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A Cost-Leader Strategy Approach in Melon Production and Marketing in Latin America

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The export market for melons from Central America to the U.S. has provided Latin American growers an excellent production and marketing opportunity since the early 1980s. "Off-season" shipments are no longer a novelty, nor do they provide the opportunity for sale of a unique product. These products are common in the U.S. market year-round and have become another commodity in which price is the basic factor of competition. We document the case of a producer who entered the industry at its very early stages. The grower prospered because he recognized opportunity in the early phase of the product life-cycle. The product transitioned from new to a mature market, resulting in changes in

behavior by competing firms, a slowdown in growth of the markets, and reduced profits. As the industry transformed, the firm remained one of the dominant regional shippers by using a cost-leadership strategy. By adopting advanced production technology and generating large sales volume, the company re-invented and continued to take advantage of demand for the product even as it entered market maturity. The creation of profit centers, use of employee incentives at all levels, and out-sourced transportation and brokerage services were management practices that supported the cost-leader strategy. The market and the firm are discussed in this case.

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