FACILITATOR GUIDE

Marketing

Level 5

P.O. Box 461, Hillcrest, 3650
(031) 313-3364

Title:		**Integrate Marketing Plans with Business Process**					
Applied Title:		**Integrate Marketing Plans with Business Process in Citrus Production Enterprise**					
Field:		Business, Commerce and Management Studies					
Sub-Field:		Marketing					
SETA (SGB):		Marketing					
Skills Area:		Marketing					
Context:		Citrus Production					
US No:	10050	**Level:**	5	**Credits:**	6	**Notional Hours:**	60
Author:		L. von Broembsen					

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Unit standard alignment and assessment tool development:
Cabeton Training and Development

Project coordinator:
Jacomien de Klerk

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Directions

1. Learning Material

This guide has developed to assist the facilitator in presenting this unit standard. The guide contains all necessary material to ensure that the facilitator will be able to assist the learner to attain the competencies required by the unit standard.

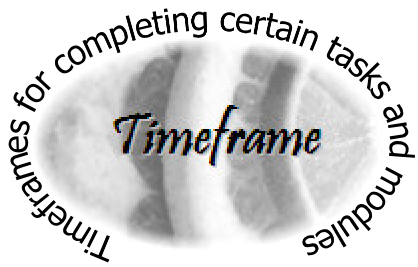
This set of learning material consists of the following guides:

- ***Learner guide*** that contains all the information required by the learner to attain competency in this unit standard
- ***Facilitator guide*** that is a copy of the learner guide but contains additional instructions for the facilitator.
- ***Assessment Guide for Assessors and Facilitators*** that contains all the documentation needed by the assessor and facilitator to assess the competency of the learner against this unit standard.
- ***Assessment Guide for Learner and Learner Workbook*** that contains the documentation required by the learner to complete the assessment, along with the worksheets and practical exercises that the learner needs to complete as part of the formative assessment.

Please ensure that you are familiar with the contents of all of these guides before presenting this unit standard.

Although the learner and facilitator guide contains all the information required for attaining competency in this unit standard, references to additional resources (both printed and electronic) are provided for further study by the learner.

Information in boxes is indicated by tags that show:



2. Learning Program Timeframe

Timeframe

This is a summary of the timeframe for this learning program. You will be reminded of the time allowed for each module as you work through the guide.

Process	*Total Allocated Time*	*Theoretical Learning*	*Practical Learning*	*Activities*
Complete Program (Including summative assessment)	**60h**	**18h**	**42h**	**4**
Learner Orientation and Ice Breaker	30min	15min	15min	n/a
Purpose, Introduction and Learner Directions	30min	15min	15min	n/a
Revision of Level 4	45min	30min	15min	n/a
Session 1 (Chapter 1)	22h	4h	18h activities	1
Session 2 (Chapter 2)	13h 45min	4h	9h 45min activities	2
Session 3 (Chapter 3)	13h 30min	4h	9h 30min activities	3
Session 4 (Chapter 4)	8h	4h	4h activities	4
Preparation for Assessment and Revision	1h	1h		n/a

3. Technical Program Specifications

Format	Programmed instruction workshop, combined with structured internship format as prescribed for learnership, skills program or short course.
Target Learner Description	A typical level 5 learner should have been exposed to the working world for a considerable period and should have an extensive and wide-ranging level of experience in the subject matter. **EE Ratios:** 1 Male:1 Female 8 PDI:2 W 1 Employed:1 Unemployed
Articulation Options	Nil formal in place
Delivery Mode	A combination of small group mode and individual mode

Training Method and Activities	**Program Instruction:** This program forms part of an apprenticeship where coaches provide practical training in the fields requiring functional competency. The theoretical study section of the training is conducted as a 4-day workshop in the Cohort group format. Additional training activities include buzz groups, rotating role plays, simulations, games and brainstorming sessions, and group discussions.
Learner Support Strategies	Learners are inducted by "explore strategies to learn program". Learners are supplied with all resources and aids as required by the program, including: • Objects and devices such as equipment • Manuals and guides • Visual aids

Facilitator Tip

This unit standard is aimed at level 5 learners.

Typical level 5 learners:

- Are already equipped with wide-ranging specialised technical skills related to the field of learning, the world of business and business communication.
- Can be expected to be in possession of a broad knowledgebase with substantial depth in other related learning areas.
- Are able to operate under range of familiar and unfamiliar contexts under general supervision.
- Have the capacity to select the correct and appropriate procedures for his / her context from a wide range of procedures.
- Have the ability to plan, present information, choose methods, and access resources.
- Normally operates in a field where he / she has full responsibility for the nature, quantity and quality of outputs.
- Might bear responsibility for group output.

The examples given in this resource guide might be for a different geographical area or commodity to what the learner is exposed to. Please adapt your examples according to the learning context.

4. Facilitator's Checklist

Facilitator Tip

This checklist has been designed to assist you in delivering the best possible facilitation to the learners. Please use it and supply whatever resources you might have in short supply at your venue of learning.

Preparation	***Yes***	***No***
Content Knowledge I have sufficient knowledge of the content to enable me to facilitate with ease.		

Preparation	***Yes***	***No***
Application Knowledge I understand the program matrix and have prepared for program delivery accordingly.		
Ability to Respond to Learners Background and Experience I have studied the learner demographics, age group, experience and circumstances, and prepared for program delivery accordingly.		
Enthusiasm and Commitment I am passionate about my subject and have prepared my program delivery to create a motivating environment with real commitment to success.		
Enterprise Knowledge I know and understand the values, ethics, vision and mission of the Citrus Academy and the service provider under whose auspices the program will be conducted, and have prepared my program delivery, reporting and administrative tasks accordingly.		
Equipment Checklist:		
Learner Guides: 1 per learner		
Learner Assessment Guides: 1 per learner		
Writing material and stationery for facilitator and learner		
White board and pens		
Flip chart paper		
Proxima projector and screen		
Notebook computer and program disk		
Documentation Checklist:		
Attendance register		
Course evaluation		
Learner course evaluation		
Portfolios of evidence		

5. <u>Proposed Floor Plan</u>

No floor plan is prescribed for this training module.

Introduction

1. Purpose

A learner achieving this unit standard will be able to pro-actively analyse, strategise, plan and manage an integrated marketing plan. The learner will also be able to monitor progress and apply corrective measures should it be necessary. In addition, the learner will be well positioned to extend his/her learning into the auditing field, thereby allowing the profession to benefit from the application of strategic and systems thinking within the marketing plan.

Learners will understand the importance of the application of business principles in agricultural production with specific reference to marketing.

They will be able to operate farming practices as businesses and will gain the knowledge and skills to move from a subsistence orientation to an economic orientation in agriculture. Learners will gain the knowledge and skills to access mainstream agriculture through a business-orientated approach to agriculture.

2. Learning Assumed to Be in Place

Learners accessing this qualification will have demonstrated competence against the standards in the National Certificate in Marketing, Marketing Communication or Marketing Research or Marketing Management or Customer Management or equivalent at NQF level 4.

Facilitator Tip

It is important to ensure that the learners who are undertaking this learning program has already completed the correct prior learning modules, to ensure that they are not unfairly disadvantaged by the learning process, and can be supported accordingly.

Do not forget to complete the Diagnostic Assessment (Step 3 in the Assessment Guide).

Revision of Level 4

Timeframe

You have to complete this section as follows:

Total time	*Theory*	*Practical*
45min	30min	15min

Facilitator Tip

Utilise this opportunity to review concepts covered at level 4 which are important to this module. This is also a good opportunity for learners to become familiar with the course content and to determine whether they hold the required background knowledge to enter this program.

Allow sufficient time for learners to ask any questions that they might have.

1. Structure a Marketing Plan

- A marketing plan is the entire strategy for selling a product, including its publicity, promotion, sales, and advertising, and details the actions necessary to achieve specified marketing objective(s).
- To create a meaningful picture of the environment in which the marketing of the product will take place, it is often necessary to engage with a variety of people or sources of information.
- The systems approach focuses on organisation and interdependence of relationships, and considers two basic components, being elements and processes.
- Four major concepts underlie the systems approach and they are specialisation, grouping, coordination, and emergent properties.
- The demand chain can be seen as the supply chain viewed from the perspective of the market, and it is driven by the needs and wants of the consumer.
- An action plan is developed from the processes of the supply and demand chains, and resources are allocated to the action plan to enable its implementation.
- A useful technique for allocating resources to action plans is the RACI method, which indicates for every item in the action plan who is responsible, who is accountable, who must be consulted, and who must be informed.

2. Structure a Rolling Marketing Plan

- A market segment can be defined as a single market within a country or as a country, and it can also be seen as a local domestic fresh fruit market or as the local processing market.

- The type of supply chain determines the critical success factors that are most relevant or applicable.
- The various export and local market segments differ widely in terms of product positioning, pricing, packing and transport requirements and the need for promotion activities.
- To define the marketing objectives for a particular citrus operation it is necessary to consider product, market share objectives, price, promotion, and distribution.
- The producer needs to have a thorough understanding of the costs relating to alternative service options in the supply chain so that proper financial planning can be done.
- Citrus is a long-term crop and the planning horizons for the production and marketing of citrus therefore also has to be long term, but owing to the dynamic nature of the fresh fruit trade, flexibility and change-agility are very much part of the process.

3. Structure a Risk Plan

- Risk relates to the meeting of expectations and there is invariably a cost attached to expectations not being met.
- Risk should be seen in the context of how various issues or factors can affect the acceptability of the final product and thereby enable it to meet the expectations of the final customer.
- Uncontrollable risks are associated with factors that the grower cannot exercise control over.
- Controllable risks are associated with factors over which the producer has some control.
- The marketing plan is a live document, meaning that it must be continuously reviewed and amended based on the risk status of the various production, packing, distribution and marketing scenarios.
- Information is the single most important tool that the grower needs to manage risk effectively.
- The South African Citrus Growers Association (CGA) is an important source of information on a variety of production, marketing and strategic issues.
- Risk can also be reduced through spreading functions and services between outside service providers such as production consultants and logistic service providers.
- Mode of selling, forward exchange, delegation, linkages, and out-sourcing are further methods for managing risk.

4. Monitor the Marketing Plan

- While the execution of the marketing action plans involves other parties, the overall control of the process is usually the responsibility of the general manager or marketing manager.
- Budgets are reviewed on a quarterly basis, particularly for those items with recurring and relatively small-scale costs such as communication and travelling expenses.
- Marketing plans have to be flexible and able to adapt to meet changing circumstances, which requires corrective or remedial actions when circumstances dictate.

Chapter 1

After completing this chapter, the learner will be able to:

Monitor the marketing environment and determine variables for marketing activities

Timeframe

You have to complete this section as follows:

Total time	*Theory*	*Practical*
22h	4h	18h activities

Facilitator Tip

The learner entering this program should be involved with marketing or be on a direct career path leading towards marketing activities. It is essential that learners have access to workplace mentors and coaches and are directed toward sources of information regarding marketing. The activities are mostly research based and will have to reflect actual workplace or industry situations and the learner will have to be able to work independently.

It is recommended that learners are requested to pre-read of sections before facilitation commences and that facilitation takes the form of group discussions, group analyses, and recommendations and evaluation of actual marketing scenarios relevant to the industry.

1. Introduction

Citrus enterprises have many marketing options from which to choose. As is the case with most investment choices, potentially high reward is usually accompanied by high risk. Some market segments are more stable than others, but may not always give the highest return. On the other hand, it sometimes pays handsomely to be one of the first into a new niche market, although relationships with importers and traders may not yet be developed to the point of mutual confidence – and this can lead to expectations on both sides not being met, resulting in poor financial rewards.

For this reason, it is important for the enterprise to understand as much as possible about the potential and features of the available market segments and to see these against the background of the external marketing environmental factors operating at that time.

This section focuses on the nature of these environmental factors and the extent to which they can impact on marketing activities.

2. The Impact of External Factors on Marketing Activities

Facilitator Tip

For this and the next section, avoid simply repeating the theory that is covered on the factors impacting marketing activities. Assign different influences to different groups and ask each group to analyse how this influences the marketing of an organisation, thinking from different perspectives, for example how it will influence the consumer, the producer, the industry, and the country in each case. Summarise the overall conclusions on poster board and paste it on a wall in the facilitation room for future reference.

External environmental factors refer to political, economic, social, technical, legal and environmental issues, both in South Africa and global, have or are likely to have an impact on the marketing of citrus in the export arena.

Local factors include:

- The exchange rate of the Rand
- The availability of accurate and up to date marketing information
- The ability to comply with the phytosanitary and quality requirements of importing countries
- Expected volumes of competitive product
- The structure and effectiveness of local grower and exporter groupings and organisations
- The timing, volume and quality of the different cultivars produced locally

Global factors include:

- The status of foreign government assistance and subsidies
- Unforeseen global crises that may cause adverse economic repercussions in target market segments
- The relative economic performance of the importing countries
- The current and predicted worldwide supply situation
- The consolidation in buying power of supermarket chain stores
- Changes in consumer fruit preference
- The performance of the currencies of importing countries and supply competitors
- Competition from new entrants
- Stricter quality and food safety standards

At any time, these and other such factors continuously combine in different ways to impact on marketing activities and bring about changes in marketing possibilities. It is frequently said that no two citrus marketing seasons are ever the same. Furthermore, changes can be short-lived or long-term, or a combination of these.

Example

Impact of External Factors

Consider the following scenario: the exchange rate of the local Argentinean currency is weak, and at the same time there is a large crop of high quality valencia oranges in that country. It is to be expected that Argentinean producers would favour exporting a larger portion of their total production than usual.

Large volumes of Argentinean Valencias could therefore be expected to enter their traditional export markets, which are the UK and Europe. If during that same season Spanish growers, supported by government subsidies, happen to have an early maturing crop of navel oranges that overlaps with the Southern Hemisphere valencias, the European market could quickly become oversupplied with relatively cheap competitive oranges.

This scenario may demand that the South African marketing executive undertake a complete revision of his marketing plan and activities. He may, for example, decide to re-negotiate his fixed price deals with Middle East markets with a view to diverting the bulk of his valencia crop away from the EU markets and into that region.

There are countless such variations of local and global supply and demand that could play out in any one season or over a period of time. The perishable nature of the product adds considerably to the complexity and significance of the decisions that have to be taken by the marketing executive.

3. Internal Influences on the Marketing Organisation

Internal influences are those that emanate from within the enterprise. They arise from the particular structure, size, location, history and character of the enterprise, and exert an influence on the decisions and actions taken by the marketing organisation of the enterprise.

Citrus farms can be as small as 20ha or as large as 2,000ha. Farms may be privately-owned or owned by companies, trusts or other structures. The fruit produced on the farm can be packed in a packhouse on the farm, in a packhouse shared by a number of growers, or at a company or cooperative packhouse located separately. The marketing of the crop can be done by export agents, directly by the producer or through a combination of these.

Most citrus producers in South Africa are highly geared for exports and strive to maximise the proportion of the crop that is able to meet export market standards. However, there will be instances where, depending on the location of the enterprise relative to high volume local markets and the cultivars planted, a producer may be satisfied with a lower proportion of his fruit being exported.

For example, large-scale citrus producers in areas such as Groblersdal and Rustenburg that are located close to city markets, or to large local settlements, and that have relatively low production and distribution costs, can do well out of their local fresh fruit sales.

There are also instances where processing factories have succeeded in building a strong local client base for their range of products and are prepared to pay competitive prices to suppliers with citrus fruit that meet the desired specifications. Under such circumstances the enterprise may produce a lower proportion of exportable fruit in the knowledge that by doing so, the reduction in production costs would be greater than the loss in revenue resulting from the lower export-local market split.

4. Assessing the Market Orientation of the Enterprise

Facilitator Tip

Assign different roles to groups, as fictional citrus farms, in which each group has to determine who their potential consumer might be, why these consumers are their consumers, which consumers will pay higher prices for the product, and how they will alert this consumer to their product. This will illustrate the start-off of marketing orientation. From this the fictional farm can then assign specific roles or gain specific answers to the questions listed in this section.

The starting point for any citrus marketing operation is to have a good understanding of the all-important consumer.

Where a grower supplies his product to a cooperative or company packhouse he will probably not be directly involved in any marketing decisions, because these will be taken by the management team of the packing organisation on his behalf. However, even in this case the grower should know where his fruit will be sold and why the organisation has opted for a particular marketing plan. The structures and communication systems of the organisation should ensure that its marketing philosophy and rationale are well communicated to its suppliers.

The channel through which the fruit is packed and marketed determines the marketing orientation of the enterprise. Where the enterprise produces, packs, and markets its own products, the enterprise needs to have a good knowledge of the dynamics of the markets it serves. In this case, the enterprise needs to be highly market oriented.

The degree of market orientation of an enterprise could be gauged by its response to the following questions:

- Who on the enterprise's staff is responsible for marketing?
- What markets (or market segments) does the enterprise have access to, based on phytosanitary considerations?
- What special actions have to be taken and requirements met in order to access such markets?
- Are production practices aimed at and capable of enabling access to the available and desired markets?
- Where are these markets located, and what are their sizes, capacities and broad requirements in terms of timing, cultivars, and so on?
- What fruit quality factors are important to consumers in the various market segments being targeted?
- Who competes in this market and what is their status?
- What are the features, in terms of distance, cost and efficiency, of the available distribution channels?
- How many and which export agents should be used to distribute and market the fruit?
- What brands should be used for the various grades of fruit supplied?
- What is the pricing strategy and what proportion of the fruit should be sold on a fixed price basis?
- What advertising and promotional activities would be desirable and what would these cost?

This is not a complete or quantitative list. However, if the enterprise is giving consideration to most or all of these issues, it could be termed market oriented.

Facilitator Tip

Summary

This is an opportunity to check the progress that learners have made.

Allow time for the learners to read through the summary and to gauge their own progress. Make sure that each and every learner gets and opportunity to ask questions.

Chapter 1

- In citrus marketing, high reward is usually accompanied by high risk.
- External environmental factors refer to political, economic, social, technical, legal and environmental issues, both in South Africa and global, that have or are likely to have an impact on the marketing of citrus in the export arena.
- Internal influences arise from the particular structure, size, location, history and character of the enterprise.
- The channel through which the fruit is packed and marketed, being whether it markets its own fruit or whether it is marketed through a cooperative, determines the marketing orientation of the enterprise.

Complete activity 1 in the **Learner Workbook**.

Activity 1 – Experiential Research and Analytical Report

It is vital that learners understand that they need to conduct the research for this activity individually and with the context of the marketing environment to which they are practically exposed. Encourage learners to seek advice from their mentors and coaches and to include as much information in the report as possible. Remind learners that any statistical information has to be referenced. This activity forms part of the learner's experiential learning process.

Timeframe: 18h

Chapter 2

After completing this chapter, the learner will be able to: **Distinguish the role of marketing research and marketing information systems**

Timeframe

You have to complete this section as follows:

Total time	***Theory***	***Practical***
13h 45min	4h	9h 45min activities

Facilitator Tip

It is important to facilitate this section with as much practical examples and actual market research as possible. It is important to assist learners in identifying where information for market research can be obtained and why specific market research is done. Market research is covered extensively at level 2 and 3 of this material and can be utilised and referred to for assistance.

For example, learners can be given pre-drafted market survey questionnaires and go to conduct the market research at the local supermarket. This will give learners practical exposure to market research. Learners can also be given specific consumer or market profiles to analyse. An example would be to give the learners the profile of a specific UK consumer and have them conclude what this consumer is looking for in an orange and why this consumer's profile looks like this.

1. Introduction

For growers to be in a position to make decisions regarding the volumes to pack and send to the various market segments, information is required. Sound marketing decisions, whether for export or local market fruit, are dependent on systems capable of capturing, processing, analysing and communicating appropriate data and converting this into useful information.

2. Marketing Information Systems

Few growers have the capacity and resources to gather market statistics beyond information for their own businesses. Information and statistics are also required and used by all growers in the industry, and for this reason, information gathering is a centralised function that is undertaken by an industry body in most industries, while additional and specialised information can be obtained from commercial companies.

Information is gathered about two main market segments, being the export market and the local market.

2.1. Export Market Information

In recent years, the citrus export business has come to rely increasingly on information supplied to industry bodies by the Perishable Products Export Control Board (PPECB). The PPECB has various statutory responsibilities, one of which is to carry out product inspection on a sample of all citrus exported. This requires that details pertaining to the quantities packed per variety be known.

Another service PPECB provides is export notification. This entails capturing shipping details, including quantities and carrying regimes.

Following deregulation, Citrus South Africa, a grower cooperative, and the PPECB developed a system of information provision to the Citrus Marketing Forum (CMF). The CMF is a voluntary forum made up of growers, exporters and stakeholders in the citrus industry. During 2005/6 the Citrus Growers Association (CGA) accepted the responsibility of supplying information to the CMF for discussion at its monthly meetings during the citrus season.

The PPECB is the main source of raw data, which is further processed and converted into information useful to the grower by the CGA. This includes information on volumes packed and is supplied by PPECB to the CGA on a weekly basis. These figures are then posted on the CGA website, from where it can be accessed by growers. The packed figures reflect the actual volumes packed to date, previous years' packed volumes and the estimated volumes for the current season. The figures are presented on a weekly and cumulative basis.

Information on volumes shipped and supplied by PPECB is also posted on the CGA website on a weekly basis. These figures show by variety and week the volumes shipped to the different markets. Other information provided by the CGA includes crop estimates based on data supplied by the variety focus groups, tree census information, export information, crop distribution, and price trends.

2.2. Local Market Information

As far as local fresh fruit sales is concerned, the need for specialised agricultural information providers arose and grew with the diminished role and eventual abolition of the Citrus Board's local market functions in the late 1980s. Many of today's citrus farmers now use the Internet as their source of information, because it helps them keep abreast of market trends, no matter how remote they are.

An example of a local produce market information service provider is Agrihub, based in Centurion outside Pretoria. This company supplies farmers with information on fresh produce prices, industry news and trends, financial matters and aspects of modern farming management. They can also track produce from the moment it leaves the farm until it arrives on the floor of the market, and keep tabs on prices and on the volume of produce sold.

Their system can also be used to assist fruit farmers market their products more economically to their users and thereby get the best prices for their goods. The cost to the farmer for the dial-up call is the same as that of a local call, making access generally affordable.

3. The Need for Quality Information

Marketing plans are based on information relating to the quality and volume of the product, and existing and predicted circumstances in the supply chain. Conditions and circumstances may suddenly change owing to factors such as the unforeseen arrival of competitive products, the dumping of inferior quality fruit, or lack of market confidence in the shelf-life of the product.

The marketing manager must be able to act quickly and decisively in switching the product from one market to another, holding the product in cold storage while waiting for market conditions to improve, or selling it at a discount to ensure continuous movement of the product off the retail shelves.

All such decisions have to be based on the latest reliable information available. Consequently, information sources have to be carefully selected and screened before being used as the basis for decision-making or establishing or amending marketing plans.

The highest quality, most reliable information source is very often one that is able to provide historical information as a comparative reference. Statistics giving current season product movement and sales can be misleading if not seen in the context of previous seasons' performances and trends.

4. The Role of Market Research

Market research must be distinguished from market information. The latter has been dealt with above and refers to the nature and source of communication regarding occurrences and factors that influence decisions relating to the marketing of the crop.

Market research makes use of market information, for instance historical information of sales and prices in particular markets, but goes much further than market information systems, while at the same time narrowing the focus to a specific market, consumer group, competitor or distribution channel. Market research is concerned with issues and functions such as:

- ***Market Analysis*** – Market analysis takes a broad view of potential consumers to include market location, sizes and trends.
- ***Consumer Analysis*** – A consumer analysis identifies customer needs and wants and identifies segments or groups with similar needs so that marketing efforts can be directly targeted at them. This constitutes the first step in Customer Relationship Management and aims at identifying and understanding the expectations of the consumer.
- ***Market Mix Implementation*** - Implications relating to the implementation of the 4Ps of the marketing mix, being product, place, price, and promotion.
- ***Competitor Analysis*** – Competitor analysis considers the strengths, weaknesses and the nature, volumes and strategies of competing products and companies.
- ***Distribution Channel Analysis*** – A distribution channel analysis is concerned with options and processes for cost-effectively moving the product to chosen markets.

Consumer groupings can differ widely in their requirements and expectations of the product. Such differences can be the result of for instance:

- Traditional uses of the product as influenced by customs and cultural issues
- Disposable income
- Availability of competitive products
- Location of consumers in relation to the source of product
- Convenience
- Lifestyle

Information that arises from market research must be factored into market planning.

Facilitator Tip

Summary

This is an opportunity to check the progress that learners have made.

Allow time for the learners to read through the summary and to gauge their own progress. Make sure that each and every learner gets and opportunity to ask questions.

Summary

Chapter 2

- Sound marketing decisions are dependent on systems capable of capturing, processing, analysing and communicating appropriate data and converting this into useful information.
- Information gathering is a centralised function that is undertaken by an industry body in most industries, while additional and specialised information can be obtained from commercial companies.
- Marketing plans are based on information relating to the quality and volume of the product, and existing and predicted circumstances in the supply chain.
- Market research makes use of market information and narrows the focus to a specific market, consumer group, competitor, or distribution channel. Market research is concerned with issues and functions such as market analysis, consumer analysis, market mix implementation, competitor analysis, and distribution channel analysis.

Practical

Complete activity 2 in the **Learner Workbook**.

Facilitator Tip

Activity 2 – Group Discussion

Allow groups to break away to plan this activity. The activity should be completed over different group sessions and be answered with as much practical application to the learners' environment as possible. It is recommended that different break away sessions are dedicated to this activity and that groups already guide toward answering this activity during facilitation. Groups have to arrange for additional time outside of facilitation to complete their activity.

Timeframe: 9h 45min

Chapter 3

After completing this chapter, the learner will be able to:

Distinguish characteristics of major markets

Timeframe

You have to complete this section as follows:

Total time	***Theory***	***Practical***
13h 30min	4h	9h 30min activities

Facilitator Tip

It is recommended that you assign group activities to facilitate this section. The recommended group activities are:

- Analyse the characteristics of different consumer profiles with regard to the consumer and the market into which they fall. Assign a specific citrus product to this group and analyse what this market / consumer will look for in this product. Strategise how the farm owner would achieve this.
- Determine which markets the specific citrus product that has been assigned to the group is suited for. Analyse the markets and determine which market will achieve the highest price and which will achieve the lowest price for the product. Strategise how to supply the high-end and low-end market.
- Analyse scenarios where the market that the product is usually supplied to becomes redundant or no longer exists. Identify alternative markets for the product and motivate why this alternative market has been chosen.

Where possible, arrange for a site visit to a packhouse or freight companies to allow learners to see the different packing, labelling and handling techniques and requirements for different markets. Encourage learners to scrutinise the reasons for the specific packaging, labelling and handling in each case.

1. Introduction

Fresh citrus produced in South Africa is sold into two arenas, being the local fresh fruit market and the export fresh fruit market. While long-term economic and social conditions and changes will influence the relative importance of these two arenas to the citrus producer, exports have historically far outweighed the local market in terms of revenue generated and profits made.

2. Market Share

In 2004 for example, 85% of revenue was generated from the 67% of the crop exported. Compare this to the 11% earned for locally marketed fresh fruit from 15% of the crop, with processing accounting for the balance. This has driven South African citrus exports to second place in the world after Spain.

It is difficult to obtain accurate statistics on the quantities and price of all fresh citrus sold on the local market. This is because the industry is totally deregulated and a large proportion of fruit is sold on informal rural markets. Individual city and municipal markets keep record of market sales and there are private service providers who provide certain market statistics.

Historically the choice producers make with regard to which local market to serve is driven more by location and distribution costs, seasonal volumes and past relationships than by the relatively small differences in prices and returns achievable between one municipal market and another.

The features of consumers vary widely across the different market segments. Some of the features of the different market segments are discussed below.

3. Market Dimensions

South Africa exports fresh citrus to almost seventy markets around the world. Its traditional markets are in the UK and Europe but over the past twenty years, and especially since the lifting of sanctions, many new markets have been penetrated. Today, fruit is sent to the USA and Canada, Russia and Eastern Europe, Japan, China, Korea, the Middle East and many others. Increasing volumes are also being sent into African countries.

There are significant differences in the requirements of fresh citrus consumers and in the nature and structure of the markets over these regions. We will look at the following examples:

- South African domestic market
- African markets
- Middle Eastern markets
- UK supermarkets
- Northern European markets
- Non-profit markets

3.1. South African Domestic Market

In the South African domestic market, consumers have become accustomed to citrus being a high volume, low price commodity. They are generally ignorant of the features of the different cultivars and, with some exceptions, are not prepared to pay high prices for specialty products such as seedless easy-peelers.

This is a chicken-and-egg situation. In peak season, a 10kg pocket of oranges can still be bought at a roadside stall or in a grocery shop for less than R10.00. It is hardly worth the grower’s while supplying at this price – to him it serves as little more than a contribution to the covering of his production costs. After all, over 85% of his revenue is made from exports.

As a result there has been little incentive for most growers to become innovative in understanding and meeting the requirements of the South African consumer.

However, even here, opportunities exist for identifying and exploiting niche market sectors. Specialty fruit boutiques can increasingly be found in local shopping malls and chain stores. Woolworths is an example of such a chain store that has invested in effective quality assurance systems to attract and satisfy discerning buyers.

Furthermore, the relevance of the local market may be changing. As pointed out by UCT School of Management Studies, the emergent affluent black middle class is South Africa’s ‘economic tsunami’, and has been almost solely responsible for the country’s GDP growth from 2000 to 2006.

It may only be a matter of time before the local market sees the effects of this reflected by larger numbers of more discerning consumers demanding greater consistency and predictability in the quality of citrus they buy – and being prepared to pay for it.

3.2. African Markets

Africa is made up of 53 different countries and is at present considered the most rapidly urbanising continent in the world. Most of the countries do not have the resources, infrastructure or climates to produce citrus of their own. They consequently rely on imported supplies and are importing citrus increasingly from South Africa.

Buyers include supermarkets, greengrocers and hawkers. Supermarkets represent about 20% of the fresh fruit market, greengrocers 15% with hawker trade making up the balance.

African markets have in the past two decades developed from importers with basic food specifications in terms of packaging, quality and fruit size, to markets that are now testing a range of specifications. This change has presented new opportunities for importers and exporters alike.

Citrus is gaining market share in Africa. The major demand is for oranges, soft citrus and lemons, although citrus fruits are still totally foreign in some countries. Fruit size demands are similar to the popular sizes for the European markets.

3.3. Middle Eastern Markets

The Middle Eastern markets, which include the Arab Emirates and Saudi Arabia, absorb about 17%, which is equivalent to about 12 million 15kg cartons, of South Africa's annual fresh citrus exports.

Consumers in these markets buy citrus traditionally for squeezing in the home to produce juice for domestic consumption. The fruit is put on display in the home before being squeezed so it needs to be well-coloured, blemish-free and generally attractive. As a result, consumer preference is for citrus varieties that have good general appearance, favourable juicing characteristics, and a long shelf-life for both the juice and the fruit. The price margins are low.

The variety best suited to this is the valencia orange and certain other mid-season orange cultivars, such as the Salustiana. Production costs of these cultivars are relatively low and the general appearance and juicing features are excellent. Navel oranges and easy-peelers do not meet these overall requirements.

The Middle East is also home to a large Muslim population that makes extensive use of lemons for religious occasions, especially during Ramadan. As a result, these markets absorb about 40% of South African lemon exports.

3.4. UK Supermarkets

This market accounts for about 11% of South African exports, or about 8 million 15kg units.

Fresh produce is an important differentiator in the stiff competition between supermarket chain groups. Consumers are health conscious, require convenience foods and are prepared to pay the price for consistently high quality. They want to be able to choose from a variety of fruit types and specifications and are sensitive to the origin of the fruit.

This is reflected in the term 'ethical consumerism' where pressure is exerted for fresh products to meet standards in terms of such concepts as 'food miles' and 'carbon footprint'. Such standards reflect the amount of fossil fuel and thus pollution or carbon emissions involved in the product reaching the market. This clearly favours local production over imports and could possibly prejudice future citrus exports to these markets.

Definition

Food Miles
Food miles refer to the number of miles food travels from 'plough to plate', meaning from the place of production to where it is consumed.
Carbon Footprint
The carbon footprint is a representation of the effect human activities have on the climate in terms of the total amount of greenhouse gases produced, measured in units of carbon dioxide.

For such markets, there is a requirement for product traceability right back to orchard level with detailed information required on production practices, conformance to specified health and safety standards, environmental awareness, good agricultural practices, social responsibility, fair labour practices and so on. Furthermore fruit should preferably be seedless, easy-peeling and available all year round.

Preferred citrus types are Satsumas and Clementine mandarins and dessert eating oranges, such as navels. Grapefruit should be pigmented and not excessively bitter.

Note how these requirements contrast with those of Middle East markets. It is important that a citrus enterprise understand these differences, and manage their businesses to exploit them.

3.5. Northern European Markets

Northern Europe consumes about 24% of South Africa's fresh citrus exports. It is a diverse market comprising many of the countries that recently joined the EU such as Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Hungary, as well as the traditional markets of the Benelux countries, such as Germany, France and the Scandinavian countries.

In spite of this diversity, there are certain demands that are common amongst most First World European consumers, for example the European consumer:

- Is becoming increasingly aware of the origin of the products purchased
- Places high value on food safety, fair trade and environmentally friendly products
- Demands quality and is always on the look-out for special offers, with best value tending to replace consumer loyalty to a specific store
- Does not have much free time
- Is willing to try new innovative products
- Has many first rate alternatives to choose from

Retail chains dominate the European market and the following scenarios are expected in European retailing by 2010:

- Massive retail consolidation
- Near uniform pricing across Europe as a result of using a common currency in the Euro
- European retailers will dominate the global fruit retailing industry

- Internet retailing will thrive and create pressure for a single price across Europe

- Eastern Europe will become a centre of modern retailing with a distribution system that is almost fully integrated with that of Western Europe

Information

Market Information Sources

The above information on market features and trends is summarised from two sources, being:

- **Citrus Industry Statistics**, a booklet released annually by the Citrus Growers Association
- **Consumer Demand**, book 6 of a 9 book series entitled **The Trade Chain of the South African Fresh Fruit Export Industry**, 2004, compiled by the Fresh Produce Exporters Forum and edited by Stuart Symington

3.6. Non-Profit Markets

On level 3 we discussed the benefits and opportunities there might potentially be for growers in terms of non-profit markets in detail. It should be noted that currently production and marketing for non-profit markets does not feature in terms of citrus production. This type of marketing and production is more suitable to production of grains and legumes, and other staple foods.

Facilitator Tip

Summary

This is an opportunity to check the progress that learners have made.

Allow time for the learners to read through the summary and to gauge their own progress. Make sure that each and every learner gets and opportunity to ask questions.

Summary

Chapter 3

- Fresh citrus produced in South Africa is sold into two arenas, being the local fresh fruit market and the export fresh fruit market, with the 67% of the crop exported in 2004 earning 85% of the revenue.
- There are significant differences in the requirements of fresh citrus consumers and in the nature and structure of the markets that South African citrus is sold into.
- In the South African domestic market, consumers have become accustomed to citrus being a high volume, low price commodity, but there are opportunities for identifying and exploiting niche markets.
- African markets have in the past two decades developed from importers with basic food specifications in terms of packaging, quality and fruit size, to markets that are now testing a range of specifications.
- Consumers in Middle Eastern markets buy citrus traditionally for squeezing in the home to produce juice for domestic consumption.
- Consumers that purchase their fresh fruit from UK supermarkets are health conscious, require

convenience foods and are prepared to pay the price for consistently high quality. There is also a requirement for product traceability right back to orchard level with detailed information required on production practices, conformance to specified health and safety standards, environmental awareness, good agricultural practices, social responsibility, fair labour practices and so on.

- Northern Europe presents a diverse market comprising many of the countries that recently joined the EU and the traditional markets of the Benelux countries, such as Germany, France and the Scandinavian countries.
- Currently production and marketing for non-profit markets does not feature in terms of citrus production.

Complete activity 3 in the **Learner Workbook**.

Activity 3 – SWOT Analysis

It is recommended that groups have multiple break-away sessions in which to analyse the markets listed or discussed. Remind groups to also arrange for additional time to get together outside of facilitation to complete the activity.

Timeframe: 9h 30min

Chapter 4

After completing this chapter, the learner will be able to:

Identify influences on consumer behaviour in relation to marketing activities

Timeframe

You have to complete this section as follows:

Total time	***Theory***	***Practical***
8h	4h	4h activities

Facilitator Tip

This section is best facilitated by letting learners put on their consumer hat for different citrus products and think through their own requirements for this product. Encourage learners to motivate why they have specific needs regarding the product, and how this relates to the price that they are willing to pay for the product. Also encourage learners to think from the perspective of new consumers or alternative consumers to themselves and strategise how to inform such a consumer of the product or how to convince the consumer to buy the product.

1. Introduction

In the previous chapter we discussed various markets that South African citrus is sold into. By comparing the various markets and the consumer types prevalent in these markets, one can get a picture of how markets evolve as a result of changes in consumer behaviour.

Consumer behaviour is the study of:

- How they buy
- What they buy
- When they buy
- Why they buy

It is a subcategory of marketing that blends elements from psychology and economics. It attempts to understand the buyer decision-making process, both individually and in groups. It studies characteristics of individual consumers, such as demographics and behavioural variables, in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

In this section we look at some aspects of consumer behaviour when it comes to fresh citrus purchases.

2. Broad Factors Influencing Consumer Decisions

As a starting point, it is important to understand that a general model is proposed of the consumer's decision-making process. This consists of the following steps:

1. Want recognition
2. Search of information on products that could satisfy their needs
3. Alternative selection
4. Decision-making on buying the product
5. Post-purchase behaviour

In the marketing of fresh citrus, there are many factors that may influence consumers' decisions on what they will spend their money on, and therefore what marketing activities would prove most appropriate and rewarding. Different types or groupings of consumers have different factors driving or influencing their decisions. For this reason, most retail multiples create consumer groupings according to their disposable income and the range of products that are likely to appeal to them.

To the group of most affluent consumers, price is not as important as prestige. Consumers in this group are prepared to pay a relatively high price for niche or novelty products such as new varieties or packaging forms that are often exclusive or in short supply.

Consumers in the less affluent grouping will on the other hand pursue products that meet their specific requirements and at a price they can afford. Since the majority of consumers fall into this latter grouping, this will be considered in more detail here.

In the purchase of fresh produce, as with most commodities, consumer decisions regarding what to purchase are most often influenced by the desire to get value for money. This comprises two components, being **what you get** for **what you pay**. In the case of fresh produce, what you get has to do with the extent to which the product measures up to the expectation in terms of quality and condition. What you pay has to be perceived as fair in relation to this expectation, and what value for money an alternative or competitive product may give.

The expectation the consumer has of fresh citrus in a specific market outlet is determined by a number of factors, including:

- Appearance of the product on the shelf – consumers are inclined to buy with their eyes

- Previous experience of purchasing citrus from that store

- Knowledge of the variety and its characteristics, for example easy peel-ability and seedlessness

- Confidence in the brand name of the product and what it represents

- The perception the consumer has of its attributes and uses as conveyed through promotions and promotional material, for example the health factor of vitamin C associated with citrus or popular culinary recipes involving oranges

Two interesting issues in consumer decisions are **variety seeking**, where consumers seek to try new brands not because these brands are expected to be better in any way, but rather because the consumer wants a change of pace, and **impulse purchases**.

Impulse purchases are generally unplanned. For example, a shopper may plan to buy fruit, but only decide in the store to actually buy oranges and bananas. Alternatively, a person may buy an item only because it happens to be on sale at the time he happens to be there, or one that he remembers is needed only once he is inside the store.

3. Factors Influencing Consumer Behaviour

This is a thoroughly researched subject with many formal and informal, theoretical and practical studies that have been undertaken by many different groups around the world. One of the many useful summaries of current information is given in the reference 'The Psychology of Consumers' on http://www.consumerpsychologist.com/#Strategy.

In the case of the purchase and consumption of fresh citrus, as with other products, the purchasing habits of consumers are influenced by:

- Cultural issues
- Social issues
- Family values and group norms

3.1. Cultural Issues

Culture

The word culture has many definitions including 'ideals, values or rules for living', 'patterned and interrelated ideas, symbols or behaviours' or 'arbitrarily assigned meanings that are shared by a society'. Here we will use a simple definition: 'a shared, learned human behaviour, a way of life'.

The question is: Does a shared, learned human behaviour and way of life influence the fresh citrus consumer's behaviour in any way? Will it determine how the consumer goes about the purchase, whether citrus is purchased and if so what type of citrus is purchased?

In some instances culture undoubtedly plays a role. For example, lemons are used in cooking traditional dishes, in drinks, or for religious ceremonies in certain societies. In the Middle East, oranges are used primarily for producing fresh squeezed juice in the home, and so on.

In the developed and mature markets of Europe and the UK consumer behaviour is influenced by the culture of healthy eating and environmental consciousness. In Japan, grapefruit is a preferred citrus variety, but the fruit must have a high sugar content and not too bitter.

There are many similar examples in the citrus marketing world of consumer behaviour and preference being influenced by cultural factors.

3.2. Social Issues

Social issues relate mainly to choice being driven by affordability.

At grower level there is a high cost associated with the production of cultivars that have been selected or bred to posses certain desired features, such as seedlessness, high juice percentage, low rag content, later or earlier maturity, and so on. Such cultivars are often patented and royalties have to be paid on the propagation material. Limits are usually imposed on the volumes produced. Consequently, the market price of such fruit is relatively high and such products are only in the reach of the more affluent sector of society.

At the other end of the scale, fruit of standard hardy cultivars, harvested directly into pockets without any packhouse treatment and sold at hawker stalls are cheap and sought after by those with low disposable income.

Between these two extremes there are many different fruit type and quality options available at different price levels.

3.3. Family Values and Group Norms

In many ways, family values and group norms are similar to culture. Eating habits, diet and living style influence consumer behaviour and purchasing habits. 'Eating on the run' is a feature of modern day living in many households and convenience foods are increasingly appealing to families, particularly in the developed economies.

In terms of fresh citrus consumption this makes easy peel-ability and seedlessness prerequisite characteristics.

4. The Impact of Consumer Behaviour on Marketing Strategy

Consumer behaviour helps producers and exporters improve their marketing strategies. This is achieved by them knowing:

- The psychology of how consumers think, feel, reason, and select between different alternatives, for instance brands and products
- The psychology of how the consumer is influenced by his or her environment, through factors such as culture, family, signs and media
- The behaviour of consumers while shopping or making other marketing decisions
- How limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome
- How consumer motivation and how they decide what to buy change depending on how important the product is to the consumer – for instance fresh fruit as opposed to nail clippers – and how much it interests them
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer

Understanding these issues helps us adapt our strategies by taking the consumer into consideration. By understanding for instance that a number of different messages compete for our potential customers' attention, we learn that to be effective, advertisements must usually be repeated extensively. We also learn that consumers will sometimes be persuaded more by logical arguments, but at other times will be persuaded more by emotional or symbolic appeals.

By understanding the consumer, we will be able to make a more informed decision as to which strategy to employ. Consumer behaviour can be used specifically for creating more effective marketing strategies and campaigns, for example:

- By understanding that consumers are more receptive to citrus fruit advertising at times of the year when colds and flu are prevalent, marketing should focus on the vitamin C attributes of citrus at those times.
- If it is established from market research that fruit is an impulse purchase and that consumers most often only decide what fruit type to purchase once in the store, then in-store promotions should focus on influencing the consumer to buy citrus rather than any other fruit kind.
- By understanding that new cultivars are usually initially adopted by a few consumers and only spread later and then only gradually to the rest of the population, we learn that retailers that introduce new products must be well financed so that they can support these products until they become a commercial success, and it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.

It is important for citrus producers to have a sound marketing strategy. Marketing, and more specifically aspects of advertising and promotion, is an expensive business. Therefore, whatever strategy is created and adopted has to be effective. To best achieve this, the consumer's wants, needs and behaviour must be understood, and this must constitute the platform from which the design and implementation of marketing strategy is launched.

Facilitator Tip

Summary

This is an opportunity to check the progress that learners have made.

Allow time for the learners to read through the summary and to gauge their own progress. Make sure that each and every learner gets and opportunity to ask questions.

Summary

Chapter 4

- Consumer behaviour is a subcategory of marketing that blends elements from psychology and economics, and studies how they buy, what they buy, when they buy, and why they buy.
- A general model of the consumer's decision-making process consists of the steps: Want recognition, search of information on products that could satisfy the needs of the buyer, alternative selection, decision-making on buying the product, and post-purchase behaviour.
- In the case of the purchase and consumption of fresh citrus the purchasing habits of consumers are influenced by cultural issues, social issues, and family values and group norms.
- Consumer behaviour helps producers and exporters improve their marketing strategies.

Practical

Complete activity 4 in the **Learner Workbook**.

Facilitator Tip

Activity 4 – Research Report

Remind learners to complete this activity individually and to seek advice from their workplace mentors and coaches. Also refer them to specific market research and industry statistics that might assist them in concluding their research.

Timeframe: 4h

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