



Linking Markets and Farmers

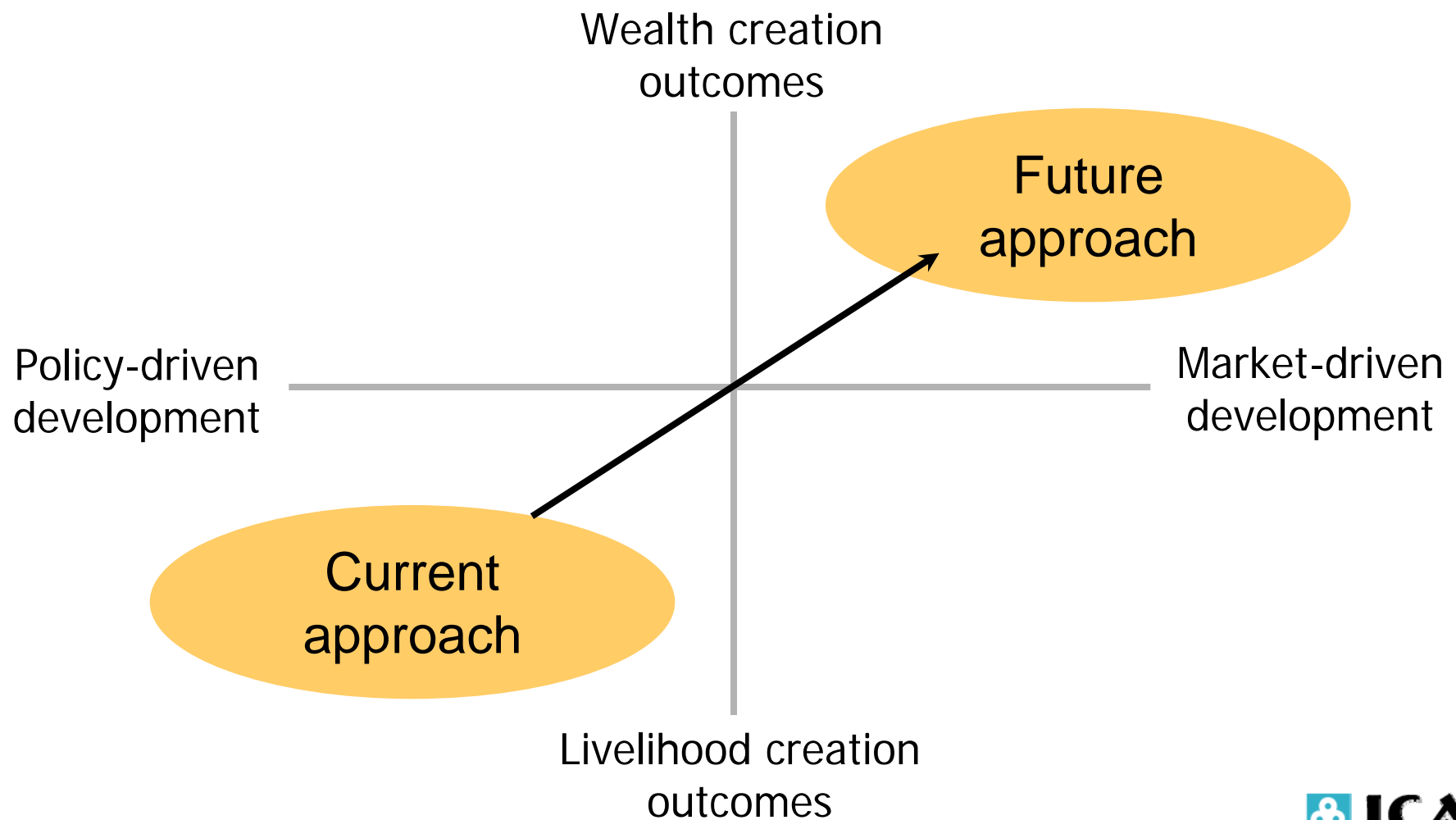
Dr. Jagdish N. Sheth
Charles H. Kellstadt Professor of Marketing
Goizueta Business School
Emory University
jag@jagsheth.com

ICAI Agribusiness Conference
New Delhi, India
March 12, 2007





The Fundamental Shift in Development



Key Success Factors in Implementing Market-Driven Development



Key Success Factors in Implementing Market-Driven Development



1. Focus on changing consumer needs and resources
 - Outsourcing homemade foods, pickles, papad and chapati
 - Rise in commercial packaged foods and beverages
 - Rise in snack foods
2. Deliver 4 As of Market Values
 - Affordability** through target costing, mass customization and local sourcing
 - Availability** through universal access, easy to do business and the Internet
 - Acceptability** through quality, differentiation and innovation
 - Awareness** through advertising, promotion and word of mouth

Key Success Factors in Implementing Market-Driven Development



3. Develop branded commodities
 - Bottled water
 - Bata shoes
 - Branded salt, sugar and spices
4. Invest in distribution and promotion
 - Coca-Cola's other secret recipe
 - Brooke Bond tea
 - Amway Distributors
5. Focus on local markets
 - Local tea
 - Local cuisine
 - Local beer everywhere



Key Success Factors in Implementing Market-Driven Development



6. OEM to retail brands
 - Sears Roebuck
 - Big bazaar
 - Bypassing the middlemen
7. Organize market to farm supply chain
 - Wal-Mart in rural America
 - AMUL Dairy in India
 - Fresh from farms
8. Invest in infrastructure
 - Special economic zones (SEZ)
 - Multi-mode transportation
 - Information and communication technology (ICT)
 - Financial infrastructure



Key Success Factors in Implementing Wealth Creation Outcomes



Key Success Factors in Implementing Wealth Creation Outcomes



1. Transform community leaders into business leaders
 - Indian reservation casinos in U.S.
 - Vocational specialization
 - Business entrepreneurs
2. Develop home grown entrepreneurs
 - Payphone franchisees in rural India
 - Franchised services
 - Desert clans





Key Success Factors in Implementing Wealth Creation Outcomes

3. Establish producers co-operatives
 - Ocean Spray cranberries
 - AMUL dairy products

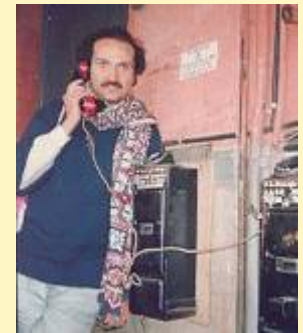
4. Provide micro-lending
 - Grameen Bank in Bangladesh
 - ICICI Bank in India



Key Success Factors in Implementing Wealth Creation Outcomes

5. Localize value added production
 - Micro farm factories
 - Hub and spoke warehousing

6. Invest local savings
 - Postal savings
 - Community banks
 - Affordable life insurance





Key Success Factors in Implementing Wealth Creation Outcomes

7. Invest in vocational and technical education
 - Certified food factory and craft skills
 - Computer programming

8. Partner with NGOs
 - Public-private partnerships
 - Ashoka Society





Conclusions

- In order to link markets and farmers, it will be necessary to think of market-driven as opposed to policy-driven development
- Market-driven development requires understanding customers and markets and how to create Affordability, Availability, Acceptability and Awareness values
- Branding commodities and focusing on local markets are key to market-based development
- It is not enough to have focus on products and prices. You need to also invest in distribution and promotion.



Conclusions

- Organizing market to farm supply chain is critical to the success of market-based development
- OEM partnering with organized retailers provides market access
- Infrastructure investment is crucial to rural development
- From livelihood to wealth creation is equally important for rural development
- Wealth creation will require transforming community leaders into business leaders and developing home grown entrepreneurs



Conclusions

- Localized value added production and establishing producers' cooperatives are key to wealth creation
- Investing in vocational and technical education, and providing micro-lending will enhance wealth creation outcomes
- Harnessing local savings and partnering with NGOs is a low cost strategic initiative for rural development