

Sales and marketing strategies of elfora agro-industries plc assignment

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A Project Report on MARKETING AND SALES STRATEGIES OF ELFORA AGRO-INDUSTRIES PLC A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Masters of Business Administration (MBA) in The Department of Management By: GETINET HAILU Under the Supervision of: Dr. Rakesh Belwal Assistant Professor, Faculty of Business & Economics Addis Ababa University July 2007 Addis Ababa Addis Ababa University School of Graduate Studies Title: Marketing and Sales Strategies of ELFORA Agro-Industries Plc. By:

Getinet Hailu Faculty of Business and Economics MBA Program Approved by Board of Examiners _____ Advisor _____

Signature _____ Examiner _____

Signature _____ Examiner _____

Signature _____ Examiner _____

Signature Dr. Rakesh Belwal Assistant Professor, Faculty of Business & Economics Addis Ababa University CERTIFICATE This is to certify that Getinet Hailu has worked on “ Marketing and Sales Strategies of ELFORA Agro-Industries Plc” under my supervision.

This work is original in nature and it is suitable for submission in the partial fulfillment of the requirement for the Degree of Master of Business Administration. _____ Dr. Rakesh Belwal DECLARATION I, Getinet Hailu Adera, declare that the study entitled “ Marketing and Sales Strategies of ELFORA Agro-Industries Plc” is the result of my own effort in research undertaking. The study has not been submitted to any Degree or Diploma in any college or university. It is submitted in the partial fulfillment of the requirement of the Degree of Master of Business Administration.
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_____ Getinet Hailu ACKNOWLEDGEMENT I, first of all would like to thank Dr. Arega Yirdaw, Chief Executive Officer, MIDROC Ethiopia, for allowing me to conduct my study on one of the MIDROC Group companies, ELFORA Agro-Industries Plc, and for facilitating for unreserved access to the company data. I am also deeply grateful to Dr. Rakesh Belwal, for his unreserved guidance, invaluable assistance and constructive comments. Particularly I am deeply touched by his kindness, quick response and relentless hard work and advice. Thanks again to my advisor, Dr.

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9 vi ABSTRACT

The main purpose of the research was to analyze the marketing and sales strategies of ELFORA Agro-Industries Plc. Since its establishment, the company's profitability and return on investment has been very low, even when it is compared to the current bank saving rate of 4%. The study tried to identify the major marketing and sales problems that contributed to such unsatisfactory level of financial performance. In order to address those problem issues, the researcher conducted interview with the relevant company managers and referred secondary data sources.

The collected data and information were compiled and analyzed for possible indications of problem areas. It was found that the main marketing and sales factors that contributed to the low profit level to be the under utilization of existing production and auxiliary facilities, inconsistency in product supply and delivery, inadequate and inconsistent demand for some of the company's products, high cost of production due to low capacity utilization and untimely purchase of raw material inputs, which resulted in higher prices than competitors leading to loss of market share.

It was finally recommended a series of measures that the company should take in order to improve the current situation. These measures will ultimately provide the company with the advantage of cost-leadership that will strengthen its market position in terms of market share, price competitiveness, and eventual customer satisfaction. vii CHAPTER ONE

INTRODUCTION 1. 1 OVERVIEW Ethiopia is a country endowed with a long

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history of an independent statehood. It has a landmass of 113 million hectares. Its strategic location at the center of the Horn of Africa renders it a bridge between Asia and Africa.

Its physical proximity to the vast and rich Middle East markets offers opportunities that are yet to be exploited. Ethiopia is also a country that is endowed with abundant natural resources. Mineral resources including precious gold, platinum and base metals are being discovered in quantities sufficient to render the deposits economically feasible. Its huge water resources remain largely untapped. With a population of 75 million (CSA, 2005), Ethiopia is the third most populous country in Africa after Nigeria and Egypt. Agriculture is the mainstay of the Economy.

It accounts for the bulk of the gross domestic product (GDP) and employs about 80 percent of the population. Agriculture is subject to chronic cyclical drought, which has affected the stability and rate of overall economic growth. Exports are dominated by coffee, the price of which has been on the decline in recent years. On a sector-by-sector basis, the share of agriculture in GDP declined marginally from 49.8 percent in 2000/01 to 48.8 percent in 2001/02 and to 44.8 percent in 2002/03. The share of agricultural GDP increased to 47.4 percent in 2003/04 and averaged 48 percent for the 1 period as a whole.

Such fluctuations in the share of agriculture in GDP results not from structural changes but is due to periodic fluctuations in agricultural production arising from aberrations in weather conditions which affects crop production (CSA, 2005). Manufacturing industry has historically been weak

and its growth has remained insignificant with contribution to GDP averaging 13 percent in recent years. On the other hand, the share of the services sector in GDP has been rising and peaked at 41.5 percent in 2002/03. Industry and the services sectors registered considerable recovery over the five-year period with growths averaging about 4. percent and 5 percent, respectively. Industry and the services sectors together accounted for 53 percent of GDP and agriculture accounting for the remaining 47 percent in 2003/04. Figure 1. 1 below shows the composition of GDP by industrial origin (CSA 2005). Figure 1. 1: Composition of GDP by Industrial Origin 40% 47% Agriculture Industry Services 13% Data Source: Central Statistics Agency – CSA 2005. It is clear that the industrial sector is well behind both the agriculture and service sectors. When we further analyze the composition of the industry sector, we find that the share of the manufacturing sub-sector is only 5. percent of the total GDP in 2003/04. 2 The development of the manufacturing sector plays a vital role in the country's economy in three ways: (a) the value addition process creates job opportunities for local citizens, thereby reducing the level of unemployment; (b) products manufactured locally will have a substitute effect for imports of some manufactured products, thereby saving foreign currency; (c) it would be possible to export value added products instead of raw agricultural products, thereby earning a higher foreign currency from exports.

The development of the domestic market for agro-industrial products is the first step that paves way for the export market. All market-related issues such as product quality, packaging, consistent delivery, pricing, etc. need to be first developed and exercised in the domestic market. This will help

strengthen the domestic market position, which ultimately enables the local companies to be able to supply and become competitive in the international market. The foregoing analysis indicates that the manufacturing sector (including food processing) needs considerable attention.

Private sectors such as ELFORA Agro-Industries Plc play a vital role in adding value on the agricultural products by expanding the agro-processing plants already at hand and/or establishing new ones.

1. 2 COMPANY BACKGROUND
ELFORA Agro-Industries Plc is a company engaged in the production and sales of livestock and livestock products, poultry products, and crop products. The Company was established in 1997 by acquiring eight separate livestock enterprises and farms through the privatization process (ELFORA Brochure, 2007). 3

The company was licensed in February 1998 with a registered capital of Birr 100 million. It currently employs over 1500 permanent and contract employees and over 1500 casual and seasonal workers. The word ‘ELFORA’ is made up of two Borena Oromo words; “Ela”- meaning well-water and “Fora”- meaning cattle grazing area, thus signifying production of high quality livestock and meat based on traditional pastoral grazing and water resource as well as modern ranching and feedlotting without exposure to artificial feeds and chemicals.

ELFORA is perhaps the largest agro-processing firm in the country so far. It owns six slaughter houses, five meat processing and canning plants, a natural quarantine for livestock (the largest in the country), a number of ranches, feedlots and holding grounds, one poultry farm, and crops farms at

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various locations in the country. The Company also owns several delivery vans, cold trucks, livestock transporting trucks and other vehicles used for transporting products to customers (ELFORA Brochure, 2007).

With its Head Office located in Addis Ababa, ELFORA currently manages seven abattoirs and food processing plants, four crop farms, one poultry farm, and five ranches, feedlots and quarantines organized under six operational zones throughout the country. With a motto 'ELFORA stands for Natural and Quality Products', the company has the following mission or business purposes (ELFORA Brochure, 2007):

- Develop the livestock industry by producing, through natural and improved practices, high quality live animals in its own ranches, feedlots and quarantine stations.
- Produce and market high quality livestock and meat products to both domestic and export markets.
- Supply special quality chilled/frozen beef, mutton, and goat meat carcasses, beef cuts, and broiler meat to the local and overseas markets.
- Engage in commercial production and marketing of poultry products, including broiler chicken, portioned chicken meat, day-old chicks and table eggs.
- Engage in the production and marketing of cash and industrial crops for the local and export markets as well as for use by own processing and canning plants.
-

Develop, process, and market canned meat and vegetable products for the domestic and foreign markets.

- Build-up a competent management and staff workmanship by constantly upgrading their skills and encouraging teamwork and a sense of belongingness.

The success of business organizations such as ELFORA is determined by the ability to produce quality

and marketable products and effectively make them reach the target customers. The Company owns a considerable size of production facilities (at least for now) and it needs a wider market base for its products. 1. 3

STATEMENT OF THE PROBLEM Since its establishment in 1997, the Company's profitability and return on investment has been very low and even declining. For a company with total investment of over Birr 400 million, the rate of return on total investment (ROI) has averaged only 2. 3 percent during its ten years of operation (Table 1. 1). Although there is no information available on the industry average, the ROI is even below the current minimum bank saving rate of 3. 0 percent. 5 Table 1. 1 Financial Performance of ELFORA Agro-Industries Plc (1997-2006) In ' 000 Birr 997/8

Revenue	Cost of sales	Gross profit	Administrative & Gen. exp.	Net profit
1999	35, 669	41, 220	2001	98, 192
2000	41, 220	51, 870	2002	62, 523
2001	51, 870	34, 427	2003	17, 444
2002	34, 427	17, 444	2004	33, 773
2003	17, 444	33, 773	2005	76, 817
2004	33, 773	76, 817	2006	50, 092
2005	76, 817	26, 725	Total	169, 186
2006	26, 725	24, 001	10, 857	3, 242
Total	24, 001	2, 724	122, 848	39, 703
Return on Investment (%)	113, 875	7, 615	8, 527	(912)
1999	43, 226	34, 134	9, 092	55, 311
2000	34, 134	9, 092	55, 311	39, 703
2001	9, 092	55, 311	39, 703	15, 608
2002	55, 311	39, 703	15, 608	95, 673
2003	39, 703	15, 608	95, 673	117, 421
2004	15, 608	95, 673	117, 421	115, 207
2005	95, 673	117, 421	115, 207	858, 070
2006	117, 421	115, 207	858, 070	68, 883
Total	858, 070	68, 883	90, 828	89, 135
ROI	592, 625	26, 790	24, 539	2, 251
1999	26, 790	24, 539	2, 251	26, 593
2000	24, 539	2, 251	26, 593	24, 924
2001	2, 251	26, 593	24, 924	1, 669
2002	26, 593	24, 924	1, 669	26, 072
2003	24, 924	1, 669	26, 072	265, 444
2004	1, 669	26, 072	265, 444	25, 240
2005	26, 072	265, 444	25, 240	256, 062
2006	25, 240	256, 062	832	9, 383
Total	832	9, 383	5, 551	(16, 330)
ROI	371, 896	371, 896	371, 907	398, 381
1999	371, 896	371, 896	371, 907	398, 381
2000	371, 907	398, 381	403, 816	403, 816
2001	398, 381	403, 816	403, 816	403, 816
2002	403, 816	403, 816	403, 816	403, 816
2003	403, 816	403, 816	403, 816	403, 816
2004	403, 816	403, 816	403, 816	403, 816
2005	403, 816	403, 816	403, 816	403, 816
2006	403, 816	403, 816	403, 816	403, 816
Total	-4. 10	0. 67	0. 56	0. 41
ROI	0. 21	2. 32	-0. 25	2. 44
1999	2. 44	4. 20	-1. 39	Source: Finance Service

Department, ELFORA Agro-Industries Plc. The low level of return on investment (ROI) is the result of a combination of various factors. Among the problem factors, the following are presented briefly: High fluctuation in demand for some products and difficulty in lanning production;

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Underutilization of existing capacity; Gap between time of production and demand volume resulting in supply inconsistency, loss of sales, and stocks piling up; Higher selling prices than competitors'; Inadequacy of promotional activities; Poor packaging; Occasional problems in product quality; Perishable products with short shelf-life, compelling the company to immediately sell at reduced prices; Shortage of raw materials and escalation of input prices; Inability to purchase raw materials at the time when prices are low; Inadequacy of air space for export market; Escalation of air freight charges, making selling prices too high to be competitive in the international market; High administrative and general expenses.

6 1. 4 OBJECTIVE OF THE STUDY

As mentioned in Section 1. 3, ELFORA currently has faced with a problem of very low return on investment (ROI).

The two main research questions are, therefore: What are the main marketing and sales factors contributing to such a low profit level? How can the problem factors be addressed in order to improve the current profit level? The study examines in detail the main factors that have contributed to the sub-performance with respect to profitability, and seeks ways of resolving them. The study particularly highlights the important concepts and applications of the basic marketing and sales strategies in light of the current situation of ELFORA Agro-Industries Plc. The main objectives of the study are to: i) Examine in detail the main problems associated with the low return. ii) Highlight major areas of marketing and sales issues that need attention. ii) Provide strategic alternatives for alleviating the major marketing and sales problems.

1. 5 METHODOLOGY

1. 5. 1 Sources of Data

Both primary and secondary data have been used. The primary data and

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information have been obtained from the managers of local and foreign marketing and sales departments. Data and information have also been obtained from the production personnel, particularly with respect to quality issues. The secondary data and information have been collected from all relevant materials, both published and unpublished documents, such as such as reports on production, financial statements, Company's Performance Review document for the year 2006, and other external and internal reports.

Overview of the general socio-economic environment and sectoral analysis has been extracted from the publications of Central Statistical Agency and Ministry of Finance and Economic Development. 7 1. 5. 2 Data Gathering Techniques Primary data has been gathered through interview with the local and foreign marketing and sales departments, and production personnel of the company. Relevant statistical and descriptive data and information have been extracted from the secondary data sources. 1. 5. 3 Sample Size Three major product categories have selected for analysis. These are livestock and livestock products, poultry products, and canned products. These three products account for 80-85% of domestic sales and 100% of the export sales.

1. 5. Data analysis In order to describe, analyze and integrate the data, appropriate descriptive, analytical and statistical measures were employed such as percentage comparisons and forecasting methods. 1. 6 SCOPE OF THE STUDY The company produces and sells a wide range of agricultural products. The company's main reason for its lower return on investment (ROI) can be cited as the under-utilization of its existing production facilities, which in turn resulted from inadequate market for the products. The demand in turn is affected by the price of the product which depends on the cost of

production. Figure 1. 2 below shows the inter-dependency and effects on the ROI of the various factors just mentioned above. Because the external factors such as raw material prices, escalating air freight charges, etc. are common threats for all individual businesses in the industry, and are beyond the control of any one business in the industry, the special focus of the study is on how to improve the internal efficiency towards utilization of available 8 production capacity, attainment of cost-leadership and increasing sales volume. The accomplishment of these factors will undoubtedly help the company to improve its profitability. The scope of this study is also limited to those units and activities of ELFORA that are closely and directly related to the production, sales, and delivery of products. Lower Return on Investment (ROI) Higher Cost of Production Higher Selling Price Lower Demand Lower Sales Volume Lower Capacity Utilization Figure 1. 2: Factors Affecting Level of ROI.

1. SIGNIFICANCE OF THE STUDY The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. Without optimal profit, a business firm cannot survive, let alone achieve a sustainable growth. One of the core activities in a business company is the marketing and sales activity. The ultimate success or failure of a company 9 depends on its ability to sell what it produces and continues the production-sales cycle for relatively a longer period of time. The initial investigation reveals that much has not been done on this core activity, or at least, it has been a neglected area.

The study is therefore intended to help the company management to redirect their attention to this highly essential function. The study will also contribute towards the advancement of theoretical knowledge and serve as

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a reference material for similar studies in future. 1. 8 LIMITATIONS OF THE STUDY As far as the company under the study is concerned, data for analysis was available without limitation. However, the data have been manipulated for the sake of confidentiality without affecting the real situation. There was no constraint on data and information on the macro and sectoral environment as they were abundantly available in official publications of government ministries, agencies and institutions, as well as internet.

The cost structure of competitors was not available, and the effort to acquire the information was not successful. Up to date and comprehensive data on demand and supply of the products selected for the study was not available, and as a result, current demand figures have been projections of the remote past data. The main focus of the study has also been the Addis Ababa market while further study of other regions in the country would have a significant effect on the comprehensiveness of the study. The study has also been limited to the internal efficiency of the company, i. e. , the contribution of external factors to the problem at hand was not incorporated. 10 CHAPTER TWO LITERATURE REVIEW 2. 1 INTRODUCTION

With severe poverty, low productivity, inadequate infrastructure and poorly integrated markets, the problems of developing countries are often exacerbated by an underdeveloped agro-industrial sector. Little attention has usually been paid to the value chain through which agricultural commodities and products reach the final consumers within the country and abroad. This neglect results in enormous potential losses of value added and employment opportunities. While high-income countries add US\$180 of value

by processing one ton of agricultural products, developing countries generate only US\$40. Moreover, while 98 percent of agricultural production in high-income countries undergoes industrial processing, barely 30 percent is processed in developing countries.

Yet, between 40 and 60 percent of manufacturing value added is generated by agro-processing industries in developing countries, and agro-industrial products are the major products exported from these countries, frequently accounting for half of all the exports (www.unido.org/doc/5070). In the case of Ethiopia, the value of agricultural and agro-industrial products export accounted for 84 percent of the total export in 2004. During the same year, the total export of agricultural and agro-industrial products was well below half a million tons while imports were over 2 million tons, which is four times that of the exports (CSA 2005). Today, there are two very distinct types of farming in the world: (1) the highly efficient agriculture of the developed countries where substantial productivity capacity and high output per farmer permits a very small number of farmers to feed the entire population of the nation; and (2) the inefficient and low productive agriculture of the developing countries where, in many instances, the agricultural sector can barely sustain the farm population let alone support the entire population of the country. Ethiopia is basically an agricultural and pastoral country. In light of the size of the population, Ethiopia could be considered as a country of small-scale, family-based farmers with subsistence agriculture (Todaro, 1982). Even today, this form of farming is, by far, the most important forms of production, constituting the bulk of the Ethiopian agriculture. In this traditional subsistence farm, production is mainly for own consumption and

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one or two staple crops are the major sources of food intake. Productivity and output are low.

Production tools are simple and manually operated. Land and labor are the principal factors of production with little or no capital investment. Labor is underemployed for most of the year except during seasonal peaks such as planting and harvesting periods. The farmer usually cultivates only as much land as his family can manage. The production environment is at the mercy of nature. Environmental hazards, technological limitations, rigid social institutions, fragmented markets and poor communication networks between rural areas and urban centers tend to discourage higher level of production.

2. 2 HISTORY OF AGRICULTURE AND AGRO-INDUSTRY IN AFRICA AND

ETHIOPIA 2. . 1 Ancient Agricultural Practice in Africa In terms of land

surface, Africa is the second largest continent, next to Asia, in the world.

There are more than 30 million square kilometres (or 20% of the earth's land surface) of tropical Africa suitable for crop cultivation (Kimble, 1960). 1 A

note prepared for MIDROC Magazine, April 2000: 12. 12 With regard to the

historical development of agriculture, Egypt and Ethiopia could be

considered as the first and second countries in Africa mentioned with earliest

countries in the world where ancient agriculture was practiced. Ancient

agriculture was practiced in Egypt since the fifth millennium B. C.

The agriculture was tied up with the country's efforts to control the seasonal flood of the Nile, and records show that a masonry dam was built about 2925

B. C. to control the Nile River and provide water for irrigation. 2 Wheat and

barely were the main crops, and lentils, onions, beans and flux were also

important. The Egyptians domesticated ducks and geese in the waters and bred cattle, sheep, goats, pigs and donkeys in the drier wasteland and stubble (Konczachi, 1990). In Ethiopia, the Agew and Beja of North Western Ethiopia practiced ancient agriculture as well as livestock husbandry. They produced several types of cereals and legumes and used ancient farm implements.

The Afar and Somali in the east, the Oromo and Sidama in the south based their livelihood in livestock production, basically leading a nomadic life. The Oromos had vast experience in cattle rearing while the lowland Afar owned large herds of camels. In the ancient practice of agriculture, Ethiopians used iron and bronze to manufacture farm implements such as digging iron, iron hoes, ploughs, sickles, etc. (Pacey, 2000). As a result of the development of farm tools, today there are two distinct types of cultivation methods in Ethiopia, i. e. the plough farming prevalent in the highlands and the hoe culture observed in the southern parts of the country.

In general, with the exception of Egypt and Ethiopia, almost all sub-Saharan Africans earned their living by gathering food (including hunting and fishing), by cultivating crops, by herding, or by a combination of these 2 New Encyclopaedia Britannica. 13 activities. No tribal groups lived exclusively by hunting. The bush men of Kalahari Desert and bordering areas, the Banyambo and Bwamba of Rwanda, and the Dorobo of Kenya highlands used to do similar activities. The Bubishi and other food gatherers of the deep forest of tropical Africa seem to have divided their attention between catching monkeys and fish, and seeking out wild honey and edible roots. By

far, the great majority of the people were either cultivators or pastoralists or both.

Though time has changed, many African peoples still work on their land and keep their domestic animals the way their forefathers did (Kimble, 1960). Considering ancient crop husbandry practice of Africa, there are two main types of cultivation: permanent and shifting. The shifting cultivation is more common of the two practices. In the shifting cultivation, the farmer cut the trees, cleared the bush, piled and burned them. Big trees were usually left in place mainly for control of soil erosion. Planting was nothing more than the placing of seeds or tubers in holes made by a digging stick, the holes then being filled in with a kick of the foot.

In some countries, only one crop is planted in a given plot of land in a season. But in many places, it is more common to plant a mixture of seeds and tubers which could enable the cultivator to safeguard himself against the vagaries of nature and the threat of erosion (Luzzi, 2001). In forest clearing, hoeing is not usually necessary during the first year. This is because the fire is likely to kill the weeds. From the second year until the land is fallowed, it would be necessary to hoed. The productive life of a plot of land depends on its fertility. Fertile land could be used from 15 to 20 successive crop years. For most land which is not fertile, three to four years will be the shifting period.

Practically, with the exception of banana and other tree plantations, every crop is kept on shifting cultivation (Pardey, 1998). 14 In the case of permanent farming, the Kara people living on the island of Ukari in Lake

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Victoria had developed a remarkably intensive mixed farming system which maintains the fertility of the land under continuous cropping. They feed their cattle on crop residue supplemented by topping of trees and fodder.

Vegetable wastes are used as bedding, and this was enough for farmyard manure. This cropping system supports a population of over 600 per square miles (Kimble, 1960), which is one of the heaviest concentrations in Africa.

Similar permanent farming methods were to be found in the Kahri of Togo, the highlands of Cameroon, Rwanda, Ethiopia, and Kenya. Pastoralism could also be considered as the third farming system in Africa. The chief pastoral people came from the valley and brought with them cattle similar to the present day long-horned cattle of the Ankole and other east African pastoralists (Kimble, 1960). The main purpose of animal keeping was social rather than economical. With cattle, a man could get social respect, wives and followers. For a pastoralist, there was no better occupation than to be among his animals. In most cases, pastoralist society was selfsufficient. Pastoralists often had more animals than they could use.

It was not however common to trade the surplus other than for nominal exchange. The herdsmen of eastern Africa are wanderers in search of grass and water for their animals (Sarma, 1985).

2. 2. 2 Modern Agriculture in Africa

The beginning of modern agriculture in Africa, where and how it was first practiced is not well known. What is fairly certain is that there were small-scale agricultural enterprises in Africa before the coming of colonial powers. These enterprises were undertaken almost solely for the purpose of subsistence. They were characterised by traditional tools, limited use of

fertilizers, uncertain amount of yield and poor land management. Around the turn of the 20th century, the agricultural position began to change for several reasons. First, the highlands of East and Central Africa were occupied by European colonizers. Second, global demand for agricultural products increased drastically. Third, the tax payment imposed by the colonial administrations forced African farmers to produce cash crops. Fourth, industrial products were introduced to the African markets. These conditions urged African farmers to produce marketable crops for domestic markets as well as for raw material requirement for the colonizers' home industries. In the 1920s and 1930s, the cash-crop farming became big business and widely spread from Ghana to Sierra Leone, Nigeria, Congo and Uganda.

In addition, in many parts of Africa, large farms began the cultivation of one crop, usually for export, by employing foreign capital and human resources. These large farms were known as plantations because they were mainly concerned with tree crops such as banana, rubber, and oil palms (Kherallah, 2002). The establishment of modern agriculture in Ethiopia was first initiated by Emperor Menelik II. For this to happen, the Emperor set up the first Ministry of Agriculture and Work in 1908. Recognizing the significance of each sub sector towards the country's economic development, the Emperor signed several agreements and protocols with various foreign governments and companies.

These included wood processing factory in the west (1898), modern agricultural estates near Quara, Lake Tana area (1905), rubber tree plantation around Akaki (1906), eucalyptus tree plantation (with seedling

from Australia), irrigated agricultural development along the Awash River, fruit farm development and modern animal and 3 Internet file:///A: agri4 filesModern. htm. 16 wildlife breeding (1907). These efforts were consolidated, improved and expanded during Emperor Haile Selassie's regime from mid 1940s to early 1970s. 4 This period registered the establishment of the first Animal Production and Health Directorate in 1944 followed by cattle breeding stations at Sholla, Andassa, Adami Tulu and Gibe, sheep breeding stations at Entoto, Kundi, Kofele, Dinsho, Jijiga, Debre Berhan and Amed Guya, and poultry farm at Sholla. All these were organized under the Ministry of Agriculture. 5

In the 1960s, the slim possibility of generating radical changes in small-scale subsistence farming has compelled the Ethiopian Government to encourage large scale commercial farms to modernize the sector. The rapid development of commercial farming was taken as the only way to get immediate increase in agricultural production to satisfy raw material requirements of local industries and export trade. To this effect, it was essential to attract more foreign investment and to import the required managerial and technical skills. Therefore, mechanization was encouraged by exempting from import duty of all types of agricultural machinery and allowing fuel free from duty. Investment in commercial farming was ensured by further incentives such as credit in cash and in kind at a relatively low interest rate.

This was intended to attract mainly foreign investment along with their entrepreneurships. A five-year grace period had also been given for any loan

for agricultural investment as an additional incentive. As a result, commercial farming was expanding in the South-Eastern regions of the country where suitable land for mechanization was abundantly available. Commercial farms 4 Ministry of Agriculture, Establishment and Development, July 27, 1984. 17 established in the Awash valley concentrated on the production of cotton, sugarcane, and fruits. In these farms where high initial investment cost is required, the Dutch, the British, and the Italian investors were penetrating the valley to produce export commodities.

HVA, a Dutch firm, set up sugarcane plantation and a sugar processing plant and had developed about 15, 000 hectares in the Upper Awash Valley. The Tendaho Plantation Share Company, established by the Mitchel Cotts Group (a British firm), developed a total area of about 10, 000 hectares in the Lower Awash Valley and mainly produced cotton. Ginnery plant was an integral part of the development. Individual investors from Italy had citrus and banana plantation around Melka Sedi in the Middle Awash Valley. Local investors were also attracted by this profitable agribusiness and they were busy investing in the Awash Valley and elsewhere in the country.

Large scale commercial farms of cereals and pulses were flourishing in the highlands of southern regions where local investors mostly involved. In the north of the country (Humera, Abderafi, and Metema), domestic investors, with the support of the World Bank, were also producing sesame mainly for export markets. Ethiopia has had long tradition of handicraft and various types of small scale industries based on manual labour and simple tools. Such small-scale industries include food processing, weaving, production of

agricultural implements, and leather making. Modern industry in Ethiopia is a recent phenomenon, introduced during the early years of the 20th century.

Its origin can be attributed to internal and external factors. The two main factors were the emergence of a strong central government in the second half of the 19th century, and the construction of a rail way line between Addis Ababa and Djibouti. The 5 ibid. 18 interaction of these two factors ended the isolation of Ethiopia from the rest of the world and brought about the emergence of modernization. Prior to 1928, a total of 26 factories were established around major cities, Addis Ababa, Dire Dawa, Asmara (the capital of Eritrea which was once a state of Ethiopia), and Gondar. All of these factories were engaged in light industries, owned and managed by foreigners.

Most of them were food processing industries. During the Italian occupation, the Dire Dawa Cement Factory and Kality Food Processing Plant were established. During 1942-1953, 21 factories were established and all of them were consumer goods producers. During 1953-1963, 26 additional factories were established of which 7 were food-processing plants. During 1964-1974, some 54 industries were established of which 46 were consumer goods producers. Prior to 1974, most of the manufacturing industries were privately owned, managed by the owners who were foreigners. There were five meat processing plants under the Ethiopian Livestock and Meat Corporation.

These plants and abattoirs were established in the 1950s and 1960s mainly by foreign investors, with nominal government shares. Along with the 1975 nationalization of privately owned enterprises, the government took over the

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assets and the management of all the meat processing plants until the recent privatization program. Prior to 1968, priority was given to industrialization, and as a result agriculture was neglected. In 1968, agriculture was given at most attention. The sector had been divided into two main sub sectors: commercial and subsistence family farming. The commercial agriculture was intended to increase marketable surplus particularly for to supply raw materials for domestic industries and for export.

Mechanization was encouraged by 19 exemptions from import duty of all types of agricultural machinery and implements. The basic idea of focusing on mechanized farming was to increase production and productivity by taking advantage of economies of scale. 6 Crops grown by commercial farms included cotton, sugarcane, tobacco, fruits, vegetables and oil seeds in the lowland areas, and coffee and tea plantations and various cereals in the highlands. However, the 1975 Proclamation of Rural Land had transformed all large-scale commercial farms into state farms. All agricultural and agro-industrial establishments were nationalized and managed by the government.

Improvements and expansions had been made on some of the nationalized enterprises as well as new establishments during the 17-year rule of Derg. Now the economic policy of the country has been changed to market economy, and majority of state owned enterprises have been privatized or under the process of privatization. 2. 2. 3 Ethiopia's Potential for Agriculture Like any other developing country, Ethiopia has an agriculturally dominated

economy. The principal resources of agriculture are land, labour and livestock. The manner in which these resources are organized and used in the production process is determined by the organizational structure of agriculture itself.

For example, in the pre-1974 revolution, the land tenure system was not conducive for the application of modern technology. Ethiopia has a total geographical area of 112.3 million hectares. About 56% of the total area is suitable for agriculture. In the year 2005, an estimated area of about 15.6% of the arable land is cultivated or fallowed. The climate and the soils of the arable land are suitable for many agricultural crops. Unlike most African countries, Ethiopia has the most varied agro-ecological zones, with altitudinal ranges between 110 meters below sea level and 4620 meters above sea level.

Based on the altitude, the country is divided into three climatic zones: Highland (Dega) with altitudes greater than 2500 meters; Semi-Highland (Woina Dega) with altitudes between 1500-2500 meters; and Lowland (Kola) with altitudes less than 1500 meters above sea level. This variability of agro-ecological zones enabled the country to be the origin of many plant species such as coffee Arabica, teff, barely, sorghum, niger seeds, and animal breeds such as nyala, walia, red fox, etc. The country has also abundant surface ground water resources. It has 12 river basins and 8 natural lakes. The volume of the ground water is estimated to be about 2.6

billion cubic meters, and the river basins have a total annual run-off of about 110 billion cubic meters.

Of the total run-off, about 75% drains to neighbouring countries. With the exception of River Baro, none of the other rivers is navigable; but they have considerable potentials for hydropower generation as well as irrigation farming. In addition, most of the rivers and lakes are rich in fish and there are about 101 species of fish out of which four are indigenous to Ethiopia. 10 Ethiopia has also vast animal resources. The current livestock population is estimated to be about 77 million, of which 40 million are cattle, 21 million sheep, and 16 million goats. In addition, there are about 32 million poultry and 7 million horses, donkeys, mules and 7 8

Central Statistical Agency (CSA, 2005). Survey of Ethiopian Economy MEDAC, 1997. 9 Ministry of Agriculture, Establishment and Development, July 27, 1984. 10 A Note prepared for MIDROC Magazine, April 2000. 21 camels. 11 In fact, Ethiopia is the first in Africa and tenth in the world in the size of its livestock population. Despite this potential, however, the agricultural sector remains underdeveloped. With a population of about 75 million, 12 Ethiopia is the third most populous country in Africa. In terms of land resources, Ethiopia is the ninth largest country in Africa. In terms of livestock resources, the country is the first in Africa and tenth in the world.

With all these resources and the huge diversity of plant and animal species, Ethiopia is by far better than most African countries. Ethiopia is basically an agricultural and pastoral country. In light of the population size, Ethiopia could be considered as a country of small-scale, family-based farmers with

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subsistence agriculture. This form of agriculture is an old form of production. Even today, this method of farming is by far the most important forms of production, constituting the bulk of the Ethiopian agriculture. This dominant practice of agriculture is known as mixed farming of the highlands where both crops and livestock production are integrated. 13

In the mixed farming method, crop production is diversified and involves limited intercropping. While the farms are generally permanent, continuous cropping is made possible by crop rotation. The system is characterized by fragmented, small-size land with average holdings less than one hectare per household. Production is subsistence oriented, i. e. minimizing risks of failure in the face of unpredictable natural (mainly weather) conditions. Production techniques are very traditional. Use of modern inputs is very low and 11 12 CSA, Agricultural Sample Survey, 2005/06. Central Statistical Agency (CSA, 2005). 13 A Note prepared for MIDROC Magazine, April 2000. 22 roductivity of both labour and land is very low. Lack of investment resources and moisture stress are the most critical problems of the farm. Pastoral farming is common in the lowlands of the country. It is dominant in terms of area coverage but produces less than the mixed farming. In the pastoral areas, herds include cattle, sheep, goat and camel. Agriculture dominates the Ethiopian life to the extent that little progress can be made unless sufficient efforts can be made to develop agriculture. On the other hand, the resource base to rapidly increase agricultural production is very promising but the constraints to develop the sector are immense. 2. 2. Recent Economic Policy Environment After the present government took power in 1991, it adopted a market-driven economy. The new government was quick to introduce policy <https://assignbuster.com/sales-and-marketing-strategies-of-elfora-agro-industries-plc-assignment/>

and institutional reforms in the 1990s encompassing fiscal, financial, exchange rate, trade and industry, management of public resources and enterprises. In the early 1990s, the Government introduced a comprehensive program of structural reform under pressure from the World Bank and the International Monetary Fund. Those reforms included the structural adjustment program of the World Bank and the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund.

Many of the reform measures were financially supported by the country's development partners, both bilateral and multilateral. Not all reform measures were strongly pursued, however, and some of the intended reforms have been slow or have failed to take root. Even though, during the past two decades, there admittedly has been a sharp fall in the dominant role of the public sector in economic activities, public ownership continues to remain high in key sectors of the economy including, manufacturing industry (textiles, steel, sugar), the construction industry, telecommunications, air transport, banking, etc. In the 1990s, the Government initiated a program for privatization of state-owned enterprises and established a Privatization Agency for the purpose.

It also embarked on a program of retrenching excess personnel in state-owned enterprises. However, the slow divestiture of state-owned enterprises has left the Government with problems associated with numerous state-owned enterprises which are either not efficient or non-performing altogether. This has, among other things, drained the banking system of financial resources resulting from large backlogs of unrecoverable loans. In

some instances, bad debts are being covered by the Government. The practice is neither desirable nor sustainable and underpins the need for a concerted drive towards privatization of the remaining public enterprises still in government hands.

At the turn of the Millennium the Government shifted its development strategy from the structural adjustment program and ASAP of the 1990s to a poverty reduction program, also initiated by the same institutions behind the structural adjustment program and ASAP. The Sustainable Development and Poverty Reduction Program (SDPRP), as it is called, aims at promoting growth and alleviating poverty. The program rests on four pillars, as it were, comprising agricultural-development-led industrialization (ADLI) and food security; justice and civil service reform, governance, decentralization and empowerment and capacity building which predate the SDPRP. The program focuses on the following major areas: - agriculture which is the source of livelihood for upwards of 85 percent of the population where the bulk of the poor live; agriculture is also believed to be a potential source to generate primary surplus for growth of other sectors of the economy (industry); strengthening private sector growth and development, especially in industry as means of achieving off-farm employment and output growth; rapid export growth by increasing the production of high value agricultural products and increased support to export oriented manufacturing sectors particularly intensified processing of high quality skins/leather and textile garment; deepening and strengthening the decentralization process to shift decision-making closer to grass-root levels, to improve responsiveness and service delivery; improving governance to empower the poor and create a conducive

environment for private sector growth and development; 2. 2. 5 MIDROC'S Involvement in the agro-Industrial Sector

Basically, the private sector is made up of ventures or enterprises in which the capital is provided and the risk borne by individuals as against the public or the government. Private companies can be owned by both local and foreign investors. In terms of technology, finance and market outlets, the foreign private investment has much to offer, provided that it is applied sensibly within the local environment. In many developing countries, the private sector is involved in agri-business, mainly in the plantation sector, the supply of inputs and the trading of export commodities. Despite the apparent attributes of the private sectors, their participation in the developing countries has been limited. This is naturally a question of business risk and choice.

The private investor can choose where to invest his or her resources, and in general will choose where the risk is lowest, or the profit to risk ratio is highest. MIDROC Ethiopia's investment objectives go beyond this: it is based on the owner's commitment to the economic development of the country of his birth place, Ethiopia. ELFORA is one of the investments made based on such commitment. 2. 2. 6 Situation Analysis at ELFORA Despite the vast opportunity and potential in Ethiopia for agribusiness, ELFORA has not obtained as much benefit as proportional to the level of investment it has made. In fact, when we consider the social and economic benefit to the country, it created job opportunity for over 3000 citizens and the government also collects employment income tax from these employees.

However, as a business establishment, the company needs growth and development to cope up with technological and economic changes that are now very dynamic due to globalization and development of information technology. To do so, it requires additional investment that should be generated from internal profit. It is unlikely that owners will continue pumping money into the company indefinitely unless the company designs and implements a turnaround strategy thereby providing investors with a convincing assurance that the business should continue. The question is, therefore, what should be done to improve this situation? Studies made so far have focused on the agricultural sector at the national level.

Annual publications of government ministries and agencies provide data and information at the macro level. Very little research has been made on specific company issues relating to operational efficiency, marketing and sales strategies, new product development, and other areas of paramount importance for the survival and growth of the company. A recent study conducted on an agro-processing firm here in Ethiopia dealt with problems in areas of both domestic and international marketing, and the overall performance of the firm. The firm is engaged in crops and vegetable products with some of them processed and 26 packed. The study was conducted for the purpose of formation of joint venture with private investors.

While the study mainly dealt with operational and technical problems within the firm as well as general issues on both domestic and international marketing, it did not provide adequate data for analysis nor mentioned any

specific marketing and sales strategies to be adopted. Furthermore, the company under study in my project has its own peculiar characteristics. ELFORA Agro-Industries Plc. is an already established company with a total investment of over Birr 400 million and has been operating for the last ten years. Agro-processing involves significant investments in plant and equipment, and in order to operate efficiently, these facilities should be used to full capacity year-round, every year (Kohls et al. 2005: 92). Substantial investment has already been made on the existing production facilities and infrastructures.

The prerequisite for maximum use of the existing production facilities is the availability of market demand sufficient to absorb the volume of products produced by these facilities. The demand for agro-industrial products always exists. The industry however is characterized by enormous competitions from both domestic and international suppliers. The process of globalization ??? involving global and regional economic integration driven by technological advances and trade liberalization and harmonization policies ??? presents both threats and opportunities for existing agro-based industries in developing and transition economies (www. unido.org/doc/5070).

The penetration of the market economy into formerly isolated and remote areas opened up opportunities for raising agricultural and agro-industrial productivity, but it also posed acute challenges for countries like Ethiopia where the agroindustrial sector faced increased competition and market volatility as a result. 27 Agro-industry companies are facing intense price

competitions from rival companies operating both locally and abroad. The traditional 'cost plus' pricing privileges enjoyed by companies are no more existing, particularly for products and services that are abundant in the market. Consequently, companies such as ELFORA need to focus on minimizing the cost of production, leaving the prices to be determined by the market forces.

The main interest of this paper is therefore to look for applicable marketing and sales strategies that should be adopted, with particular reference to the existing situations in the company under study. The next chapter analyzes empirical data on the demand and supply characteristics of some of the important agricultural and agro-industrial products that are related to the current business activities of ELFORA. 28 CHAPTER THREE DATA ANALYSIS AND INTERPRETATION The first step in any marketing study is the analysis of the market environment both in terms of demand and supply. Although ELFORA is engaged in the production and sale of a variety of agricultural and agro-industrial products, the focus of this study is on livestock and livestock products, poultry products, and canned products.

These lines of products account for 80-85% of the total domestic annual sales of the company as a whole. 3. 1 DOMESTIC MARKET DEMAND CHARACTERISTICS 3. 1. 1 Livestock and Livestock Products According to Agricultural Sample Survey Report of the Central Statistical Agency (CSA 2005/06), the estimated annual livestock off take is 4. 02 million cattle (10% of the total stock of 40 million), and 10. 1 million sheep and goats (27% of the total stock of 37 million). Table 3. 1 Estimated Livestock Off -Take

(2005/06) Quantity in Heads 4, 022, 059 6, 516, 183 3, 616, 001 Total 14, 154, 243 Type of Livestock Cattle Sheep Goats Source: Central Statistics Agency - Agricultural Sample Survey: 2005/06 (1998 E. C.) Volume II. Table 3. shows the total livestock off-take for the country as a whole. For the purpose of extracting the relevant market for ELFORA, further breakdown is required. A recent data on the breakdown could not be found, but Table 3. 2 below, which has been compiled from 29 interim report prepared by Ministry of Agriculture, shows the distribution of livestock offtake in 1987/88. Table 3. 2 Distribution of Estimated Livestock Off-Take (1987/88)

	Cattle	Sheep & Goats
Heads	24, 000	230, 000
Ton*	5, 000	259, 000
Heads	6, 000	20, 000
Ton**	26, 000	285, 000
Heads	959, 000	17, 000
Ton**	9, 728, 000	10, 704, 000
Sub total (1)	345, 000	300, 000
Sub total (2)	645, 000	11, 349, 000
Sub total (1+2)	12, 000	204, 116, 736
Domestic Market	129, 000	4, 000
Processing Plants	3, 000	7, 000
Elsewhere outside Addis Ababa	136, 000	1, 000
Foreign Market	143, 000	39, 000
Official Export	1, 700, 000	184, 000
Illegal Export	34, 000	150, 000
Sub total (2)	184, 000	184, 000
Total Off Take (1+2)	2, 066, 000	2, 066, 000

Source: Ministry of Agriculture Interim Report, 1990 Notes: (a) Human population of Addis Ababa (1987/88) (b) Human population in other areas (1987/88) (c) Total Ethiopian Population (1987/88) 1, 584, 000 45, 526, 000 47, 110, 000 * Conversion factors for 1. 1, 1. 2, and 1. 3 are 168, 128 and 135 kg/head, respectively; 1 ton = 1, 000 kg. ** Conversion factor for 1. 1 to 1. 3 is 12 kg/head; 1 ton = 1, 000 kg.

Table 3. above shows that out of the estimated off-take, the domestic market absorbed the dominant share of 91% of the cattle off-take and 95% of the off-take for sheep and goats. The small surplus off-take of 9% for

cattle and 5% for sheep and goats has been diverted to the export market both through official and unofficial trade. The relevant market segment for ELFORA with respect to livestock and meat products is Addis Ababa. The city, being the nation's capital and seat of various international organizations, is the prime target and the main market outlet for livestock and livestock products supplied from areas around it and further away. The focus here is, therefore, on the Addis Ababa market for these products. 30 From the domestic consumption of cattle, sheep and goats indicated in Table 3. , the tonnage share taken by the Addis Ababa for beef and mutton is summarized in the Table 3. 3 below. Table 3. 3 Actual and Forecasted Consumption of Beef and Mutton Quantity in Tons 1987/88 Beef 1. Total Domestic Consumption 259, 000 2. Addis Ababa Consumption: 2. 1. Addis Ababa Abattoir 24, 000 2. 2. Backyard Slaughter Total Addis Ababa Consumption 24, 000 3. Share of Addis Ababa from total (2/1) 9. 3% Source: Ministry of Agriculture Interim Report, 1990 2007/08* Beef 518, 300 Mutton 129, 000 Mutton 259, 100 1, 000 11, 000 12, 000 9. 3% 48, 200 48, 200 9. 3% 2, 000 22, 100 24, 100 9. 3% * Figures are arrived at by multiplying the per capita consumptions discussed below. The share of Addis Ababa consumption is assumed to be the same.

Figures are rounded to the nearest hundred. Notes: (a) Human population of Addis Ababa (2007/08)** (b) Human population in other areas (2007/08)** (c) Total Ethiopian Population (2007/08)** 3, 172, 000 77, 086, 000 80, 258, 000 ** Human population figures are arrived at by projecting the year 2005/06 population figures for two years at a growth rate of 3. 3% for Addis Ababa and 3. 4% for the country as a whole, as provided in FAOSTAT (2003).

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With a population of almost 3.2 million (4% of the total population), the annual consumption of beef and mutton for Addis Ababa accounted for 9.3%. Based on these figures, the nation's per capita consumption would be 6.1 kg for beef and 3.2 kg for mutton, while for Addis Ababa, it would be 15.2 kg and 7.6 kg of beef and mutton, respectively, more than twice larger than the national per capita consumption. Another market study conducted by DANAGRO (1996)¹⁴, based on the data obtained from the Addis Ababa Abattoir Enterprise, established beef consumption for Addis Ababa in 1994/95, as shown in Table 3.4 below.

¹⁴ DANAGRO Advisor a/s, Ethiopia Meat Industry Privatization Project, Vol. II, Annex II: Marketing Studies, Addis Ababa, Sept. 1996. "DANAGRO" is the name of a Danish Company, where "DAN" represents the name of the country as "ETHIO" for Ethiopia.

31 Table 3.4

Annual Supplies of Beef by Abattoirs (1994/95) Heads Ton 9,000 7,650 16,650

1. Annual Cattle Slaughter by Addis Ababa Abattoir 2. Annual slaughters by other abattoirs/backyard 3. Total slaughter for Addis Ababa Source: Compiled from DANAGRO study, 1996. 100,000 85,000 185,000 Note: Boneless meat yield is assumed to be 90 kg/head; 1 ton = 1,000 kg.

DANAGRO's survey has also reported on the annual consumption figures in tons of beef, mutton, broiler and table eggs by catering services in Addis Ababa as in Table 3.5 below.

Table 3.5 Annual Consumptions of Livestock Products by Catering Services in Addis Ababa (1994/95) Quantity in Tons

Catering Service	Beef	Mutton	Broiler*	Table Eggs
Hotels	02 712	50 1, 164	13	291 253
Restaurants	61 605	6	353 370	176 845
Total	1, 912	5, 337	737	845 400
Share (%)	21 58	8 9	4 100	1. 9, 231 100

1. Hotels 866 2. Restaurants 4, 002 3.

Supermarkets 450 4. Pastries 5. Snack Bars Total 5, 318 Share (%) 58

Source: Compiled from DANAGRO study, 1996. * “ Broiler” means chicken meat. It can be observed from the figures in Table 3. 5 for the catering service that beef consumption accounted for 58% while table eggs accounted for the next larger share of 23%. Mutton and broiler consumption took the smallest share of 13% and 6%, respectively. In the total consumption of the catering service, the restaurants segment, which also includes restaurants serving national foods, took the largest share of 58%, followed by 21% for hotels, 9% for pastries, 8% and 4% for supermarkets and snack bars, respectively. The pastry and snack bar segments consume only table eggs. 32 Assuming the Addis Ababa’s per capita consumption of 9kg for beef, 5. 6kg for mutton, and 2. 6kg for broiler, and taking the 1994/95 population projection of 2. 1 million, the study estimated the demand in Addis Ababa for livestock products as shown in Table 3. 6 below.

Table 3. 6 Actual and Forecasted Demand for Livestock Products in Addis Ababa

Quantity in Tons	Product	Beef	Mutton	Broiler
18, 900	1994/95	18, 900	11, 760	5, 460
28, 500	007/08*	28, 500	17, 800	8, 200

* Figures are arrived at by multiplying the per capita consumptions discussed above and taking the population of Addis Ababa in 2007/08, which is 3, 172, 000 (Table 3. 3). Figures are rounded to the nearest hundred. Yet another estimate by FAO (2004)¹⁵ provides the figures, as shown in Table 3. 7 below, for domestic consumption of livestock products in the country between 1980 and 2000.

Table 3. 7 Actual and Forecasted Domestic Consumption of Livestock Products

Quantity in Tons	Product	Beef	Mutton & Goat Meat	Poultry Meat	Eggs
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Source: FAOSTAT (2003)

1980 200, 800 131, 400 65, 600 61, 500 1993 230, 000 138, 900 72, 000 63, 800 2000 98, 000 145, 300 73, 800 65, 800 Annual Growth Rate (%) 1993-2000 2. 6 0. 5 0. 2 0. 3 Estimated Consumption 2007/08* 365, 900 151, 200 75, 000 67, 400 * Figures for estimated consumption for 2007/08 are arrived at by projecting the year 2000 consumption using the annual growth rate during years 1993-2000, i. e. , $C_{2007/08} = C_{2000} \times (1+G)^8$; where, C = Consumption; G = Growth rate; 8 = Number of years between the base year (2000) & year 2007/08. 15 FAO, Livestock Sector Brief, May 2004. 33 Combining the figures from the three sources, the estimated consumption figures of beef, mutton, poultry meat, and eggs for Addis Ababa are shown in Table 3. 8. Table 3. 8

Annual Consumptions of Livestock Products in Addis Ababa as Estimated based on the Three Sources (2007/08) Quantity in Tons DANProduct Beef Mutton Poultry Meat Eggs Notes: Average for FAO 34, 000 14, 100 9, 200 6, 300 Per Capita Consumption (Kg) 11. 6 5. 9 2. 7 2. 0 MO