



Value Propositions: Theory and cases

Episode 22

Example 7.

Launching a new agriculture
product in Central America:
Extra Virgin Olive Oil
Part B

*You are learning with the
Spring Saga of the year
From January 22nd to August 9th, 2024.
www.eleonoraescalantestrategy.com*



Value Propositions: Theory and Cases.

Outline

1. **Introduction** 
2. **The history of Marketing: The background of value propositions** 
3. **What is a value proposition?** 
4. **Problem solving in the context of value propositions.** 
5. **The philosophy behind the Osterwalder Canvas** 
6. **Customer profile. Gains. Pains** 
7. **Value map. Gain Creators. Pain relievers** 
8. **Fit between the Client and the Value Map** 
9. **Let's practice. Example 1. A Global Consumer Packaged Good (CPG)** 
EASTER WEEK HOLIDAY No publication this week (Vacation from the 22nd to 31st March) 
10. **Let's practice. Example 2. A Fast-moving Consumer Good (FMCG)** 
11. **Let's practice: Example 3. A Technological Computer Peripheral Equipment Manufacturing** 
12. **Let's practice: Example 4. A Luxury Precious Stone Mining** 
13. **Let's practice: Example 5. A Global Transportation Services Enterprise** 
14. **Let's practice: Example 6. A Financial Sector initiative** 
15. **Let's practice: Example 7. An agriculture-food security product**  **Today** 
16. **Strategic Reflections about Value Propositions.**
17. **Summary and conclusions.**

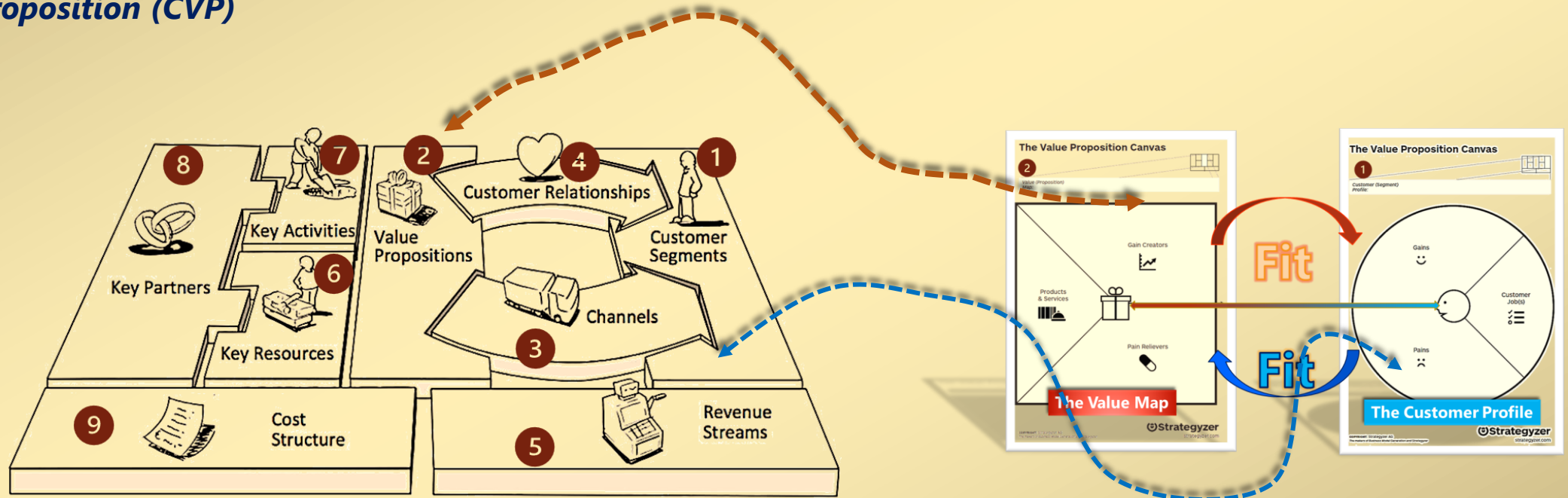
This outline is subject to change if the author considers it appropriate.



Value Propositions: Theory and Cases.

Today is another chance to practice. You will learn why this CVP can't be done without major changes to its proposal to the World Bank.

Please remember that we are simply at the initial step of business modeling: building the Customer Value Proposition (CVP)



Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
www.businessmodelgeneration.com
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Value Propositions: Theory and Cases.

We have been contacted by three agro-investors. They perceive there is possible to plant olive trees in Central America and yield olive oil products for the region.

Let's explore what are the most expensive expenses in the MED Diet?

Med Diet Group Food	% of total
Fruits	22%
Veggies	16%
White Meat and Dairy	19%
Red Meat	7%
Legumes (dry beans/peas)	2%
Breads & cereals	6%
Nuts, Oils, others	16%
Red Wine or Grape-Berry Juices	12%
TOTAL	100%



- The most expensive items in this dietary pattern are Fruits, White Meat and Dairy (poultry, fish and lactic-products); Veggies and Nuts-Oils, and finally Grape Products.
- The MED Diet always recommends to consume local products with high content in polyphenols and antioxidants. Bad fats should be replaced by Extra Virgin Olive Oil and occasionally or rarely we can consume genuine butter/coconut oil.
- Berries are essential for our well being, and our white meat proteins should be consumed at least twice a week.
- **By observing the distribution of expenses of the MED Diet, then we decided that the approach to the World Bank couldn't be based pivotally and only with the Extra Virgin Olive Oil products.**
- **If this greenfield Project wishes to be of impact for most of the population in Central America, the project must involve an integral innovation to be categorized as of a premium impact for food-security in Central America.**
- **In addition to Olive Oil cultivars, we will advise to consider the cultivation of high polyphenol- antioxidant Fruits, Grapes, Nuts and Cacao; under a multidimensional agriculture project.**
- **In consequence this CVP can't be done, without core changes to the initial idea of the three agro-investors.**



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Top fruits in polyphenols & antioxidants

Food	Serving (g)	Polyphenols (mg/serving)	Antioxidants (mg/serving)
Black Elderberry	145	1956	2808
Black Chokeberry	145	1595	2523
Blackcurrant	145	1092	1182
Blueberry	145	806	321
Sweet Cherry	145	394	249
Strawberry	166	390	480
Blackberry	144	374	821
Plums	85	320	349
Red Raspberry	144	310	213
Apple	110	149	221
Black Grape	54	91	92
Prune	32	62	?
Peach	99	59	105



Source: https://www.researchgate.net/profile/Augustin-Scalbert-3/publication/47661728/Identification_of_the_100_richest_dietary_sources_of_polyphenols_An_application_of_the_Phenol-Explorer_database/links/54579f840cf2bccc49111128/



We need berries in Central America



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Top Nuts in polyphenols & antioxidants

Food	Serving (g)	Polyphenols (mg/serving)	Antioxidants (mg/serving)
Flaxseed Meal	20	306	-
Dark Chocolate	17	283	316
Chestnut	19	230	524
Hazelnut	28	138	192
Soy Flour	20	93	-
Pecan	15	69	272
Almond	10	19	6.2
Peanut	40	2.6	17



Top Oils in polyphenols & antioxidants

Food	Serving (g)	Polyphenols (mg/serving)	Antioxidants (mg/serving)
Extra Virgin Olive Oil	16	10	8.8
Rapeseed Oil	16	2.5	-



Source: https://www.researchgate.net/profile/Augustin-Scalbert-3/publication/47661728_Identification_of_the_100_richest_dietary_sources_of_polyphenols_An_application_of_the_Phenol-Explorer_database/links/54579f840cf2bccc49111128/



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Top Veggies in polyphenols & antioxidants

Food	Serving (g)	Polyphenols (mg/serving)	Antioxidants (mg/serving)
Artichoke heads	168	436	1918
Black Olive	15	85	17
Spinach	59	70	170
Green Olive	15	52	24
Red Onion	30	50	31
Potato	128	36	69
Chicory (red or green)	14	33	18
Broccoli	72	33	142
Yellow Onion	30	22	28
Carrot	54	7.6	31
Red Lettuce	24	5.4	27
Green Beans	60	4.8	185
Cauliflower	38	2.7	31

Source: https://www.researchgate.net/profile/Augustin-Scalbert-3/publication/47661728/Identification_of_the_100_richest_dietary_sources_of_polyphenols_An_application_of_the_Phenol-Explorer_database/links/54579f840cf2bccc4911128/



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Always jazz up your food:

Every time that you utilize fresh or dried seasonings, you are adding quality of life to your existence.

Flavor with spices of your predilection, to enhance and liven up your health.

Use seasonings for a good taste with prudence too!.

Top Seasonings in polyphenols & antioxidants

Food	Polyphenols (mg/g)	Antioxidants (mg/g)
Cloves	155.18	160.47
Peppermint dried	119.6	9.8
Star anise	54.6	18.10
Oregano	23.19	-
Sage dried	12.07	29.2
Rosemary dried	10.18	25.19
Thyme dried	8.78	18.15
Basil dried	3.22	43.17
Curcuma, dried	2.85	10.75
Ginger, dried	2.02	4.73
Cumin	0.55	20.38
Cinammon Ceylan	0.27	90.7
Parsley dried	0.25	15.84
Marjoram dried	0.23	38.16



Source:

https://www.researchgate.net/profile/August-in-Scalbert-3/publication/47661728_Identification_of_the_100_richest_dietary_sources_of_polyphenols_Is_An_application_of_the_Phenol-Explorer_database/links/54579f840cf2bccc49111128/



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We have been contacted by three agro-investors. They perceive there is possible to plant olive trees in Central America and yield olive oil products for the region.

In consequence, what is the outcome of our research?

Is it possible to introduce a project to the World Bank to plant olive trees and manufacture olive oil products?

The answer is no. Why?

- Agricultural projects are extremely risky for any bank or development financing institution.
- In the case of **greenfield** agriculture projects, the risk multiplies much more.
- To appeal to the World Bank, the solution is a multidimensional agricultural project that truly can change the habits of eating in Central America:

Olives + High Polyphenol Fruits + Cacao + Grapes + Nuts

A greenfield project is a term used to describe a project that starts from scratch in an empty field

- Additionally, this project will require the World Bank advisory in terms of the organization of the Agricultural Subsidies from the Government to the Farmers: To this day it is the only way in which societies are ensuring food-security. This is crucial for the project.
- The USA and all OECD nations and 12 emerging economies worldwide provide over 700 billion dollars each year in support (subsidies) to the farmers in their nations.
- Let's see why a subsidies program for Central America is imperative if we wish to provide a MED Diet dietary programme to the low-class population.

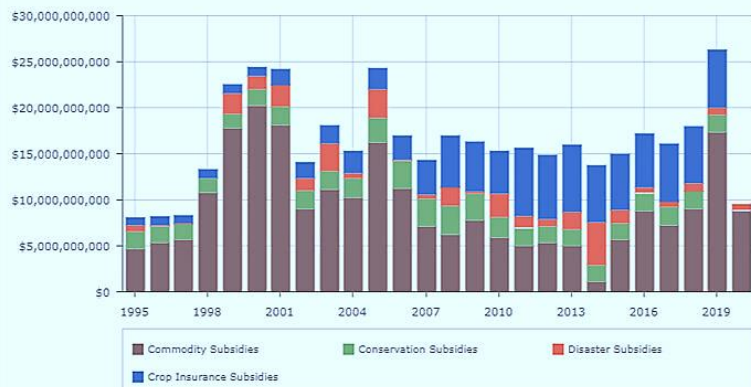


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This CVP can't be constructed for a greenfield Olive Cultivars. In order to attract the World Bank and United Nations funds as investors, the impact in dietary patterns should be greater. The project must be modified at its core to nurture and support Central American Food Security. In addition, an excellent subsidies program must be designed and implemented.

USDA Subsidies for farms in The United States totaled \$424.4 billion in subsidies from 1995 through 2020†



<https://www.cato.org/commentary/examining-americas-farm-subsidy-problem>

Total Estimated Agricultural Supports in 2019

Ranked by Spend as a % of Gross Farm Revenue

1. NORWAY - \$3.03 billion	57.6%
2. ICELAND - \$223.2 million	54.6%
3. SWITZERLAND - \$6.16 billion	47.4%
4. KOREA - \$20.8 billion	46.1%
5. JAPAN - \$37.6 billion	41.3%
6. PHILIPPINES - \$7.3 billion	27.1%
7. INDONESIA - \$29.4 billion	23.3%
8. EUROPEAN UNION - \$101.3 billion	19.0%
9. ISRAEL - \$1.5 billion	17.4%
10. TURKEY - \$6.7 billion	13.5%

Ranked by Total Spend (% Gross Farm Revenue)

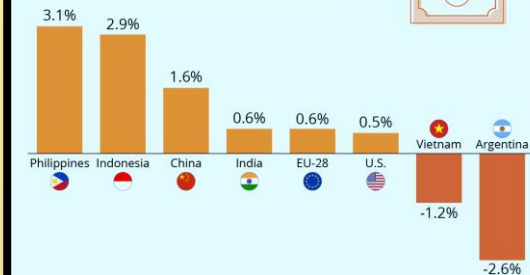
1. CHINA (12.1%)	\$185.9 billion
2. EUROPEAN UNION (19.0%)	\$101.3 billion
3. UNITED STATES (12.1%)	\$48.9 billion
4. JAPAN (41.3%)	\$37.6 billion
5. INDONESIA (23.3%)	\$29.4 billion
6. KOREA (46.1%)	\$20.8 billion
7. RUSSIA (9.2%)	\$7.9 billion
8. PHILIPPINES (27.1%)	\$7.3 billion
9. TURKEY (13.5%)	\$6.7 billion
10. SWITZERLAND (47.4%)	\$6.2 billion

SOURCE: OECD Data, Agricultural Policy Monitoring and Evaluation 2020 Reference Tables.

From the OECD, definition of Producer Support Estimate (PSE). The annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income.

Where Agriculture is Most Subsidized

Support of agriculture* as a share of GDP in selected countries in 2019



* transfers, price moderation, services and infrastructure
Source: OECD



statista

<https://www.hinrichfoundation.com/research/article/trade-distortion-and-protectionism/agricultural-subsidies/>

<https://www.statista.com/chart/24416/agricultural-subsidies/>

It is not possible to provide food-security in Central America without a good subsidies program to the agriculture sector.



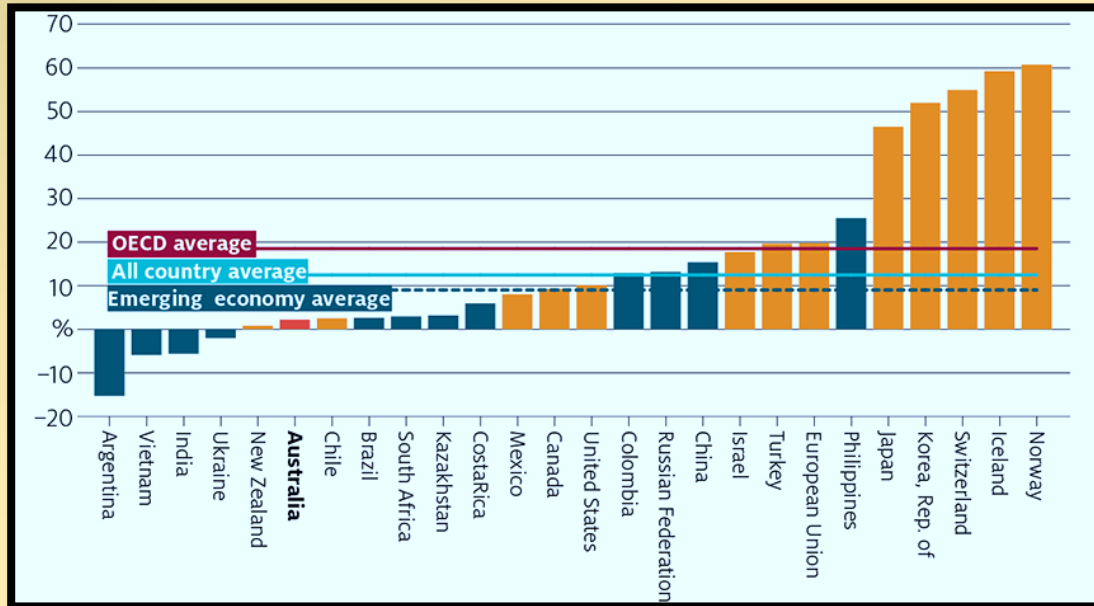
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A food-security program for Central America requires a change of wages for small-farmers.

It requires a risk security management program for climate change events

And it demands an agricultural subsidies program for all the farmers who are involved in the production of each food of the MED Diet dietary pattern.



Support measures as a share of gross farm receipts. The All-countries total includes all OECD countries, non-OECD EU Member States, and the 12 Emerging Economies. The OECD total does not include the non-OECD EU Member States. Latvia and Lithuania are included only from 2004. The 12 Emerging Economies include Argentina, Brazil, China, Colombia, Costa Rica, India, Kazakhstan, the Philippines, Russian Federation, South Africa, Ukraine and Vietnam. <https://www.agriculture.gov.au/abares/research-topics/trade/analysis-of-government-support-agricultural-producers>

Source: OECD

22/07/2024 References: Slides 47-48

- It is clear for any economist that agricultural subsidies may have trade-distorting effects. But to this day we have not found a solution to this problem, since the 16th century.
- Some countries hold little government support to farmers, but they had it in the past. This includes New Zealand, Australia, Chile and Brazil.
- The subsidies (well administered) may help farmers as grace periods of time to strengthen their production-manufacturing processes.
- The European Union supports agriculture at around 19% average through the CAP. And it has worked well despite some degree of nepotism/corruption in populist governments.
- The subsidies in rich countries affect the least developed economies: small local producers can't compete with heavily subsidized farms of rich nations. When these products are imported to the poor nations, the local farmers can't sell their products.
- This project of the olive trees farming, can only be introduced to the World Bank, if there is a risk security agricultural program to endure the inherent troubles of natural disasters, climate change, and subsidies.



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To prepare today's example, I was inspired by the miraculous way in which the Low-Income Class of Central America attempts to subsist despite that their salaries are not correctly designed for their integral well-being. All my admiration for their efforts and labors. Optimistically, we truly expect their situation will change soon, and their wages could be adjusted to have enough money to pay a Mediterranean Diet Monthly budget for their families.



All photos are from the
World Bank



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This Friday, we will continue with the Strategic Reflections for all the examples we have developed during this saga.

See you next Friday!

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