

Bridging the Channel with Market Defining Consumers



A Regional Competitiveness Conference

Meet the purchasing managers of buyers shaping the region. Hear their assessment of how the market is evolving, their strategies and needs. Learn how to introduce producers and make the trade.



**Belgrade, Serbia
November 16, 17 & 18**

Two full days of high intensity investigation of the essentials for doing business with the rapidly growing market forces reshaping your markets and redefining its producers.



An intensely and rapidly changing channel for food and agricultural products is rapidly challenging the prospects of everyone including the largest and most efficient agricultural producers.

Meet the purchasing managers for the largest supermarkets and hotels. Learn directly about:

- ✓ Defining the “needs and wants” of market defining consumers
- ✓ Detailing quality, packaging, and traceability
- ✓ Requirements of a modern supply chain with hotels, catering, and supermarkets
- ✓ Critical mass and continuity of supply as the defining element to be a “preferred supplier”
- ✓ Information systems integration in the realm of inventory management, supply management, fulfillment, and settlement; a frontier for efficiency and market exclusion
- ✓ Hear case studies for “winning producers”
- ✓ Learn effective means to contact and introduce yourself, negotiate, and contract with the buyers

This RCI sponsored conference will inform and facilitate US Agency for International Development staff, contractors, and select producers by introducing them to the purchasing departments of critical buyers. You will hear first hand about the real and substantial needs and opportunities of these rapidly growing retailers. Put to rest issues of “standards” and learn about the strategies and policies, which will ultimately separate little producers from their livelihood or make them “preferred suppliers” with sustainable market shares and margins. The conference should also prepare your producers for the next steps of “trade” and “investment banking” fairs.



Wednesday

6:30 PM to 8:30 PM Reception

Thursday

7:30 AM Registration

8:45 AM Kick Off

9:00 Understanding the Needs and Opportunities of the Market (PM **Vero Supermarkets**)

10:00 Defining Food Standards and Quality (PM **Hyatt**)

11:45 Requirements of a Modern Supply Chain; the Value Proposition of a Supermarket, (**Metro**)

1:00 Defining Food Standards and Quality; Supermarkets (**Selgros**)

1:25 Defining Food Standards and Quality; Supermarkets (**Fantastico**)

2:10 Requirements of a Modern Supply Chain; the Value Proposition of a Catering Company & Producer Links to It (**Liberty Foods**)

3:15 Defining Food Quality and Marketing Standards; Meat Packing (**Tandem Foods**)

4:00 Q&A with Panelists

5:00 Closing Remarks

5:30 Cocktails and Product Fair

Friday

7:30 Open Coffee Bar

8:45 Understanding Information Management, Fulfillment, and Settlements of a Changing Foods System (**Billa**)

9:30 Critical Mass & Continuity of Supply (**Kaufland Foods**)

10:00 Critical Mass & Continuity of Supply (**Eranza**)

11:00 Selecting & Managing Local Producers (**SC Mondo Fruit SRL**)

1:00 Contracting w/ a Market Defining Consumer (Metro, Romania)

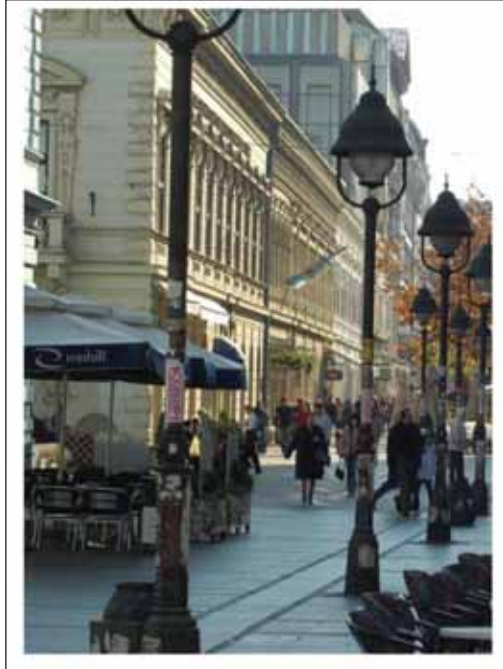
1:20 Contracting w/ a Market Defining Consumer (**Billa**, Bulgaria)

2:00 Contracting w/ a Market Defining Consumer (**Erannza**)

2:30 Contracting w/ a Market Defining Consumer (Hyatt Hotel, Serbia)

3:10 Q&A w/ Panelists

4:10 Closing Remarks



Market Needs and Opportunities

You will learn that purchasing managers are almost daily plagued with an incongruous supply of many products, which threaten their sensibility and profitability. The need for reforms of production, harvest, storage, and marketing methods is urgent. Not everyone will benefit from either these needs, opportunities, or changes, but early adopters who are consumer / buyer focused do have the opportunity to be recognized

as preferred suppliers and join the ranks of what may be fewer than 5 or 10 surviving suppliers per category. Most of the buyers have a staff of only two or three individuals for entire departments covering entire countries or regions. Most of them also constantly face profound variances in product availability and quality. Producers who invest in production infrastructure and facilities meeting these needs will be few in number and obtain exclusive market access, replacing the balance of rural production agriculture.

Defining Standards; Quality, Packaging, and Traceability

For all the discussion about meeting European Standards, this relatively low threshold is already inconsequential relative to the buying details of the major market defining consumers. Quality standards, far above government health standards, include details for genetics, treatments and medications, diets, texture, color, age, processing, and storage. Details of package size, labeling, materials, containerization, and identification are now very specific and extensive expectations. And increasingly, standards are being expanded to incorporate absolute traceability of production, warehousing, and logistical history and status. Prevailing producers will necessarily rise far above the minimal standards of government regulation to maintain market access.

Hyatt Hotels: one of America's premier hotel chains – defines quality in international travel and event accommodation worldwide. Mr. Ismet Gegic, PM for Belgrade, Serbia is tasked to acquire the daily resources to prepare some 3,000 daily meals. Mr. Gegic tells a story of challenges created by unpredictable convention sales and daily staff dispatch scouring importers, wholesalers, groceries, and green markets for quality material. This is especially lively where quality is the firm's hallmark.

Veropolous: with 253 retail groceries in Greece, 4 in Serbia, and 8 in Macedonia, Vero is a major force in developing the former Yugoslavia marketplace. Mr. Kostas Gerogiorgakis, PM for Serbia, details early Vero's entry to Serbia, strategy for market share and retail distribution control. Kostas offers colorful detail of the market history and influences created by politics, privatization, and everyone's effort to establish influence in a volatile market not yet having established continuity of its off season supplies.

Moderns Supply Chains; Power, Strategies, and Perspectives

By definition, a "market defining consumer" is a powerful entity. The hypermarket, supermarkets, and major hotel chains developing this regional market at the rate of 50 stores per year are not just vying for the market, they are conquering it. Understanding the power and strategy of Channel Management is essential to survival. These big retailers are charging for the privilege to sell "through" them. Producers are paying for shelf space, subsidizing or underwriting promotional costs, and then commissioning sales. In other words, the retailers aren't just players in the supply channel; these imperialists are defining and controlling it. Learn to participate with them.



Marketing Standards for Products

The region is without an adequate "value proposition". Producers are focused on "what they have done or want to do" as opposed to "what the market wants & what differences can be integrated to define themselves." For example, the region lacks valuable cuts of meat, most especially quality beef loins. More specifically the market lacks "grain fed Scottish breed beef loins". Part of this is because in the early stages of privatization, no one told producers to plant corn. Briefly the market was without grain resulting in a near complete slaughter of the production stock, because historically production was defined by central dictation rather than consumer demand. Producers don't understand what makes a quality product or the necessity to be responsive to consumers' interest in it.

Metro: This German firm was one of the first major new players in the region. Metro Cash & Carry was a “store for stores”. Its membership fees and minimum checkout transactions make it unique in a very competitive distribution market. Metro’s competitors feel that its one time monopoly of these developing markets has tainted its competitiveness, but this giant is not sleeping. Metro has expanded its product lines and continues, like the others, expanding stores at a dizzying pace. Mr. XXXX tells a story of producers without boxes for product, difficulties in contact, failure in delivery, and supplier absences from the marketplace.

Selgros: This German firm operates on the principal of “if it’s a quality product, the market will come and take it.” Selgros pays modest premiums over the market to obtain the highest quality obtainable in the marketplace. XXXXX, PM, Romania, tells a story of preferred supplier relationship and commitment.

Eranza: This small Macedonian retailers ticks off a strategy of competing between the Galieths. Mr. Rauf Ramadani, owner, presents his view of the Balkans as a changing marketplace.

Information Management

Supermarkets recently held a major conference in Sofia, Bulgaria to discuss the universal adoption of the European system for data integration between food retailers and their suppliers. Historically, production efficiency alone defined competitiveness. Now complying with the necessary collection and sharing of data will be a critical factor in determining not only competitiveness, but “market access”.

Critical Mass & Continuity of Supply

The most common complaint of buyers is that producers come and go from the market in accordance with their own agenda. Buyers look for suppliers who are always in the market with product for sale, not seasonal producers. The relatively small staff of buyers makes “a short list of preferred suppliers” both essential and universally adopted. You can’t be competitive if you aren’t on this list. So aggregated producers with a single identity willing to solve issues of supply continuity and critical mass with efficient means of storage and alternative production sourcing (buying in production they don’t have) is a major competitive value proposition.

Introducing yourself, negotiating, and contracting

In a universe of elephantine retailers controlling the supply channel, just getting someone to answer your call can be problematic. Here the buyers will lay out specifically how to get your product offering considered. Purchasing managers will detail how to make the call, make your presentation, and what to expect in the negotiation and contracting of your sale.

Q&A Sessions:

The question and answer forums will present you with an opportunity to put your questions directly to the purchasing managers. These panels present a unique opportunity for you to personalize the responses and guidance for your situations and markets.

Product Presentation:

A limited number of producers will present their products in a “mock trade show” late Thursday. The purpose is more to train producers “how to” present themselves, and the opportunity should be a hands on case study environment for turning market development into an effective executable.

Liberty Foods: These Belgians produce and cater 16,000 daily meals for a very diverse market. This firm's offerings range from an institutional market with a \$1.20 (USD) per person three meal a day budget to the demanding standards of the US Embassy and Hilton Hotels. Mr. Vincent Rombaut, CEO, presents a rich story of efficiency as his staff effectively deals with the daily challenges of fulfilling their dietary and consumer taste requirements.

Billa: This German / Austrian giant, like their cousins, are opening stores at a swift pace. Billa is part of the REWE group and operates under a number of brand flags and market strategies. We caught up with Mr. XXXXXX, PM fresh markets. He tells a story of the essentials for dealing with a major retailer with the multicolored detail of a person of requirement in a fast paced world of procurement.

Kaufland: This German giant has 450 stores back home and is pouring concrete for another 50 in Romania in the next 18 months. If conquest is questionable, it isn't here. XXXXXX tells a story of procuring leverage from Poland and Hungary to leverage local markets.

Next Steps; Trade and Investment Banking Fairs

This conference should prepare your development staff to attract new commerce, participate in trade forums, and attract finance and investment. The emphasis on practical applications of market challenges created by the dynamics of retail distribution will assist you in advancing your own producer strategies and offerings.

Critical elements of this training are creating a "consumer" mindset with the producers, assisting their development of a "value proposition" which is consumer focused, and developing an appreciation for cost accounting and the role and requirements of key players in the distribution channel. Development staff should find this quite useful in getting themselves and their clients focused and ready to do business with the strong and growing buyers of the present and future marketplace.

The anticipated follow up sessions of regional trade and investment fairs would expand your market accessibility, which can only be achieved from a regional perspective. Critically, you will find it easier to execute from this stage and in the continuing forums, because of the preparation training. And the essential focus and preparedness will improve your development performance efficiency.



SC Mondo Fruit: Mr. Valentin Bardu, is a respected domestic producer and importer of fruits and vegetables. His production operations necessitate the management of large numbers of local people to assist in the production and harvest process for some of the most perishable commodities.

Tandem: Mr. XXXXX, CEO, is a very progressive owner / operator of a livestock slaughter and packaged meats producer in Bulgaria. Tandem has a wide array of meat specialties and cuts which he supplies to a diverse market ranging from restaurants and hotels to the major Supermarkets. Mr. XXXX tells a vivid story of the critical steps of becoming a supplier of choice and producing and supplying value added products.

Conference Venue:

Wednesday November 16, 2005: Evening Reception
Thursday: Continuity & Quality; Supply Chain Requirements
Friday: Contact, Presentation, and Closing a Supply Agreement

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Note: The attendance will be limited to 100.

REGIONAL COMPETITIVENESS INITIATIVE



