



UNIT
12



Marketing



LEARNING / FACILITATING MATERIALS

PINEAPPLE PRODUCTION
NATIONAL CERTIFICATE I



NEPAD
TRANSFORMING AFRICA



german
cooperation
DEUTSCHE ZUSAMMENARBEIT

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Introduction

Welcome to the start of your career in pineapple marketing

A career in pineapple marketing has never been as popular as it is now; competition is strong and the standards are getting high. So you must aim higher, particularly, if you see it as opportunity to build up your lifelong career.

There have been significant changes in the pineapple industry over the years which have brought new standards, techniques, products and opportunities. Many career options are also available within the pineapple marketing.

This unit will look at, advertisement, distribution, contract farming and out-grower schemes and market requirements for pineapple

While training, you should make an effort on improving your personal habits, skill and knowledge to get along well with the new development in the pineapple industry.

Congratulations for making the decision to study pineapple marketing. You have taken the first step towards a very interesting and satisfying career.

This learning material covers all the Learning Outcomes for marketing requirements for the Certificate I Programme.

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Demonstrate knowledge in advertisement

In this LO, you will learn to:

- a) Explain the importance of advertising.
 - b) Identify the various media of advertisements
 - c) Outline the importance of participating in international and local fairs.
 - d) Plan and execute at least one exhibition per programme
-

PC (a) Explain the importance of advertising

Advertisements have crept even into smaller and insignificant things of our life. Everything from education to career building, to buying soap or a mobile phone, one has to rely on advertisements. The importance of advertising are:

- It helps in increasing sales
- It creates awareness in people.
- They persuade or convince other people to buy these brands

PC (b) Identify the various media that promote advertisement

These days there are two common types of media for advertising depending on your budget and the targeted customer. The types are:

Print media: Advertising in the print media has an advantage of the consumer making reference to the advert in the future if he forgets about the details, but this can cover only those who can read or buy that printed document. Examples of print media are newspapers, fliers, posters, bill boards etc.

Electronic media: Advertising in the electronic media has an advantage informing a larger number of consumer within a short possible time, but the consumers cannot making reference to the advert in the future if he/she forget about the details except it is replayed. This advert also covers only those who have access to electronic media like radio, television etc.

Activity

Learner will be provided with forms of advertisement to identify each medium.

PC (c) Importance of participating in international and local fairs.

Trade fairs are timed - and (often) sector-defined marketing events at which the fundamental products and innovations of an industry or sector are exhibited by a variety of companies referred to as exhibitors, who target interested buyers and industry participants - the visitors. These trade fairs are usually organized by government, chambers, industry associations, or by specialized exhibition companies.

Basic importance of trade fairs are:

- Show case products
- Sharing of information and knowledge
- Promotion of products and organizations.
- Avenue for selling products

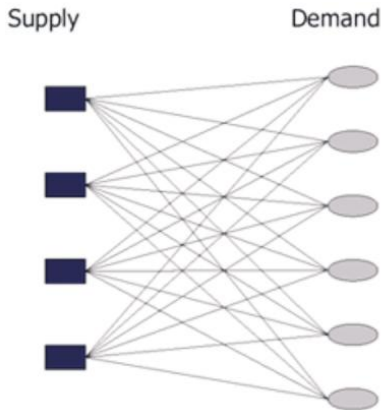


Fig: 1 Situation without trade fairs

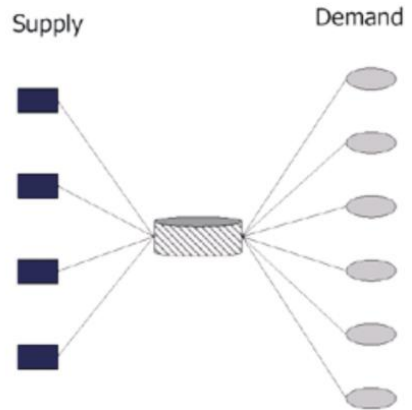


Fig: 2 Using trade fairs

In **Fig 1**, each of the producers has to move to make their products available at six sites which bring about additional costs.

In **Fig 2**, each producer brings their produce to a central fair site (where similar products from other site may be on display) to meet and interact with various buyers (market/demand), reducing cost to both the producer and purchaser.

PC (d) Plan and execute at least one advertisement per media for a school programme.

An exhibition, in the most general sense, is an organized presentation and display of a selection of items. In practice, exhibitions usually occur within museums, galleries, exhibition halls, and trade fairs.

Activity

Learner should plan and execute an exhibition of Pineapple Production e.g. at the National Farmer Day celebration.



Self-assessment

1. State two (2) types of media for advertising
.....
.....
2. State two (2) importance of advertising
.....
.....
3. List three (3), importance of participating in international and local fairs
.....
.....
.....

Demonstrate knowledge in distribution

In this LO, you will learn to:

- a) Explain the roles of Farmer Based Organizations (FBOs) in group marketing.
 - b) Design wholesalers' distribution format
 - c) Explain the role of retailers in distribution
 - d) Explain International Commercial Terms (incoterms) used in trade
-

PC (a) Explain the role of Farmer Based Organizations in group marketing

Farmer base organization is coming together of individual farmers for their economic benefit.

Cooperation has always been fundamental for human society, and plays a prominent role in rural and agricultural development. Farmers in Ghana engaged in collective activities long before the introduction of formal farmer groups and cooperatives. Collective activities among farmers are traced back to the pre-colonial period during which neighbouring farmers provided each other with reciprocal labour support on their fields, especially weeding. In Ghana cooperatives is viewed as key instruments for agricultural and rural development. Therefore farmers adopted a liberal approach to the development of cooperatives, allowing other types of rural and farmers' self-help organizations for income-generating activities to be formed, all of which are commonly referred to as farmer-based organizations (FBOs).

This grouping helps farmers to:

- Sell their produce at competitive price.
- Mobilised resources for transporting their produce to market centres at reasonable cost than individuals.
- Mobilise inputs to members at a reasonable cost
- Serve as a link between members and other organizations.

PC (b) Design wholesaler's distribution format

Wholesaling as the channel of distribution refers to the overall flow of information and goods from original manufacturer to end consumer. The wholesaler, also known as the distributor, acquires goods from a manufacturer; farmer holds them in a distribution centre and then sells them to retailers.

Wholesale markets basically have to perform the following functions cost-effectively:

- Physical exchange of produce;
- Sorting of produce on the basis of standard criteria, thus facilitating sales (they work much more efficiently with standardization of weights, measures and quality);
- Formation of an equilibrium price for produce;
- Exchange of information between suppliers and buyers; and
- Risk management and hedging (price fluctuation risks).
- Packaging

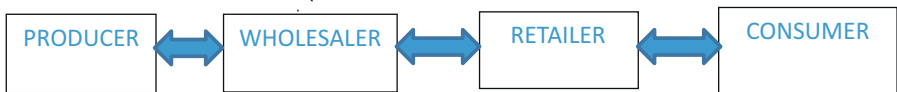


Fig 3: A wholesaler distribution format

Activity

Learner to design a wholesale distribution flow in pineapple fruit indicating the producer, wholesaler, retailer and consumer.

PC (c) Explain the role of retailers in distribution

Retailing is a distribution channel function where an organization buys products from supplying firms; manufacturer's and sells directly to consumers.

Role of retailers in pineapple distribution

- i. Identify a wholesale factory
- ii. Determine products to be retailed and their prices
- iii. Purchase products in bulk from wholesalers
- iv. Repackage if necessary
- v. Sell to consumers in bits
- vi. Supply wholesalers with feedback from consumers

PC (d) Explain International Commercial Terms (incoterms) used in trade.

Examples Free On Board (FOB)/Cost Insurance and Freight (CIF).

International Commercial Terms (INCOTERMS) are the international rules for the interpretation of trade terms used in the international trade created by the International Chamber of Commerce.

Examples include Free On Board (FOB) /Cost Insurance and Freight (CIF). Others are:

EXW: “Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (i.e. works factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA: “Free Carrier” means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

CPT: “Carriage Paid To” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

CIP: “Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

DAT: “Delivered at Terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. “Terminal” includes a place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

DAP: “Delivered at Place” means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

DDP: “Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination

and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

FAS: “Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

FOB: “Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR: “Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

CIF Cost: “Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”


Demurrage: It is an ancillary cost that represents liquidated damages and delays. It is also a charge for detaining a consignments or goods.


Bonded Warehouse: Custom control warehouse where duties are paid as and when demanding.

B/L: “Bill of Lading” is a document issued by a carrier (shipping company) the shipper of goods. It is a requirement for payment of the goods by the buyer. It acts as,

- i. A receipt for the goods shipped.
- ii. Evidence of the contract of carriage
- iii. Server as a do document of title (ownership) to the person/organization whose name/address appears on the bill.

Recently an electronic version of electronic Bill of Lading (eB/L) as well as another replacement document known as “Sea Waybill” is also acceptable and in use.(Subject to governing rules and regulations)

 <h1 style="text-align: center;">INCOTERMS® 2010 RULES</h1> <h2 style="text-align: center;">CHART OF RESPONSIBILITY</h2>											
	Any Transport Mode		Sea/Inland Waterway Transport				Any Transport Mode				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
Charges/Fees	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid
Packaging	Buyer or Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller*	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty & Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller		Seller			
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
Import Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller



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This chart is designed to provide a basic level of understanding of Incoterms® 2010 Rules and Definitions. For a fuller explanation of the trade terms refer to the ICC website or visit www.i-b-t.net/incoterms.asp.

* Seller is responsible for loading charges, if the terms state FCA at seller's facility.

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Fig. 4: Incoterms 2010 Rules



Self-assessment

1. Explain Farmer Based Organizations
.....
2. Discuss the roles of Farmer Based Organizations in marketing agricultural products
.....
.....
3. Sketch a wholesaler distribution format.
.....
4. Explain how information flow occurs in the format.
.....
.....
5. State the importance of the wholesaler format.
.....
.....
- 6 Explain the role of retailers in the distribution of citrus products.
.....
.....
- 7 Explain the following International Commercial Terms (incoterms) used in trade:
 - i EXW
 - ii FCA
 - iii CPT
 - iv CIP.....
 - v DAT
- 8 Visit the Ghana Export Promotion Council or Airport or any nearby harbour or boarder (entry points) to find out the type of INCOTERMS used and how they are written and displayed.Submit report and discuss in class

Demonstrate knowledge in contract farming and out-grower schemes

In this LO, you will learn to:

- a) Explain the importance of contract farming and out-grower schemes
 - b) Explain the principles used in pricing
 - c) Explain the procedures of negotiation in contract farming.
 - d) Explain the roles of Memorandum of Understanding (MOU) in business environments
-

PC (a) Explain the importance of contract farming and out-grower schemes.

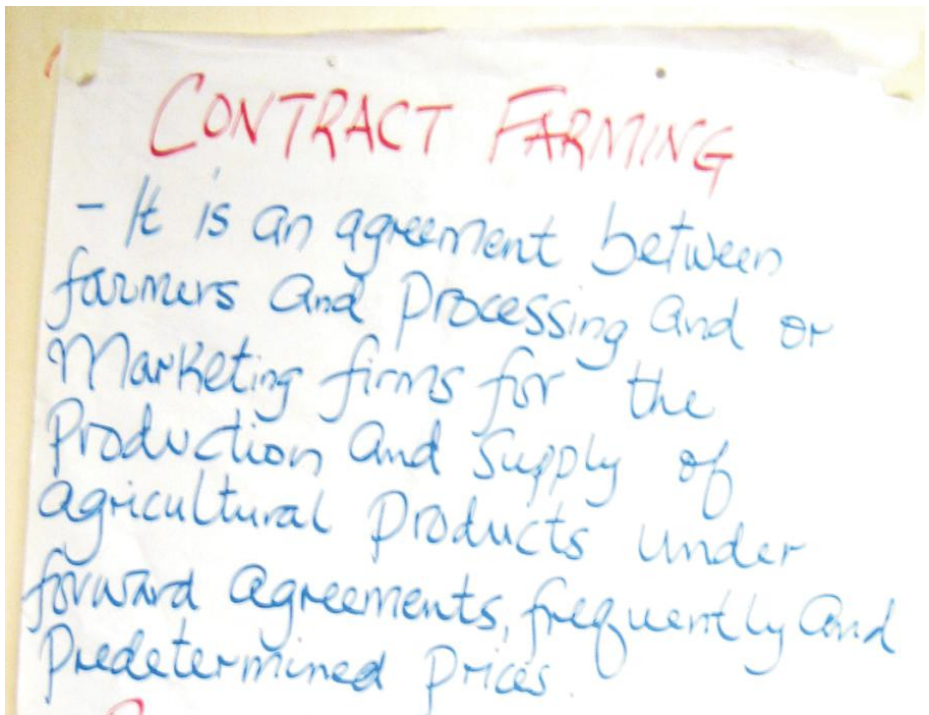


Fig. 4: Sample Hand Written Contract

Contract farming involves agricultural production being carried out on the basis of an agreement between the buyer and farm producers. Sometimes it involves the buyer specifying the quality required and the price, with the farmer agreeing to deliver at a future date. More commonly, however, contracts outline conditions for the production of farm products and for their delivery to the buyer's premises. The term, "out-grower scheme", is sometimes used synonymously with contract farming.

Importance of contract farming and out-grower schemes are:

- There is a guarantee price for both buyers and suppliers
- Reliable source of supply of pineapples
- Reliable markets for pineapples
- There is provision of inputs to farmers from buyers.



Negotiation of contract price

PC (b) Explain the principles used in pricing.

The following are some principles used in pricing of pineapple.

Disclosure

Farmers and buyers should make full disclosure of all information necessary for the conclusion of the agreement and this should involve fixed and variable cost e. g unit cost of production, cost of transportation, storage, buildings etc.

Transparency in price determination

Prices and payment constitute a key element of any contract, and these points need to be clearly understood and agreed upon by farmer and buyer.

Readability of contracts

Contracts should be written in clear and coherent language, using a legible type face and words that are understandable by a farmer of average education and experience

PC (c) Explain Principles of negotiation in contract farming

Transparency and fairness in clauses related to input supply and use.

The contract should stipulate which party will be responsible for supplying and applying farming inputs. Where contracts envisage the supply of inputs (i.e. pesticides, fertilizer, planting materials, fuel, , etc.), before the start of each season all inputs should be identified and ordered well in advance of farming operations such as planting and transplanting. Where farmers require inputs for the crops under contract, the buyer could consider supplying these and deducting the cost upon delivery of the contracted product.

Transparency and fairness in Clauses relating to quality.

Contractors and expect farmers should agree on production practices and procedures that are conducive to producing good quality products. Such practices include proper use of production inputs, which are recommended for the type of agricultural product to be grown. Farmers are also expected to follow good management practices, which may include maintenance of hygienic conditions,

Determination of price by one party

In some cases the contract expressly provides that the price will be determined by one of the parties. This happens frequently in several sectors, for example the supply of services. The price cannot easily be determined in advance, and the performing party is in the best position to place a value on what it has done.

Determination of price by third person

A provision that the price will be determined by a third person can give rise to serious difficulty if that third person is unable to accomplish the mission (not being the expert he or she was thought to be) or refuses to do so. This third party possibly can be judges or arbitrators

Determination of price by reference to unit cost of production, current market price and external factors

Contract prices are determined by calculating the unit cost of production against the current market price of good. In some situations, the price is to be fixed by reference to external factors, typically a published index, or quotations on a commodity exchange in cases where the reference factor ceases to exist or to be accessible.

PC (d) Explain the roles of Memorandum of Understanding in business environments

A memorandum of understanding (MoU) is describing a bilateral or multilateral agreement between two or more parties. It expresses a convergence of will between the parties, indicating an intended common line of action. It is often used in cases where parties either do not imply a legal commitment or in situations where the parties cannot create a legally enforceable agreement. It is a more formal alternative to a gentlemen's agreement.

Whether or not a document constitutes a binding contract depends only on the presence or absence of well-defined legal elements in the text proper of the document (the so-called "four corners"). The required elements are: offer, acceptance, intention (consensus ad idem), and consideration. The specifics can differ slightly depending on whether the contract is for goods (falls under the Uniform Commercial Code [UCC]) or services (falls under the common law of the state).



Picture 2: Signing of MOU between the producers and the buyers



Self-assessment

1. Learner should visit a pineapple exporting firm and discuss how prices are fixed. Submit your result for further discussion in class

.....

2. List two (2) principles to consider when pricing.

.....

.....

3. List three (3) principles to consider when negotiating contract farming.

.....

.....

.....

Demonstrate knowledge in market requirements

In this LO, you will learn to:

- a) Explain the selection criteria for grading to conform to standards in pineapple marketing.
 - b) Explain voluntary and legal requirements for market entry
 - c) Explain the implications of exceeding maximum residual levels of pesticide.
-

PC (a) Explain the selection criteria for grading pineapple to conform to standards in pineapple marketing.

Grading

Regardless of the market destination, the fruit should be sorted according to size, shape, firmness, external colour, insect damage, and decay. Visibly damaged fruit should be rejected. However, there are certain minimal requirements for pineapple fruit intended for any market.

The fruit should:

- be cleaned and free of dirt or stains
- be matured and firm
- be well shaped and have fully developed eyes
- be free of punctures, wounds, and cuts
- be free of sunburn, insect damage and decay
- have a well curved butt
- have a single crown

Different markets have different quality requirements and the fruit should be graded to conform to the individual market standards of colour, weight and crown size.



Picture 3: Farmers sorting pineapple fruits for grading

PC (b) Explain voluntary and legal requirements for market entry.

GLOBALGAP is a private sector body that sets voluntary standards, or Good Agricultural Practices (GAP), for the certification of agriculture, including some aquaculture, products around the globe. It assures farmers and consumers of their safety, health, and welfare, environmental and social impacts on fruits. There are provision for group and individual certification to meet requirement. There should be an officer at the farm and a yearly audit for renewal of certification.

Fair trade: is an organized social movement that aims to help producers in developing countries to make better trading conditions and promote sustainability. It advocates the payment of a fair and premium price to farmers as well as higher social and environmental standards. It focuses in particular on exports from developing countries to developed countries.

There are several recognized Fair-trade certifiers, including Fair-trade International (formerly called FLO/Fair-trade and fair for life etc).

Hazard Analysis & Critical Control Points (HACCP): Is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished products.



Picture 4: Logo for HACCP

Organic standards: It is a legal certification for agricultural produce without the use of chemicals and pesticides.

PC (c) Implication of exceeding maximum residual levels of pesticide

Pesticide residue refers to the pesticides that may remain on or in food after they are applied to food crops. The levels of these residues in foods are often stipulated by regulatory bodies in many countries. Exposure of the general population to these residues most commonly occurs through consumption of treated food sources.

Persistent chemicals can be magnified through the food chain and have been detected in products ranging from meat, poultry, and fish, to vegetable oils, nuts, and various fruits and vegetables.

Among other things the implications of exceeding maximum residual levels of pesticides include:

- Health hazard
- Rejection of fruits from the markets
- Withdrawal of certification
- Penalty to the supplier if found guilty



Self-assessment

1. List two (2) standards of pineapple for international market
.....
.....
2. State two (2) criteria for grading pineapple.
.....
.....
3. List two (2) voluntary requirements for market entry
.....
.....
4. State two (2) the implication of exceeding maximum residual level of pesticide on pineapple fruits.
.....
.....



Tropical Gold

PRODUCT OF HAWAII, U.S.A.

Item #73992
PINEAPPLE, TROPICAL GOLD 5 1/2 C/3
Lot #29479801

Dole Tropical Gold

Tropical Gold

Dole

5

Tropical Gold

8 9 7 8 9

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