

PART 4

Analysis





Analysis

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This book describes eight cases – three each from Asia and Africa, and two from Latin America – where people in marginal areas produced specialty products from local breeds and minor species (Bactrian camels, dromedaries, goats and sheep). The raw products include wool, cashmere, meat, hides and milk.

This analysis draws on the cases and intensive discussions with the authors and other writeshop participants. For convenience we refer to each case by its country and animal species (e.g., India sheep), and occasionally to the product (e.g., wool).

SITUATION BEFORE THE NICHE MARKETING INITIATIVE

Table 5 summarizes the locations, breeds and production systems in the eight cases. The cases represent a range of production systems, from sedentary (South Africa), through transhumant (Kyrgyzstan and Argentina goats), to nomadic pastoralist (Somalia, Mongolia, Mauritania). In all cases the animals are kept under extensive management and with few external inputs.

In all eight cases, the livestock keepers raised their animals mainly or partly for subsistence: they or their family and neighbours consumed much of the meat and milk produced by the animals, and they wove the wool into various handicrafts and garments for home use. Most also produced an unprocessed, low-value product (unsorted, unwashed fleeces, hides, live animals, milk) for sale. These items competed with similar, often superior products from other breeds (white Merino wool) or locations (cashmere from China, imported milk from Europe). None of the livestock-keeping groups had tried to exploit the specific characteristics of their breeds commercially. For this and other reasons, many of the breeds were in decline.

















Many of the animals were multi-purpose: they also produced various other products and services – milk, tillage, dung and transport. In several cases, the animals in question were not the main source of income or livelihood for the livestock keepers. The Linca sheep breeders in Argentina, for example, also keep larger flocks of Merino sheep; Somali herders keep cattle and other species besides their camels; and farmers in South Africa grow crops and raise other livestock apart from goats.

ENTERING NICHE MARKETS

Product first, or market first?

In business ventures, it is common to identify a market opportunity first, then develop the products to supply it. This was the approach used by Tiviski in Mauritania. It first identified a promising market – camel milk consumers in Nouakchott – and then established a value chain to serve this market. This involved building infrastructure, identifying milk suppliers, and creating the links between them.

TABLE 5
Summary of cases: locations, breeds, production systems and products

Country	Species	Breed	Product	Production system	Previous products and services
India	Sheep 	Deccani	Wool 	Mixed	Fleeces, yarn, blankets, live animals, milk, dung, tillage
Kyrgyzstan	Goat 	<i>Jaidari</i> (= local)	Cashmere 	Transhumant	Shorn unsorted fleeces, live animals
Mongolia	Bactrian camel 	Nutgiin Mongol	Wool 	Pastoralist	Raw wool, handicrafts for own use, milk, transport
Argentina	Sheep 	Linca	Wool 	Sedentary	Bulk wool, handicrafts for own use
South Africa	Goat 	Local	Meat, hides 	Sedentary	Live animals, meat for own use
Argentina	Goat 	Criollo	Meat 	Transhumant	Live animals, meat, hides
Mauritania	Dromedary 	?	Milk 	Pastoralist	Milk for own use
Somalia	Dromedary 	Bari, Guban, Hawd	Milk 	Pastoralist	Milk for own use, transport

In development projects, however, it is usual to start off with a group of disadvantaged people (for example, poor farmers in a particular area) and try to find ways to help them improve their livelihoods. This often involves seeking markets for a product that they already happen to produce. This approach was indeed used in most of the cases in this book. For example, in Kyrgyzstan, the project is creating linkages with buyers for cashmere; in Mongolia, the project seeks marketing channels for camel wool; and in South Africa, Umzimvubu Goats buys animals from farmers who already raise them. This is likely to be the approach used by most initiatives to conserve local breeds through niche marketing.









Target markets

Seven of the eight cases describe a complete value chain, all the way from the producer who raises the animal, to the consumer who eats, drinks, wears, carries, knits or sits on the final product. One case, that of goats in Kyrgyzstan, describes an intermediate product, combed cashmere, which is further processed to produce the final product (garments) sold to consumers.

What markets are these products aimed at? Six of the cases serve genuinely niche markets: environment-conscious consumers, tourists, fashion houses, hobbyists, and barbecue party hosts. Three target export markets (India sheep wool, Kyrgyzstan cashmere, Mongolia camel wool); the remainder target markets in urban centres or visitors to the area. None focuses primarily on local rural consumers.



TABLE 6
Product/market matrix for eight cases

Market	Product	
	Existing	New
Existing	Market penetration <ul style="list-style-type: none"> Argentina: goat meat 	Product development
New	Market development <ul style="list-style-type: none"> Kyrgyzstan: goat cashmere  <ul style="list-style-type: none"> Mongolia: Bactrian camel wool  <ul style="list-style-type: none"> Argentina: sheep wool  <ul style="list-style-type: none"> Somalia: dromedary milk 	Diversification <ul style="list-style-type: none"> India: sheep wool  <ul style="list-style-type: none"> South Africa: goat meat and handicrafts  <ul style="list-style-type: none"> Mauritania: dromedary milk 

Increasing risk

One case serves more of a mass market: the camel milk in Somalia is sold to urban residents.

In the final case, the Tiviski dairy in Mauritania illustrates a combination of niche and mass-marketing strategies. It started out by serving a niche market – northerners in the city of Nouakchott who prefer camel to cow milk. But the dairy has experienced difficulties in getting reliable supplies of camel milk, so expanded into cow and goat milk. It sells to middle-class urban consumers and competes with other locally produced milk products as well as imported powdered and reconstituted milk. Tiviski has also developed a truly niche product, camel cheese, but efforts to market this have so far fallen foul of regulatory barriers.

MARKETING STRATEGIES

Enterprises can consider four alternative marketing strategies (Table 6). This table is known as the Ansoff matrix after the business specialist who developed it.

Market penetration

An enterprise can try to increase its sales of **existing products** in **existing markets** (those it already serves) – for example, by better marketing, advertising, repackaging, or cutting prices. This approach is called “market penetration”. It is generally seen as the safest marketing strategy, as the enterprise is already familiar with both the product and the market.

Only one case (Argentina goats) focused on market penetration. This initiative involved labelling an existing product (goat meat) without any major modifications to the product



itself, and selling it within existing markets. The labelling aimed to differentiate the Criollo meat from competing products, thus enable retailers to charge consumers a higher price, which they could pass on to the processor and producers.

Product development

The enterprise can develop **new products** to serve an **existing market**. For example, a company that already sells jackets to young men can expand its product range to include shirts and trousers. This approach is known as “product development”.

None of the cases report attempting (initially, at least) to develop new products for existing markets. This is surprising, as product development is a reasonably risk-free strategy. Product development did come into play at a later stage in several cases, though (see below).

Market development

Alternatively, the enterprise can sell an **existing product** to a **new market**. For example, the company could expand sales of its jackets to a new region of the country, or could target a different group of consumers. This approach is called “market development”.

Four cases (Kyrgyzstan, Mongolia, Argentina sheep, Somalia) sought new markets for an existing product. The initiatives in Kyrgyzstan and Mongolia targeted new markets in Europe or America, because they thought it would be too difficult to transform existing channels serving Chinese buyers. In order to serve the new markets, it was necessary to improve the quality of the product by introducing new processing techniques.

In the Argentina case, the product (ponchos and other handicrafts) already existed, but were made for home use rather than for sale. The Mercado de la Estepa was able to tap a new market (tourists) for these traditional products.

The Somalia case focused on market development (supplying urban consumers in Boosaso) for an existing product without any modification (camel milk). The product already existed, but producers had no way of selling it. The innovation here was to arrange the chain of milk collection, transport and trade to serve demand in the new market.

Diversification

The final approach is to develop a **new product** for a **new market**. The company that sells jackets to young men could start producing blouses to sell to women. This approach is known as “diversification”. It is the riskiest and most expensive strategy as it requires both developing a new product and stepping into an unknown market.

The three remaining cases (India, South Africa and Mauritania) created entirely new products (bags, sausages, leather goods, pasteurized dairy products) to serve new markets (foreign buyers, supermarkets, urban consumers). In India, demand for coarse, coloured wool from Deccani sheep was declining in the markets that shepherds traditionally supplied. The solution was to develop new products (specially designed bags) for new markets (foreign buyers).

In South Africa, local demand for goats was sporadic, so farmers had little interest in raising more animals. Existing customers would not be interested in other products from the goats, so it was necessary to find new markets. In order to supply these with items they

would buy, it was necessary to create new products (meat, sausages and handicrafts), and establish a processing facility to produce these.

In Mauritania, camel herders had a surplus of milk that they could not sell (because of lack of a buyer) or would not sell (because of cultural barriers). Tiviski's innovation was to identify a potential market for this product in faraway Nouakchott, and to create the facilities needed to bring the milk to the city, process it and deliver it to customers. It is trying to export camel cheese to Europe.

Shifting strategies

Once these enterprises had developed their new products and established themselves in the new markets, they were free to pursue lower-cost, less risky strategies to expand their sales. They have adopted both product-development and market-development strategies. Both Shramik Kala and Umzimvubu Goats are continually expanding their range of bags, rugs and handicrafts, and are seeking new buyers and retail outlets. Tiviski also has expanded its range of dairy products into various types of yoghurt and cheese made from milk from cows and goats as well as camels, and has invested in a UHT plant. It sells dairy products to cities other than Nouakchott, as well as to neighbouring countries.

THE FOUR *Ps* OF MARKETING

For a product to serve a niche market, it has to be differentiated in some way from other, competing products. This can be done in various ways, which we can conveniently classify under the four *Ps* of marketing: **product**, **price**, **place** and **promotion**. Table 7 summarizes the approaches for the eight cases.

Product

We look at two aspects of product: the features of the product itself that differentiate it from other items, and the characteristics of the breed that contribute to these product features.









Special features. To serve a market niche, a product has to have some distinctive quality. In all the cases except Somalia, the enterprises produced such products: attractive handicraft designs (India, South Africa and Argentina wool), unusually fine cashmere (Kyrgyzstan), hypoallergenic wool (Mongolia), distinctive taste (meat from South Africa and Argentina goats), and high quality and long shelf-life (Mauritania).

Breed characteristics. In six cases, the characteristics of the breed or species are key to these product features. In Kyrgyzstan, the goats' fine cashmere, evolved to cope with the harsh winters, is the most valuable part of the fleece. The coloured wool of the Indian Deccani and Argentine Linca sheep enables artisans to make handicrafts with distinctive designs. The softness and attractive natural colours are major features of Mongolian camel yarn. The multicoloured hides of the South African goats allow Umzimvubu Goats to make a range of attractive leather handicrafts. And the taste of Criollo goat meat – a result of the combination of breed and environment – is one of the bases of marketing Neuquén Criollo kid meat in Argentina.

In a seventh case, Mauritania, efforts to market a niche product (camel-milk cheese) have so far failed because of the lack of local demand and European import restrictions. If



TABLE 7
The four Ps of marketing

Case	Product	Price	Place	Promotion
India: Deccani sheep wool	Product design, coloured wool 	Competition with other handicraft producers	Exports, 3 rd party (handicraft retailers), bulk orders, website	Product features, local links (no branding)
Kyrgyzstan: goat cashmere	Fibre fineness 	Competition with other cashmere producers	Exports (foreign buyers)	Product features
Mongolia: Bactrian camel wool	Soft, hypoallergenic wool, natural colours 	Competition with other specialty wools	Exports (hobby shops)	Product features, labelling, geographical indication
Argentina: Linca sheep wool	Product type, design, coloured wool 	Competition among producers	Own sales outlets	Product features, local links
South Africa: Goat meat and hides	Product quality, coloured hides 	Upper end of market, competes with other types of meat	Own sales outlets, 3 rd party stores	Product features, branding
Argentina: Criollo goat meat	Product taste 	Upper end of market, competes with other types of meat	3 rd party (supermarkets, restaurants, butchers)	Product features, geographical indication
Mauritania: camel milk	Product quality, shelf life, cheese, taste of milk 	Upper end of market, competes with other suppliers and imports	3 rd party (corner shops, wholesalers, groceries, supermarkets, hotels)	Product features, branding, packaging
Somalia: camel milk	? 	?	3 rd party (market vendors)	Availability

these restrictions can be lifted, the Tiviski dairy is in a good position to take advantage of a potentially large and profitable market.

Price

None of the cases report trying to sell their products at prices lower than the competition. This is to be expected: a niche product is normally more expensive than the equivalent mass product.

Effects of price competition. Although they do not compete on price, that does not mean that the enterprises described in the eight cases can charge what they like for their products. They must all compete at some level with similar products. India has many self-help groups that make handicrafts, limiting the price that Shramik Kala can charge for its bags and rugs. The price for fine cashmere is set by the world market, and Kyrgyzstan's poor reputation in cashmere production and lack of market organization surely limit the number of buyers and the prices they are willing to pay. Mongolia's camel wool must com-



pete with other specialty wools for space in the American hobbyist's knitting bag. And if one Somali milk trader or Argentine poncho maker charged more than the rest, she would quickly find her product would fail to sell.

Market position. Some of the cases have deliberately positioned themselves at the upper end of the market. The Criollo goat meat in Argentina, for example, is designed to appeal to people willing to pay a little more for an extra-tasty barbecued rib. Tiviski's strategy in Mauritania emphasizes superior quality and good packaging. And Umzimvubu Goats processes much of its meat into sausages, which it can sell at a higher mark-up than regular cuts of meat.

Place

In marketing theory, "place" refers to the location where a product is sold – a stall, shop, supermarket, or website. The cases illustrate how the products are sold at various locations.

Own sales outlets. The point of sale is especially important for the wool products in Argentina: the Mercado de la Estepa and a retail store in Buenos Aires are the only places where it is possible to buy the ponchos and other handicrafts made by the Mercado members. This means that sales staff (local women who make the items for sale) can meet customers and tell them about how the products were made. Running its own sales outlets also allows an enterprise to capture a larger percentage of its products' value, since it is not necessary to give a wholesale discount to third-party retailers. But as the Mercado de la Estepa cooperative grows, this may prove too restricting, and it may have to seek new outlets for its products.

Third-party retailers. Three cases rely almost entirely on third-party retailers: the Criollo goats in Argentina are sold via supermarkets, butchers and restaurants, while Tiviski's dairy products are distributed through 2 000 retail outlets. The camel milk in Somalia is sold by a network of market retailers in the city.

Mixed outlets. Umzimvubu Goats in South Africa use a mixture of sales outlets: it has its own retail outlets (a restaurant and handicraft store) on site, but sells much of its produce through third-party outlets: the meat goes to nearby butchers and other small, local retailers, while the leather items are sold through craft retailers throughout the country. Shramik Kala also has a mix of outlets: it exports much of its output, sells much of the rest through third-party retailers, and has started marketing through its website.

Exports. Three cases focus on export markets. In India, the cooperative that manages production recognized that it lacks skills in marketing, so created a partly owned subsidiary to handle this aspect. Since then, its sales have boomed. In Kyrgyzstan, village organizations sell cashmere to foreign buyers. The Mongolian camel wool is sold through volunteers and an international distributor and can be bought in hobby shops in the United States. These two cases describe relatively new ventures, and they have not yet managed to establish stable marketing chains.

Promotion

Promotion refers to how the product is promoted and advertised. The cases illustrate various approaches to promotion.



Emphasizing product features. The special features of a niche product make them obvious selling points. Enterprises in each of the cases draw customers' attention to the natural colours of wool, the fineness of cashmere, the superior taste of meat or the quality of the milk. Even in Somalia, where a raw product is sold, fresh milk sells for a higher price than a product that has gone sour in the heat.

Branding and labelling. The majority of the cases describe this. The Mongolian camel wool is sold through the "Nomad Yarns" initiative in the United States; goat meat and leather handicrafts are sold in South Africa under the "Umzimvubu Goats" label, while in Mauritania, Tiviski sells its dairy products in attractive packaging under its own brand. It is not necessary to insist on a brand, however: in India, Shramik Kala does not brand its products, but instead relies on the design of its product range to carry its product identity.

Emphasizing local links. Basing the product on a distinctive local tradition ties it in the customers' minds to that area. That can be important, for example, for products aimed at tourists. An example of this approach is the ponchos and other handicrafts made from Linca sheep wool in Argentina. The Mercado de la Estepa emphasizes local links in various ways: the product itself (distinctive garments – ponchos – woven in ethnic designs), the label showing who made the item (creating an unseen link between the maker and the buyer), and through the sales staff (see below).

Geographical indications. Geographical indications are a special type of labelling that make local links explicit and allow producers to label their products in an exclusive way (Box 8). Two of the cases describe Protected Designations of Origin, a specific type of geographical indication: the "Northern Neuquén Criollo kid" designation in Argentina, and "Gobi desert camel wool" in Mongolia. As the Argentina case shows, the process for establishing a geographical indication is far from simple, and once it is established, a great deal of effort has to be put into marketing the product and ensuring that producers comply with the requirements. Geographical indications are relatively new to livestock marketing in the developing world, but offer much potential for marketing indigenous breeds.

PROJECT INTERVENTIONS

All eight cases discuss some kind of intervention in the production and marketing system by an NGO, donor organization, research organization, government or private company, or some combination of these. (The Somalia case mentions a food security programme and research initiative, but there is not enough information to allow us to draw many conclusions about these. In the discussion of the Somalia case below, we refer to the women traders' system, unless we explicitly mention the outside initiatives.)

In four of the cases (India, Kyrgyzstan, Mongolia and Somalia), foreign donors provided the bulk of the funding for the project. In three cases (South Africa and both the Argentina cases), the funding came primarily from national or local governments. In one case (Mauritania), funding came from commercial loans and private investment.

Motivation for intervention

The rationale behind producing this book, as described in the Introduction, is to elucidate ways to conserve breeds through niche marketing. However, only in four of the cases (all relating to wool and cashmere) was **breed conservation** a motivation for the initiatives



BOX 8

Geographical indications

According to Article 22 of the World Trade Organization's Agreement on Trade Related Aspects of Intellectual property (TRIPS), geographical indications are "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

Geographical indications serve as "collective brands" which indicate the reputation of a particular agricultural product. This reputation is a result of cultural attachment, peculiar climatic and ecological conditions and history that make a particular product distinguishable. A familiar example is champagne: only a certain type of sparkling wine produced in a certain region of France may be called "champagne".

Geographical indications help consumers identify a product and prevent producers from outside a region from passing off their goods as coming from that region. A geographical indication is a permanent property of the inhabitants of a particular region. It remains valid as long as the product it indicates continues to be identified with that particular locality. It encourages producers and processors to maintain the quality and reputation of their product.

More information: www.wto.org/english/tratop_e/TRIPS_e/gi_e.htm

– and even in these cases it was not necessarily the major reason for the initiative (Table 8). Poverty alleviation or **economic development** were the main motivation for six of the eight cases, while establishing a profitable **business** was the motivation for the other two (Mauritania and Somalia). For one case (Mongolia camels), **nature conservation** was a partial motivation for the project, while for another (India sheep), preserving a **lifestyle** was a contributory factor.

Type of intervention










The projects focused on four different types of interventions (Table 8):

- **Animal production.** Several of the projects attempted to increase or improve production of the animals that produce the raw materials: by establishing breeding herds, increasing the number of animals with the desired traits, and improving animal management and health. However, in none of the cases was production of the raw material a major focus of the project.

None of the projects focused on modifying animal production to achieve specific production standards (such as organic production) or other production-related goals (e.g., environmental and breed conservation, or enhanced animal welfare standards). But such goals were indirectly included in the Argentina goat project, the Mongolia camel case and the South African Umzimvubu Goats initiative.



TABLE 8
Project interventions

Case	Motivation*					Intervention*			Champions	
	Breed conservation	Economic development	Environment conservation	Lifestyle conservation	Business opportunity	Production	Processing	Organizing		Value chain
India: Deccani sheep wool 	•	•	•	•			xxx	xxx	xxx	NGO
Kyrgyzstan: goat cashmere 	•	•				xx	xx	x	x	Donor, consultancy company, individuals
Mongolia: Bactrian camel wool 	•	•	•				xxx	x	x	NGO, individuals
Argentina: Linca sheep wool 	•	•					xx	xxx	xxx	NGO, government, research institute
South Africa: Goat meat and hides  	•					xx	xxx	xx	xxx	Member of parliament, consultancy company, research institute
Argentina: Criollo goat meat 		•						xx	xxx	Research institute
Mauritania: camel milk 					•	xx	xxx	x	xxx	Private company
Somalia: camel milk 		•			•		x	x	xxx	No

* xxx major emphasis; xx part of activity; x minor emphasis, new initiative or failure



- **Processing.** Improving the processing of the raw materials was a major focus in the majority of the cases. This meant establishing factories (in Mauritania and South Africa), designing new products (in India), introducing new techniques (in Mongolia and India), and improving sorting and grading (in Kyrgyzstan).
- **Organizing.** Organizing groups of producers and processors was key in several cases. This might mean organizing them in production cooperatives, employing them as staff, establishing formal companies, or subcontracting work out to processors. Organizing efforts are not always successful, however, as shown by the attempts to form groups of producers or processors in Kyrgyzstan, Mongolia and Mauritania (see the section on Institutions below).
- **Building a value chain.** All of the cases included efforts to identify markets and build a value chain. Without such a chain, producers and processors are left with products they cannot sell.

Champions

Seven of the eight cases involved a “champion” – a dedicated individual, group or organization from outside the community of livestock producers, but with intimate knowledge of the local area, who decided to change the situation. Some of these champions contributed to this book. Only in Somalia does the marketing effort go back to a local initiative: stimulated by the growing demand for milk from the rapidly growing cities, local women started to market camel milk. Here the project came in later, helping to improve an existing value chain.

Champions often play a vital role in development work. They provide impetus, seek funding, bring in information about marketing opportunities, technologies and business skills, and link local producers to the outside world. Their long-term commitment ensures that a solution will be found – if one exists. The lack of such champions is often a key reason that development projects fail. While it does not seem to have occurred in any of the eight cases, champions can also lead an enterprise off in the wrong direction, and the loss of a champion, for whatever reason, can mean the death of an initiative.

Champions may be from government (as in the South Africa case), an NGO or university (as in Mongolia), or the business world (as in Mauritania). In general, businesses work best when they are run by entrepreneurs who aim to make a profit. Sadly, many enterprises set up with the highest philanthropic motives run the risk of not having a profitable business model or lacking the skills to make money, leaving them unsustainable in the long run.

PROJECT INPUTS

Research

Research was a key ingredient in seven cases (there is insufficient information about the Somalia project). This research included three types:

- **Production research.** This studied the production process and the social and economic situation of the producers. It was necessary to discover (for example) what the producers’ needs were and whether they would be willing and able to supply the amounts required on time. This was often done through a combination of formal studies and informal, participatory research that involved producers.



- **Product research.** This focused on the product itself: the characteristics of the wool or cashmere fibre, breed genetics, milk characteristics and product development. This research required the services of specialist institutions, in some cases located abroad.
- **Market research.** This investigated the potential market for the product: the demand for different products, the potential buyers, quality requirements, prices, marketing arrangements, and so on. It was typically done by marketing organizations and consultants.

It is hard to overstate the importance of adequate research when planning interventions such as these. An understanding of the production system, product and market is vital to ensure that enterprises produce items that can be sold in a particular market. But even the most detailed research does not guarantee success: other factors, such as political changes (the European Union's ban on milk imports from Mauritania), macroeconomic trends (the long-term decline in demand for coarse wool) and unexpected events (the loss of a key staff member, the arrival of a competitor) may ruin an otherwise well-thought-out plan. Good research will anticipate many such hazards, but it cannot predict them all.

Technology

Adding value usually means introducing new technologies. The cheapest inputs in terms of technology were probably in Kyrgyzstan, where the project introduced low-cost combs for the goat herders to buy. The interventions in India, Argentina (sheep) and Mongolia also involved low-cost equipment to card and spin wool.

The cases in South Africa and Mauritania involved large-scale investments in factories, processing equipment and transport. These bigger ventures can potentially benefit larger numbers of people and have a bigger impact on the local economy. But they may also be riskier if the venture has to be handed over to local management (as in South Africa) or if the investments do not meet the need of the producers or markets change.

The latter risks are illustrated by the Somalia case, where low-cost, community-based interventions (providing containers and building basic market facilities) were more successful than the effort to establish a large-scale processing plant, probably because the former strengthened the local value chain rather than trying to modify it according to outsiders' ideas. The Somalia example also shows that value chains can develop without any chain-specific outside investment.

Training

Training and extension were a key element in many of the cases. At least four types of training were provided:

- **Increasing or improving production**, such as how to collect milk in a way that meets basic hygiene standards.
- **Processing to add value to products**, such as building skills in spinning, weaving, sorting and grading.
- **Organization**, such as group formation, leadership and cooperative management
- **Enterprise development**, including business and marketing skills.

Some of the training was formal: goat producers in South Africa received 10 months



of training and a formal qualification on animal production. Other courses were shorter, such as those given to the Kyrgyz and Mongol spinners. Some of the training was on-the-job, for example the experience gained by women who took turns to sell handicrafts in the Mercado de la Estepa in Argentina.

Training is particularly important for livestock keepers because many have little formal education. It may be necessary to teach basic literacy and numeracy as well as more specific skills.

Transport and communication

One reason livestock raisers have difficulty in marketing their products is because of where they live: scattered in sparsely populated, remote areas with poor infrastructure. Transport and communication were thus key elements in most of the cases.

Arranging transport from the producer to the processing centre or point of sale was vital for live animals or meat and milk, both of which are highly perishable. Umzimvubu Goats, the Tiviski dairy and the Somali milk traders arranged to collect the raw product from the livestock keepers, either using their own vehicles or by third parties. In Argentina, the infrastructure for transporting goats to the abattoir and meat to customers already existed, so no intervention was necessary. Wool and cashmere are not perishable, so transport from producer to processor was less important in these cases.

The problem of getting the processed product to the retailer or consumer also had to be addressed in several of the cases. Solutions included using their own transport (Tiviski has a fleet of vehicles to distribute its dairy products), using third-party transport companies (as in Somalia), or arranging shipments via export companies (India, Mongolia). At least two cases solved the problem by having buyers come to them: the Mercado de la Estepa caters to passing tourists, while in Kyrgyzstan, village organizations rely on visits by traders to buy their cashmere.

Adequate roads are vital for a functioning value chain. The milk marketing system in Somalia depended on a major infrastructure investment, the building of an asphalt road linking the source area with the market. The lack of roads in much of Mongolia, Mauritania and Somalia is a serious impediment to improving the value chain.

Long distances make good communications vital. Much of this communication occurs via established linkages, networks and cooperatives. Where such institutions exist and can be adapted for the new value chain, it is important to build on them rather than to try to create new linkages.

Where such linkages were lacking, the enterprises tried to create them, either by forming new organizations of producers and processors, or by creating strong ties between the producers and the central enterprise. Such attempts have been successful in some instances (Tiviski has links with each of its many milk suppliers), but have failed in others (witness the attempts in Mauritania and Mongolia to form producer groups). See the discussion below on institutions for more on this.

Two of the cases (India sheep and Mauritania camels) mention the increasing importance of mobile phones. Signal coverage is still sparse in many areas, especially in remote and mountainous areas, but mobile phones are becoming a vital link between raw material producers and the enterprise they supply.



The internet is important further down the chain. Email and websites link the enterprise with customers throughout the world: they enable enterprises to promote products, identify potential customers, negotiate deals, coordinate deliveries, and maintain trust.

Standards

All the cases involved some kind of standards for product quality. In some cases this was imposed by outsiders. Cashmere, for example, is traded according to recognized standards on the world market: fibres of a certain diameter and length fetch a particular price. Wool is also traded according to particular grades: producers must comply with these if they hope to sell their product. Government food safety regulations, certificates such as Protected Designations of Origin, and supermarkets' quality controls impose standards and rules that abattoirs must comply with.

In some other cases, the enterprises themselves imposed strict standards. In India, Shramik Kala set design criteria to guide the artisans who make the handicrafts and instituted controls to ensure they comply. The Tiviski dairy in Mauritania also emphasizes quality: it tests all incoming milk, ensures that its products are produced hygienically, and takes back unsold produce from retailers to ensure that customers do not purchase out-of-date inventory.

The Argentina sheep wool case does not mention quality standards. But two mechanisms may be at work here: the committees in the Mercado de la Estepa keep a careful eye on the products that members supply, and carefully vet and guide new members to make sure they conform to whatever guidelines exist. And individual members get paid only when the products they have made are sold. That encourages them to understand customer demands (which they can learn first-hand when they take turns to act as sales staff) and to produce items of a quality, and at a price, that the customers want.

Even in the Somalia case, where there is a weak government and no central organization to manage the value chain, a form of quality control has emerged. Milk that has gone sour because of the heat and bumpy roads fetches a lower price than fresh milk. The long-distance relationships between market retailers and the primary and secondary traders transmit these price signals back up the chain: one can expect a retailer who gets sour milk from a wholesaler to complain loudly, and for that message to be passed back to the milk suppliers. That is why the drivers who transport the product from the interior drive so fast.

Institutions

Building some form of institution featured in all eight cases, but the type of institution varied widely: a loose, spontaneous network (Somalia), production and marketing groups (Mongolia, Kyrgyzstan), coordination bodies (Argentina goats), large, formal cooperatives (Argentina sheep, India, South Africa), and a private company (Mauritania). Most of these institutions had specialist functions and were active only at the beginning of the chain (the shepherds' cooperatives in India), in the middle (the network of women milk traders in Somalia), or at the end (the organization that distributes Mongolian camel wool in the United States).

Several of the larger institutions had multiple functions and covered most or all of the



chain: the Tiviski dairy in Mauritania, Umzimvubu Goats in South Africa, and the Mercado de la Estepa in Argentina. They not only performed functions within the chain (processing, transport, quality control, etc.), but were also responsible for managing the chain as a whole.

But chain managers are not necessarily good at everything. Tiviski deliberately has not got into the business of producing milk – it leaves this to camel owners who are specialized in this task. Shramik Kala has handed responsibility for marketing to Mitan Handicrafts, a specialist company. And although Umzimvubu Goats runs its own retail outlet on site, it sells much of its output through third-party outlets that can reach customers much more effectively.

In Kyrgyzstan and Mongolia, NGOs have taken on the role of managing the chain, but they lack the range of skills required to perform all the necessary tasks. They have tried to stimulate the creation of new institutions to handle these – producers' cooperatives, marketing organizations, etc., but so far with limited success.

Building institutions. Efforts to benefit the poor are often started by development projects that involve government, donors, NGOs, consultancy companies and research institutes. Six of our eight cases fall into this category. But funds run out and projects come to an end, so it is necessary to create new institutions that carry on and expand the production and marketing effort as viable, self-sustaining economic concerns.

This institution building has been successful in three cases. In India and Argentina, cooperatives manage the production and marketing of wool products. Good product design, active marketing and buoyant demand result in profitable enterprises and rising incomes for members, and attract new members to join the cooperative. A democratic structure and clear rules encourage members' involvement in the cooperative's work. In South Africa, a community-controlled company manages production and marketing of goat meat and handicrafts, but governance problems need to be fixed if it is to function properly.

In three other cases, attempts at institution-building are still at an early stage, or initial attempts have failed. In Kyrgyzstan and the Argentina goats case, it is too early to tell whether attempts to institutionalize the marketing have been successful. In Mongolia, the NGO leading the project has tried to create producers' cooperatives to manage the production and marketing of camel wool. But cultural and logistical constraints make it difficult for artisans in widely scattered locations, some of whom are nomadic, to get organized. The NGO is thus left with the task of coordinating production and marketing itself.

The Mongolia case illustrates a dilemma that is typical of market-development projects: should efforts go first into building local institutions and then to helping them produce products and build links to the market? This approach runs the risk of local people losing interest because they do not see a quick return. Or should it seek first to match a product to a market, then build the local institutions, and transfer responsibility to them? This approach risks failure because it proves impossible to transfer the skills and responsibility adequately.

The Mauritania dairy case is different because no transfer of skills and responsibility was involved. Tiviski is a private company that established and manages the marketing chain. Its founder did not plan to hand over responsibility for managing the chain to another organization at some point in the future. She had to start from scratch and learn by herself



what works and what does not. Tiviski's owners have a deeper commitment, and need, to making the chain work than (say) the staff of an NGO, a development project or research institution. If the chain works, Tiviski prospers; if it fails, it will go bust. There is no outside donor ready to extend funding for another five years; if it wants to invest, Tiviski must apply for loans at commercial rates (though the dairy did receive an initial loan from a development agency early in its history).

The Mauritania case also illustrates how hard it is to build local-level institutions. Tiviski encourages its suppliers to form interest groups or cooperatives. Paradoxical though it may seem, this would be in Tiviski's interest: strong local groups of suppliers would be negotiating partners on subjects such as prices and quality, and would ease activities such as organizing, payments, quality control and extension work. But efforts to organize such groups have failed, for similar reasons to those in Mongolia: the independent, mobile lifestyle of the pastoralists.

In the eighth case, Somalia, the milk marketing system was established by local women without outside involvement. Like Tiviski, they have a built-in commitment to making the chain function. Outsiders have tried to improve the marketing system by building infrastructure and providing equipment. This had met with only limited success, however: a dairy established by outsiders operates only part-time because it is poorly integrated with the local system. Nevertheless, it is difficult to see how this admirable local system can be improved further without an injection of outside capital and expertise in appropriate ways.

Building pastoralist institutions. As mentioned above, it is particularly difficult to build viable institutions in pastoralist societies, home to many local livestock breeds. The obstacles are formidable: lack of infrastructure and communication facilities, an absence of support services, vast distances, sparse populations, limited education, restrictions on women, a mobile lifestyle, an independent existence, suspicion of outsiders.

Of course, pastoralists have their own organizational structures, often based on kinship ties, with rules that may be unique to particular societies. The Somalia case illustrates this: the dominant institutional structure is the clan, which restricts sales of milk. It is only the women, who are outside the clan structure, who are able to circumvent these rules and create the marketing system. We may conjecture that similar restrictions apply in other pastoralist societies. Any attempt to develop niche markets for pastoralists' products must take these characteristics into account.

EXTERNAL INFLUENCES

We now turn to two external influences on the eight cases: culture and government policy.

Culture

The livestock keepers' culture had an impact on the activities described in the cases.

- **Taboos** may hinder the marketing of selected products, as used to be the case with the sale of camel milk in Mauritania and Somalia. These taboos may be eroded either by the marketing effort (as in Mauritania) or by broader social changes (such as urbanization in Somalia and Mauritania).
- **Gender.** The division of labour between men and women may restrict the types of activities that each can perform (see above).



- **Caste.** In India, only certain castes normally keep sheep or are engaged in activities such as slaughtering and tanning.
- **Mobility.** Many livestock keepers have a pastoralist or transhumant lifestyle because their environment requires it: to feed their animals, they must take them where the grazing is, either up a mountain, or to a patch of land where it has rained recently. This mobility makes it difficult to organize various types of production and marketing activities.
- **Independence.** Perhaps because of this mobility, livestock keepers are often more independent than (say) crop farmers. Unlike farmers, they have the option of moving elsewhere if they do not feel they are benefiting from an activity. Often in conflict over scarce resources, they find it difficult to cooperate with people from rival clans. And after years of pressure from governments to settle down and grow crops, they are often justifiably suspicious of well-meaning outsiders.

Marketing efforts link communities to the outside world, so inevitably induce cultural changes. They may undermine the livestock keepers' culture, for example by empowering women (which outsiders usually see as a positive change), trivializing traditional products in order to please tourists, opening contacts with a consumer society, or encouraging mobile herders to settle in one place.

Sometimes the changes can reinforce the local culture, for example, by increasing the awareness and pride of local people and outsiders in their cultural values (including the local breeds), empowering local people to press for their interests, encouraging them to rediscover lost skills or reviving traditional handicrafts.

But perhaps the most important effect is to enable livestock keepers to generate a reliable income, allowing them to carry on their livelihoods. They are not forced to give up livestock keeping and move to the cities in search of employment.

Policy

In four of the eight cases, government policy was broadly supportive of the enterprise. In Mongolia, the government supported the camel wool initiative through research and export certification and by proposing a Protected Designation of Origin. In Argentina, the local and national governments supported both the sheep and goat projects in various ways: by providing a supportive policy framework, by granting land and funds, through research, and collaboration with a government-owned abattoir. In South Africa, the government originated and funded the Umzimvubu Goats project.

In India, government policy has had mixed effects. Inconsistent policy on value addition and the withdrawal of government contracts undermined the wool industry in the Deccan. On the positive side, the government has given grants to support the handicraft industry.

In three cases, government has had very little involvement in the enterprise. Tiviski in Mauritania complains of the lack of government support, while in Kyrgyzstan and Somalia there has been no government contribution to the marketing efforts. In Somalia, the lack of government interference has probably sustained rather than hindered the development of the chain. However, the value chains in Kyrgyzstan and Somalia probably need active government support if they are to develop further, for example by making it easier for the women to get credit. Without a suitable policy framework, initiatives can remain isolated,



stand-alone projects with limited national impact and no chance of being scaled up. Successful niche marketing projects need long-term policy understanding and support.

In none of the cases was the government actively hostile to the initiative. Value chains can and do prosper despite government hostility (the thriving international trade in illegal drugs is an example), but it is difficult to see how any of our cases could have survived without at least a neutral attitude on the part of the government.

Even if they are not hostile, governments can still disadvantage small-scale livestock keepers through neglect, or by promulgating policies that inherently favour large-scale operations. For example, it may be prohibitively expensive for small-scale herders to comply with rules on tagging individual animals to ensure traceability, or install the equipment needed to conform to hygiene standards.

International regulations can act as a severe impediment to the development of value chains. The clearest example of this is Tiviski, which has tried to export an innovative product (camel milk cheese) to Europe, only to run up against a ban on imports of dairy products from Mauritania. Other cases give similar examples: regulations do not allow Shramik Kala to use eco-friendly materials in its packaging, while Mongolian camel wool producers have had to negotiate a thicket of regulations in order to export yarn to the United States. They have had to rely on the services of volunteers and sympathetic officials in order to clear these hurdles.

Box 9 summarizes some of the more important regulations affecting the marketing of livestock products.

IMPACTS

Here we focus on five potential impacts of niche marketing: on the beneficiaries, pro-poor effects, local breeds, the environment and gender.

Beneficiaries

How many people benefit from the initiatives described in each case? The largest enterprises (Mauritania and South Africa) have the largest number of beneficiaries (over 3 000 families each, counting producers and employees). The amount of information on the other cases is limited, but it seems that numbers vary from about 50 (Mongolia) to 1 500 (Argentina goats).

Livestock keepers. In all cases, the livestock keepers benefited through higher, more stable prices, increased demand for their product, a more reliable market, or some combination of these.

Indeed, the rationale behind seven of the cases (all except the dairy in Mauritania, which was mainly a business venture) was to raise the price that livestock keepers or artisans get for their products. In Kyrgyzstan, for example, goat herders can earn more by producing combed cashmere rather than whole fleeces; in Mongolia, spinners can make more money by producing skeins of wool ready for foreign hobbyists to knit. In Somalia, a project attempted to raise producers' incomes by establishing a dairy (with limited success) and providing equipment (with more success). And although it is a private company, the Tiviski dairy in Mauritania is forced to pay high prices to its milk producers in order to maintain supplies.

But only in three cases were the livestock keepers themselves responsible for adding



BOX 9

Legal and policy regulations for marketing of livestock products

A host of international, national and local laws, regulations and policies affect the marketing of livestock products. The specific rules depend on the nature of the product. Here are some of the more important ones.

WTO Agreement on Sanitary and Phytosanitary Measures, 1994. The agreement gives countries the sovereign right to set their own food safety and animal and plant health standards as they may deem appropriate. Many countries regulate the importation of livestock and other products.

European Union regulations. There are many EU trade, health and sanitary regulations. For example regulation no. 1760/2000 of the European Parliament and of the Council covers the labelling of beef and beef products.

Other regional regulations. Bodies include the Economic Commission for West African States, (ECOWAS), the Central African Economic Commission (CEMAC), Mercosur, and the North American Free Trade Agreement (NAFTA).

National regulations may include:

- National laws on food safety and public health
- Environmental laws
- Natural resource laws governing access to land, water and other resources
- Livestock policies
- Veterinary and quarantine regulations (such as rules restricting the movement of animals or animal products)
- National economic policies of each country
- Laws regulating institutions such as cooperatives, non-government organizations, and companies
- Customs regulations.

Local laws regulate markets and transport in a particular area.

value to the product. In Kyrgyzstan, women goat keepers comb the fine cashmere from their animals' coats before shearing the fleece. In Argentina, it is the women sheep raisers who make the ponchos and handicrafts sold in the Mercado de la Estapa store. And in Mongolia, women pastoralists spin the camel wool that is shipped to the United States.

In the Argentine goats case, the value is added through labelling – in which the livestock keepers have no direct input – but at least some of the higher price accrues to them.

Processors. In four other cases, the livestock keepers benefit only indirectly through higher demand or a more reliable market. The value addition is done by others: artisan members of self-help groups affiliated with Shramik Kala in India, employees of Tiviski in Mauritania and Umzimvubu Goats in South Africa, and women traders Somalia.

Reasons for this include technology, skills and scale. Certain types of processing (card-



ing and spinning wool, making handicrafts) can be done by individual livestock keepers at home. Others (transporting over long distances, making sausages, supplying packaged items to supermarkets, cooling and pasteurizing milk, complying with supermarkets' hygiene requirements, producing large amounts of uniform products) cannot be done by individuals because they require special equipment and skills or involve quantities that a single household cannot handle.

Service and input providers. In all the cases, people other than livestock keepers and processors also benefit. They include transport companies, retailers, and suppliers of inputs and services at each stage in the value chain.

Pro-poor effects

As described above, niche marketing of products from local breeds has increased (or promises to increase) the incomes of various groups. It may have the fortuitous effect of being pro-poor. Indeed, that may be the main reason such projects are attractive for development agencies. There are two reasons for this:

- **Local breeds kept mainly by the poor.** In the Kyrgyzstan and the Argentinean sheep cases, only the poorer families still maintained the breeds that produce the desirable product (fine cashmere and coloured wool). In India, it was presumably the poorer shepherds who still maintained the Deccani sheep despite government exhortations to switch to "superior" breeds.
- **Self-selection by the poor.** The type of work or amount of income generated may make it unattractive for wealthier individuals. In Mongolia, for example, the larger-scale herders did not get involved in spinning wool: they were too busy managing their herds, and maybe did not need the small amount of additional income generated through spinning. Much of the spinning was therefore done by women in poorer households and rural centres.

Several of the cases show how enterprises can act in a pro-poor manner:

- In India, Shramik Kala (itself a federation of self-help groups) coordinates handicraft production by self-help groups of poor women. It is trying to scale up production, both by establishing more self-help groups and by facilitating other organizations to adopt its methods.
- In South Africa, the Umzimvubu Goats abattoir must balance its need to guarantee a reliable supply of animals with its corporate mission to provide a market for small-scale farmers.
- In Mauritania, Tiviski pays the same price per litre of milk, regardless of how much a camel owner delivers.

Such choices can be commercially painful. Dealing with a large number of small-scale producers is costly and presents challenges in quality control. Umzimvubu Goats is under pressure to buy animals from commercial farmers outside the district so it can guarantee the supplies it needs. And Tiviski knows that dealing with small amounts of milk from many suppliers is expensive.

The livestock keepers benefit in another, more intangible way. By becoming part of a value chain that increases their incomes without damaging the environment, they can gather government support. This is important in areas where governments tend to view



livestock keepers, especially itinerant ones, as a problem or threat, and try to get them to change their lifestyles, settle in permanent locations and start growing crops.

Breeds

The wool and cashmere cases generally report a positive stimulus on the breeds and species in question. Increased demand or higher prices encourage livestock keepers to keep more of the animals (as in the India and Argentina sheep cases), and prevent cross-breeding and establish elite breeding herds (as in Kyrgyzstan). A successful value chain can also convince governments that it is worth protecting and investing in a breed and in the things needed to support it – such as assuring access to public grazing land and providing veterinary care.

At least two of the cases (Mauritania and South Africa) experience problems in obtaining sufficient supplies of the raw product (camel milk and live goats), despite offering a reliable market and guaranteed prices. It appears that other factors – climate, availability of grazing, political factors, culture – influence the availability of the product, and perhaps the fate of these breeds. And without strong links between the product and the breed, enterprises may be tempted to use raw materials from other breeds or species or crossbreed to increase output (as in Kyrgyzstan).

Many animals produce more than one type of product, and these products may compete with one another. If a livestock raiser discovers it is more profitable to sell live animals or meat rather than milk or wool, the breed itself may be endangered – as was the case in Mongolia before the start of the camel wool project.

Environment

Two of the cases included environmental conservation as specific goals. The Mongolian camel project began as an environmental conservation initiative and was implemented by a conservation NGO. The Criollo goats initiative in Argentina includes environment in the criteria for its Protected Designation of Origin certification. In both of these cases, impacts on the environment of the niche marketing activities are indirect rather than explicit: the projects may have included specific measures to conserve the environment, but these are not described.

Linking livestock keepers to a value chain may have adverse effects on the environment. This may occur if the owners begin to keep more animals than the environment can sustain. In India, shepherds are increasing the size of their flocks, so Shramik Kala is trying to persuade them to grow fodder crops rather than overgrazing the pasture. Adverse effects may also occur if the mobility of pastoralists is constrained. In Mauritania, pastoralists have a choice: they can either stay in the vicinity of the milk collection points, or they can take their animals in search of better grazing but risk losing income from milk sales. Their choices are reflected in Tiviski's seasonal purchases of camel milk.

In Somalia, a more flexible system has emerged, where the milk collectors – themselves community members – follow the herds during the migrations. This enables and encourages mobility. Even here, though, some herders have begun to keep their lactating camels near their hut where they can milk them easily, while sending non-lactating animals further afield.



BOX 10

Milk in cans belongs to men

“In Peulh society, milk and its income belong to women, in exchange for their contribution to the family feeding. In some countries, when milk was been put in cans and sent to a dairy, the men kept the money. We guarded against that, warned the women, encouraged them to record the milk in their name. In some cases this led to a divorce (very rare in their society)!”

Nancy Abeiderrahmane, Tiviski, Mauritania

Broader trends may mask or accentuate the environmental effects of a marketing project. In most countries, rapid urbanization, population growth, changing lifestyles, the conversion of land to other uses, the decline of mobile pastoralism and climate change are much larger influences on the environment than the creation of a value chain for a particular product. In Mauritania, for example, it is unclear whether the tendency for pastoralists to settle in one location is because of Tiviski's milk purchases or part of a broader trend towards settlement and urbanization. While the causes for such changes lie outside its control, a marketing initiative can reinforce them, accept them as a fact of life, or try to counteract them.

Women

Niche marketing offers benefits for women, especially if the products are fibre- or milk-based. Women are directly involved in all the cases in various activities: production, processing and marketing. Women and men often play complementary roles in livestock raising: men typically manage the larger animals (cattle, camels), shear the wool and sell high-priced assets such as livestock. Women typically are responsible for smaller animals (sheep, goats) and calves, and handle activities such as spinning and weaving, and sell low-priced products such as milk and wool. This division of labour is most clearly shown in the Somalia case.

This distinction opens the possibility for value chains to empower women and benefit them economically. Women in our cases earned income, learned skills, and gained power and respect in their societies. They also invested significant amounts of time and effort in work that can be tedious (spinning), physically demanding (hauling heavy milk cans), or hazardous (travelling long distances). They are forced to balance this work against other demands on their time, such as childcare, household work and managing livestock. Their other commitments may limit their incomes from the niche marketing activities. More women might benefit if equipment could be introduced to reduce drudgery – though the introducing machinery sometimes means a shift in tasks and benefits to men.

Development efforts aimed at women frequently find that men become interested when they see an activity can earn money. They take over, leaving the women behind (Box 10).

SUSTAINABILITY

How sustainable are these niche marketing initiatives? Four appear to be sustainable. In India, Shramik Kala has a profitable business model, a growing pool of suppliers, and long-term relationships with its buyers. The Mercado de la Estepa in Argentina appears to be serving a niche, though it is unclear how large its potential market is and whether it can grow significantly. In Mauritania, Tiviski is the market leader in dairying; it has a long history of creating innovative products, and successfully competes with lower-priced rivals. The discovery that camel milk has therapeutic qualities is opening up a promising niche market of diabetic or health-conscious consumers. In Somalia, the women traders supply a rapidly growing urban market with a vital product.

That does not mean that these initiatives are secure. Foreigners' tastes for Indian handicrafts may change; a recession in Argentina may mean fewer tourists with less money to spend; subsidized imports from the European Union may ruin Tiviski's sales; civil war may disrupt the Somali milk traders, or a reinvigorated government may introduce taxes or hygiene and veterinary controls. But these are risks similar to those faced by many businesses, and not just in the livestock sector or in the developing world.

The future of the other four enterprises is more doubtful. The Kyrgyzstan goats initiative shows promise: it is based on an existing resource and is not capital-intensive. However, it depends on transferring knowledge and skills, establishing a reliable value chain, and building strong local institutions. It is also sensitive to the world price for cashmere and the activities of Chinese traders in country. Government support is needed to ensure that this chain can become better established.

In Mongolia, the camel wool initiative must make the difficult jump from a project-sponsored activity to a self-sustaining business venture. It is necessary to nurture local institutions that can coordinate the wool production and marketing. Without this, the enthusiasm of the donors and volunteers will eventually wane, and local people will be unable to take on their roles.

In South Africa, Umzimvubu Goats must overcome its governance problems and ensure a reliable supply of live animals so it can expand its operations. This will probably mean putting more emphasis on its commercial operations rather than its social responsibilities. This is a large project, so it is in the interests of the government, its main sponsor, to ensure that its money has been invested wisely.

The Criollo goats initiative in Argentina is too new to judge whether it will be a success. As the first application under the law that governs the country's Protected Designations of Origin, it is charting new territory. Much will depend on whether consumers can be persuaded to pay extra for a specialty product, whether the board that manages the designation of origin functions as hoped, and whether livestock keepers can benefit financially from the labelling. An additional risk is competition: if Argentina's many other meat producers see it as a successful marketing effort, they are likely to imitate it, driving down prices and eliminating any financial benefits for the Criollo goat keepers.

CHALLENGES AND OPPORTUNITIES

Niche marketing efforts for local breeds face a number of challenges and opportunities.



Challenges

- Local breeds often suffer from a lack of recognition of the value of their products. The products may currently have low quality or be available only in small quantities or during certain seasons.
- Local conditions are often demanding, with distance, drought, disease, and a lack of infrastructure and services all making production and marketing difficult to manage.
- Organizing producers and processors may be difficult, especially among mobile pastoralists.
- Livestock keepers may lack the capacity to manage a market-oriented business.
- Government policies and institutions may be unsupportive.
- It can be difficult to identify a suitable market for products and to establish reliable links with customers, especially in export markets.

Opportunities

Despite these challenges, this book has identified many opportunities for niche marketing of local breeds:

- Local breeds can produce unique products that can generate significant levels of demand and can help rescue a threatened breed from further decline or extinction.
- Exploiting a local breed is one of the few ways to increase employment and incomes in remote, marginal areas, allowing local residents to maintain their livelihoods.
- Basing an enterprise on a local breed can take advantage of livestock keepers' indigenous knowledge and local people's traditional culture, encouraging the conservation of both.
- Enterprises based on local breeds build on local resources and initiatives. They are likely to be cheaper and more sustainable than enterprises based on imported breeds and technologies.
- A value chain based on local breeds can generate new sources of income, such as tourism or handicrafts. This income benefits local people directly.
- An enterprise based on local breeds is likely to be pro-poor and pro-women, since it is normally the poorer livestock keepers and women who maintain the breeds or who have the skills to process the products.
- A value chain based on local breeds builds the skills of local people and empowers them in relation to the outside world.
- Livestock breeds can stimulate enthusiasm among their supporters like few other products. Such enthusiasm may be vital for marketing efforts to succeed.

From niche to mainstream?

Rising demand for a product stimulates the enterprise to increase production. As this happens, the product may move from niche to mainstream. This may have several effects:

- **Higher prices for producers.** As demand for the product rises, livestock keepers can charge higher prices for their products.
- **Increased competition.** Competitors may start to sell similar items to the same market, capturing customers and driving down prices. The enterprise must decide how to respond – by emphasizing quality, broadening its product range (both approaches used by Tiviski in Mauritania), competing on price, or some other strategy.



- **Overproduction.** High demand may stimulate livestock keepers to raise more and more animals, resulting in overgrazing and environmental damage. Speciality products often require the conservation of the traditional management approach. A shift to more intensive forms of production, such as stall-feeding, may diminish the desirable qualities – the taste of the meat, the therapeutic qualities of camel milk, the qualities of wool.
- **Dilution of special features.** If demand for the product exceeds the supply of the local breed, the enterprise (or its rivals) may decide to reduce the amount of the local breed in the product. Wool or cashmere can be blended with more plentiful fibres; camel milk can be mixed with cow's milk; sausages can be made with a mixture of meats. Pressure may arise for other breeds or a larger area to be admitted to a Protected Designation of Origin. Enterprises may cheat, passing off one product for another. None of these have yet occurred in any of the cases in this book, but they do happen elsewhere.
- **Adding mainstream products.** As a company gains strength and experience, it may add mainstream products to its output – as Tiviski did when it expanded its product range from camel milk to include cow and goat milk, butter and cheese.

RECOMMENDATIONS

What elements are needed for a niche marketing initiative based on local breeds to be successful and sustainable? Here are some suggestions:

- **Use existing resources.** The initiative should be based on existing resources: the livestock breed, natural resources and human resources, and use the environment in a sustainable way.
- **Identify a suitable entry point.** To conserve a breed or benefit livestock keepers, it may be better to focus on some aspect of the chain other than working directly with livestock keepers. For example, developing an urban-based processing industry to increase demand for the raw materials may be the best way to benefit livestock keepers (or conserve the breed).
- **Start small.** The initiative should invest first in human capital and at a small scale, rather than in costly infrastructure. If the activity works, it should then seek more capital investment.
- **Do the research.** It should be based on a thorough understanding of the production system, the product and the market. That means studying the breed and its characteristics, the livestock keepers and their production system, the range of potential products, and the potential customers for the products.
- **Identify special characteristics of the breed.** The initiative should seek ways to market products that reflect these characteristics: by creating new products, refining existing traditional products, or finding new markets for existing products.
- **Find a viable business model.** The initiative should generate income for all actors in the value chain.
- **Focus on quality.** It should emphasize the need to maintain quality. A niche product can command higher prices only if it is superior to alternative products.
- **Build capacity.** The initiative should stimulate the creation of strong local institutions and train people in technical and management skills.



- **Don't depend too much on outsiders.** The initiative may require significant support from outsiders over the medium term, but should not depend on expertise or funding from outsiders over the long term.
- **Ensure long-term demand.** The product chosen should be one where demand is likely to grow over the long term.
- **Don't put all your eggs in one basket.** The initiative should be based on a range of products and markets: that way, it is not a disaster if one product fails to sell or one customer refuses to buy.

CONCLUSIONS

Niche marketing can provide opportunities for sustainable production in marginal areas and can improve the livelihoods of livestock keepers and people involved in the processing and trade of products. It may especially benefit women and the poor. It can also be a tool for conserving breeds.

Efforts to promote niche marketing may help local people connect to markets for the first time, giving them skills that they can use in exploring other markets and developing other enterprises.

Niche markets may allow actors earlier in the value chain – livestock keepers and small-scale processors – to capture a greater share of the value of the end product than in a mass market. This will make it attractive for these actors to continue and expand their businesses.

Niche marketing is by nature relatively small-scale. For large numbers of producers, it cannot replace the need to produce products for a wider, mass market. But for local breeds, it may be possible to find a match between the qualities of the breed, the features of a particular product, and the demands of a specific market. Making this match will help conserve the breed as well as provide a livelihood for people involved in the value chain.