

## **TRADE MATTERS**

### **MARKET ACCESS – SECURING LOCAL SHELF SPACE BEFORE EXPORT**

By Roberth Kaveto, NTF Policy Analyst

Namibia is a signatory to numerous trade treaties, including the AfCFTA, the AGOA treaty, SADC, the EU-SADC EPA, and many others. The general expectation is that a country's membership in trade treaties will result in increased market access for domestic products in foreign markets. However, before seeking market access in foreign markets, domestic MSMEs as well as large firms, must be able to satisfy or secure market access in the domestic economy. This also helps ensure food security and quality products. Despite numerous market access initiatives, market access for Namibian MSMEs (domestic and foreign) is an area that needs attention. One of the prevalent issues we find in this space is the lack of verified information that can help MSMEs understand market entry requirements. As such, this article is focused on domestic market access for MSMEs, with the aim of detailing some factors that MSMEs should consider in order to secure shelf space in retail or wholesale stores.

As part of its mandate through the Namibia Retail Sector Charter, the Namibia Trade Forum, in collaboration with the Ministry of Industrialization with support from the UNDP office in Namibia, conducted country wide awareness campaigns on the Africa Continental Free Trade Agreement (AfCFTA). During these engagements, it was observed that MSMEs have made remarkable strides producing various goods (see insert for local production) but the challenge is accessing market for these products. Below is a snapshot of Namibia's production as compared to imports of the top ten fruits and horticulture products.

#### **Location**

15 Marais Street,  
Windhoek, Namibia

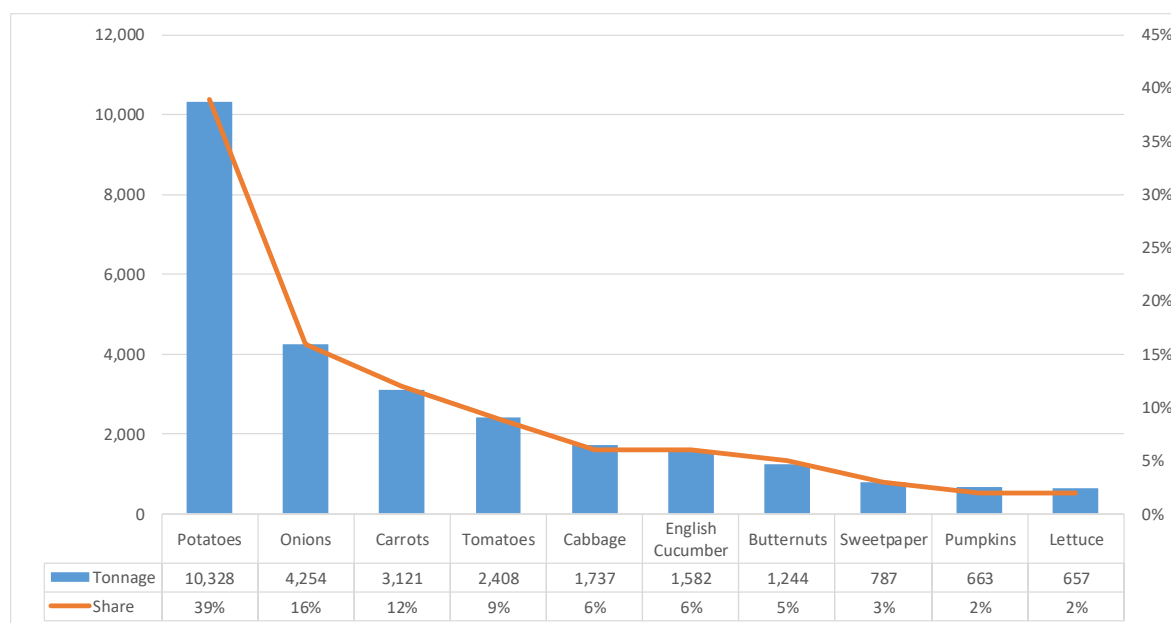
#### **Phone & Fax**

tel +264 61 235 327  
fax +264 61 235 327

#### **Email & Site**

email [info@ntf.org.na](mailto:info@ntf.org.na)  
web [www.ntf.org.na](http://www.ntf.org.na)

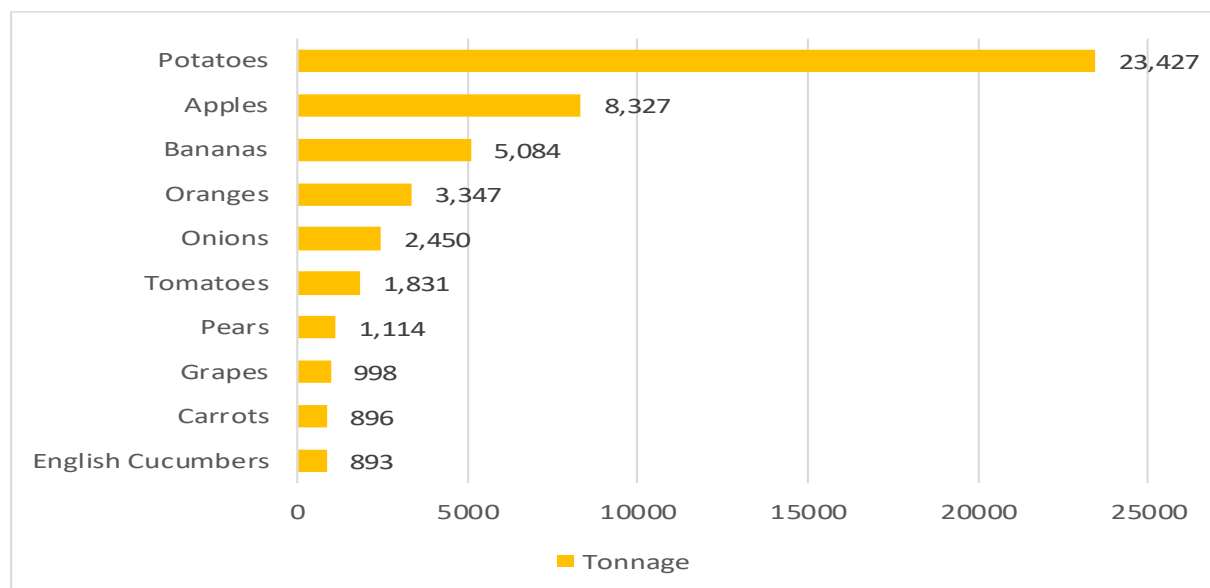
Chart 1: Top ten locally produced horticulture products-2018/19



Source1: NAB

As it can clearly be seen in Chart 1, during the period 2018/19 potatoes emerged as the largest produced horticulture product in Namibia with a total tonnage of 10,328 tons followed by onions with 4,254 tons and carrots at 3,121 tons. Tomatoes appeared as the third most produced product while cabbage, English cucumber and butternuts followed in that order. By comparison to imports presented in Chart 2, Namibia imported 23,427 tons of potatoes, this is more than double the 10,328 tons produced locally. On the other hand, it emerged that local production of onions and tomatoes exceeded the tonnage of imports during the reference period. This implies that there is a possibility for Namibia to be sufficient in some products. For instance, local production of carrots stood at 3,121 tons while only a mere 896 tons was imported to supplement local production. In terms of fruits it is observed that Namibia's demand requirement is gratified by imports (Chart 2), implying that local production of fruits is negligible. This indicates the need for support in the fruits sector.

Chart 2: Top ten imported fruits &amp; horticulture products



Source: NAB

### Compliance to Quality Standards

A technical standard is an established norm or requirement for a repeatable technical task that is applied to the common and repeatable application of rules, conditions, guidelines, or characteristics for products or related processes and production methods, as well as related management system practices (Sutaria, 2018). As noted in our engagements, compliance with standards is a significant challenge for MSMEs which negatively affects their ability to access market and as a result, their growth potential. For MSMEs in Namibia, compliance with standards comes with a burden of extra costs (barcoding, packaging, labelling, etc.), information asymmetry, market structure (informal) etc. A standard has three attributes that define its applicability: **level** (enterprise, industry/sector, national, regional, global, etc.), **subject** (automotive, food, software, pharmaceutical, etc.), and **aspect** (packing, testing, safety, environment, etc.). Hence, the focus of this article is on the enterprise (MSMEs) level, across various sectors as well as the aspect level, particularly on packaging, labelling and barcoding.

In response, the NTF through engagement and dialogue has identified a number of issues preventing such products from accessing markets. To address the issue of market access, the following are some of the key issues that MSMEs should look at and address in order to secure that much-needed shelf space.

### Packaging

Packaging is the process of preparing a product for safe transportation and storage. The packaging process may include wrapping, bottling, strapping, sealing, marking, cushioning, bracing, weatherproofing, or blocking, depending on the commodity and industry best practice (Shikar, 2018). Packaging covers the product to identify it and protect it from contamination, damage, dust, or leakage.

Different packages distinguish products from competitors, ensuring that they are recognizable and marketable (Smiriti, 2016). In other words, packaging aids in the identification, description, and promotion of the product, as it provides an avenue for branding and labelling

From a marketing context, packaging serves not only to identify, describe, differentiate, and protect the product, but also to attract attention and promote it (Subhakar, 2021). As a result, retailers have emphasised the importance of packaging as a requirement that MSMEs need to comply with to secure shelf space, as it increases the chances of attracting customers. For MSMEs in Namibia, packaging has remained a challenge in that most packaging materials are imported making it unavailable to MSMEs due to cost implications. Additionally, since packaging is product specific, it is challenging to find the perfect packaging solution for some products. And finally, the packaging industry is currently characterised by oligopoly structure with large firms producing slightly different products. This implies that MSMEs that produces smaller quantities are not accommodated by these few large firms.

### **Labelling**

Product labelling entails the display of information about the product on its packaging. Apart from the product's name and brand, it should include all of the information that customers need to make a purchasing decision. For instance, nutritional information, ingredients, date of production as well as expiration date, allergens, etc. Labelling is more than just a title; it is the buyer's first point of contact. Hence, it is important that any enterprise (MSMEs) that sells a product needs to label its products in order to effectively communicate the value of its products.

Product labelling is an important part of branding. The manner in which a product is presented is critical in raising brand awareness and making the product more appealing to the general public. Product labels can help to increase brand visibility and customer loyalty. With a memorable label, the product can quickly become a familiar sight, fostering trust between the manufacturer, retailer and the consumer. Labelling provides five key information about the product, for instance:

- **Product identification:** a label gives a name to an otherwise nameless item. This allows a customer to distinguish the product from others, especially if it is placed next to similar options. As much as this is important, in the case of Namibian MSMEs it emerged that products are packaged not for identification but for mere containment as packages of other products are used. In some cases, observed, bottles of whiskies are used to package chillies, grain or dried fruits which clearly conceals the true identity of these products.
- **Product description:** labels also provide descriptive information such as size, ingredients, instructions on the use and storage of the product, etc. All of this contributes to bringing the product to life while also providing the customer with useful information. In the case where products are packaged in a pre-used container/bottle the original label remains intact which

then provides wrong information to the clients about the current product in that particular package.

- **Makes comparison easier:** labels include everything needed to distinguish the product from competing products. By differentiating the product from other competing products, it helps customers to decide which one to choose. Since many MSMEs require knowledge and support in correct use of packaging material, comparison is even made more difficult because the information on the label does not give a true reflection of what is contained in the package.
- **Marketing:** marketing is all about capturing a customer's attention, and that is exactly what a label does. When a label is combined with design elements on the packaging, it can entice new potential buyers to make a purchase. For most MSMEs in Namibia, labelling is an area that also needs strengthening to make sure that Namibian goods are easily identifiable and appealing.
- **Provide information as per Law:** labels are required by law in some cases. This is common in food and pharmaceutical products, as consumer products are required to list their ingredients or components for the safety of their buyers. These are frequently accompanied by usage instructions to the benefit of the consumer.

### **Product barcodes**

Barcodes are used to store and timely retrieve data. Barcode labels include a representation of the company as well as product-related information in the form of lines or numbers. They are made up of small black parallel lines of varying widths and gaps that allow businesses to obtain real-time data. Some barcodes include both numbers and images, which increases their efficiency. The barcode label contains information such as the manufacturer's (producer's) name, product type, product number, and price (Sutaria, 2018). When there is a need to improve efficiency and profitability across the value chain, barcode labels come in handy. Additionally, barcodes are used for traceability of the product (Sutaria, 2018), this imply that a product's originality can be traced when the need to do so arises. It must be noted that in the past Namibia did not have its own barcode which forced producers to use mostly South African barcodes. However, Namibia now has GS1 Namibia, which administers and facilitates the issuance of the Namibian prefix 631.

### **Current interventions**

The governments and its stakeholders have started a number of interventions. For example, the NAB and NSi are working together to develop standards for horticulture and agronomic products. The campaign "buy local, grow Namibia" has been promoted by the NTF and its partners. Numerous products from the campaign have been listed in retail stores, showing that local products have improved in meeting established standards. The degree to which MSMEs comply with standards has also increased since the creation of Namibia's very own barcode centre, GS1 Namibia.

## Conclusion

The aim of this article was to draw the attention of MSMEs on some of the basic requirements necessary to have their products absorbed by the formal market through retailing, in other words, market access. The article identified four key primary standard requirements: 1) standards, 2) packaging, 3) labelling and, 4) barcoding. It is important for MSMEs to pay more attention to these requirements as compliance to these requirements adds value to their product which subsequently improves product marketability. This eventually improves the uptake of domestic products by retailers increasing domestic market access for MSMEs.

### **Disclaimer**

*Trade Matters is produced for the purpose of providing commentary on trade related issues. The views, thoughts, and opinions expressed herein do not necessarily reflect those of the author's organization. The content herein may be reproduced subject to the explicit consent of the author being granted. The author and the author's organization do not make any assurances about the completeness, reliability and accuracy of the information contained herein and as such will not be held liable for any consequences resulting from the use of information contained in Trade Matters*