

Marketing 'Made in Sri Lanka' to the world



Ruchi Gunewardene



Sarada De Silva

Ruchi Gunewardene and Sarada De Silva explore the regulatory challenges that are faced in order to take indigenous products to global markets

BY virtue of a country's bio diversity, natural climatic conditions, heritage and cultural diversity, many commodities and products are available that would have appeal to customers in other countries. Whilst these are often traded, there is an opportunity for greater value creation by protecting their source of origin, so that similar products from another region cannot unfairly trade on the reputation that has been built.

Every nation in the world has such valuable intangible assets that it has inherited either through its eco system or unique arts and crafts that it has built over centuries of tradition. These exported products add to building the perceptions around a nation's brand. In order to extract the hidden value however, there is much that needs to be done in order to protect, regulate and manage for effective global marketing.

Some well known examples of how this has worked are the way the French Wine industry has generated billions of dollars and there are also smaller famous location brands, like Parma ham and Parma cheese which come from the city of that same name or Alaskan seafood, Colombian Coffee, Roquefort Cheese and many more examples.

The means of protecting these assets are complex as can be seen in the Kobe beef example which refers to beef from the Tajima strain of Wagyu cattle, raised in Japan's Hyogo Prefecture

according to rules as set out by the Kobe Beef Marketing and Distribution Promotion Association.

Branding strategies centring on the geographical origins of a product is a key basis for differentiating commodity products. And the use of such 'geographical indications' (or GIs) can involve unique quality characteristics associated with a particular location or quality images that are based on the history, tradition, and folklore in a region. This geographical indication (GI) could be a name or sign used on certain products which corresponds to that specific geographical location or origin (which could be a town, region, or country). The GI tag ensures that none other than those registered as authorised users (or at least those residing inside the geographic territory) are allowed to use the popular product name.

For example, 'Bordeaux' is a GI for wine originating from the region of Bordeaux in the south of France, where it has been produced since the eighth century. Similarly, 'Tequila' is a GI for liquor originating from the town of Tequila in the state of Jalisco, Mexico, where the liquor has been produced for over 200 years. Other examples of GIs include 'Champagne', 'Darjeeling Tea' and 'Jamaica Blue Mountain Coffee'.

This is the battle that Sri Lanka has been fighting in the tea and cinnamon front for many decades. The duplication of Ceylon cinnamon by cheaper and inferior cassia has impacted Ceylon cinnamon's ability to charge a premium, which is only now being recognised in many global markets as being a much more superior product. Similarly, the deterioration of the Ceylon tea geographic origin name is because of its uncontrolled use (primarily by multinationals) over many decades by resorting to blending of Ceylon tea with various teas originating from other countries. Sri Lanka's inability to manage the unregulated use of the Ceylon name in tea has thus impacted the perceived value of it over the years. Instead, we have had to resort to the registered Ceylon Tea trademark with the lion symbol for protection, which is too little too late.

Establishing the system for GI registration however means the right legislation needs to be put into place by our own Government. Sri Lanka must first recognise its own GIs and to establish relevant laws to govern the procedures. This requires an amendment to be made to the Sri Lanka Intellectual Property Act which is governed by the National Intellectual property office (NIPO).



However, despite years of lobbying by various commercial, national industrial bodies and chambers the simple task of amending this act has yet to take place by successive Governments.

Besides tea and cinnamon there is massive potential for economic value creation through other products which are unique to Sri Lanka and with strong geographical origins such as Sri Lanka crabs, Ceylon arrack. This could be followed subsequently by Ceylon Sapphire, Dumbura mats just to name a few, once legislation spreads to non agricultural products.

The European Union is currently spearheading the establishment of GI status for non agricultural produce as it is rich in products based on traditional knowledge and production methods, which are often rooted in the cultural and social heritage of a particular geographical location, from Bohemian crystal, Murano glass and Scottish tartans to Carrara marble

Meanwhile, India has registered over 200 products in its own GI register.

The most famous one being Djareeling tea and some interesting ones such as Mysore silk, Feni (alcoholic beverage manufactured in Goa – equivalent to arrack), Blue pottery of Jaipur, Kashmir Pashmina, Nashik Grapes, Firozabad glass.

The Venkateswara temple in Tirupati, Andhra Pradesh, had a very interesting battle when it scored a legal victory with being awarded GI status as the Geographical Indications Registry upheld its claim of registration for the famous Tirupatiladdu!

Historically, there has been no uniform approach to the protection of GIs. Countries have adopt-

ed various legal principles and statutes to ensure the domestic protection of GIs. Whilst some countries have enacted specific legislation to protect GIs, some afford protection under existing laws governing trademarks; and others use a combination of both.

An international framework for the protection of GIs has evolved over time, beginning with the Paris Convention followed by the Lisbon Agreement for the Protection of Appellations of origin. Sri Lanka has to accede to Lisbon to get worldwide protection; otherwise we have to apply to individual countries which becomes a very cumbersome process.

Whilst Sri Lanka's immediate challenge is to go through the legal process of amending the Intellectual Properties Act, there is a need for the Government to establish policies, mechanisms designed to identify products with potential for GI registration, to raise awareness of society and to offer support for acquisition and exploration of new GI's.

It is therefore an on-going and active process and not one that ends with legislation being passed. It us up to individual entrepreneurs to recognise the potential that a GI product could have and then enhance it further through modern research and development which are relevant to global markets, thereby adding value to the inherent opportunity. The end goal should be to identify such potential GI products and turn them into 'brands' that global markets would pay a premium for.

(Ruchi Gunewardene is the Managing Director of Brand Finance Lanka and Sarada De Silva is the President of the National Chamber of Exporters of Sri Lanka).



Ravi Jayawardena(left) receiving award for 'People Leader in Marketing 2016' from Shantha Katapearachchi, member of the panel of judges at IPM People Leaders' Awards while IPM President Rohitha Amarapala looks on

Ravi Jayawardhena wins IPM 'People Leader in Marketing' Award

RAVI Jayawardhena, Chief Executive Officer of Sales and Marketing at Maliban Biscuits Manufactories, was honoured with the 'People Leader in Marketing 2016' award by the Institute of Personnel Management (IPM) at a ceremony held at the BMICH, recently.

The People Leaders' Awards recognises individuals who have made outstanding contributions in the fields of marketing, finance, supply chain, engineering and IT; through delivery of successful and superior people management practices in their respective industries.

Ravi who started his career at Maliban Biscuits in 2008 has played a key role in the company's progress and growth over the last few years. Since joining the company, Ravi has given new direction to both Maliban Biscuits and Maliban Milk by implementing corporate culture and strategy, and has been instrumental in changing the Maliban brand position in the corporate world. With his multinational exposure, Ravi drew both companies towards remarkable growth over the years.

Presently, Ravi is the only Sri Lankan in the Kantar Retail (formerly Glendinning consultancy) panel in the UK and has conducted training in Singapore, Malaysia (Unilever Regional Programme), India (British Petroleum Sales Team), and Bangladesh (Unilever senior sales team).

He received his MBA from the Postgraduate Institute of

Management – Sri Jayewardenepura (Sri Lanka) and Diploma in Marketing from Chartered Institute of Marketing.

Evaluating his professional performance and contribution to the society during the last fifteen years in a 360 degree dimension, the Postgraduate Institute of Management Alumina (PIMA) awarded the prestigious 'Platinum Honours' to Ravi Jayawardhena in the year 2014.

In the year 2015 Ravi was awarded the prestigious Golden Globe Tigers Leadership Award for Excellence in Marketing and Brand Leadership in Malaysia by the CMO Asia.

Ravi started his professional career at Unilever Sri Lanka and thereafter joined Coca Cola Sri Lanka as Country Head of Sales where he led the team to win several Asian and African 'Best Practice Awards'. Ravi is also a renowned MBA and CIM lecturer and has lectures for the University of Cardiff (UK), University of Wales (UK), Mahatma Gandhi University (India), and Postgraduate Institute of Management (PIM – Sri Lanka).

The People Leaders' Awards spearheaded by IPM recognises individuals who have made a passionate difference in people management in their respective fields. Applicants are evaluated and selected based on the five attributes of; developing people, supporting people performance, building organisational capability; mobilising individual commitment and lastly displaying personal character.

Unilever sharpens P&G rivalry by buying Dollar Shave Club

UNILEVER Plc is to buy US-based Dollar Shave Club, expanding its presence in the growing market for male grooming products and sharpening its rivalry with Procter & Gamble which owns the Gillette brand.

The surprise move by Unilever, which makes Axe body spray and Dove soap, shows how e-commerce is disrupting the market for consumer packaged goods.

It also reduced the attractiveness of rival razor maker Edgewell Personal Care as a takeover target, analysts said, sending its shares down 1.9%.

Unilever, P&G and others have put more focus on men in recent years, trying to coax them into spending more on deodorants, skin creams and hair products.

Terms of Unilever's deal, announced late on Tuesday, were not disclosed. However, Fortune cited sources saying it is paying \$1 billion in cash for the company, which sells razors and blades directly to consumers via online subscriptions.

Unilever declined to comment on the report.

Dollar Shave Club's turnover is expected to grow to over \$200 million in 2016 from \$152 million last year, Unilever said.

Based on those figures, Unilever would be paying five times annual sales for Dollar Shave Club, higher than most US consumer deals, which get done at below four times.

Jefferies analysts said the deal gives Unilever 60% of the US subscription 'shave club' market, versus only 5% for P&G's Gillette, and 11% of the US blades market overall.

"Unilever are parking their tanks on P&G's lawn in one of their most profitable categories," Jefferies said, adding that the move risks potentially value-destroying retaliation.



Unilever and Procter have a history of battle. In 2013, they fought a price war for haircare products that ate into margins.

Dollar Shave Club founder Michael Dublin will continue to run the company after the deal closes, expected in the third quarter of 2016.

The best Unilever can get?

The US market for men's grooming products rose 4% last year to \$8.5 billion, according to Euromonitor, fuelled by online sales of men's shaving products which it said reached \$342 million.

Analysts were divided on whether Unilever's purchase of Dollar Shave Club makes it more likely to go on to buy Edgewell which has brands including Schick and Edge.

Canaccord Genuity analysts said they still see Edgewell as a further possible target, as Unilever would look to build scale, but Bernstein said it could just keep attacking Edgewell and Gillette without owning the manufacturing.

This deal does, however, make Edgewell less attractive to other potential suitors such as Henkel, Johnson & Johnson and Colgate-Palmolive, Bernstein said, since they would have to compete with both P&G and Unilever.

"This was a smart tactical move by Unilever in that it puts up barriers to others who might want to acquire Edgewell, while leaving it as an option to come back to and build scale," Bernstein said.

CIM Sri Lanka to hold Graduation Ceremony and Membership Investiture 2016 on 27 July

THE graduation ceremony and the membership investiture of the Chartered Institute of Marketing Sri Lanka is scheduled to be held on 27 July, at the BMICH. 91 students will graduate, whilst 12 members (MCIM) will be invested at this year's ceremony.

CIM Sri Lanka created history by hosting the first ever graduation ceremony in December, 1992 and this year, the CIM Sri Lanka will mark its 24th Graduation Ceremony and will recognise those who have successfully completed the postgraduate Diploma in March, June, September and December 2015.

The Chartered Institute of Marketing is the largest community of professional marketers in the world with 100 years of heritage delivering education, membership and insight offerings to the marketing and sales profession. As the world's largest institute for professional marketers globally, CIM places great emphasis in maintaining high standards of quality



Professor Jonathan Deacon

and integrity also develops and sets standards within marketing landscapes of UK and other regional countries in which it operates.

The CIM curriculum is undoubtedly challenging as any credible qualification and is the only international qualification recognised by the Royal Charter in the United Kingdom.

The qualification is a comprehensive marketing and management qualification which is considered equivalent to a MBA.

The Guest of Honour for this year's Graduation Ceremony will be Professor Jonathan Deacon, Vice Chair, Chartered Institute of Marketing and Professor of Marketing at the University of South Wales. Prof. Deacon is a graduate of the University of Wales and Ulster Business School. He is a fellow of The Chartered Institute of Marketing and the Higher Education Academy, a member of the Academy of Marketing and Past Chair of CIM Wales. Within the University of South Wales Business School he leads the 'Making Business Happen' project and the 'Re-Thinking' Entrepreneurship Management Programme and is a visiting academic at a number of well-respected universities in the UK, Germany and the US.

The Chartered Institute of Marketing is the only marketing body granted with

the authority to award the 'Chartered Marketer' status by the queen's Privy Council of UK in 1998, in recognition of their professional excellence. Continuing professional development (CPD) allows members of CIM to progress and receive recognition on their achievements.

Membership grades are awarded on a combination of experience and qualifications. As a marketer progresses up the career, they can apply for a membership upgrade ensuring that their level of development is reflected through their membership status.

The CIM Sri Lanka is the first international branch of CIM UK and comprise the largest number of members, both professional and students of CIM outside UK, 1800 student members and over 1000 professional members respectively. The regional institute has always campaigned for greater recognition and excellence in the marketing profession in Sri Lanka, through education, training and development.