

Final Report

Developing Strategy for Marketing and Brand Communication of Selected Sub-Sectors in Sustainable Enterprise Project (SEP)

PALLI KARMA-SAHAYAK FOUNDATION (PKSF)



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EXECUTIVE SUMMARY

The 'Sustainable Enterprise Project (SEP) project is developed with the support of the Government of Bangladesh, the World Bank and Palli Karma-Sahayak Foundation (PKSF) to empower and support the microenterprises in agriculture and manufacturing sectors of Bangladesh to become environmentally and financially sustainable at cluster and individual enterprise levels. As these microenterprises (MEs) operate within very tight margins, they have high opportunity cost to choose between environmentally friendly raw materials, processes and systems and running their businesses. Therefore, considering all these challenging dimensions, the project needed to identify branding scope and its mechanism for the sub-sectors of SEP interventions. The project aims to assess the market frameworks under which they operate in order to provide realistic gradual recommendations for the players to improve by systematically analyzing the existing challenges that restricts them growing, adopting better practices, limits them in deploying effective marketing strategies. With such strategic guidance, the consultant developed a comprehensive marketing and branding strategy for the selected sectors, along with development of terms of references (TORs) for future implementation agencies/service providers, who will be engaged to achieve specific milestones for individual selected sub-sectors during the project implementation period.

Initially the SEP project team of PKSF have provided a list of 11 sub-sectors, that has a total of 15 different value-chain engagements, that needed to be reviewed for the assignment. An initial project inception was created with the methodology of the assessment and review process. Based on which the consultant and his team had conducted the research through focused group discussions (FGDs), key-person-interviews (KPIs), market and associated market inspections with stakeholders selected by implementation project partner organizations (POs) and discussions with the key personnel of POs at the field implementation level, as well to breakdown the assessment into four broad categories. Firstly, the rural market was broken down between farm-based and non-farm-based microenterprises; and later as urban and rural focused categories depending on the current status of the products readiness to reach customers with appealing features. Secondly, a systematic constraint with the ice-berg model has been implemented to draw out the market bottlenecks that is hindering the growth of each sub-sector.

The assessment concludes that instead of a narrow target to reach only urban markets, the project and its implementers should seriously consider the growth of rural and regional markets while developing branding and marketing strategy for the products, as the earnings of rural households improves due to various economic factors. Such rural customer segments have demonstrated tremendous aspirational values to mimic urban trends, and gradually becoming target customer segment for even the urban conglomerates. For products like Jamdani, Electric Equipment and Toys, Sea Salt, Leather and Mini-garment- an insistent focus on product development, diversity in product offering and feature, and skills and financial capacity development should be a priority, while addressing their marketing need gaps simultaneously.

The microenterprise sub-sectors can be summoned in to three specific stages that is based on their maturity of capacity and presence of strong MEs, design and product innovations, and access to urban markets and quality of work and readiness for the next stage of growth. The first group is the Advanced Stage where sub sectors such as jamdani, imitation jewelry (Savar) are operating. However, imitation (Savar) is close to urban markets like Dhaka and Gazipur is also producing large quantity of imitation jewelries, and their product range starts from small ear-pieces to large festival ornaments for formal dressing up and high-fashion accessories. The product quality in this cluster is also extremely intricate, but not innovative enough. And some electronic products can be in this stage with improvisation in packaging and making it more attractive and informative to make it available in the local market with quality high-end products to compete with Chinese imported items. These sectors are already in fine quality of production and is ready for retail and export with some innovation in the process. Subsectors in this stage requires B2C push strategies such as, periodical advertisements in the traditional and social media to attract national level companies to make better outsourcing contracts with product manufacturers for electronic sectors. Then online and YouTube based videos on imitation jewelries making processes and local clusters, where large number of rural women are engaged in jewelries designing workers.

Second stage is where the products are of good quality when produced, but requires branding and heavy B2C partnerships needs to be established. These sectors are electronic products, honey, sea salt, gur (mollases), natural craft. For example, honey products can be modified and improved through attracting branding through packaging, bottle shapes and types used. The main objective is to create a strong brand identity that can be capitalized on for competitive advantage from the foreign products in the market. Therefore, brand communication is clear and distinguishes the products. In the case of natural craft, the producers should be exposed to global trends and large fashion-houses in the urban markets, who may show their interest in sourcing their finished products from the local clusters. If fashion houses were encouraged and supported properly to establish their manufacturing facilities in the local markets then there will be a seamless connection between the producers and end users and eventually enable capacity building for the local clusters.

The third stage is the product development stage where sub sectors like leather, meat processing, backward poultry, dairy products, sea salt, dry fish, imitation jewelry (Meherpur) require modification in raw materials and its supply chain is required for top quality outcome. Moreover, the machineries need improvement with features that can compete with the capacity, features and quality in comparison to the foreign imported goods and markets. Unless there is investment in the upgrade of machinery, it will be difficult to bring in innovation in these sectors. There is insignificant product diversification in the existing stage and in order to reach the advanced stage there has to be product diversifications to achieve the brand identity. For example, when it comes to leather products, there has to be design innovation and integrated digital marketing tools can

be used to cater to the needs of the urban market standards and compete globally too.

For the selected products of SEP subsectors, where the priority is direct selling channels (because the product is of superior quality and ready-to-be marketed to urban customers), the project should consider digital media marketing as primary mode of communication and take the branding of the products to new heights and rebrand Bangladesh with experiential positioning.

In terms of overall findings related to marketing strategy formulation, the following table summarizes the key focus areas that should be considered before strategic priorities for various sectors are selected for achievement; its implications and overall implementation imperatives under each of these highlighted focus areas:

Summary of Key Findings for Formulating Marketing Strategy	Implementation Imperatives and Activity Planning Priorities
<p>Strategic Topic to Address 1: From all the clusters targeted, majority (85-90%) of the products produced by MEs are sold through wholesale markets without much finished packing, as a result B2B (business-to-business) marketing should be priority for such general to mediocre MEs.</p>	<ul style="list-style-type: none"> ✓ Rural <i>haat/fair</i> based activation of farm/non-farm products ✓ Buyer invite events from target markets ✓ MFI credits on trading/confirmed orders ✓ Seasonal festivals should be targeted ✓ Direct deal making between buyer-seller through PO and SP agency without prioritizing brand presence of MEs to encourage more wholesale buyers and deals ✓ Activations can target informal cluster branding, such as regional branding in local dialects of language.
<p>Strategic Topic to Address 2: In majority of the clusters 5-10% MEs have the capacity, resource and potential to become brands and target desirable B2C (business-to-end customer) markets.</p>	<ul style="list-style-type: none"> ✓ Concentrated investment on resource support, technology transfer, and new skills development for those MEs- through new funding tools like challenge grants/ seed investments/ results-based grants. ✓ Training on entrepreneurship development, business management, exposure visits and brand creation ✓ Hand-holding on design and develop brand content ✓ Direct deal making with urban market players, modern market channels
<p>Strategic Topic to Address 3: Product quality, packing attractiveness, proper price and connection with forward market</p>	<ul style="list-style-type: none"> ✓ In many cases products are not reaching desired high-value markets because of product quality, improvement and diversification of products is essential

<p>resellers/e-commerce are vital commercial necessities for sectoral and entrepreneurial growth, and should be key priority during brand and market building phase of the SEP project.</p>	<ul style="list-style-type: none"> ✓ Hand-holding on design and development of packaging, logo, licensing and certification, pricing process and product information on labels and packaging materials ✓ Instead of one-of training programs, repetitive refresher trainings, development of local and regional trainers, and linking such training with design and innovation driven institutes should be prioritize for achieving sustainable growth.
<p>Strategic Topic to Address 4: Future displacement or outward movement of rural small and micro MEs and their workers- from traditional rural sectors to other lucrative opportunities is imminent considering the economic shift and labor movement trends; hence focus should be given on sectoral and entrepreneurial competency, quality rather than quantity of labor force involvement, and enhancement of skills for positive labor force integration into the sector.</p>	<ul style="list-style-type: none"> ✓ As rural workforce involvement is diversifying with better opportunities in service and industrial sectors with rural economy, any approach to infuse growth within traditional and regional cluster-based sector should prioritize skill enhancement and technical-knowledge transfer along with investment in technology adoption. ✓ Shifts in sectoral-employment among non-skilled and semi-skilled sectors is a natural economic phenomenon, hence focus should be on increasing economic and commercial opportunities within targeted sectors and infusion of entrepreneurial opportunities through youth exposers and engagement in commercial activities.

TABLE 1: SUMMARY OF FINDINGS AND OVERALL MARKETING STRATEGY RECOMMENDATIONS

Based on the strategic imperatives suitable for marketing of selected products, following overarching branding strategy is recommended, while addressing some fundamental market system building block questions:

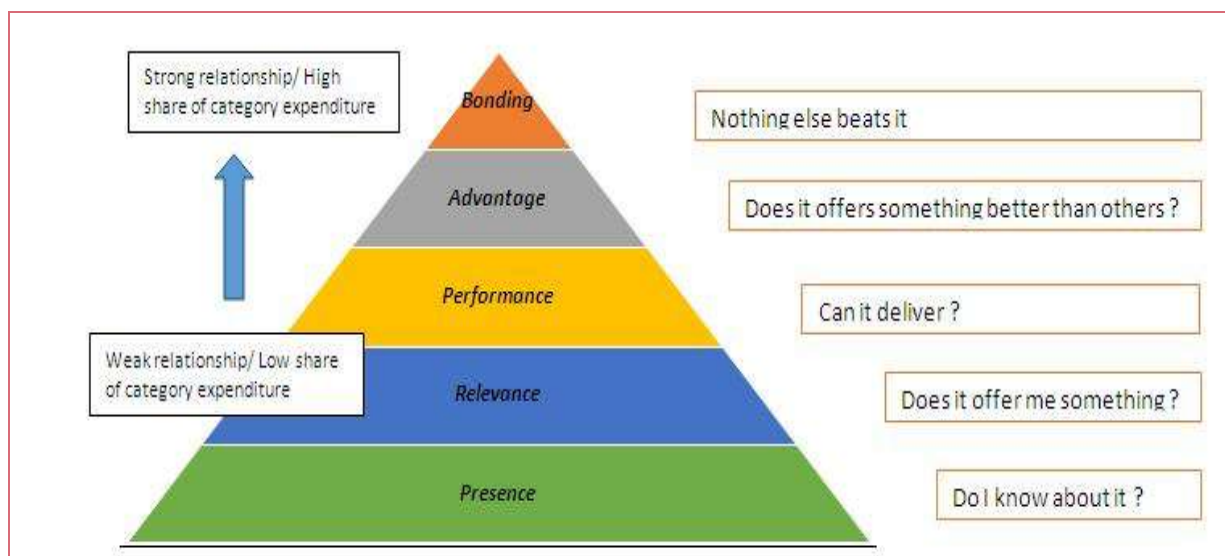
Key Branding Concerns to be Considered for the SEP Project

Focus Area 1: Why Branding?

- Beyond just a memorable logo, good branding increases the value of a company, and represents superior and consistent quality of products by the company.
- It makes acquiring new customers easier. A brand represents the sum of people's perception of a company's customer service, reputation, advertising and logo.
- It gives a character or personality that offers resilience, sustainability and scalability for the business.

Focus Area 2: How to do Branding?

- Brand planning include 6 major steps, starting from, i) overall goal plan, ii) budgeting, iii) targeting customers, iv) identify and develop positioning strategy, v) research, analysis and documenting target group response, and lastly, vi) working on logo and tagline.



Who Should Have Ownership of the Brand?

- Ownership of the brand should rest with **enterprises and business entities**, who have rightful commercial interest to nurture, develop and leverage its strength for commercial growth of the business; in our cases, larger and capable MEs within our selected clusters should own the brands and grow them.
- In case of lack of consistency or inferior quality of products, premature branding of a singular company can bear the risk of jeopardising the commercial success of the business. For traditionally wholesale trades of farm-based products, singular company with a brand presence cannot make a significant difference alone-
 - On such instances, **few businesses or mix of producers and local traders** can establish a brand (**informal or registered through an association or trade body**), that can clearly and uniquely communicate their attractive features in anticipation for attracting new range of customers, who are willing to offer premium price. For example, chemical-free mango from Chapai Nawabganj, or Recycled handmade paper industry of Nepal.

Should Project Partners/NGOs/Non-actors Venture in Creating Own Brands?

- In purist marketing development approach the answer is NO, because it threatens the core value of making local businesses competitive, distorts the market, and questions the sustainability of impact among local businesses.
- The facilitator becomes market actor, and raises questions of conflict of interest with market actors. Also, if a NGO led brands product loses its credibility, it may also jeopardize the name of the MFI (NGO).
- The commercial and entrepreneurial dynamism is missing from NGO management; hence the long-term sustainability of such commercial ventures is questionable.
 - However, it can be considered as **“a mean to an end”**, rather than **“an end goal”** by itself, to encourage existing enterprises to adopt new-trends, modernize production and marketing practices, and envisage new ways of doing business with better marketing and customer focus.

TABLE 2: KEY BRANDING RELATED ISSUES TO BE CONSIDERED

In terms of implementation concerns, starting from selecting strategies for individual sectors, products and MEs growth plan, the consultant's recommendations provided in the last section of the paper can be critically considered for ensuring sustainability of the intended impact and commercial success for MEs within these sectors.