



MINISTRY FOR FOREIGN  
AFFAIRS OF FINLAND



*Empowered lives.  
Resilient nations.*



# EXPORT MARKETING PLAN

## Step-by-Step Guide



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### ABSTRACT

*When developing this document you will know that this is your route map  
from where you are now to where you are going to.*

## **Acknowledgments**

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## HOW TO USE THE STEP-BY-STEP GUIDE TO DEVELOP AN EXPORT MARKETING PLAN?

This export marketing plan is developed to give the managers of Small and Medium Enterprises (SME) an understanding of the international trade environment, to enable them explore best options for exports, and to create an action plan in pursuing their marketing objectives.

Going through the content the reader will have to consider the following:

- 1) Glossary – List of terms used and their meaning as per the cited source. Although some words are used in our daily conversations, we might have used them with specific meaning in the text. For example the word “product” is often related to physical goods in our dialogues, however “product” is “something that is the result of a process” and we will use the word “product” to describe goods, services, or ideas. That is why, please read the definition the first time you read the word in the text which is marked in bold.
- 2) Introduction – We developed this part to give the reader a brief introduction to the international trade system and to break misconceptions and spark ideas of where firms’ own competitive advantage may lie. Please note that countries mentioned in this document are used for comparative purposes only.
- 3) Export Marketing Plan (EMP) Step-by-Step Guide – This guide is created in the context of Kosovo<sup>1</sup> development. Each element of the plan has two sections presented below. When developing your step-by-step plan, we recommend you to start writing your own EMP plan following the instructions provided and the flow of the sections presented in the guide. We expect that it might take you several months to develop the EMP, therefore good organization is needed to avoid confusions. After you complete all elements of your export marketing plan, you will put all these elements together and make a revision if needed.

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<sup>1</sup> For UNDP, all references to Kosovo in this document are made in the context of UN Security Council Resolution 1244 (1999).

Instruction (the colour behind the text in these boxes is light blue) – it attempts to give the reader basic information on how to develop this element of the EMP. You might need to go further and explore additional resources in order to guide you prepare your EMP plan.

To facilitate your work, keywords to be used for additional **desk** research are listed. You will be able to access more online resources if you conduct your work in English language.

Example (the colour behind the text in these boxes is light green) – this EMP is made for an imaginary Kosovo agricultural company and considers some of the specifics of this industry and its markets. Each company should consider the specifics of its industry and markets when working on the plan. We recommend you to read the examples as they might give you additional ideas even if your company operates in another sector.

4) Please note that although the author of this document tried to design the document in order to serve the needs of more than one sector of the Kosovo industry, there are different challenges for each sector. For example, what might be effective for food and/or agriculture industry might not be as effective for wood and construction sectors, the apparel industry will have other challenges and focus on different markets compared to other industries. Tourism and craft industry seem aligned but each sector has its own specifics. This is the reason why each company will have to do a lot of research to make the EMP fit its goals and starting point.

5) You will be able to find a lot of information that will help you draft parts of your export marketing plan through research of online resources, or asking other governmental and non-governmental organizations who have already collected information on your industry (sector associations should play an important role in developing sector analysis which are costly and require substantial efforts). However, this paper will not be sufficient

if you do not make additional field research, visit potential markets, major trade exhibitions, and meet with customers, and exchange information and specifications with them. While desk research may give you more quantitative information, field research will give you plenty of qualitative information.

6) You are encouraged to do research throughout working on this plan which will support you in taking informed decisions. Sometimes you may find conflicting information, especially from online resources. Do not take every piece of information you find on Internet or elsewhere for authority source. Double and triple check every piece of information in order to get the right perspective.

7) At the end of this document you will find useful links to online resources, and references for the sources cited in this document.

8) This document is developed in the context of the export readiness of Kosovo companies using the experience of various sources to give you quick access to market information and tools. You may explore additionally the referential documents - The Export Marketing Plan (EMP) builder<sup>2</sup> and Export Marketing Plan – EMP<sup>3</sup>.

9) Please note that your marketing plan is always in progress. You will take every opportunity for export, which does not stray you away from your mission and objectives. For example, in our text we give you the example of a company which enters other countries' markets through partnership with other Kosovo Diaspora entrepreneurs, who set an outlet/warehouse in some of the destination countries. This does not mean that you are going to keep only this option to enter the market. On the contrary, you should be ready to embrace other opportunities with other organizational buyers. That is why you need to continue improving your organizational structure and readiness to meet the requirements of such buyers, including certifications where needed, more services, etc. In our case, opening an outlet is just the first step to introduce your products in the market, but for further penetration a company with more serious and long term intentions should consider expanding the distribution network."

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<sup>2</sup> The Export Marketing Plan (EMP) builder – CBI.eu <http://www.cbi.eu/sites/default/files/files/EMP%20builder%20draft%20fj%2025062013.docx>.

<sup>3</sup> Export Marketing Plan – EMP, originally developed by Peter Lichthart, CBI expert [http://www.cbi.eu/sites/default/files/subweb/emp\\_template\\_based\\_on\\_zorarko\\_example.docx](http://www.cbi.eu/sites/default/files/subweb/emp_template_based_on_zorarko_example.docx).



## GLOSSARY AND ABBREVIATIONS

**Brand:** Any name, term, symbol, sign, design, or combination of these used to identify the products of a firm and differentiate them from those of the competitors.

**CBI:** Centre for import promotion from developing countries – Organization of the Ministry of Foreign Affairs of the Netherlands.

**CEFTA:** Central European Free Trade Agreement

**Corporate Social Responsibility (CSR):** A management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

**Desk research:** A research using data that already exists somewhere.

**Differentiation:** Approach under which a firm aims to develop and market unique products for different customer segments.

**Domain name:** Unique name that identifies a web resource (part of a website Internet address).

**Export:** A product or service sent to other countries for sale.

**EU:** European Union

**Locavores:** A person who makes an effort to eat food that is grown or produced locally.

**Management myopia:** A short-sighted, narrow-minded view (in our text – in management or innovation).

**Market:** A group of people who need or desire a specific product or service and have the money to buy it.

**Marketing:** Finding out what buyers want or need and then getting it to them, to the profit or benefit of everyone involved in the transaction.

**Marketing mix:** Describes the specific combination of marketing elements used to achieve an organization's objectives and satisfy the target market.

**Market niche:** A small but profitable segment of a market suitable for attention by a marketer. Market niches do not exist by themselves, but are created by identifying needs or wants that are not being addressed by competitors, and by offering products that satisfy them.

**Market maturity:** A market that is functioning without change or innovation or has no growth.

**Market segmentation:** The process of subdividing a market into distinct subsets of customers that behave in the same way or have similar needs.

**Mission statement:** A short sentence or paragraph used by a company to explain, in simple and concise terms, its purpose for existing.

**Multinational companies (MNC):** Organizations that are owned or control productions of goods or services in one or more countries other than the home country.

**Needs:** A motivation force that compels action for its satisfaction.

**New market development strategy:** Market development is a growth strategy that identifies and develops new market segments for current products.

**Objectives:** A specific result that a person or system aims to achieve within a time frame and with available resources.

**Organic growth:** Expansion of a firm's operations from its own (internally generated) resources, without resorting to borrowing or acquisition of other firms.

**Organizational culture:** The values and behaviours that contribute to the unique social and psychological environment of an organization.

**Perceptual mapping:** Marketing research technique in which consumer's views about a product are traced or plotted (mapped) on a chart.

**Personal selling:** Main communication tool used in exports including prospecting, communication with the prospect, developing relationship, needs identification, and matching products with needs.

**Product:** Goods, services, or ideas.

**Product Life Cycle:** A concept that attempts to describe a product's sales, profits, customers, competitors, and marketing emphasis from the beginning of the cycle until it is removed from the market.

**Prospecting:** Process for identification of potential customers.

**Retailing:** Encompasses those business activities involved with the sale of goods and services to the final consumer for personal, family or household use.

**Retailer:** Organizations or individuals who buy or handle goods and services for sale (resale) to the ultimate (final) consumer.

**Rules of origin:** The criteria needed to determine the national source of a product.

**Segmentation (market):** The targeting of marketing efforts toward a specific fraction of the total market.

**Supply chain:** Entire network of entities, directly or indirectly interlinked and interdependent in serving the same consumer or customer.

**Sustainability:** Creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations.

**SGE (Switzerland Global Enterprise):** Government organization of Switzerland supporting imports from developing countries.

**Value chain:** Interlinked value-adding activities that convert inputs into outputs which, in turn, adds to the bottom line and helps create competitive advantage.

**Wants:** unfulfilled desire.

**WTO (World Trade Organization):** An international organization dealing with the global rules of trade between nations.

***Sources used for glossary:***

“Marketing”, Joel R. Evans and Barry Berman, Macmillan Publishing Company, 4th edition.

“Business Today”, David J. Rachman and Michael H. Mescon, Random House, 4th edition.

<http://www.epa.gov/sustainability/basicinfo.htm>

<http://www.unido.org/en/what-we-do/trade/csr/what-is-csr.html>

## INTRODUCTION

We live in a world of opportunities. The **globalization** offers opportunities to develop sustainable businesses and trade with **products** which cannot be marketed on one market but yet can enjoy good demand on another - sometimes remote market.

The opportunities come after analysing various factors which are needed for a product to reach the desired international market (the right place) at the right time, at the right quality, at the right price, and if moved through the value chain in a sustainable way, when consumers at the market place are ready and willing to purchase goods.

Many entrepreneurs in emerging countries are looking for **export** developments in an effort to raise incomes for their families and improve the quality of life. The general thinking is that China is the world factory, but does China cover the whole world market with all types of goods? The answer is certainly "no". China does not satisfy the complete **needs** and **wants** of the markets. Many other countries<sup>1</sup> are active and successful in the **international trade** due to the specifics of the **retail** market at various levels and for different products.

When goods are sold from a company to a company operating in another market, we call the first one exporter and the latter importer and we describe this process as international trade. To facilitate the trade between the countries and to give opportunities for more exchange of goods the world has created a trading system under the umbrella of the **World Trade Organization (WTO)**. Why do we need exchange? Let's take an example for a product like bananas. These trees are grown only in certain countries around the world enjoying climatic conditions suitable for the fruit, while other consumers cannot enjoy their taste unless the fruit is imported. In another example, only few countries in the world produce smart phones, but we want to use the most efficient/current technology in order to be connected with our families and friends. Knowing this fact, few companies are competing to offer us the best value for our money.

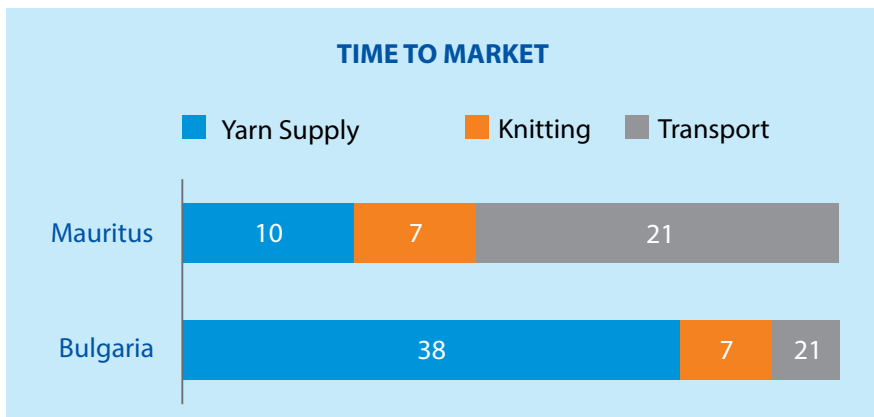
When operating in a centrally planned economy (socialism), countries were more closed for trade and satisfied their needs by producing almost everything, or they specialized in some products within the larger market they belonged to. For example, the Former Yugoslav Republic of Macedonia

(FYRoM) specialized in the production of agricultural products within Yugoslavia.

In a market economy, consumers have access to imported products, if these products enjoy consumers' demand. Some products might be produced in different countries at different costs. In addition, producers in one place may use different cost structure due to the difference in productivity, technology, labour skills or other conditions.

Many people might think that the only reason why importers prefer imported versus locally made product is the **price**. In fact, the price is only one of the factors determining the purchase from source B instead of source A, C, D, and E. Another factor for the transaction could be **timely delivery**. In addition, the existence of better **supply chains** will be preferred versus the other one. Market proximity is important for some industries and not for others. For example, the island of Mauritius lies 10,000 km away from London, but Mauritius sweater suppliers might be able to deliver cotton sweaters faster than their Bulgarian competitors whose factories have no available domestic production of cotton yarns. The yarn import might take longer than the transit time needed to ship the Mauritius sweaters by sea to London (see figure 1).

**Figure 1. Time to market (number of days)**



Hence, the importer looking for faster delivery might prefer to have the products made in Mauritius instead of Bulgaria even if the price of the latter could be more affordable than the price of former. Receiving goods faster will help the importer/retailer to bring them on the market when there are not so many companies offering similar products or during the introduction and the growth stage of the **Product Life Cycle (PLC)**. Understanding the PLC concept is important for every business.

An important cooperation for importers is to choose exporters with ability to deliver repeat orders, when market demand needs more goods than you can stock at once, whether the same product or similar. In long term, the importer will prefer to cooperate with the flexible supplier versus the one with the most affordable price. In another example, there is a special market for foods which are produced within 100 miles radius (about 160 km). These consumers, called **locavores** only consume food which is produced within this distance because they intent to consume healthy and fresh food, analyse carbon footprints, and are willing to support local farmers and economy. In such case, producers who are far away from these markets have no chances to sell to this particular group of consumers, even if they have better offerings.

Today many consumers recognize their buying power when purchasing a product. Such consumers would like to invest their money in sustainable businesses and be informed on how the product has been produced and who is behind the product. Companies that can communicate effectively with consumers and explain the objective/story of their product will have better chances compared to the silent companies.

These examples demonstrate the fact that the price itself is not the only factor which importers and retailers are looking for. In addition, trade is not just one way street. China might be the leading exporter for many products, but they do import many products from abroad, for example wine from France, Chile and Argentina, butter from New Zealand and Denmark, etc.

Companies from UK might import wine from FYRoM because they want to bring variety to their customers in a certain price **segment** (could be low price segment for some wine sorts). Then, a German company will place an order in the same market to make a shirt in the bridge segment (middle price market). This is another concept to be understood – each product, brand and even a place has its **perceptual position (mapping)** in the mind

of the consumers. Sometimes the country **brand** goes with the product brand together.

International trade is not a privilege of the **multinational companies** (MNC) only. Small businesses are gaining billions of dollars while exporting their products in many industries, starting from food, clothing, sport articles, tourism and many others. These companies are not afraid of trading across the borders. Barriers might exist only in the minds of managers who are living in the past world.

Imagine the former Yugoslavia market. Once a larger market, goods were moved free from producers to markets within Former Yugoslavia, however, it is now divided into several smaller markets (Serbia, FYRoM, Bosnia and Herzegovina, etc.). Even if the trade between the countries of Former Yugoslavia is customs duty free, only because it is subject to customs entry control and procedures, many producers characterize exporting in such markets as “mission impossible”, and this is **management myopia**.

However, goods are not always moving duty free between the countries. Although the WTO is constantly working towards decreasing the trade tariffs, there are still customs duties and/or other taxes to be paid by the importers upon clearing their cargo at the entry point. These customs duties may vary for similar product when imported from different countries. While in some cases this could create price disadvantages for the importers, in other cases it will create price advantage when products are imported under preferential tariffs from other countries. The following example will illustrate it:

Company XYZ in Germany wants to import 8,000 kg of grapes and considers 2 sources: Kosovo and Moldova. Kosovo was their supplier before 2014, but XYZ sees new opportunity due to the Association Agreement signed between the EU and Moldova. On 27th June, 2014, EU and Moldova signed an Association Agreement and it was applied provisionally as of 1.09.2014. Before this date, a duty of 23.80 euro/100 kg is applied if the entry price is lower than 56.80 euro/100 kg. XYZ compared the prices from both sources:

	Kosovo Product	Moldova Product (before 1.09.2014)	Moldova Product (after 1.09.2014)
Value ex-factory – exporters' warehouse	3,200.00	2,500.00	2,500.00
Freight + insurance	350.00	240.00	240.00
Other expenses	500.00	500.00	500.00
Total	4,050.00	3,340.00	3,240.00
Customs duty	-	23.80/100 kg = 1,904.00	-
VAT 19%	769.50	996.36	615.60
Total	4,819.50	6,240.36	3,855.60
Price per kg (landed in Germany)	0.60	0.78	0.49

The comparison shows that Kosovo is losing its advantage on price with Moldova after 1.09.2014. With similar taste and quality, the German company will select to import the grapes from Moldova due to price advantage after 1.09.2014. However if the quality and taste of Kosovo grape is better compared to the Moldovan one, XYZ might decide to use both sources and place their products at different price levels on the retail market.

Another concept to be understood is the **rules of origin** which define the "Made in..." label and corresponding customs duties to be paid upon import of the goods.

These examples demonstrate that exporting companies need to understand the regulatory environment and the buyer's perspective in order to take advantage of the existing opportunities. However, in the above example we can observe that once enjoying advantage, the company from Kosovo will have to face the reality of economic changes happening in the international



markets. The exporters should be aware of such changes by taking into the consideration the competitor's actions. It is important for a company not to be dependent on one market only in order to diversify the risk.

Let's have a look at the recent situation with the embargo imposed by Russia on EU food produce during the Ukraine-Russia crisis. Agricultural exporters in Poland experienced difficult time, relying on the exports to this market. If they would diversify and had developed other more stable markets the hit could be avoided.

The EU market is definitely a market towards which Kosovo companies should focus their expansion. There are various reasons why this market is so important for Kosovo. One of the reasons is that all products made in Kosovo enter EU territory duty free.

The EU granted autonomous trade preferences to all the Western Balkan countries in line with the Stabilization and Association Agreements (SAA)<sup>4</sup>. These preferences allow nearly all exports to enter the market of EU-28 without customs duties or limits on quantities. Only wine, baby beef and certain fisheries products enter the EU market under preferential tariff quotas.<sup>ii</sup> This means that Kosovo might have advantage versus other countries that do not enjoy preferential treatment of imports.

Another agreement giving Kosovo companies competitive advantage and market access is the Central European Free Trade Agreement (CEFTA). Kosovo currently enjoys free trade within CEFTA countries, enabling Kosovo producers to access the regional market comprising 28 million consumers, free of any customs duties. The members of CEFTA agreement are: Kosovo, Albania, Bosnia and Herzegovina, FYRoM, Moldova, Montenegro and Serbia.

If we want to discuss the main difference between EU and CEFTA markets, we should discuss mature and immature markets. Many consumers from mature market have established buying habits; therefore, many products have reached acceptance by the market demand. It does not mean that there are no opportunities for new entrants, however, these new entrants have to innovate and bring something new to the market, or enter into a

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<sup>4</sup> Negotiations and initiation of the Stabilisation Association Agreement (SAA) between Kosovo and the European Union was completed in July 2014. The agreement provides for enhanced political dialogue, closer trade integration, including opening EU markets to Kosovo's industrial and agricultural products, and new forms of cooperation.

niche market to succeed. The requirements on these markets are very strict and compromises are not made. Immature markets are in the development stage, customers have not yet built product/brand loyalty, and opportunities are better for the first movers. Product requirements and standards are achievable and entrance to these markets could be considered easier for Kosovo companies.

Many questions might come in the mind of the exporters while reading this guide. Exporting might be seen as a difficult task. The reality is that if companies do not start with planning, research and networking, they will never have a chance to spot export opportunities. One of the first steps to internationalization is networking and information exchange. Participation in export workshops is part of the process where participants create connections with individuals from the same sector or other sectors and they create networks with other supply chain players, exchange ideas or plan partnerships at a later stage. "Networking interactions facilitate the internationalization (Kontinen and Ojala 2011), moderate the perception of risks of entering foreign markets (Musteen, Francis, and Datta 2010), reduce the investment cost and time of process integration (Lin and Chaney 2007), and improve the internationalization performance (Redding 1996)." <sup>iii</sup>

The European Commission<sup>iv</sup> found that the main barriers to greater internationalization for SMEs are:

- Insufficient managerial time and/or skills required for internationalization;
- Lack of financial resources;
- Lack of knowledge of foreign markets, mainly a consequence of the previous two.

These barriers are valid for the Kosovo companies, too. Managers will realize that by overcoming such barriers, they will gain new export markets. To achieve the objective, companies will have to apply creative entrepreneurship, secure financing through partnerships with local and non-local companies or use their own sources, hire marketing staff and lead the company toward sustainable development. This export marketing guide will help you to make it.

When developing this document you will be aware that this is your route map from where you are standing now to where you are heading to. In this journey you will be supported by partners and stakeholders who will not just read and follow your strategy to achieve exports but would like to be assured that every statement is true, every intent is canvassed with resources and the goals are achievable. You need to develop your export marketing strategy based on assessment of your own abilities to function within the market environment, understanding the organizational needs of your potential customers, and the expectations of the final consumers.

Embracing the marketing concept is not an option today as it will level you with your competition. However if you understand the organizational purchasing behaviour of your customers better than the competition, this will create competitive advantage.<sup>v</sup> It means that every time you analyse your export readiness or compare your products and services with those of your competition you need to use your customer's eyeglasses.

## 1. EXPORT MARKETING PLAN

### 1.1 EXECUTIVE SUMMARY

This section will be developed after the company makes analysis of the situation, discovers opportunities, finds the best options to use, takes decisions and plans the objective. Typically this section should be one page. The reader should be able to understand that the people who drafted the document have a clear picture of the current situation in the company, have analysed the market situation, spotted opportunities and developed plan/objectives to put them in action within a certain time frame.

**Keywords:** export, marketing, plan, step-by-step, guide, builder, strategy, design

The current export plan (in progress) is agreed upon by our shareholders who will be involved in the export and operational process. The management of the company was united and excited by the opportunities which were discovered at this initial stage of the export marketing plan. We are committed to invest resources, time, and efforts into finalizing this plan and put it into action. During the process of development we realized important points, we understood that a lot of work, research and analysis are to be developed including:

- To transform our internal partnership into more corporate structure and to build a strong brand name;
- Customers and their needs will be in the centre of our attention;
- To transform our weaknesses into strengths;
- To follow our action plan and extend it following each opportunity;
- To develop an integrated marketing communication plan that will increase our market visibility, transparency and will differentiate us from the commodity suppliers;
- We need to train and develop our people to be part of our success in the long run;
- We have to develop our CSR practices and weave them into our communication plan;
- To develop partnership with our customers, our suppliers, and the whole value chain to be able to keep consistency in our products and services;

Our understanding is that we can achieve the following objectives in the next 3 years:

- To increase our presence in the current regional (export) market by 4 %;
- To identify channels and open 2 new markets in Switzerland and Germany, countries with large Kosovo Diaspora to sell goods approximating the value of 10,000 euro in 2015, increasing sales by 100% each year in the next 2 years;
- To transform the organization, our process and people and become an export leader in our region in the next 5 years;
- The good export result and media exposure to give resonance and improve our internal market results by 10-12 % each year, 2015 and 2016.

## 1.2 COMPANY (BUSINESS) OVERVIEW

In this section you will start to answer the question “Where are we now?” describing your business, corporate structure and mission. The description of your business should be short, answering the main questions including when was the business created, who created it, what is the ownership of the organization, what market need called your business to life, what is the company doing, and what are the company strengths that differentiate your business from competition.

Company name: Koperativa Peppers (KP)

Municipality: Mamushë/Mamuša

President: Ms. Spresa Ahmeti

E-mail: s.ahmeti@hotmail.com

Website: none

Number of employees: 7 (seasonable employees about 50)

Our company was established by four determined women with experience in family agriculture who decided to use their knowledge in larger market operation.

The partnership was set in January 2010 with no clear corporate structure to answer the needs of the organization which intended to help the struggling farmers selling their produce at extremely low and unfavourable prices and to facilitate the collection of the agricultural production of vegetables. The company works with farmers, giving them affordable counselling services and intents to find markets for selling such productions. Together with our partners we work on ca. 10 ha land with an output of 200 t vegetables annually. In the second stage of development we have built a greenhouse of 500 m<sup>2</sup> where part of the production sold is coming from.

## 1.3 MISSION OF THE COMPANY

The purpose of the mission is to guide you and your staff on the long road to success. It will provide the company objectives and outlines your values. In addition, it will describe your products or services, who your target customers are, and what unique services you offer. Every time you have doubts whether you are heading toward the right direction, you refer to your mission.

**Keywords:** company, corporate, mission

Example: “We work to respond to the consumers’ needs for healthy food and clean environment while using years of knowledge and traditions, encouraging small farmers to develop good practices and participate in our sustainability programs, and fostering collaboration among them.”

## 1.4 OBJECTIVES

This is the section where you will describe your company objectives. The objectives will follow your mission but they will be set on longer term – strategic or short term – tactical. They answer the questions “Where do we want to go?” and “How do we get there?”

**Keywords:** company, corporate, objectives

“We strive to be the leader in growing healthy vegetables in Kosovo’s market and become its number one agricultural exporter to EU markets”.

“We will work with our partners to reduce environmental impact using both traditional and progressive agricultural techniques, raising productivity without compromising the products and our brand image”.

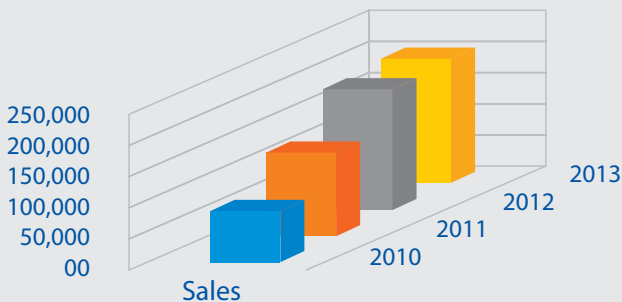
## 2. SITUATION ANALYSIS

### 2.1 INTERNAL AUDIT

In this section you will analyse the current situation of the company, its structure and organization, and analyse the basic management tools – operations, marketing, human resources and finances. It is advisable to prepare data in a way, so you can do benchmarking against the industry average and competition.

**Keywords:** internal audit, company

Example: “The four of us got together in the middle of the harsh winter in 2010, when the pickles in the basements of our houses were over and the only hope was in the air. We promised ourselves not to face another harsh winter without food and money but to work together on applying our knowledge in agriculture, to make our future customers enjoy every moment using our products and while using the team diversity, to bring to our families a sustainable living. We survived the winter, the next months we spent in planning and actions to start the first season of our new business establishment. We found that we can help not only ourselves but many struggling farmers who were forced to sell their crops at unreasonably low prices. After four years of developments, we grew into a small company with clear focus and goals. Our sales have been growing steadily through the years:



We will mark 2014 with growth and total sales of approximately 212,000 euro, in spite of the unfavourable weather conditions.

	2010	2011	2012	2013	2014*
Sales (euro)	90,000	135,000	195,750	202,833	212,000
Exports (euro)	0	0	0	33,500	35,000
Sales in Tons	81	122	177	183	190

\*2014 forecast

We keep our last year's sales on the market of Kosovo in stable positions, while exports to the neighbouring countries are increasing by adding Albania as a new market.

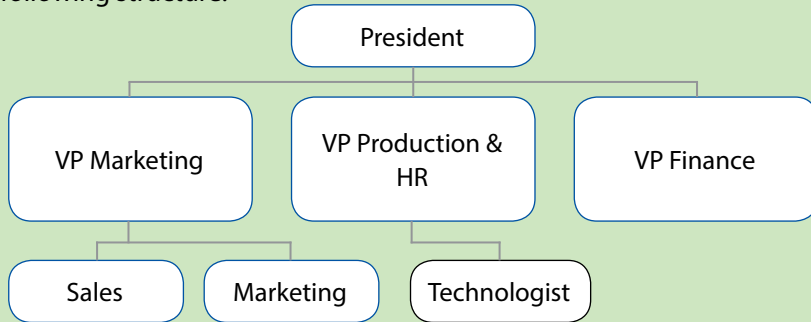
### 2.1.1 Structure of the company

Discuss the structure of the company, including management tools. The vital tools that have to work together to achieve the company objectives are production (operations), marketing, human resources and finances. However the structure should fit the situation of the business. Discuss corporate culture.

**Keywords:** company, corporate, structure



Example: After few years of team work and cooperation when most of the issues were solved by the founders of our company, we felt the need to give a more corporate feel to our organization and created the following structure:



**Organizational culture** – we need to train our employees on the new market requirements. There is a gap between the customer's expectations for and employees' understanding of quality. Customer orientation and new market reality should be weaved into our daily work and philosophy.

### 2.1.2 Operations

Describe the process of converting raw materials into finished product, what your company is doing to create value for the customers. In this part you may include content about resources you decided to use for the production, location, and planning. How long the production process will take including production control, quality control, stock management and control. Some processes might need consequential planning while others might be organized in parallel. Management decides what products, where (location) and how such products will be made, and human resources and finances availability should be considered. This means that the production (operations) managers work in coordination with other departments in the organization. Production operations should consider competition, therefore, achieving productivity and above average industry standards is essential.

**Keywords:** business, operations, production

Koperativa Peppers (KP) offers counselling services for the farmers near Mamushë/Mamuša, providing mechanical tools and finding markets to sell their agricultural produce. Part of the goods sold is their own production. The green house of 500 m<sup>2</sup> extends the selling period and keeps our employees engaged throughout the whole year. During the season, agricultural operation is on about 10 ha with an output of almost 200t peppers and other vegetables. We use plant protection products (pesticides) to the very minimum standards and ensure workers' protection. Our manager and technologist follow the full production process to ensure the quality and consistency are both kept. The peppers and the other vegetables are cut with sharp tools to get premium quality. Workers are given work wear and training before they get involved in any of the processes.

### 2.1.3 Markets

Describing your current product-market combination will give the reader knowledge about your company current product-market standing.

**Keywords:** product-market combination, PMC, segment, Ansoff matrix

The main market of KP is Kosovo, however, the company started exports to regional markets in Albania, FYRoM, Montenegro and Serbia recently.

Market/Products In % of total sales	Fresh Peppers	Processed Peppers	Other processed vegetable	Total % average sales 2012/2013
Kosovo- supermarkets	15	37.5	12.5	65
Kosovo- small shops	5	10	3.5	18.5
Albania - importers	0	5	1.5	6.5
FYRoM	0	3.75	1.25	5
Montenegro	0	2.5	0.75	3.25
Serbia	0	1.25	0.5	1.75
Total	20	60	20	100.00

## 2.1.4 Financial situation

**Finances** keep the business activities running when managed properly. Finances are always connected to other management tools. For example, if you want to deliver your products at a competitive price and improve your marketing offer, you have to consider controlling costs. When considering expansion of the business you might need to plan hiring new staff and then the financial, operational and HR managers have to coordinate this effort. Well managed finances will have positive impact on the business development and the relations with customers, suppliers and staff.

**Keywords:** corporate, finance

**Profit and loss** or income statement shows the revenues (sales) to be received and the expenses to be paid over a given time period, for example a year.

**Keywords:** income, statement, understanding, ratios, analysis

### Profit and Loss (2010-2013)

<b>Total Expenses</b>				
	2010	2011	2012	2013
<b>Sales</b>	90,000	135,000	195,750	202,833
<b>Total Cost of Sales</b>	64,286	96,429	139,821	139,885
<b>Gross Profit</b>	25,714	38,571	55,929	62,948
<b>Expenses</b>				
Salary expenses - owners	10,800	14,400	21,600	25,200
Salary expenses - seasonal workers	6,750	15,750	18,000	22,500

Supplies (office and operating)	240	240	240	240
Repairs and maintenance	-	-	-	-
Advertising	-	-	-	-
Car, delivery and travel	840	1,080	1,200	1,800
Accounting and legal	-	-	-	-
Rent & Related Costs	-	-	-	-
Telephone	360	840	840	840
Utilities	960	1,200	1,200	1,200
Insurance	-	-	-	-
Taxes (real estate, etc.)	203	202	201	200
Depreciation	-	-	-	-
Other expenses (water)	180	180	180	180
Other expenses (warmth)	-	-	1,500	1,500
<b>Total Expenses</b>	20,333	33,892	44,961	53,660
<b>Net Profit Before Taxes</b>	5,381	4,679	10,968	9,288
<b>Income Taxes</b>	538	468	1,097	929
<b>Net Income</b>	4,843	4,211	9,871	8,359

**Balance sheet** – The balance sheet shows the financial situation of the company at a certain date. It shows whether the company is able to cover its present and future debts.

**Keywords:** balance, sheet, understanding, ratios, analysis

**Balance sheet (2010-2013)**

<b>Currency Euro</b>				
	2010	2011	2012	2013
<b>Assets</b>				
<b>Current Assets</b>				
Cash in bank	5,505	6,306	11,076	10,834
Accounts receivable	2,200	5,320	9,680	11,650
Inventory	3,600	4,100	10,500	15,620
Prepaid expenses	-	-	-	-
<b>Total Current Assets</b>	<b>11,305</b>	<b>15,726</b>	<b>31,256</b>	<b>38,104</b>
<b>Fixed Assets</b>				
Machinery & equipment	7,540	82,540	82,540	82,540
Furniture & fixtures	-	-	-	-
Land & buildings	-	-	-	-
<b>Total Fixed Assets</b>	<b>7,540</b>	<b>82,540</b>	<b>82,540</b>	<b>82,540</b>
<b>TOTAL Assets</b>	<b>18,845</b>	<b>98,266</b>	<b>113,796</b>	<b>120,644</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Accounts payable	2,150	3,200	6,250	4,320
Other current liabilities	1,852	3,052	3,930	4,505
<b>Total Current Liabilities</b>	<b>4,002</b>	<b>6,252</b>	<b>10,180</b>	<b>8,825</b>
<b>Long-term Debt</b>				
Bank loans payable	-	-	-	-
Other long term debt	-	-	-	-
<b>Total Long-term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Total Liabilities</b>	<b>4,002</b>	<b>6,252</b>	<b>10,180</b>	<b>8,825</b>
<b>Owners' Equity</b>	-	-	-	-
<b>Total Owners' Equity</b>	<b>14,843</b>	<b>92,014</b>	<b>103,616</b>	<b>111,819</b>
<b>Total Liabilities &amp; Equity</b>	<b>18,845</b>	<b>98,266</b>	<b>113,796</b>	<b>120,644</b>

**Cash Flow** – Company's revenues and bills to be paid are coming at a different time. Your cash flow forecast should demonstrate that you are prepared to meet future cash needs. Problems in cash flow are among the reasons why many businesses fail to keep promises and this is unacceptable in today's business and especially in the export operations.

**Keywords:** cash flow, ratios, analysis

### Cash Flow Projection (2010-2013)

Koperativa Peppers (KP)				
<b>Currency Euro</b>				
	2010	2011	2012	2013
<b>Cash on Hand (beginning of month)</b>	2,460	5,505	6,306	11,076
<b>Cash Receipts</b>				
Cash Sales	87,800	131,880	187,640	197,530
Donor Grant(s)	-	75,000	-	-
Loan/ other cash inj.	-	-	-	-
Total	87,800	206,880	187,640	197,530
<b>Total Cash Available (before cash out)</b>	<b>90,260</b>	<b>212,385</b>	<b>193,946</b>	<b>208,606</b>
<b>Cash Paid Out</b>				

Purchases (merchandise)	65,736	97,368	137,611	143,859
Purchases (specify)	-	-	-	-
Purchases (specify)	-	-	-	-
Gross wages (exact withdrawal)	16,150	29,050	38,800	47,025
Payroll expenses (taxes, etc.)	-	-	-	-
Outside services	-	-	-	-
Supplies (office & oper.)	240	240	240	240
Repairs & maintenance	-	-	-	-
Advertising	-	-	-	-
Car, delivery & travel	840	1,080	1,200	1,800
Accounting & legal	-	-	-	-
Rent	-	-	-	-
Telephone	360	840	840	840
Utilities	960	1,200	1,200	1,200
Insurance	-	-	-	-
Taxes (real estate, etc.)	289	1,122	1,298	1,129
Interest	-	-	-	-
Other expenses (water)	180	180	180	180
Other (warmth)	-	-	1,500	1,500
Other (specify)	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total</b>	<b>84,755</b>	<b>131,080</b>	<b>182,869</b>	<b>197,773</b>
<b>Cash Paid Out (Non P&amp;L)</b>				
Loan principal payment	-	-	-	-
Capital purchase (specify)	-	75,000	-	-
Other start-up costs	-	-	-	-

Reserve and/or escrow	-	-	-	-
Owners' withdrawal	-	-	-	-
Total	-	75,000	-	-
<b>Total cash paid out</b>	<b>84,755</b>	<b>206,080</b>	<b>182,869</b>	<b>197,773</b>
<b>Cash Position (end of month)</b>	<b>5,505</b>	<b>6,306</b>	<b>11,076</b>	<b>10,834</b>

**Ratios** – Ratios can be useful tools for benchmarking and measuring the efficiency of your company. You have to examine which ratios are important to your industry and examine benchmarks. Industry associations or service providers might be able to provide you with such data and you better consult with an expert on interpretation of the ratios.

**Keywords:** financial, ratios, .....(sector name) industry, analysis, interpretation

**Ratios:** We compare our productivity with the best companies in the agriculture industry in the region, with yields of about 20t per hectare and an average price for processed peppers 1.1 euro/kg.

Other ratios:	2010	2011	2012	2013
Current ratio	2.83	2.52	3.07	4.32
Working capital – compared to business expenses	36%	28%	47%	55%
Debt to equity	27%	7%	10%	8%
Debt/asset	21%	8%	12%	11%
Equity/asset	79%	111%	125%	135%
Sales as % of 2010 sales	1.00	1.5	2.18	2.25



## 2.1.5 Marketing mix

Marketing is one of the most effective management tools, *“the science and art of exploring, creating, and delivering value to satisfy the needs of the target market at a profit. Marketing identifies unfulfilled needs and desires...”* (Philip Kotler). The marketing strategy deals with the three driving forces – company, consumers and competition, and considers opportunities, threats and identifies trends. The marketing manager develops the marketing mix to have an appeal to the target market. The marketing mix is formed by several elements, including product, price, place, promotion, planet, people, processes and physical evidence.

It is possible that the current marketing mix might not satisfy your potential customers. You should keep the content for the elements of the marketing mix in progress. Therefore, always keep the content into two columns – the first one should focus on where you are standing now, and the second should focus on where you want to be, according to your market research. When you feel that all possible requirements of the potential customers are met, then you can consider this element of the marketing mix fixed.

Please note that the marketing mix works like a small orchestra, you cannot rely on one instrument only, and all of them need to play in harmony. That’s why when working on each element of the marketing mix we will remind you regarding the other with the sign (+7). Describe the current marketing mix, applied by your company.

**Keywords:** marketing, mix, 8P’s

**The marketing mix** applied by our company includes all elements screened by our customers. We understood that paying attention to basic marketing tools only is not enough as consumers put additional pressure on our business to business (B2B) customers.

### 2.1.5.1 Product

By product we understand physical goods, services, and ideas. People and organizations purchase products because such products deliver physical or psychological benefits.

Every market needs the right product. Not every place/industry has this product; however there are too many vendors who believe they have the right product. The right product (+7) can give customers the reason to buy. New products have to be tested if suitable for new markets; new vendors have to adapt products that exist on the markets already. For example the eating and drinking experience of the Balkan people is different from that of Western Europe and food exporters need to consider this. Clothing manufacturers need to understand the style difference between German and UK markets. The wood industry products used in Italy and Sweden are different due to climate and design concepts.

Tourism industry should consider individual needs and desires of international tourists. The higher the number of people who have the same culture and, the larger the market is, the better our chances for exports are if product matches the culture of the market (people). In the example below for which the content was extracted from [www.cbi.eu](http://www.cbi.eu) you will see practical tips that refer to any industry.

Describe your product mix and benefits it brings to customers.

**Keywords:** product, mix, marketing, benefits

**Our products** are fresh cut and processed peppers and other vegetables. Fresh cut peppers are sold only in Kosovo, as our company has packing for sales in net bags only. There is no cooling facility, which does not allow the company to store the goods for longer periods.

Product quality is a prime criterion for gaining access to competitive markets. Quality control ensures that raw materials and finished products are handled, stored, processed or packaged to the required quality standards.

Processed vegetables are prepared under favourite home prescriptions that match the taste of the people in Kosovo and the neighbouring countries. The aroma and taste attracts our customers to purchase the products.

We will continue working with our main products where we are on par with other manufacturers' in the regional productivity and efficiency while having in mind the needs, the taste of the EU customers and their convenience. "Consumer acceptance of fresh-cut produce is influenced by colour, texture, aroma and taste. Convenience is a major reason for buying of fresh produce by consumers. Consumers choose fresh-cuts based on freshness, price and packaging. Consumers' eating experience (aroma, taste, texture) determines whether they will continue to purchase such products.

The fundamental purpose of a quality assurance program is to have timely and dependable information on all the attributes of a product which affect its quality. Quality as a synonym for food safety can be used as a tool for marketing fresh-cut products in countries with high food safety standards

Product quality can be maintained throughout the supply chain by applying good practice. Quality loss is a function of both time and temperature. If products are neglected, even for short periods at high temperatures during loading and off-loading, the shelf-life is reduced. Refrigeration removes excess heat and facilitates temperature control for fresh-cut produce during storage and transportation. Maintaining the 'Cold Chain' is the key to delivering wholesome fresh-cut products to the end user."<sup>vi</sup>

### 2.1.5.2 Price

In highly competitive markets like the EU or CEFTA, exporters need to have very competitive offers (prices + 7). You can get very quick orientation whether your price is competitive if you see your neighbour's products on the market (not subsidized). Price decision has to be balanced between the possibility to enter the market and to keep profits sustainable. Price decision should consider the need to load your full technology capacity and to retain the employees. Higher price can be good to feed your cash in short term, but it might negatively impact future sales when competition gets stronger. Low price cannot give you sustainability in the business.

The question which the exporter should answer is what price (+7) will give both the buyer and the seller enough profits to establish a long-term partnership. Differentiation will help you place the product at a market price which will give sustainable business.

**Keywords:** Marketing mix, price

Fresh cut peppers are sold in a low price market segment at a price of 0.50-0.60 euro/kg. In reality we keep selling fresh cut peppers, because our customers for canned peppers and vegetables need to keep this assortment available and we have to service them. Since the shops have the buying power, there is no option to get a better price for the fresh cut peppers.

Our Kosovo market prices for canned vegetables are about 3-5% lower than our competitors who have heavily invested in marketing. Sales are growing because of the good taste, the quality of the product and the better market price but growth is in a small scale. In a season with good crop, we may give the customers trade discounts to stimulate purchases. We aim for the higher end of the market to achieve better market prices than our direct competitors from the Eastern European countries. In our regional exports our prices are on a par with other companies from the region.

### 2.1.5.3 Place

Every place is good for business if we have enough customers who can purchase our products. Consumers should have convenience when buying the products. The growing online business is a demonstration of how consumers manage their dynamic lifestyle. When doing exports we have to choose the distribution network which is going to meet the consumers' convenience. Every industry sector will have its specifics and rules how to reach the market.

**Keywords:** Marketing mix, place, distribution

Currently we cover about 1% of the processed vegetables market in Kosovo and we face the competition of foreign and other Kosovo companies/brands like ABC, Gusto, Mace and others. Sales are done without intermediaries to supermarkets and small shops. Competition uses the same channels of distribution.

### 2.1.5.4 Promotion

Promotion = Communication. There is no chance that buyers will get to know about your company/products unless you develop promotion/communication strategy. Consider the 2 scenarios:

1. The buyer is looking for suppliers. If your industry sector is already strong in exports, you will see many buyers who are interested to purchase your products. Your industry association will continue with the promotions to keep the customers aware of its success. However, when the export industry is nascent and buyers are sceptic about your products, you need more than that. Managers have to consider all channels in which buyers are engaged in order to make sure that information for their company is available through: online search, trade associations' channels, embassies and international donor organizations, machinery or input producers, logistics, banks, media, agents or service providers. This needs certain actions like website launch, newsletters to stakeholders, building a strong and loyal brand name in Kosovo, and establishing good corporate practices.
2. You are looking for buyers and your industry is nascent. Then you should be proactive in your communication by creating integrated marketing communication plan including all tools that can reach your customers: personal selling, internet and social media marketing, public relations (PR), direct marketing. During exporting process, the main communication tool is personal selling. Your customers may hear about your company not just through the above mentioned channels but through the word of mouth (employees' and stakeholders' social relations), or industry publications.

**Keywords:** marketing mix, promotion, communication, personal selling

The current promotional (communication) mix involves personal selling and PR activities. The publicity which we gain in the media is not so much a results of our active position but more thanks to the donor's effort to enlighten our activities and positive results. Soon after this article was launched, showing our cooperative as one of the leading producers in the Economic Region South (ERS), we received several contacts and we made first exports, thanks to the media release.

Exports are managed by our sales staff.

Packaging – our fresh cut peppers are sold as commodity goods, in net bags. There is no label, showing our company. Our canned products are marked with stickers indicating our KP name.

We have no special logo. Trade promotions are important for the sales of our products and we will continue this practice.

We are planning to attend and evaluate possible participation in Agrokos Food & Drink Fair advertised as a major agriculture event in Kosovo.

Transparency and promotion through storytelling: we have to show the end-users where a product comes from and who the farmer is, in order to be open and honest. We need to take advantage of the possibilities of using social media and other information technologies for promotion and customer relations. Social media platforms used wisely in Europe include Facebook and Twitter. Interactive websites and platforms are also often set up to communicate with different parties. Certainly we need to have a specific consumer target group in mind and all communication should be focused. We will become active in PR activities to create more publicity about our products and reach various stakeholders.

Based on the market entry strategy we should focus our communication plan on developing awareness about our products among the Kosovo Diaspora, and creating an e-database, that will serve our communication purposes when products are delivered to Switzerland and Germany in the 2<sup>nd</sup> half of 2015.

Packaging should differentiate our products from all others on the shelves of the retailers.

Participation in international trade fairs is to be considered, after visits of these European events. We need to develop our communication plan to reach not only our current customers but other consumers who do not buy our products. We expect that final consumers will be the driving force for demand of our products.

#### 2.1.5.5 Planet

Most of the retailers have enormous pressure from consumers and their organizations to maintain good environmental practices, preserving the harmony between people and nature. Retailers on their behalf require suppliers to develop such practices. Some of the retailers will be happy to list the names of their suppliers when such practices are in place. Creating environmental plan does not necessarily require great investments, but it is part of the checklist of potential buyers therefore it becomes a necessity to be drafted and communicated.

**Keywords:** marketing mix, planet, sustainability

We have no special policies in place regarding the environmental protection but we use pesticides to a minimum level.

We will develop a program on environmental sustainability. We understand that productivity goes together with sustainability and we will show this in our program and actions.

According to the Codex Alimentarius, traceability or product tracing is “the ability to follow the movement of a food through specified stages of production, processing and distribution”.<sup>vii</sup> This definition encompasses two concepts: tracking, which refers to the ability to determine in real time the exact location and status of produce in the logistics chain; and tracing, which refers to the ability to reconstruct the historical flow of produce based on records maintained through the chain. The objectives of a good traceability system should be to improve supply management and aid tracing of food safety and quality parameters.

Many large restaurant chains and retailers now expect their suppliers to create traceability systems. These systems are verified through third party audits of their overall food safety system. A traceability program should record information from the field to the retail display. Stringent legislation, consumer concerns about food safety and growing pressure from retailers have forced food manufacturers to look at every possible means of ensuring traceability and efficiency throughout the supply chain. And we need to set this system.<sup>viii</sup>

Another significant concern in developed countries is that of waste management. This food waste might be converted into bio-fertilizer and renewable energy instead of sending it to landfills where it creates methane, a powerful greenhouse gas.



### 2.1.5.6 People

Today many companies are proud to say “people are our most important assets”. Eastern European and Kosovo companies are making no difference, however their managers have a great challenge to build new organizational culture to fit the changing market situation. Kosovo companies will have to invest time and money to train employees and develop personnel who will be involved in the company’s operations in the upcoming years.

**Keywords:** marketing mix, people

Our members are hard-working women who bring home sustainable incomes. Their average age is about 40 years. We constantly discuss together the need for producing good quality and achieve better results.

Following the extension of the processing operations we hired food technologists who keep the process in line with consumers’ demands. Workers are familiar with the requirements and procedures for food safety and use clean clothes every day.

Individuals engaged in fresh produce harvesting must be trained in the selection of fresh produce of sound quality. Produce must be handled in such a way as to avoid damage and contamination. Handlers must ensure that only the best quality produce is selected for fresh-cut processing.

Management should supply all the equipment needed to minimize damage of vegetables during harvest, for example sharp harvesting knives, bags and padded boxes. Workers must wear clean clothes and observe sanitary measures. Every person who joins our company, whether marketing professionals or operational staff will have to undergo training and be acquainted with the mission of our company.

### 2.1.5.7 Process

Process is about the interface between the exporter and the importer and how they deal with each other in a series of steps in stages, i.e. throughout the export-import process.<sup>ix</sup> By combination of communication and evidence of effectiveness you have to convince the importing company that the process of communication and the agreed operations will run smoothly.

**Keywords:** marketing mix, process

There are boards in the processing room and the warehouse indicating the daily targets and results, which are marked twice a day. Communication with customers is working, as they receive weekly reports on the production process and are always welcomed to visit our facilities and monitor the process.

### 2.1.5.8 Physical evidence

Your customers would be willing to make a tour through your facilities to get assurance that their requirements for production will be met. The reasons why buyers need to inspect your premises and work fields are to verify that your company has the capacity to execute their orders on time and in the right quality. In other words: "you brought me in, told me nice stories about your production capabilities, now I want to verify that the stories are true." Organizational buyers do not place orders before they get assured that products will be delivered in correct assortment, on time and in the right quality; safety requirements will be followed;

The process and working conditions should meet expectations. During the premises tour they will monitor and understand how employees behave in one or another situation (efficiency, quality). The tourism business is highly dependent on the physical evidence check, but so is any other business nowadays. To enable potential customers get their first impressions about the company, exporters may produce short recordings/movies (with virtual company tours) and load them on their website. Organizational buyers want to work with efficient companies who will support their business operations not just once and they want to know and verify that your company is one of these suppliers.

**Keywords:** marketing mix, physical evidence

Our cooperative has 250 m<sup>2</sup> premises, including offices, processing units and warehouse, which receives the daily production, and customers come to pick up their orders using their own transportation. We do not have cooling facilities. The green house with 500 m<sup>2</sup> operates during the whole year. We keep our working environment clean and safe to avoid any incidents with the workers.

#### 2.1.5.9 Audit of marketing mix

The audit of marketing mix will inform you if it is possible to approach B2B customers at current stage. It will inform you whether you can approach the customer with a technical message. As you will see in the example below, *an imaginary* company fails on 6 out of 8 elements of the marketing mix.

Marketing mix	Status	Possibility to approach B2B customer	Action needed
Product	Quality gaps	No	To build/reconstruct preparatory section
Price	Prices are competitive	Yes	To consider further cost reductions
Place	Ok	Yes	To research better logistics and to reduce costs

Promotion	No qualified marketing staff to develop communication strategy	No	To hire qualified marketing personnel with English language
Planet	Limited considerations	No	To be developed
People	Program not in place	No	To be trained further
Process	Organized with gaps	No	To be improved
Physical evidence	Not at the desired level	No	To be reconstructed

### 2.1.6 SWOT analysis

SWOT analysis examines the strengths (S), and weaknesses (W) of your organization (internal forces) to cope with the business situation compared to your competition. Furthermore, the SWOT analysis describes the opportunities (O) and threats (T) which you may face (external forces). When preparing the SWOT analysis you need to evaluate functional areas which will be examined and tested by your customers, like finance, people, processes, the whole marketing mix, etc. After the SWOT is prepared, you need to plan the next steps including reinforcing and protecting your strengths, reducing your weaknesses and turning such weaknesses into strengths. Opportunities have to be spotted and used, threats have to be watched, and negative effects diminished or avoided. Overall, this is to be developed in your action plan.

**Keywords:** SWOT, analysis, interpretation

**Strengths**

KP was launched by several friends, known for their hard work, determination and knowledge in agricultural production.

Products are in line with traditional Kosovo and Balkan cuisine.

Good quality product.

Loyal customers.

The level of pesticides is highly reduced.

**Opportunities**

Open to the international market.

Access the market of half a million Kosovo Diaspora consumers in Europe.

Fresh vegetable market growing.

To obtain new 5 ha for growing peppers and other vegetables.

IPA (EU) will continue to provide grant support for micro-enterprises and start-up businesses with a special focus on innovative business models, export-oriented services and female entrepreneurs.

**Weaknesses**

Lack of calibration equipment and storage for conservation of production until the sale.

Lack of professional human resources on the labour market.

Lack of marketing experience personnel.

No international exposure.

No clear brand.

Innovation myopia.

No long-term environmental policies

New corporate structure.

Organizational culture

**Threats**

Other competition in the commodity market.

Changing demographics and lifestyle, changing consumer preferences.

Disruptions in the supply chain.

Raising costs

## 2.2 EXTERNAL ENVIRONMENT

In most industries exporters have to be successful in their domestic operations. You are going to study the external environment to make business in your domestic market. This part will demonstrate whether every opportunity in your home market was exploited to an adequate degree and what are the choices for growth of your company. Very often the companies in economies in transition into a market economy are facing difficulties to compete with imports in their home market. Being successful in a changing market situation means that you are taking the foremost of the opportunities. You should also discuss the political, economic situation, societal values and lifestyle, population demographics, and other factors which are beyond the control of your company. Do you consider the situation an opportunity or a threat?

**Keywords:** PEST, STEP, PESTLE, analysis

Example: Limited access to finance, unfair competition and lack of competitiveness caused by an unfavourable business environment are among the main challenges for private sector development in Kosovo. The fight against the grey economy is a cross-cutting challenge that needs to be addressed from different angles, as many organizations have addressed it in their analysis. Adequate infrastructure is a necessity for technological development, production, services and trade. Metrology laboratories are yet not fully functional since they lack the necessary human resources, the knowledge and equipment to ensure effective regulation. There are no institutions to assess the conformity of industrial goods and there is a lack of quality standards. \*

## 2.3 MARKET ANALYSIS

Starting from the home market you will further analyse global trends, the changing patterns of trade, and will narrow horizon to your target market. You will have to explore a lot of information regarding your industry using both English and Albanian language (any other language is an advantage) that will help you get access to various resources.

Understanding the language of the countries in the region will give you great advantage in collecting data, too. Availability of such resources will vary for each industry, very often you may need to get creative in search for information. For example, if you are missing studies of your domestic industry, you may find that your neighbours have already made such studies for their own purposes, maybe even including your industry as a potential competitor or benchmark. Including recent data for Kosovo imports and exports related to your product mix will give the picture of recent developments and the changing patterns. Information in the following examples was collected entirely from online resources to give you some demonstration.

As per a baseline report of Economic Region South of UNDP “many Kosovo companies consider imported products (64.5%), rather than locally produced products (24.2%), as the competitors of their products in the market. Only 11.3% consider the imported products and local products as equal competitors of their products in the market. This presents a challenge for local producers vis-a-vis foreign companies, since producers from other countries receive subsidies from their respective governments, they are able to offer their products in Kosovo’s market at a final price that is equal to, and sometimes even lower than, the price of the products made in Kosovo; as such, domestic producers are forced to sacrifice their profits in order to stay competitive in the market.

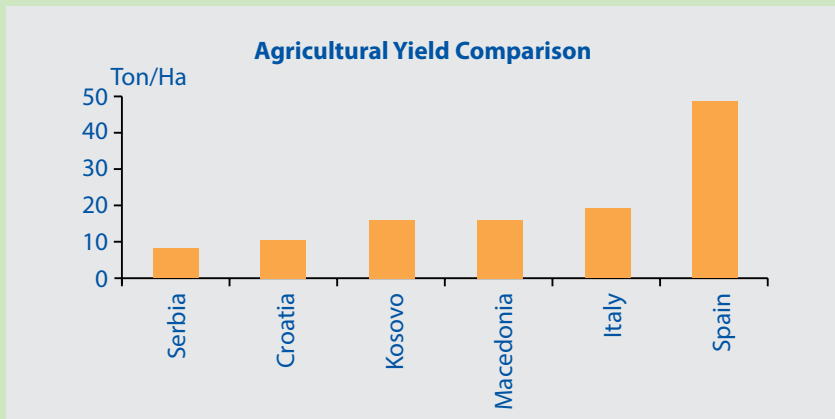
Only one of the other 65 companies subject to study stated that they export their produce. This company started to export in 2011 and reported to have increased its production in the international market in 2013, compared to 2012. The company did not report any information on its exports; however, it stated that the main barrier to exporting is the transportation of goods. This company exports 25% of its total production.” Overall, the Kosovo vegetable industry is not known as a strong exporter in Europe.

The Kosovo market trends do not show great opportunities for development of our sales. The changes in the demographics, and resulting consumption are not in line with the traditions of the Kosovo cuisine where our greatest strength lies. With a 29.7% poverty rate, and a 35.1 % unemployment rate, the market does not allow growth therefore we cannot utilize all our resources and potential. With other local and regional players already on the market, the chances to increase market share by 1% yearly are quite optimistic.

Kosovo agricultural market – peppers

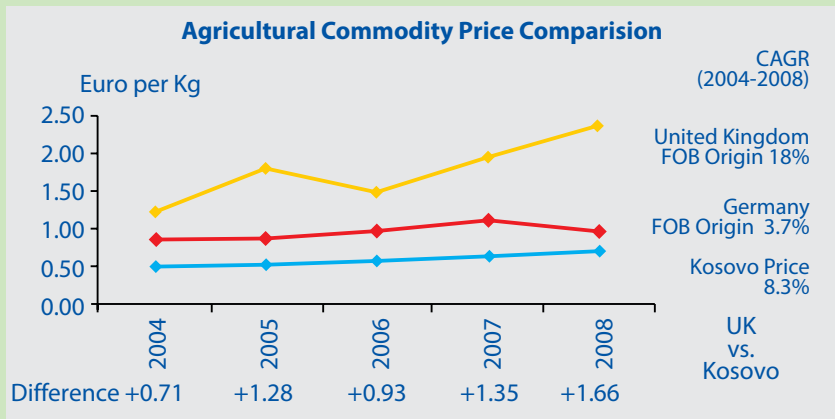
Kosovo has higher pepper yields compared to benchmarks, and KP has the average pepper yields comparable to other countries like Italy.

Table source: Kosovo agriculture opportunities strategy Booz Allen Hamilton 2010.



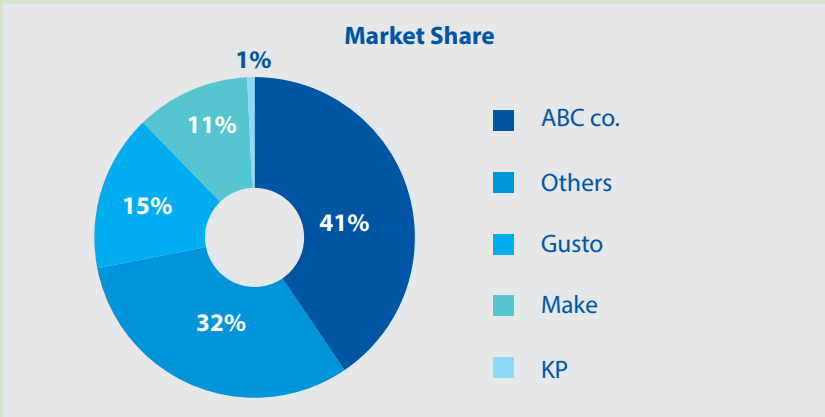
However, compared to the markets in the industrialized countries and on a par with other Balkan countries like FYRoM, prices in Kosovo are lower.

Table source: Kosovo agriculture opportunities strategy Booz Allen Hamilton 2010.





## Market share Kosovo



## 2.4 GLOBAL TRENDS

In this part you will describe the global trends driving your industry. You will be able to utilize plenty of free online resources made by experts for various purposes. Knowing the trends in your business you will be able to see opportunities and plan the future.

Growth in global population and changing diets are projected to bring about a 70% increase in food demand to feed 9 billion people by 2050. The greatest challenge faced by agriculture is to meet development and sustainability goals, while increasing production. Over the coming decades, there will be increased global competition for land use. This is the 'food, energy and environment trilemma', where increased demand for food and energy combine, pressure on land conversion is increased, leading to further climate change, which in turn may affect productivity and availability of land. It has been identified that approximately 30% of the increased demand for food can be achieved through improvements in resource efficiency.<sup>xi</sup>

New market trends have emerged. Fresh-cut products are vegetables that have been trimmed, peeled and/or cut into a fully usable product, which is subsequently packaged to offer consumers high nutrition, convenience and flavour while maintaining freshness (IFPA 2001).

The market for chilled fresh-cut produce has witnessed dramatic growth in recent years, stimulated largely by consumer demand for fresh, healthy, convenient and additive-free foods which are safe and nutritious. The food industry has responded to this demand with creative product development, new production practices, innovative use of technology and skilful marketing initiatives.

Consumers generally purchase fresh-cut produce for convenience, freshness, nutrition, safety and the eating experience. Consumer demand for these attributes has, indeed, led to considerable innovation and diversification in the fresh-cut industry. Apart from presenting the consumer with a range of options in a single package, fresh-cuts reduce wastage at the household level, in that they allow the consumer to procure only the quantities of fresh produce required, while allowing the opportunity to readily assess the quality of the produce being purchased.

Whilst the production of fresh-cut produce requires relatively little product transformation, it requires investment in technology, equipment, management systems and strict observance of food safety principles and practices to ensure product quality.<sup>xiii</sup>

## 2.5 EU MARKET TRENDS

Several EU countries are encouraging the imports of agricultural, consumer and other industrial goods from emerging economies. They have programs supporting SME exporters in these countries with information and other services. Such resources are invaluable tools and can be found at the links at the end of the document. We recommend you to use them and weave them in your export marketing plan. Your own research will also help you understand and describe these trends better. An important viewpoint can be obtained by analysing the websites and annual reports of leading brands in the sector; you may study each message, because any information on the corporate website is a message intended for a certain audience. From these messages you will be able to understand pressure of consumer organizations towards retail operators on various sensitive issues, like environmental protection, corporate social responsibility and others. The retailers cannot bear the responsibilities alone, they need to share them with their suppliers, and therefore the imperatives for the retailers become imperatives for the suppliers as well.

## EU Market trends

“The European fresh-cut industry has shown exponential growth since the early 1980s. According to Rabobank (2009) consumer emphasis on convenience and healthy living is the key driver for growth in the fresh-cut vegetables sector, with retail as the major distribution channel.

While the Netherlands, Switzerland, Italy and Spain have already established a market and have shown strong growth in the fresh-cut produce sector, Germany has yet to embrace the sector. Italy is currently emerging as one of Europe’s leading fresh-cut markets, where sales of fresh-cut fruits and vegetables have been booming in recent years and are now second only to the United Kingdom in terms of value.”<sup>xiii</sup>

“The main trends for the coming years will be healthy natural products, corporate social responsibility (CSR) and convenience. More integrated CSR programs and certification programs are introduced with increased sharing of information along the total supply chain. The programs contain food safety issues, environmental issues and social issues. Preconditions for entering the European market are good taste and adherence to maximum residue limits (MRLs).

In Germany and France, there is greater fragmentation in the fresh produce subsector, and wholesale markets are more important (than in the UK for example). These smaller agents—importers and wholesalers—may be more approachable, but this would be for significantly smaller volumes than supplying the large supermarket chains. With more short-term market-based trading in these markets, as opposed to long-term relationships, volumes and prices vary widely, thus greatly reducing the markets’ attractiveness.”<sup>xiv</sup>

The foodservice industry is another entry option for fresh vegetables suppliers and this industry is growing faster than the retail sector in Europe. As larger caterers and catering wholesale groups gain market share over smaller players, they are moving towards more efficient, centrally controlled systems of purchasing that will allow them to trade goods directly with producers. Like retailers, foodservice wholesalers want reliability and conformity of produce, something that they can achieve with their greater buying power. As an example, the foodservice sector in the U.K. accounts for around 35 percent of overall vegetable demand, compared to the 65 percent of trade that passes through the retail sector.”<sup>xv</sup>

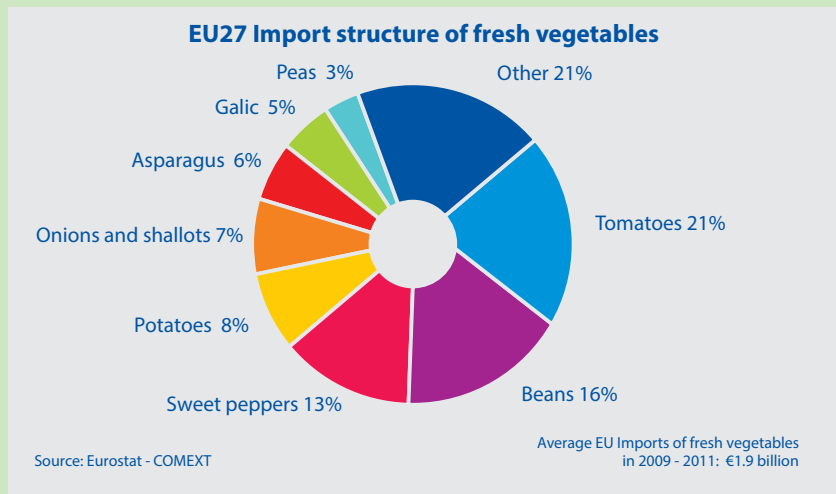
The trends and developments within the EU and EFTA markets for fresh fruits and vegetables can be illustrated with the figure below.

Fresh vegetables trend mapping <sup>xvi</sup>

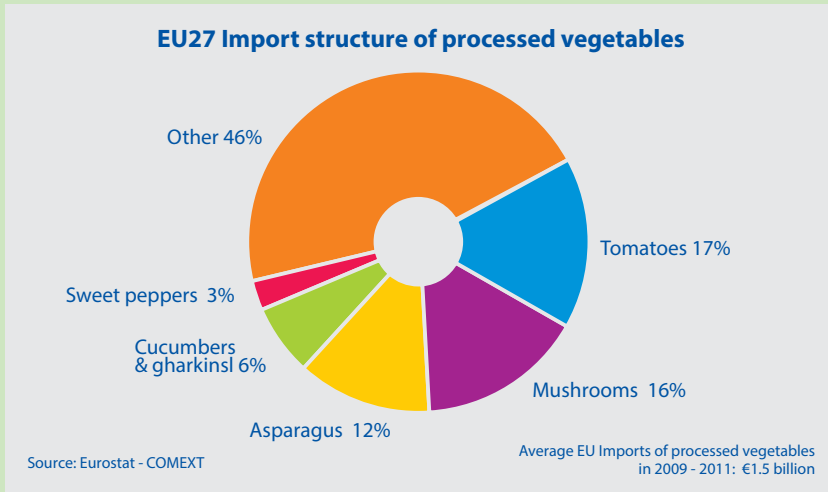


Market statistics from EU confirm the analysis above

Structure of trade in fresh vegetables. Source Eurostat

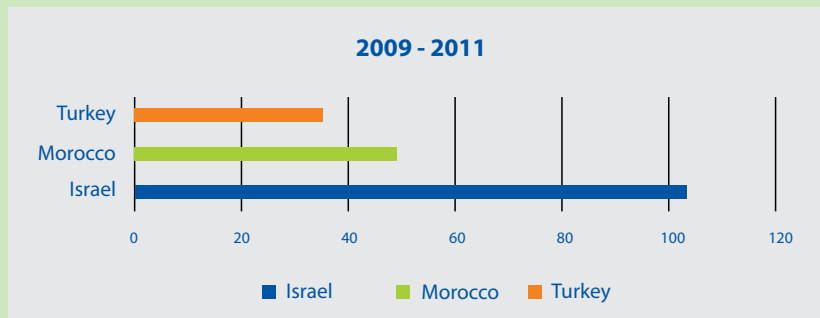


## Structure of trade in processed vegetables. Source Eurostat



Processed (sweet) peppers were 3% or 45 million euro in EU imports, and imports are growing.

Sweet peppers represent 13% or 217 million euro in EU imports, total imports of 218 thousand tons or about 1.00 euro/kg for this period. Among them, three countries with 187 thousand tons are the major suppliers (data for 2009-2011):



However, in recent years Israel supplies were hit by the boycott, as retailers were restrained from buying products made in Israel. Such stories opened the door to producers from Poland (prices for red peppers 0.67 – 0.77, green peppers 0.48 – 0.57 euro) which shows how important is the public perception and the voice of consumer organizations. However, prices went down.

## 2.6 MARKET FORCES

Every company has to understand the market forces. As per Michael Porter, a leading author in competitive strategy, these forces are the bargaining power of buyers, the bargaining power of suppliers, threat of new entrants, threat of substitutes, and the degree of rivalry.<sup>xvii</sup> It is evident even to non-professionals that the EU market is highly competitive with oversupply. The text below cited from the website of the Centre for Promotion of Imports from developing countries CBI<sup>xviii</sup> will give you orientation on the possible considerations and conclusions. You will be able to find similar studies for several sectors on their website. Field research (market visit) will help you understand better the impact of these forces.

The purchasing-power of concentrated European buyers is high. The degree of rivalry will increase further in the medium and long term.

### **Buyer power: concentrated European retail increases product requirements**

***European supermarket purchasing power is increasing*** and expected to increase even more in the future. This is evident in the demands supermarkets set. If one does not adhere to these demands, the supermarket shifts to another supplier as suppliers are abundant. This complies with the current situation; at the moment the European market for fresh vegetables is mainly a buyers' market characterized by oversupply. Competition is mainly based on price, which makes price sensitivity high for EU buyers. This then translates into higher pressure on other actors closer to producer level, such as EU-import agents and exporters.

Large retail organizations are ***increasing requirements concerning food safety and sustainability*** issues. EU buyers will put more pressure on exporters to adhere to these requirements.

***Increasing supply chain transparency*** is another requirement from retail and wholesale affecting exporters. Responsibility regarding food safety is gradually being transferred to suppliers. In addition, consumers are more inclined to want to know the story behind the produce.

Trade is becoming more business-like. This also means that you can expect claims if your product does not conform to the minimum requirements. Non-compliance with rules is punished hard. Rules are becoming stricter, production chains are shorter. These developments increase the importance of having good suppliers.

**Degree of rivalry:** Competition between suppliers of commodity products is high, with a few large firms dominating the market. In general, there are many suppliers to which buyers can choose from, for almost every product. Exporting to the European market mainly means competition on price, volume and adherence to strict rules and regulations. Setting your product apart from the rest by differentiating on added value, quality, taste and sustainability may decrease rivalry at least temporarily.

**Smaller niche markets** in Europe are focused on products with added values such as organic, sustainability and 'authenticity'. Within this market rivalry can be less intense, since those products are not widely available or grown in Europe. Rivalry will also increase due to ***new developments in information technology and social media.***

Although the number of substitutes is low, rivalry is high and product distinction through premium quality, good taste or targeting specific groups of consumers like elderly or children can make the difference.

**Threat of new entrants: new suppliers are fighting over market shares**

**Many fresh vegetables are not branded and can be sold in relatively small quantities.** On the whole, the most important barriers to entry are finding a reliable buyer (without such a buyer, the market cannot be accessible) and meeting their product requirements, especially regarding food safety. Certification may be necessary in advance but is usually not a major obstacle for professional producers/traders. In the future, it is expected that MRL limits (The Environmental Protection Agency sets maximum residue limits (MRLs) or tolerances for pesticides that can be used on various food and feed commodities) will be further decreased, thus simplifying entrance to the market, as there will be more flexibility on MRL.

**Non-members of European producer organizations can face extensions of regulation**, which makes it more difficult to enter the market (EC, 2012) (among the other issues new standards will enter in force after 13.12.2014 (Regulation # 1169/2011 for additional information on the stickers). Also, on an EU level, the focus will shift towards sustainability, transparency and strengthening its competitive position in the world. As a future exporter, we can cope with this by supplying products according to the trends determined by the EU and building long term partnerships with other companies.

Having the right plant material to meet quality and taste requirements is important; most specifically for the larger commodity products. Breeder rights are strictly regulated in the EU.

**Differentiation will give suppliers increased bargaining power**

Overall, **the bargaining power of suppliers to European retail channels is low for commodity products.** For differentiated niche products, the situation could be different, at least temporarily. Market power may also increase in times of low supply due to harvest conditions. At the moment there is generally oversupply in the common vegetable markets, which reduces the bargaining power of suppliers.

In addition, **private and public requirements (and regular food safety controls) for entering the European food market are becoming more stringent** in terms of sustainability and food safety. This means a further reduction of supplier power, since the supplier has to adhere to the rules or cannot export.

At the moment, competition still takes place at the price level but this will change in future, especially for niche markets. **Quality and sustainability will become more prominent values in the EU market.** This could be seen as an opportunity for suppliers to provide European buyers with high quality products for an increased price. This will, however, take some time. Eastern European suppliers are gaining market share and will become more serious competitors. Since the EU market is very attractive, we can understand that there is a strong competition in fresh cut vegetables which are coming from Morocco, Turkey, Poland, and other Eastern European countries.

### 3. MARKET ENTRY STRATEGY

The best option to get to another market is to sell directly to the consumers, without intermediaries, or business to consumer (B2C). Such an operation is not easy to be achieved for emerging SMEs, but not impossible in some industries, for example through online sales, or establishment of factory outlet (warehouse) in the destination market (with the help of Kosovo Diaspora).

Another possibility is to sell your products to another business, or business to business (B2B) operations, and again the lesser intermediaries you have, the final consumer (and you) will have a better price. We have to say that intermediaries are sometimes even a necessity when the retailer does not trust new exporters.



Usually, retailers prefer to have someone very close to them (buying agent or wholesaler) who understands entirely the retail business, who will guarantee that the exporter will follow all order requirements, before the goods get to the store. Business-to-Business is the option with the highest probability for Kosovo SME starting exporters.

According to your research on possible market entry channels you will understand that you have higher probabilities to enter certain export markets than others. The reasons could be that your products are new to this market, or the landed price is equal or better than your competition, or you have established good communication with the buyer and the buyer is content with the products and the services you are offering to him/her, etc. You should consider up to three export markets to start with, where you can achieve organic growth. With limited resources it is hardly possible to think that you can spread your efforts to many markets, some of these efforts could be pure waste of time and money. The suggested strategy is focus and **differentiation**.

Kosovo companies should be able to establish contacts with members of the Kosovo Diaspora, with over half a million people living in Germany, Switzerland, Italy, Sweden and other countries. These people could be catalysts for first sales and help the business to develop further.

Example: We analysed carefully the possibilities for market entry to find out the following:

The commodity goods market in the EU is very competitive and we have very little chances to get into the market with large retailers since Kosovo is relatively small and we are a small company. Because of the fragmented production in Kosovo, it is hardly possible to imagine that we may attract these customers or the importers who supply them.

KP will continue its expansion in regional markets like FYRoM, Serbia, Albania and Montenegro where food meets customer's taste and expectations. We will use the market penetration strategy in this regard.

KP is almost ready to start exports to businesses linked to Kosovo Diaspora in Switzerland, Germany and other larger communities. These are promising markets with consumers who have stable incomes and our products are familiar to them. Since many of these people are integrated in the society, we may expect further market development with non-Kosovo consumers.

We have identified partners who are ready to manage a wholesale business in Stuttgart, Germany and Zurich in Switzerland. We will extend credit terms to them, while they will have to organize the business operations themselves. This is the most viable option for exports.

We will monitor the market changes that will lead to further development. Further opportunities exist and we may take actions in the near future. The processed fresh-cut vegetables market is growing therefore KP should consider entering the markets in the EU for processed fresh-cut vegetables. That requires new product development strategy, hard work and determination.

We will consider also entering the EU market through the food processing industry which will require intensive research on customer needs in this particular industry.

KP may consider evaluation of alternatives such as entering into fair trade or organic trade, however, further research should be conducted to evaluate the markets, the size of the markets, the competition, and the trends of development. Through BIOFACH trade exhibition in Germany we will get more knowledge on the organic food growing and consumption. Same applies to fair trade products.

## 4. TARGET MARKET, AND POSITIONING

Market means people. People usually have different needs and desires, and different incomes. Sometimes they have the same incomes but different lifestyles, which make them purchase different products. Young people with the same level of income as the elderly will have a different buying behaviour. A young married woman with children will have different buying patterns compared to another one at the same age who is single. A target market is a group of consumers who share the same needs, and who are willing and able to buy the products they need.

We have several market levels in every business and they are characterized as low, medium and high. Very often, market players take also positions between two levels. Some retailers might have brands for several market levels.

Kosovo companies should avoid entering the lowest price segment of commodity goods on export markets. These are the markets with highest competition and lowest profit margins. Instead, Kosovo companies should be looking to enter the market of value added products into the middle and upscale market level. To enter and position into higher market segment, Kosovo companies should consider and meet the consumers' expectations for the product (+7) and build the right communication strategy. As a result, exporting companies should be conservative regarding the profits which a higher market segment can bring to them. In fact due to abundance of suppliers, every market niche is highly competitive and stable profits can be achieved through years of partnership with our buyers.

You should study the final consumers, their consumption behaviour and what they purchase. Then study the potential organizational buyers of your products. Make sure your market is not too small.

Target market? If we do not sell directly to consumers but B2B, we need to find who the companies in the middle or higher market segment are that could be our potential customers. The companies serving our target consumers indirectly are our main customers. Thus, if we want to sell to Kosovo Diaspora through a local retailer, we should be looking for retailers operating in cities/area populated with the highest number of people from Kosovo. But we should be aware that not every person with roots from Kosovo will be our customer even if we bring our products to the market. Only consumers with certain demographics and lifestyle will buy our products. The profile (demographics and psychographics) of the consumers should be described in our plan.

Positioning – we should position our products in the mind of the consumers with some distinct characteristics. These associations will be induced when the consumer feels the need to buy such product. For example, if the consumer thinks about a peaceful holiday with good food and light wine dinners, s/he will recall a list of places that offer such possibilities. This consumer acquired this information previously through memories of personal travelling, touristic information, and exchanging information with other people. A short list of several places like Prizren and Ohër/Ohrid might be recalled. If the list is too short then the consumer will make additional research online or ask a friend. In an online search she/he will use similar keywords like her/his associations. Marketers should be aware of the needs of their target groups and should promote their products/places with keywords matching their target customers' needs.

Our target market consists of families and individuals at the age of 40+. Most of them come from the Balkans and live currently in the western part of Europe. The families have average European incomes as their kids have grown and both parents are working. Such families do not go out for dining often therefore, they consume healthy food indoors. These consumers make most of their purchases by car and short drive to buy certain products is not a constraint. The map below describes the position of our products as perceived by these consumers versus the products of other market players. They value our quality and prefer the products being healthy, natural grown, and home-made.

Perceptual map position:



Associations: Healthy, natural grown, home-made

## 5. COMPETITION

You will be able to identify your competition mainly through market visits and research. When thinking about competition many companies will consider China in the first place. Our advice is to consider China as a market player but not as a direct competitor as you simply should avoid entering the same market segment.

Competition is inevitable, it can be sometimes even useful; in a regional market it works as a magnet to attract larger buyers, and if your company is too small, you may not be able to attract such buyers. For example, if a German apparel company works in Albania or FYROM they will find that working in Kosovo could give them cost advantage versus working elsewhere, as all factories in Kosovo and Albania could be allocated in a distance of 200 km. Kosovo companies should study the competition, learn from their experience, and identify their strengths and weaknesses.

### **Competition from Eastern Europe, the case of FYRoM**

Some of the strongest competitors for our products are companies from FYRoM.

**Pepper** production has a longstanding tradition in FYRoM and it is most frequent in Strumica and Radovis regions and in the Polog region – Skopje and Kumanovo. Peppers are predominantly grown on open fields, but certain quantities are produced as early vegetable in greenhouses and in plastic tunnels. In 2004/2005 around 10% of the area was under industrial peppers and the other area was for non-industrial peppers (small plots but with higher yields). In the last years there was an increase of production under modern plastic and glass houses. The new techniques and the new industrial pepper production have created higher income, overcoming the seasonal character of the production and disease control.

Apart for fresh consumption, peppers are mostly used for the processing industry as: semi-product (semi-frozen, frozen, dried, pepper in vinegar, pepperoni in barrels) and final product (ajvar, lutenica, pindzur, guvec, baked pepper, fried pepper, feferoni in vinegar). Currently there are 25 processing companies in FYRoM but there is scope for further expansion and modernisation of the industry, as the crop, fresh or processed, shows overall interesting developments both on domestic and foreign markets. FYRoM imports but also produces seed material.<sup>xix</sup>

Yields per hectare and prices per 1 kg processed vegetables have similar dimensions in FYRoM and Kosovo.

## **6. MARKETING STRATEGY**

The **marketing strategy** will focus on everything what your customers will be expecting from you as a new vendor. In case your customers are the final consumers, you will develop marketing strategy appealing to them. If you are selling to other businesses you will have to design the strategy to fit the organizational needs of your customers. Develop marketing and communication strategy for each target group. There are three goals to attain:

- 1) To find out your customers' needs.
- 2) Be able to offer them a product or service matching those needs. Your marketing and/or communication efforts should bring the customer to your shop/website or premises first.

3) To assure them that everything which convinced them to visit your place/company is as described in your offer and process (relationship) will run smoothly.

Think about these scenarios:

- A. The buyer is looking for a supplier. Can they find your profile and contacts (without too many efforts), communicate with you and do business with you? Answer these questions and draft your plan. To get a satisfactory answer you will have to work hard– building a good name/brand name in the domestic market and/or at your destination market and to communicate with the industry stakeholders through various channels including a website.
- B. You are looking for a buyer. You have to find the company, call them, and write them a letter or an e-mail. Do you think that the company will respond to your calls and letters? If you are not sure about the answer, remind yourself how many times you responded to individuals who wanted to sell you goods or services, without knowing anything about them. Another question: Did you buy your smart phone from a street vendor? The answer is “no”, therefore, do not expect someone else to respond to your offers, unless you are prepared professionally. In communication with prospects, please do not use free e-mail addresses like name@gmail.com or name@yahoo.com, because they give perception to organizational buyers that you are not a real company with assets and an address. Register and use your domain name (your Internet address).

So, where do we go from here? Is it one way street, and one way communication? In fact there are new exporters who break through the clutter and they do it with highly professional messages sent to the potential customers, and canvassed with a company history that can be checked through various sources, including referrals.

That’s how you are going to review your marketing mix in the offer to the customer and make an impact. Be professional to break through the clutter!

Our research shows that the members of the Kosovo Diaspora need our products. We can create sustainable business by opening outlets near major consumer centres. Since we are not ready to serve organizational buyers we will establish outlets in major cities populated with Kosovo people. By using social media and the word of mouth we will reach our target group.

We will develop marketing mix for the final consumers. Communication and convenience, opening e-commerce to reach those that cannot get physically to our outlet, giving good reasons (benefits) to consumers to buy our products will be among our strategies. We believe that this channel will bring not only more consumers but we can leverage from this experience to open more outlets and penetrate the market in these countries. We decided to use pull-push communication strategy, to influence final consumers at the first stage and attract new organizational buyers. Building an interactive website and the right image will be part of our communication strategy.

## 7. BRANDING

**Branding** is a process that will help you differentiate your product/company from the competition. The process of branding includes creating an identity – brand name/s, Internet **domain name**, logo, and other elements that form the company’s visual perception. Few things to start with: design a logo and a brand name, buy an Internet domain name matching your company name or your brand name, set 5 e-mail addresses (for CEO + managers of four main functions) with your domain name, and then print your business cards. Do not use your name@gmail.com, or name@yahoo.com and any other free e-mail account for business purposes. This is not a big investment but is part of your brand identity. Now that you have your domain name fixed, do not hurry to put your website address on your business cards if the website is not launched. An Internet page with the title “Under construction” is worse than having nothing. Do not forget to pay the tax for your domain name every year, otherwise you will lose it. As a result, a part of your brand identity will be gone. Continue the branding process upon the budget possibilities.

Remember that branding is not just a logo and other visuals, but it is a process formed in the mind of the customers and delivering promises to your customers is more important than anything else. Branding is considered a consumer-perceived risk diminishing strategy by many authors (Kapferer, 1991; Keller, 1998). In other words, if your company has an established name (brand) with good quality, you will have always customers knocking on your door to start a new business, including exporting. The risk which we are discussing is hidden in the lack of experience between customers and suppliers and the lack of trust if the customer is dealing with an unknown subject.

Customers cannot risk putting their money into a venture that might end up with wrong goods, non-delivery or late delivery. Branding which is the process of building your image, based on your past performance helps to diminish that risk.

We will decide on our brand name after additional research. Our brand name should be short, unique and easily pronounced in any European language; should have a free domain name to be able to set the website under our brand name; should sound tasty and natural, etc. On the first step, we will register the name in Kosovo, and later in Germany and Switzerland. We will develop our logo and packing step-by-step before our first export activities to West Europe.

## 8. NETWORKING

As already discussed in the introduction part, networking marks the beginning of your company internationalization. You need to extend your networking by meeting new people-make a plan to meet at least 5 new people every week. Print your business cards and join various export and sector association events. Do not initiate immediately business discussions while networking. When meeting new people it is important to demonstrate your professionalism, to find common interests and values.

While networking you may look into creating export consortium with other companies. For example if an exporter wants to establish an outlet or warehouse for distribution of canned pickles in Malmo, Sweden, this could be not very successful as the chances that someone living in Malmo will have to travel 40 minutes to buy only 2 jars is minimal. However if several food exporters in different sub-sectors make consortium (cheese, meat, honey, boza, etc.) this shopping place will attract customers. Contacts and ideas for such consortiums could be raised during networking and sector associations meetings.

Sector associations could be an important source of marketing and industry information and contacts if organized and managed properly. Being a member of an active sector association will give you access to know-how and possibility to participate in workshops, trade exhibitions, business missions and be on the radar of information launched by them.



Check the services offered by your sector association, ask other peoples' opinion on these services but do not take these opinions for granted. Every company and every manager has their own goals, every company has different wants and needs. If the association is not going healthy, raise your voice to let them know about your expectations to be supported by efficient services, and if necessary, go and reconstruct the organization. Remember this tool can help you exporting faster than any other individual effort.

**Networking** process was started successfully. During several workshops organized by international organizations in support of our business we made contacts with producers of peppers who would like to get help for marketing their production and logistics. One of these producers is the company MNO and we plan to work together on the next season.

We feel that we need to have a trade body on a mezzo level for several reasons. First of all, to raise the voice of the agricultural industry outside and inside Kosovo. There is a need for benchmarking with the other companies in the industry. We should build the value chain. Therefore sector association can help us achieve this by attracting more players and create a platform for interaction among them. We can exchange know-how, share marketing efforts (and reduce costs) and knowledge when exporting and even consolidating with other local companies to meet the needs of large buyers. Other donors and implementing organizations will also be looking to partner with sector associations in order to implement further projects. With lack of active associations in Kosovo, we should approach other Kosovo companies to establish such a trade body. At the beginning we can start with non-competing companies to establish Fresh and Processed Fruits and Vegetable Association in Kosovo and later we may consider sub-sector specialization per products.

## 9. PARTNERSHIP

In our introduction words we mentioned the term partnership as a possibility to solve some of your financial problems. It is! You may discover (through networking) that there are potential partners (local or non-local) who have available financial resources and need to move such resources through business (exports) which they cannot generate alone. Identify them, gain their trust and develop projects together.

Their help can be not just in cash money, but giving you deferred payment conditions, which will allow you to put your cash into other activities like marketing and branding. Such projects could be of mutual advantage for two or even more companies involved.

Once you get to the export business, your goal is to create stable relationships with your customers. Establishing a relationship between buyers and supplier is identified as another risk reducing strategy. Maintaining effective communication is vital in order to facilitate quick response.<sup>xx</sup> Identify your first buyer, build a strong relationship with them, and then identify your next buyer. Give everyone the attention they deserve. Sometimes it takes years to build partnership with a buyer, however sometimes you may lose it for a day due to underestimated obstacles.

One of the reasons we could not broaden our marketing and exports by now was the daily occupation of our management with the shortage of finances. We had to pay cash to some of our farmers-suppliers for their goods. This created constant tension to pay the salaries to our staff and led to inability to hire new people like marketing staff. Our recent contacts (through networking) found that company MNO has large operations at 5 ha, and while they need support on sales they can wait for payments till production is processed and sold. Such partner can release the financial burden on us, give us possibility to put our money into marketing and will give us purchasing power. We will do our best to comply with the rules and earn a long-term relationship with our buyers. Longer term partnerships are highly desired by European buyers. However, the European buyers are critical before agreeing to such a commitment. We will strive to understand the organizational needs and buying behaviour of our target customer better than our rivals in the industry, to achieve competitive advantage.<sup>xxi</sup>

## 10. GOOD PRACTICES

**Good practices** are those that will differentiate you from the unsuccessful entrepreneurs. They include corporate social responsibility, any other practices related to preserving environment, or raising your efficiency. Innovation is another good practice. Researches confirm that internationally active firms introduce product/service and process innovations more often than non-internationally active firms.<sup>xxii</sup> These companies have better success in exports than those who are not innovating.

**Keywords:** corporate social responsibility, practices, innovation, export

**Corporate social responsibility** – the following voluntary practices were developed in line with our values:

We created a kindergarten for our children and those of our employees, where mothers could leave their kids attended with care, during the working day. This kindergarten works during the whole year, even after the season. The only condition to use the kindergarten is that next season employees should work with us again. If for some reason in the beginning of the next season the employee does not return to us, both the mother and the kids place will be taken by the new employee and her/his child. While it creates comfort for our staff, this initiative builds employees' loyalty.

Our company enjoys team diversity. We recruited workers of different ethnicities who are given all advantages as the other workers including having salary bank cards with overdraft, guaranteed by our company. Thus everyone can use the overdraft if they have incidental needs that exceed their monthly salaries.

Lunch is served during working time for employees and for the kids who attend the kindergarten.

**Innovations** – we are working with traditional products and recipes. They are well accepted by most of our traditional customers; however, their seasonality shortens the product life cycle and demand. We need to work on new product development matching our customers' lifestyle that will keep sales going throughout the year and give us more stable incomes.

## 11. ACTION PLAN

Once you have done research, identified weaknesses and threats, spotted opportunities and challenges, you need to plan your next steps to get closer to the desired goal to start exports. You will draft an action plan which will be improved every time you solve an issue or end a task. You should give a reasonable amount of time for each action. This export marketing plan is in constant improvement and progress.

<b>No.</b>	<b>Action</b>	<b>Start date</b>	<b>End date</b>	<b>Responsible</b>
1.	To implement corporate structure			President reports to the Board
2.	To improve process structure for fresh-cut and processed products separately			Vice President (VP) of operations
3.	To develop a plan for installation of cooling chambers (to be ready to apply for grant)			VP of operations
4.	To develop a plan for installation of calibration equipment			VP of operations
5.	To develop a plan for fresh-cut processing of vegetables			VP of operations
6.	To collect offers for the equipment needed for expansion			VP of operations
7.	To follow with EU-IPA on new grants schemes open calls			VP of operations
8.	To make further market research on EU markets, especially Germany and Switzerland			VP of Marketing
9.	To research certificates needed and details for exports to EU countries			VP of Marketing
10.	To actualize the marketing plan			VP of Marketing
11.	To develop communication plan			VP of Marketing
12.	To finalize agreements on creating distribution centres in Germany and Switzerland			President and VP of Marketing

13.	To plan the need of human resources following the stages of development			VP of Human Resources in coordination with the other VPs
14.	To develop a plan for training and development of our people.			VP of Finances in coordination with the other VPs
15.	To develop a financial plan for the investments in machines, materials and people needed by stages			VP of Finances in coordination with the other VPs
16.	Sustainability program to be developed			President
17.	Traceability system – to learn best practices			President in coordination with the other VPs
18.	After identifying market needs to plan certification scheme.			VP of Marketing
19.	Monitoring and actions on mezzo level developments			President
20.	Progress, control and coordination on this plan			President

#### Things TO DO whenever you can:

- To attend every meeting and workshop on exporting and related issues;
- To participate in sector associations discussions, round tables and other events;
- To visit European, Regional and National trade exhibitions important for your sector;
- To meet international buyers to exchange information and technical specifications on export and product requirements;
- To give possibilities to customers to test your products, listen to their recommendations and innovate;

- To develop the capacity of your staff using diversity in age, sex, ethnicity, language proficiency, etc.
- To adjust your strategy as market changes.

#### Things NOT TO DO:

- Do not do anything that will stray you away from your mission;
- Do not make any compromises that will spoil your brand name;
- Do not take any action unless it is cautiously planned and budgeted.

## 12. BUDGET

You will have to plan your financial resources very carefully by having enough cash flows to survive hardships. Pay every salary to your workers and meet the utility obligations on time. Every order acceptance should be secured financially to the last cent. You cannot delay deliveries to your customers due to reasons that your cash flow was misbalanced. Retailers (importers) are not looking for reasons; they need goods to meet the demand of their customers when these customers are ready to buy the goods. That is why they chose you as a supplier, because you told them “no problem, madam/sir”. But if you fail on your promises, do take full responsibility.

### Budget for marketing 2015

Brand identity pack (logo, social media)	1,000 euro
Labels, stickers	1,000 euro
Website development	2,500 euro
Market visits	1,500 euro
Research and innovations	2,000 euro
Contingency	1,500 euro
<b>Total</b>	<b>9,500 euro</b>

## 13. FINAL WORDS

As already mentioned, every company has different goals. What unites all companies in this export marketing plan is **MARKETING**, the opportunity for **GROWTH** through exports and to make our business **SUSTAINABLE**. If you believe in your abilities to anticipate and manage unexpected business situations (remember how many times you did it through your entire business carrier), do take the next step and start working on your export marketing plan that will give results sooner or later. Remember, we do not advise you to spend all your family resources on export development, just work wisely, plan it and results will come.

Our intention is to show you the way to bring new business without affecting the current one.

## 14. USEFUL ONLINE LINKS AND REFERENCES

### All industry sectors

World Trade Organization (WTO) - <http://www.wto.org/>

Rules of origin [http://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_info\\_e.htm](http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm)  
[http://exporthelp.europa.eu/thdapp/display.htm;jsessionid=2E4A8427BF7E128261116D742F77EC96?page=cd%2fcd\\_RulesOfOrigin.html&docType=main&languageId=en](http://exporthelp.europa.eu/thdapp/display.htm;jsessionid=2E4A8427BF7E128261116D742F77EC96?page=cd%2fcd_RulesOfOrigin.html&docType=main&languageId=en)

International Trade Centre (ITC) <http://www.intracen.org/>

ITC – market information tools <http://www.intracen.org/itc/market-info-tools/>

Center for promotion of imports from developing countries (CBI): <http://cbi.eu/>

CBI: Market information and intelligence platform: [http://cbi.eu/marketintel\\_platform](http://cbi.eu/marketintel_platform)

European Commission, Internationalization of European SMEs, EIM  
[http://ec.europa.eu/enterprise/policies/sme/market-access/files/internationalisation\\_of\\_european\\_smes\\_final\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/market-access/files/internationalisation_of_european_smes_final_en.pdf)

### Useful sources for specific sectors

#### 1. Agriculture

CBI – all vegetables and fruits – [http://cbi.eu/marketintel\\_platform/fresh-fruit-vegetables/136122](http://cbi.eu/marketintel_platform/fresh-fruit-vegetables/136122)

CBI - EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/fresh-fruit-vegetables/136122/landscape](http://cbi.eu/marketintel_platform/fresh-fruit-vegetables/136122/landscape)

SGE – fruits and vegetables - <http://www.s-ge.com/switzerland/import/en/content/fruit-and-vegetable-market-switzerland?ref=/Food/Fruit%20and%20vegetables>

CBI – spices and herbs - [http://cbi.eu/marketintel\\_platform/spices-and-herbs-/177404](http://cbi.eu/marketintel_platform/spices-and-herbs-/177404)

CBI - EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/spices-and-herbs-/177404/landscape](http://cbi.eu/marketintel_platform/spices-and-herbs-/177404/landscape)

SGE – Organic market - <http://www.s-ge.com/switzerland/import/en/content/organic-market-europe-2011-1?ref=/Food/Natural%20ingredients.2>

## 2. Apparel (textile) industry

MTI-KS - [http://www.mti-ks.org/repository/docs/Sector\\_profile\\_Textile\\_718225\\_183315.pdf](http://www.mti-ks.org/repository/docs/Sector_profile_Textile_718225_183315.pdf)

CBI - apparel - [http://cbi.eu/marketintel\\_platform/apparel/135943](http://cbi.eu/marketintel_platform/apparel/135943)

CBI - EU business support sector organizations

[http://cbi.eu/marketintel\\_platform/apparel/135943/landscape](http://cbi.eu/marketintel_platform/apparel/135943/landscape)

SGE - Overview and Marketing Guide on Switzerland and the Major Markets in the European Union <http://www.s-ge.com/switzerland/import/en/content/new-outerwear-brochure?ref=/Non-Food/Fashion>

## 3. Construction industry

CBI – natural stone - [http://cbi.eu/marketintel\\_platform/natural-stone/195669](http://cbi.eu/marketintel_platform/natural-stone/195669)

## 4. Crafts and accessories

ITC - Marketing Crafts and Visual Arts: The Role of Intellectual Property, A practical guide [http://www.wipo.int/edocs/pubdocs/en/intproperty/itc\\_p159/wipo\\_pub\\_itc\\_p159.pdf](http://www.wipo.int/edocs/pubdocs/en/intproperty/itc_p159/wipo_pub_itc_p159.pdf)

CBI – jewelry - [http://cbi.eu/marketintel\\_platform/jewellery/195579](http://cbi.eu/marketintel_platform/jewellery/195579)

Crafts marketing and PR tips - <http://www.ccoenterprise.ie/downloads/crafts-marketing-and-pr-tips.pdf>

## 5. Food industry

MTI-KS – Food sector profile [http://www.mti-ks.org/repository/docs/Sector\\_profile\\_Food\\_515732.pdf](http://www.mti-ks.org/repository/docs/Sector_profile_Food_515732.pdf)

CBI – processed fruits and vegetables – [http://cbi.eu/marketintel\\_platform/processed-fruit-and-vegetables-and-edible-nuts/177430](http://cbi.eu/marketintel_platform/processed-fruit-and-vegetables-and-edible-nuts/177430)

CBI – processed fruits and vegetables - EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/processed-fruit-and-vegetables-and-edible-nuts/177430/landscape](http://cbi.eu/marketintel_platform/processed-fruit-and-vegetables-and-edible-nuts/177430/landscape)



CBI - wine - [http://cbi.eu/marketintel\\_platform/wine-/177456](http://cbi.eu/marketintel_platform/wine-/177456)

CBI – wine - EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/wine-/177456/landscape](http://cbi.eu/marketintel_platform/wine-/177456/landscape)

CBI – honey - [http://cbi.eu/marketintel\\_platform/honey-and-sugars/195547](http://cbi.eu/marketintel_platform/honey-and-sugars/195547)

## 6. ICT industry

MTI-KS – ICT sector [http://www.mti-ks.org/repository/docs/Sector\\_profile\\_ICT\\_840572\\_307277.pdf](http://www.mti-ks.org/repository/docs/Sector_profile_ICT_840572_307277.pdf)

CBI – IT Outsourcing [http://cbi.eu/marketintel\\_platform/it-outsourcing-ito-/177482](http://cbi.eu/marketintel_platform/it-outsourcing-ito-/177482)

CBI - EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/it-outsourcing-ito-/177482/landscape](http://cbi.eu/marketintel_platform/it-outsourcing-ito-/177482/landscape)

## 7. Shoes, bags and leather industry

CBI – shoes - [http://cbi.eu/marketintel\\_platform/footwear/294920](http://cbi.eu/marketintel_platform/footwear/294920)

## 8. Tourism industry

MTI-KS– Tourism sector profile - [http://www.mti-ks.org/repository/docs/Sector\\_profile\\_Tourism\\_130623.pdf](http://www.mti-ks.org/repository/docs/Sector_profile_Tourism_130623.pdf)

CBI – tourism- [http://cbi.eu/marketintel\\_platform/tourism/136109](http://cbi.eu/marketintel_platform/tourism/136109)

CBI - tourism EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/tourism/136109/landscape](http://cbi.eu/marketintel_platform/tourism/136109/landscape)

## 9. Wood industry

MTI-KS – Wood sector profile [http://www.mti-ks.org/repository/docs/Sector\\_profile\\_Wood\\_717692.pdf](http://www.mti-ks.org/repository/docs/Sector_profile_Wood_717692.pdf)

CBI - [http://cbi.eu/marketintel\\_platform/timber-and-timber-products/135906](http://cbi.eu/marketintel_platform/timber-and-timber-products/135906)

CBI – EU business support sector organizations - [http://cbi.eu/marketintel\\_platform/timber-and-timber-products/135906/landscape](http://cbi.eu/marketintel_platform/timber-and-timber-products/135906/landscape)

CBI – domestic furniture [http://cbi.eu/marketintel\\_platform/domestic-furniture/195625](http://cbi.eu/marketintel_platform/domestic-furniture/195625)

SGE - furniture - <http://www.s-ge.com/switzerland/import/en/sector/Non-Food/Furniture>

SGE - Guide to the European Timber Regulation (EUTR)- - <http://www.s-ge.com/switzerland/import/en/content/guide-european-timber-regulation-eutr?ref=/Technical%20Products/Technical%20wood>

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[http://ec.europa.eu/enlargement/policy/glossary/terms/saa\\_en.htm](http://ec.europa.eu/enlargement/policy/glossary/terms/saa_en.htm)
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## Footnotes

- <sup>i</sup> In fact international trade is made by companies not by countries.
- <sup>ii</sup> [http://exporthelp.europa.eu/thdapp/display.htm?page=cd/cd\\_WesternBalkans.html&docType=main&languageId=EN](http://exporthelp.europa.eu/thdapp/display.htm?page=cd/cd_WesternBalkans.html&docType=main&languageId=EN)
- <sup>iii</sup> Network-based theories and internationalization of firms: applications to empirical studies, Mojtaba Hosseini and Hosseini Dadfar, Linköping University, Sweden
- <sup>iv</sup> [http://ec.europa.eu/enterprise/policies/sme/files/support\\_measures/internationalisation/report\\_internat\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/support_measures/internationalisation/report_internat_en.pdf)
- <sup>v</sup> Ross Brennan, Paul Baines, Paul Garneau, Contemporary Strategic Marketing, Palgrave Macmillan, 2003
- <sup>vi</sup> <http://www.fao.org/docrep/014/i1909e/i1909e00.pdf>
- <sup>vii</sup> Horticultural Chain Management for East and Southern Africa: A Theoretical manual, FAO
- <sup>viii</sup> Processing of fresh-cut tropical fruits and vegetables: A TECHNICAL GUIDE, FAO, 2010
- <sup>ix</sup> <http://www.marketingteacher.com/marketing-mix/>
- <sup>x</sup> Kosovo IPA list of actions 18.8.2014
- <sup>xi</sup> [http://www.forfas.ie/media/22072013-I\\_Action\\_Plan-Publication.pdf](http://www.forfas.ie/media/22072013-I_Action_Plan-Publication.pdf)
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- xv Export markets for high-value vegetables from Tanzania, DAI Washington, 2007
- xvi [http://www.cbi.eu/marketintel\\_platform/fresh-fruit-vegetables/136122/trendmapping/affiliate](http://www.cbi.eu/marketintel_platform/fresh-fruit-vegetables/136122/trendmapping/affiliate)
- xvii Competitive Strategy: Techniques for Analyzing Industries and Competitors, Michael E. Porter, 1998
- xviii [http://www.cbi.eu/marketintel\\_platform/Fresh-Fruit-Vegetables/136122/competitiveness/affiliate?sp=1](http://www.cbi.eu/marketintel_platform/Fresh-Fruit-Vegetables/136122/competitiveness/affiliate?sp=1)
- xix Macedonia National agricultural and rural development strategy (NARDS) for the period 2007-2013
- xx Managing risk by internalizing product design: An exploratory case of Marks & Spencer, Omera Khan
- xxi Contemporary strategic marketing, R. Brennan, P. Baines, P. Garneau, Palgrave Macmilan
- xxii [http://ec.europa.eu/enterprise/policies/sme/market-access/files/internationalisation\\_of\\_european\\_smes\\_final\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/market-access/files/internationalisation_of_european_smes_final_en.pdf)



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