td>
<td>Umbrella organization</td>
<td>See: Origin-based products (Kop van de et al, 2006)</td>
</tr>
<tr>
<td>C. Distributor, retailer or manufacturer brand</td>
<td>Distributor or retailer (buyer/importer/processor)</td>
<td>Quality control</td>
<td>Distributor or retailer</td>
<td>Organic rice Mango Pangasias</td>
</tr>
</tbody>
</table>

#### 4.3 Producer brand

In general, companies that invest in branding must be sure that:
- There is a demand for the product in the target market, or at least a potential demand
- There is a demand or potential demand for branded (higher value) products in the target market. Producers need to achieve a price premium and/or increased sales through their branding efforts.
- The brand is not easy to copy and is, preferably, protected through property rights and other legislation.

In addition, companies need to be able to:
- deliver the required volumes on time
- deliver the requested quality.

In the case of small enterprises that cannot afford brand development, another pre-requisite is the existence of a supportive network of NGOs, government agencies or other social funders that are willing to invest in capacity building, product development, quality control system development, group formation, brand name development and promotion.

When SMEs or coops elect to brand their own product, they are responsible for all investments, including a quality control system and product promotion. Particularly for export markets, this is a challenge. Basic obstacles to establishing a producer brand include:
- finding market opportunities
- getting access to retailers
- acquiring licences, brand registration and property rights
- producing required quality and volumes in time
- carrying out marketing and promotion to build up the brand image
- raising finance
Table 2. Criteria for establishing a private brand

<table>
<thead>
<tr>
<th>Product-related (potential) assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Intrinsic quality attributes related to the product: uniqueness and quality</td>
</tr>
<tr>
<td>✓ Strong product identity</td>
</tr>
<tr>
<td>✓ Strong product image</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Producer-related assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Access to natural resources (natural capital)</td>
</tr>
<tr>
<td>✓ Traditional knowledge and skills related to the product as well as entrepreneurial skills (human capital)</td>
</tr>
<tr>
<td>✓ Social organizations and vertical networks (social capital)</td>
</tr>
<tr>
<td>✓ Production scale</td>
</tr>
<tr>
<td>✓ Understanding of consumer demand and markets</td>
</tr>
<tr>
<td>✓ Access to financial capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market-related assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Demand for the product</td>
</tr>
<tr>
<td>✓ Willingness on the part of consumers to pay a premium price for specific products</td>
</tr>
<tr>
<td>✓ Direct links between producers and consumers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling policies and institutional environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Public institutions to register and protect producer brand</td>
</tr>
<tr>
<td>✓ Enabling public policies (food safety, rural development, etc..)</td>
</tr>
<tr>
<td>✓ Presence of public or private business support organizations</td>
</tr>
</tbody>
</table>

### 4.4 Regional / place brand

Requirements for branding regional products are:

- Consumers must support and be interested in the regional characteristics of the product. The market for regional products is usually in close proximity to the production site because here the link between the region and the product is most visible. Example: tourists buying regional products as a souvenir.
- Usually an umbrella organization should be available for promoting the regional brand.
- A quality system, implemented by a neutral quality control board for example, should be in place to maintain basic quality (although products need not be identical in all aspects, since there needs to be some basis for competition).
Table 3. Criteria for establishing/joining a regional brand

<table>
<thead>
<tr>
<th>Product-related assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Intrinsic quality features related to the product: is the product unique?</td>
</tr>
<tr>
<td>✓ Specificity of the raw material and resources and know-how involved in the production process within the geographic origin: is the uniqueness of the product related to its natural and human conditions of production?</td>
</tr>
<tr>
<td>✓ Definition of a geographical area: in which area can these natural and human conditions of production be found?</td>
</tr>
<tr>
<td>✓ Strong product identity</td>
</tr>
<tr>
<td>✓ Strong product image</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Producer-related assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Access to those natural resources that yield quality regional products (natural capital)</td>
</tr>
<tr>
<td>✓ Traditional knowledge and skills related to the product as well as entrepreneurial skills (human capital)</td>
</tr>
<tr>
<td>✓ Social organizations and vertical networks (social capital)</td>
</tr>
<tr>
<td>✓ Understanding of consumer demand and markets for regional products</td>
</tr>
<tr>
<td>✓ Access to financial capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market-related assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Existing reputation and demand for the product</td>
</tr>
<tr>
<td>✓ Consumers with strong ties to region (diaspora, tourists, etc.)</td>
</tr>
<tr>
<td>✓ Consumers willing to pay a premium price for specific products</td>
</tr>
<tr>
<td>✓ Direct links between producers and consumers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling policies and institutional environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Establishment of official recognition schemes for differentiated quality products and for producers’ marketing tools</td>
</tr>
<tr>
<td>✓ Presence of national policies to promote regional products</td>
</tr>
<tr>
<td>✓ Fostering enabling public policies (food safety, rural development, etc.)</td>
</tr>
<tr>
<td>✓ Presence of public or private business support organizations</td>
</tr>
</tbody>
</table>

Source: Origin-based products, Kop van de et al, KIT and CIRAD, 2006

4.5 Distributor, manufacturer or retailer brand

If the first two options are not feasible for producers, linking up to a branded value chain of distributors or retailers could be a safer choice. There is a large demand in Western markets for ‘preferred suppliers’ of products from the South. This is triggered by Western demand for traceability, quality, steady supply and lower costs in the value chain.

The advantages to SMEs of being linked to a branded value chain are:
- stable and long term demand
- knowledge sharing
- investments in the value chain such as in quality systems, certification, hardware and training.

Branded value chains however also require SMEs to deliver:
- high and consistent quality
- a steady supply
- scale
- in many cases, certifications such as Organic, GlobalGAP or Fair Trade
If these requirements are not fulfilled, suppliers can easily lose their market position.

Table 4. Criteria for joining a brand owned by a distributor, manufacturer or retailer

<table>
<thead>
<tr>
<th><strong>Product-related (potential) assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Intrinsic quality attributes related to the product</td>
</tr>
<tr>
<td>✓ Other competitive features: price, seasonality etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Producer-related assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Access to natural resources (natural capital)</td>
</tr>
<tr>
<td>✓ Production skills</td>
</tr>
<tr>
<td>✓ Social organizations and horizontal networks (social capital)</td>
</tr>
<tr>
<td>✓ Production scale</td>
</tr>
<tr>
<td>✓ Understanding of client needs</td>
</tr>
<tr>
<td>✓ Access to finance (through service suppliers or embedded in chain)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Market-related assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Demand for the branded product in the consumer market (e.g fair trade product)</td>
</tr>
<tr>
<td>✓ Good marketing strategy on the part of the client</td>
</tr>
<tr>
<td>✓ Willingness of consumers to pay a premium price for the branded product</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Enabling policies and institutional environment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ For certified products (GlobalGAP, organic, fair trade), institutions to carry out certification</td>
</tr>
<tr>
<td>✓ Enabling social movements targeting consumption (promotion of fair, organic, tropical products etc.)</td>
</tr>
<tr>
<td>✓ Presence of public or private business support organizations to strengthen production in order to fulfill the requirements of the branded value chain</td>
</tr>
</tbody>
</table>

4.6 Implementation

Branding should be considered part of a total package of value chain development. This is the conclusion of 'Making markets work better for the poor' (M4P), a three-year regional technical assistance project co-financed by ADB, DFID and the ADB (Markets and Development Bulletin no. 4). Following this way of thinking, brand development should be part of the value chain development process, such as was laid down in the report 'Formulation of a strategic framework for ICCO's market development programme in Ethiopia' (L. Peppelenbos, 2006) (the green cycle in Fig. 2). A branding strategy could be elaborated upon in the Value Chain upgrading step (the pink cycle in Fig. 2.)

1. Value chain and product selection, analysis and consensus building (steps 1, 2 and 3 from the Value Chain Development steps)

Select and analyse a value chain, and reach consensus on the need for interventions. In this step, it should be clarified whether smallholders (and their value chain partners) have a shared stake in accessing markets through branding. If so, the next step is to carry out an in-depth market analysis. In order to make the branding strategy pro-poor, special attention should be given to the role of the poor in the chain and their access to it.
2. **In-depth market analysis: finding niche markets for the product concept**

Carry out an analysis of market characteristics for the selected value chain products. Locating niche markets can add value to the pro-poor product. Estimates should be made of the value (both tangible and intangible) of these markets and of potential market shares. Potential buyers should also be located.

3. **Capacity analysis and empowerment plan**

Perform an analysis of strengths, weaknesses, opportunities and threats (SWOT). In this case, the strengths and weaknesses of the producer and its product are explored, as are the opportunities and threats in the defined markets (as analysed in step 2). By comparing strengths with opportunities, the outcome of the analysis gives an idea of the potential for capitalizing on the product concept through branding. Based on the SWOT analysis, a capacity development plan can also be made in order to strengthen the position of the producer in the market and reduce threats and weaknesses.

4. **Defining pro-poor marketing and branding strategy**

Create a marketing strategy based on the outcomes of the in-depth market study and the SWOT analysis. A detailed plan for product development, the selection of target markets, price, distribution, branding strategies and promotion details should all be worked out. Because smallholders are involved, special attention should be paid to:

- scale and quality
- capacity building activities
- funding
- external support (e.g. from public agencies and NGOs)

5. **Implementation**

Implement the marketing and branding strategy.

6. **Monitoring and evaluation**

Design a system for monitoring and evaluation and start implementing it at the same time as the marketing strategy. Pay special attention to pro-poor growth through measuring the relative growth of poor actors in the chain, e.g. measure costs and benefits of branding activities and participation of the poor.
7. Learning and innovation
Learning and innovation constantly takes place throughout the development process. To increase the learning and innovation impact, development practitioners or chain actors can organize regular meetings for involved stakeholders, for instance through setting up a formal learning alliance for development practitioners, producers, transporters, processors, exporters, service suppliers and government officials.

4.7 The next step

This paper was meant as an introduction to the potential of branding for SMEs in the South as a tool to increase their product sales, improve their margins and increase their power in the value chain. It is likely that branding will become increasingly important in the near future as globalization brings in foreign brands that compete with local products, as the middle class, which can better afford branded products, grows, and as the number of supermarkets grows, in step with the middle class.

In light of these developments, two key questions will be addressed by KIT in the near future:

1. Which branding strategies enable SMEs and farmers’ organizations in developing countries to increase their sales, their margins and their power in the value chain? I.e. ‘what must they do’?
2. How can these SMEs and farmers’ organizations develop their own brands: which processes, tools, skills and partnerships are needed to develop these brands? I.e. ‘how can they do it’?

In order to find answers to these questions, KIT will work with three SMEs or farmers’ organizations over the next three years to develop a brand for one of their products to be sold on a local market. During this process, a number of tools, exercises and processes that will help people in these organizations to develop their brand will be developed and tested. The success of the branding strategy that follows from this interactive process will then be evaluated. KIT also plans to share its experiences from these three cases with other SMEs and farmers’ organizations that have developed their own brands.
References


Bowbrick (1992) in Reader: Agrifood Marketing in Developing Countries, Imperial College


GTZ, GTZ SME development program, Value Chain Component, program 2006-2009

Imperial College London (2002) Agrifood Marketing in Developing Countries, Course C38, London, 2002


Upland Marketing Foundation Inc, *Keys to inclusion of small-scale organic rice producers: The Case of Upland Marketing Foundation Inc.*, A case study commissioned by the Regoverning Markets Programme (www.regoverningmarkets.org)

Websites:

http://asiadhrra.org/wordpress
www.agrofair.nl
www.dakado.vn
www.fairtrade.nl
www.flo.org
www.globalgap.org
www.lightyearsip.net
www.markets4poor.org
www.placebrands.net
www.sme-gtz.org.vn

Interviews:
Rene Leegte, Agrofair
Thomas Finkel, GTZ Vietnam
Pham Ngoc Tram, GTZ Vietnam