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CORPORIDDLERZ 2019

A BUSINESS STRATEGY COMPETITION

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ROUND 1



TOWARDS A
SAFER FUTURE



A Tale of Two Friends

Fahmeed and Nafiz have been friends since their childhood. After graduation, Nafiz left Bangladesh to pursue higher studies abroad and Fahmeed decided to stay back and work in a multinational company. It has been five years and during this particular summer vacation, Nafiz decides to pay a visit to Bangladesh. After coming back to Bangladesh, he decided to meet up Fahmeed at a local cafe.



Unhealthy Food Scenario

While discussing several issues over coffee, it suddenly struck Nafiz about the unhealthy food scenario here in Bangladesh. Fahmeed sitting on the other side of the table lamented about this situation after hearing the developed food system in abroad. Continuing talking about this, suddenly it struck Fahmeed that they could try to change this scenario by taking small steps. He also pointed out the fact that last month he went to his village and saw that many farmers are now producing their crops organically but are facing a hard time finding a designated platform to sell their produced crops. Furthermore, a large portion of the farmers are not aware of the way they are producing. Fahmeed went on to add, last year, Tk 4,000 crore worth of urea fertilizer has been bought by the farmers as well as harmful pesticides and chemicals in Bangladesh. And the consumers from their end are also not aware of the things they are buying and consuming. Natural food production and food adulteration remain a major issue in Bangladesh.



Global Organic Food Market

Global organic food & beverages market is expected to reach USD 211.44 billion by 2020, growing at a CAGR of 15.7% from 2014 to 2020. Growing adoption of organic food & beverages owing to associated health benefits and eco-friendly characteristics is expected to drive demand over the next six years. In addition, regulatory support for organic farming is also expected to have a positive influence on the market by improving supply and product quality. The emergence of organic fruits and vegetables dominated the global market, accounting for over 35% of global market revenue in 2013. However, meat, fish & poultry are expected to be the fastest-growing organic food products, at an estimated CAGR of 14.6% from 2014 to 2020.

Bangladesh's Scenario

The market for organic food in Bangladesh is at an early stage and has a huge opportunity for growth. There is rapid growth in the demand for healthy as well as tasty food products, which are safer than industrially produced goods, follow the rules regarding animal and environmental welfare, have a sustainable approach towards production and are also high in nutrition values. According to a research, over half of the consumers were highly conscious regarding their personal health, around 40% were moderately conscious, and 10% had low consciousness. Around 63% of consumers had medium awareness regarding the environmental hazards caused by agrochemicals, around 30% were highly aware, and less than 8% had low awareness.





Organic Farming in Bangladesh

Organic farming in Bangladesh still occurs largely on an experimental basis. Total land area under organic cultivation in Bangladesh has been estimated at 0.177 million hectares, representing only 2% of the country's total cultivable land. By 2005, only 100 of its traditional farms had converted to organic agriculture. Since the introduction of organic farming into Bangladesh, by NGOs, the movement is still being largely being directed by these organizations. Several NGOs began to spread ecological practices among its group members by growing varieties of seasonal vegetables. Different NGOs have involved around 0.8 million farmers in the last five years. These NGOs have also introduced an organic vegetable marketing project to promote the consumption of organic vegetables. Even though there is great potential regarding this sector there are various issues regarding both infrastructure and marketing which is impossible to be resolved by small farmer groups.



Opportunity in Bangladesh

Bangladesh is blessed with various agro-climatic regions that makes it potent to produce a wide range of organic products. The increase of the environmental consciousness has had a thoughtful effect on consumer behavior, with the green product market expanding at a remarkable rate. Therefore, in the past decades, there has been an increase in the production and consumption of organically-produced products which is seen as having less impact on the environment. Organic food consumption is increasing because of concerns over environmental and health issues associated with food production. There are a few existing businesses tapping into this potential. The main motives to purchase organic food products are health and environmental benefits. The increase in consumers' interest in organic food products has been attributed among other issues to the growing demand for food free from pesticides and chemical residues.



The Venture

So, it crossed Nafiz and Fahmeed's mind that they can do something about this. It is high time, that the health of the common mass should be prioritized. So, after a few days, they again decided to meet up and generate something meaningful to address this issue which laid the foundation for their new venture. And initially, they want to start this by providing fresh, organic fruits and vegetables and expand later on. They faced some hurdles like resourcing, adopting the right distribution channels, establishing links with the farmers and promotion. They decided to name their start-up "Mr. Fresh" and thus began their journey towards a safer food system.

THE TASK

You are now required to craft an implementation plan regarding Mr. Fresh and how Fahmeed and Nafiz can get this up and running.