

PART 2

PRODUCT INNOVATION

Bringing an indigenous resource to the commercial marketplace requires special emphasis at the level of product design, market analysis and marketing. Several examples of indigenous resource value-adding and presentation to the economic mainstream can be seen today. The Body Shop is a good example of product innovation where products are manufactured by small entrepreneurs in developing countries, utilizing indigenous materials and methods which are environmentally friendly, and who produce these on contract to “The Body Shop”. However, the products are brought to urban consumers internationally by incorporating several simple but effective marketing techniques. These include: employees that do community service, eco-friendly packaging, joining causes such as “Save the Whales” with Green Peace in 1989, forming the “Children on the Edge” programme in Romania in 1990, and starting “The Big Issue” in London – a newspaper for the homeless. The Body Shop caters to the knowledge that consumers are interested in socially acceptable products. The Body Shop uses “fair trade” agreements in the purchasing of the products from developing entrepreneurs (thus assuring the consumer that a fair price was paid to the producer), the products are natural (and often hand-made), and take the environment and sustainable use of natural resources into account. They have married these “moral codes” with a strong brand name, emphasis on the individual consumer, a strong presence in several countries, and effective market access and distribution channels (Davie, 2001; De Waal - undated).

In South Africa, similar examples include the successful linkage between European jewellery designers and Zulu women in bead crafting groups (the linkage was effected by Khumbula Zulu Craft now also a shareholder in the Tigers Eye group) bringing high quality, high value items to the European designer jewellery industry (Mary Rose, Khumbula Craft, personal communication, 2000; Bennett, 2002). The growth of the Amarula cream-based alcoholic beverage (made using marula extract and fermented marula liqueur of the wild marula fruit) to becoming the largest selling cream-based liqueur internationally has been affected by marketing the allure of Africa to foreign drinkers in the upper income brackets (www.amarula.co.za/faqs.asp).

In each of these cases the needs (and in some cases desires) of the market-place was first understood and products were then designed to cater to those requirements.

Thus, innovative product development targeted to a specific market niche is key to stimulating the use of indigenous resources.

The first section of this thesis demonstrated that the goat resource in South Africa is large enough to commercialise (Hypothesis 1) and that several historical perceptions and institutional arrangements which have hampered the commercialisation of this industry are less relevant today (Hypothesis 2). But, do markets for these products exist? Hypothesis 4 asserts that new South African and global markets exist for new goat products. In the first chapter it became clear that a more market-oriented approach to rural development is needed (ECAPAPA, 2003). Thus, it needs to be determined what these markets are, where they are and what their needs are.

Sub problem 3 questions whether products of indigenous goats can be utilised commercially. Are there products of value from indigenous South African goats? Hypothesis 3 claims that goats produce commodities that have economic value, but are little known or investigated. Thus, can products of interest to the market be developed from indigenous goats? If product development were to occur, raw product characteristics need to be understood so that value-added products can be developed that cater to the latest trends of products from region of origin, or organic products or other niche markets (Kirsten and Sartorius, 2002). In the case of goat products the further processing of an existing commodity could be demonstrated, as suggested by ECAPAPA (2003) and commercialising an indigenous resource.

This section thus illustrates how knowledge of the market place as well as an understanding of the products from indigenous goats (as well as their limitations) was used to develop new products with real market potential. This section starts (Chapter 4) with the results of a national market survey that was conducted and follows with separate chapters on each of the four goat products: meat (Chapter 5), cashmere (Chapter 6), leather (Chapter 7) and milk (Chapter 8).

Although many of the steps of product development and market testing were done in parallel, these two processes informed each other continuously so that the innovative products that were developed emphasised the most beneficial characteristics of the raw product and de-emphasised the poorer characteristics of the raw product for a

particular perceived market. Each product was taken through basic research which determined its characteristics, followed by product development and finally, market surveys were conducted to determine the propensity to purchase these products by various markets. Where the markets indicated that products needed to be adapted, these suggestions were included in the final product design.