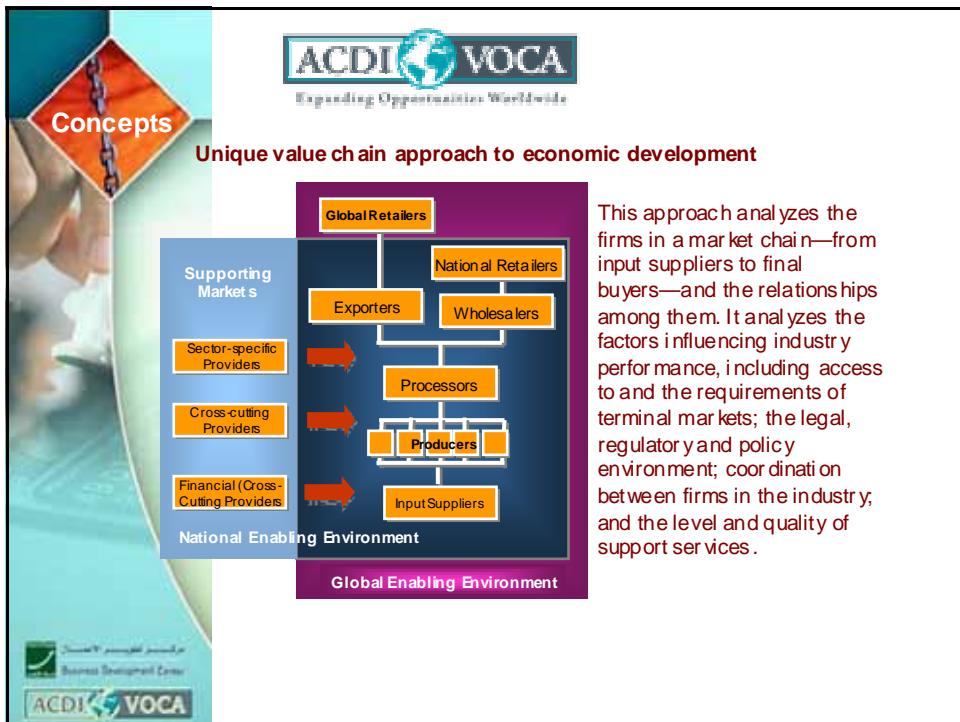
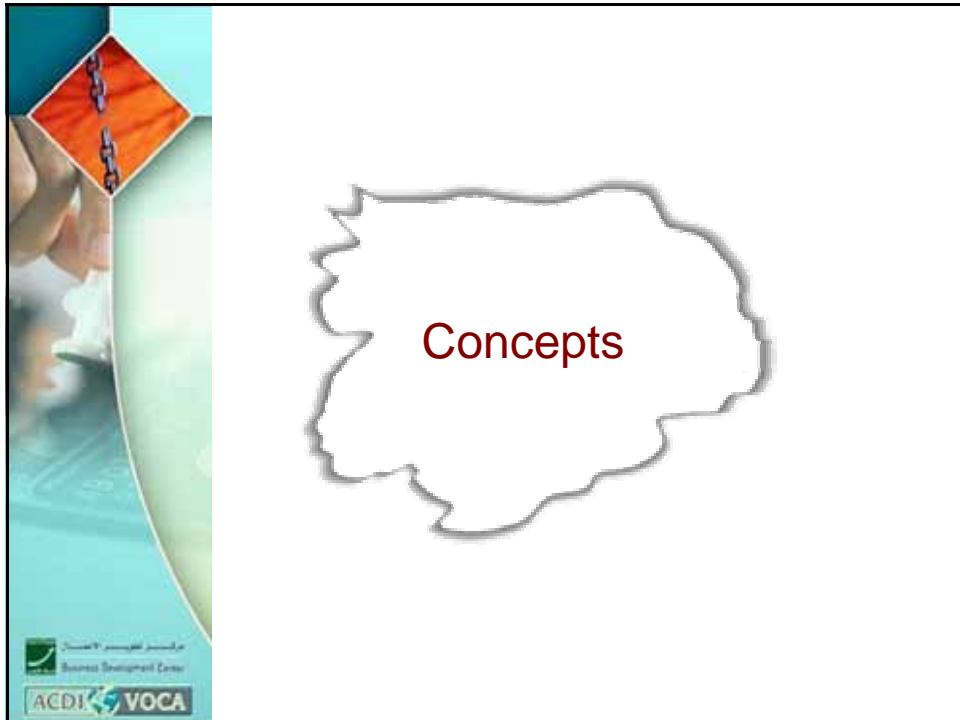


Contents

- **Concepts**
 - ACDI Value Chain Methodology
 - Competitiveness
 - Value Chain
 - Market Intelligence Versus Market Research
- **Tools**
 - ATUT outreach system
 - ALEB MarketPulse Egypt
- **Implementation**
- **Results**
- **Lessons learned**

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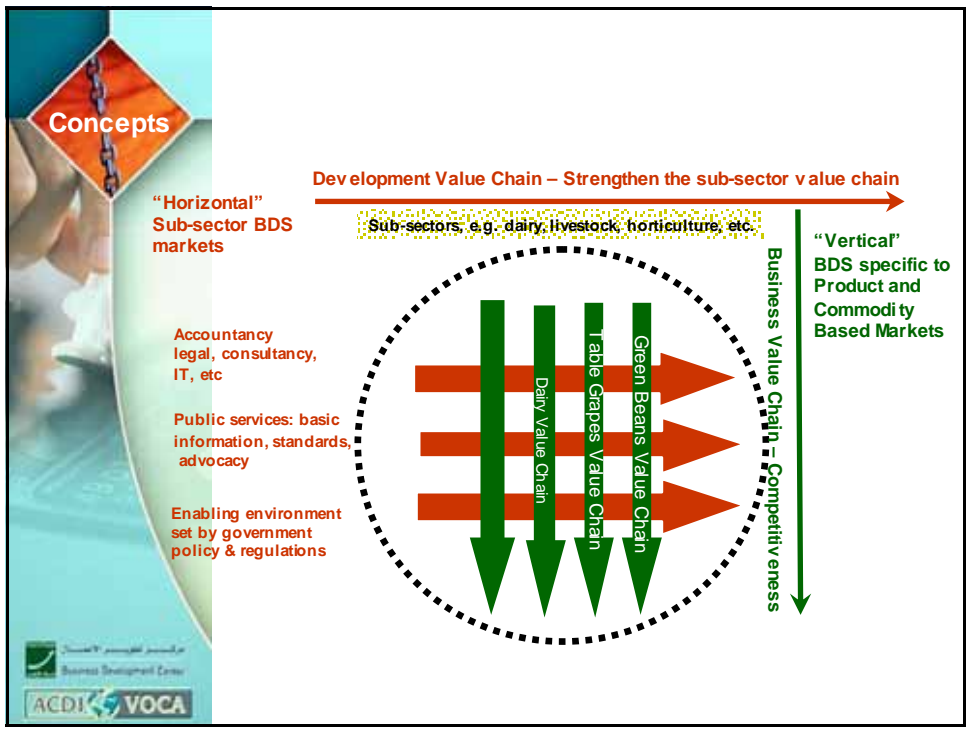



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Expanding Opportunities Worldwide

Concepts

The central goal of ACDI/VOCA's value chain approach to private sector development is to accelerate economic growth and poverty reduction. Toward this end, ACDI/VOCA uses a participatory, stakeholder-driven approach to exploit opportunities for investment and growth in industries with high levels of micro and small enterprise (MSE) participation.

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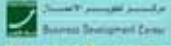






Concepts

Value Chain: Several definitions, the same concept

- *A value chain is a sequence of activities which should function to add value to a service or function.*
- *The value chain describes the full range of activities required to design, deliver and support a specific function or service.*
- *Value chains include and agency's internal business and production processes, suppliers, and customers.*
- *The main purpose of the value chain analysis is how to identify activities that provide value and how to categorize them to understand an organization's competitive position in the marketplace. It also addresses the considerations organizations might make in deciding how it will participate in the marketplace.*

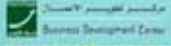






Concepts

Differentiation Advantage via Value Chain Analysis

- *How to use value chain analysis to identify sources of uniqueness and their associated costs?.*
- *In addition, it details elements of value from the customer's perspective.*
- *Using this information is necessary in the creation of sustainable strategies to position the entity uniquely among competing entities.*

Agri-Food Value Chain

- Agri-food producers, processors and retailers will no longer compete as individual entities. Rather, they will collaborate as a strategic value chain and compete with other value chains in the market place.

Value Chains: A definition

- A strategic collaboration of organizations for the purpose of meeting specific market objectives over the long term and for the mutual benefits of all 'links' of the chain.

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Agri-Food Value Chain

Business Relationships are Changing

	Traditional	Value Chain
Information sharing	Little or none	Extensive
Primary Focus	Cost/price	Value/Quality
Orientation	Commodity	Differentiated Product
Power Relationship	Supply push	Demand Pull
Org. Structure	Independent	Interdependent
Philosophy	Self optimization	Chain Optimization

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Concepts

Agri-Food Value Chain

The "Traditional" Picture

The diagram shows four blue ovals representing stages in a chain. A solid red arrow labeled "Supply" points from left to right above the ovals. A dashed red arrow labeled "Market" points from right to left below the ovals.

The "Value Chain" Picture

The diagram shows four blue ovals representing stages in a chain. A solid red arrow labeled "Supply" points from left to right above the ovals. A solid red arrow labeled "Market" points from right to left below the ovals.

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Concepts

Agri-Food Value Chain

Changes in the Global Food System

<p>Fundamental shifts</p> <ul style="list-style-type: none"> • changing consumers • consumer driven • market access • industry responsibility • sustainable solutions 	<p>Reaction industry</p> <ul style="list-style-type: none"> • concentration • added value • internationalization • new technology • co-operation 	<p>Chain reversal</p> <p>Mass individualization</p>
---	--	---

New rules of the games

- relation based instead of transaction based
- integrated instead of separate approach
- from internal to external focus
- learning by doing
- from linkage-maximization to chain optimization

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Agri-Food Value Chain

Concepts

Value Chains: Why Now?

- Food safety: a growing concern
- Product quality and consistency
- New product innovation and differentiation
- A need to build capacity to respond
- Effective strategic alliances can enhance financial performance

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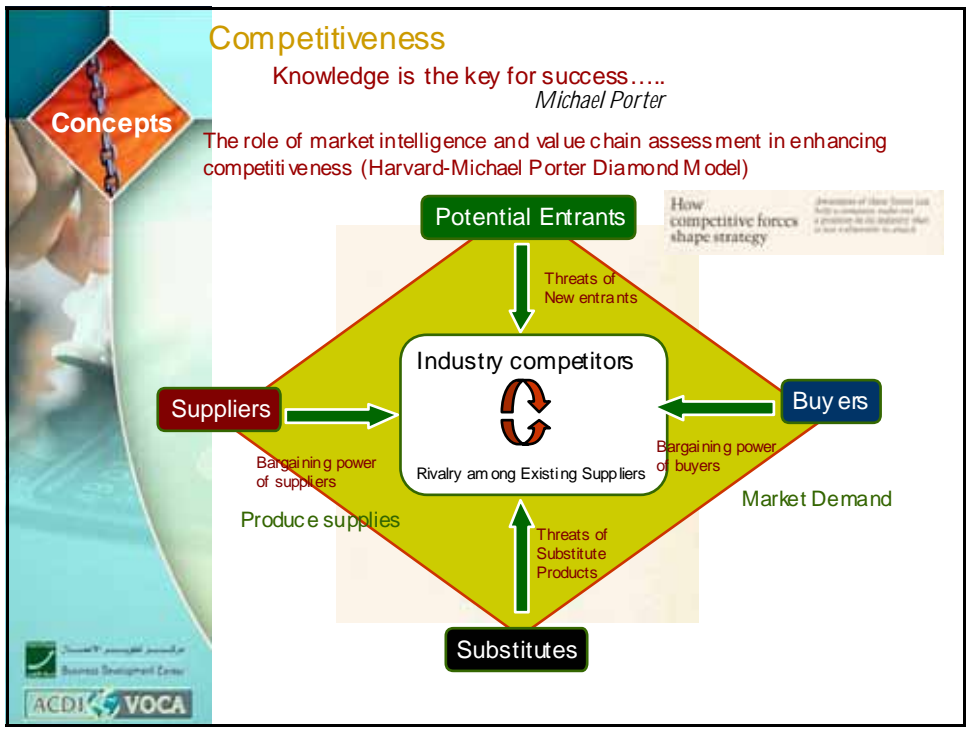
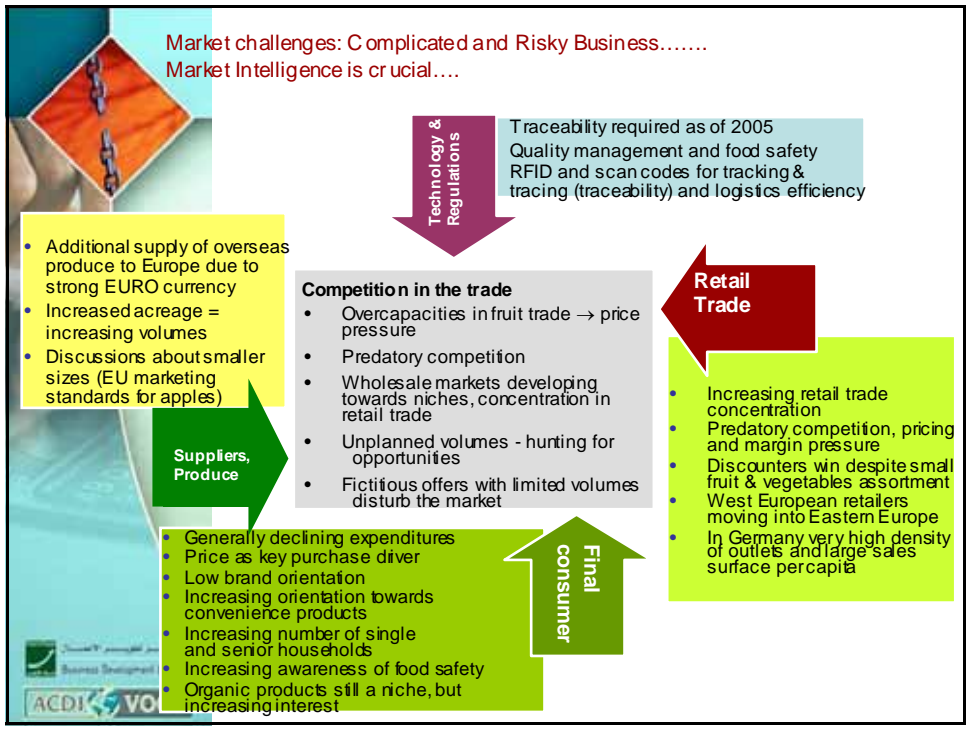
Agri-Food Value Chain

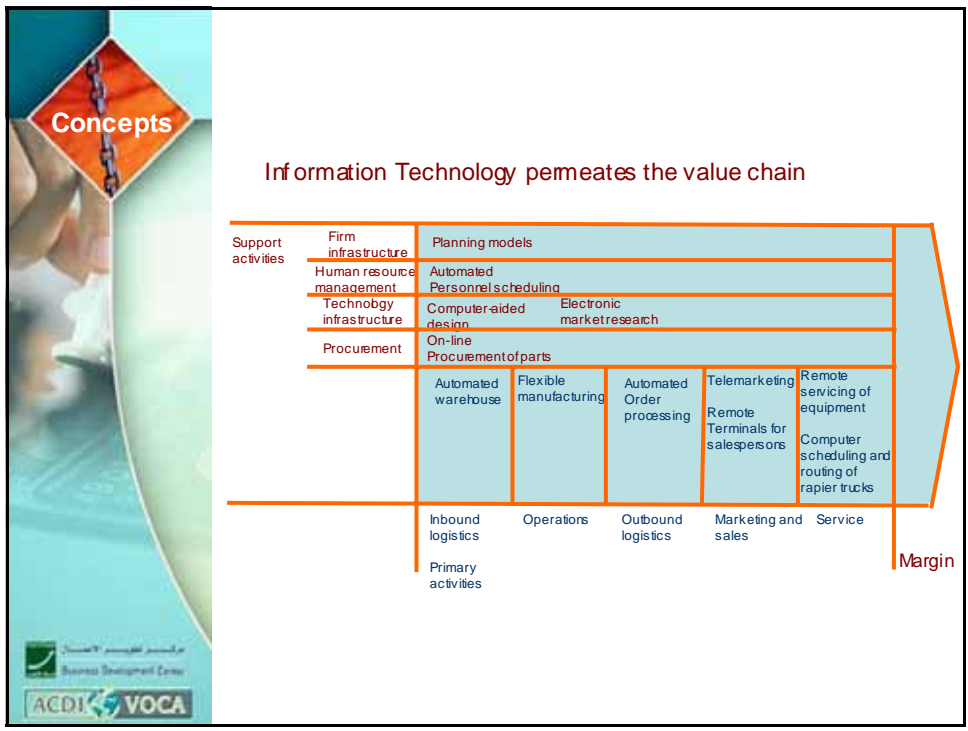
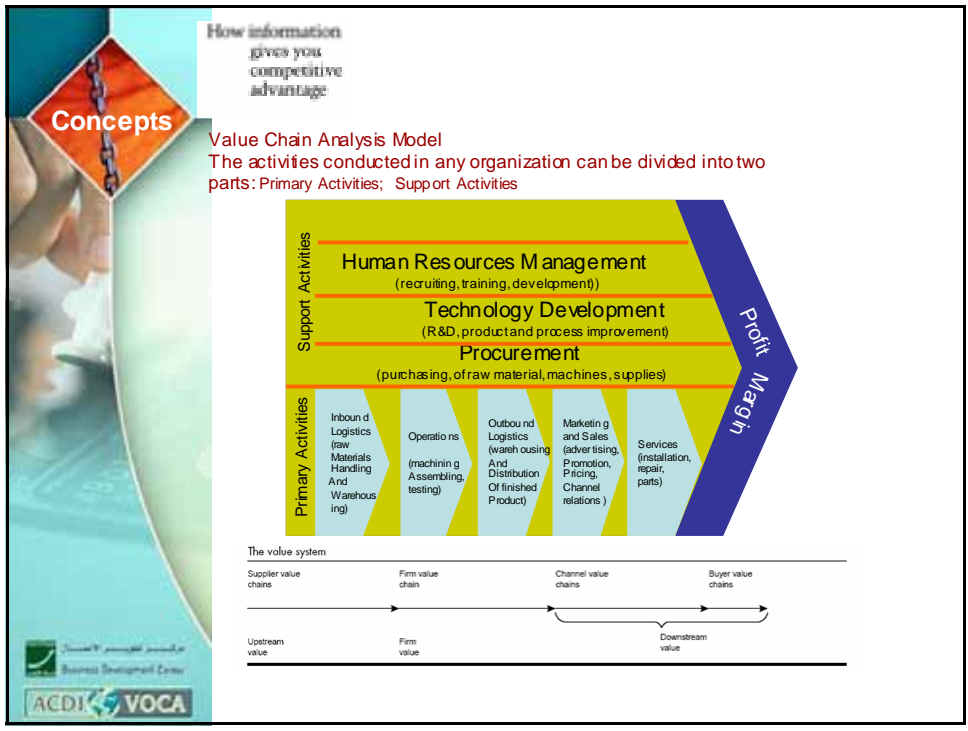
Concepts

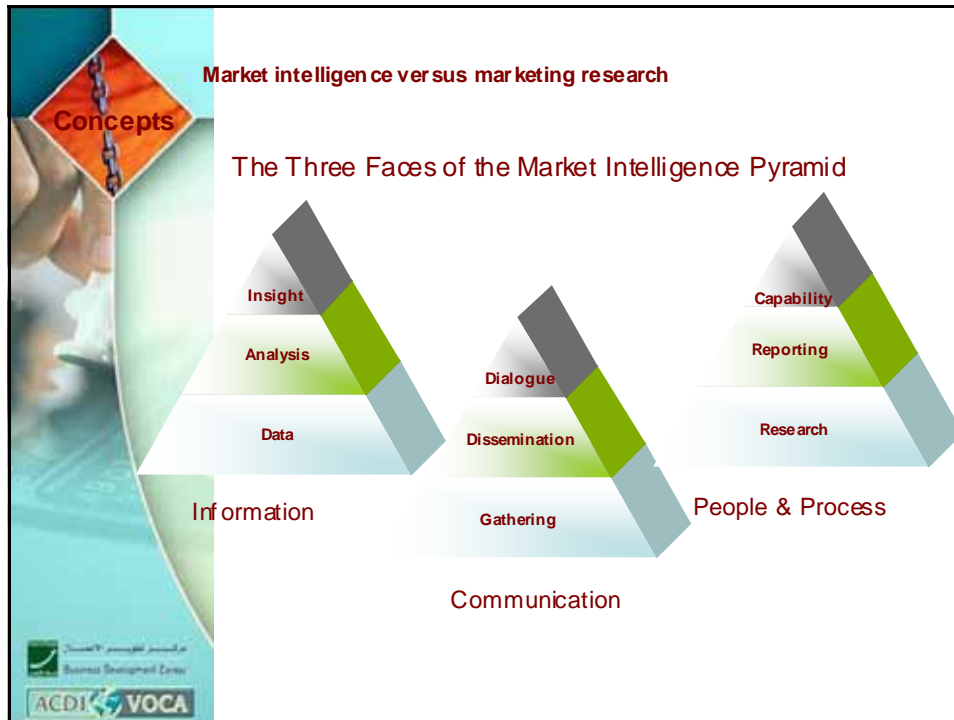
Value Chain Objectives:

- Differentiate Product
- Reduce System Costs
- Build/establish/enhance food safety and quality assurance programs


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- Market intelligence ver sus marketing research
- Concepts
- Market intelligence (MI) is all-encompassing. Data gathering is just one aspect of market intelligence. It is a key building block for the information face of the pyramid, but it is not the only building block.
 - MI analysis requires different skills:
 - analytical skills
 - business analysis skills.
 - integrating a broad array of information
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Market intelligence versus marketing research

Concepts

The analyst must understand:

- the market
- key competitors
- the financial dynamics of the industry
- and the entire business value chain.
- Often, the best market intelligence analysts have a financial or product management background, whereas many of the best marketing research analysts come from behavioral science or a mathematical backgrounds.

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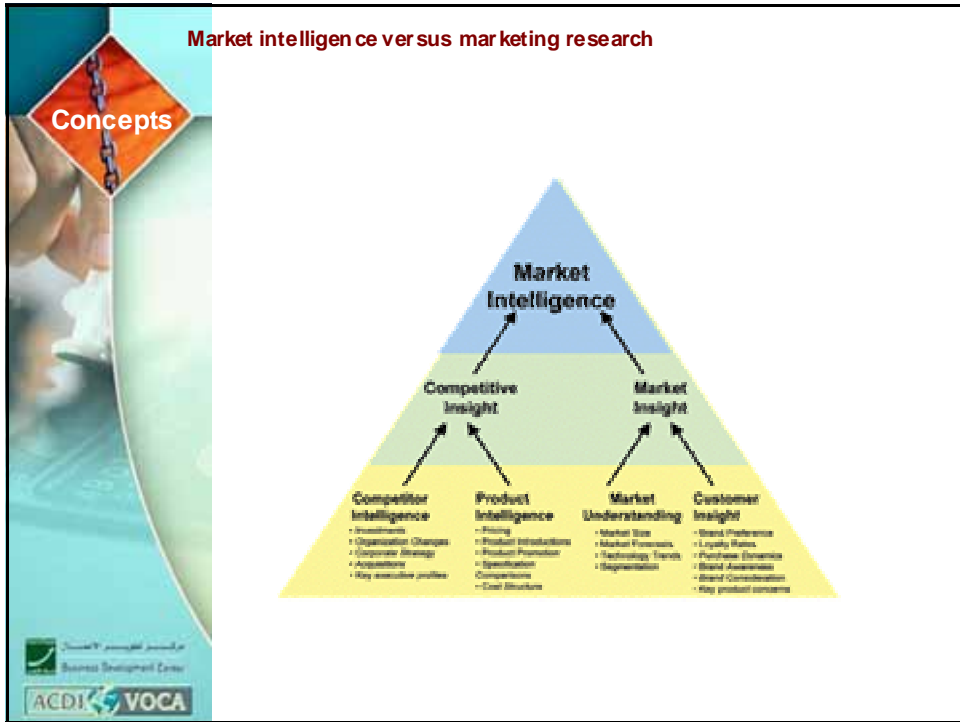
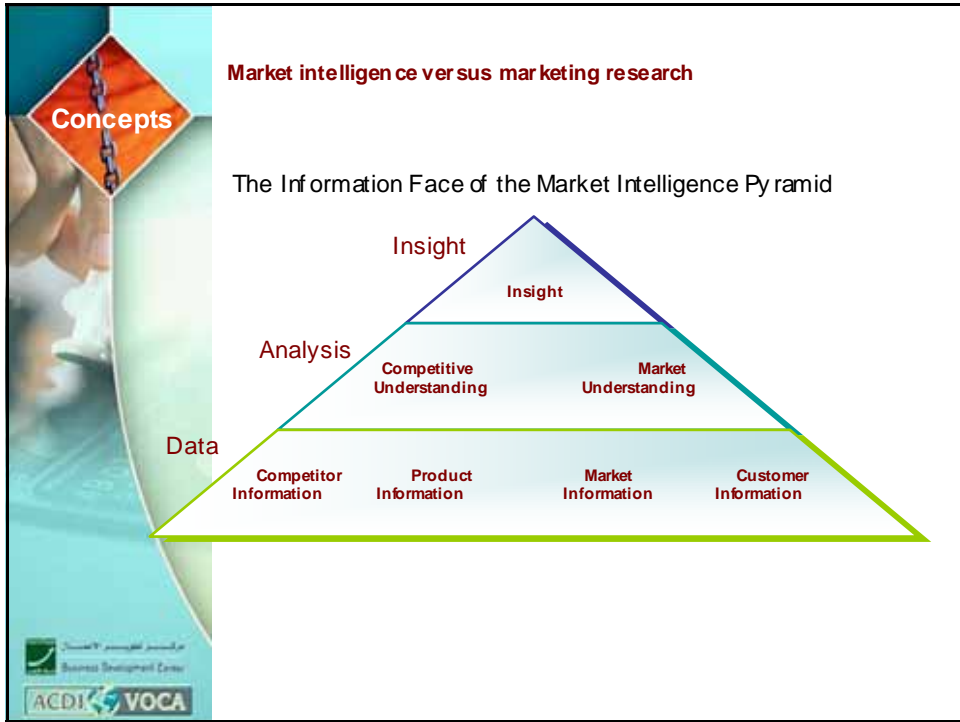


Market intelligence versus marketing research

Concepts

- Market Intelligence requires integration with all aspects of the business
- Marketing research is highly focused on customers
- Market analysis encompasses the entire view of the market and requires integration into the companies forecasting process, product development process, and other business systems

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WHAT IS COMPETITIVE INTELLIGENCE?

“COMPETITIVE INTELLIGENCE is the process of obtaining vital information on your markets and competitors, analyzing the data and using this knowledge to formulate strategies to gain competitive advantage”

- Described as producing and processing information about the environment of an organization for strategic purposes.
- To (re-) formulate their strategy, organizations need to collect and process information about their environment—e.g., competitors, customers, suppliers, governments, technological trends or ecological developments.

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Market Intelligence versus Market Information

- **Sustainable competitive intelligence is the value-added process of collecting, analyzing, and disseminating relevant information to produce actionable knowledge in order to reduce uncertainty and support better decision-making and action.**
- **Intelligence is about more than collecting information. It is about adding value to information by ensuring the use of supportive information that provides valuable insight to generate informed decisions and improve the competitive position.**

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Market Intelligence versus Market Information

Concepts

Therefore

- **Marketing Intelligence System encompasses more than just timely and accurate prices, buyer contacts, and grades and standards specifications. It should encompass, as the name implies, all export related information necessary to get a product successfully to the export market.**
- **It should include varietal specifications, seed sources, production guidance, post-harvest handling advice, and storage and transportation recommendations – as well as price, buyer contacts, distribution channels, buyer and producer trends, import regulations where appropriate, competitor profiles, etc.**

Information or Intelligence: an Example Dehydrated Onions: Egypt versus India

Concepts

1

Market Data

Revealed that
India US\$1400/ton
Egypt US\$2100/ton

India is more cost effective supplier compared to Egypt for the same quality

2

Market Intelligence

Tech matics

Value chain analysis Egypt versus India

Technical Coefficients (Conversion ratios)
Egypt 11:1
India 6:1

Why?

- They use varieties selected for processing, High TSS content
- We use salad varieties (not for processing), high moisture content
- Raw material cost is 60% of the landed cost

3

Actionable knowledge, companies will pay for it, sustainability


Change variety

Why?

Raw data, good but not effective
No body will buy it

Action


Actionable knowledge



Market Intelligence:
What makes such systems sustainable?

- The process should be systematic (methodological, well documented, planned in advance), objective (accurate info, true facts),
- Cover the whole process (identification, collection, analysis, and dissemination),
- Oriented for the purpose of improving decision making related to the identification of problems and opportunities in marketing,
- Produce actionable knowledge,
- It is an art. Therefore the most critical item in all of that is the **personnel**. Forget about software and hardware, employ the right **people** they can resolve a lot of challenges such as:
 - Solve the challenge of the quality of information through mirror accounting (backward accounting),
 - Lack of resources through focused system,
 - and efficient in dissemination and training

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Keys to Success: human resource element is crucial

- The most important "lesson learned" to incorporate into any market information and market intelligence systems or product design, or capacity-building exercise, is that the **human resource element is crucial**. In terms of project personnel, it is imperative that those dealing with market intelligence not only understand the marketplace, but just as importantly have an in-depth command of technology.

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Implementation

ATUT Experience Outreach Program

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Implementation

ATUT Outreach: The Basic System

Model components

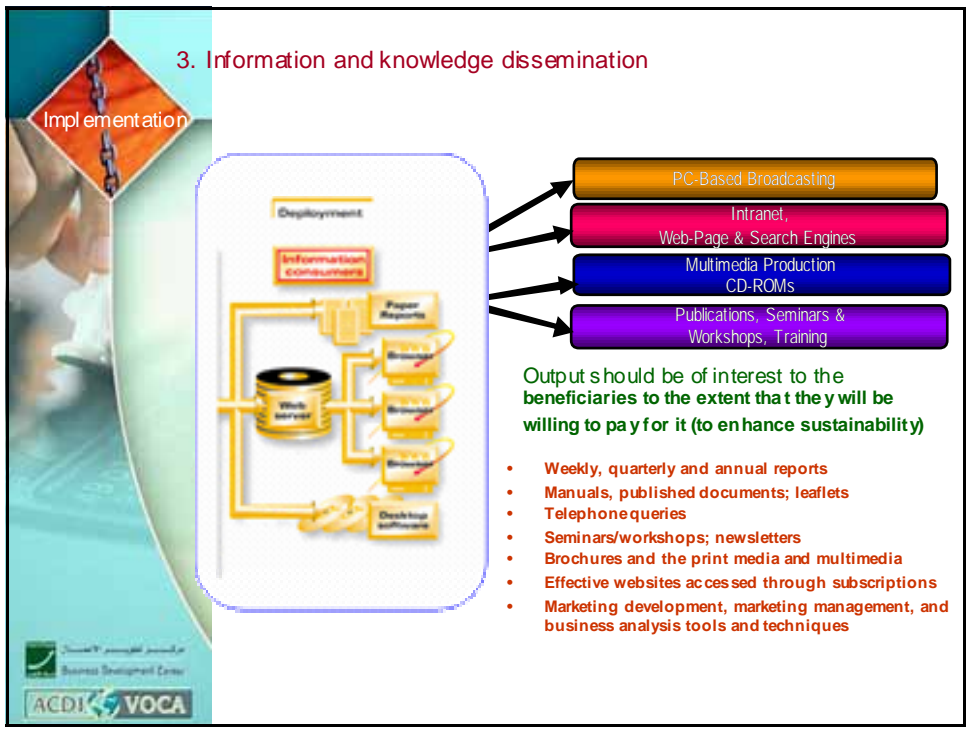
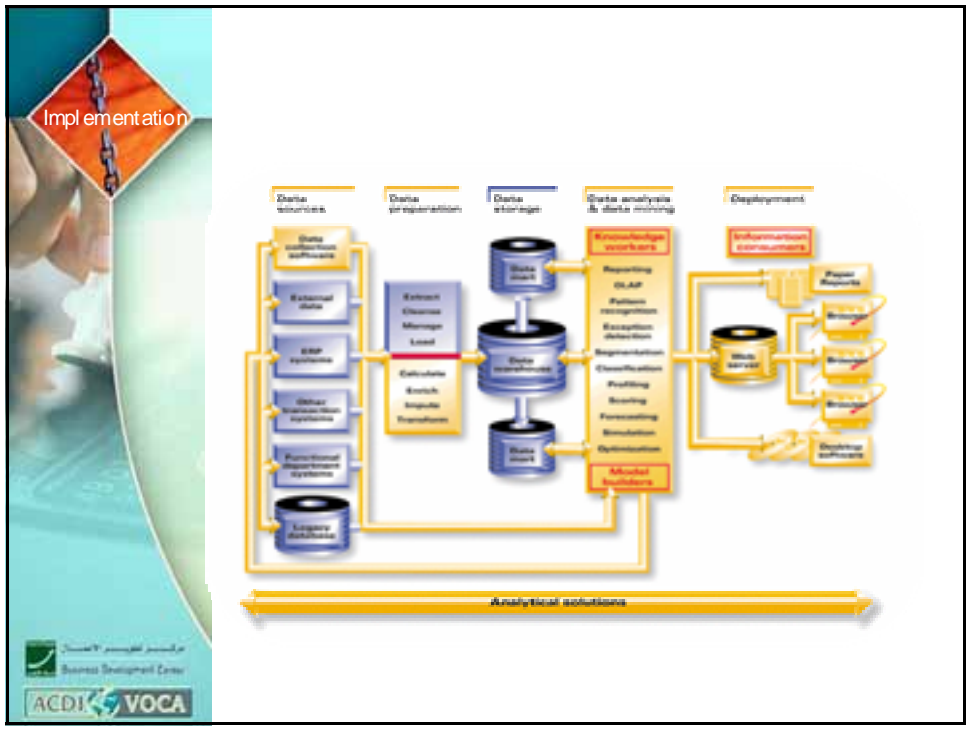
Direction
Definition of information needs

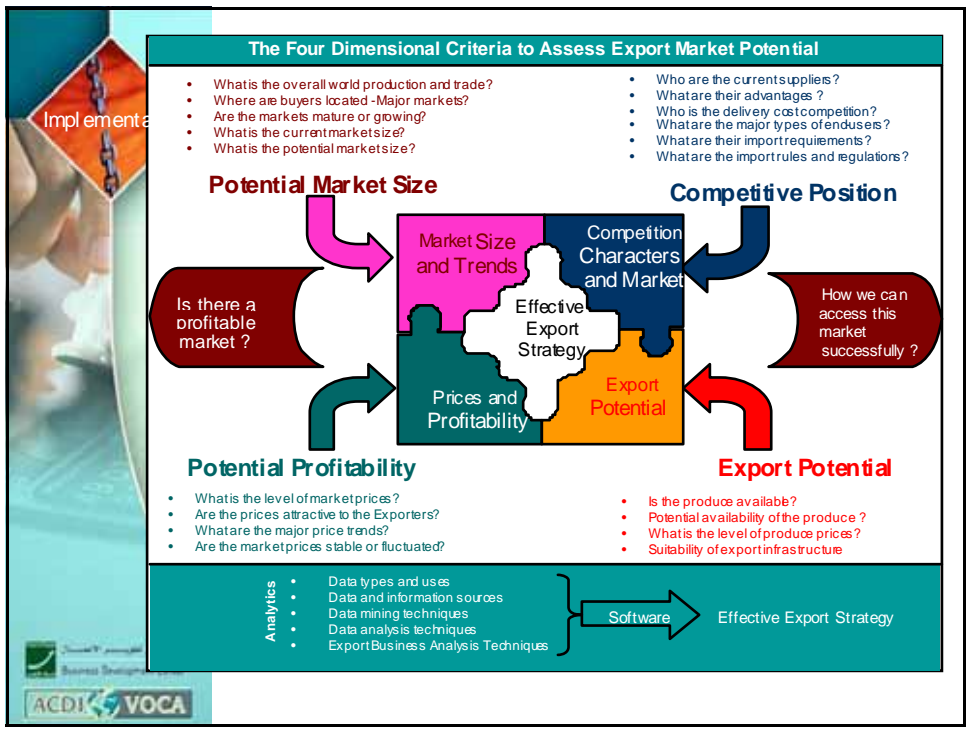
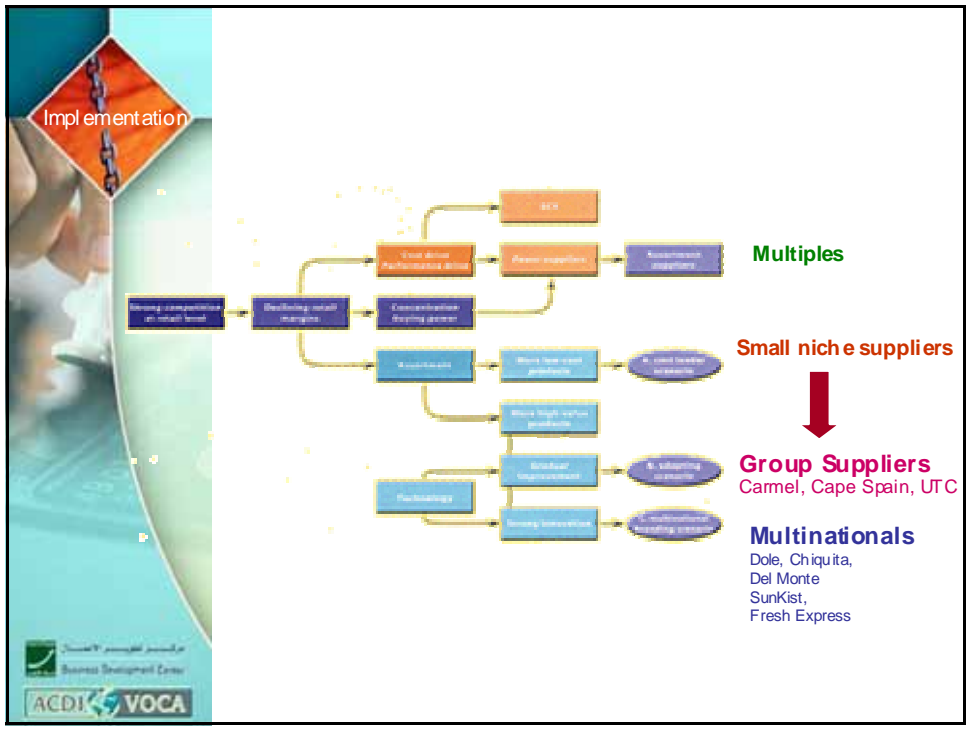
Search
search activities,
collection of data

Analysis
interpretation of data and
production of intelligence

Dissemination
Intelligence-to users

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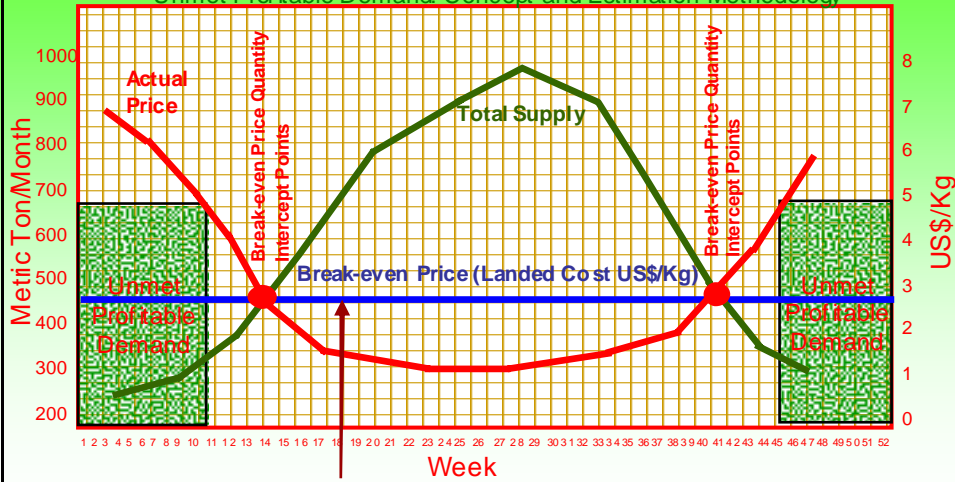




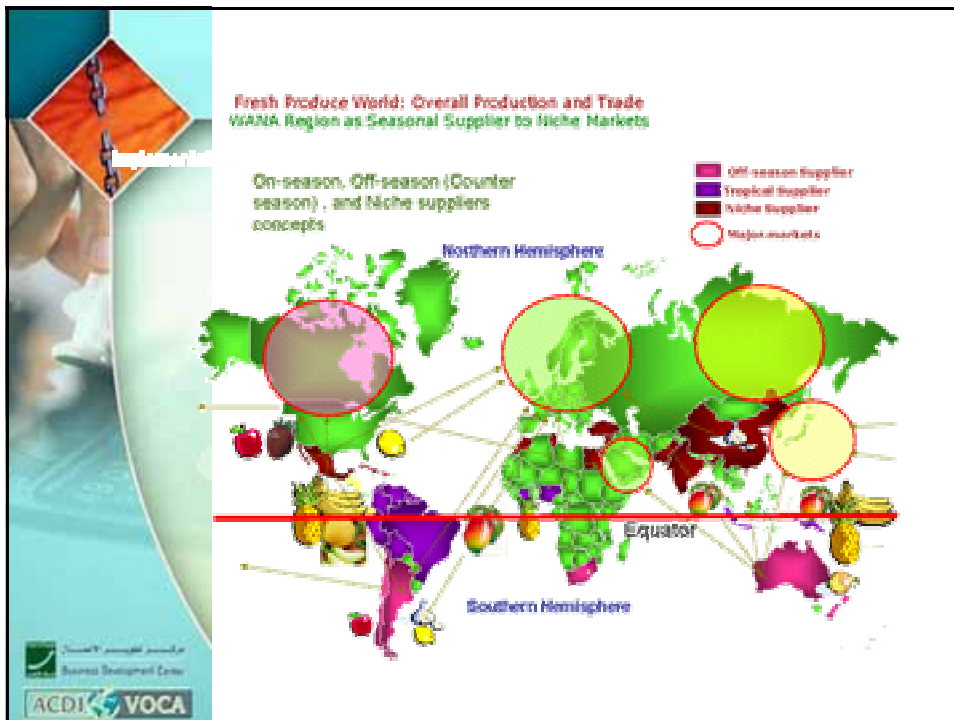
Prioritizing Indicators and Screening Criteria

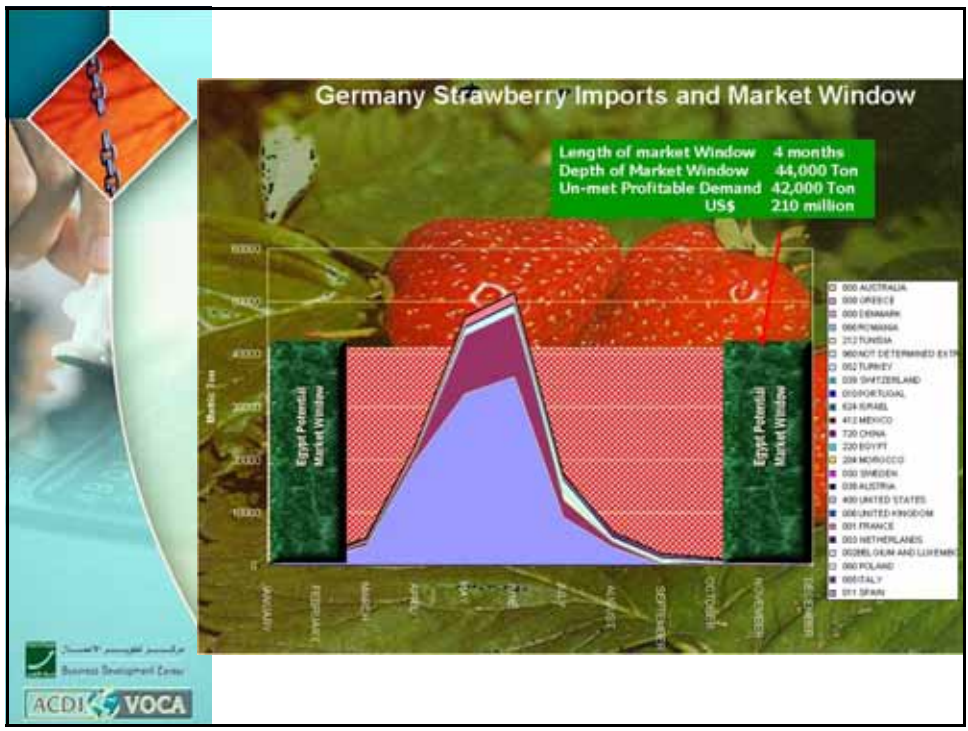
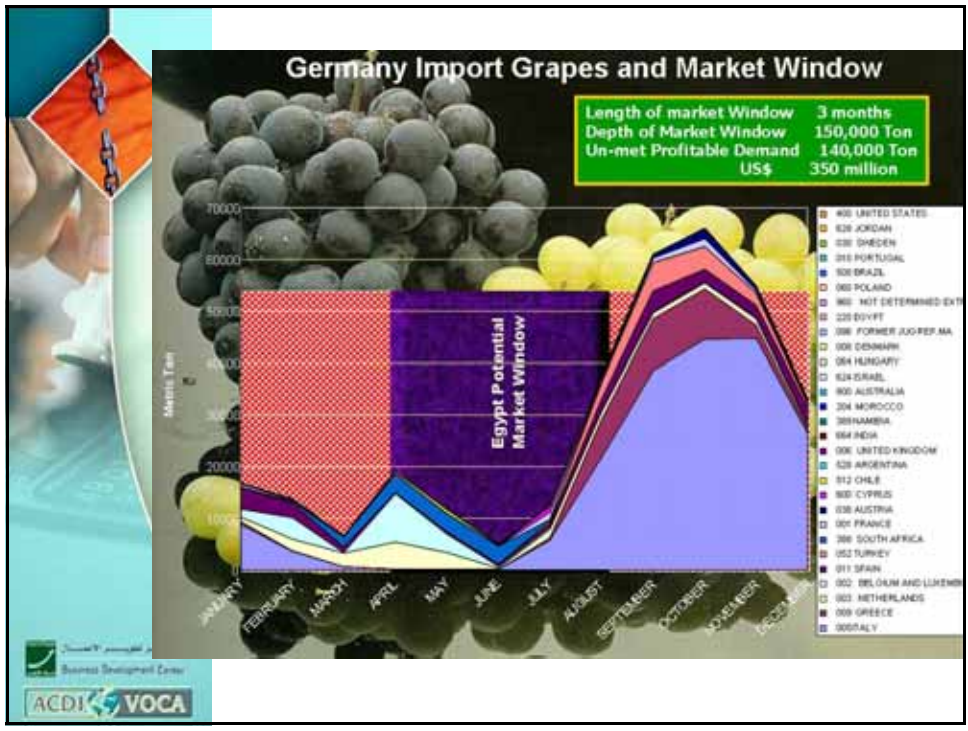
A. Potential Market Size

Unmet Profitable Demand Concept and Estimation Methodology

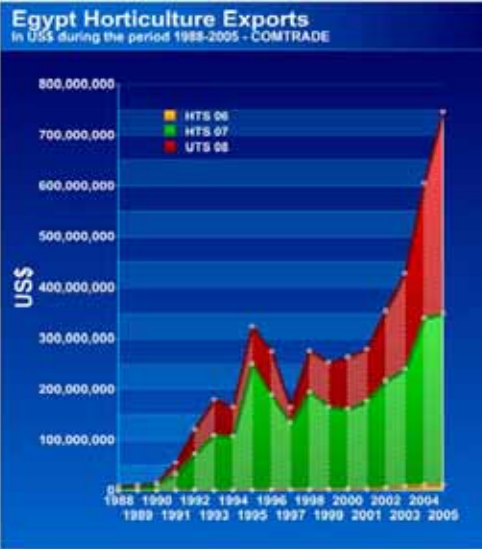


Use industry level average to measure the potential for the whole industry
 You can use company information (value chain analysis) to access your own company potential





Results



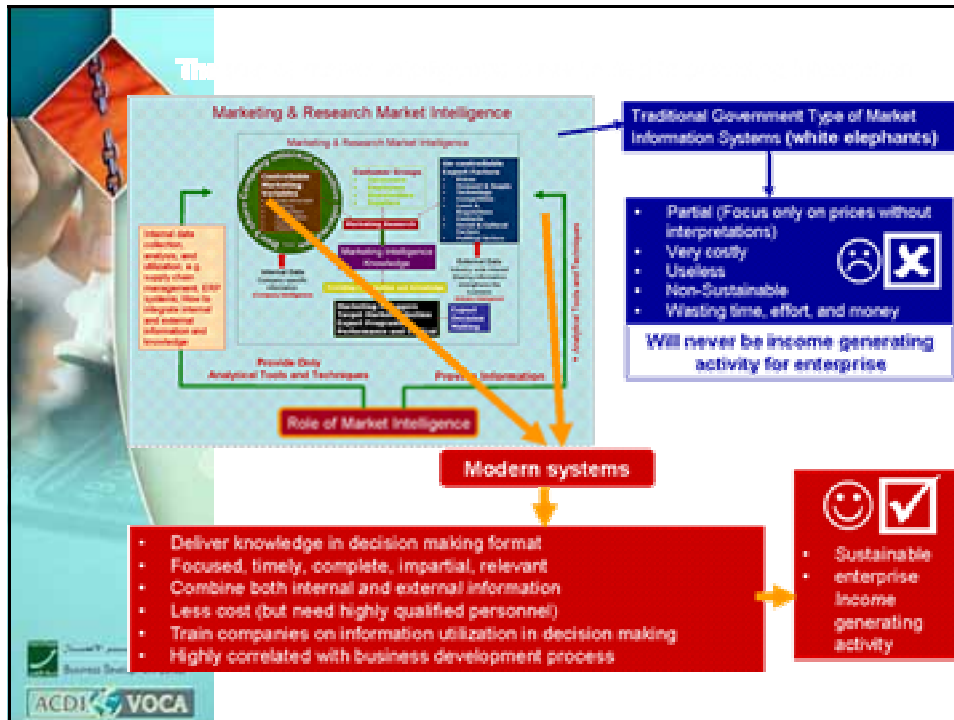
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Implementation

ALEB Experience
Integrated Business Development Model
& MarketPulse Egypt

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Implementation

ALEB Business Development Concept

Information and the Management process

- At any level in the organization—top-management, departments or teams—management processes are essentially the same, no matter what aspect of the organization is being addressed.
- Management can be seen as a cycle consisting of six sub-processes. This cycle is not necessarily unidirectional, since interaction and collaboration are required at every step of the process to ensure success.
- Common, consistent information is required to ensure that all decision makers are working with the same information. The six fundamental processes are:

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ALEB Business Development Concept

Goal-setting: defining and confirming the criteria and measures for successful performance of the management process that bring together long-term business strategies and day-to-day business operations.

Modeling: identifying the business drivers and determining the relationship between drivers and predicted results.

Planning: establishing a set of actions or targets that are designed to meet the business goals.

Monitoring: acquiring and normalizing internal results, key performance indicators and external influencing factors (e.g., market or economic events), triggering alerts and responding to exceptions at any given point in time.

Analysis: gaining insight from results and variations in predicted outcomes and using this information to improve the process.

Reporting: providing information in an expected, predefined format.

It is critical that this approach of the business management process is fully supported by the intelligence systems.

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ALEB Business Development Tools

- Market Reconnaissance
- Product Development
- Packaging & Labeling
- Management skills
- Market entry strategy
- Study tours
- Industry focus reports
- MarketPulse Egypt

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The Market

Market Intelligence
Service market characteristics

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The Market

The market

Development of competitive, vibrant BDS markets

Specific, focused, tailored services

Demand-driven services

Sustainable service delivery

Impact-centered interventions


The focus of BDS interventions is to create a **POSITIVE IMPACT**. The delivery of business services and the development of service markets are means toward that goal.

BDS available to enterprises over long run through financially sustainable delivery mechanisms, institutions, and markets in sum, through the **PRIVATE SECTOR**.

Respond to wants and needs; Are paid for by enterprises, or commercial entities with vested interest; Put pressure on the supplier to provide relevant services.

Address specific needs and wants; Focus on high-priority issues; and be tailored to add high value to enterprise groups.

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The Market

Typical BDS Market Problems

Market intelligence services market in the Egyptian Agri-food sector – demand side characteristics

- Consumers lack knowledge about the potentials of MI services
- Consumers are unable to effectively identify their business needs
- Consumers do not have the capacity/willingness to pay for services
- Consumers are risk averse to trying services
- Consumers do not see the value of services (mixing traditional market information systems with market intelligence)
- Consumers want services packaged together (immediate results)

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The Market

Typical BDS Market Problems

Market intelligence services market in the Egyptian Agri-food sector – supply side characteristics

- Service products lack the benefits and features consumers want (Business illiteracy problems)
- Suppliers are risk averse to targeting new consumer segments, such as micro enterprises (Willingness to pay)
- Suppliers lack sufficient information of the market needs


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Typical BDS Market Problems

- Market intelligence services market in the Egyptian Agri-food sector – market problems
 - Suppliers lack business or technical skills (training)
 - There is insufficient supply in the market (skills)
 - Variable service quality harms supplier reputation (threats of low quality consultancy bodies)


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Typical BDS Market Problems

- Agri-food sector – transaction problems
 - Consumers cannot afford to purchase services (Costly process)
 - There is a lack of trust between suppliers and consumers; suppliers insist on up-front delivery before payment (Lack of business orientation)
 - Some consumers are geographically and/or socially isolated from service markets

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The Market

Typical BDS Market Problems

- Market intelligence services market in the Egyptian Agri-food sector – Market Environment Problems
 - Free services are distorting the BDS market (Traditional FAO, USAID, etc.. Free inefficient market information systems – White Elephants)
 - Regulations adversely affect the BDS market (Internal data collection procedures – lack of reliable data sources)

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Summary

Summary

- Value chain analysis, market intelligence, and competitiveness are three highly inter-related concepts
- Without effective market intelligence system it is almost impossible to manage the value chain properly. Therefore it is critical to include Market intelligence system in our value chain development activities.
- Marketing Intelligence System encompasses more than just timely and accurate prices, buyer contacts, and grades and standards specifications. It should encompass, as the name implies, all export related information necessary to get a product **successfully to the export market.**
- In this new millennium, produce exporter has to focus on the right priorities, we need to lead the business with clear vision in order to meet competitive challenges from a global marketplace and market intelligence is the right tool to do that,

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