



PAFO-COLEAD INNOVATIONS SERIES: Innovations and successes of African farmer-led businesses and SMEs

SESSION N°16

Niche marketing strategies for SMEs and smallholder farmers

Tuesday 19 December 2023 – 12:00-14:00 UTC / 13:00-15:00 CET

Online ([Zoom](#))

English-French-Portuguese interpretation available

1. Context

Niche market¹ in agriculture in Africa are specific segments of larger markets that have their own unique needs, preferences, or identity that makes them different from the rest of the market. In essence, in niche markets, farmers produce commodities that are differentiated from global ones and focus on a specific segment of customers who have unmet or underserved needs, and who are willing to pay a premium price for the products or services that satisfy their needs.

The niche market characteristics are often linked link with quality, reputation, local biodiversity, cultural diversity, origin (unique characteristics of the regions where the products are produced) and ways and methods of producing (organisation of farmers, transparency in the value chain, fairness...). Therefore, they contribute to sustainable food systems, ensuring food security and nutrition while minimizing the negative impacts on the environment and society.

Some examples of niche markets and products are organic, Fairtrade products originating from agroecological systems and circular economy, health, and ethnic products that appeal to the customers who are concerned about the environmental, social, and nutritional aspects of the products they consume.

The organisation and inclusiveness of all actors in the identification and development of niche markets is considered a critical factor of success as it promotes transparency and trust and ensures

¹ Niche marketing can be understood as a focus on a limited market, which is generally considered to be appropriate for small or specialised businesses. Toften, Kjell & Hammervoll, Trond. (2009). [Niche firms and marketing strategy: An exploratory study of internationally oriented niche firms](#). European Journal of Marketing. 43. 1378-1391. 10.1108/03090560910989948.

value creation and importantly shared value. Establishing one single association of producers is often a requirement to develop and serve niche markets (i.e., geographical indications, organic). Niche markets have a high potential for growth, innovation, and profitability, but are often overlooked or underserved by mainstream actors. They also face some challenges, such as lack of awareness, access to finance, infrastructure, skills, and policies. Traceability, labelling, and packaging, to improve the quality, safety, and shelf life of the products remain also key areas for investment by smallholders and businesses.

Therefore, it is important to support these niche markets with appropriate interventions and incentives, and to foster collaboration and innovation among the different stakeholders.

2. Opportunities in niche markets for entrepreneurs and SMEs

Domestic and international consumers are becoming increasingly interested in differentiated, customized, primary processed, organic and certified (e.g., organic, Fairtrade, halal, Rainforest Alliance etc.) niche products.

Internationally, several niche markets opportunities exist for different products in the market, for agriculture, tourism, sustainable forest and sustainable finance. There is a growing demand for organics, Fairtrade, regional/local products, ecolabelling/branding and sustainable financing.²

Traditionally, consumers in developed countries buy Fairtrade products from disadvantaged producers in the South. Africa's growing middle class offers an opportunity for African consumers to also buy those products in their respective countries. By launching the Fairtrade Mark on the African market³, Fairtrade is also enhancing intra-African trade while creating further market access for African producers.

If exports of organic markets to European Union and other countries remain important⁴, organic products are also more present in intra-African markets⁵.

Product labelling and certification are ways of providing information about the environmental and social impacts of a product, such as its carbon footprint, water footprint, energy efficiency, organic status, Fairtrade status, etc. Product labelling and certification can help consumers to identify and compare products that meet certain standards and criteria and increase the credibility and trustworthiness of the brand.

Origin-linked products can be defined as local products based on a territorial identity and reputation, and/or products based on specific modes of production and whose quality, reputation or any other characteristics are attributable essentially to their geographical origin. In the marketplace, these origin-linked products can secure price premiums, provided they are clearly differentiated and identifiable to consumers. Geographical Indications (GIs), quality labels and

² <https://www.car.org.bw/wp-content/uploads/2016/05/Niche-market-potential-paper.pdf>

³ Established in 2005, Fairtrade Africa is the independent nonprofit umbrella organization representing all Fairtrade certified producers in Africa. Fairtrade Africa is owned by its members who produce traditional export commodities such as coffee, cocoa, tea, cotton, bananas, mango and non-traditional commodities including shea butter and rooibos tea. Currently, the organization represents over 1,050,000 producers across 33 countries in Africa. [Fair Trade focus on Africa and the Middle East](#). Harveen Kour, Jesse Hastings, Gerrit Walter, Linda Maokomatanda and Isaac Rewa. Fairtrade International. 2021.

⁴ COLEAD. [Market study on the organic fruit and vegetables trade](#). February 2023. Organic production training manuals: <https://resources.colead.link/en/e-bibliotheque/organic-production>.

⁵ GIZ. [More than a trend: organic farming in Africa](#). January 2023.

origin consortia are tools that can help producers to access the added value of origin-linked products.⁶

Product names can be granted a GI⁷ if they have a specific link to the place where they are made. The GI recognition enables consumers to trust and distinguish quality products while also helping producers to market their products better.

The African Continental Free Trade Area (AfCFTA)⁸ and the adoption of a continental strategy on GIs by the African Union GIs feature as one of the priority areas in the current phase (phase II) of the AfCFTA Intellectual Property Protocol negotiations in view of their potential to boost African development, especially in agriculture.⁹ The need for African states to coordinate their initiatives is a major concern. For this reason, the European Union Intellectual Property Office (EUIPO) has decided to render its support to this process in the framework of its ambitious programme AfrIPI.¹⁰ By November 2021, the African Intellectual Property Organization (AIPO) has registered 6 sui generis GIs – Poivre de Penja (Cameroon), Oku White honey (Cameroon), Café Ziama Macenta (Guinea-Conakry), Ananas du Pain de sucre du Plateau d’Allada-Bénin (Benin), Kilichi du Niger (Niger), Oignon Violet de Galmi (Niger)– and a few collective geographical trade marks in its system.¹¹

The tourism sector also presents opportunities in niche markets capturing the value of heritage and cultural tourism, agrotourism and local cuisine.¹² Niche tourism is often associated with sustainable and responsible approaches. It targets destinations or experiences which involve smaller numbers of tourists who usually leave less of a footprint in less visited areas with a genuine interest in the local area and people. By incorporating local farmers, craftspeople, and citizens, agritourism projects aim to empower communities, uphold traditional practices, and create sustainable livelihoods. Without generalising, agri- and rural tourism can bring numerous benefits to local communities, in particular diversification of farm income, job creation, and retention of services in rural areas, thus preventing depopulation. However, negative consequences can include physical damage to ecosystems caused by too many visitors, pressure on local infrastructure, and higher prices for services and housing for local residents.

The special features of the agritourism location, its educational, recreational, culinary and tradition offerings, its picturesque surroundings, and the standard of its commodities, should be emphasised in the marketing efforts.¹³

⁶ UNIDO. [Market Access for Origin-linked Products & Geographical Indications. An integrated approach](#). 2019.

⁷ More on GIs: https://agriculture.ec.europa.eu/farming/geographical-indications-and-quality-schemes/geographical-indications-and-quality-schemes-explained_en#aims

⁸ Article 6 AfCFTA covers “trade in goods, trade in services, investment, intellectual property rights and competition policy”. Intellectual Property Rights (IPRs) are basically an aggregate of rights that include copyrights, trademarks, patents, designs, trade secrets, confidential information and such other rights that accrue to an individual or organisation for his ingenuity and discovery.

⁹ The AfCFTA Secretariat is actively engaging in discussions and consultations to facilitate the drafting of the AfCFTA Protocol on IPRs which is scheduled to conclude during Phase II of its negotiations. As GIs are one of the core categories of IPRs that can foster endogenous social and economic development in Africa, this article calls for the AfCFTA Protocol on IPRs and other related African Union instruments on GIs to establish an informed common African position on GIs.

Adebola, Titilayo, [Geographical Indications in the Era of the African Continental Free Trade Area \(AfCFTA\)](#) (August 12, 2022). Volume 17, Issue 9, Journal of Intellectual Property Law and Practice, September 2022, Pages 748–760.

¹⁰ Afripi. Monique Bagal, Massimo Vittori and Luis Fernando Samper. [Manual of geographical indications for Africa](#). Published by EUIPO. 2023.

¹¹ *Ibid.*

¹² Niche marketing can be understood as a focus on a limited market, which is generally considered to be appropriate for small or specialised businesses. Toften, Kjell & Hammervoll, Trond. (2009). Niche firms and marketing strategy: An exploratory study of internationally oriented niche firms. European Journal of Marketing. 43. 1378-1391. 10.1108/03090560910989948.

¹³ Several African countries have actively pushed agritourism. South Africa, Kenya, Morocco, and Tanzania are a few of the well-known nations that have successfully generated agritourism goods and experiences. These nations provide a wide range of activities, such as farm tours, agricultural festivals, wine tours, cooking classes, and eco-lodges on working farms. Agritourism has a lot of potential to grow in Africa because of the continent’s diversity in agricultural landscapes

Operating in a niche and specialised market can mean less competition for small and medium-sized enterprises (SMEs) and businesses. However, it also requires a differentiated branding highlighting the quality and the characteristics making it unique. It might also require a targeted marketing strategy to a smaller group of customers who are willing to pay a higher price. By concentrating on niche markets, businesses can increase their profitability and competitiveness, by targeting fewer customers, by building long-term relationships and reputation, and by focusing on specialized and high-quality products or services.

For example, Fairtrade certification involves ethical and responsible production, enhances consumer trust and attracts premium prices. This certification implies higher pricing and aims at attracting socially conscious investors, driving both profitability and brand equity.

Challenges include complying with the complex and diverse standards and regulations, investing in the necessary infrastructure and equipment, accessing the reliable and affordable testing and certification services, and coping with the changing market trends and customer demands.¹⁴ Investment in the understanding and implementation is a critical investment to be made by the smallholder and businesses. SMEs and businesses gain from forming alliances and networks with other producers, processors, traders, retailers, and consumers, to improve the efficiency, transparency, and profitability of the product value chain, and to access technical assistance, market information, and funding opportunities.

3. The way forward

Innovation and differentiation are ways of creating and offering products or services that are unique. Niche markets offer opportunities for smallholders and SMEs but also require investments in several areas. Brand positioning is a key factor which underlines the uniqueness of the products and connects with the consumer.

Consumers are becoming more mindful of how their consumption and purchasing choices can make a positive impact towards sustainable consumption. This is a positive trend that can help to reduce the environmental footprint of human activities and promote a more responsible and ethical way of living. Brands that want to appeal to these consumers need to communicate and market their products in a way that showcases their sustainable attributes and benefits, provides transparent and reliable information to help consumers make informed decisions and tell a story.

Key points for discussion:

- What are the advantages of niche markets for African SMEs and businesses?
- What innovations are required to succeed in niche markets?
- What strategies support niche markets and address consumers expectations?
- What incentives can be provided to SMEs and smallholders to engage in niche markets?

and richness of natural resources. Promise Zvavahera, Farai Chigora. (2023). [Agritourism: a source for socio-economic transformation in developing economies](#).

¹⁴ Some international certification organisations for niche markets include FT certifications, FairWild, UTZ, Forest Stewardship Council (FSC), Fair for life certifications, Rainforest Alliance Sustainable Agriculture Standard, Control Union Fair Choice certification, Control and others.

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Agenda

12:00-12:10 Introduction: *Dr. Babafemi Oyewole, CEO, PAFO*

Moderator: *Isolina Boto, Head of Networks and Alliances, COLEAD*

12:10-13:00 Panel: successes in niche markets in Africa led by smallholders and businesses

- *Odile Gnonwin, Founder and CEO, Norée, Benin*
- *Borel Atonfack, Executive Secretary, GR.IGPP, Cameroun*
- *Gideon Kalimanzira, Founder and CEO, GIPA Foods & General Supplies Ltd, Tanzania*
- *Yonas Alemu, Founder and CEO, Lovegrass Ethiopia Ltd, United Kingdom and Ethiopia*

13:00-13:20 Discussants

- *Virginie Touré de Baglion de la Dufferie, Société Guinéenne pour le Développement Durable (SGDD)*
- *Nazim Shivji, Managing Director, AMFRI FARMS LTD., Uganda*

13:20-13:50 Debate

13:50-14:00 Key takeaways and conclusion

- *Jeremy Knops, Délégué Général, COLEAD*



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