



“Investing in Africa’s future”

COLLEGE OF HEALTH, AGRICULTURE AND NATURAL SCIENCES

NAEC402: AGRICULTURAL MARKETING

SUPPLEMENTARY EXAMINATION

JANUARY 2022

LECTURER: DR K. MUKUMBI

DURATION: 5 HRS

INSTRUCTIONS

Answer **ONE** question

All questions carry equal marks (100).

QUESTION 1

A farmer has decided to start producing dried cabbage.

- a) As a student on attachment, you have been asked to prepare a marketing plan for the dried cabbage. Your marketing plan should include the following:
- i. Name and describe two marketing philosophies you will use. Justify each choice. (6 marks)
 - ii. Marketing Objectives – list 2 specific objectives for the marketing of the product. Explain why those objectives are important to you. (4 marks)
 - iii. Target Market - describe your primary target customer in one or two sentences. Explain why you chose them as your target customer. (3 marks)
 - iv. Points of Difference - what sets you apart from your competitors? What is your competitive advantage? (4 marks)
 - v. Positioning - one or two sentences explaining where your product will be positioned in the market. Justify each choice. (5 marks)
 - vi. Product Strategy - discuss all product elements; product line, packaging, quality, branding (develop a brand name for the product). Justify each choice. (8 marks)
 - vii. Promotion strategy- describe the media and strategies you will use to promote the product. Justify each choice. (10 marks)
 - viii. Place strategy– describe which distribution channels you will use and why. (10 marks)
 - ix. Price strategy– name and describe 3 pricing strategies you will use. Also include the exact price and your justification. (10 marks)
- b) You have been assigned to work on a research study on the factors that could influence adoption of dried cabbage products. Develop a questionnaire that you will use as part of the data collection process for the farm. Your questionnaire should have 10 questions. (15 marks)
- c) Describe 10 strategies that the farmer can implement to ensure that their dried cabbage products succeed and do not fail when launched on the market. Explain why you think these 10 strategies are particularly important. Your response should be in essay format 2-3 pages. (25 marks)

End of Question 1

QUESTION 2

Read the passage below and answer the questions that follow.

Rotten tomatoes: Nigerian entrepreneur offers solution to age-old farming problem



For over a decade now, Nnaemeka Ikegwuonu has been producing radio shows for smallholder farmers in the rural southern region of Nigeria. These agricultural programmes are broadcasted on the Smallholders Farmers Rural Radio – a community station he established in 2003, when he was just 21 years old.

As a vegetable farmer himself, Ikegwuonu has first-hand experience of the huge post-harvest losses incurred because of a lack of cold storage. In Nigeria, it is estimated about 60% of smallholder farmers' fruits and vegetables spoil due to inadequate storage and agro-processing facilities.

Ikegwuonu is addressing this challenge with ColdHubs – a solar-powered walk-in cold-room solution aimed at farmers, retailers, and wholesalers. The cold rooms are installed at major food production and consumption centres, such as markets and farms.

The idea for the venture came from a radio interview he did with a cabbage seller.

“I was going to interview a young man who came with a J5 truck full of cabbage.

However, a few hours to the close of market, I couldn't find him except for his truck of cabbage,” Ikegwuonu recalls.

When Ikegwuonu went looking for him the next day, he saw that the seller had just three baskets of cabbage left.

“I asked him why he left a J5 truck full of cabbage unattended to and he told me the cost of taking it home doesn't make any sense. It is better it waste there or let

the driver of the J5 find someone who will buy it to cover the cost. And I was thinking, in the south-east of Nigeria, that is a lot of money!”

Ikegwuonu questioned the young man on what could be done to make his business better. The cabbage seller told him, “If there is a way to preserve foodstuff in the market, he would have kept it there, sell a little bit of cabbage as much as he can sell in a day and pay for storage until he finishes his sales.”

For-profit solution to post-harvest losses

After Ikegwuonu’s encounter with the cabbage seller, he began looking at different business models to create a lasting solution to post-harvest losses. In 2014, Ikegwuonu and his team at Smallholders Foundation, a social enterprise he started 15 years ago, began a research project that led to the building of the first solar-powered cold room. He travelled to Dresden, Germany to meet with scientists, and together they came up with a design in three weeks.

“The research was done within the Smallholders Foundation vision and when we successfully validated the technology to become a business model, we decided to [take] it out from Smallholders Foundation to become a for-profit venture with social impact,” he explains. With ColdHubs, Ikegwuonu and his team design, assemble, install and operate solar-powered walk-in cold rooms that enable small-scale farmers, retailers, and wholesalers to extend the shelf-life of perishable fruits and vegetables from two to 21 days.

“It is a very robust system that is culturally and environmentally friendly,” explains Ikegwuonu. “The cold rooms run on solar panels during the day. The energy stored in the battery during the day is used for night-time cooling.” “We make sure that these batteries are robust and for this, we buy the best of batteries from the number one producers of batteries in the world. This is necessary because each time you compromise on the quality of the part, you compromise the quality of service delivery.”

ColdHubs users pay 100 Nigerian naira (30 US cents) per crate or carton to keep their produce in the cold room for a day. Each hub has two officers – one serves as the cold-room operator, while the other does marketing to educate potential customers on the advantage of using ColdHubs.

The company currently has five cold rooms in operation, with three situated at markets in Imo state and another two hubs in Kano state in northern Nigeria. In addition, ColdHubs built a cold room for a company in Lagos, and is currently working on another 10 units for markets in Katsina and Imo states.

Educating customers

At first, when Ikegwuonu introduced the concept to farmers, they were sceptical about how such technology could help them “What we battled here is a high level of illiteracy. This is because unlike in developed countries, where cold chain works very well, we are actually developing a cold-chain system in Nigeria – something that has never been done before.”

“Farmers, especially retailers, told us that they don’t keep tomatoes in the fridge because it will spoil. We didn’t build a fridge; we built a cold room with a temperature that ranges between 8 °C and 16 °C. And data on food storage in the world tells you that produce like tomatoes store very well, even up to three months when you have the temperature ranging between 8 °C and 16 °C.”

To resolve this misunderstanding, ColdHubs invited potential customers to keep their products in the hubs for free.

“We were able to convince them to store their tomatoes inside the hub for two weeks. After that, they saw that putting vegetables and fruits in the cold rooms doesn’t spoil it, it actually extends its shelf life. There was a lot of celebration among them.”

Growth ambitions

According to Ikegwuonu, ColdHubs is attracting increasing attention.

“When we set up in 2014, we were not sure it was going to work out. We have a cold room that takes approximately \$27,000 to put together and if people don’t patronise that service, it means that it’s a failure. Today, we have more than 200 customers across the board. It means, there is a business there that has not been explored.”

“We actually started this business in September 2016 and for us, the payback system per hub should take between 18 to 24 months. Our estimate is that it will take us up to two years to break even.”

In the next five years, Ikegwuonu plans to launch 1,000 solar-powered cold rooms in Nigeria and expand the business to other parts of Africa. He hopes to use Kenya as a launch pad into East Africa, and either Zambia or Zimbabwe to enter the Southern Africa market.

You have been invited to work with ColdHubs to launch solar-powered cold rooms in Zimbabwe. You have been appointed as the Marketing Officer for ColdHubs Zimbabwe. The founder of ColdHubs has asked you to advise him regarding the following issues:

- a) Describe which marketing philosophy/orientation the company should take as it enters the Zimbabwe market? Justify your choice. (10 marks)
- b) i. Explain the importance of market segmentation to the ColdHubs founder. (4 marks)
- ii. Which variables should be used to segment the market? (4 marks)
- iii. How should the market for solar-powered cold rooms be segmented i.e., identify market segments? (6 marks)
- iv. Of the market segments identified which ones should the company focus on? Justify. (6 marks)
- c) ColdHubs is a new product that has been introduced to address the problem of huge post-harvest losses incurred because of a lack of cold storage along the supply chain.
- i. The characteristics of an innovation affects its rate of adoption. Five characteristics have been suggested as being particularly influential in determining the rate of adoption of any innovation. In the case of ColdHubs describe how each of the 5 characteristics will influence the rate of adoption of ColdHubs in Zimbabwe. (20 marks)
- ii. You have been assigned to work on a research study on the factors that could influence adoption of ColdHubs products in Zimbabwe. Develop a questionnaire that you will use as part of the data collection process for ColdHubs. Your questionnaire should have 10 questions. (20 marks)
- iii. Describe 10 strategies that ColdHubs can implement to ensure that their products succeed and do not fail when launched on the Zimbabwean market. Explain why you think these 10 strategies are particularly important. Your response should be in essay format 2-3 pages. (30 marks)

End of Question 2

QUESTION 3

- a) After graduation you decide to start an agribusiness consultancy company. Prepare a marketing plan for the agribusiness consultancy company. Your marketing plan should include the following:

- i. Name and describe two marketing philosophies you will use. Justify each choice. (6 marks)
- i. Marketing Objectives – list 2 specific objectives for the marketing of the product. Explain why those objectives are important to you. (4 marks)
- ii. Target Market - describe your primary target customer in one or two sentences. Explain why you chose them as your target customer. (3 marks)
- iii. Points of Difference - what sets you apart from your competitors? What is your competitive advantage? (4 marks)
- iv. Positioning - one or two sentences explaining where your product will be positioned in the market. Justify each choice. (5 marks)
- v. Product Strategy - discuss all product elements; product line, packaging, quality, branding (develop a brand name for the product). Justify each choice. (8 marks)
- vi. Promotion strategy- describe the media and strategies you will use to promote the product. Justify each choice. (10 marks)
- vii. Place strategy– describe which distribution channels you will use and why. (10 marks)
- viii. Price strategy– name and describe 3 pricing strategies you will use. Also include the exact price and your justification. (10 marks)

b. Read the passage below and answer the questions that follow.

Chiquita Frozen Juice Bars



Chiquita is a producer and distributor of bananas and other produce. Chiquita has been associated with bananas since 1944, the year the fruit supplier was founded. Indeed, this was the brand's original intention. Not only to get the public to eat more bananas, but to get them to want to buy only those with the Chiquita sticker on them.

However, in recent times the banana association has been something of a mixed blessing, to say the least. After all, bananas represent only a tiny fraction of the entire fresh produce market (less than one per cent). Furthermore, Chiquita has witnessed rival brands successfully make the transition from one type of fruit into other areas. For instance, after years of careful marketing the Dole brand has managed to shift its core identity away from the product category 'pineapple' towards the more general attribute 'delicious and healthy'. This has meant Dole has achieved equal success with other categories of fruit and vegetables.

In recent years, Chiquita has also tried to move away from its core association, by moving into related categories. For instance, in 1987 the company launched Chiquita frozen juice bars. The experiment was a complete disaster, and according to Business Week magazine cost the company over US \$30 million.

- i) What are the lessons you have learned from Chiquita's frozen juice bar product failure experience? (20 marks)
- ii) What could have been done to ensure success of Chiquita with the frozen juice bar? (20 marks)

End of Question 3