• Small-scale farmer marketing series •

AGRICULTURAL MARKETING

DEPARTMENT: AGRICLTURE

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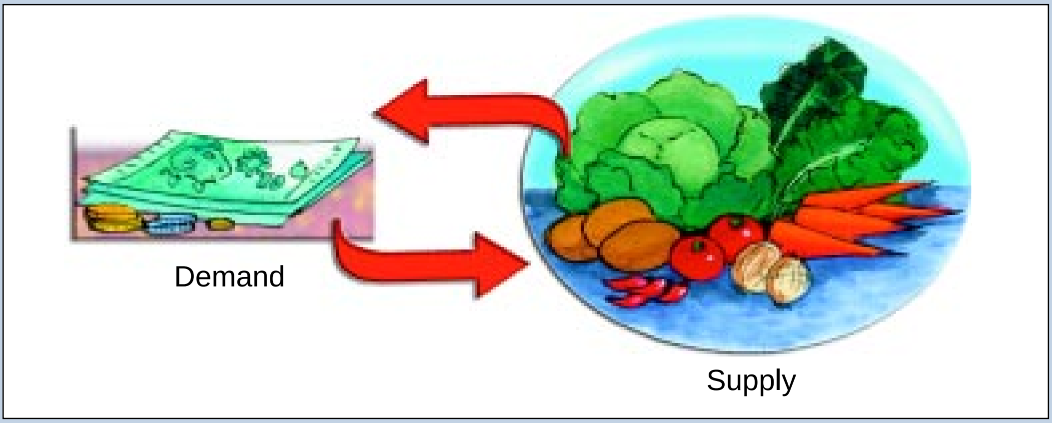
Marketing

Production should be market oriented. This means that you should find out what the consumer wants (demand), then produce (supply) that product and sell it at a profit.

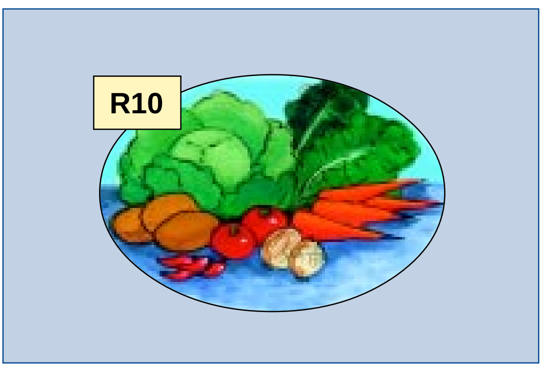
Demand and supply

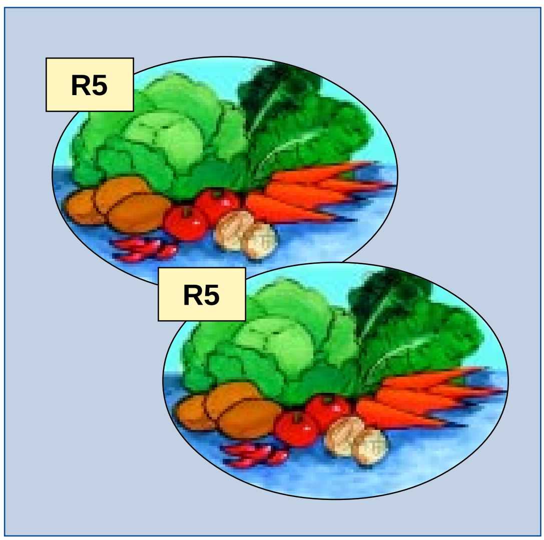
Demand is how much consumers are prepared to buy at a certain price.

Supply is what producers are prepared to sell at a certain price.



When the price goes up consumers will buy less, but when the price is low they will buy more or a bigger variety of products.





The marketing process

Step 1

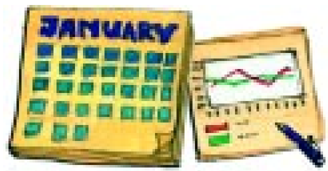
Identify consumer wants and preferences by doing **market research.**

Step 2

Identify which of these commodities are suitable for you to produce.

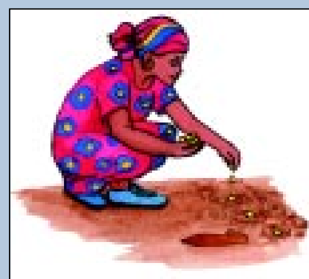
Step 3

Plan the production of the product.



Step 4

Plant the crop and harvest when it is ready.



Produce the crop

Step 5

Choose the marketing channel that suits you best and where you can make the most profit.

Sell the produce at a profit

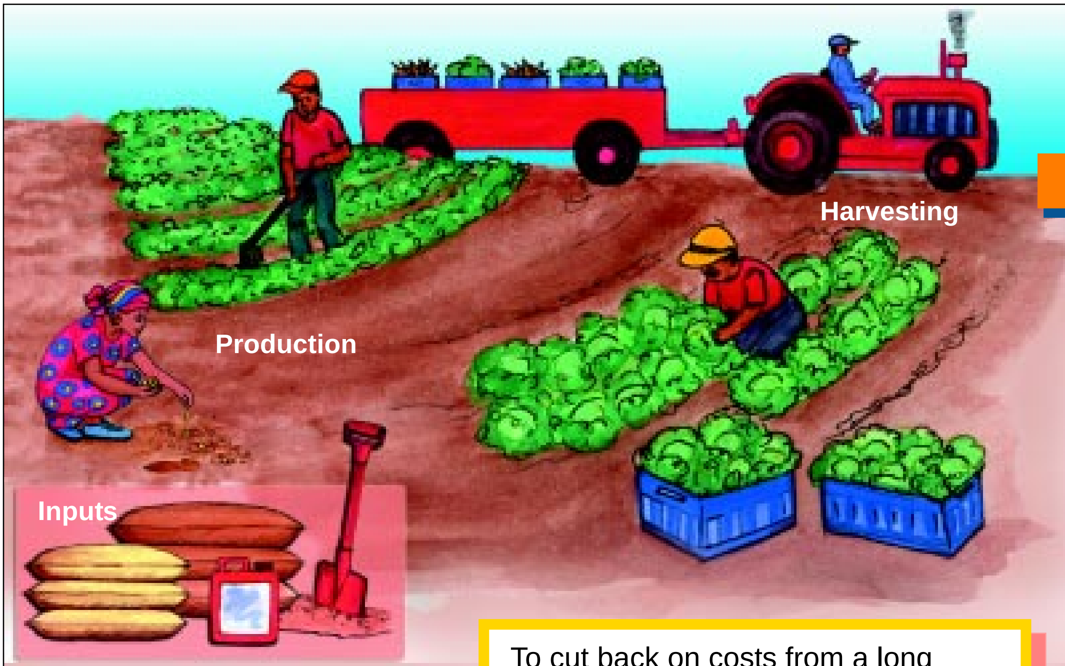
The marketing chain

The marketing chain consists of a series of activities to get the product from farmer to consumer.

- You can benefit by adding value to the products to increase your own profit by being involved in the washing, packaging, storage, processing and retailing.

Production and harvesting

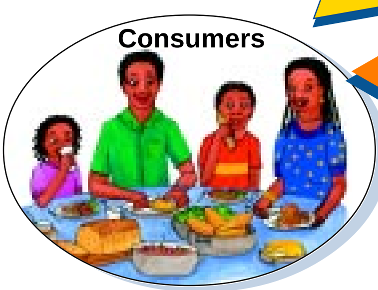
Production costs include seed, fertiliser, pesticides, implements, tractors, fuel, labour, etc.



To cut back on costs from a long marketing chain you can use a shorter channel by selling directly to the consumer.

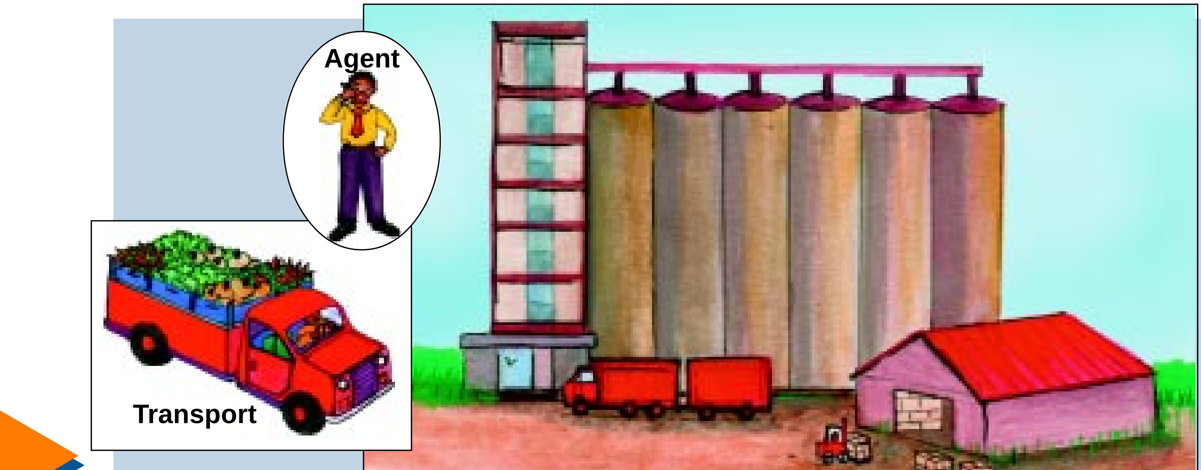
Retailing

Retailing costs include transport, advertising and storage.



Storage and packaging

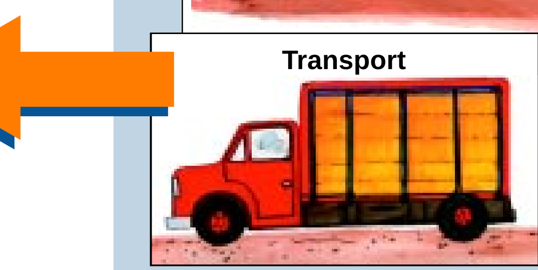
Packaging costs include grading, packaging material, labour, storage, insurance, etc.



Value adding by packaging and storage until the prices are more favourable generates more income.

Processing

Processing costs include equipment, transport, packaging, additives, labour, electricity, etc.



Value adding by processing generates more value per product and therefore increases income.

Alternative marketing channels

Farm-gate marketing

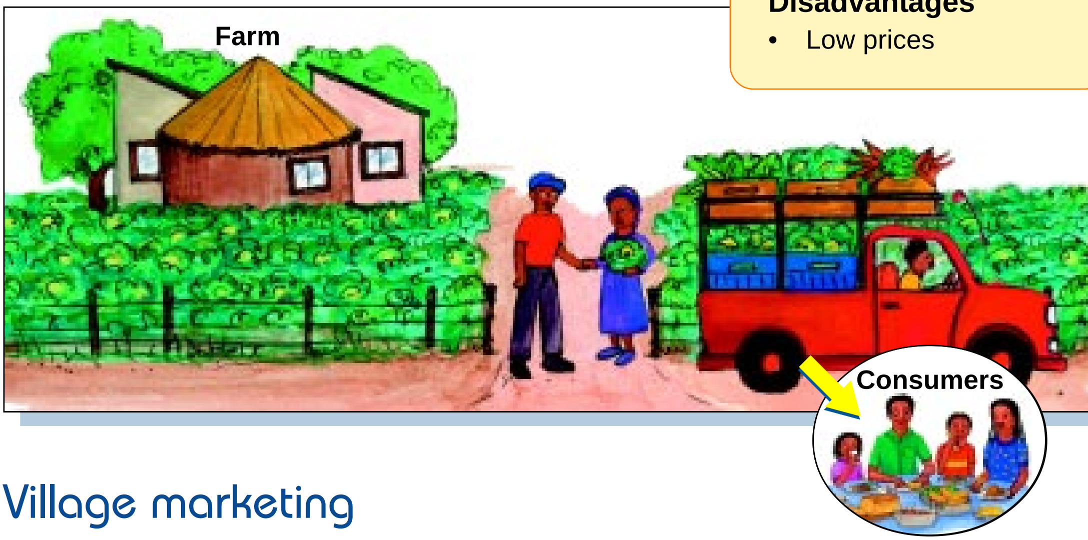
The farmer sells products directly to buyers.

Advantages

- No transport costs

Disadvantages

- Low prices



Village marketing

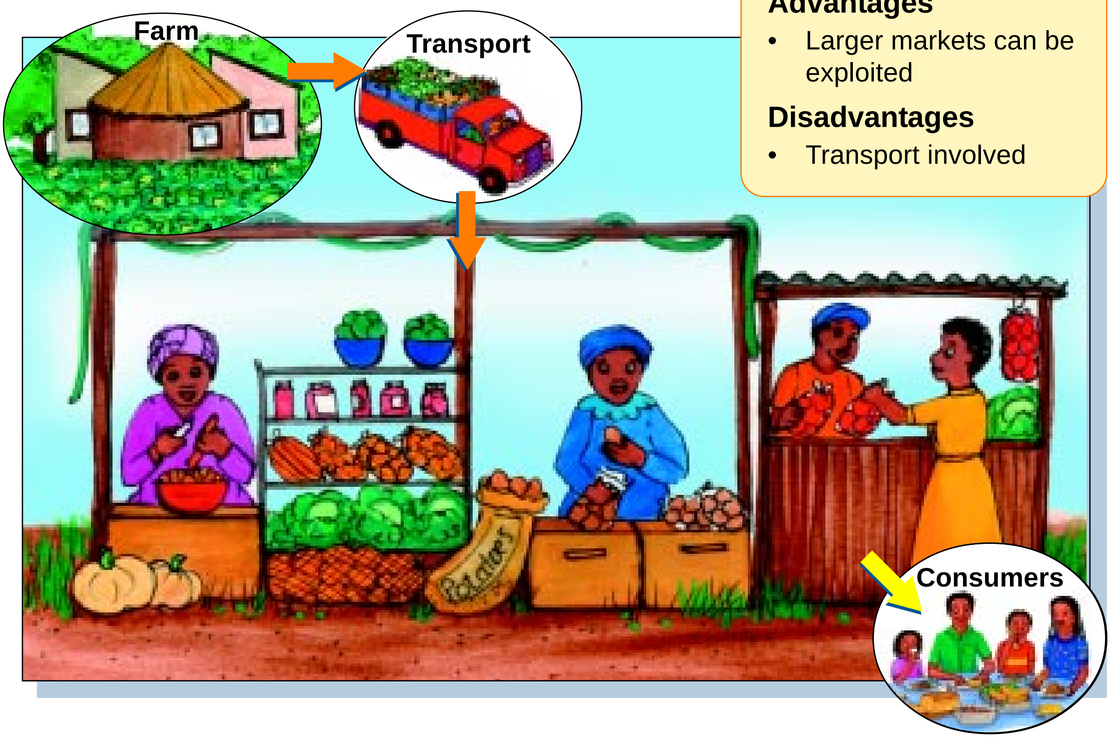
The farmer sells to the consumer or hawkers.

Advantages

- Larger markets can be exploited

Disadvantages

- Transport involved



Fresh produce markets

Sales are done by market agents on behalf of the farmer on a commission basis. Quality, packaging and presentation are very important and produce must conform to accepted grading and packaging standards.

Advantages

- Higher prices
- Large quantities

Disadvantages

- Transport costs
- Higher marketing costs

Risks

- Lack of information

Auction pens for livestock

Auction pens provide a marketing service to livestock farmers.

Advantages

- The market is larger
- Guarenteed minimum price

Disadvantages

- Prices may be lower than "market" price

Risks

- Lack of information

Contract marketing

The farmer sells directly to the retailer on a contractual basis. Quality, quantity and delivery times are very important.

Advantages

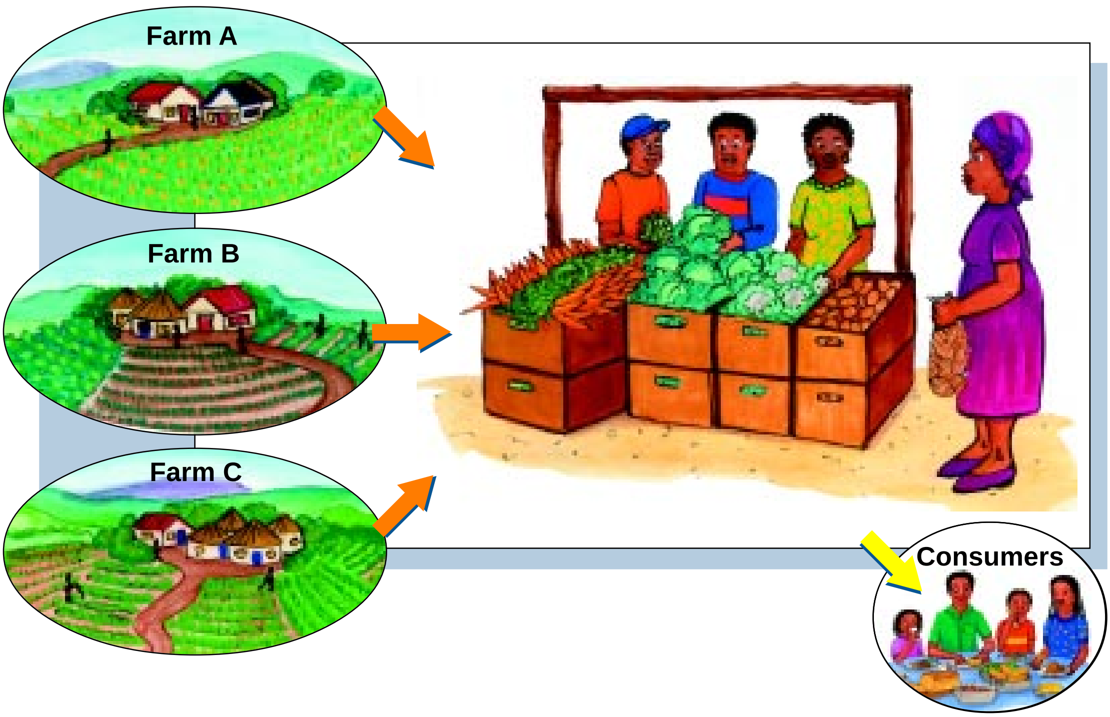
- Prices guaranteed

Disadvantages

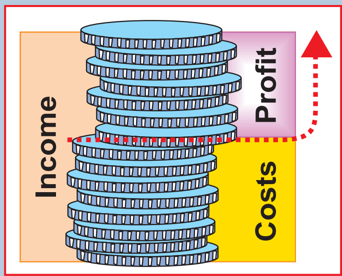
- Constant supplies

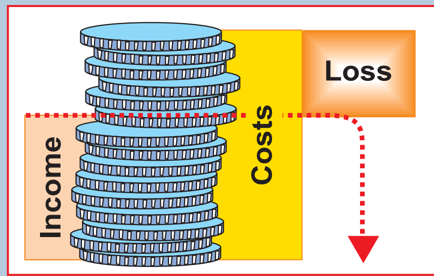
Communal marketing

A farmers' association jointly markets the crop on a formal market.



How to calculate profit or loss





The relationship between costs and price = profit or loss.

Useful contact information

Department of Agriculture

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National Agricultural Marketing Council (NAMC)

Tel: (012) 341 1115
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Agricultural Research Council (ARC)

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Land Bank

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Department of Trade and Industry (DTI)

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