Agropecuaria Montelibano

Track: Education Management and Teaching Cases

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Abstract

The case describes how Agropecuaria Montelibano, a Honduran company engaged in growing, packing and marketing melons for customers and markets with differentiated needs, is competing in USA and Europe. The case has been structured to show enough information that allows the reader formulate alternatives for the company to growth in different markets. Its goal is to generate ideas and conclusions about growth management during the geographical expansion process of a company and also proper strategies to build brands from emerging markets.

By late 2010, Miguel Molina Jr., CEO of Grupo Agrolíbano, which included Agropecuaria Montelíbano, was analyzing the company´s strategy for the next five years.

Agropecuaria Montelíbano, now on Montelíbano, was a Honduran company founded by Miguel Molina Sr. in the early 70s. It engaged in growing, packing and marketing melons for markets with differentiated needs under the Mike's Melons brand name, primarily in the United States. However, after difficulties with the Food and Drug Administration (FDA) in 2008, there was a strong need to further diversify markets.

Miguel Molina wondered if target markets still had room for growth or whether he should start looking for new destinations. On the other hand, some major customers were looking for a year-round melon supply. The seasonal nature of the crop, however, only allowed exports to take place from December to May. In any case, Montelíbano's primary goal was to become the number one supplier of melons in terms of quality, service, and market share.

Agropecuaria Montelíbano S.A.[1]

Since 1981 Miguel Molina started growing melons in a 15-hectare farm under contract with a Honduran subsidiary of United Brand (Chiquita). However, quality standards resulted in rejection of a large number of melons (nearly 40 %.), that could be sold in the local market, but profits resulting from these were very small.

Given this difficulty, Mr. Molina thought of exporting melons directly. He developed the infrastructure required to continue direct exports. In 1987, 160 containers were exported under the Mike's Melons label for the first time. The company entered the European market in 2005 (particularly, England and the Netherlands).

In 2003, Montelíbano became the first Honduran company to obtain several certifications, including EUREGAP. These topics were further emphasized from 2008 on, when an outbreak of Salmonella in the U.S. led the FDA to unjustifiably issue an import alert against cantaloupe produced by the company.[2] The FDA's warning shut the U.S. market, the destination of 70% of Montelíbano exports. As a result the firm was forced to reduce both seasonal and permanent staff. The U.S. market was re-opened nine months later, in December 2008.[3]

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[1] Byrnes, Kerry J."From melon patch to market place: How they learn to export a non-traditional crop." Agency for International Development, CDIE. June 1991.

[2]See http://www.youtube.com/watch?v=OY2pBqPPVhQ&feature=related, http://www.salem-news.com/articles/march242008/fruit_scare_3-24-08.php, http://www.infoagro.com/noticias/2008/3/864_estados_unidos_no_halla_salmonela_contenedor.asp, http://archivo.elheraldo.hn/Ediciones/2008/09/01/Noticias/FDA-suspende-alerta-sanitaria-a-melon-de-Grupo-Agrolíbano.

[3] See http://archivo.elheraldo.hn/Ediciones/2008/09/01/Noticias/FDA-suspende-alerta-sanitaria-a-melon-de-Grupo-

Also in 2008, Montelíbano faced another challenge. To begin the succession process, Mr. Molina retired from operations management and became chairman of the board. Miguel Molina Jr. was appointed CEO taking his father´s place, while four of his siblings were appointed to various key positions in the company.

By 2010, approximately 90% of Grupo Agrolíbano´s revenues came from Montelíbano. Other subsidiaries that belonged to the group, were also engaged in aquaculture, production of ornamental plants and forestry.

For the last few years the company´s R&D department had focused on developing new technologies to meet new market trends aimed at healthier fruit, with less microbiological risk and less exposure to chemicals during the production process. These actions allowed melons quality for longer periods of time and to reach more distant markets, including Asia. Montelíbano had four farms, totaling approximately 2,600 hectares devoted to melon production. The Santa Rosa farm dedicated to producing cantaloupe melons, accounted for nearly 51% of sales. Other three farms accounted for 22%, 18% and 15% of sales, respectively.

The best time to plant melon in Honduras was between October and February. Montelíbano also engaged in strong R&D work to achieve operational efficiency in order to extend planting periods and the markets during the most profitable times. Montelíbano agricultural production went to the market between December and May (Exhibit 1). Accordingly, new agricultural practices were implemented, including planting and harvesting twice in each harvest period. Thus, this practice allowed the company to increase supply without excessive expansion of planting areas and insured high-quality, durable fruit, capable of lasting for approximately 50 days between harvest and consumption. However, Montelíbano had not reached the goal of extending production in order to serve the markets all year round, due to the region's typical climate (Exhibit 2).

By late 2010 sales at Montelíbano were 5.9 million cases, worth $40 million, approximately. The main export destination was U.S., accounting for 66% of total sales (Exhibit 3). Boxes of 15 kg or 18 kg, mostly of Cantaloupe (62%), Honeydew (25%) and Rebel (11%) melons were sent to this market. The European market accounted for 32% of sales, particularly in the northwest area of the continent, with England and The Netherlands as the main destinations and operation bases of Montelíbano in Europe. The bestselling melon types in this continent were the Galia (53%), Cantaloupe (35%), and Rebel (10%). Melons sent to Europe were smaller than those were sent to the U.S. The cases contained 5 kg, except those

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Agrolíbano.

sent to the British market, where 6kg or 13kg cases were sent, depending on customers. Share of total sales for different types of melon was: 53% Cantaloupe; 18% Honeydew; 17% Galia, and 11% Rebel (Exhibit 4).

The company was considering entering new markets such as Hong Kong, where 12 containers were sent in the 2009-2010 season, as well as Singapore and the Middle East, particularly Saudi Arabia and UAE.

In relation to customers, 14% of sales were made directly to supermarkets, while the remaining 86% was distributed through wholesalers. In the U.S., these percentages were 10% directly sold to supermarkets and 90% to wholesalers. The figures for Europe were 15% and 85%, respectively. In general, supermarkets and wholesalers in both Europe and the U.S. had expressed interest in contracting with Montelíbano for the entire year, if they received products with the same quality and reliability as of today. Company reliability was particularly important for wholesalers, both in terms of volume and delivery times.

Out of a total of twenty, major wholesale customers in Europe included Timer Fruit B.V., HillFresh International, Mack Multiples Division Chiquita Fresh Europe, and Total Produce V, which together accounted for about 50% of sales. Montelíbano dealt with seven wholesalers in the U.S., of which Chiquita Fresh Norte America, Legend Produce, Bounty Fresh and Central American Produce, together accounted for 78% of sales.

Supermarkets were the most demanding customers in terms of fruit quality. They demanded the right taste and texture, but also the right look, uniform size and color. Montelíbano was more used to negotiating directly with supermarket chains in the European market, where these accounted for 15% of sales, especially in the UK. Main customers in Europe included Tesco Stores Limited, International Produce, Bourne Salads y Yorkshire Fresh Fruits. In the U.S. Montelíbano only dealt with Ready Pac, Inc.

Montelíbano outsourced its maritime transportation services, facing high transportation rates. To reduce this impact, work had been centralized in two shipping companies, APL Limited and Grupo A.P. Møller-Mærsk. Still, the firm faced a 125% difference over the cost for competitors, who owned their transportation means ($ 3.15 vs. $ 1.40 of average cost per case[4]). An effort to partially cut down this difference was made by wisely using container space, placing between 10% and 12% more melon cases in each container.

Except for the British market, which had very specific requirements and where few 'generic' goods were sold, in all American and European markets melons were sold under the Mike's Melons brand name. The use of the company's owned

[4] Nearly 20 pallets were placed in each container, with an average 72 cases each.

brand gained momentum again after 2004, and accounted for a quality benchmark in international markets at wholesale and supermarket level, although it was not as familiar to final consumers.

The company sought to differentiate itself from competitors through a good relationship with customers, based on a sustained focus on quality and empathy, which allowed it to meet the particular needs of end users. With this, the company has established mutually beneficial programs such as fixed prices (i.e. provided for the sale of specific amounts of product, at an agreed upon price) with quality specifications determined. These programs generated higher profit margins, about 25% of the sales price.

Economic and Social Situation[5], [6]

After the deep economic recession felt in 2009, there was a recovery in global economic activity, which led to a growth of 5.3% in 2010. Despite strong growth in the emerging economies, the evolution was heterogeneous and uncertain; in addition, inflation rates had raised the first sign of a possible "overheating" of the economy. On the other hand, in advanced economies, with more moderate recovery rates, unemployment remained at record levels close to 10% both in the U.S. and Europe, and the financial performance of governments, especially in the later Region, exerted pressure on the system.

Latin America and the Caribbean experienced an economic decline of 1.8% in 2009. However, in 2010 growth showed a 6.2% recovery related to higher commodity prices and significant amount of exports in countries such as Chile, Peru and Brazil. In 2010, the Honduran economy showed better performance than in 2009. Real growth in gross domestic product was 2.8%, while in the previous year it had decreased 2.1%. In nominal terms, the GDP reached US$ 15.4 billion (the second lowest per capita income of US$1.914 in Central America after Nicaragua).

International trade flows, fostered economic recovery in the case of Latin America. The value of exports from emerging countries in 2010 increased 12.8%, while in terms of volume foreign sales grew 15.0%, after falling in 2009. In the case of Latin America and the Caribbean, in 2010 the volume of exports grew 23.4%. By year-end 2010, Honduran exports totaled US$ 5.742 million, 19% higher than in 2009, while imports grew 17.1%. The increase in inflation against 2009 was widespread all over Latin America except for Ecuador, and was due largely to the increase in the prices of food and beverages. Inflation in Honduras closed at 6.5%, the second highest in Central America, second only to that of Nicaragua.

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[5] International Monetary Fund (IMF.) "World Economic Outlook." http: http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/index.aspx, accessed June 2012.

[6] Economic Commission for Latin America (ECLA.) "CEPALSTAT." http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1&idTema=5&idioma=e, accessed June 2012

The Global Industry

Melon (*Cucumis melo*) is an annual herbaceous creeping or climbing plant with a 30 to 40 days production cycle. The melon value chain consisted of three main stages: agricultural production, commercialization and consumption. In addition, there was a pre-stage related to input management (Exhibit 5).

Production

Melon was produced worldwide. According to Food and Agriculture Organization (FAO) from 1980 through 2010, the global production area for the different types of melon had shown an annual growth of 3.5%, reaching 1.1 million hectares. During the same period, the yield per hectare doubled to 23 tons per hectare producing 25.0 million tons.

By then China was the largest producer worldwide, with 47.6% of total yields, followed by Turkey (6.1%) and Iran (5.0%). In the Americas, the U.S. was the largest producer, ranking 5th. worldwide, with 3.9% of total production, followed by Mexico (2.1%), Guatemala (1.8%), Brazil (1.8%), Venezuela (0.8%) , Costa Rica (0.8%) and Honduras (0.7%) ranking 9th., 10th., 11th., 17th., 18th. and 22nd. respectively worldwide. Honduras production amounted to 180,300 tons.

Global melon exports in 2010 totaled 2.2 million tons with a value of US$ 1,433.1 million. In terms of quantity, Spain was the largest exporter with 16.8% of total exports, followed by Guatemala (14.5%), Honduras (9.6%), U.S. (9.4%), Brazil (8.0%) and Costa Rica (7.8%). Regarding export value, countries reporting the highest figures were Spain (US$ 327.5 million), U.S. (US$ 132.8 million), Brazil (US$ 122.0 million), Guatemala (US$ 108.2 million), Mexico (US$ 91.7 million), Honduras (US$ 80.4 million) and Costa Rica (US$ 74.3 million). Major producers in Asia (China, Turkey, and Iran) had a low export share, and they sold their harvest almost entirely in the domestic market. Other significant melon exporters included South Africa, Egypt, and Morocco in Africa and Australia in the Asian market.

The Americas

The Americas accounted for the region with the most exports, with 56.7% of global total exports. It exported 36.1% of its production, i.e., 1.3 million tons, of which 874,800 came from Central America. Major exporting included Brazil, Mexico and Central America as a whole, with Honduras, Guatemala, and Costa Rica as the most significant exporters.

Costa Rica

With an average yield of 30.1 tons per hectare, Costa Rica was a large producer in the region and had the highest melon yields. In 2010 it produced 198,300 tons, of which it exported 87.3% to the U.S., The Netherlands and Belgium between January and April. Total export value was about US$ 74.3 million, mainly for Cantaloupe, Honeydew and Dorado.

In 2010 there were some 20 melon export companies[7] with Exportpack S.A. and Melones Costa Rica S.A. as the most important ones. Exportpack (founded in 1986) had 1,500 hectares and produced about 40,000 tons of Cantaloupe, Charentais, Yellow Honeydew and Galia, exported to the U.S., Canada, and Europe.[8] Melones de Costa Rica S.A., a partnership between Grupo El Pelón de la Bajura and Del Monte Fresh Produce, varied its cultivation area each year due to operations related to other types of fruit and most exports went to the U.S. market.

Honduras

Melon boom occurred during the late 80s and early 90s, when Honduras had about 35 melon exporting companies and some 1,000 small producers. By the late 90s, market instability and weather problems, such as Hurricane Mitch, led many farmers to abandon the crop. In 2010 melon production in Honduras was 180,000 tons grown in 6,600 hectares and accounting for just 0.72% of world production. Cost of production per hectare was about US$ 12,000.

Honduran melon exports took place between December and May and main destinations were the U.S. and Europe, especially, Netherlands, Belgium, and UK. Honduras share of the Asian market was limited to 38 tons (0.02% of total value) to Hong Kong. The value of Honduran melon exports in 2010 was US$ 80.5 million (1.5% of the country's total exports). Melon exports in 2010 were basically in the hands of three companies: EXCOSUR[9], SURAGROH,[10] and Montelíbano.[11]

Exportadora Costa Sur (EXCOSUR), a Honduran division of Fresh Quest Inc., was a company engaged in merchandising, marketing, and distribution in North America and Europe of fresh produce and fruit from Central America. Fresh Quest was a major melon trader in the world. Its headquarters were in Florida, with offices in Canada, Honduras, Guatemala and Panama. The planted area in Honduras and Guatemala totaled approximately 1,821 hectares it produced over 104,236.2 tons of melon. In Honduras, its farms produced Cantaloupe, Honeydew and Galia melons. The company was

[7] PROCOMER Statistical Yearbook
[8] http://www.exporpack.com/company.htm
[9]FreshQuest. http://www.freshquest.net/, accessed July 2012.
[10] http://www.solgroup-marketing.com/
[11] http://www.agrolíbano.com

facing management problems and dealing with competitors who had won a substantial part of the land leased before. Because of this, its recent efforts were focused on diversifying markets, since most of its exports were to the U.S.

SURAGROH was based in Honduras, but it also operated in Guatemala. It focused on the U.S. market with a strategy aimed at market monopolization. Thus, it focused on the quantity of melons exported rather than on their quality. It was part of an international group acquired in 2009 by Fyffes plc, an Irish multinational company engaged in production, purchasing, transportation, ripening, distribution and marketing of bananas, pineapples and melons (Galia, Cantaloupe and Honeydew).

Brazil

Brazil was a major supplier, with the third highest productivity per hectare in the Americas (25.4 metric tons per hectare) and a production volume of 13.7% of the total. It was a supplier of European markets, where it sent 98.6% of its exports on account of logistics and export dates. Melon exports peaked between September and February. However, given the geographical breadth of the country, it was possible to produce throughout the year. Failure to break agricultural cycles lead to dealing with melon pests, so fruit quality was not optimal. Most grown melon varieties included Galia, Yellow, Piel de Sapo and Chanterais.

A large number of melon producers and exporters were located in Brazil, with Nolem and Famosa among the leading ones. Nolem was owned by the Irish multinational Fyffes and managed some 8,000 hectares, of which about 3.400 were devoted to growing ten varieties of melons and watermelons[12]. Famosa was located in the states of Río Grande do Norte and Ceará, had 2,000 hectares planted with melon and watermelon. Its main markets included the UK, Spain, Italy, the Netherlands, Germany, Russia, Austria, Portugal, Belgium and the U.S., where it exported Yellow Honey Dew, Galia, American Cantaloupe, European Cantaloupe and Piel de Sapo melons. [13]

México

In Mexico, thirteen different melon varieties were planted throughout the year. However, since most of its exports were bound for the U.S. (87.0% of exports volume), the most important types were Cantaloupe, Honeydew, and Valenciano. Total production was 561,600 tons and 150,800 tons were exported in 2010, mainly between December and May. Agricultural output was 26.2 metric tons per hectare and its production cost was higher than that in Honduras.

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[12] http://www.freshplaza.es/news_detail.asp?id=5176
[13] http://www.freshplaza.com/news_detail.asp?id=18033

Major companies included Agropecuaria Las Mercedes, a part of Grupo Molina, located in Hermosillo, Sonora, not only engaged in growing Cantaloupe melon but also grapes, oranges and watermelons; [14] Agrícola Bay, located in Caborca in the state of Sonora, producing Honey Dew melon and several types of watermelons and gourds sold under the brand names Sunfed, Sundan, Famous and Bay; and Productora Melonera Los Tres Hermanos, among others.

Guatemala

With 22,800 hectares Guatemala produced 480,400 tons of melon in 2010. Of these, it exported 323,600 tons, 98.0% to the U.S., and the remaining 2% to El Salvador, Bahamas and Honduras. Harvest took place between October and May, and the most common varieties included Cantaloupe, Honeydew and Dorado. Production costs were similar to those of Honduras.

Leading Guatemalan export companies included Coagro, a subsidiary of Del Monte Fresh; Agroexportadora Nobleza SA, a part of Fresh Quest Inc., a major fruit producer and marketer worldwide with operations in Honduras, Panama and Florida; Altobaso, a Guatemalan capital company, and Protisa.

Africa

Africa produced 1.9 million tons of melon in 2010, with 7.3% of world production. Production was concentrated in 14 countries, including Egypt (56.0% of total production), followed by Morocco (29.5%), Tunisia (5.1%), Sudan (3.5%), Cameroon (2.2%), and South Africa (1.2%).

African melon had a very low cost structure, especially compared to costs in Central America as a whole and particularly to costs in Honduras, thanks to cheap labor and the increasing use of sea shipping. [15] However, melon quality was fair to poor and delivery reliability was dubious. On the other hand, it faced little economic and political stability.

In 2010, exports amounted to only 3.1% of total production, i.e., 59,500 tons. Major exporters were Morocco, selling mostly to European countries, Egypt, and South Africa, with significant export amounts and engaged in meeting the needs of the African market.

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[14] http://www.molinagroup.com/

[15] Corporación Colombiana Internacional. "Oportunidades para exportar a Francia" http://www.cci.org.co/cci/cci_x/Sim/Manuales/Mercados%20internacionales/Francia/francia32.htm, accessed August 2012

Egypt had the largest agricultural productivity per hectare (26.0 tons) and was also the largest producer in the region (1.1 million tons). Production took place between May and September and the major varieties were Galia and Cantaloupe. Exports accounted for only 1.2% of its total production and major markets were Kuwait, UAE and Saudi Arabia.

Moroccan production, mainly Charentais and Galia melons, took place between March and June. With 21,900 hectares in 2010 Morocco produced 567,300 tons, of which 17.2% was exported. Most exports (98.2%) went to France, Spain, Portugal, Italy and the UK.

Australia

Australia was a major supplier to the Asian market, where fruit could be shipped by plane. With 3,800 hectares, its production reached 76,300 tons of Cantaloupe and Honeydew melons. Of these, 14.1% was exported to markets in the East (chiefly Singapore, UAE, New Zealand and Hong Kong). Although melon could be produced all year long, in October and November cultivation was weak and limited (Exhibit 6).

Commercialization

Melon was distributed through various channels including wholesalers, MNCs, processors and retailers. The former served as intermediaries and there were a large number of them, concentrated in large cities. They valued product and the packaging quality, but they cared the most for reliability in relation to delivery times and varietal diversity. They sold to less demanding retail chains with special programs.

MNCs were relatively few. Among these Chiquita, Dole and Del Monte stood out, with both production and marketing operations. They had a worldwide presence and their own brand names, and they worked as partners with supermarket chains. They demanded high product quality in terms of fruit characteristics, packaging, volume, and reliability of delivery.

Fruit processors had very particular quality specifications. They did not care about melon uniformity and appearance but Brix degrees. In terms of numbers they accounted for an intermediate sector, outnumbering MNCs, but they were not as many as wholesalers. Just like wholesalers they valued producer reliability regarding delivery times and volumes. They were found in large cities and through their own and third-party labels they distributed products in supermarkets chains and smaller retailers.

Most relevant retailers included supermarket chains. In the European market, particularly in the UK, they had much weight in the melon industry. It was very important for them to record reliable and full-year contracts. They also valued good fruit quality and certifications both in relation to phytosanitary issues and agrochemicals control. They bought directly from wholesalers and producers, whereas direct producer negotiations were less common. In the U.S. the leading buyers were Walmart, The Kroger Co., Safeway Inc., Supervalu, and Costco Wholesale. Major brands in Europe included ALDI, LIDL, TESCO, Carrefour and Mercadona.

Market Access Conditions

Regardless of destination country, exports products including melons from Honduras had to meet detailed export descriptions and sanitary certifications defined by the agricultural, trade and phytosanitary, both government and regional entities. Additionally, each market set access requirements both by governments and mandated by law, as those established by buyers (e.g. notice previous to arrival of the containers, brand names and records of quality and phytosanitary certificates, labeling and traceability standards, invoices, packing lists, import permits, among others). Although these where more exhaustive in the case of the U.S. and Europe, import requirements varied with destiny.

Goods from Honduras took three days to arrive to the U.S. Under the free trade agreement between the U.S. and Central America and the Dominican Republic (DR-CAFTA) no tariff was levied and no import quotas restrictions existed for melons. Quality standards existed to ensure product safety. Overall, the melons had to be firm, well-shaped and free of rot, scars or external damage evidencing pests, diseases or excessive wear.

For admission to the European Union, where melons took between 17 and 19 days to arrive, no customs duty was payable because Honduras was a part of the General Preferences System (GSP+). In Europe there was a strong concern about chemical residues in foodstuff, so customers (although were not mandatory) requested certifications related to this topic.

Transportation to Saudi Arabia took twenty-seven days. Customs duties were 5% ad valorem, whereas, importers, agents and representatives had to be Saudi Arabian nationals.

Hong Kong, being a special administrative region and a free port, did not required import and no import tariffs applied for melons. Transit time from Honduras to this destination was approximately 28 days.

Transportation between Honduras and Dubai, took nearly 32 days. In this market, bulk agricultural goods, including melons, were duty-free. Regular import documentation was required.

Singapore did not apply a tariff to import melons and just an import license was required. Transit time to this destination was 35 days.

Finally, Japan's Tariff Preference System guaranteed payment of lower tariffs or total exemption for imports from developing countries. Certification of origin and other commonly required import documentations were needed (Exhibit 7).

Consumption Trends

The U.S. was a major world consumer of fruit, particularly melon. Official data indicated that Americans had increased per capita daily consumption of fresh fruit and vegetable 28.9% between 1980 and 2000; however, growth rate had slowed since then. Although melon was a favorite in the U.S. market, due to various reasons, ranging from health consciousness to improvements in fruit availability throughout the year and refinement in product varieties and marketing, per capita consumption had declined in the last five years, from an annual average of 6.0 kg per capita in 2000 - 2005 to 4.8 kg in 2010, according to data estimated by the U.S. Department of Agriculture (USDA) (Exhibit 8).

Overall production of different melon types in the U.S. was concentrated in California, Texas, Arizona, Florida, and partly in Georgia. Temperature requirements made the production possible only during late spring, summer and early fall (approximately June-September). Demand in the months of lower temperature was met through imports, mostly from Mexico and Central American. In 2010 the U.S. produced 999,800 tons and imported around 622,100 tons from Guatemala (40.7%), Honduras (26.3%), Mexico (18.4%) and Costa Rica (14.0%[16]).

Average per capita consumption of melons in Europe had increased by 4.7% since 2000, with consumption stabilized from 2005 on. By 2010 it was nearly 5.0 Kg (Exhibit 8). Cultivated land amounted to 111.700 hectares, with total production of 2.3 million tons. Although records indicated that at least 15 countries engaged in growing melon, over 90% of the production was concentrated in Spain (43.0%), Italy (30.9%), France (13.7%), Greece (7.7%) and Romania (2.4%.)

[16] USDA. "Vegetables and Melons Yearbook 2011." http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1212. Accessed June 2012.

Countries reporting the highest per capita consumption were Greece (14.9,) Spain (13.4,) Cyprus (13.0,) Italy (11.3,) Malta (8.1,) and France (6.4) kilograms. However, of these, only Spain and France had significant import levels. The rest virtually met all of their consumption from domestic production.

During the summer (May to September) much of the demand was met by production of European Union member countries (Spain, France and Italy). Between September and May consumption was mostly covered by imports with peak demand between February and September.

Imports in 2010 totaled 868,300 tons, worth US$ 881.1 million. Countries reporting higher amounts of imports were France (US$ 169.2 million), the Netherlands (US$ 154.1 million), United Kingdom (US$ 139.5 million), Germany (US$ 119.2 million) and Spain (US$ 53.9 million). Most melon imports into Europe came from Brazil, Costa Rica, Honduras and Morocco.

Consumption of different types of melon in Asia in 2010 amounted to 18.3 million tons, of which only 0.66% was imported. Production amounted to 18.5 million tons, grown in 748,300 hectares. Major producers included China (67.7%), Turkey (8.7%), Iran, (7.1%), India (4.8%), and Kazakhstan (1.8%). Major importing countries included Japan (24.2% of total imports), Singapore (11.3%), UAE (10.9%), Saudi Arabia (10.4%) and Hong Kong (7.7%).

Melon consumption in Asia increased significantly in the last decade, reaching record levels in 2008. However, it declined in 2009 due to the global economic crisis. In 2010 it recovered slightly. Consumption in Asia grew at an average annual rate of 3.7%, from 12.8 million tons in 2000 to 18.3 million tons in 2010. Per capita consumption increased 25.6%, reaching 4.5 kg per capita in 2010. In 2010, per capita consumption in Saudi Arabia was 7.1 kg and figures for United Arab Emirates, Singapore, Japan and Hong Kong were 2.9, 2.6, 1.7 and 1.3 kg per capita, respectively (Exhibit 8).

Markets in the region were segmented geographically into two large groups, each with distinct characteristics. In East Asia, where Japan, Singapore and Hong Kong were the major importers, a demanding market in terms of quality and product appearance was found. Consumers looked for attractive fruits. Frequently, consumers were willing to pay slightly higher prices for imported melons either from Australia or America, rather than paying for local fruit (mainly from China), produced en masse with little concern for fruit quality and safety. While China stood out in the region as a leading melon consumer, almost all fruit consumed came from local production.

In the Middle East, fruit markets were characterized as not-so-loyal markets and mostly based on verbal negotiations. It was a high-risk market for producers due to very unfavorable payment conditions. In addition, the market for fruit with differentiated quality was very small and people did not appreciate product quality. Despite the perception for a significant purchase potential due to oil reserves in the Region, market wise there were significant differences between countries, both in terms of revenue and climate, economic activity and political situation.

This market was believed to have potential for fixed-price contract sales with customers from differentiated niches such as hotels, restaurants, catering services, and armed forces, among others. This could avoid problems resulting from price instability characterizing the market, due to the presence of a large number of informal producers flooding the market with low-quality product at low prices and leading to aggressive price competition.

Varieties

Most internationally famous melon varieties were Cantaloupe, Honeydew and Galia. American consumers preferred Cantaloupe melons, with consumption in 2010 of 3.9 kg per capita and accounting for 69.2% of total imports and for 85.5% of production. This was followed by Honeydew, with a per capita consumption of 0.7 kg, total production of 145,331.0 tons and imports of 191,614.6 tons. Finally, other melon varieties totaled an average per capita consumption of 0.3 kg.

Although in Europe the Cantaloupe and Honeydew varieties were also popular, Galia melons were the most sought after by consumers, with a 3.5 kg per capita average consumption.

Prices

Melon prices were very variable due to seasonality. In the U.S. prices for Cantaloupe melons were higher between October and December. Due to differences in the harvest period among varieties, prices for Honeydew melons were higher between January and March. For both varieties the period between July and September was the one with the lowest prices due to domestic production. In 2010, the average price per kilogram for Cantaloupe and Honeydew melons was $ 1.05 and $ 1.46, respectively, with differences of $ 0.30 and $ 0.53 between the highest and lowest price reported.

In Europe the average unit price for Galia melons in 2010 was US$ 1.59, this was the highest-priced variety, primarily in the UK, followed by the Cantaloupe, which in 2010 had an average price of US$ 1.56. Finally, Honeydew melons had slightly lower prices in Europe than in U.S. markets.

Lowest prices for all varieties of melon occurred between July and September, while between October and December it had higher prices, with differences of US$ 0.86 and US$ 1.14 per unit for Galia and Cantaloupe, respectively, between the highest and lowest reported price.

There was little relative price stability in the Asian market, as fixed price contracts were a common form to sell the product. Some Korean and Japanese varieties of high-quality melon were around $ 100 per unit. These were genetically engineered, giving them very particular characteristics of shape, flavor and size. They were not common in the market, its presence and consumption was quite small. Major melon consumption occurred in areas of low and medium income. The average price of imported melons was about US$ 0.77 per kg (see Exhibit 9).

Agropecuaria Montelíbano Decisions

During strategic discussions facilitated by an international consulting firm, Mr. Molina Jr. and his staff wondered how to keep the profitable growth of their company.

Among the first questions, analyses and discussions was the need to assess which markets should be emphasized in the future and what portions of their operation should be adjusted to ensure success. The 2008 experience with the FDA had taught them that, especially in an industry so volatile and fluctuating, it was very important not to rely too heavily on any particular market. In addition, it was clear that the impact of a crisis, such as the one in 2009, varied by regions of the world.

Management staff regretted that investment in research and development had not shown significant progress in programming crops in Honduras. Here, the goal had been to extend the months of melon supply for different markets to meet the needs of many retailers and wholesalers seeking a reliable, stable, high-quality year-round supplier.

Finally, Montelíbano also faced the management succession challenge. A decision had been made in 2008 to establish a Board with participation of at least two external people and the three children of Mr. Molina involved in the company. However, two years later this process was not forthcoming and it posed new challenges to the company structure and professionalism.

Exhibit 1

Production Windows

Costa Rica	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Honduras	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Brazil	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Mexico	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Guatemala	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Panama	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Egypt	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Morocco	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
South Africa	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Australia	Jan.	Feb	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.

Production

Lower production

Exhibit 2[17]

Agropecuaria Montelíbano – Melon Availability

[17]Source: Agropecuaria Montelíbano. Available at http://www.agrolibano.com/eng/products.html. Accessed July 2012

Exhibit 3

Agropecuaria Montelíbano

Income Statement and Balance Sheet (US$ MM)

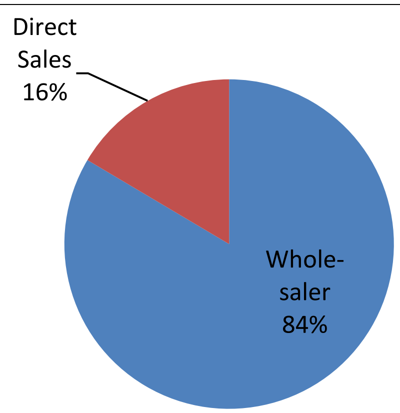
INCOME STATEMENT As of December 31st.				
	2007	2008	2009	2010
Income	31.9	25.8	36.1	40.6
Operating Expenses	25.6	26.4	29.7	32.6
Profit before taxes	6.6	-0.1	7.5	9.0

BALANCE SHEET As of December 31st.				
	2007	2008	2009	2010
Assets	19.3	15.2	23.6	23.5
Liabilities	11.3	9.8	11.1	7.1
Equity	8.0	5.4	12.5	16.4

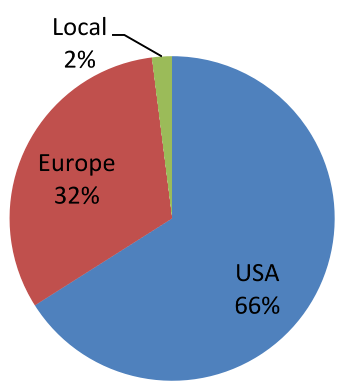
Exhibit 4[18]

Agropecuaria Montelíbano - Sales Composition

Per Costumer Type



Per Destination

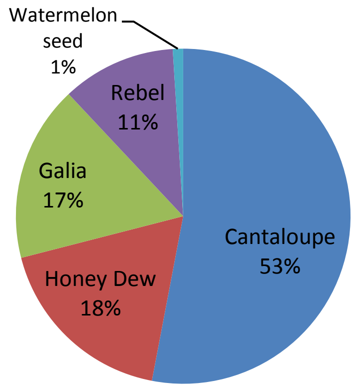


[18] Data provided by Agropecuaria Montelíbano

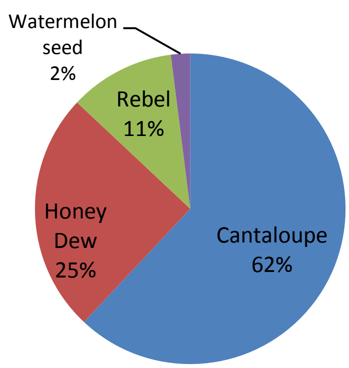
Exhibit 4

(Cont.)

Per Product



Per Product in the US Market



Per Product in the European Market

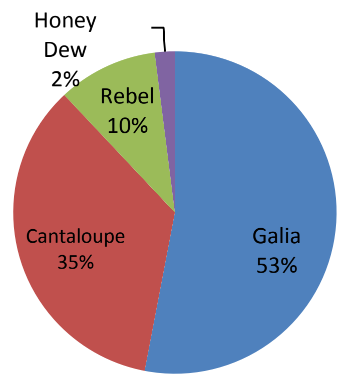


Exhibit 5

Global Melon Chain

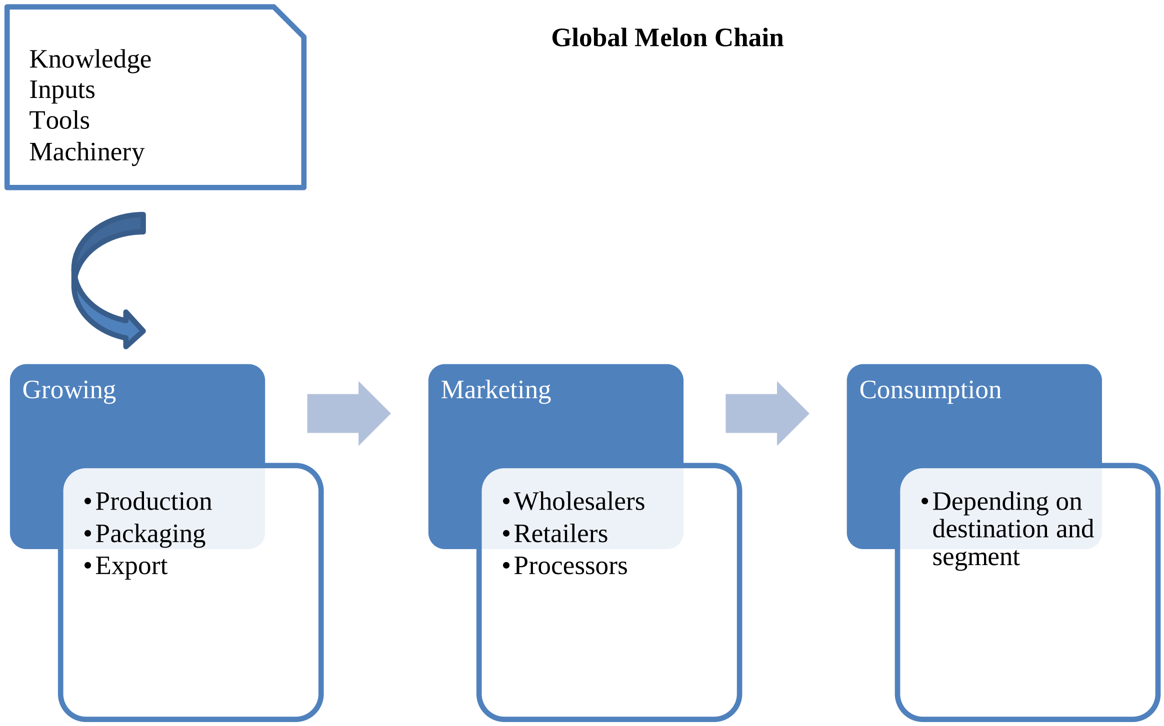


Exhibit 6

Features of Major Melon Exporters

	Production		Area harvested	Yields		Exports		Major Destinations	Varieties	Export Windows[19]	Companies
	Tons	US$ 000s	Ha	Tons/Ha	$/Tonne	Tons	US$ 000s				
Brazil	478,431	88,074	18,861	25.37	$184.09	177,828	121,970	Netherlands (40.1%) United Kingdom (27.4%) Spain (24.8%)	Galia (solar and royal), mainly. Also Yellow, Chanterais and Piel de Sapo as well as Honey Dew, , Cantaloupe, Italian Cantaloupe, Orange Flesh, White Honey Dew[20]	Brazil has the potential to produce melon all year; however, not breaking the cycles involves serious pest problems, so quality is not that good. Exports occur mainly from September to February[21]	Agrícola Famosa, Nolem, Itaueira, Agrícola Fraiburgo, COEX, Fischer, GBI, Intermelon, Itacitrus, RBR Trading, RBR FreshFruit, Renar and UGBP.
Mexico	561,681	103,400	21,418	26.22	$259.93	150,816	91,655	United States (87.0%) Japan (11.7%) Hong Kong (1.2%)	Thirteen varieties grown mainly Cantaloupe, HoneyDew and Valenciano.	Mexico produces melon all year but exports between early December and mid-May	Grupo Alta, Agropecuaria Las Mercedes, Productora Melonera Los Tres Hermanos, Agrícola BAY[22]

[19] Data provided by Agropecuaria Montelíbano
[20] José Araujo, José García, Ana Muñoz, H. Soldevilla, and Robert Correira. "Estudio del mercado de melón en Europa". http://www.alice.cnptia.embrapa.br/bitstream/doc/145820/1/OPB1716.pdf, accessed July 2012.
[21] Ibid.
[22] Pro México. "Directorio de exportadores". http://www.promexico.gob.mx/es_es/promexico/Directorio_de_exportadores_mexicanos, accessed July 2012.

Exhibit 6

(Cont.)

	Production		**Area harvested**	**Yields**		**Exports**		**Major Destinations**	**Varieties**	**Export Windows[2]**	**Companies**
	Tons	**US$ 000s**	**Ha**	**Tons/Ha**	**$/Tonne**	**Tons**	**US$ 000s**				
Costa Rica	198,291	36,510	6,591	30.09	$184.1	173,205	74,355	United States (64.9%) Netherlands (19.1%) Belgium (7.1%)	Cantaloupe, HoneyDew, Dorado. Others much less significant: Galia, Piel de Sapo, Orangeflesh and Charantais[23]	Jan.-Apr.	Exporpack S.A, Melones de Costa Rica S.A.
Honduras	180,316	38,000	6,662	27.06	$210.74	213,562	80,477	United States, Netherlands, United Kingdom	Cantaloupe, HoneyDew, Dorado, Galia, Piel de Sapo	Dec.-May	EXCOSUR, SURAGROH, Montelíbano
Guatemala	480,434	88,443	22,777	21.09	$184.09	323,636	108,222	United States (98.1%), El Salvador, (1.1%)	Cantaloupe, HoneyDew, Dorado	Oct.-May	Coagro, Agroexportadora Nobleza S.A., Protisa, Agrícola Semilla Verde
Panama	13,646	6,000	3,500	3.90	$439.69	13,373	10,355	Spain, Netherlands United States United Kingdom	Cantaloupe, HoneyDew, Piel de Sapo, Yellow Canary, Galia	Feb.-Apr.	Agroexportadores de Azuero, Dos Valles S.A.[24]

[23] Díaz Porras, Rafael, and Vinicio Sandí Meza. "La cadena de melón en Costa Rica: potencialidades y desafíos internacionales". Revista Centroamericana de Ciencias Sociales. http://unpan1.un.org/intradoc/groups/public/documents/icap/unpan034521.pdf, accessed July 2012.

[24] VICOMEX. "Directorio de Exportadores", http://www.vicomex.gob.pa/texto/Directorio-Exportadores-Ago-03.pdf, accessed July 2012.

Exhibit 6

(Cont.)

	Production		Area harvested	Yields		Exports		Major Destinations	Varieties	Production Windows
	Tons	US$ 000s	Ha	Tons/Ha	$/Tonne	Tons	US$ 000s			
Australia	76,300	78,000	3,800	20.08	1,022	10,726	15,191	UAE (36.4%), Singapore (30.7%), New Zealand (16.8%), Hong Kong (7.8%)	Cantaloupe HoneyDew	Australia can grow melon year round; however, production is weak and limited in October and November [25]
Egypt	1,076,770	163,000	41,484	26.0	151.4	1,907	5,944	Kuwait, UAE, Saudi Arabia	Galia, Cantaloupe	May- Sept.[26]
Morocco	567,301	320,000	21,898	25.9	564.1	55,081	55,414	France (85.3%) Spain (6.1%) Portugal (3.1%)	Charantais, Galia	March-June[27]
South Africa	23,688	11,000	1,900	12.5	464.4	877	1,953	Mauritius (29.1%), Zimbabwe (12.7%), Mozambique (10.3%), Zambia (5.7%)	HoneyDew, Cantaloupe[28]	Jan.-May[29]

[25] Australian Melon Association. "Melon Industry Profile" http://www.melonsaustralia.org.au/0f3113590c8c31d9730497ec184c8d31/MT09049%202p%20PROFILES, accessed July 2012._Melon.pdf

[26] FreshPlaza. "Egipto: la oferta de melones y sandías de EGCT". http://www.freshplaza.es/news_detail.asp?id=4619, accessed July 2012.

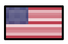
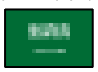
[27] HorticulturaBlog. "Comercio del melón: notas de actualidad del mercado europeo" http://www.horticulturablog.com/2011/05/comercio-de-melon.html, accessed July 2012.

[28] Department of Agriculture, Forestry and Fisheries, Republic of South Africa. "Production Guidelines for Muskmelon". http://www.daff.gov.za/docs/Brochures/PG_muskmelon.pdf, accessed July 2012.

[29] Corporación Colombiana Internacional. "Oportunidades para exportar a Francia".

Exhibit 7

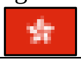
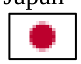
Market Access Conditions

ESTINATION	TRIP FROM HONDURAS (DAYS)[30]	ACCESS REQUIREMENTS	TARIFFS
United States[31] (Miami) 	3	Facilities record Advanced notice Record setting and maintenance Brand name record Payment of tariffs and compliance with import quotas	Under the free trade agreement between the U.S. and Central America and the Dominican Republic (DR-CAFTA) no tariff was levied and no import quota restrictions existed for melons.
Europe[32] 	17-19	Commercial invoice Transportation papers Packing list Customs value declaration Transportation insurance Single management document (SMD) Payment of tariffs	No tariff levied on Honduran melon. Honduras belongs to the General Preference System (SGP+) favouring less-developed countries.
Saudi Arabia[33],[34] 	27	Commercial invoice Origin certificate Insurance Packing list Phytosanitary certificate	Customs duties on imports equal 5% ad valorem. There are some exceptions, but they are not related to fruit and vegetables.

[30] Data provided by Agropecuaria Montelíbano
[31] Instituto Centroamericano de Cooperación para la Agricultura. "Guía práctica para la exportación a EEUU. Melón". http://www.bio-nica.info/biblioteca/IICA2006Melon.pdf, accessed July 2012
[32] Programa de Desarrollo Económico Sostenible Para Centroamérica. "Ficha N°30/UE: Melón". https://www.cohep.com/P_Comercial/30-Melon.pdf, accessed July 2012
[33] Importers, agents and representatives must be Saudi Arabian nationals; their activities and agency contracts must be recorded with the Ministry of Commerce.
[34] ProChile. "Guía de Negocios: Arabia Saudita". http://www.chile-dubai.com/Chile_upload/Guia%20de%20Negocios_Saudi%20Arabia.pdf, accessed July 2012

Exhibit 7

(Cont.)

DESTINATION	TRIP FROM HONDURAS (DAYS)[35]	ACCESS REQUIREMENTS	TARIFFS
Hong Kong[36] 	28	Only import and export licenses and certificates of origin are required for exports and imports of goods subject to quantitative restrictions.	No import tariffs applied, except for very qualified goods such as alcohol, tobacco, oil and weapons
UAE (Dubai) 	32	Health certificate Certificate of halal slaughter (for meat products.) Entrance invoice or airfreight ticket Packing list. Country of origin certificate.	Particularly in their food sector, UAE impose a 5% tariff on all processed foodstuffs from countries outside the Gulf Cooperation Council (GCC.) However, bulk agricultural goods and semi-processed foodstuffs are duty-free.
Singapore[37] 	35	Custom imports permit (for merchandise under tariff) /import license(for those exempt)[38] Bill of lading List of packages Commercial invoice Origin and phytosanitary certificate (optional)	Tariff currently applies only to six specific items (various alcoholic beverages.) Besides this, all beverages containing alcohol as well as tobacco, petroleum products and motor vehicles are subject to excise duties calculated on the CIF price of imported goods.
Japan[39] 	-	Commercial invoice Packing list Bill of lading/air waybill Import declaration form Origin certificate (in case of tariff preferences)	Japan's Tariff Preference System guarantees payment of lower tariffs or total exemption for imports from developing countries

[35] Data provided by Agropecuaria Montelíbano

[36] ADEX. "Hong Kong: Condiciones de acceso". http://www.adexdatatrade.com/docinterno/Hong%20Kong%20_%20condiciones%20de%20acceso.pdf, accessed August 2012.

[37] Oficina Económica y Comercial de España. Singapur: Aspectos Técnicos, Financieros y Jurídicos. http://www.oficinascomerciales.es/icex/cma/contentTypes/common/records/mostrarDocumento/?doc=4058262, accessed August 2012.

[38] Traders who wish to apply for permits must register with the Singapore Customs Department and obtain a user ID;, this procedure is done virtually.

[39] ADEX. "Japón: Condiciones de acceso". http://www.adexdatatrade.com/docinterno/Japon_Condiciones%20de%20Acceso.pdf, accessed August 2012.

Exhibit 8

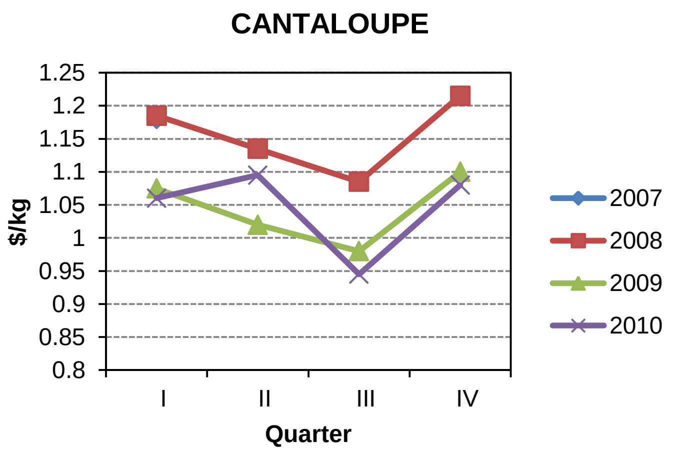
Estimated Per Capita Melon Consumption

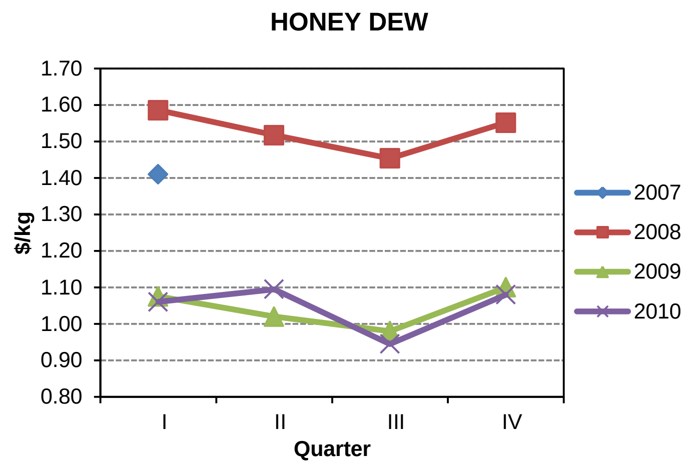
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
United States	6.3	6.2	6.3	6.1	5.6	5.4	5.3	5.5	5.0	5.1	4.8
France	6.3	6.4	5.8	6.2	6.2	6.4	6.3	5.3	6.1	6.4	6.4
Netherlands	2.0	3.3	1.9	3.2	2.5	3.2	4.0	5.5	3.4	4.0	4.2
Spain	18.0	15.7	20.3	17.0	17.8	18.0	17.9	20.3	17.1	15.5	13.4
United Kingdom	2.2	2.2	2.5	2.6	2.6	2.5	2.7	2.8	2.5	2.2	2.2
European Union	4.8	4.6	4.8	5.0	5.0	5.2	5.2	5.4	5.2	5.0	4.9
Hong Kong	2.6	2.4	2.3	2.0	2.0	2.6	1.4	1.3	1.2	1.3	1.3
Japan	2.8	2.7	2.5	2.4	2.3	2.2	2.0	1.9	1.9	1.8	1.7
Saudi Arabia	5.4	10.3	10.6	11.0	12.0	10.9	9.2	8.5	9.2	7.9	7.1
Singapore	3.1	3.3	3.6	3.3	3.3	3.4	3.4	2.8	2.5	2.7	2.6
UAE	n.a.	5.4	5.7	3.9	3.9	4.1	3.4	4.2	3.4	3.8	2.9
Asia	3.6	4.7	4.9	4.7	4.6	4.9	5.0	5.1	5.5	4.5	4.5

Exhibit 9

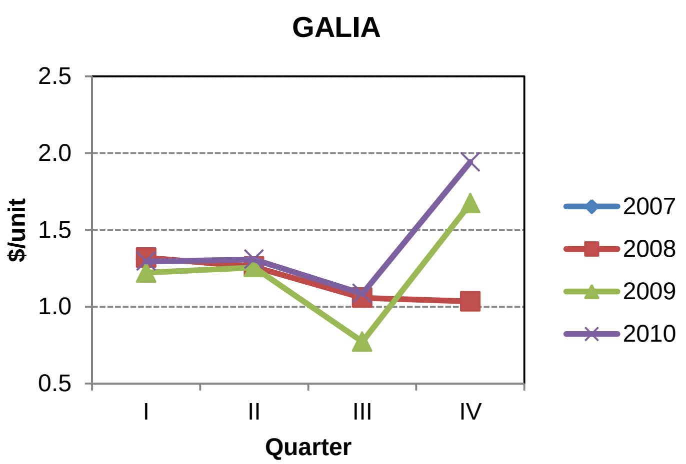
Melon Prices

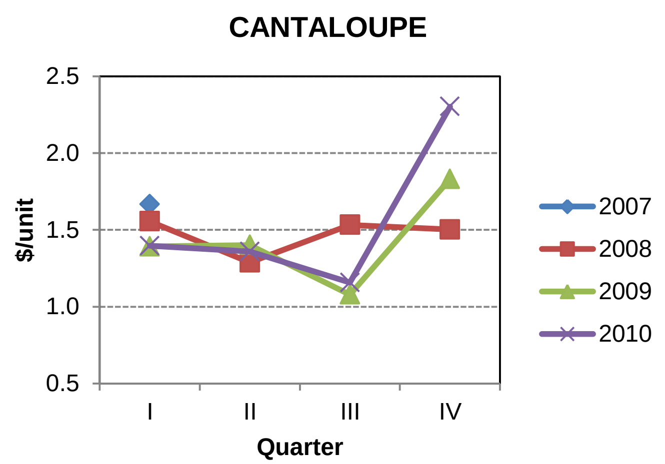
United States: Announced Average Quarterly Melon Price -- Retail 2007-2010[40]





Europe: Quarterly Average Price - Free On Truck Melon[41] **2007-2010**





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[40] Source: USDA
[41] Source: FreshPlaza PriceWatch

Agropecuaria Montelíbano

Teaching Note

Statement of Relevance

In late 2010, Miguel Molina Jr., CEO of Agrolibano Group and its Division Agropecuaria Montelibano, analyzed what should be the strategy of the company for the next five years.

Agropecuaria Montelibano was a Honduran company founded by Miguel Molina Senior in the early 70's, and was dedicated to growing, packing and sales of melons for customers and markets with differentiated needs, under the brand Mike's Melons. The fruit was commercialized primarily in the United States; however, after a problem with the Food and Drug Agency (FDA) in 2008 it was clear that it was necessary to strengthen the diversification of markets. Although the company already exported to Europe for many years, decided to further emphasize that market.

Among other things, Molina Jr. was wondering if the target markets still offer room for growth or whether it should start the search for new destinations. Furthermore, it was evident that some of its major customers were seeking for an offer of melons that covers all months of the year; however, the seasonality of the crop only allowed exports from December to May.

Target Market Statement

The case is in-depth and complex and is suited for use with advanced MBA and EMBA students, as well as practitioners. Depending on the instructor’s needs, different aspects of the case can be highlighted and it can be used in a course/module focusing on business strategy.

Teaching Objectives

1. To learn about differentiation strategies and building brands for value added agribusiness firms from emerging markets

2. To learn about globalization strategies in the food industry, including new markets ventures and growth management issues during geographical expansion processes

Teaching Strategy Statement

The instructor should highlight the issue about which markets should be emphasized by Agropecuaria Montelibano and with what strategy. The discussion should be guided in order to determine what has been the positioning of the company and what should be in the future.

To do it, it is crucial to analyze industry trends at the global, regional and country level. Focus in areas such as industry growth, size and industry structural changes. It is recommended to encourage discussion through a comparison chart like the one shown below

Characteristics of Honduras melon Markets

1Region/Country	per capita consumption (kg)	Imports (Million Ton)	Imports (US$ million)	Prices (US$/kg)	Tansport days from Honduras	Import requirements	Quality standars	Fruit size
USA	4,9	0,62		Cantaloupe-Honeydew: 1,05 (low); 1,46 (high)	3	Facilities, brand name,setting & maintenance record records, advance notice, payment of tariffs and import quotas	Rigorous phytosanitary and health requirements. Demanding market in terms of quality and product appearance	Larger
1EUROPE	5	0,87	881,1	Cantaloupe: 1,56 Galia: 1,59	17-19	Commercial invoice, transportation papers, packing list, customs value declaration, transportation insurance, single management document (SMD), payment of tariffs		Smaller
Spain	13,4		53,9					
France	6,4		169,2					
Italy								
The Netherlands			154,1					
UK			139,5					
Germany			119,2					
Other			245,2					

Characteristics of Honduras melon Markets (Cont.)

Region/ Country	per capita consumption (kg)	Imports (Million Ton)	Imports (US$ million)	Prices (US$/kg)	Tansport days from Honduras	Import requirements	Quality standars	Fruit size
ASIA	4,5	12		0,77				
Hong Kong	1,3	0,93			28	Import/export licenses, certificates of origin and quantitative restrictions	Rigorous phytonsanitary and health requirements. Demanding market in terms of quality and product appearance	
Singapore	2,6	1,4			35	Custom imports permit (for merchandise under tariff) /import license(for those exempt), bill of lading, list of packages, commercial invoice, and origin and phytosanitary certificate (optional)		
Japan	1,7	2,9				Commercial invoice Packing list Bill of lading/air waybill, import declaration form, origin certificate (in case of tariff preferences)		
China							Product quality not appreciated and little concern for fruit safety	
UEA Dubai	2,9	1,3			32	Health certificate Certificate of halal slaughter (for meat products.) Entrance invoice or airfreight ticket, packing list and country of origin certificate		

In addition, it is essential that the instructor leads a detailed analysis of the possibilities that Montelibano had to offer to their customers melons all months of the year. This should include the discussion of establishing an operation in Brazil or Africa to better serve Europe and other markets (exporting all year round).

Activity Statement

- What are the key decisions facing CEO Miguel Molina Jr. and his crew?
- Where does Agropecuaria Montelibano compete? How does Agropecuaria Montelibano compete?
- What are the strengths and weaknesses of Agropecuaria Montelibano?
- What is the message to consumers that underlies Mike's Melons brand?
- Should Montelibano develop new markets? If yes, why? What markets?
- What are the possibilities of Montelibano to produce melons all months of the year? What are the options that Montelibano has to serve customers all year round?

Research Statement

The case is based on primary research with the company, including interviews with Molina family—owners of Agrolibano Group— and the senior management. It is also based on secondary research on relevant industry trends and characteristics.

The case includes the company history, a description of the competitive landscape and market information.

Conclusions

The case could be used to illustrate differentiation strategies in commodity markets during the geographical expansion process of a company. Also this case is going to be useful to generate ideas and conclusions about proper manners to introduce a brand from an emerging economy to a develop economy.