



# Garifunas Develop Formal Distribution Channel for their Products in New York

## *Transnational trade with social impact*

**FOR IMMEDIATE RELEASE: 12 of April of 2008**

### **Contacts:**

Escolastico Arzu

[info@newhorizoninvestclub.com](mailto:info@newhorizoninvestclub.com)

(917) 783-5298

[www.newhorizoninvestclub.com](http://www.newhorizoninvestclub.com)

Bronx, New York - New Horizon Investment Club a Garifuna company whose accomplishments include having served as financial adviser to the Garifuna Communities of Tornabe and Miami in the negotiation of a 7 percent capital participation the Micos Beach and Resort Project in Hodnuras, is pleased to announce that it has complied with U.S. importing laws and regulations for the formal entry of Casabe O' Big Mama. O'Big Mama is the commercial brand of Wabagari Distribution of Honduras and New Horizon has developed a formal distribution channel for in New York City.

In its strategic plan 2005 - 2010, New Horizons established a new vision "To consolidate itself as a leading and innovating businesses by developing projects that satisfy the demand of the existing market that provide a high yields." As part of the plan, they made the decision to explore commercial opportunities in Honduras and after evaluating several nostalgic products, decided to focus specifically in the import of cassava and developed a business plan for this project. After evaluating Wabagari Distribution's business Plan, they decided that it was the suitable company to establish a strategic business partnership.

Wabagari Distribution is a company dedicated to the promotion of the Garifuna culture through the production and commercialization of cassava with the goal of reaching the Garifuna and Latino population in the United States. The company's name means "Our Life" in the Garifuna language, therefore, it developed a slogan that describes Garifuna life as: Color, texture and flavor! Wabagari Distribution is registered in the Mercantile Registry of Honduras.

The cassava is produced by approximately 300 Garifuna micro entrepreneur women in 15 Garifuna communities; whose average monthly family income is US\$120 and their living conditions are characterized by overcrowding and poverty.

A distribution channel is defined as the path along which goods move from producers or manufacturers to ultimate consumers. The distribution network for an imported product includes four players. First is the importer who is the person in charge of getting the product to the USA. Secondly, is the Broker that is in charge of getting a new product to the market through wholesalers. The wholesaler is in charge of placing the product and to physically distribute it to the retailers where the consumer buys it. Volume is a critical aspect to access the formal market.

During interviews with medium and large distributors, there was little interest for products targeted solely to the Garifuna or Honduran niche markets, due of the small volume. Therefore New Horizon Investment Club decided to develop their own distribution channel, in which its president Jose Francisco Avila is registered as the importer with the U.S. Customs and Border Protection Agency, as well as with the Food and Drug Administration (FDA). Wilfredo Moreira, is in charge of distributing the product and has put together a team of salesmen in charge of the distribution to the Garifuna consumers and has also managed to place and distribute the product to an increasing list of retailers, like Solano's Record

and Westchester Fruit Vegetables & Grocery, Inc. in the Bronx, according to Moreira, “the objective is to establish a distribution channel with Honduran product specialization and extend it to other Central American products.”

Promoting a product or brand in the United States is a task that requires a lot of effort in view of the ample variety of existing products, both American as well as from different Latin American countries. Therefore, New Horizon also developed a promotion department under the responsibility of Escolastico Arzu, who is responsible for implementing the marketing strategy in New York City.

According to the study: External Demand for Honduran Nostalgic Products in the United States of America: “Informal entry has been one of the predominant means of importing nostalgic product to the United States. Even for products manufactured by formal companies with great reputation, the informal channels have been the exclusive route to the consumers.”

“We are committed to pursue greater markets for Garifuna products, by investing in the creation of the formal distribution channels for the commercialization of cassava, which will allow for greater volume and assure its availability for the consumers in New York City, while we help build the productive process and the exporting capacity of Honduran Garifunas and generate opportunities for small companies like Wabagari,” said Jose Francisco Avila, president of New Horizon.

The export of nostalgic products benefits the Honduran economy in at least three different aspects: economic, strategic and social. The economic benefit of the present Honduran nutritional nostalgic product exports is approximately US\$ 23 million, less than 2% of the total exports to the USA. Although a very small percentage at the moment in comparison to other exports (banana, maquila), this sector has great potential for growth in the short term. Its strategic value can be measured by the generation of employment for small producers and in the promotion of the country’s image abroad, in turn creating interest in other Honduran products. Finally, the social value is represented by the high value added to the local communities and the great impact in the rural income relative to the exports. During the first quarter of the 2008, New Horizon imported three shipments and according to Lina Martinez, Wabagari’s general manager, 25 families have benefited.

According to an article in the local newspaper, “Diario el Tiempo” “After two years of the Central American Free Trade (CAFTA-DR) the results have not been as flattering as they were expected for agriculture. This is because although the expectation is that a Free Trade Agreement increases the exportable supply, achieving it is not an easy task. The Agriculture Secretary’s focus at this moment is the admissibility process; they are looking for ways to fulfill all the requirements that are needed to be able to send a product to a country. But this is a long process, which makes difficult the production of new products for certain market. Most important is the need to improve the standards how we access the markets. The negotiation between New Horizon and Wabagari took approximately a year, during which they identified various factors that contribute to the success of a product in the international market. Among these factors are: a unique, differentiated product and high quality, as well as compliance with the sanitary norms. Therefore Wabagari Distribution has focused in achieving a high quality product and hygiene through the automation and continuous training of the women producers.

On the other hand New Horizons has applied its deep knowledge of the Honduran Culture and the American market to extend its distribution network through contact with other networks of distributors already positioned and by establishing relationships with Honduran producers. New Horizon Investment Club is a member of the Hunts Point Chamber of Commerce and Industry. The Hunts Point Market is the largest food distribution center of the world, providing products to the stores with foods and the restaurants through the northeast of the United States.

### **About New Horizon Investment Club and Wabagari Distribution**

New Horizon Investment was founded in 2000 by members of the Honduran Central American community of New York. Its main objective is to pool its members “capital, talent and organizational ability, to plan means and ways to use their financial resources, including remittances in an efficient manner for the collective good and for a better future”.

**Wabagari Distribution** - is a Garifuna owned company established in 2002 for the commercialization of ethnic products, in the middle of the 2003 it began with the promotion and trade of regular and flavored cassava at the national and international level. Wabagari Distribution, with its *O’ Big Mama* brand offers a new form to savor high quality cassava.