PN-ABX-383

AgEnt

HELPING SRI LANKA TO GROW !

AgEnt is a dynamic USAID funded private sector agro-enterprise development initiative successfully assisting companies and entrepreneurs with viable business/marketing plans to expand existing operations or start-up new ventures targeted at both domestic and export markets.

ISSUE NO: 30 **March 1995**

3 DAY AgEnt/CISIR AGRO-PROCESSING (FRUITS & VEGETABLES) AND BUSINESS PLANNING/MARKETING WORKSHOP FOR MEDIUM/SMALL AND MICRO SIZE ENTERPRISES AND ENTREPRENEURS

MATARA - 14TH/16TH MARCH 1995

SELECTED DOMESTIC/EXPORT MARKETING CHARTS PRESENTED BY :

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Also available for participants to take away at the conclusion of the workshop are the following either published or about to be published export marketing articles by AgEnt's International Marketing/Agro-Processing Advisor -

* Persuading a calibre importer/distributor to market your product - First hurdle to cross (Sep/Dec 1994 Sri Lanka Exporter article)

* Correctly positioning/branding your product can be one of the keys to export success (Jan/Mar 1995 Sri Lanka Exporter article)

INTRODUCTION AND AgEnt's PROGRAM OF ASSISTANCE TO THE SMALL/ MICRO SIZE AGRO-ENTERPRISES SECTOR

Due to the time limitations, only selected basic domestic (Sri Lankan) and export marketing mix elements will be presented by AgEnt's International Marketing/Agro-Processing Advisor.

However, following the completion of the workshop the undermentioned AgEnt officers will be most happy to explore with potential small/micro size agro-enterprises how the project may be able to help them expand their business and/or develop and launch new products.

* **MISS. CHARMARIE MAELGE**
  Womens Business Development
  Advisor

* **MRS. GAYATRI ABEYDEERA**
  Business Information Center
  Manager

Overleaf we have outlined the specifics of AgEnt's program of assistance to the small/micro size private agro-enterprise sector.

Not included are the charts titled -

WHAT MADE ONE SMALL SRI LANKAN WOMAN ENTREPRENEUR SUCCESSFUL !

- as AgEnt is presently in the throes of producing a more formative presentation document in this arena.

January 1995

HELPING SRI LANKA TO GROW !

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PHASE 1 - AgEnt's WOMENS MICRO SIZE AGRO-ENTERPRISE DEVELOPMENT ASSISTANCE PROGRAM

1. Background and Broadbase Objectives

Sometime back, AgEnt determined to set-up a women's agro-enterprise development unit which has now been successfully established and run by -

MISS. CHARMARIE MAELGE
Women's Agri-Business/Marketing Development
Advisor

The unit has a Phase 1 (one) 50% " shared investment grant " budget of US$ 100,000 covering the whole country; and seeks to assist either established womens micro-size agro-enterprises to more dynamically/profitably grow their businesses or help other identities start-up new ventures etc ; both at a domestic and export markets level.

Already the unit is working with many women micro-size entrepreneurs throughout the country.

2. AgEnt's 50% " Shared Investment Grant " Criteria and Grant Limitations

A. Before AgEnt decides on whether to make a 50% " shared investment grant " available at a Phase 1 level to a potential client, it is first necessary to complete/return to AgEnt an " agro-enterprise profile form with appropriate supporting information.

B. AgEnt then internally assesses the apparent business viability of the potential client's proposal/business experience/financial capability etc alongside whether the venture they have in mind meets AgEnt's new sustainable jobs/sales/investment objectives.

C. If B. appraisal looks positive, AgEnt then seeks to hold an exploratory meeting with the potential client.

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D. If AgEnt then determines as a result of C. potential client meeting to make a 50% Phase 1 " shared investment grant " available to the client, this will be formally legalised between both parties. However, sometimes a client's request for the type of assistance they initially had in mind may well differ once more detailed discussions about their enterprise and its priorities/ needs are better understood by AgEnt.

E. The maximum 50% " shared investment grant " amount any potential client can secure on a phase by phase basis under this program is -

US$ 3500 (Three Thousand and Five Hundred Only)

- where the client in turn must be able to match AgEnt's grant on an " equal Dollar for Dollar investment basis ".

However, AgEnt seldom makes a single " one off " grant of US$3,500 in that the project normally makes grants available on a phase by phase/ performance judged basis i.e. AgEnt makes say a Phase 1 grant of US$1,500 (and matched by the client) ; if the client successfully performs in line with Phase 1 jointly agreed objectives, AgEnt will seriously consider making a Phase 2 grant available to help the client at the next stage of the development of her business.

3. Typical Sectors where AgEnt can make 50% " Shared Investment Grants " Available

A. Purchase of pieces of new/upgraded production and processing equipment and technologies which will lead to an increase in jobs, sales, opening-up of new markets, creation of higher added value marketing opportunities etc.

However, AgEnt does not make available " shared investment grants " for the purchase of second hand or re-built equipment/technologies.

B. New product/formula development utilising facilities available through the CISIR, HORDI etc.

C. Development/design of product labels and printing plates (but not the printing of labels).

D. Development/design and printing plates for repositioned/new product point-of-purchase material (but not the printing of such material).

E. Participation in appropriate business/financial/marketing/product development workshops and seminars.

continued/3

F. Participation in trade fairs (in Sri Lanka or overseas).

G. Sending samples overseas for buyer evaluation.

H. Buying/bringing into Sri Lanka new/approved planting material and seed varieties etc.

I. Trialling new crops and improvements in post harvest handling technologies.

4. **Typical Sectors where AgEnt does not make " Shared Investment Grants " available**

1. Purchase of buildings, vehicles, major capital plant, freezer/chiller facilities, boilers, transformers, generators, compressors, electric motors, air conditioners etc.

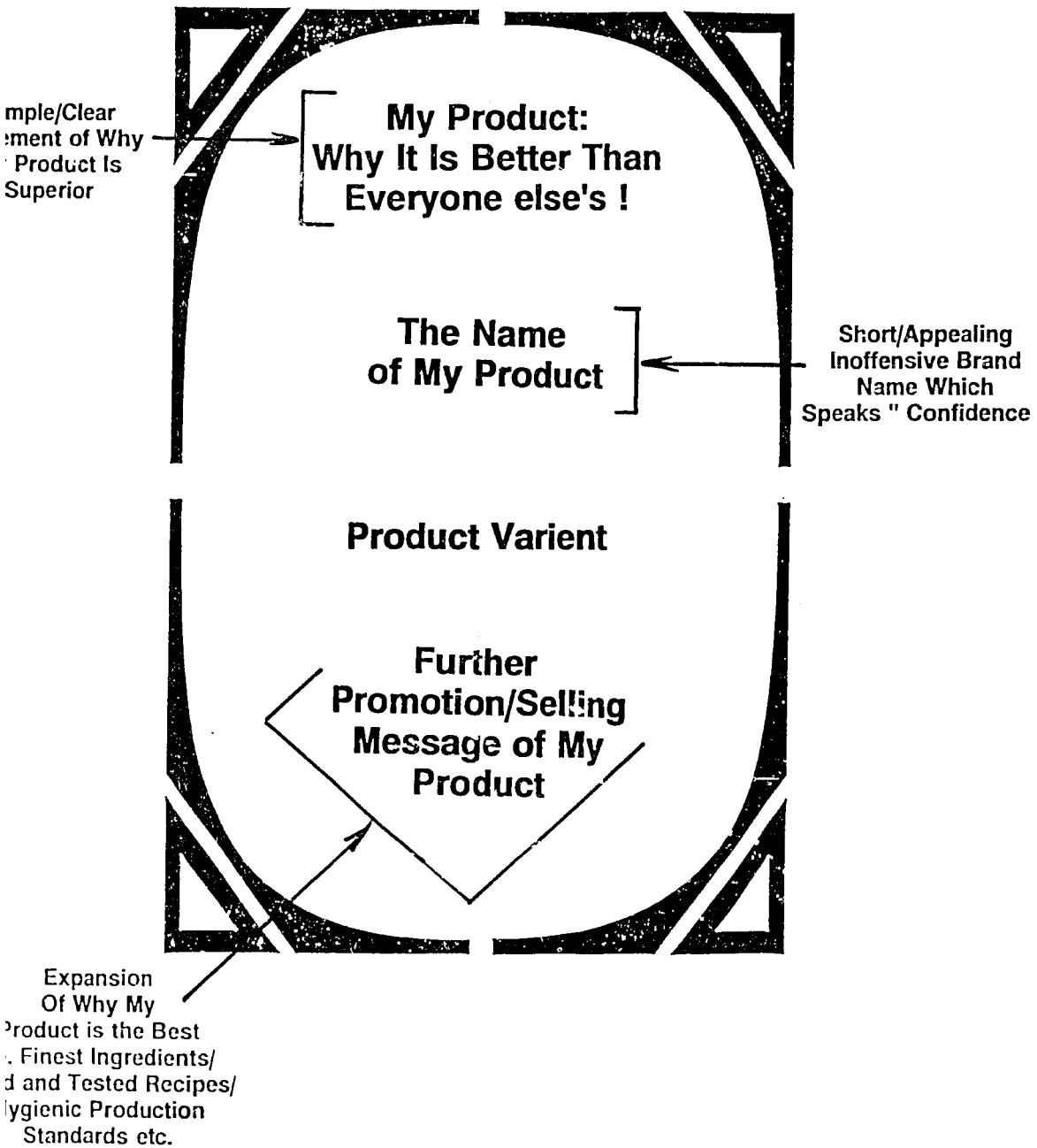
2. Land, land development and building construction

3. Loans and working capital

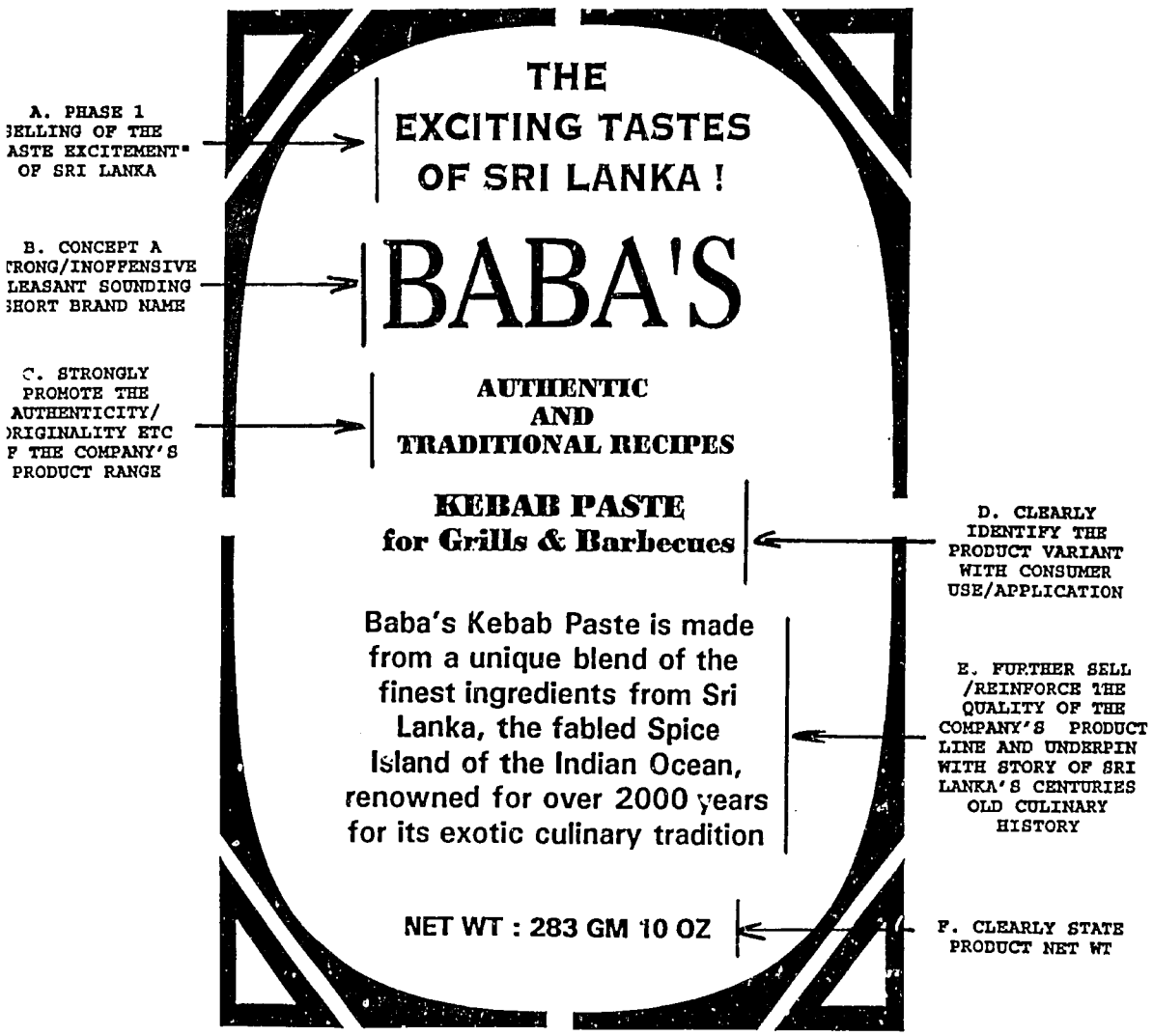
5. **Other AgEnt Client Assistance Resources**

Where appropriate a client (through the Women's Agri-Business/Marketing Development Advisor) can draw-on many other project advice points covering the financial/production/marketing/business information etc disciplines.

Ideal Front of Label Components for a Range of Jams, Chutneys, Sauces Etc Targeted at the Sri Lankan Market



TYPICAL IDEAL/ON TARGET FRONT OF ETHNIC FOODS PRODUCT LABEL COMPONENTS IN A SRI LANKAN EXPORT COMPANY/COUNTRY IMAGE POSITIONING CONTEXT



(*) The product label components/ illustrative border do not constitute a finished label design as such

YOU WANT TO DEVELOP/MARKET A NEW PRODUCT ?; THEN THESE ARE SOME OF THE BASIC QUESTIONS YOU SHOULD FIRSTLY SEEK ANSWERS TO !

1. HAVE YOU DEVELOPED A SUPERIOR QUALITY PRODUCT/RANGE ?

2. ARE YOU PRICE COMPETITIVE ?; CAN YOU MAKE A PROFIT ?

3. HOW BIG IS THE MARKET (AND IS IT GROWING) ?; HOW MUCH DO YOU BELIEVE YOU CAN SELL ?

4. HAVE YOU PRODUCED THE RIGHT SIZE PACKAGE ; HAVE YOU CORRECTLY POSITIONED/LABELLED YOUR PRODUCT TO ENSURE THAT IT WILL " STAND OUT FROM THE CROWD " AND BE TRIAL PURCHASED ?

5. **HAVE YOU PRODUCED A PRODUCT COST/ PROFIT SHEET i.e. SOME KEY ELEMENTS INCLUDE -**

a. LABOUR
b. RAW MATERIAL
c. PRODUCTION
d. PACKAGING (BOTTLE/CAP/ LABEL/CARTON)
e. PROCESSING EQUIPMENT
f. DISTRIBUTION
g. MARKETING/PROMOTION
h. FINANCING

etc.

IN A " NUTSHELL " WHEN YOU CALCULATE OUT a./h. AND THE PRICE(S) YOU WILL HAVE TO SELL AT, CAN YOU MAKE A PROFIT !

EXTRACTS FROM A MARKET RESEARCH SURVEY OF THE OPPORTUNITY FOR CHUTNEYS IN THE GREATER COLOMBO AREA

AN ILLUSTRATION OF HOW MARKET RESEARCH CAN HELP YOU BETTER UNDERSTAND THE DYNAMICS OF THE PRODUCT SECTOR WHICH YOU ARE INTERESTED IN ENTERING

AGE AND SEX OF RESPONDENTS

AGE GROUP	Male	Female
16 Yrs. to 25 Yrs.	-	5
26 Yrs. to 35 Yrs.	4	26
Over 36 Yrs.	8	57
Total	12	88

Average age of a respondent is about 40 Yrs.

5.1.3 Size of the Sample Households

ccording to total number of members the distribution of samp
ouseholds are as follows.

Number in the Household	Number
2	4
3	10
4	26
5	26
6	18
7	8
8	4
Over 8	4
Total	100

'hen all the members in the 100 households are analysed according t age and sex the distribution is as shown in following table.

AGE GROUP	Male	Female	Total	Percentage
Up to 5 Yrs.	26	10	36	7.1
6 to 15 Yrs.	43	40	83	16.3
16 Yrs. to 25 Yrs.	34	53	87	17.1
26 Yrs. to 35 Yrs.	41	57	98	19.2
Over 36 Yrs.	100	106	206	40.4
Total	244	266	510	100.0

ccording to the data given in above two tables the average number o ersons per household is 5.1 and the average age of a member of a ousehold is 29 years. Average age of a male member is about 28 years nd of a female member is about 30 years.

5.1.4 Weekly Expenditure for Grocery

ample members were asked to indicate how much they would norma pend for grocery products in a week. The responses when analys ere as follows.

Amount Spent per week (Rs.)	Number
Up to 1000	15
1001 to 2000	57
2001 to 3000	25
3001 to 5000	3
Total	100

n an average a sample household spends Rs. 1675.00 per week (rocery products.

5.1.5 Main Earner's Occupation

Respondents were asked to identify the main earner's occupation and the responses were as shown in following table. Occupations categorised under professionals include Engineers, Medical Practitioners, Attorneys at Law, Bankers, Accountants, University teachers and Flying Officers.

Main Earners Occupation	Number of Households
Professionals	40
Executives/ Administrators	26
Businessmen	24
Pensioner	10
Total	100

In 72 out of 100 households the main earner was the husband of the respondent. In 9 sample households the main earner was the son and in 5 households it was the father of the respondent. Respondent him/herself was the main earner only in 5 households.

5.1.6 Products purchased

Respondents were asked to indicate what they purchase out of Chutney, Pickle and Jams and the responses were as shown in the following table. All three products namely, Chutney, Pickles & Jams are purchased by 21 households out of 100. At least two products are purchased by 59 out of 100 households. In the case of balance 20 households they purchase either Chutney or Jam (only one product).

USAGE OF CHUTNEY, PICKLES & JAM AMONG SAMPLE HOUSEHOLDS

Products Purchased	Number
Chutney, Pickles & Jams	21
Chutney & Jams	50
Chutney & Pickles	3
Pickles & Jams	6
Chutney only	5
Jams only	15
Total	100

Based on these responses number of households purchasing thre different products are as shown in following table.

Product	Number of Households
Chutney	79
Pickles	30
Jams	92

)n an average one household in the sample purchase 2 products.

lowever to arrive at the overall purchasing pattern of these product: t is necessary to include 33 households which only consume jams anc he 51 households which do not consume any of the three products. Then the percentage of households purchasing three different products re as shown in the following table.

PERCENTAGE OF HOUSEHOLDS PURCHASING CHUTNEY, PICKLES & JAMS

Product	Number of Households	Percent %
Chutney	79	43.4
Pickles	30	16.5
Jams	125	68.7
None	51	28.0
Total	182	

According to this table 69% purchase Jams, 43% purchase Chutney a 16.5% purchase Pickles among urban, upper middle income househol in the greater Colombo area.

5.2 PURCHASE HABITS

5.2.1 Places of Purchase

Place from which the sample members often purchase the three products are as shown in following table. It can be seen from the data Jams are purchased mostly from the grocery in the nearest town or from the nearest boutique. 25% purchase jams from the nearest supermarket. In the case of pickles 43% purchase from a supermarket and 27% purchase from the grocery in the nearest town. Chutney also has a similar pattern.

PLACE	No. of Households					
	CHUTNEY		PICKLES		JAM	
	No.	%	No.	%	No.	%
Grocery in the nearest town	27	34	8	27	31	35
Supermarket in the town	24	30	13	43	22	25
Nearest Boutique	15	19	3	10	23	26
Direct from a producer	10	13	5	17	11	12
Co-operative/ C.W.E.	3	4	1	3	2	2
Total	79	100	30	100	89	100

All three products are being purchased directly from the producer. On a percentage basis pickles has a greater occurrence of being purchased directly from the producer in comparison to that of chutney and jams which are at equal levels.

5.2.2 Sizes of Packs, Often Purchased

Types and sizes of packs which are often purchased, of Chutney, Pickles and Jams are as shown in following table. What is identified as normal glass jar and the medium size glass jar seem to be the same. When these two are combined it accounts for 97% of packs purchased of jams, 95% of packs purchased of chutney and 80% of packs purchased of pickles. Only in the case of pickles 16% are purchasing packets of different sizes.

Type and Size of Pack	No. of Households					
	CHUTNEY		PICKLES		JAM	
	No.	%	No.	%	No.	%
Normal Glass Jar/Bottle	71	90	21	70	66	76
Medium size Glass Jar/Bottle	4	5	3	10	18	21
Small Glass Jar/Bottle	4	5	1	3	3	3
Metal Can	-	-	-	-	5	6
Medium size packet	-	-	3	10	-	-
200 g. packet	-	-	1	3	-	-
100 g. packet	-	-	1	3	-	-
Total	79	100	30	100	92	100

Only 6% of all those who purchase jams buy it in cans. Small glass jar is being purchased only by 3%.

5.2.3 Average Annual purchase quantity

Total quantities of Chutney, Pickle and Jam purchased by sample members in one year was calculated using the quantity purchased at a time and the frequency of purchase. However the total includes a few extreme cases with unusually high consumption. When such cases are discarded the average annual purchase quantity per household based on the type of pack often purchased is as shown in following table.

Type and Size of Pack	Average Quantity purchased in one year		
	CHUTNEY	PICKLES	JAM
Normal Glass Jar/Bottle	15	14	25
Medium size Glass Jar/Bottle	12	20	27
Small Glass Jar/Bottle	26	24	16
Metal Can	-	-	12
Medium size packet	-	12	-
200 g. packet	-	42	-
100 g. packet	-	12	-

Average quantity of jam jars of normal and medium sizes purchased by a sample household is much greater than the average quantity of chutney or pickles jars purchased.

5.3 CHUTNEY USERS

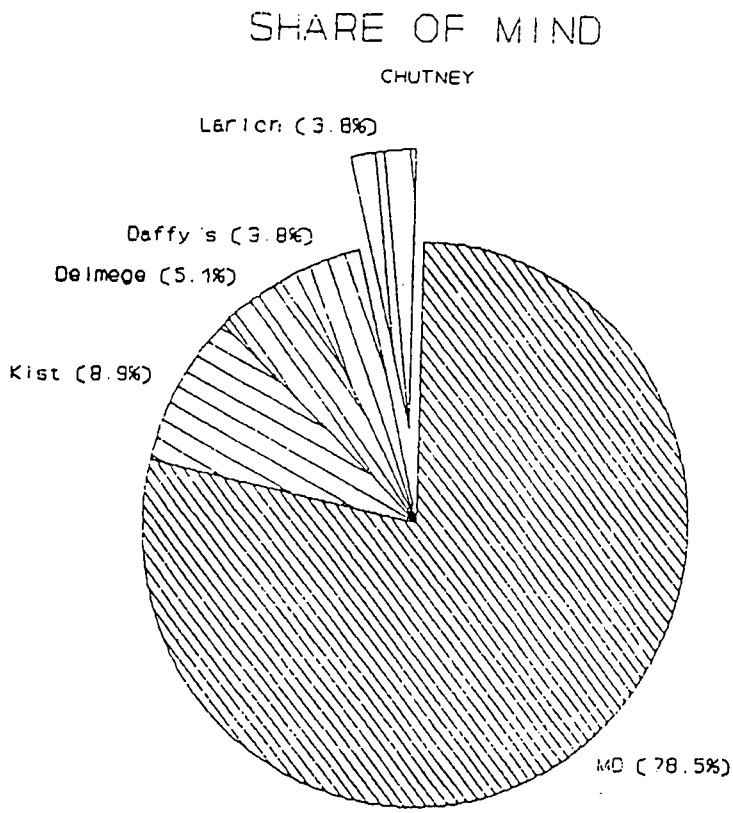
5.3.1 Brand Awareness

Share of Mind: When the respondents were asked to indicate the brands that come to their mind when they think of chutney the very first brand each respondent mentioned when analysed is as shown in following table.

SHARE OF MIND: CHUTNEY USERS

Brand	No. of Respondents	% share
MD	62	78.5
Kist	7	8.9
Delmege	4	5.1
Daffy's	3	3.8
Larich	3	3.8
Total	79	100.0

When this data is presented graphically it is as shown below



Unaided Recall: When all the different brands mentioned by the respondents are totalled and analysed it is as shown in following table.

BRAND RECALL: UNAIDED

Brand	No. of Respondents	% share
MD	75	94.9
Kist	35	44.3
Delmege	27	34.2
Daffy's	4	5.1
Larich	6	7.6
Happy home	1	1.3
K V C	1	1.3
Sunny Hill	1	1.3
Elephant House	2	2.5

n an average each person has mentioned two different brands.

Aided Recall: When the respondents were aided with a list of brand total recall of all brand names increased to levels shown in followin table.

MD, Kist and Delmege rank very high on Brand Awareness and amon newer brands, recall of Larich substantially increased when aided. On an average each member is aware of about four different brands.

BRAND AWARENESS

Brand	No. of Respondents	% share
MD	79	100.0
Kist	79	100.0
Delmege	78	98.7
Daffy's	14	17.7
Larich	30	38.0
Happy home	13	16.5
K V C	13	16.5
Sunny Hill	2	2.5
Elephant House	1	1.3

.3.2 Brands Ever Used

When the respondents were asked to indicate the brands of Chutney they have ever used, the responses were as shown in following table. MD Chutney has been used by 96% of the respondents sometime in the past and Kist and Delmege are the other two brands which has been used by more than 50% of the sample members. On an average each respondent has used more than two brands. That implies that there is frequent brand switching by the consumers.

Brand	No. of Respondents	% share
MD	76	96.2
Kist	50	63.3
Delmege	41	51.9
Larich	10	12.7
Daffy's	5	6.3
Happy hor	3	3.8
K V C	4	5.1
Elephant House	1	1.3
Other (Mahlal)	1	1.3

5.3.3 Brand Last Purchased: Share of Market

When the respondents were asked to indicate the brand of Chutney they have last purchased, the responses were as shown in following table. This table shows the current market share of different brands of chutney. MD is a clear leader with a market share of more than 70% and a lapsed usage of only 26%. All the brands except Elephant House have recorded high lapsed usage. For the two brands Kist and Delmege lapsed usage is as high as 82% and 85%. Newer brands such as Larich and Daffy's also have experienced lapsed usage percentages of 60% and 10% respectively.

Brand	No. of Respondents	% share
MD	56	70.9
Kist	9	11.4
Delmege	6	7.6
Larich	4	5.1
Daffy's	3	3.8
Elephant House	1	1.3
Total	79	100.0

5.3.4 Brand Preference: Share of Heart

'hen the respondents were asked to indicate the brand they prefer 'hen they are purchasing chutney again, the responses were as shown ı following table. This table shows the share of heart for different rands of chutney. MD maintains its leadership with a share of heart : more than 50%. However the drop from current market share is very .gnificant. Kist and Delmege will have a growth in their market share nce the share of heart is more than the current market share. For the vo brands Larich and Daffy's there will be no growth at present.

Brand	No. of Respondents	% share
MD	37	46.8
Kist	10	12.7
Delmege	12	15.2
Larich	4	5.1
Daffy's	3	3.8
Top Flavours	1	1.3
No Specific Brand	12	15.2
Total	79	100.0

5.3.5 Brand Loyalty

When brand loyalty of the respondents is calculated using the share o market and share of heart it is as shown in following table.

BRAND LOYALTY : CHUTNEY

Brand	Loyalty
MD	60.7
Kist	55.6
Larich	100.0
Daffy's	100.0
Delmege	50.0
Elephant House	0.0

arich and Daffy's have 100% Brand Loyalty and MD has only 61% loyalty om it's present consumers.

5.3.6 Brand Perceptions: Reasons for preferring a brand

When the respondents were asked to identify the reason for preferring the brand they are going to purchase next responses were as follows. 'Good taste' ranks as number one reason indicated by 44.8% of those who had a specific brand in mind. 'Good smell' has been mentioned by one respondent. 'Made of fresh fruits', 'Good Ingredients' and 'free of artificial flavours' are some of the factors mentioned by respondents regarding the con tent. On an average each respondent has given more than one reason for preferring the brand of his choice.

BRAND PERCEPTIONS

Brand Perception	No. of Respondents	Percent. %
Good taste	30	44.8
What is accustomed to	11	16.4
Reasonable Price	9	13.4
Made of fresh fruits	6	9.0
Famous brand	4	6.0
Good Ingredients	4	6.0
Good quality	3	4.5
Produced by a Govt. Organisation	3	4.5
Good package	2	3.0
Brand that can be trusted	2	3.0
Other	7	10.5
No specific reason	5	7.5

5.3.7 Usage Habits

Who: When the respondents were asked to identify who uses chutne most often in their households and the responses were as follows.

WHO USES IN THE HOUSEHOLD

Person/s	No. of Households	Percent. %
Housewife/Husband/Grand mother	37	46.8
Everyone in the household	29	36.7
Son/ Daughter/ Grand Son	17	21.5
Children only	9	11.4
Visitors	3	3.8
Servants	1	1.3

When: When the respondents were asked to identify when those person consume chutney most often in their households, the responses were a follows.

WHEN CONSUMED

Occasion	No. of Households	Percent. %
With Lunch or Dinner	70	88.6
With Breakfast	7	8.9
As an ingredient for other dishes	3	3.8
No specific time	2	2.5

With what: When the respondents were asked to identify with what d those persons consume chutney most often in their households, th responses were as follows.

CONSUMED WITH WHAT

Occasion	No. of Households	Percent. %
With Rice	74	93.7
With Bread	5	6.3
With Hoppers, String Hoppers or Rotti	3	3.8
With Noodles	3	3.8
With other foods	7	8.9
Without any other food	2	2.5

Average Consumption: Based on the responses of the sample member to the question as to how long the pack they normally buy last, th average consumption per household is as follows.

AVERAGE PERIOD OF CONSUMPTION

Type and Size of Pack	Average Period of consumption
Normal size Glass Jar	23 days
Medium size Jar	32 days
Small Jar	21 days

In most households one pack lasts a period of between 2 to 4 weeks. Extremes were one pack every three days on one end and one pack for seven months at the other end.

5.3.8 Factors Influencing Purchase

/hen the respondents were asked to identify the factors that are nportant when purchasing Chutney the responses were as follows.

Factor	No. of Respondents	Percent. %
Good taste	45	67.2
Expiry Date	34	50.8
Brand	16	23.9
Ingredients	13	19.4
Price	12	17.9
'Being Spicy'	5	7.5
Packaging	5	7.5
Freshness	5	7.5
Quality	3	4.5
Viscosity/ How concentrated?	3	4.5
SLS Mark	3	4.5
Manufacturer	2	3.0
Other		10.5

5.3.9 Rating of Factors Influencing Purchase

The factors given in the following table were shown to sample members and they were asked to rate each of the factors on a scale starting from 'Extremely Important' (5) to 'Not at all important' (1). Other points in scale, 4,3 and 2 represented 'Very important', 'Fairly important' and 'Not so important'. When the responses are analysed the rating of different factors are as follows.

Attribute	Score
Brand	3.9
Packaging	3.8
Price	3.3
Taste	4.3
Ingredients	4.0

ccording to the ratings Taste is the most important factor and it has een given a rating higher than 'very important' level. It is interesting o note that Price is the lowest important factor and has been given a ating slightly higher than 'Fairly important ' level.