

COLLECTING INFORMATION TO BETTER UNDERSTAND THE MARKET (capturing data)



CTB TRADE FOR DEVELOPMENT



A new step in the Trade for Development Centre's marketing support for African cooperatives

Introduction

NGOs or government authorities regularly provide producer organisations with assistance in the form of training courses aimed at improving production techniques or increasing productivity. A frequently recurring problem, however, is their lack of knowledge of the market, as a result of which they continue to work with buyers who do not pay the correct price for their quality products. That is why the Trade for Development Centre decided in 2013 to develop a proposal regarding marketing support. In 2014 a number of African cooperatives were coached on strategic marketing, promotion and sales, so that they could improve their access to the market. In 2015 a step was added to that trajectory, or, rather, an “preliminary step” was added in the form of a training course on marketing data capturing & analysis. This was done because it appeared that some cooperatives found it difficult to gather the necessary business data that are essential for a well-founded marketing strategy. For the purposes of finding out what such a data capturing session entails, we visited Rwanda, the Democratic Republic of Congo and Uganda, following the footprints of a few TDC coaches.

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The Rwandan coffee cooperative Koakaka © TDC

Marketing support as strategy

Josiane Droeghag has been working at TDC as Marketing and Business Management Officer since 2009. “Originally I gave marketing advice, especially within the governmental programmes of the Belgian development cooperation but gradually we developed our own framework for actions in the South together with the TDC,” she says. “The reason for this was the fact that many cooperatives lack marketing knowledge. What they know about market requirements, prices, competitors and sales techniques is often so limited that an enormous amount of potential is not used. That is a terrible pity. But the good news is that marketing is something you can learn.”

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“A SWOT analysis is a frequently used method in the South but to look for the strengths and weaknesses of their own organisation when putting a product on the market is completely new for these cooperatives.”

Josiane Droeghag

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A Koakaka member analysing its strengths and weaknesses during the training © TDC

Marketing support in practice

During the **2012-2013** period the TDC experimented with a number of pilot projects in East Africa. Tanzanian herb producers and Ugandan craftspeople were among those who were guided in how to formulate their marketing approach. “It appeared from pilot projects that there is a great need for this type of guidance,” says Josiane Droeghag. “Because reality is often really harrowing: high-quality products – which may or may not be organic or have a fair trade label – are sold at prices that are way too low.”

In **2014** TDC started a coaching programme for producer organisations. The core element in the process consists of two modules in which the TDC coach travels to the producers’ premises for five days to hold a brainstorming session with them.

Module 1 deals with strategic marketing:

- analysing the competitors’ and one’s own strengths and weaknesses (organisation, product range, quality, packaging, price strategy, sales channels and communication);

- Determining a strategy containing a marketing mix and prospecting plan

Module 2 deals with promotion and sales:

- developing presentation material, brochures, website, etc.;
- drawing up a marketing budget;

At the end of the trajectory the organisation can submit a project proposal consisting of a maximum value of EUR 15,000. This can be used to start implementing the communication and prospecting plans.

You can read the story about the two pilot projects and two coaching trajectories in the article entitled The market support for small producers in Africa: a priority for the trade for development centre (2015) published here www.befair.be

The need for a preliminary step

The first coaching trajectories were evaluated at the end of 2014. What was the result? The most important conclusion did not concern the meaningfulness or the quality of the project but the limited number of cooperatives that had succeeded in submitting a strong enough application form. Out of the 25 candidate organisations only seven were selected and supported

“We felt that we were way off the mark,” admitted Josiane Droeghag. “Too many organisations fell by the wayside because their files were not substantiated properly. They were unable to adequately put their business data regarding turnover, customers, costs, prices and competitors on paper, even though it was clear that we were dealing here with cooperatives that had potential, and which sometimes even had experience in export. In brief, we did not reach the producer organisations that were most in need of coaching.

That is why the TDC decided to develop a preliminary step, which is intended to help cooperatives capture and understand their data. In practice, this entails an interactive

session of three days, during which the TDC coach visits the site and, by posing a series of questions, helps the cooperative to record all their data and figures. At the same time, the coach makes them consider their own and their competitors’ positions and, by doing so, makes them realize their competitive benefits.

A new call was made to a series of coffee cooperatives in the region of the Great Lakes (Rwanda, Burundi, Tanzania, Uganda and DR Congo). They could apply for a preliminary session of data capturing in 2015 in order to be selected for a coaching programme in 2016. In the end, 26 cooperatives were given the preliminary session and 12 of them have in the meantime been selected for the extensive marketing coaching programme.

Train the Trainer

In April 2015 the TDC organised a train the trainer workshop. Fifteen people, including both consultants and personnel members of East African producer umbrellas, were trained to be able to give training courses to the local cooperatives. Two of them have in the meantime already been working as TDC trainers, one of whom is Laura Karibanga.

Data capturing: what data must be gathered?

Part 1 Internal analysis

Global

- What volumes have been bought from the members of the cooperative during the past three years? What was the turnover for the past three years? What income was received and what costs were incurred? Therefore, what does the balance look like?

Per product

- Calculate the volumes sold, the income and the cost price per product. And, very important: were the products having an organic or fair trade label sold at a higher price?

Per customer

- Who were the customers – both nationally and internationally – during the past three years? What differences are there between the customers (price, reduction, packaging and cost)? Are the customers loyal or is there a greater tendency towards one shots? Was your supply greater than their demand or was it just the opposite?
- Another important point: do you have direct contact with the customer or is everything done through intermediaries?

Part 2 External analysis

The market

- Who are the players on the market and in the chain?

The competitors

- Who are your competitors? What type of quality do they deliver? At what prices? Are they certified?



Conclusion : SWOT marketing analysis

- What is your strong point compared to your competitors?
- What are your weak points compared to your competitors?
- What opportunities are there? What can positively influence the evolution of your organisation?
- What are the greatest threats?

Koakaka from Rwanda

“If you ask me for an example illustrating the importance of such a data capturing session, then I can immediately think of one”, Josiane Droeghag replies: “Koakaka in Rwanda.” This concerns a Coffee Growers Cooperative that was established by farmers’ organisations in the southeast of Rwanda in 2003. The cooperative borrowed money for two washing stations and was assisted by the government and NGOs to optimise the quality of its Arabica and attain its fair trade label. The cooperative now has 1,316 members. Koakaka’s most important trump is undoubtedly quality. This is a speciality coffee which is cultivated at great height and achieves great results during the Rwanda Cup of Excellence, year after year. This high-quality coffee is very popular in Europe and the United States.

“The training sessions were not effortless,” says TDC trainer Laura Karibanga. “Only two of the six participants can get by in English or French, which meant that it was essential to translate everything into Kinyarwanda. But despite that, they proved amply that they want to move forward, not only during the session, but also before it. The problem was that they always sold their coffee through the Rwandan trader Rawshoscco. This means that they have little control of the prices and hardly



Koakaka team members analyzing their customers during the data capturing training © TDC

know who buys their coffee. It is only recently that they contacted their customers directly in Europe, Japan and the United States and that they have started doing their own prospecting. They now maintain warm relations with a few loyal customers who came to visit them. They don’t have an internet connection, however, so they send their letters with the enclosed photographs by post. It’s all rather basic but they’re very committed.”

What's more, the management of Koakaka realised that the local market can accommodate a slightly lower quality coffee. Lower prices would be compensated for by lower costs due to less meticulous selection of coffee berries. This means that larger volumes can be processed produced in addition to current sales.

And what did Koakaka themselves think of the session? "We didn't collect our data so systematically in the past," admits Elie Kabera, accountant at Koakaka. "We immediately decided to make a point of doing so in the future. The questions that we were asked were the right ones. We were given time to consider and make our own conclusions. But we realise that we still have a great deal to learn about the coffee market and our customers. What we need now is good coaching and an internet connection."

TDC will definitely see to that coaching in 2016.



At the top right: Koakaka members during the data capturing exercise. At the bottom right: Laura Karibanga and Josiane Droeghag in the center, surrounded by the members of Koakaka cooperative © TDC

AMKA From Congo

AMKA can be defined as a young cooperative with potential but with little experience in marketing. The following illustrates this: when TDC coach Benoit Fievez wanted to start the data capturing session in October 2015, he first spent two hours scrutinizing the sales contract of the first own resources container intended for export.

AMKA, which is an acronym for “Wake up, coffee farmers!”, was established in the region of Minova (South Kivu) in 2011, under encouragement by the Belgian NGO, Comequi, which still pays all the salaries. First the plantations were established, followed by a washing station to wash the coffee and remove the pulp. The 1,314 members pay a contribution to have the cooperative transport their coffee first to the washing station and, after that, to Goma. The cooperative received its fair trade certification at the start of 2016.

AMKA struggled with the traditional problems of a starting cooperative, however. The first was to pre-finance its members. Farmers want to be paid immediately when they deliver their coffee berries to the collection points, and this is not always quite so easy for AMKA. The second challenge is to prove quality. Their Arabica scored well during the international tasting in Bukavu – the excellent

functioning of the washing station undoubtedly played an important role in this – but this excellent score should be confirmed by official laboratory analyses.

“But despite those weaknesses, AMKA has great potential,” says Benoit Fievez. “An important element in this is the revival of the Kivu coffee. The combination of the great height and correct humidity makes the region perfectly suited to cultivate high-quality Arabica, at least if the armed conflict in Eastern Congo doesn’t flare up again. Luckily, it’s been peaceful in the region since 2013 and many farmers have added plantations which are slowly nearing maturity.”

Figures were gathered and analysed during the session. One thing immediately became abundantly clear: the organisation knew hardly anything about marketing. The team, which is eager to learn, is actually the first to admit that. The members know little about the accepted prices. With the exception of the purchasers in Goma, they have no contact with the customers and, except for a brochure, there is hardly any material to introduce themselves. Yet other cooperatives in the region have provided ample proof that Kivu coffee has a strong sales story: these are farmers who, after many years of civil war, are again bringing hope to the region with high-quality coffee finding its way to customers who are willing to pay a high price for it, especially if it is certified as organic or fair trade.

Pending the coaching trajectory by the TDC, AMKA has already drawn up its to-do list: monitor the international coffee prices, record potential customers and approach NGOs and fair trade organisations.



AMKA team members posing for a group photo © Benoit Fievez

Nsangi from Uganda

Nsangi Coffee Farmers Association in Uganda, Nsangi for short, is a cooperative that is slightly more strongly established. The organisation was incorporated in 2005 and currently has 3,200 members. The quality of their Robusta is good because the region has a rather high rainfall figure. The fact that it is located near Kampala is an added value because this means that transport costs are lower. The cooperative is one of the few producers' groups in Uganda that has a peeling system and it attained its fair trade certification in 2014.

“What strikes one immediately is the enthusiasm of the management”, says Josiane Droeghag, who led the data capturing session there. “They had listed their figures neatly in advance and they seemed extraordinarily eager to learn. Their strongest point was immediately clear: the strong relationship of trust between the personnel and the members. The weakest point was – for the umpteenth time – marketing.” Nsangi, too, is too dependent on the Ugandan exporter with whom they cooperate. The problem is that Nucafe has in the meantime evolved from being a matchmaker between the Ugandan producers and international purchasers to a fully-fledged exporter which has the reins of the trade well in own hands. This even

applies to the fair trade label. As a result, organisations such as Nsangi are in danger of losing their contact with old customers. “Nsangi realise that they will need to take control of the situation themselves to do prospecting for new customers. In addition, they must also have the quality of their coffee analysed, get to know the price structure of the entire chain and develop a sales narrative. The coaching programme scheduled for 2016 will definitely come in handy.”



Ageing of the farming population is an all too familiar problem in many coffee regions. It is extremely difficult to motivate young people to cultivate coffee since they dream of city life. Nsangi tries to put a stop to this evolution by linking coffee to ... football!

Training course programmes on coffee are combined with organising football tournaments. Every sub-group has its team. These efforts are slowly but surely gaining ground and the young people are starting to invest in the coffee business.



Previous page: Nsangi cooperative members during the training. Above: one of the football teams posing, clad in their Nsangi Coffee football jerseys © TDC & Nsangi

Conclusion

“A data capturing session is not intended to develop a strategy. The aim is, rather, to list figures on paper and to encourage participants to analyse them. You often see that they become proud when they see the strengths and discover the opportunities for their own organisation. But sometimes you see their faces fall when they realise that their customer base is unstable and that they hardly know what the customers expect. That realisation, that understanding, is what we find important.” Josiane Droeghag



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Photographs: Josiane Droeghag (Koakaka and Nsangi), Els Dehantschutter (Koakaka) and Benoit Fievez (AMKA)

Sources:

The market support for small producers in Africa: a priority for the trade for development centre (2015), published at www.befair.be
Project applications, evaluations and reports at the Trade for Development Centre.

AMKA: www.comequi.org

Koakaka: Fairtrade Africa/producers

Nsangi: nsangicoffee.com

