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MARKETING AND EXPORT OF DAIRY PRODUCTS

KOSOVO CLUSTER AND BUSINESS SUPPORT PROJECT



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MARKETING AND EXPORT OF DAIRY PRODUCTS

THIS REPORT DESCRIBES WORK WITH LOCAL KOSOVO DAIRY PROCESSORS TO PREPARE THEM TO ENTER THE REGIONAL MARKETS OF ALBANIA AND MACEDONIA. POTENTIAL BUYERS FROM THESE COUNTRIES ARE IDENTIFIED AND DAIRY PRODUCT MARKETING OPPORTUNITIES AND SUPPLY NEEDS ARE DESCRIBED.

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PURPOSE OF ASSIGNMENT

The purpose of this assignment was to work with local dairy processors (Abi, Bylmeti, Ajka, Rona, and Golaj) to enter the regional markets of Albania and Macedonia with at least two dairy products. The consultant identified potential buyers from these countries to determine dairy product marketing opportunities and supply needs. The goal is to market at least 20MT of domestic dairy products annually to Albania and/or Macedonia.

BACKGROUND

The KCBS project has provided technical assistance to the above-mentioned dairy processors to successfully develop new products. Cooperation with dairy processors continues in working on GMP and HACCP standards implementation. New products have been launched successfully in the local market. The quality of dairy products like white cheese, feta cheese, Gouda, cheddar cheese, and mozzarella are meeting current market requirements.

KCBS has completed limited market research in Albania and Macedonia. The results indicate that both countries have demands for specific products which are produced in Kosovo like white cheese, yellow cheese, and yogurt with specific demands for flavor, packaging, taste and consistency.

Local dairy processors have the ability to produce more products than they can sell on the domestic market presently. The amount of white cheese available for export is 10 MT per month from 5 processing plants. There appears to be demand for yellow cheese in Albania and Macedonia. In Albania yellow cheese is imported for making pizza. Domestically produced mozzarella, 1-3 MT per day, can be produced for export to Albania. Liquid yogurt is not produced in Albania and there is interest in importing it from Kosovo particularly during the summer months. Cream filled peppers are available for export of up to 4, 0 MT per month and Ricotta (Xhiza) can be produced in quantities of 10 MT per month for export.

According to Albanian and Macedonian consumers, dairy processors must do the following to increase sales of local dairy products:

- Improve and maintain high product quality
- Improve packaging and labeling of products according to market trends in mentioned countries.

Through this activity, the KCBS project seeks to help commercial dairy processors effectively export dairy products that successfully compete in the regional marketplace. In conjunction with this activity KCBS continues working with processing plants by providing technical assistance to improve quality control of the product, lab testing, processing line efficiency, and implementation of GMP standards.

EXECUTIVE SUMMARY

During the assignment I visited five dairies and identified several problems, which prevented Kosovo's dairy producers from expanding into neighboring markets. Problems such as:

- lack of knowledge for papers necessary for exporting their dairy products,
- lack of capacities for production to satisfy the export as well as the domestic market,
- high product prices that can not be competitive in the Macedonian and Albanian market, and
- types of products that don't satisfy the foreign market taste.

At the two dairies, "Abi" in Prizren and "Bylmeti" in Pristina (selected for their better production conditions and greater production capacity, we discussed with managers their exporting capabilities for broadening their markets in neighboring countries, Macedonia and Albania. My field work consisted in collecting samples which ought to be presented to the target markets. These samples and packaging of Kosovo's dairy products were offered to target markets which responded to them in one way or another. The distributors and merchants (those who were ready to accept the products and their respective characteristics) are now continuing their cooperation with Kosovo's dairy processors.

FIELD ACTIVITIES TO ACHIEVE PURPOSES

8th January 2007

I was introduced to the full time schedule for my days in Kosovo.

9th January 2007

In the morning had a briefing with Zijadin Gojnovci, Albert Wanous, Musli Berisha and Vladimir Kokarev, by whom I was introduced to the purpose of my assignment and to the dairy producers in Kosovo. Some marketing analyses were presented at short notice by the people present at the meeting, where it was arranged to visit all the dairies which have export potential. That same day we visited the dairy "Bylmeti", from where we took samples of their products which were intended for the Macedonian market. At "Bylmeti" we discussed quality, distribution and export papers which a producer has to possess in order to export in Macedonia.

The same day we visited another dairy in Prizren called "Ajka", which didn't have big capacity and obviously has a local character, and it is not oriented for export. This dairy offered a product (white brine cheese) whose standards and quality could satisfy the Macedonian market,. Ajka said this product was meant for the Swiss market. My opinion is that he wasn't really interested for the markets that had been offered to him in Macedonia and Albania.

10th January 2007

Visit to the "Abi Prizren" dairy which for her capacities, tradition, quality, and production of 20 to 30 thousand liters milk per day is the factory closest to satisfying the needs for Macedonian and Albanian markets; it is the only factory which has an export license and certificates. I took samples which were to be offered to the Macedonian market. These samples are: cow cheese in different packages, mocarella cheese, sour milk, yoghurt and sour cream.

11th January 2007

We visited “GoIAj” and “Rona” dairies and discussed their production program, and also took samples. Neither processor has obtained certificates and documents for export. My opinion is that the two dairies satisfy only the needs of the domestic market, but maybe with further development and growth they could reach export potential.

12th January 2007

After I have seen the whole dairy market with and its producers, I think that dairies Abi in Przren and “Bylmeti” in Pristina are most suitable for export. This opinion was confirmed by visiting the market at the capital city where their products are selling the most. I visited both big and small type markets and milk restaurants where their products are offered. I went back to Skopje with samples to examine the willingness of the market to accept them.

15th January 2007

Went to Macedonian city, Veles. I have visited local distributor “Malina” who functions in this territory. The products weren’t accepted with delight, but they can be sold on consignment to examine their behavior in the market in order to continue with making any further agreements.

16th January 2007

In Kumanovo (another Macedonian city) I visited “Viktor trade” also a distribution company. His opinions are similar to the ones I’ve heard before, with a little difference. He thinks that if the products we are about to offer him are with distinguished quality the high percentage of the Albanian population in Kumanovo will guarantee their selling. In Sveti Nikole there isn’t much interest; there are already a large number of domestic dairy products that exist in this small town market.

17th January 2007

Strumica is a city situated close to Bulgarian border. Their market is crowded with domestic as well as Bulgarian exported dairy products. So my visit to this city was simply to investigate the Bulgarian quality and prices of dairy products.

18th January 2007

I visited Gevgelija. Through this city a large quantity of dairy products from Greece are imported by “Vendora” firm in Skopje that acts as a distributive center for this mark of products, usually Mevgal. The products are distributed through bigger supermarkets in Macedonia like: Vero, Tinex, SP Markets etc.

19th January 2007

Gostivar is a city that will easily accept the dairy products from Kosovo if they are brought to Macedonian markets. A distribution company named “Ugrin” is ready to distribute the products through market’s shelves.

22nd January 2007

In Skopje more than one trading place was visited. From big supermarkets like Vero, Tinex, SP markets through market for wholesale Kvantaski to local distributors like “Gobeks” who agreed to distribute the product that had been offered to him.

23rd January 2007

My visit to Bitola had two objectives: first, to see which of the two biggest Macedonian dairy producers exports to Albanian market; and second, if they export how high is the export price. Also I came here to talk about their working experience with Albanian traders and their general interests. I was very surprised when I found out that they couldn’t find a well spread distributor in Albania, who can place their products on the Albanian market.

24th January 2007

Struga is a city that lies on the border to Albania. Trading house "VEA trade", which also has its representatives in Tirana, was visited. The same firm agreed to the quality of this product but didn't agreed to sell it or to transport it to Albania because Macedonian producers offered the same quality but for lower prices.

25th January 2007

After the complete analyses that I have done on the Macedonian market, I concluded that the distribution company named "Gobeks" from Skopje agreed to distribute these products, but firstly he was interested in going to Kosovo to see the dairies' conditions for himself and to assess the capacities and production conditions in dairies "Bylmeti" and "Abi".

26th January 2007

Today with the company "Gobeks" we traveled to Pristina to visit the previously mentioned dairies. They exchanged impressions, contacts and expressed their opinions about further cooperation.

29th January 2007

On my way to Tirana, Albania I went through Elbasan where I have visited Mr. Veab Airo who runs a distribution network for some Macedonian products. I presented the sample products from Kosovo and talked to him about the producers. That same day I went to Drach where I have visited Mr. Zef Cupi and his company "Arberi" 92. The samples of Kosovo's products were also shown to him as well as the possibility to distribute them through Albania.

30th January 2007

After my arriving at Tirana I visited Mr. Kujtim Kapilari and his company "Sizi" which with his retailer network of direct distribution, as well as indirect distribution through other big and small market objects that don't belong to the company. Mr. Nazmi Zendeli was nominated for further communication with Kosovo as a representative of this company. The rest of the day I spent visiting various size markets and their milk products offerings.

31st January 2007

Today I went to Drach for the second time passing through Kavaja, Rogozina, Ljupina, and Fieri. In Fieri we've met Mr. Feizija Ago who works with food products distribution. He agreed to the quality of the samples and he was willing to distribute the goods on concession without guarantee in order to see how the demand for the products will show. I gave him credit cards from the producers so he can make further contacts. From the things I had seen so far, Albania has its own dairy market with products mostly imported from Italy and Greece.

01st February 2007

Again a trip through Drach, Saranda, Fier and Dzirocastro. The route same as before but today I had a meeting with Mr. Arben Ferko who insisted on seeing me due to my earlier announced visit. Also I had a chance to see how the dairy markets in smaller towns function. In Dzirocastro I went I made a contact with the company "Giro Farn" which produces dairy products with Greek license and technology for the Albanian market.

02nd February 2007

Today Mr. Pefiner from Prenjes and Mr. Pavli from Podgorec came to Drach but my attitude about the question concerning the distribution of Kosovo's dairy products in Albania is already pretty clear. I went back to Tirana to make arrangements with Mr. Kapilari who will be my suggestion for running the distribution of Kosovo's dairy products in Albania. That same day I went back to Macedonia.

05th February 2007

Control analysis for the Albanian work trip and connecting with Mr. Nazmi Zendeli for his future activities on the Albanian dairy market. A trip to Kosovo was arranged with planned visit to the two dairies/potential exporters to Albania. This trip is about to take place on 8th February and dairies "Bylmeti" and "Abi" are supposed to be visited.

06th February 2007

Preparation with Mr. Blagoja owner of the distribution company "Gobeks" for taking further actions for making a deal with "Bylmeti" dairy in order the exporting in Macedonia to start. Therefore a deal was offered to "Bylmeti" as soon as they get the proper documents for exporting in Macedonia.

07th February 2007

Last checking on the market analysis made for the Macedonian market. It all sum up to the high prices of the Kosovo's producers compared to Macedonian dairy products on the market, or them not having a proper license for exporting in Macedonia. They will not take the risk of selling the products without involvement of the producers. They do not like to sell products, which must be sold quickly or be thrown away because of their short shelflife; they can't reprocess them like they do with the Macedonian products. In the future they hope for more aggressive marketing as well as technical campaign of the producer in order to sell this type of products on this market.

08th January 2007

Today I have traveled with Mr. Zendeli to the dairy in Pristina "Bylmeti" and discussed for Albanian market and the placement of the Kosovo's dairy products there. After Mr. Zendeli took samples, he left for Albania with responsibility to continue the cooperation.

09th February 2007

Today's briefing with Mr. Zijadin and Mr. Wanous was about analysis of my assignment actions and presenting a complete picture, opinions, and solutions for further distribution and placement of Kosovo's dairy products on the markets on Macedonia and Albania.

TASK FINDINGS AND RECOMMENDATIONS

The company “Gobeks” from Skopje is ready to start its cooperation with the dairy “Bylmeti” from Prizren. They signed a contract which gives Bylmeti an exporting chance and also allows Gobeks to sell Bylmeti’s products through his own label named “Biser”. The products that are ready for export and that company Gobeks is willing to distribute through Macedonian market are:

- Cow cheese in package of 500 gr. and 1 kg.
- Mixed cheese in package of 500gr. and 1 kg.
- Sheep cheese in package of 500gr. and 1 kg.
- Cow yellow cheese in package of 500gr. and 1 kg.
- Mixed yellow cheese in package of 500gr. and 1 kg.

The prices will be accommodated by the Macedonian market. Now Bylmeti has to get approval for exporting to Macedonia by getting the much needed papers and documents in order to get an export license. Copy of the contract that Bylmeti and Gobeks signed is attached. Bylmeti is trying to get the necessary documentation and to start exporting.

My field activities in Albania gave birth to another cooperation that is already taking place between “Bylmeti” and “Arberi 92”. Nine different dairy products have been delivered to test demand in the Albanian market. My further activities will consist of simply monitoring their work; all other dealings are completely in the hands of the Albanian distributor Arberi 92 and Bylmeti. This deal is annexed as well.

CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE ACTIVITIES

I managed to create an interest for the dairy products from Kosovo in the Macedonian as well as Albanian markets. I awakened their interest by offering them products from neighborhood with distinguished quality developed by foreign experts. The company “Gobeks” was chosen as a partner to distribute the dairy products through Macedonia. He also offered his logistic support to help make the process for getting the license for distributing Kosovo’s dairy products. He offered a deal with the opportunity to import at least two products from Kosovo that with a little distributive effort will be highly welcomed from the Macedonian market.

In Albania the most acceptable company that offered to distribute “Bylmeti’s” products was SPK. “Arberi 92”. I think that mutual cooperation between the two sides will start to develop, and “Bylmeti’s” products will soon find themselves on the shelves on Albanian markets. Free quantities are being sent to Albania to see the demand. I will still track the development of this project, and I will help in solving some problems if they appear.