Processed Chili Peppers for Export Markets: A Capital Budgeting Study on the AgroFood Company

Ayman A. Shelaby, Wael M. Semida, Daniel F. Warnock, and David Hahn

International Food and Agribusiness Management Review, Volume 14, Issue 1, 2011

English Summary:

The AgroFood Company, which currently exports fresh chili peppers to European clients, desires to expand the product mix offered. The company, as it expands its production of fresh peppers for export, has an increasing supply of grade 2 peppers that are unmarketable in Egypt. However, an attractive market for processed frozen chili peppers exists in Europe. To expand their client base, capitalize on a value added product, and minimize product waste, the AgroFood Company desires to develop processing practices for chili peppers produced in Egypt. The AgroFood Company would like to identify its options in the processed pepper market. An analysis of the company, competition, consumer, market channel, and conditions, provides insight into possible solutions to the challenges faced by the farm management. Designed for undergraduate classroom use, this case will provide students with an opportunity to evaluate the merits of business expansion into a high capacity, automated mechanical processing facility for grade 2 vegetables.