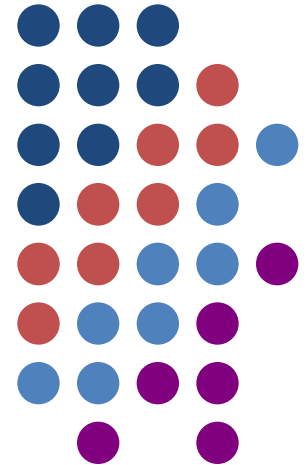


PROMOTING THE USE OF IP IN THE AGRI-BUSINESS AND TRADE INDUSTRY OF PRODUCTS EXPORT INTEREST FOR LDCs

**WIPO workshop on access to technical
and scientific information for
technological capacity building.**

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OUTLINE



- ❑ **IMPORTANCE OF EXPORTS FOR LDCs**
- ❑ **KEY INGREDIENTS OF EXPORT STRATEGIES**
- ❑ **IMPORTANCE OF IP IN INNOVATION STRATEGIES**
- ❑ **IMPORTANCE OF IP IN MARKETING STRATEGIES.**
- ❑ **WAYS FORWARD.**

INTRODUCTION



What is the current status in LDCs?

- **Participate at 1% at the global trade**
- **Commodity-dependent economy based on export of raw products**
 - Low return to the country
 - Low incentive to the farmer
- **Depending on world market fluctuations**
 - buyers determine the rules of the game
- **Higher value products imported back**
 - Processed coffee
 - Processed fruit juices
 - Processed Cocoa
 - Textiles



IMPORTANCE OF EXPORT FOR LDCs



- Majority of LDCs' countries have abundant natural resources and commodities and the commercialization of these resources is vital for their national economies.
- The rate of value added products exported by LDCs is low.
- With the globalization of exchanges, opportunities and risks are no more restricted to the national level but are becoming international.
- LDCs fails to be competitive when exporting their products because of a lack of innovation and marketing strategies.

IMPORTANCE OF EXPORT FOR LDCs



Export promotion played a critical role in long-run growth by supporting a virtuous circle of:

- Investment
- Innovation
- and poverty reduction through employment creation.

Example of the Asian “tigers” – the Republic of Korea, Taiwan Province of China, Singapore and Hong

Kong (China) – whose export-led growth starting in the 1960s has given them the status of developed nations;

IMPORTANCE OF EXPORT FOR LDCs



LDCs have to reap the full benefits of globalization and are lagging behind other developing countries.

- A lot of trade facilitation policies for LDCs.
- Market demand for LDCs products.
- Even financial support..

KEY INGREDIENTS OF EXPORT STRATEGIES



VISION

Exporting involves considerable investments in financial, managerial and production resources.



WHERE I AM?

WHERE DO I
WANT TO GO?

HOW DO I GO THERE?

KEY INGREDIENTS OF EXPORT STRATEGIES



1. Decision to export needs to be planned and executed .

It starts with the definition of a **VISION:**

➤ Where are we?

(strengths and weaknesses)

Is the product ready to meet customers needs and wants in the target market? Can the product face the local competition?

➤ Where do we want to go?

(opportunities and threats)

What is the potential of the product in the target markets?

➤ How do we go there? And How can we use IP to go there?

(action plan)

What will be the most effective mode of entry into the targeted new market (i.e. through direct exporting, by establishing a joint venture, by licensing intellectual property rights to third parties, through e-commerce, etc.).

Internal Assessment (1)	
Strengths	Weaknesses
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. _____	5. _____
External Assessment (2)	
Opportunities	Threats
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. _____	5. _____

(1) Internal assessment looks at the organization, its people, capital structure, assets, market share, core competencies, product lines, manufacturing capability, and other internal factors.

(2) External assessment looks at both direct forces, such as competitors, suppliers, Customers as well as indirect forces, such as economic, political, and social.

SUCCESS = Strategies (Vision) + Tactics (Action) and LEADERSHIP

KEY INGREDIENTS OF EXPORT STRATEGIES



1. Decision to export needs to be planned and executed .

- What is or what are the appropriate export markets?
- What is the demand and what are the market needs?
- Who are the local partners and what are the channels of distribution?
- How should the product be adapted to the new market? its design, its brand or its packaging to the new market?
- What could be the content of the contractual agreements with export sales representatives?
- Who are the key partners in the country: distributors, local partners, local manufacturers, licensees, etc.,
- What will be the pricing strategy in the export markets?
- What should be budgeted for export operation and raising funds?
- What are the transport arrangements to make for exports?
- What will be the advertising/marketing strategy of the product in the export market?,
- To which tradeshow and events abroad should the company attend?.

KEY INGREDIENTS OF EXPORT STRATEGIES



2. Readiness of the product to export and its ability to face competitors products.

Beside meeting the needs and wants of customers in the new market, the product must be innovative, with an attractive design and well branded to face the competition.

What is the value chain of the product? Production (pre and post harvesting issues for agricultural products), logistic, sales and marketing, supporting services

KEY INGREDIENTS OF EXPORT STRATEGIES



3. Export strategy to adopt.

Indirect

Which option: Licensing? Franchising?

Direct with agent /distributor

With who? How to secure the relationship?

Direct with a branch/ subsidiary

What could be the advantages and the constraints?

IMPORTANCE OF IP IN INNOVATION STRATEGIES



From commodities to value added product.

Why is it important? It provides additional income not only to the company but at the national level, it's a tool for employment creation and poverty reduction for the country.

How innovation translates into higher prices by moving up the experience chain.

COMMODITY	GOODS	SERVICE	EXPERIENCE
<p>Prevailing prices for various coffee offerings</p>  <p>1¢-2¢ Per Cup</p>	 <p>5¢-25¢ Per Cup</p>	 <p>75¢-\$1.50 Per Cup</p>	 <p>\$2-\$5 Per Cup</p>

Data: Pine and Gilson, The Experience Economy, 1999

At a Enterprise level but BETTER at a sector level.

Why don't we put all our effort to develop a sector?

IMPORTANCE OF IP IN INNOVATION STRATEGIES



IP plays an important role in innovation strategies

Key IP components:

- **Patents:** to keep the exclusivity rights on the product.
- **Patent information** to improve products and processes **again without reinventing the wheel!**
 - Find innovative or/and resistant plant varieties
 - Find new technology for products and new processes.
- **Design** : can have impact on value chain.
- **Design information** to assess market evolution and technological evolutions.

At a Enterprise level but BETTER at a sector level.

Why don't we put all our effort to develop a sector?

IMPORTANCE OF IP IN INNOVATION STRATEGIES



From commodities to value added product.

Namibia: A Tree and Traditional Knowledge: A Recipe for Development

Background

Found throughout southern Africa, the marula tree (*sclerocary birrea*) has been used by humans for thousands of years, with archeological findings placing uses as early as 9000 BC.

The flavor of marula fruit has been compared to a cocktail of guava, lychee, apple and pineapple, and harvest traditionally takes place between February and June.

Rich in protein and high in vitamin C,

Rich in linoleic fatty acid, antioxidants and oleic acid, which are essential for the preservation of healthy human skin.

Oils derived from marula are easily absorbed into the skin and naturally soften, nourish and revitalize it, which makes marula oils ideal for topical application.

10 times more resistant to oxidation than olive oil, it is one of the most stable natural oils in the world. Because of its exceptional chemical stability, marula oil is an ideal ingredient for use in many cosmetic products.

Nutritious properties of marula make it an ideal ingredient for fortified foods and other health care products.



IMPORTANCE OF IP IN INNOVATION STRATEGIES



From commodities to value added product.

Namibia: A Tree and Traditional Knowledge: A Recipe for Development

Valuation of the traditional knowledge. In the 1980s, Israeli researchers were some of the first to study the use of indigenous marula trees, and the selection and classification by local people of desirable marula traits has been well documented..



Processing of Marula OIL

In 1999, CRIAA SA-DC, a Namibian non-governmental organization (NGO), had the idea of producing marula oil of a higher quality and in larger volumes so that it could be sold as an export product for the cosmetic industry through the Eudafano Women's Cooperative (EWC) to market marula products for local and export markets.

Research and Development

Partnership with PhytoTrade and Aldivia S.A. (Aldivia), a French company that specializes in producing natural and organic ingredients for cosmetic manufacturers, to develop **a proprietary process – called “Ubuntu”** – to manufacture cosmetics without any petrochemicals or solvents, leaving behind a limited carbon footprint. This innovation has been dubbed “green chemistry,” and the first resulting product to use the Ubuntu process was **Maruline, a 100% natural marula oil with enhanced antioxidant properties.**

Maruline is the world's first active botanical ingredient developed through scientific collaboration between traditional resource users – the rural marula producers of Namibia represented by EWC and PhytoTrade – and a specialized international R&D company.

IMPORTANCE OF IP IN INNOVATION STRATEGIES



From commodities to value added product.

Namibia: A Tree and Traditional Knowledge: A Recipe for Development

Business Results

Increase of demand for Marula products. Demand in 2008 shot up to twenty tons of oil worth over US \$20 million. **Retail prices for cosmetics with marula sell for four times** more than products without it, and marula has gone from a supplementary to primary source of income for many women in rural Namibian communities.

Opportunities for new marula-based products to be commercialized for export. Traditional “ondjove” cooking sold internationally and new opportunities for marula food products.

Poverty reduction

With the development, intellectual property (IP) protection and commercialization of Maruline, the marula tree has become an even more important part in the lives of tens of thousands of rural producers, their families and communities.

With access to new markets, by 2000 rural marula producers were receiving over US \$60,000 annually and by 2010 were receiving US \$2.35 per kilogram of marula..”



IMPORTANCE OF IP IN INNOVATION STRATEGIES



What that it takes:

ACTION: we have all the ingredients: Natural resources, traditional knowledge, human resources and expertise, access to technological and scientific information, access to market information.

From the IP perspective: strategic use of Patent information to access to technological innovations, partners.

IMPORTANCE OF IP IN MARKETING STRATEGIES



Every day a new product enters the market...



New challenges
for companies:
How to **MEET**
customers **NEEDS**,
make them
RECOGNIZE and
MEMORIZE
products?



TRADEMARKS versus BRANDS?

- In 'blind' taste tests, people prefer the taste of Pepsi over the taste of Coke.
- However, if the test is not 'blind' and the tasters know which beverage is which, they prefer the taste of Coke over Pepsi!
- The Coca-Cola brand has the power to actually change an individual's taste!
- That is the **emotional power** of a name.



IMPORTANCE OF IP IN MARKETING STRATEGIES



KEY IP COMPONENTS FOR A BRANDING STRATEGY:

Trade Marks (product mark, collective mark, certification mark)
Industrial Designs
Geographical Indications
are business branding tools

Aimed at

Promoting product recognition
Promoting customer loyalty
Promoting repeat business
Enhancing the reputation of the product and its producer
Guaranty the consistency of the product's quality

Tools used to capture economic benefits to a business

IMPORTANCE OF IP IN MARKETING STRATEGIES



Branding, Business Ethics and Success: An example from Mozambique

Background

Gringo Ltd (Gringo) is a textile company established in 1997 by Abdulla Abdul Karim in Maputo, Mozambique. Mr. Abdul Karim's dream was to create not only a jeans brand with the quality and appeal of well-known international brands, but also to have an enterprise that supports and propagates clear, ethical causes.

Gringo's short-term aims are to clothe Mozambican youth. Its long-term ambitions are to be a socially responsible company, leading by example to inspire a new generation of young people in Mozambique through innovative education and training programs, while enhancing the existing entrepreneurial climate in the country and striving to eradicate both hunger and poverty



Branding

Gringo's first steps : to establish a firm corporate brand identity and company structure; to identify its core market; and, to begin creating and procuring products.

Trademark: Gringo –



Differentiation strategy: branding strategy: associate the brand with positive principles. The Gringo brand name was based on “The Cause” precepts – a set of ideas defining the company's core values. “Be a positive example, by giving to society, the society grows, and when society grows the market grows, and consequently the company.”

The company's Brand Management Unit aligned The Cause with the Gringo brand, thus creating a new brand image – The Cause Brand (TCB) – with the objective that each would nurture the other – the emotional appeal of The Cause would overflow into Gringo and vice versa.

IMPORTANCE OF IP IN MARKETING STRATEGIES



Branding, Business Ethics and Success: An example from Mozambique

Commercialization

With an established brand name, clear organizational structure, and an identified customer and resource base to hand, Gringo began procuring and producing its core product. Given Mozambique's lack of manufacturing resources, the company initially outsourced ninety-five percent of its production to the Republic of South Africa (RSA) and the remainder to Portugal.

In 2000, the company registered both "Gringo" and "GNG" – an easily recognizable, artistic acronym of the trademark "GRINGO" but with the last "G" in GNG reversed or mirrored – as trademarks in Mozambique, filed under forty-five classes of International Classification of Goods and Services. Moreover, Gringo filed several trademarks in various countries with trade links to Mozambique – and therefore potential markets for the company – such as India, Lesotho, Namibia, RSA, Swaziland and Zambia.

Employment creation: More than 20 staff

Branding strategy designed to impact in local communities

Investment of fifty percent of its net profits into generating and promoting community-based projects.



IMPORTANCE OF IP IN MARKETING STRATEGIES



Ethiopian Fine Coffee initiative

Implemented an IP and branding strategy

Secured ownership of coffee designations & strengthened partnership

Change in marketing position

Improved income and living standard etc.,



HARAR™
ETHIOPIAN
FINE COFFEE



YIRGACHEFFE™
ETHIOPIAN
FINE COFFEE



SIDAMO™
ETHIOPIAN
FINE COFFEE

IMPORTANCE OF IP IN MARKETING STRATEGIES



Ethiopian Fine Coffee initiative

The Initiative has helped Ethiopia to differentiate Ethiopian coffees from coffees of other countries, which strengthened the confidence and bargaining position of the coffee growers and exporters of the country. There is an increasing demand for Ethiopian fine coffee in the world market. The novelty of the Initiative is that it enabled the growers and producers to become part of price setters instead of being price takers.



Prior to the IP protection initiative, Ethiopia was receiving a scanty 6 percent of the final retail price for its coffees. Against the average final retail price ranging from US\$ 20 to 28 per kilogram, the farmers were receiving as little as US\$ 1 per kilogram. The trademarking and licensing scheme immensely helped improve the situation: **Yirgacheffe farmers' income doubled in 2007 in comparison with their income in 2006, with estimation that over the years the producers could secure their income at around US \$6-8 per kilogram.** Overall, Ethiopia's total coffee exports are expected to reach **the level of US \$1.2-1.6 billion as opposed to a meager US \$400 million prior to the Initiative.**

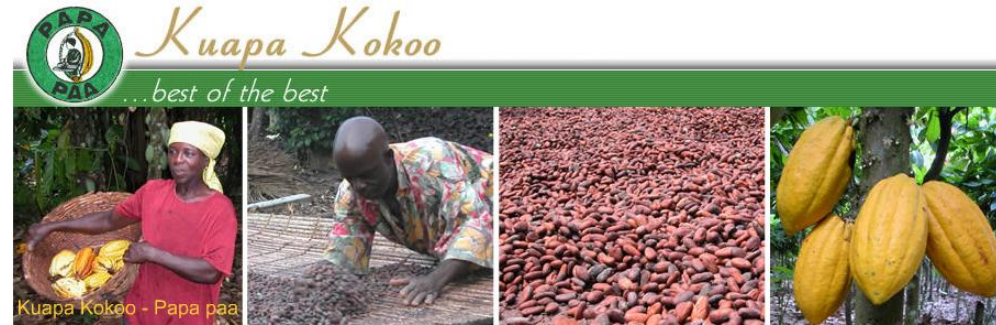
IMPORTANCE OF IP IN MARKETING STRATEGIES



KUAPA KOKOO: cocoa farmers co-operative established in 1993, that works to improve the lot of their members.

1,200 village societies with a total number of about 45,000 farmers

Mission: Develop Kuapa Kokoo into a formidable farmer based organization, able to mobilize quality cocoa and cocoa products, improve the members livelihood and satisfy customers. **and Marketing Example**



Vision:

To become a leading, caring and efficient and the most globally recognized co-operative in cocoa production and marketing.

IP Assets:

Strategic collaborations between producers

Collective marketing strategies

- Trademark: Divine Chocolate

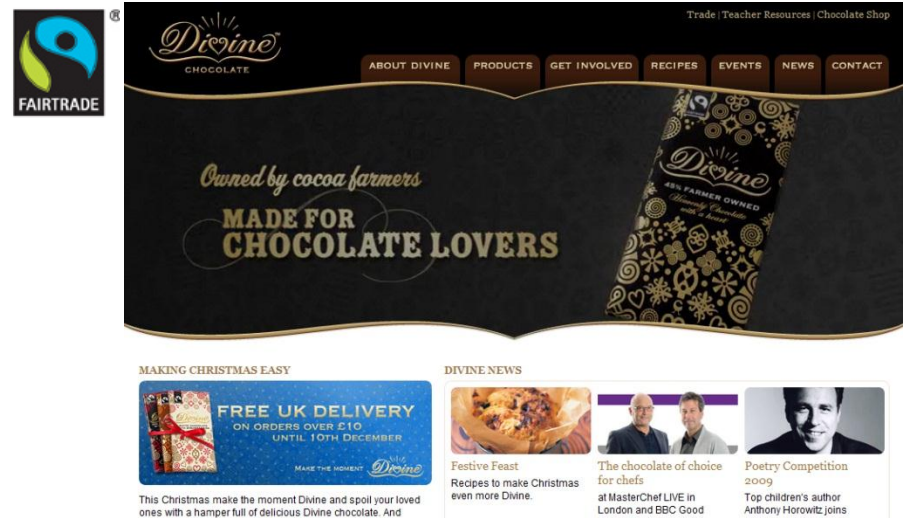
- Certification Mark: Fair Trade

Direct marketing strategies with domain

Names:

www.divinechocolate.com

www.kuapakokoo.com



WAYS FORWARD



- **Where to start? Why not a “whole product approach”?**

WHERE ARE WE?

Conduct an in depth analysis of the selected product.

What is the current product value chain?

Who are the actors involved in the product value chain?

What are the sectors impacted by the product?

What are the local, regional and international opportunities in terms product development and market development with the product?

What are the local capabilities to meet market access and product development requirements?

What are the key technological to meet market and product development requierments?.

WAYS FORWARD



- **Where to start? Why not a “whole product approach”?**

WHERE DO WE WANT TO GO?

Assess and define priorities in product development and market development possibilities.

What is the potential for developing innovative and added value products to consumers?

What should be the target market: local, regional or international markets.

What should be the priorities in terms of product development initiatives?

WAYS FORWARD



- **Where to start? Why not a “whole product approach”?**

HOW DO WE GO THERE?

What export strategies to use?

How do we use strategically IP to go there?

How will we use patent information, trademark information and design information in the market intelligence strategy?

What IPRs will be the most appropriate to use to have value added products and successfully commercialize them. Will it be: collective Branding, technology transfer, Licensing, free use of patent in public domain..

CONCLUSION



IP is Key for determinant components of the export strategy such as the product, the pricing strategy, the collaboration with partners in the export destination.

With the use of IP in their export strategies, LDCs will be able to:

- have a strong market position with exclusivity of rights.
- add value to their commodities and their traditional knowledge,
- higher their profit or returns on investment
- increase their sales revenues
- create employments and consequently reduce poverty in the countries.

THANK YOU!



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