



50145

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL



Distr.
LIMITED
E/ECA/TRADE/42
24 January 1986
Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Course on Trade Promotion and Export
Marketing Research

27 January to 14 February 1986,
Addis Ababa

EXERCISE ON EXPORT MARKETING PLANNING AND TRADE POLICY
APPLIED TO AN INTRA-AFRICAN TRADE CASE-STUDY

The Group will be divided into four Management Teams of 4 persons each, 4 «Specialists» (i.e. one market analyst planner, one trade policy analyst, one credit and payment officer, one financial analyst) dealing respectively with assignments A, B, C, D, on an individual basis and reporting a Management Team Meeting. Each of the Teams will then prepare a Team report and designate a rapporteur who will present it at final plenary discussions of the Group.

MBE is a State Trading Corporation comprising seven distilleries, breweries and bottling factories including the «XAM» mineral water factory. Production, planning of the MBE group of companies is centralized: All the factories under MBE have to submit their objectives of Production to MBE's Operations Division before the budget is drawn up. Production Programmes (objectives), proposed by managers of factories are examined by MBE's budget committee with the assistance of factory managers.

Each production unit has its own quality control service. Until this point «XAM» MBE's mineral water brand enjoys the reputation of being clean and of good quality.

«XAM» enjoys a monopoly situation because competition on the local market is almost non-existent, imports of mineral waters being banned.

The local distribution channels include hotels, supermarkets, regular shops, local shops.

In 1983-84 30,000,000 bottles (75 l) were produced (i.e. 75% of the XAM Factory's capacity).

MBE marketing «force» is mainly composed of a corporate marketing department dealing with all lines of products distributed by MBE and decentralized at factory level by rather sales administration oriented services. Advertisements for «XAM» and sales promotion activities are rather limited, the main mediae used for that purpose being the local chamber of commerce bulletin with ads focussing on the natural dimension of «XAM», «XAM, a gift of nature».

The product is sold in dark, cristal bottles (empty bottles shall be returned).

The product «Success» on the local national market is mainly because of the obvious protection it enjoys and not because of the effectiveness of MBE's Marketing Policy.

The product has never been exported and MBE's experience in foreign markets is rather limited: MBE has so far sold 5000 cartons of wine worth US\$121,000 in Zanzania a neighbouring country. MBE products seem to have an image problem despite the medals for excellence awarded to its «Gondey» and «Wintag» wines at specialized european trade fairs.

MBE is an African STO operating in Dahra, an African country and which is willing to export its mineral water XAM to other African countries, your countries.

You were requested to draft a marketing plan for the launching of XAM in one of the selected countries whose market conditions are well known to you. (Please choose your own country)

Assignment A

- (a) indicate your approach for the completion of such an assignment;
- (b) undertake analysis and draw up a marketing plan according to approach described in (a);
- (c) list possible marketing strategies for the promotion of XAM in your selected market.

Assignment B

DAHRA and your selected target market are both members of a regional preferential trade area, (a) what instruments should you consider in your attempt to promote DAHRA's export products in general and XAM in particular in the so-called target market. (b) Describe what a Preferential Trade Area is as opposed to a customs union, a common market and an economic community.

Assignment C

DAHRA and the selected target market belong to different monetary zones and their currencies are not convertible. The expansion of trade between DAHRA and its target market is hampered by that fact and a rather acute foreign currency crisis. Please advise on how to overcome those obstacles (operational & institutional solutions). Please, comment on the practical functioning of suggested solutions.

Assignment D

With all MBE's efforts, XAM could finally be exported to your selected target market with a net profit of 15% but a few months later the importers' country (i.e. target market) agreed on an IMF adjustment programme including a devaluation of its currency by 20% vis-a-vis the US\$ to which DAHRA's currency is pegged at a fixed rate:

- (a) What are the implications of such a devaluation on MBE's export strategy in connection with the export of XAM to that country?
- (b) What measures would you advise to enable MBE cope with the situation and continue exporting XAM to that target market.