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FROM THE AMERICAN PEOPLE

Digesting Nostalgic Trade: A Prequel to a Value Chain Approach

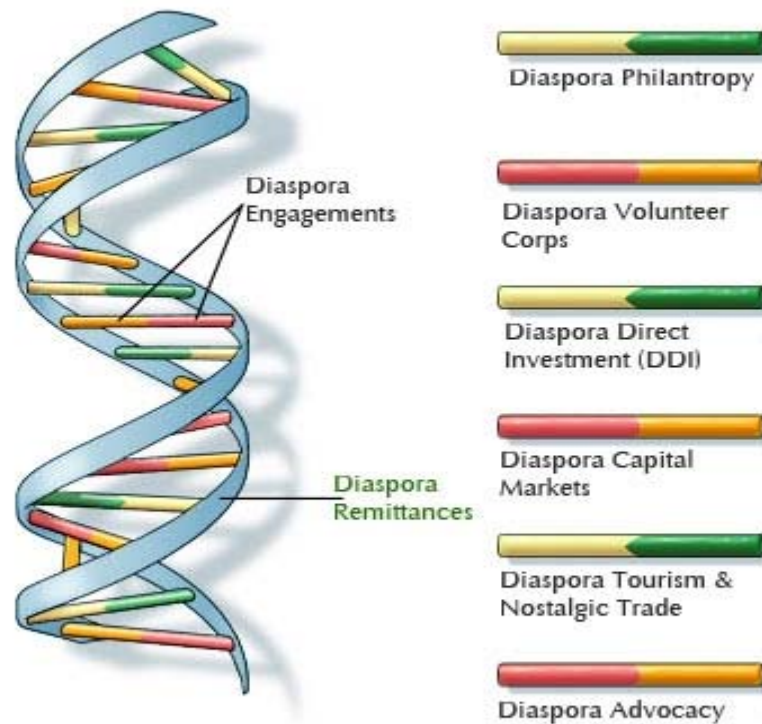
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PREAMBLE: GLOBAL DNA FRAMEWORK

DIASPORA NETWORKS ALLIANCE [DNA]



WHY?

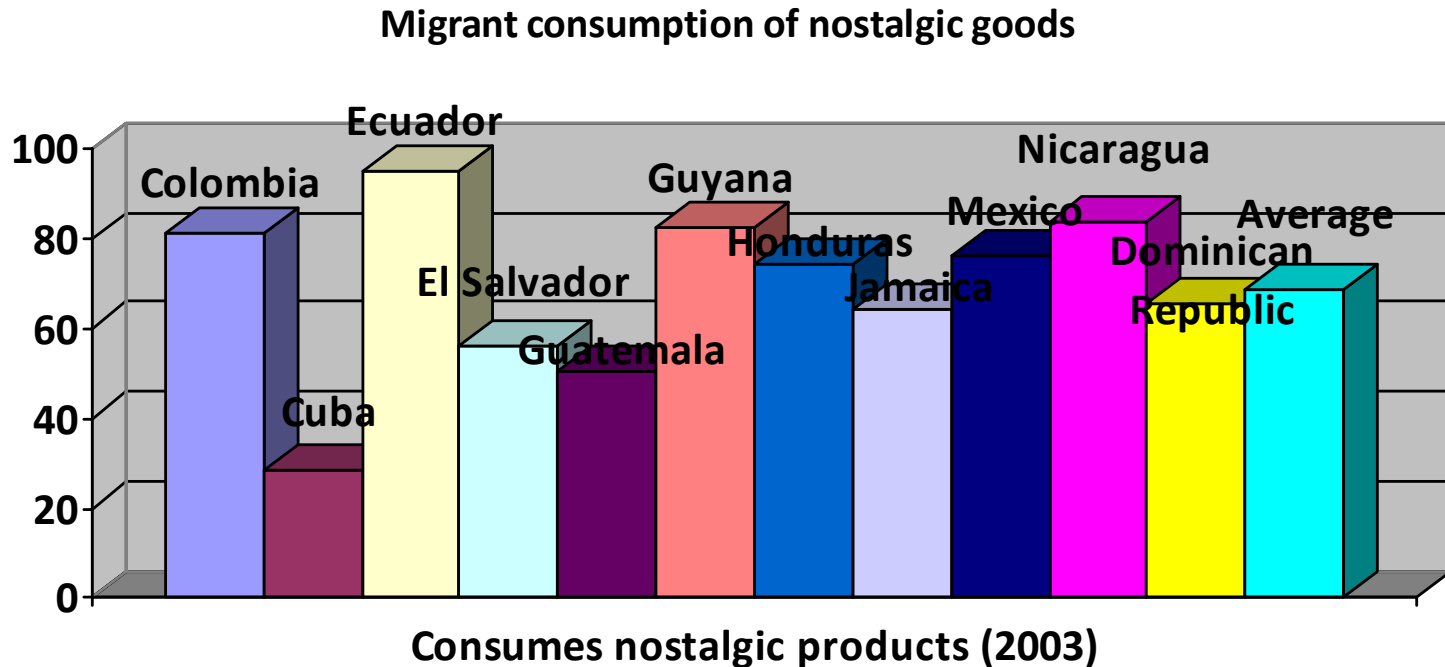
- The research will give guidance on how nostalgic trade is conducted



- Is a value chain framework applicable to amplify the development impact of these trade flows?

PURPOSE...

- Under USAID's DNA framework, comparatively research the degree to which nostalgic commerce exists, looking at the demand side in particular.



ABOUT THE RESEARCH PROJECT . . .

- **Demand for nostalgic commodities:** survey conducted on 1300 migrants from 12 nationalities. We sought to learn about:
 - Range of products they typically consume from their home countries,
 - Market mechanisms they rely on to acquire the products, and
 - Frequency or regularity with which they acquire these products.
- **Ethnic stores' operations:** interviews with nearly 50 businesses. We examined:
 - How local distributors in the United States respond to the demand for nostalgic goods
 - How they identify and liaise with suppliers in the home country

MAJOR FINDINGS . . .

- There exists an **extensive demand** for a **wide range of products**, many of which are **home country 'non-traditional' exports**, albeit they reflect traditional home country commodities;
- These products are **obtained within the community** through local stores that offer most of what they seek, in convenient ways;
- The expenses incurred by the purchase of these products range to almost **\$1,000 a year**;

MAJOR FINDINGS . . .cont...

- The goods are a material **representation of migrants' national and cultural identities**; and are **part of a large set** of transnational economic activities
- A **distribution network** exists connecting small and large manufacturers and producers with home country distributors, U.S. importers and middle-men, among others; and
- The stores **increasingly modernize** their business operations and directly or indirectly stock their products with U.S.-made and imported nostalgic products.

MIGRANT TRANSNATIONALISM IN THE U.S.(%)

	Sends once a year	Travels once or more times a year	Calls once or more per week	Belongs to an HTA	Buys home country goods	Has a bank account in home country	Has a bank account in both countries
Bolivia	74.0	19	54	6.0	86.0	3.0	15.0
Colombia	66.0	7	28	15.0	92.0	..	5.0
Dominican Republic	78.0	63	38	20.0	97.0	5.0	3.0
El Salvador	76.0	14	68	4.0	88.0	..	6.0
Ethiopia	68.8	14	46	39.0	78.0	..	12.2
Ghana	68.0	32	68	23.0	91.0	..	18.0
India	60.0	18	44	13.0	85.0	1.0	13.0
Mexico	83.5	5	50	15.5	99.0	6.0	5.5
Nigeria	55.0	47	55	22.0	93.0	2.0	13.0
Paraguay	66.0	10	58	38.0	92.0	2.0	2.0
Philippines	71.0	40	58	2.0	71.0	1.0	10.0
Honduras	91.0	25	85	8.0	90.0	14.0	49.0
Average	73.9	24	54	17.0	89.3	3.1	12.1

Source: Orozco, Manuel. "Tasting Identity: Trends in Migrant Demand for Home-Country Goods." Washington, DC: U.S. Agency for International Development, 2008.

THREE MOST CONSUMED PRODUCTS AS PERCENT OF ALL PRODUCTS (% IN PARENTHESIS)

	Products (#)	Product name I	Product name II	Product name III	Average Bought (#)
Mexico	63	Tortillas (19)	Refresco Jarritos (8)	Cheeses (6)	3
India	51	Curry (6)	Masala (6)	Dana (4)	4
Colombia	44	Café Del Monte (9)	Arepas (8)	Raw Sugar (6)	4
Dominican Republic	36	Rice (27)	Refresco Country Club (10)	Coconut milk (7)	3
Paraguay	30	Mate (19)	Bread (9)	Marmalade (15)	4
Bolivia	25	Chuño (16)	Yuca (16)	Quinoa (7)	3
Ghana	22	Rice (24)	Okra (12)	Cocoyam (8)	4
El Salvador	19	Cheeses (36)	Beans (14)	Cuajada (10)	4
Nigeria	19	Bananas (18)	Batatas (12)	Spices (11)	3
Honduras	19	Cheese (30)	Cream (24)	Beans (15)	3
Ethiopia	8	Injera (80)	Berberere (6)	Café (4)	3

TYPE OF STORE WHERE MIGRANTS BUY FOOD (%)

	At the local store where I buy my groceries	Friends/ relatives bring it from home and sell it to me	At the super market chain	Other (informal)	When I travel to my country
India	82	0	18	0	0
Ethiopia	78	4	5	9	4
Honduras	77	2	19	2	0
Paraguay	62	4	32	2	0
Nigeria	45	2	51	2	0
Mexico	41	1	38	20	0
D.R.	40	8	41	5	6
El Salvador	30	0	55	4	11
Philippines	34	5	51	9	1
Ghana	30	0	68	2	0
Bolivia	27	0	54	8	11
Colombia	20	7	62	10	1

EXPENDITURE OF COMMODITIES BOUGHT

Country of origin	Number of Products Bought (#)	Times bought Per month (#)	Price paid per unit (\$)	Monthly Expense (\$)	Total Paid per year (\$)
Honduras	3	8	4	95	1141
Ethiopia	3	14	3	90	1077
Philippines	3	3	13	99	1020
Ghana	3	7	3	77	919
Paraguay	3	7	3	74	884
Dom. Rep.	3	8	3	66	793
Total	3	6	4	64	768
India	4	4	4	58	694
Nigeria	3	6	4	57	683
Colombia	4	5	2	47	564
Mexico	3	3	4	41	494
El Salvador	2	4	4	38	458
Bolivia	2	5	4	34	408

MOTIVATIONS TO BUY THE PRODUCT (%)

	Continue my home country diet	Sense of attachment to home country	Product is unique to my home country	Quality of product is higher than other able products	I like it
Nigeria	21	3	12	10	54
Mexico	2	12	24	13	49
D.R.	1	3	28	24	44
Colombia	1	8	28	26	36
Philippines	6	34	20	2	38
Ghana	13	20	23	15	29
Ethiopia	22	28	16	8	27
Bolivia	31	31	0	19	19
Honduras	16	27	16	22	18
Paraguay	16	14	31	24	15
El Salvador	35	33	0	21	11
India	45	32	18	5	1

THE SUPPLY SIDE FOR NOSTALGIC GOODS IN THE MIGRANT COMMUNITY

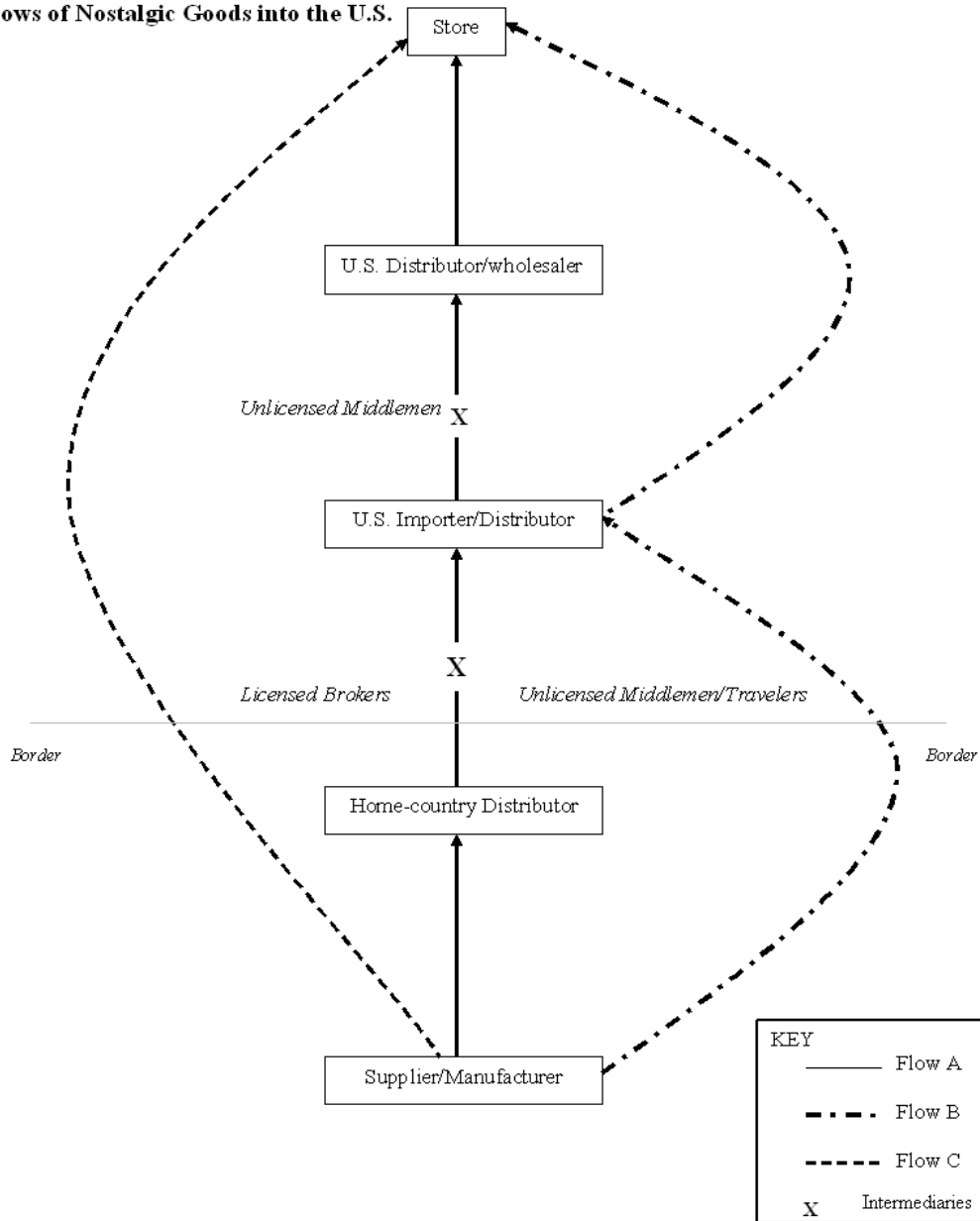
- There exists a large market for a wide range of ethnic products, **supplied mainly by small, minority-owned, ethnic stores.**
- These ethnic stores are **supplied by an extensive network** of domestic and inter-mestic distributors that interact on multiple levels and in diverse ways.
- The stores have an **intrinsic or organic relationship** with the communities they serve.
- Stores are seeking more **modern and sophisticated approaches** while continuing to meet their clients at the grassroots level.
- Ethnic stores also seem to be **relatively vulnerable to the external environment.**

PARTICIPATION OF A LARGE AND ESTABLISHED NUMBER OF ETHNIC STORES

- There are three main types of stores that supply migrant communities with home country products, or nostalgic goods:
 - Independent retail stores
 - Small franchise stores
 - Retail stores that operate as part of a restaurant or bakery
- Operation of stores depends on a well established distribution network: only 41 percent obtain U.S. manufactured goods and rely on imported items for the most part.
- Importers link with suppliers abroad (i.e. producers, manufacturers and distributors) and to bring ethnic products into the country



Flows of Nostalgic Goods into the U.S.



ETHNIC STORES ORGANIC LINK TO THE COMMUNITY

- The majority of these stores have **emerged as a result of conditions within the community.**
- Ethnic stores are **situated in the heart of traditionally ethnic neighborhoods**, surrounded by other entities that cater directly to migrants' needs.
- On a given block, there may be **more than ten stores** selling products to the same or similar ethnic groups, turning sections of their cities into Little Indias, or Little Managuas.
- Marketing relies predominantly on personal experience and background knowledge of the community and much less on market research

LEVERAGING NOSTALGIA THROUGH ENHANCED AND IMPROVED FOREIGN TRADE

- Product quality control and development
- Expansion of new products and labels
- Improving Competitiveness
- Improving distribution





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THANK YOU!

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