

MARKESTRAT

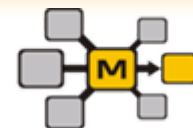
Analyzing some relationships between the segments of the pork chain in Brazil

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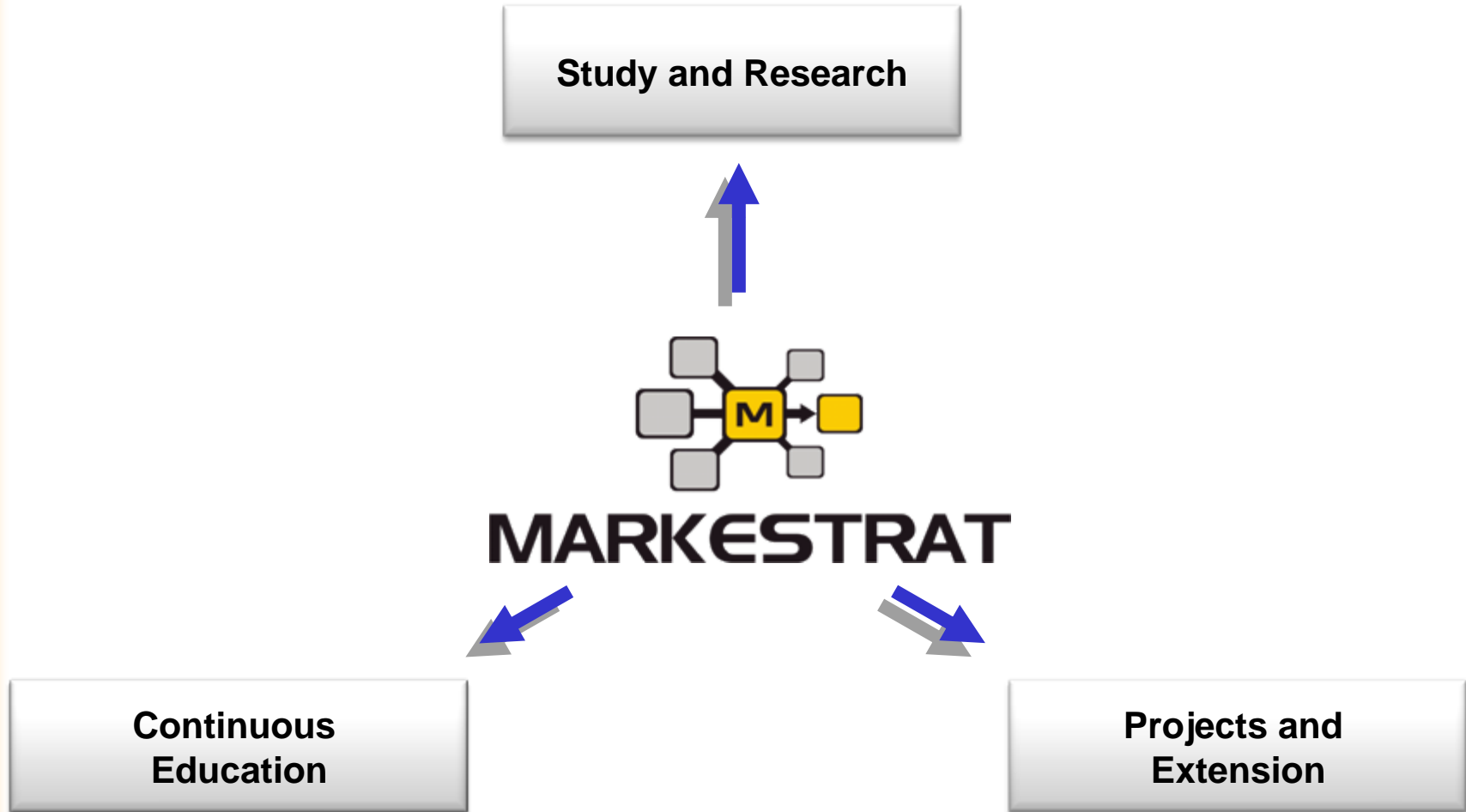
Value Generation

Markestrat

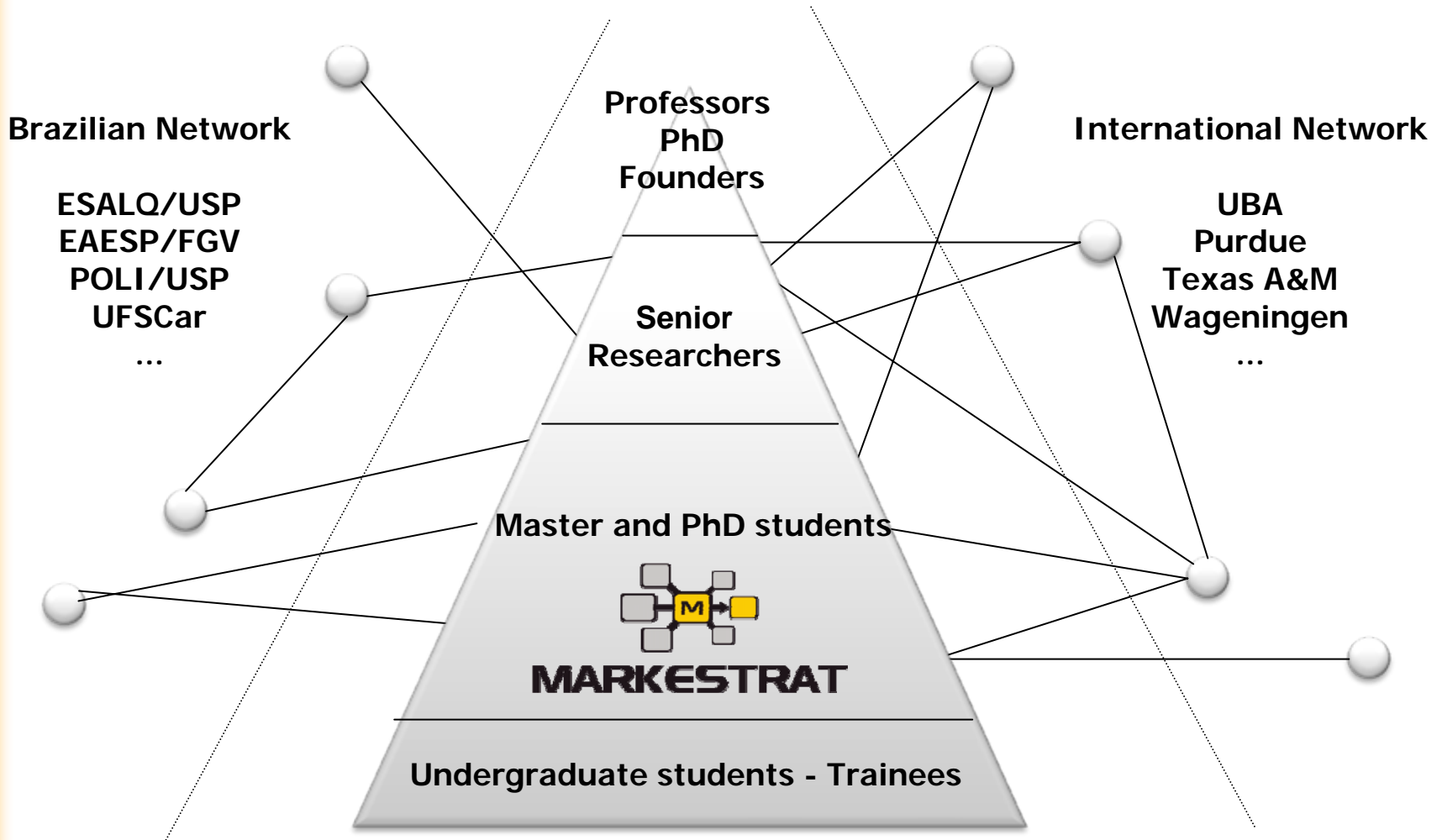


- Organization founded in 2004 by PhDs and MsCs in Business Administration, Agronomy and Economy.
- Focus on Marketing and Strategy mostly applied on Agribusiness.
- MARKESTRAT is committed to develop customized projects for clients in its competence areas, demanding therefore a deep understanding of clients' needs and opportunities.
- We believe a project will be more successful if the contracting organization is able to acquire the needed competences to implement further new routines and tools.
- Therefore, several training and education programs are offered, along with consulting projects.
- MARKESTRAT also works strongly based on relationship networks with the further enlargement of competences towards offering a wide range of products and solutions on management and strategy

Scope



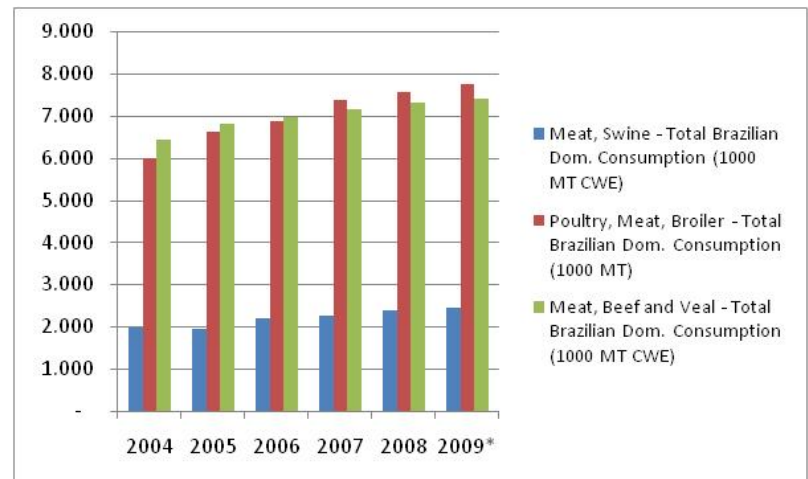
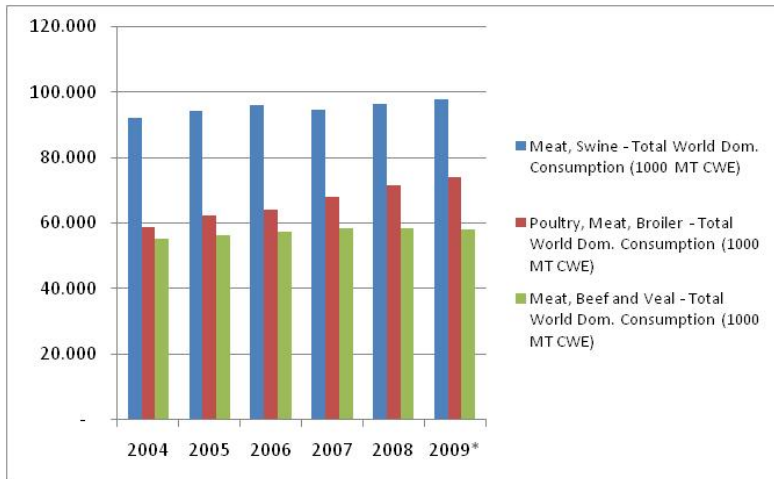
Competencies Network



The pork meat market in Brazil

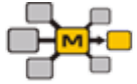
	Year				
	2004	2005	2006	2007	2008
Total swine production (1000 MT)	2,620	2,708	2,943	2,998	3,029
Industrial production	2,101	2,269	2,531	2,644	2,686
Subsistence production	519	439	412	354	342
Industrial herd (Thousand heads)	1,374	1,406	1,471	1,476	1,526
Subsistence herd (Thousand heads)	975	937	917	887	865
Slaughter - SIF (Million heads)	20.6	22.4	23.4	24.3	25.8
Slaughter - Others certifications (Million heads)	9.6	9.1	10.3	10.1	9.7
Consumption - Brazil - per capita (kg)	11.89	11.59	13.28	13.01	13.44
Exports (MT)	510	625	528	607	529
Exports revenues (US\$ millions)	777	1,168	1,037	1,231	1,492

The pork meat market in Brazil

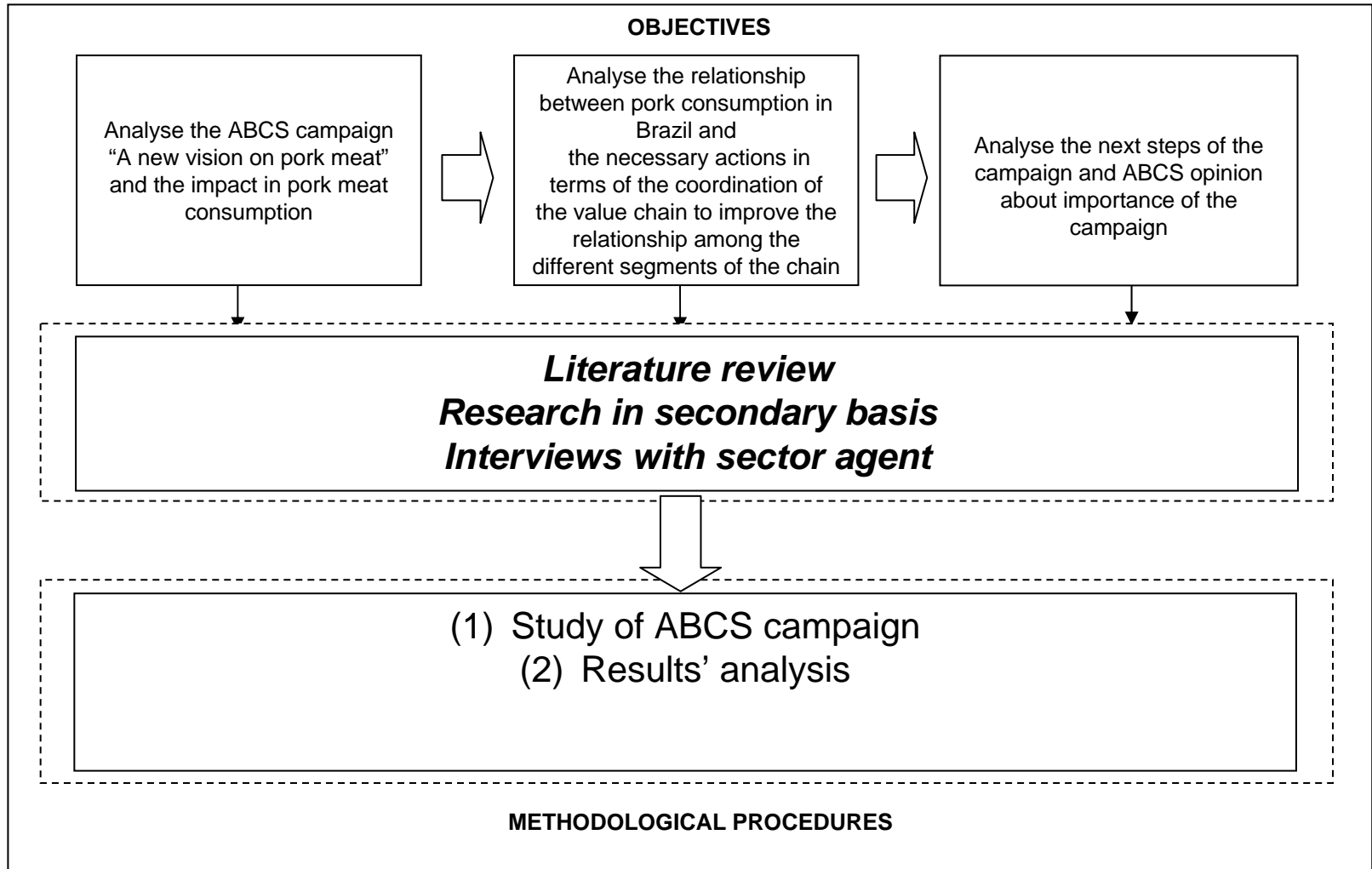


- Brazilian consumption of pork *in natura* is low due to:
 - Prejudice in relation to the impact on consumer health;
 - Not practical cuts;
 - Big cuts;
 - Inadequate presentation at the point of sales;
 - Perception of high price;

Methods



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Value Generation

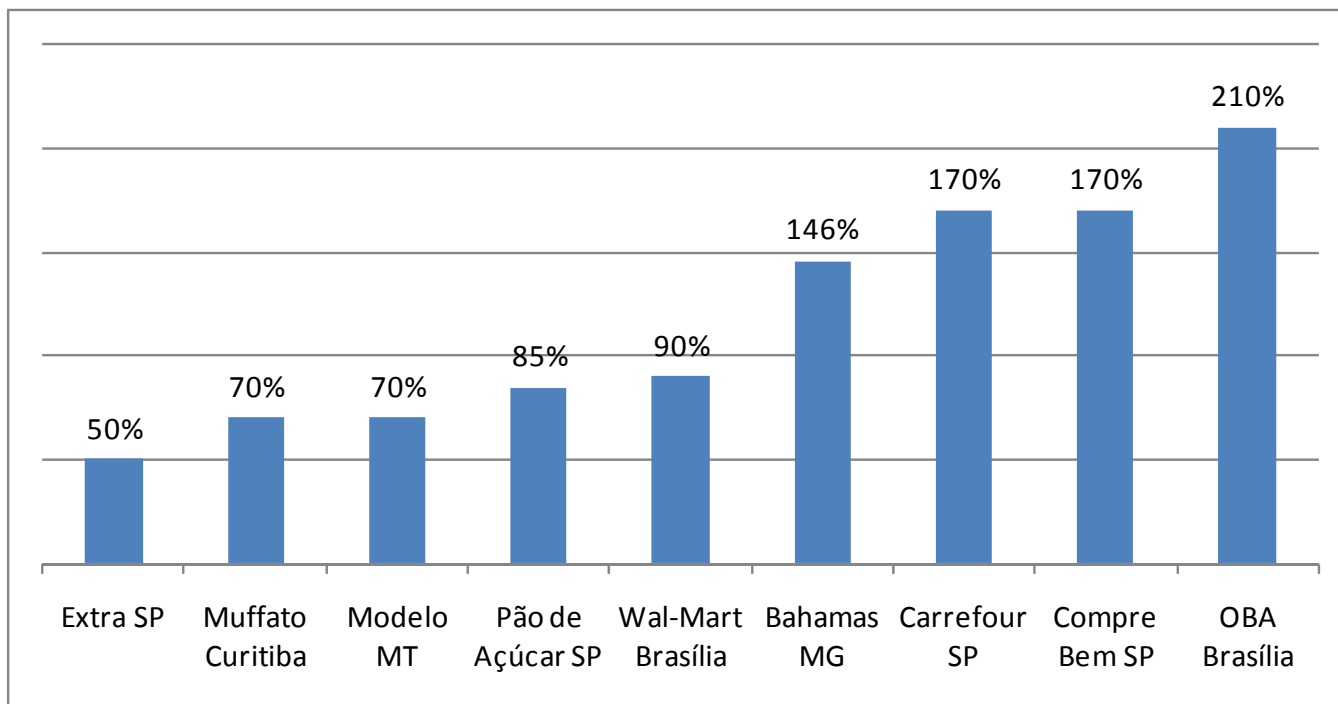


A new vision on pork meat

- Stimulate the consumption of *in natura* pork meat
- Structure of ABCS national marketing campaign for pork meat; two parts:
 - (1) Preparation of the productive chain
 - *Pork meat and health*
 - *Pork meat price*
 - *Use of the carcass*
 - *Industrial cuts*
 - *Special cuts*
 - (2) Insertion of the proposal in popular media



Increase of sales in the stores that participated in the campaign



WAL★MART®

 **Grupo Pão de Açúcar**

MODELO

 **Carrefour**

SUPER Muffato



Next steps of the campaign

- Research conducted by Francisco Rojo Food Marketing (FRMA) in 2008 identify:
 - Necessity of more information about the benefits of pork
 - Divulging and clarifying about the diseases and the actual quality of the meat
 - Work with packs that guarantee the quality of the meat
 - Work with the sales price
 - Generate actions like trying and informing at the point of sale
- Based on the results:
 - New project
 - Increase consumption of pork from 13 kg to 15 kg per capita/year

The opinion of ABCS

- What is the importance of other associations related to the swine sector and which is their participation on the campaign?
 - Their importance is linked to the institutional side of the campaign
 - Created a document to incentive pork consumption in Brazil
 - It involved
 - ABCS
 - APAS (Association of Supermarkets of the State of São Paulo)
 - ABAD (Brazilian Association of Wholesalers and Distributors)
 - ABRAS (Brazilian Association of Supermarkets)
- Was the campaign realized at national level by chains like Pão de Açúcar, Wal-Mart and Carrefour?
 - Yes (e.g. Pão de Açúcar)
 - In two years of campaign the sales of pork doubled in the chain
 - Two new positions were created at the chain
 - Pork meat buyer
 - National Manager of Pork Development

The opinion of ABCS

- Why the other segments of the chain, closer to the consumer, and the big slaughterhouses, didn't get involved in the campaign? Do they have an interest in this new phase?
 - Due to problems of logistics
 - Plants far from the big centers of consumption
- What is your expectation about the new phase of the project?
 - 12 thousand new direct employments
 - 60 thousand indirect throughout the chain
 - Increase of 200 thousand sows
 - US\$ 500 millions of investment at the granges

Conclusions

- The importance of the consumer consciousness
- The importance of change the way of presenting and offering pork meat to the consumers
- A bigger integration among the participants of the chain, led by an important national associations, ABCS, to increase 2 kilos of per capita consumption of pork in Brazil