

CIMG Programme Pathway 6 Professional Marketer

Agri-Business Marketing (PMS 608)

JUNE 2023

DURATION: 3 HOURS

The examination comprises of two parts:

Part A - a compulsory case study, worth 40 marks

Part B - answer any three questions, worth 60 marks in total

PART A – COMPULSORY

CASE TITLE: VALUE CREATION AT FRESHCUT FOODS LTD

FreshCut Foods Ltd is a private limited liability agro –food processing company that has been operating for the past seventeen (17) years in Ghana. Situated at Doboro, a town at the outskirts of Accra, on the Accra –Nsawam road, the company currently employs over three hundred and fifty workers.

Range of Products and Services: FreshCut Foods Ltd range of products can be broadly be classified into three; namely freshly cut fruits, non-diary ice cream and a variety of fruit juices. Their freshly cut fruits include pineapple, mango, pomegranate, melon, passion fruit, coconut, apple, orange, and grapefruit. FreshCut Foods manufactures its freshly squeezed fruit juices without the use of concentrates, flavorings or preservatives. To ensure the freshly squeezed fruit juices retain all its fresh favors and is 100% natural, the company does not carry our any form of pasteurisation or heat treatment. Our juice is simply 100% natural and perfectly fresh. FreshCut Foods ice cream range is dairy-free, specially formulated with fresh coconut milk.

Markets Served

Although FreshCut Foods Ltd products are produced locally, the bulk of it ends up in international markets. Figures available at the company as at end of 2022 indicates that only a paltry seven (7) percent of the firm’s revenue is generated from local market. The United Kingdom contributes thirty-eight (38) percent of its revenue, United States contributes seventeen (17) percent, twenty (20) percent from the European Union, with the rest of its markets contributing the remaining eighteen (18) percent.

Challenges Encountered: In a recent interview with the CEO of FreshCut Foods Ltd ,Mr. Sebastian Pile, ,he enumerated a litany of challenges that the company is facing .These challenges included the high interest rate in the country ,a situation he bemoans doesn’t augur well for business, the fluctuations in the local currency against the major foreign currencies ,unstable electricity, high utility tariffs and taxes which adversely affects the cost of doing business in Ghana. On the issue of the recurring depreciation of the local currency, Mr. Pile noted that as an exporter, it was difficult to bring back hard currency and use it efficiently in an economy where prices were increasing more than the local currency was depreciating. Another very significant challenge FreshCut Foods faces that is pivotal to its success and sustainability is the regular supply of high quality raw fruits needed for production. Due to FreshCut Foods Ltd adherence to international standards such as Fairtrade, Organic and LEAF (Linking Environment and Farming) initiatives, the quality levels of raw fruits is very critical to the organization.

MITIGATING FACTORS AGAINST CHALLENGES

As a way of dealing with the erratic supply of raw fruits and ensuring the quality levels of fruits meet the highest of international standards, FreshCut Foods Ltd ensures its outgrowers are supplied with specific high yield seedlings. Additionally, the organization regular organizes training seminars for its outgrowers during which agric extension officers are brought in to training and offer practical support to these farmers on modern agricultural best practices to increase their productivity in a sustainable way. FreshCut Foods also provide irrigation service assistance to its outgrowers in a bit to ensure all year round cultivation of raw fruits. All these interventions by FreshCut Foods Ltd is aimed at value addition to achieve competitive advantage. The CEO captures it succinctly when he said at a recent meeting with its outgrowers that the company believe in '**Adding Value at Source**'. This, he said means FreshCut Foods Ltd aim to make the finished product where the fruit is grown. By doing this we return more value to the communities that produce our fruit, and we can deliver products that are fresh from Harvest.

QUESTION ONE

As an Agribusiness Consultant, you are have been tasked by the Senior Management Team of FreshCut Foods to produce a report that:

- a) **Critically appraise, citing examples, four** sectors of the agribusiness sectors where FreshCut Foods Ltd can create value. **(10marks)**
- b) **Recommend with relevant examples** any four forms of value creation FreshCut Foods Ltd can leverage on to achieve sustainable competitive advantage. **(10marks)**
- c) **Evaluate any three** competitive advantage theories FreshCut Foods Ltd can adopt to achieve growth and or profit maximisation. **(12 marks)**
- d) **Demonstrate three** ways by which FreshCut Foods Ltd can utilise the concept of Agribusiness Clusters to achieve competitive advantage. **(8marks)**

(Total 40marks)

PART B- ANSWER THREE (3) QUESTIONS ONLY FROM THIS SECTION

QUESTION TWO

You have been recently appointed as Agribusiness Consultant for Flexsan Farms. Upon engaging with the various senior management team of the firm, it became evident to you that Flexsan Farms do not consider ethical issues as part of their operations.

You have advocated for the adoption of ethical practices by the firm and as a result you have been tasked to present a memo to the managing director, that clearly

- a) Identifies and explains in details any four agribusiness ethical issues that Flexsan Farms can be faced with. **(8marks)**
- b) Recommend with practical examples solutions to the identified issues in (a). **(12 marks)**

QUESTION THREE

Emerepa Farms is a limited liability company incorporated in Ghana in 2002. The Company is into the production of Cocoa and Cashew and currently operates eight (8) farms across Ghana.

Recently, the company has approached Cadbury Confectionery, one of the leading chocolate manufacturers in the world to be its sole supplier of authentic cocoa beans from Ghana.

At a recent meeting between management of Emerepa Farms and Cadbury Confectionery, executives from Cadbury Confectionery extolled their firm believe and practice of the societal marketing as a business orientation and their adherence to the People, Planet and Profit Philosophy. Cadbury further demanded Emerepa Farms institute same as part of their business philosophy and as a condition for their partnership to proceed.

In your role as an agribusiness consultant, management has approached you to guide them in this process and you have been scheduled to present to the Board and Management of Emerepa Farms Ltd on 10th June 2023 on the subject: **ADOPTION OF THE PHILOSOPHY OF PEOPLE, PLANET AND PROFIT AT EMERAPA FARMS AND ITS STRATEGIC IMPLICATIONS FOR COMPETITIVE ADVANTAGE**

Your presentation should.

- a) Clearly explain the three dimensions of the People, Planet and Profit philosophy and how Emerepa Farms can incorporate them into their operations? **(12marks)**
- b) Critically assess four ways by which Emerepa Farms adoption of the People, Planet and Profit philosophy can enhance their long-term competitiveness and resilience and facilitate their partnership with Cadbury Confectionery in the face of environmental and social challenges? **(8marks)**

(Total 20marks)

QUESTION FOUR

Located in the Sekyere Afram Plains of Ghana, Nutekor Ventures Ltd is a wholly owned Ghanaian agribusiness company that specializes in the cattle, pig, poultry and rabbit farming. The company has over the years explored the possibility of developing new markets for their processed meat and poultry in parts of Africa and therefore sees the establishment of the Africa Continental Free Trade Agreement (AfCFTA) as a golden opportunity to achieve this dream.

As an experienced agribusiness marketer, known for providing support and consultancy services for several firms that have gone international, you have been contacted by the board of directors of Nutekor Ventures Ltd to submit a report on the potential impact of the Africa Continental Free Trade Agreement on Nutekor Ventures Ltd.

Your report should:

- a) Critically assess, citing examples in each case **FOUR** benefits the Africa Continental Free Trade Agreement on Nutekor Ventures Ltd operations **(10 marks)**

- b) Demonstrate with examples, **FOUR** negative consequences of the Africa Continental Free Trade Agreement on the operations of Nutekor Ventures Ltd Recommendation of four approaches **(10marks)**

(Total 20marks)

QUESTION FIVE

Essandoh Brothers and Sons is a family business into food processing was started by Mr. Thomas Bedford Essandoh in 1945. Ever since its establishment, all the managing directors of the company have been children and relatives of Mr. Thomas Bedford Essandoh. However recent developments has prompted Mr. Thomas Bedford Essandoh to open up the management of the company to a private management firm, without any member of the Essandoh family involved in the running and administration of the firm.

This decision has brought about disagreement among the children of Mr. Essandoh with some questioning the loss of control of the family in the administration of the firm and the potential for an agency problem to occur.

You have been consulted to produce a briefing paper to the current management of Essandoh Brothers and Sons. Your briefing paper should:

- a) Advance four arguments for the potential benefits of agency theory for Essandoh Brothers and Sons **(10marks)**.

- b) Critically evaluate two potential risks and challenges associated with the agency theory on the operations of Essandoh Brothers and Sons. **(4 marks)**

- c) Critically assess three mechanisms or incentives that can be implemented at Essandoh Brothers and Sons to align the interests of shareholders and management as a way of mitigating against the impact of agency problem. **(6marks)**

QUESTION SIX

Victory Fresh Agro Processing Ltd is into the processing and packaging of fresh fruits and vegetables .Located at Tefle in the Volta Region of Ghana, Victory Fresh has been operating in Ghana for the past fifteen years and have been very successfully. This is demonstrated by the financials of the company, with revenues progressively increasing year after year. As at 2015, the company recorded revenues of GHC35million, whilst profit after tax stood at GHC6.5million. At the end of 2022 financial year, Victory Fresh Agro Processing Ltd recorded a revenue of GHC72million, with profit after tax GHC 15.5million.

As a result of its impressive financial performance and its strategic intent for growth, Victory Fresh Agro Processing Ltd intends embarking on market development in 2024.The company plans extending its operations into countries such as Netherlands, United Kingdom, Spain, Nigeria and Egypt.

In your role as the Agribusiness manager for Victory Fresh Agro Processing, you are required to present a briefing paper to Management that seeks to:

- a) **Critically assess four international business trade barriers that Victory Fresh Agro Processing will likely face** in its quest to develop new markets **(10 marks)**.
- b) Evaluates four entry approaches and its associated risks that Victory Fresh Agro Processing can adopt in its quest to enter international markets. **(10 marks)**