



**Livestock Improvement in Novo Brdo/ Novo Bërdë and Kamenica/
Kamenicë/ (LINK)
EEU-A-00-99-00027-00**

**Marketing of Dairy and Meat Products
in Novo Brdo/ Novo Bërdë Kamenica/ Kamenicë/**

April 2002
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Executive Summary

The purpose of this study is to assist CARE International's staff to focus on marketing activities that can assist the farmers with whom they work to sell products they produce, whether it is raw milk, cattle, homemade cheese or sausage. The bottom line is that, in order to increase sales, the farmers need to change from a production orientation to a market orientation that seeks out target markets and customer needs/wants in order to tailor their production to achieve customer satisfaction. Marketing of food products is "...the performance of all business activities involved in the flow of food products and services from the point of initial agricultural production until they are in the hands of the consumers."¹

Farmers need to break the habit of producing goods, which they have always produced for which there is no market or for which there is no known market. The farmers have the habit of complaining that no one is buying their products. Yet, they do not actively seek new markets nor do they promote their products. The normal manner of selling goods is to produce something, such as milk, then wait for someone to come to their homes to buy it, or to take it to a local market and try to sell it there.

Another habit is to produce standard, homogenous products and to sell them in the markets at the same price as everyone else. The farmers with whom CARE works generally do not try to differentiate their products by quality, attributes, or price. In addition, there are no industry standards and very limited, if any, quality control. This results in products being sold in marketplaces about which the consumers know nothing.

The dairy sector faces a particular problem in that the processing capacity is much smaller than both the raw milk supply and the demand for dairy products. It is estimated that, on an annual basis, Kosovar farmers can produce around 206 million liters of milk, that Kosovars consume 300 million liters of milk, and that the dairy processors have a capacity to process only 41.9 million liters of milk. Thus, Kosovo/Kosova must import over 100 million liters of milk annually in order to meet its demand.

In the meat-processing sector, there is a supply problem in that there is a lack of a regular, large quantity of cattle for large processors to be interested in purchasing cattle locally. There is no centralized and coordinated distribution system, the enforcement of quality and health standards is questionable, and the industry is dominated by a large number of small, private butcher shops. The exact number of cattle available for sale at any time is unknown, though numbers are estimated to be 50% lower than in prewar years.²

In the dairy and meat industries, supply and demand are uncoordinated, information between farmers and processors is erratic, and prices are based upon prices of similar imported goods, not on standards. Producers and processors need to work together to

¹ *Marketing of Agricultural Products*, pg. 6, Richard Kohls and Joseph N. Uhl

² Reports have indicated that there are between 50,000 – 100,000 head of cattle in Kosovo/Kosova.

coordinate efforts, stabilize and regulate production schedules, and establish quality controls in order to make Kosovar products competitive with imports.

Dairy Sector Overview

The Kosovar dairy sector can be described as fragmented, small, and incomplete in the sense that the entire supply chain from producer to processor to consumer is uncoordinated and missing several elements.

- **Small**

There are 17 dairy processors in Kosovo/Kosova with a total daily processing capacity of roughly 46,000 liters per shift per day. Operating at 2.5 shifts per day, this would equal 115,00 liters per day (41.9 million liters per year). However, the *current processing* level is only an estimated 24,900 liters per day (5.8 million liters per year), or 14% of the total capacity. By way of comparison, the current production capacity of *Sirela*, only one of several dairy processors in Croatia, is 300,000 liters per day.

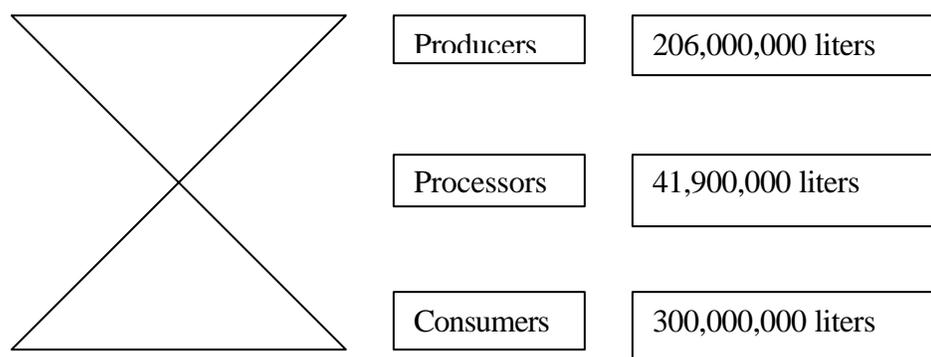
Table 1. Dairy Processors in Kosovo/Kosova 2002³

Municipality	Dairy	Capacity (l/shift/Day)	Production (l/Day)
Dragash	Sharr Prodhim	-	-
Fushe Kosove	Bylmeti	5,000	2,500
Gjakove	Golaj	5,000	2,000
Gjilan	7 vellezerit	3,000	400
Gjilan	Liria	1,000	700
Kosovska Kamenica/Kamenica	Kabi	10,000	3,000
Kosovska Kamenica/Kamenica	Zenti	500	300
Lipjan	Diti	600	600
Peje	Dukagjini	400	300
Peje	Dukagjini	400	200
Prishtine	Ajka	800	750
Pristina	Isaman	600	300
Prizeren	Korabi	-	-
Prizeren	Sharri	350	350
Prizren	Abi	15,000	12,000
Rahovec	BB	1,000	600
Total		46,150	24,900
Zvecan	Acted Serb	2,500	900

All numbers are rounded

³ This is a compilation of information from GFA Terra Systems Dairy Sub Sector Study Workshop 11.12.01, ABU, and field visits. Although exact figures varied from source to source, the bottom line is that the processors are working at below 50% of their actual capacity. Estimates of capacity range from 41,000 – 46,000 l/shift/day. Current production is estimated between 16,000 – 25,000 l/day. All of the directors of the dairies visited during this past month indicated that they were operating at below maximum capacity due to working capital problems, broken or missing equipment, or lack of desire to obtain a loan or lack of funding options.

Milk production is much larger than the milk processing capacity in Kosovo/Kosova. There are an estimated 155,000 cows⁴ in Kosovo/Kosova, producing an average 1,333 liters of milk per year. This equals a total of roughly 206 million liters of milk per year. The majority of this production is characterized by small herds (1-2 cows per family), mixed usage breeds (Simmental), and production of milk/beef for domestic consumption. Annual consumption of dairy products in Kosovo/Kosova is estimated at 150 liters per capita for a total of 300 million liters of milk per year. An estimated 100 million liters of milk are imported into Kosovo/Kosova each year.⁵



- **Incomplete**

While the situation is improving, the current collection and distribution of raw milk and milk products is lacking essential cooling equipment and distribution networks. There is a need for more milk collection sites with lactofridges, milk collection trucks, and centralized distribution system of processed products.

According to information provided by a GTZ representative, GTZ has established 19 milk collection sites throughout Kosovo/Kosova and has assisted milk processors with collection equipment (refrigerated trucks, lacto freezers, generators, milk collection cans). In addition, Mercy Corps has set up four collection sites around Gjilan with a capacity of 500 liters each. Each site services approximately 50 farmers and are located in the following villages: Livoc (mixed ethnicity); Pantesh (Serb), Kuvce (Serb), and Koretishte (Serb). These sites were established so that the farmers own the lacto freezers. Several dairy processors have also established many of their own collection sites. The directors of both *Bylmeti* and *Abi* stated that they are both very involved in establishing these sites, training the managers, and working with the farmers to organize milk collection. However, dairy processors still have to collect milk from house to

⁴ This is not an exact number. Again, there is no consensus on the number of cattle in Kosovo/Kosova, and numbers are estimates. One study estimated that there are 60,000 dairy cows in Kosovo/Kosova. Even at a rate of 5 l/day for 300 days, this amount would be more that double the current maximum capacity of all the dairy processors.

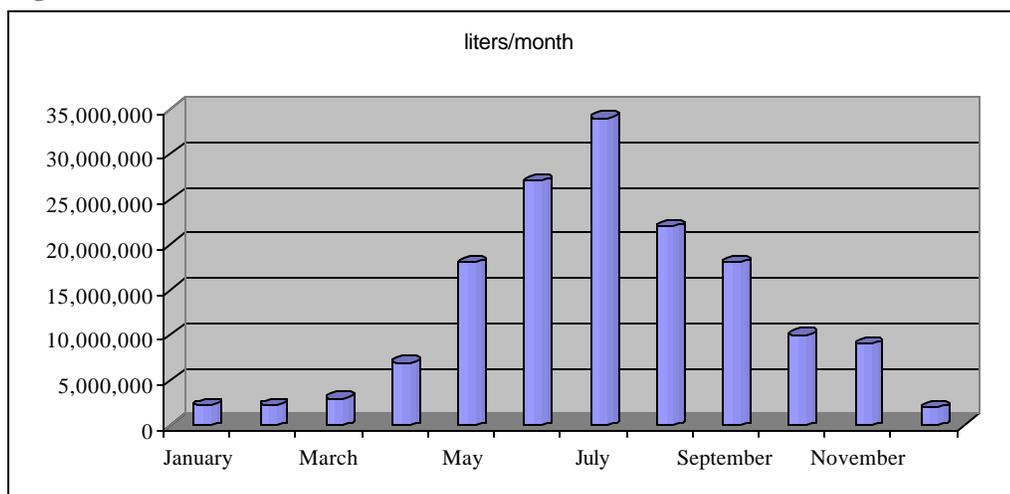
⁵ GFA Terra Systems Dairy Sub Sector Study Workshop 11.12.01

house in some regions. In these cases, the collection is often sporadic and provides no incentive for farmers to intensively pursue milk production. In Kosovska Kamenica/Kamenica, many of the farmers we spoke to complained that the dairy processor, *Kabi*, did not arrive at regular times, if at all, did not collect milk from the same farms, and often rejected the milk. Because of their small size, the dairy processors cannot achieve economies of scale

- **Fragmented**

Milk production follows a seasonal cycle in which there is an excess of milk in the summer months followed by a drought during the winter months. The director of *Bylmeti* stated that he pays his farmers 20% less during the summer months in order to encourage them to alter the lactation periods to produce more milk during the winter months. The dairy processors and dairy farmers also need to utilize contracts to ensure regular supplies of a sufficient quantity of quality milk and to stabilize production schedules, collection, and supplies.

Figure 1. Seasonal Production Level⁶



- **Milk Prices**

UHT milk is sold in retail stores for ~ 0.75 €. Milk is imported from Croatia, Hungary, and Slovenia. Some of the main producers, and thus main competitors, are: Dukat (Croatia); Alpsko (Slovenia); and Soje (Hungary). In Kosovo/Kosova, raw milk is purchased by the dairy processors for 0.25 – 0.3 € based on a price of 0.065 €/kg of milk fat.⁷ This is comparable to regional milk prices. For example, the average price per liter of raw milk in Croatia is 0.364 €, which includes a 20% government subsidy.

Un-pasteurized, raw milk which is not sold to the processors or used at home is often sold in the local markets for 0.7 €. The local practice is to use the price for 1 liter of UHT milk (0.75 €) as a reference point.

⁶ Chart based on numbers provided by SDC from its Dairy Sector Workshop, April 15-16, 2002, in Pristina

⁷ Information provided by *Bylmeti*

A study by SDC compared the price of 1 liter of UHT milk from Slovenia or Hungary as 0.35 €l at the factory door and sold for 0.6522 €l to Kosovar stores (Table 2). By comparison, the average price per liter of raw milk for the Kosovar dairy processors is 0.345 €l *before* processing.

Table 2. Costs of Milk per Liter⁸

	Euro/liter
Price at factory (Slovenia, etc)	0.35
Transportation	0.12
Customs, VAT (26.5%)	0.12
Subtotal	0.59
Margin for distribution (10%)	0.06
Wholesale to Shops	0.65
Shop mark-up	0.10
Retail	0.75

Dairy Products

The main dairy product produced in Kosovo/Kosova is liquid, unflavored yogurt with a shelf life of approximately 5 days. White cheese, cottage cheese, and fresh milk are also produced. By consumption, liquid milk comprises 40% of the liquid and fresh dairy products market (Table 3). Liquid milk is mainly imported UHT milk. According to an interview with the directors of *Bylmeti*, liquid yogurt has the highest profit margin and has a high demand. 80% of its production is currently oriented towards this product, though it plans to change this to 60% of its production and increase fresh milk production to 40% of total production.⁹ None of the dairy processors produce UHT milk or long-life yogurt or fruit flavored yogurt (the directors of *Abi* and *Bylmeti* have plans to begin these lines of production in the future). The main reasons cited for not producing UHT and fruit yogurt is the high cost of the equipment and the inability to take on more credit in the short-term. Packaging costs were also cited as curtailing the expansion of the production. Packing materials are predominantly imported through Macedonia requiring the processors to pay 26.5% customs and VAT. The directors of all of the dairy processors we talked to complained of the high cost of packaging materials.

Table 3. Liquid and Fresh Dairy Products Market in Kosovo/Kosova¹⁰

Liquid milk (mainly UHT)	40%
Liquid yoghurt	10%
Set or fruit flavoured yoghurt	5%
White salted cheese	15%
Powder and fat (butter)	15%
Other fermented and processed cheese	15%

⁸ Figures provided by SDC from its Dairy Sector Workshop, April 15-16, 2002, in Pristina

⁹ Conversation with Afrim Berisha, co-owner *Bylmeti*, March 26, 2002

¹⁰ Figures provided by SDC from its Dairy Sector Workshop, April 15-16, 2002, in Pristina

Novo Brdo/Novo Berde and Kosovska Kamenica/Kamenica

In the Novo Brdo/Novo Berde and Kosovska Kamenica/Kamenica Municipalities, there are approximately 3,000 farmer households with 4,500 cows producing an average of 6 million liters of milk per year.¹¹ Farms are typically small with 2.5 ha of land and 1.5 cows. Farmers are subsistence-level farmers producing food, milk, and meat for home consumption with excess products being sold in the local markets. This quantity of milk represents 3% of the total milk supply in Kosovo/Kosova and is enough to meet all of the *current processing* needs and almost 40% of the *production capacity* in Kosovo/Kosova.¹²

In these municipalities, milk is generally used for home consumption. Some milk is sold to the local dairy processors *Kabi* and *Zenti*. Some is used to make homemade cheese and yogurt. And, some is sold fresh in plastic bottles in the local markets. There are no milk collection points in this area, and there are no lacto-freezers.

Markets

The market for fresh milk is limited by both the size of the processors and the distance to these [processors](#) (see Table 1 for list of processors). There are two dairies which collect milk in the Novo Brdo/Novo Berde/Kosovska Kamenica/Kamenica Municipalities: *Kabi* and *Liria*. Two others, *7 Brothers* and *Bylmeti* have both indicated an interest in collecting milk in these municipalities. However, they indicated that they must first complete upgrading their processing equipment (fresh milk packaging for *7 Brothers*, a new processing plant for *Bylmeti*). They also indicated that due to distance and transportation costs, it is not currently favorable for them to collect milk in this area.¹³

Local farmers sell dairy products predominantly in local markets, on street corners, and to neighbors. The main local markets are located in: Rogacica (Wednesday, Sunday); Vitac (Thursday); Kamenica/Kosovska Kamenica/Kamenica (Friday); Llabjan (Thursday); and, Gjilan (Saturday). Serb farmers also sell products on Tuesday and Thursday at small markets in Gjilan). Some of the farmers have trouble getting to the larger markets (Pristina, Gjilan, etc.) because of transportation problems.

The products sold in the markets include: raw milk in plastic bottles (~0.7 €l); homemade feta cheese in buckets of salt water (0.25 €/kg); and, cottage cheese for burek also sold from big plastic buckets (0.2 €l). There is no guarantee for quality and hygiene, nor are these products refrigerated. In addition to this, there is no special packaging used, production dates are not indicated, and, therefore, expiration dates are

¹¹ Estimates based on CARE International studies.

¹² This figure does not take into account milk quality or milk used for family needs.

¹³ One future dairy project, which should be investigated, is the collection of sheep and goat milk for specialty cheeses. *Bylmeti* indicated its interest in collecting this milk in the future in order to fabricate new cheese products. Though quantities per animal are lower than for cows, the price paid for this milk is higher (€0.39 – 0.5 per liter).

unknown. Fresh, pasteurized milk is almost totally absent from the market. It is very difficult to find fresh milk in the supermarkets and small shops. The fresh milk that is produced by the dairy processors is placed in plastic bags and has a shelf life of 1 day. One representative of TetraPak-Croatia was surprised that this technology was still used and explained that it is the most basic packaging technique used for small, start-up operations.¹⁴ Because of the extremely short shelf life, this fresh milk must be distributed quickly, thus making transportation to distant markets almost impossible. Most small shops do not have or do not use proper refrigeration equipment to keep the milk cold and fresh. Thus, Kosovar fresh milk must be packaged, distributed, and consumed in a very short period of time. In order to use excess milk supplies, which cannot be sold, the farmers should intensively produce cheese. Not only does this require the use of large quantities of milk (8-10 liters of milk for 1 kg of cheese), it also provides the farmers with a product that they can store for long periods of time and sell and/or consume at home.¹⁵

Product Promotion

The farmers do not proactively promote their products, differentiate their products, engage in competitive pricing, use special packaging, nor use any type of quality control.

Those farmers in the Novo Brdo/Novo Berde/Novo Berde/Kosovska Kamenica/Kamenica region who do sell their raw milk to the dairy processors sell it predominantly to *Kabi*. However, field research has shown these facts:

- The milk collection is haphazard. *Kabi* does not collect milk at the same sites nor does it arrive at regular times according to a predetermined schedule. This is a problem because the milk is usually collected in open, plastic buckets or plastic bottles and left outside in the elements. This causes the milk quality to deteriorate rapidly or for the milk to spoil.
- Payments are infrequent. It has been reported on several occasions that payment is not made on time. This can lead to disenchantment by the farmers and unwillingness to produce milk.
- There are no milk collection centers in the Novo Brdo/Novo Berde/Novo Berde/Kosovska Kamenica/Kamenica area. Undoubtedly, without centralized collection points on good roads, milk collection trucks are forced to collect milk house to house thereby increasing their transportation costs and increasing the amount of time spent collecting the raw material needed to make dairy products. This also means that the chances of milk spoiling are high. And, individual farmers are not able to offer to the market a substantial amount of quality milk in easily accessible locations.

¹⁴ Telephone conversation April 5, 2002

¹⁵ shellach@freeler.nl, www.shellach.nl

- Farmers do not collect milk in sealed, metal cans, thereby increasing the spoilage rate by exposing the milk to oxygen and dirt, nor do they use milking machines.
- The dairy processors have divided up Kosovo/Kosova into territories where each one can collect milk. While this provides some efficiency from the processors' point of view, it hurts the dairy farmers who want to work with different processors. For example, *Kabi* collects milk in Kosovska Kamenica/Kamenica. Since KABI has the "right" to collect milk in this area, it does not have to worry about the farmers refusing to sell it milk and working with another processor. The director of *Liria* related a story of how it used to collect milk in Kosovska Kamenica/Kamenica until *Kabi* entered the area, paid higher prices, and drove *Liria* out of Kosovska Kamenica/Kamenica. The director of *Abi* also told a story of a similar clash it had with *Golaj*, when it tried to collect milk in the same village as *Golaj*.¹⁶

Meat Industry

The meat industry in Kosovo/Kosova can also be described as fragmented and incomplete. There are some large meat processors (one in the Gjilan area – *LBG*, one in Prizeren with a capacity of 26,000 head/year¹⁷; another in Prizeren – *Fructus*, which imports cattle from Czech Republic and has cold storage capacity to store 320 carcasses), which process meat and sell sausages, steaks, etc. Both of those mentioned do not purchase cattle locally but import the fresh meat from abroad (Slovenia, Austria, Germany, Holland, Czech Republic) then process it into different products. The directors of *LBG* stated that they are in negotiations with an Italian firm to import cattle from Italy, process it, and then sell it to Moldova. The reason stated for not purchasing locally is that there is not a sufficient, regular quantity of cattle to satisfy *LBG*'s needs and that the price per kg is too high (1.8 – 2 €/kg live weight). The Agri-Business Unit (ABU) estimated that there are between 57 – 62 abattoirs in Kosovo/Kosova, half of which are located in Pristina.¹⁸

Meat inspection regulations are also in a development phase and need to be emplaced and enforced. In most meat shops, carcasses are hung in store windows with no refrigeration, in direct sunlight, and/or kept in small refrigerators in the store. For the smaller butcher shops, there is an absence of refrigerated trucks to transport fresh meat and cold storage facilities to properly store meat. Many small shops have simple refrigerators in which they store carcasses/fresh meat after it has been hanging in the un-refrigerated store windows during the day.

Smaller butcher stores go to the local markets to purchase the bulls/calves one to three times a week, then slaughter them at home where they make sausages/steaks to sell in the stores. This entire process is often accomplished without health/veterinarian inspection. One such butcher, when asked about diseases, stated that he could tell a sick cow from a

¹⁶ These are unconfirmed reports.

¹⁷ Kosovo/Kosova, Survey of the Agro-industrial Sector, Christer Cronberg, July 15, 1999

¹⁸ From internal ABU report dated February 27, 2002.

healthy one just by looking at it. The threat of the spread of BSE, tuberculosis, brucellosis, and other diseases into the cattle herd and to the general public is paramount. According to a study conducted by ABU, the current veterinary border controls are not effective enough to prevent animal diseases from entering the region through imported live animals or animal products.

The demand for meat products is cyclical with the highest demand during the summer months when most farmers are working long days in the field and during holidays, such as Bajram.

Novo Brdo/Novo Berde/ and Kosovska Kamenica/Kamenica

In Novo Brdo/Novo Berde and Kosovska Kamenica/Kamenica, the cattle are bought/sold at local markets in Kosovska Kamenica/Kamenica, Rogacice, and Llabjan. It was discovered that many of the cattle are brought in from Serbia (it is unknown if they were inspected at the border). One dealer stated that he regularly goes to Vojvodina to purchase cattle to sell in the Rogacice market. Cattle are sold at 400 kg for ~1.8 €/kg live weight. This price is standard throughout Novo Brdo/Novo Berde and Kosovska Kamenica/Kamenica. The price is negotiable. Dairy cows are sold for ~1,100 €/head, usually with a calf in tow (see Table 4).

The products (cattle) are undifferentiated and standard in price and sold one or two at a time. There are no health certificates, papers of origin, or any other type of quality certificates or guarantees. In order to be attractive for the large processors, there would need to be available a large, steady supply of cattle with proper veterinarian/health inspection certificates. One way for this to occur is for the smaller producers to form a cattle breeders association to enforce industry standards, organize production and delivery schedules, and improve genetics.

Table 4. Price per kg Live Weight, 2002¹⁹

	Euro/kg
Bull live weight	1.8
Calf live weight	3.0
Sausage	4.0
Ground beef	4.3
Beef Steak	5.0

All numbers rounded.

Recommendations

There are many techniques that CARE International can introduce to the farmers with which it works in Novo Brdo/Novo Berde/Kosovska Kamenica/Kamenica in order to add value to their products and better promote them. Since CARE has its farmers divided between production and processing activities, some techniques will not work for all farmers. For example, the market for milk producers is much smaller than it is for those

¹⁹ Source: Visits to markets, interviews with small butcher shops. Prices are averages.

who make cheese because there is are a limited number of dairy processors in Kosovo/Kosova with limited capacity and because processed dairy products can be stored for longer periods of time than can be raw milk. Similarly, with the meat industry, processed meat has a longer shelf life than fresh meat. Listed below are recommendations which CARE can introduce or continue to proactive with its farmers in order to add value to the products they produce and increase their sales.

1. Promote proper milk/meat handling procedures

Dairy processors need quality milk for their products. In order for the processors to be interested in purchasing milk in this region, the milk quality needs to be good (high fat content, high protein, non-acidic, free of antibiotics). Milk needs to be collected in metal cans, cows need to be fed properly, milk needs to be kept out of sunlight and kept free of dirt. Currently, many farmers collect their milk in plastic buckets and bottles, expose it to sunlight, dirt, and air while waiting for a collection truck to collect it.

Likewise, meat products need to be kept refrigerated or in cool areas, kept free of dirt and out of direct sunlight. Many butcher stores have dirty floors and counters, raw meat hanging in unventilated windows with no refrigeration and in direct sunlight. In one butcher shop visited, sausages were lying haphazardly on an unwashed counter with flies floating around, with the floor unkempt and utensils dirty. The butcher, without washing his hands, then picked up a dirty knife to cut off a piece of sausage for us to taste. CARE beneficiaries should be trained in the importance of hygiene: washing hands; wearing plastic gloves when handling raw meat; cleaning counters, milk collection buckets, knives, etc.).

2. Promote proper animal husbandry practices

Proper feeding of the cattle is essential for both beef and milk production. Proper feed can provide the nutrients needed to increase fat content in milk or increase weight gain in the calves. Stalls should be kept clean and ventilated. Many stalls visited were basements with little or no ventilation. Herd management can help the farmers to produce milk/meat when demand is strongest or supply is lowest (winter months for milk, summer months for meat).

3. Continue to work with the dairy/meat processors to coordinate efforts

Since the market for raw milk is essentially the dairy processor, CARE staff needs to keep in contact with the dairies in order to promote the farmers' activities and keep the processors interested in the area. CARE needs to work with the dairy processors in organizing milk collection sites in the area, training events, and potential collection routes. It needs to work with the butchers to organize proper feeding programs for cattle, to schedule regular deliveries/pick-up of cattle, and to introduce the practice of forward contracts to guarantee prices for the producers and quantity for the processors. Industry specific associations should also be formed in order to promote consumption of Kosovar

milk/meat products. CARE staff should also work with the butcher shops in the two municipalities to seek funding for packaging and drying equipment.²⁰

4. Encourage farmers to form trade associations

An association can assist in coordinating milk/meat supplies, negotiate prices for its members with the processors, establish and enforce industry standards, organize bulk purchases for its members, and facilitate the flow of information. While an association cannot solve all problems, it is a step forward to provide some organization to the production-collection-processing-distribution chain and to provide a unified voice for the farmers to discuss issues with the processors. The farmers can also work together to solve basic problems. For example, to overcome transportation difficulties, farmers can carpool to various markets or dedicate one association member to regularly collect their products and travel to markets around Kosovo/Kosova to sell. CARE should teach farmer associations it forms how to conduct market research in order to monitor prices, industry trends, and industry developments.

5. Assist farmers/associations to acquire/purchase lacto freezers, milk collection pails, milking equipment, cheese production equipment²¹

Milk collection equipment will provide an added incentive for dairy processors to collect milk in Novo Brdo/Novo Berde/Kosovska Kamenica/Kamenica since the farmers will be able to store milk for 2-3 days and provide the necessary volume in convenient locations for the processors to collect milk with minimum transportation costs.

6. Product differentiation, promotion, quality practices

As previously noted, products sold in the market are uniform, hygienically questionable, and sold passively. CARE should teach its demonstration and participating farmers how to package and promote products differently and how to make different products. More specifically, it should promote the concept of market-oriented production. This is the practice by which the producer will choose its target market and research customer needs in order to determine what products the customer needs/wants. The goal is to provide customer satisfaction. For example, in the case of raw milk, a dairy processor wants a regular source of high-quality milk in sufficient volume to offset its transportation costs. The producers, either with CARE's assistance or through an association, needs to contact the processors and butcher shops to determine what their needs are and how they can satisfaction to these customers. CARE's processing farmers need to research the markets to determine what people are willing to buy and at what price and volume. This can take the form of a formal quantitative analysis through questionnaires and focus groups, or informal observation of which products sell well and simple questions asked at markets. After CARE's extension agents teach its demonstration farmers how to produce a new product, the marketing coordinator should develop a plan to introduce this product to the market to test customer reaction. One of the best ways to do this is a simple taste test.

²⁰ There are many companies in Europe selling used equipment. One association is located in Germany: Vereinigung internationaler Händler gebrauchter Maschinen - Fachgruppe im FDM" (**Association of international traders in used Machinery** - Specialist Group in the **FDM**).

²¹ Cheese equipment supplier: Gebroeders Rademaker, Ostzijde, 30 1426 AE DE HOEF, Netherlands Tel. 0297-5932313 Fax 0297-593261

Farmers can offer free samples of their new products at the markets in order to elicit customer reaction. They can offer new products at reduce prices in order to encourage sales, offer a new product sample along with regular purchases, offer hotels, restaurants, and shops and special prices for new products.

Farmers should be encouraged to proactively inform their customers about their products. This can take the form of labels indicating the production dates and ingredients of their products; brochures; taste tests; or, food fairs.

There are countless ideas on how to make a product unique. The following are some ideas on what CARE's farmers can try with their cheese and sausage:

Products

- wax rind for cheese; raw milk in glass jars; cheese with different herbs/spices; cover the table at the market with a table cloth; cheese can be cut into small pieces, placed in glass jars with olive oil/spices; label and promote products as "homemade", "traditional", "ecological", "organic"²²; use molds to make different shapes of cheese
- Beef jerky; pepper sausage; sausage with herbs; summer sausage; sausage with different dimensions; bite-size sausage links; hard sausage; salami; etc.

Promotion

- use selling techniques such as buy-one get-one free, reduce prices for increased or repeat purchases, coupons, add-on sales (buy 1 kg cheese at regular price and get 1 kg sausage for a discount),

Place

- actively seek clients in larger cities (this can be through an association) such as hotels, restaurants, shops, instead of waiting for clients to come to them at the markets
- Stress quality of products over price.
- Provide free samples at their market tables
- Organize a traditional food fair in different locations (Gjilan, Pristina, Prizeren, etc.) to promote homemade products

Price

- Competitively price the products below similar products found in retail shops in order to encourage sales

7. Public media

CARE (and associations when formed) should use the radio to describe their activities, their products, locations where these products are sold, so as to generate interest among the local population to purchase locally produced foods. Both CARE and the American KFOR use local radio stations to announce events. CARE's farmers should be encourage

²² Organic would require official certification. While this is a lengthy process, it is something that the farmers can begin to investigate.

to speak about their products during these times. Farmers should also be encouraged to organize special food fairs to promote products, and to publish recipes in local newspapers.

8. *Product presentation training*

CARE should provide training on different packaging and presentation techniques for the homemade products so as to make them more attractive to customers. At one of the meetings with the farmers, it was mentioned that the people from the city do not buy the milk sold in plastic bottles because they do not trust the quality and because it is unattractive. This milk could be placed in a glass container with a tag stating the time/date it was produced, and promoted as “wholesome, unprocessed, free of chemicals” with a guaranteed price reduction on the next bottle bought for when the bottle is returned. Market stands need to be kept clean and be modestly decorated with tablecloth, flowers, etc. Containers should also be kept clean and presentable.

9. *Price differentiation*

Products can be promoted through price differentiation. Though products are generally uniform, prices do not need to be. In order to increase sales, prices can be lowered and changed; special prices can be offered during holiday seasons or other special occasions; new products can be promoted through low prices.

10. *Establish new links with processors, foreign organic producers*

Farmers should be encouraged to actively seek out new links with processors, stores and restaurants. We were unable to go to Serbia to investigate the potential market for raw milk there. However, it was discovered that a dairy from Presevo, Doda, used to collect milk in the region. This could be a potential market for the dairy producers. Local markets for homemade sausages and cheese might also exist.

11. *Expand scope beyond the two municipalities*

While CARE’s extension activities are limited to the Novo Brdo/Novo Berde and Kosovska Kamenica/Kamenica Municipalities, CARE staff need to look at all of Kosovo/Kosova when considering market opportunities. The largest cities and the largest markets (Pristina, Prizeren, and Gjilan) are located outside of these two municipalities and should be included in the marketing focus.