



Agricultural Marketing Extension



Introduction to this paper and the series

This is No. 1 of a set of nine *Marketing Extension Training Papers* prepared under FAO Project TCP/SAF/0065. It provides a general background to marketing issues in South Africa and identifies activities which extension officers can carry out to assist emerging farmers with their marketing. For extension officers working in areas that grow horticultural produce, Paper No. 1 should be used together with Paper No. 2 in the Series, "Horticultural Marketing Extension" which also provides detailed advice on the activities extension officers can carry out.

- Paper No. 1 provides a general background to marketing issues in South Africa.
- Paper No. 2 is on horticultural marketing extension.
- Paper No. 3 reviews the South African horticultural market. It provides detailed information on the market, including seasonal price trends and packaging requirements.
- Paper No. 4 looks at how extension officers can assist farmers with market information.
- Paper No. 5, on cereals marketing, mainly concentrates on maize but also touches on other cereals of interest to emerging farmers.
- Paper No. 6 is on dairy marketing.
- Paper No. 7 on livestock (cattle, sheep and goats) and pig marketing as well as rabbits and cane rats.
- Paper No. 8 reviews wool and mohair marketing arrangements.
- Paper No. 9 covers poultry and eggs marketing.

Marketing

Marketing has been best defined as the process whereby the supplier of a product or service finds out what the consumer **wants** and **supplies** it at a profit.


Supply and demand

For agricultural produce the **quantity that consumers want and purchase** is affected by a number of factors, the most important being the:


- **price** of the goods,
- **tastes and preferences** of consumers,
- **number of consumers**,
- **incomes** of consumers,
- **prices of related goods (competition)**,
- **range** of goods available to consumers.

The **lower the price**, the **more will be purchased**; conversely, the **higher the price**, the **less will be purchased**.

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



• **Demand** •
is how much
**consumers are prepared to
buy at the market price**



Visual aid 1

The **quantity that producers supply** is affected by a number of factors, the most important being:

- the **price of the good/product on the market**,
- the **price of inputs/costs of production**,
- technological factors,
- the climate,
- storage possibilities.

The **lower the price**, the **less will eventually be supplied (because less will be produced)**; conversely, the **higher the price**, the **more will be supplied (because of an increase in production)**.

How is price determined?

In a market-oriented system the price of a product is determined by **supply and demand**. Basically, a balance is achieved between what people are prepared to supply at a price and what people are willing to pay for the product. As the price of a product rises the quantity that will be supplied also rises and the quantity demanded falls, or vice versa. It is important to note that:

- **Supply** is what people are prepared to sell at a certain price. While supply is influenced by production it is not always the same as production. For example, farmers may sometimes grow perishable crops and not harvest them because the price is too low. For less perishable crops, farmers or traders may decide to store them in the hope that prices will rise, rather than sell them immediately. When prices do rise they may take the products out of store to sell. At this time supply is equal to production harvested for immediate sale plus products taken out of store.
- **Demand** is not how much people would like to buy or what they should buy for a healthy diet. It is how much they are prepared to buy at the market price.

Short-term price fluctuations

The main causes of short-term price changes of fresh produce are:

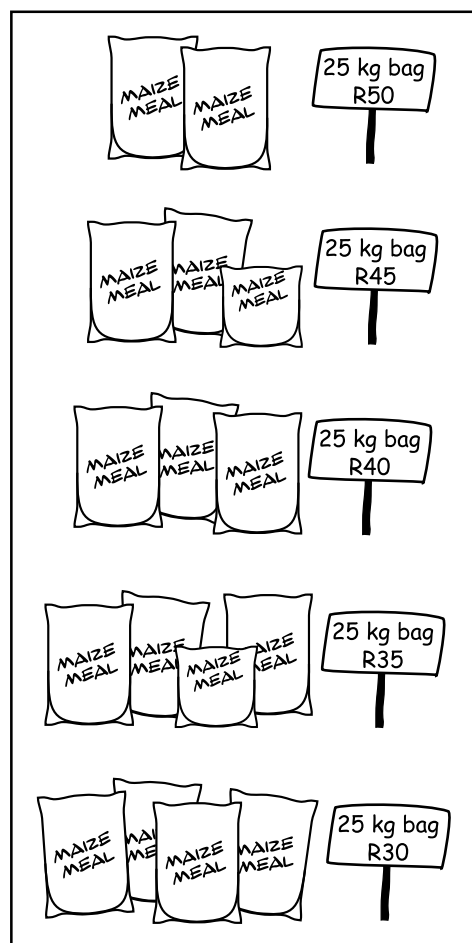
- The amount of produce on sale in the market on a particular day and the quantities sold in the previous few days.
- Short-term demand changes.
- The affect on demand of prices of competing products:

- Quantities available

As a general rule, prices in markets are closely related to the quantities arriving at the markets on any particular day. Thus, if a National Produce Market receives 1 000 kg of oranges on a Monday and the wholesale buying price per kilogram is R1.00 it can be expected that if 1 000 kg arrive in the market on Tuesday the buying price will be much the same. However, this may not always be the case. For example, for one reason or other (e.g. bad weather or a transport strike) there may have been no oranges delivered to the market at the end of the previous week. This will have created a shortage and prices on Monday will go up as retailers will compete to buy oranges to sell to consumers who have run out. By Tuesday, it will be clear that the supply is back to normal, and market prices may well go down, even though the quantity supplied is the same.

- Competing products

If only oranges are available in National Produce Markets, then the prices will be fairly high. However, in the following days other fruit may also become available. Retailers, and hence consumers, will then have a choice between, for example, oranges, mangoes and pineapples. Thus, although the quantity of oranges delivered to the market may stay the same, the price will go down, because some people who would have bought oranges will now switch to other fruit, especially if it is cheaper. In order for the agents to sell all the oranges delivered to the market they will have to lower prices.



Possible monthly maize meal consumption by a family at different prices. (A family will spend the same amount of money but buy less food at a higher price.)

Long-term price changes

The main factors which influence long-term market price developments for agricultural products are:

- supply,
- demand and
- time of the year.

Supply

While the quantities available in a market on a particular day may lead to short-term price fluctuations, other factors influence the long-term price trend. In the case of perishable produce which cannot be stored for any length of time, or for which there is no suitable storage, the main impact on prices is seasonably of production.

For a crop such as tomatoes the price trend will depend primarily on when the crop reaches maturity in the main producing areas.

In the case of staple foods such as maize and other crops which can be stored for lengthy periods, the market price is not so much related to what is supplied to markets on a daily basis as to what is produced in a season or a year.

Supply to the market can be influenced by:

- **How much was planted**

If prices in one year are bad, farmers will often respond by planting less in the next year. This will lead to lower production and higher prices, so encouraging more planting in the following year and a consequent fall in prices. This cyclical nature of production and prices is quite common.

Successful farmers are sometimes those who do the opposite to what is being done by other farmers.

- **Weather**

Inadequate rains can have a significant effect on production levels for all crops not grown with irrigation.

- **Imports**

Since deregulation the South African market for agricultural products has been opened to imports. If prices rise to levels which are attractive for importers then imports will compete with domestic production. At present, this mainly affects the poultry industry but it could potentially influence all sectors.

- **Price**

Where they have suitable stores available, farmers usually have the option of selling immediately or storing in the hope that prices will rise later in the season.

Their decisions about how much to store and how much to sell will depend on their need for money after harvest, on the price and on their knowledge of likely price trends. If farmers sell a large proportion of their crop immediately after harvest, this will inevitably lead to lower market prices, although the effect may be reduced if traders and millers decide to store large quantities.

Demand

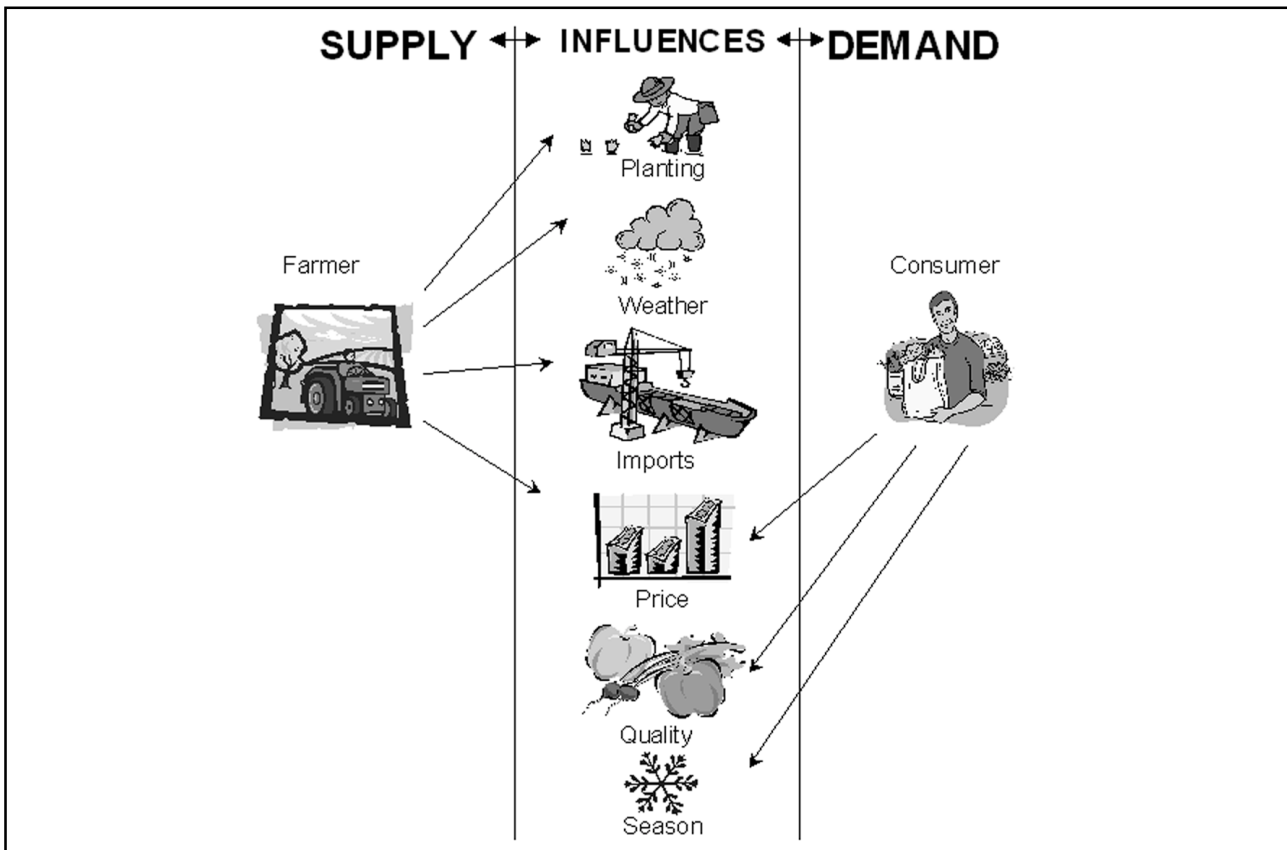
Demand is influenced by:

- **Price**

If the market price is high consumers will reduce their purchases. However, for staples such as maize, roots, tubers and other important crops, it is more difficult to make significant reductions in the quantities consumed as prices rise. If prices go up people may eat slightly less and they may also be more careful about how much they cook in order to waste less. They may continue to buy the same quantities but buy a lower quality. They may also buy other products which they see as being of better value, if such products exist.

If the market price is low consumers will probably increase their consumption, buy better quality and be less careful about avoiding waste. But a person can only eat so much maize, so consumers who can already afford adequate quantities will not increase their consumption by much in response to lower prices. Instead, they are likely to use the money saved on staple foods to buy larger quantities of fruits, vegetables or animal products than they would normally consume.

The interrelationship between supply and demand and prices for foods is therefore quite complex. A change in the price of one product can affect the demand and, in turn, the price of an entirely different product. In general, it can be seen that production is likely to fluctuate much more than demand and thus supply changes will normally have a greater impact on prices than demand changes.



Supply and demand of a product is determined by several influences experienced by the farmer and the consumer

Visual aid 2

- **Time of the year**

Almost all crops are seasonal. In many cases products will not be available for part of the year, or will be supplied by different parts of the country. Prices will therefore reflect seasonal production fluctuations.¹

- **Taste**

Consumers have different likes and dislikes, these can change as can their needs. For example in households where the mother works convenience, processed and semi-prepared foods often are demanded.

Marketing costs

The sequence of stages involved in transferring produce from the farm to the consumer is generally referred to as the **marketing chain**.

All transfers involve marketing activities in some or other form. **All activities involve costs.** At the simplest level the cost involved may just be the time taken by the farmer to walk to a nearby market and stay there until all his or her vegetables are sold. At the most complex level a product may be stored for lengthy periods, transported long distances and processed several times before reaching the form in which it is finally sold.

Why is the price of a product in a shop or retail market often much higher than the price paid to the farmer?

The costs involved with marketing are not always fully understood. We can understand that traders or processors spend money on transport or packaging or on fuel for a wheat or maize mill, but there are many other, less obvious, costs. **Because these costs are not always visible, those doing the marketing are often accused of making unreasonable profits.** People



¹See Paper No. 3 on the South Africa Horticultural Market for more information on seasonal trade.

look at prices paid to the farmers by traders and compare them with the prices consumers pay for the same product and assume that the farmers and consumers are being exploited. Sometimes, of course, traders do make very high profits but on other occasions they make small profits or even losses. Clearly, unless they make an overall profit traders will not be keen to continue in business, to the disadvantage of both consumers and farmers.

Generally, the **more complex and lengthy the marketing chain the higher are the marketing costs**. If a farmer lives 20 km from a market he will normally receive a higher share of the final price than one who lives 200 km away, because of lower transport costs. A producer of a perishable crop, such as tomatoes, is likely to receive a **lower share** of the final price than the producer of a non-perishable crop such as maize because some of his crop may be unsaleable by the time it reaches the market. A farmer who grows apples may receive a **lower share** of the retail price than one who produces pineapples, because apples can be stored for several months to take advantage of higher prices later in the year, while pineapples cannot, but storage costs money. Thus, in comparing farmer and consumer prices, we **need to be fully aware of all the costs involved**.

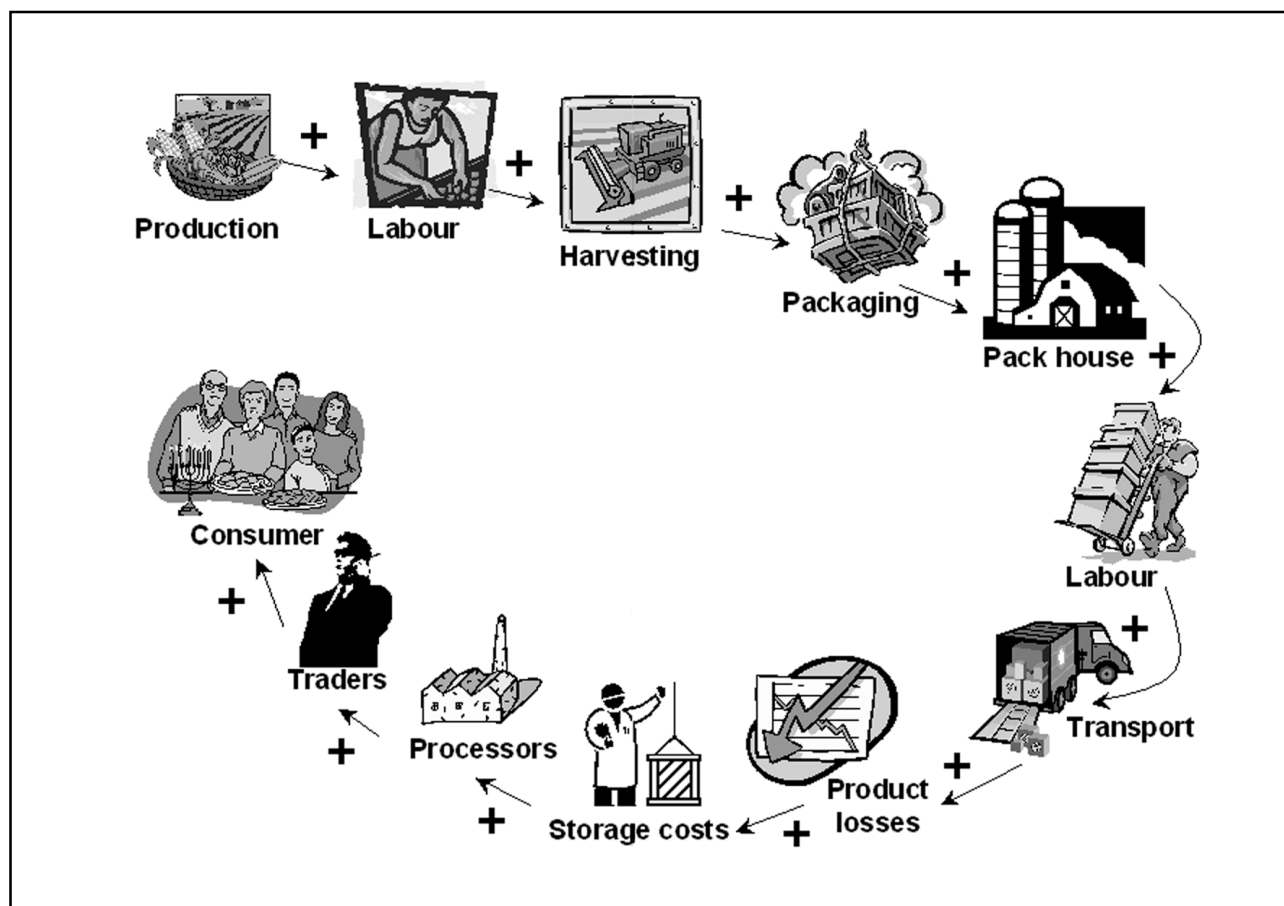
Product preparation and packaging costs

- the **harvesting** of produce and the movement of produce to the farm gate or **packing shed** is part of the production costs (produce preparation costs),
- the second cost to be encountered is all costs associated with **packaging**.

While packaging is a major cost, the costs of trying to save money on packaging can be much greater. Poor quality packaging may increase losses due to product damage. It may also make the product less attractive to the buyer, reducing the price that he or she is prepared to pay.

Handling costs

At all stages in the marketing chain produce will have to be packed and unpacked, loaded and unloaded, put into store and taken out again. Each individual handling cost will not amount to much, but the sum total of all such handling costs can be significant.



The marketing chain is the sequence of stages involved in transferring produce from the farm to the consumer and contributes to the marketing costs

Visual aid 3

Transport costs

Once packed, the produce is then transported. This transport cost could be anything from produce transported on the back of a donkey to trucks, bakkies, taxis, trains, aircraft and ships.

Sometimes transport costs are a simple matter to calculate because the farmer or trader pays a set price per kilogram to the transporters. Other times produce is carried on a "per container" basis or farmers/ traders may hire a complete truck and transport a variety of crops. It does become difficult to calculate a traders' actual transport costs if they own their own vehicles.

Example 1

Calculating transport costs

Assume that there are 40 m³ of space available in the truck to be used and that it costs R500 to hire the truck. A container of 0,2 m³ holds 8 kg of tomatoes and a container of 0,4 m³ holds 10 kg of green peppers.

Then the transport cost for tomatoes per container and per kilogram is ...

$$R500 / (40 \text{ m}^3 / 0,2 \text{ m}^3) = R2.50 \text{ per container}$$

and

$$R2.50 / 8 \text{ kg} = R0.3125 \text{ per kilogram}$$

While the transport cost for green peppers per container and per kilogram is

$$R500 / (40 \text{ m}^3 / 0,4 \text{ m}^3) = R5.00 \text{ per container}$$

and

$$R5.00 / 10 \text{ kg} = R0.50 \text{ per kilogram}$$

Product losses

Losses are common with agricultural produce marketing. Even if nothing is actually thrown away, products may lose weight in storage and transit.

The treatment of losses in marketing cost calculations can be fairly complex. In particular, produce which is bought but not sold can still incur costs such as packaging, transport and storage. If there are no quantity losses there can still be quality losses and this is reflected in the price at which produce is sold.

Example 2

Calculating the cost of product losses

Assume that, at 10 percent loss levels, 1 kg of tomatoes purchased by the trader from the farmer results in 900 grams (.9 kg) available for sale to consumers. The trader buys tomatoes from the farmer at R5 per kilogram and marketing costs are R2 per kilogram for the tomatoes originally purchased. The selling price of tomatoes is R8 per kilogram.

Then the costs are....

$$1 \text{ kg purchased at R5 per kg} = R5.00$$

$$1 \text{ kg packed and transported at R2 per kg} = R2.00$$

$$\text{Total costs} = R7.00$$

$$\text{Sales revenue or } R8 \times 0,9 \text{ kg} = \underline{R7.20}$$

$$\text{Thus the margin to the trader} = R0.20$$

Below is an example of the more usual, and wrong, method of calculation.

$$1 \text{ kg purchased at R5 per kg} = R5.00$$

$$1 \text{ kg packed and transported at R2 per kg} = R2.00$$

$$10 \text{ percent losses or } R5 \times 0,1 = R0.50$$

$$\text{Total costs} = R7.50$$

$$\text{Sales Revenue or } R8 \times 1 \text{ kg} = \underline{R8.00}$$

$$\text{Thus the margin to the trader} = R0.50$$

The second calculation is clearly wrong because here the trader is seen to be obtaining revenue from produce which has already been "lost".

Storage costs

Storage is an important cost for many products. The main purpose of storage is to extend the availability of produce over a longer period than if it were sold immediately after harvest. Such costs will vary, depending on the costs of building and operating the store but also on the capital used to purchase the produce which is stored.

Example 3

Calculating storage costs

Assume that a warehouse is hired for 120 days of the year at a total cost of R600 and that the weighted average contents are 250 bags.

Then the storage cost is...

$$\begin{aligned} \text{R600 / 120 days} &= \text{R5.00 per day} \\ \text{R5 / 250 bags} &= \text{R0.02 per bag/day} \end{aligned}$$

Example 4

Calculating storage costs over time

Assume that a trader buys potatoes at R10 per bag and keeps them in store for 4 months.

To do this he has to borrow money at 12 percent per year.

$$\text{R10} \times 0.04 \text{ (12 \% p.a. over 4 months)} = \text{R0.40 per bag}$$

A realistic calculation of storage costs per bag for the potatoes is...

$$\text{Storage charge for 120 days at R0.02 per day} = \text{R2.40}$$

$$\text{Interest charge of R0.40 per bag} = \text{R0.40}$$

$$\text{Total cost per bag} = \text{R2.80}$$

Processing costs

Processing is often an important marketing cost. Grains such as maize and wheat have to be milled. In working out total marketing costs we need to consider the conversion factor from unmilled to milled grain, as well as the value of any by-products.

Processing costs can vary according to the efficiency of the organisation doing the processing, the processing facility's throughput and the frequency of its operation. It will also vary according to the organisation's costs, which depend on factors such as fuel costs, depreciation costs, import duties, taxes and wages.

Example 5

Calculating processing costs

Assume that a maize milling operation converts maize at a rate of 70 percent (0.7) and has saleable by-products equal to 25 percent of the field weight. Processing costs per kilogram of maize have been calculated at R0.20 per kilogram on the basis of the mill's total annual costs divided by the number of kilograms of maize processed. The buying price of the maize was R1.50 per kilogram and the by-products have a value of R0.50 per kilogram.

Then the processing cost per kilogram of the maize is ...

$$\text{One kilogram of maize purchased} = \text{R1.50}$$

$$\text{Processing costs for 1 kg} \times \text{R0.20} = \text{R0.20}$$

$$\text{Total costs} = \text{R1.70}$$

$$\text{Less the by-product revenue of 1 kg} \times 0.25 \times \text{R0.50} = \text{R0.12}$$

$$\text{Break-even selling price per kilogram of maize} = \text{R1.58}$$

Thus the break-even selling price per kilogram of milled maize is ...

$$\text{R1.58} / 0.7 = \text{R2.25}$$

Capital costs

Capital costs may not be very visible but are extremely important. To operate, a trader may have to borrow money from the bank. The interest he pays on that money is a cost. If a trader uses his own money, he has to consider the lack of interest he could have received, a cost economists refer to as **opportunity cost**.

Fees and commissions

The costs considered above are the major costs in marketing agricultural produce. But there are many others and people involved with measuring costs need to keep all of them in mind. For example, people using National Produce Markets have to pay agents' fees of 12,5 percent.

Prices and margins

The price paid by the eventual consumer, is thus made up of the amount of money paid out to the farmer for his produce plus all the costs involved in getting it to the consumer in the form in which he or she purchases it and a reasonable return to those doing the marketing and processing for carrying out these functions. The percentage share of the final price, which is taken up by the marketing function, is known as the **marketing margin**. Sometimes the marketing margin can be quite a high percentage and this may be used to argue that farmers or consumers are being exploited. However, high margins can often be fully justified by the costs involved. Without an understanding of those costs and how they are made up it is impossible to know whether margins are reasonable or not.

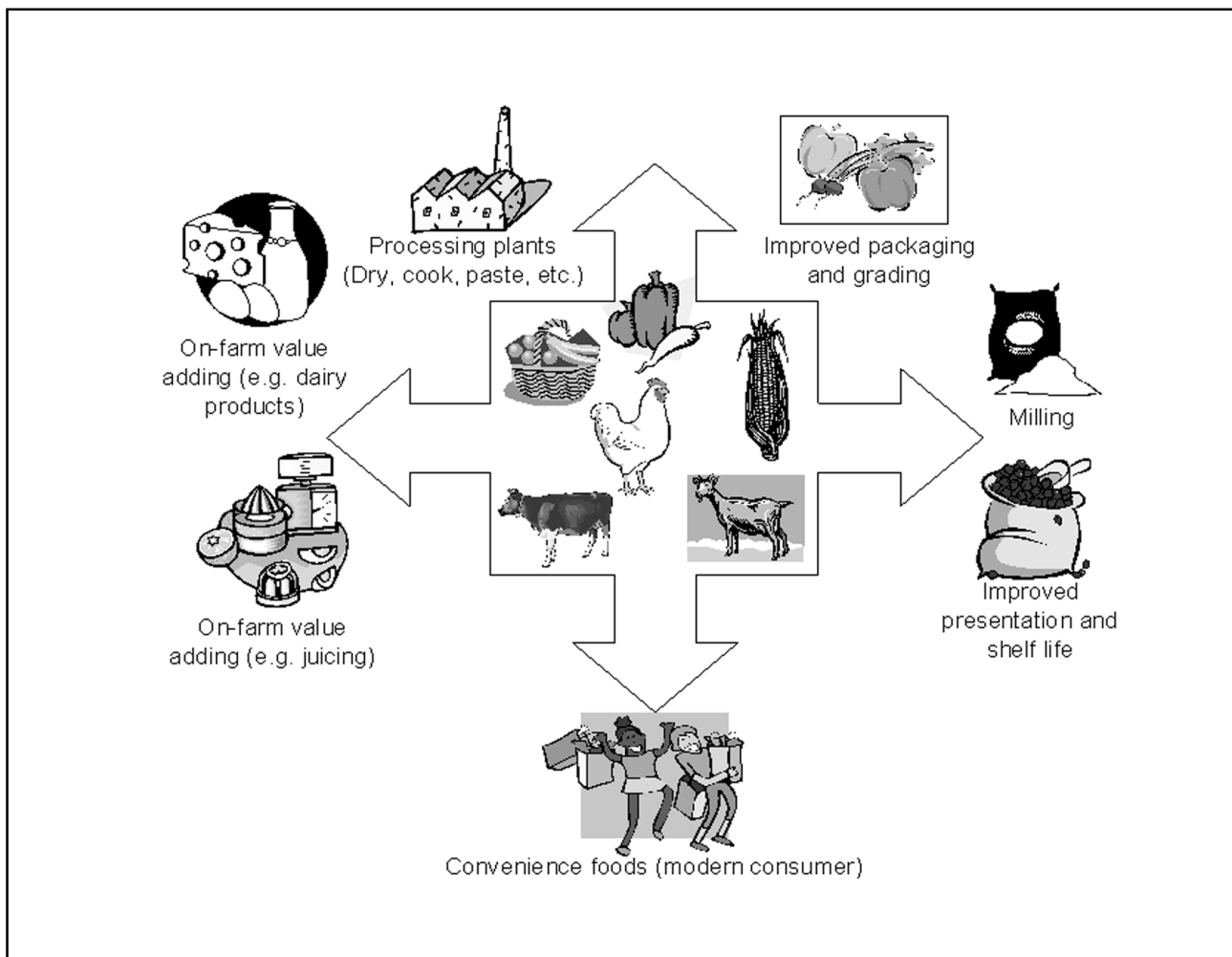
Adding value

The following are some of the value adding activities which farmers can carry out.

Product	Value adding activity
Fruit	Graded, pre-packed, dried, semi-prepared.
General meat and produce	Cooked, cuts, dried (e.g. biltong).
Eggs	Graded and packaged.
Broilers	Slaughtered before selling, live for feasts.
Vegetables	Graded, packaged and transported to end user/market, and graded, pre-packed, dried, semi-prepared, bottled.
Bananas	Graded, packaged and ripened in special ripening rooms, chips, dried.
Litchis	Graded and packaged for local and export market, juiced.
Hay	Baled and stored.
Maize and other grains	Milled, bagged and stored; beer; bakeries.
Milk	Dairies and further value adding (e.g. yoghurt, sour milk and cheese).
Beef	Slaughtered through abattoirs.
Wool	Sheared, graded and baled.
Potatoes and onions (stored)	Bagged and transported to markets, crisps, snacks.
Lucerne	Harvested and baled.
Grapes	Dried (Northern Cape Province), wine.

Product value adding can benefit the emergent grower as follows:

- farmers can increase their **profit** margin to offset transport costs from the rural areas to the lucrative markets in the metropolitan areas,
- the **shelf life** of the product can be increased,
- **family labour** may be gainfully employed,



Product value adding can benefit the producer in various ways

Visual aid 4

- the **transport factor may be eradicated** completely if the improved product has a local market. For example, milled maize might find a ready market in the community and thereby reduce the farmer's costs dramatically.

The extension officer(s) may from time to time be requested to advise on the feasibility of processing. Aspiring farming entrepreneurs may have an idea about the type of fruit or vegetable product that they would like to make. This can come from seeing others successfully producing a food and wanting to copy them or from talking to friends and family members about products that they think they could make. However an idea is not a sufficient reason to begin production straight away, without having thought clearly about the different aspects involved in actually running the business.

Too often farmers invest money in a business only to find out later that there is insufficient demand for the product or that it is not the type that the consumers want to buy. To reduce this risk of failure and losing money, potential producers should do a *feasibility study*.

Conducting a feasibility study need not be difficult or expensive, but the most important aspects should all be taken into account to ensure that potential problems are addressed.

The following questions must be answered through the feasibility study:

- Is there a demand for the product?
(Find out the characteristics required of the product and the size and value of the market.)
- Who else is producing similar products?
(Determine the number and type of competitors and what prices are they selling at.)
- What is needed to make the product?
(Find the availability and cost of labour, equipment, services, raw materials, ingredients and packaging.)

- What is the cost of producing a product?
(Calculate the capital cost of getting started and the operating costs of production.)
- What is the likely profit?
(Calculate the difference between the expected income from sales and the costs of production.)

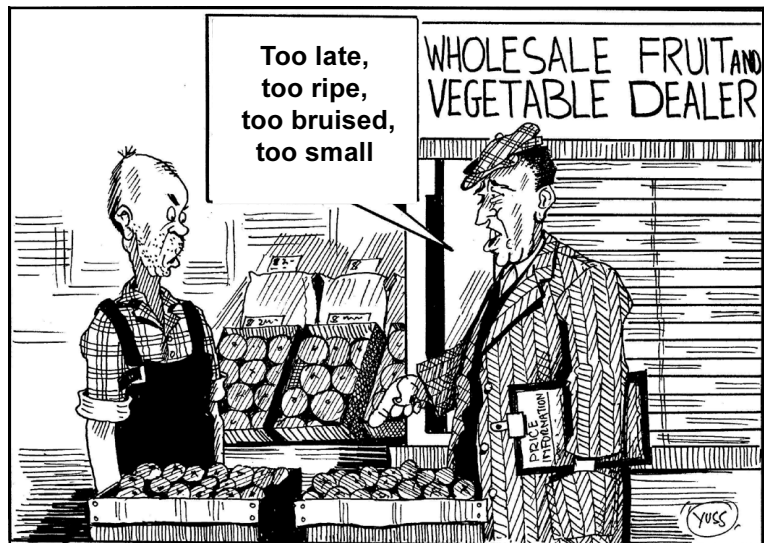
Each of these aspects should be looked at in turn. When all the information has been gathered and analysed, it should be possible to make a decision on whether processing is worthwhile or whether the producer's money could be better spent doing something else.

Market surveys can be conducted by going out into the areas where the producer expects to find consumers and asking people for their views. There are two types of information needed:

- information about the **product** and its quality and
- an understanding of the marketing systems and the different businesses involved.

Product quality survey

Consumers are familiar with the types of processed products that are already on sale and the surveys on these products are therefore easier than those for a completely new product. Questions can focus on the things that consumers like or dislike about existing products. However, if farmers wish to make products that are new to an area, they need to have samples for potential consumers to taste and give their opinion on whether they like the product and would be willing to buy it. **New products** have the **advantage** that there will be **no competitors**, but up to **80 % of new products fail** and the risks are therefore much higher.



A different set of questions is needed when assessing the **size** of the market for a particular type of food (the total weight of product that is bought per month or per year) and the **value** of the market (the amount of money spent on that product each month of the year). At the same time it is possible to gather information about the types of people who buy a particular food and where they buy it.

The South African marketing environment

Background

In the past, South African agricultural producers traded within a highly protected environment, supported by intervention measures that were subsequently argued to be harmful both in terms of efficiency and equity. This resulted in severe distortions in the economy, reduced incentives, poor performance and reduced competitiveness. With the introduction of a **liberalised international trading system, coupled with domestic deregulation** efforts, **producers and consumers are increasingly exposed to market forces**. This will require **producers to be aware of marketing and market realities**.

Domestic marketing of agricultural products was totally changed with the publication of the new Marketing of Agricultural Products Act, 1996, (No. 47 of 1996). The Act represents a clear departure from the previous Marketing Act, 1968. Its starting point is that there should be no intervention in agricultural marketing. The Act aims at:

- **increasing market access** for all market participants,
- **promotion of the efficiency** of the marketing of agricultural products,
- **optimization of export earnings** from agricultural products,
- **enhancement of the viability** of the agricultural sector.

The great depression of the early 1920's had caused the government to intervene through legislation to save a number of industries (e.g. wine, sugar, tobacco, maize, livestock, dairy). Farmers had to market through the cooperative network that became well established. Credit was ultimately made available through the cooperatives as well. In this way the over and under-supply problems experienced were overcome with a government-funded infrastructure that fed farmers with market information, credit, research data and appropriate extension but only to the commercial sector. Starved of market information, trained extension officers, access to land and finance small-scale farmers suffered badly.

Towards the end of the 1990's the Government began the process of deregulation, which led to the closure of all the marketing, or control boards. With that came its own set of problems. Deregulation led to larger companies benefiting through privatisation of state-supported marketing structures such as the old Unifruco (fruit marketing) and Outspan (citrus marketing). These structures had a definite head start in their respective industries. In particular, they retained the information that they had accrued over many years.

The most important developments since deregulation to date have been:

- an acceleration in the establishment of new enterprises in the food and agricultural sector,
- the real value of South Africa's agricultural trade, in particular exports, has grown significantly,
- real retail food prices have not increased since 1992 in spite of the Rand's depreciation in real terms,
- there has been a shift in production patterns in response to changes in the relative risks and prices with which farmers are confronted,
- real land prices continued to fall in the mid 1990's,
- a large number of organisations have emerged to compete with Outspan and Unifruco (CAPESPAN) in the exportation of citrus and deciduous fruit, and
- the establishment of an agricultural futures market in 1995, where the growth in volumes of white maize futures (SAFEX) and options traded has been particularly impressive.

There have also been improved trading linkages with neighbouring countries. Regional integration implies that:

- production patterns will shift within SADC over the longer term, in the context of a free trade region. **South Africa's neighbours have an advantage in terms of natural resources as well as cheaper labour.** Therefore, as the infrastructure and communication in the region improve, **exports of primary agricultural produce from neighbouring countries to South African markets will increase.**
- **South Africa can play a major role to act as a platform for international trade,** which will also benefit the rest of the SADC region. Due to South Africa's good infrastructure and telecommunications and relatively stable macro-economy it will much faster integrate with the rest of the world than the other SADC members. Therefore, **South Africa has a definite advantage to produce value added products aimed at the export market.**

Marketing channels

As will be clear from the other papers in this Series, marketing opportunities for emerging farmers are limited. Generations of concentration on the needs of commercial farmers have led to a neglect of the needs of small-scale farmers. Only time and a lot of hard work, including by extension officers, can reverse this bias. However, a number of marketing channels do exist for the emerging producer. They could:

- **Market directly** from their gardens to the surrounding communities.
- **Supply hawkers** who visit them with their bakkies for on-selling in the local town and or cities.
- **Supply to processing units** (e.g. mills, abattoirs, dairies, fruit packhouses, etc.). This is a type of contract production and is normally limited to larger emergent commercial units and to emergent irrigation schemes that would market their product collectively.



- **Supply to various retail outlets**, such as the SPAR group, that buy directly from emergent farmers from time to time. In fact Pick 'n Pay has instituted a program to support the emergent sector.
- **Sell through farm or market stalls** (some refer to them as “road stalls”) in urban, peri-urban and rural areas.
- **Sell into contract markets**, such as Government feeding programs, schools, hospitals, retail contracts, hotels, restaurants and tourism outlets. The Government is particularly supportive here. The extension officer is ideally situated to broker these contracts on behalf of groups of farmers, who may lack the confidence and expertise to do so.
- **Add value to their own produce** (see the Section above dealing with value adding) and then market products through the various marketing channels mentioned above.
- **Supply exporters directly**. Large exporting concerns are often eager to work with organised communities. The communities are generally involved in some form of outgrower scheme, such as the Macadamia nut project in Northern KwaZulu-Natal. The community will need the extension officer to broker this for them as well and it might be an idea to involve subject matter specialists from the NDA or organised producer associations to support them.

By matching the requirements of the traditional marketing channels in terms of quality and quantity, they can market through the existing marketing chains (e.g. NPM, livestock auctions, wool auctions, etc.).

These options are now considered in more detail below.

Farm-gate marketing

As the name implies, this is marketing done by the farmer at the place where the product is produced. Examples include the sale of vegetables from a community garden, the sale of broilers from a broiler unit and the sale of animals from the farm directly. There is generally no limit to the type of produce that may be marketed in this manner, as long as there are willing buyers.

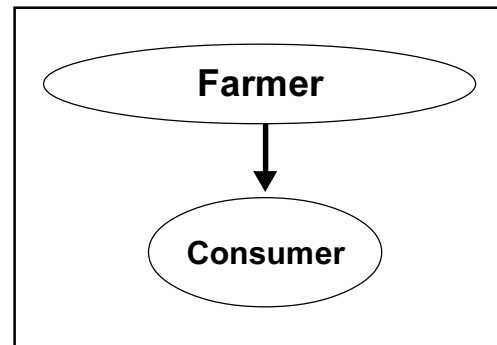
Advantages

- No transport costs.
- Can be sold by the farmer himself, thus costs are reduced although prices may be lower.
- Better suited to the small-scale farmer.

Disadvantages

- The farmer will have to accept the local price for his produce.
- The farmer will **not necessarily be well located to sell the product**.

At this stage, this type of marketing is probably still the most common form of marketing found in the traditional small farming sector and accounts for the majority of transactions as far as the sale of maize, beans, vegetables, poultry and livestock are concerned. However, once the local market's demand is supplied, the farmer has to look to more distant markets.



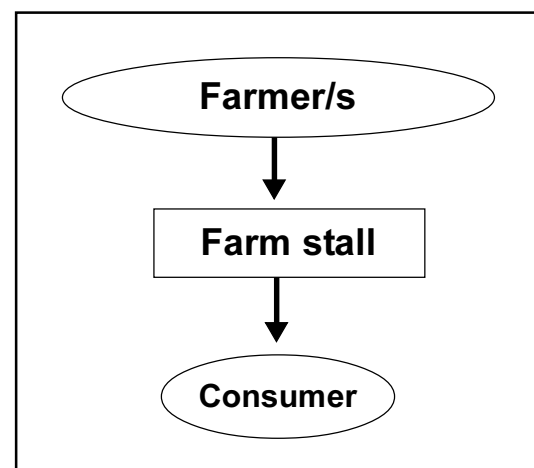
Farm-gate marketing

Village marketing

This channel provides a development on marketing from the farm, as it goes some way towards taking the product to the consumer. At its most elementary level a farm stall may be operated by farmers selling their own produce, progressing through to individual stall holders selling on behalf of local farmers. Generally the type of product that would be marketed on a farm stall would be perishable, such as fruit and vegetables, although “processed” foods such as pickles, jams and cooked mealies are also suited to this type of marketing.

Advantages

- Larger markets can be exploited.
- Farmers can take advantage of more favourable prices.
- Price fluctuations are generally small.



Village marketing (“farm stall marketing”)

Disadvantages

- Transport of the produce may pose difficulties.
- The quality of the produce may have to be higher to cater for the needs of the more discerning consumers.
- A constant supply of produce must be available to satisfy the needs of the market.
- Flexibility on pricing of produce is needed.

Produce markets

These markets are set up in larger centres mainly for the sale of vegetables and fruit. They have traditionally catered for the commercial fruit and vegetable producer and in turn, supply the larger urban centres.

The method of sale on the markets was until recently auctioning to the highest bidder. The quantity of supply of a particular grade of produce had a marked effect on the price obtained, due to the nature of supply and demand. The system on most markets has now changed with sales by market agents on commission now the most common method of trade. With this system, the farmer sends his produce to the agent at the market, who endeavours to obtain the highest price for him.

Advantages

- Farmers can take advantage of higher prices in times of short supply, if they have produce available.
- The market is able to sell large quantities of farmers' produce.
- The farmer can employ the services of an agent to perform the task of marketing.

Disadvantages

- Market information is important to enable the farmer to make the right decisions.
- Prices fluctuate.
- Markets are often far from the point of production.
- The time of harvesting is critical to the success of the crop, in terms of achieving the right price.
- Quality, packaging and presentation are very important and produce must conform to accepted grade and packaging standards.
- The farmer will need to be confident that he can cover the higher marketing costs, including the agent's commission.

Stock sales

The sale of livestock in the developing areas such as KwaZulu-Natal has been encouraged for many years. There are a number of sale yards which provide a marketing service to emerging farmers and sales are held regularly at many of them.

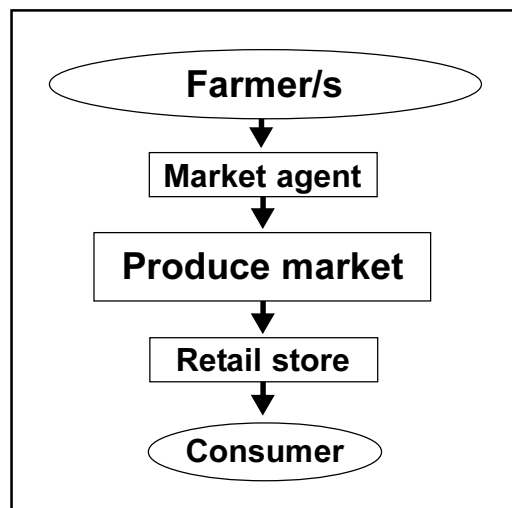
The system used is the auction system where the sellers offer cattle for sale and buyers offer a price for the animals. The seller may decide whether or not to accept the price offered by the buyer. The prices received on stock sales are not fixed and to a large extent reflect the supply and demand position both locally and within the entire market.

Advantages

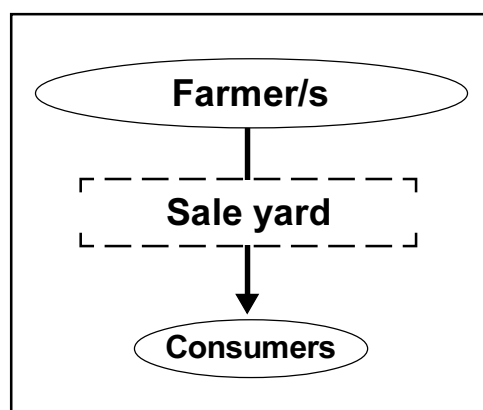
- The promotion is done on behalf of the farmer.
- Payment by buyer is guaranteed.
- The market is larger than the local market.
- Small-scale farmers have access to these sales.

Disadvantages

- The seller may not get the price that he wants for the animal.
- Prices may be lower than "market" price.



Produce markets

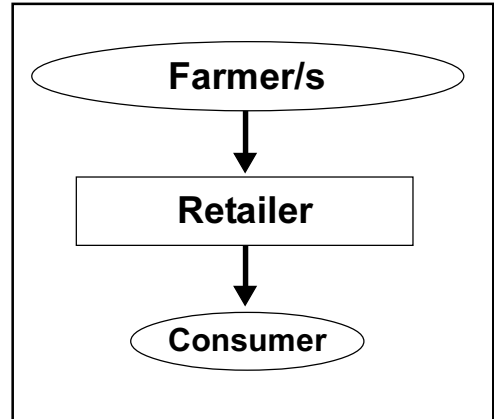


Stock sales

Direct marketing (contract marketing)

With direct or contract marketing, **the farmer sells directly to the retailer**. Agreements are often concluded between large producers of perishable goods and large retailers, for example Woolworths or Pick 'n Pay stores. These retailers are often fairly flexible in their volume and supply demands, to ensure good publicity as supporters of emerging farmers, **but they will not compromise on quality**.

Some black empowerment companies (e.g. ZAKHE in KZN) have managed to secure large Government kitchen contracts (e.g. Department of Correctional Services) for themselves and prefer buying contractually from the emergent sector for political reasons. The extension officer needs to be aware of such contracts by getting in touch with the local Government Tender Board or representative.



Direct marketing (contract marketing)

Advantages

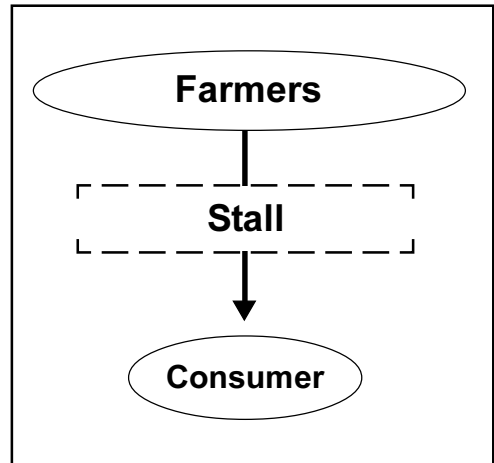
- Marketing margins could be reduced and thus the producer could obtain a higher price for the product.
- The volume of sales is guaranteed to the farmer.

Disadvantages

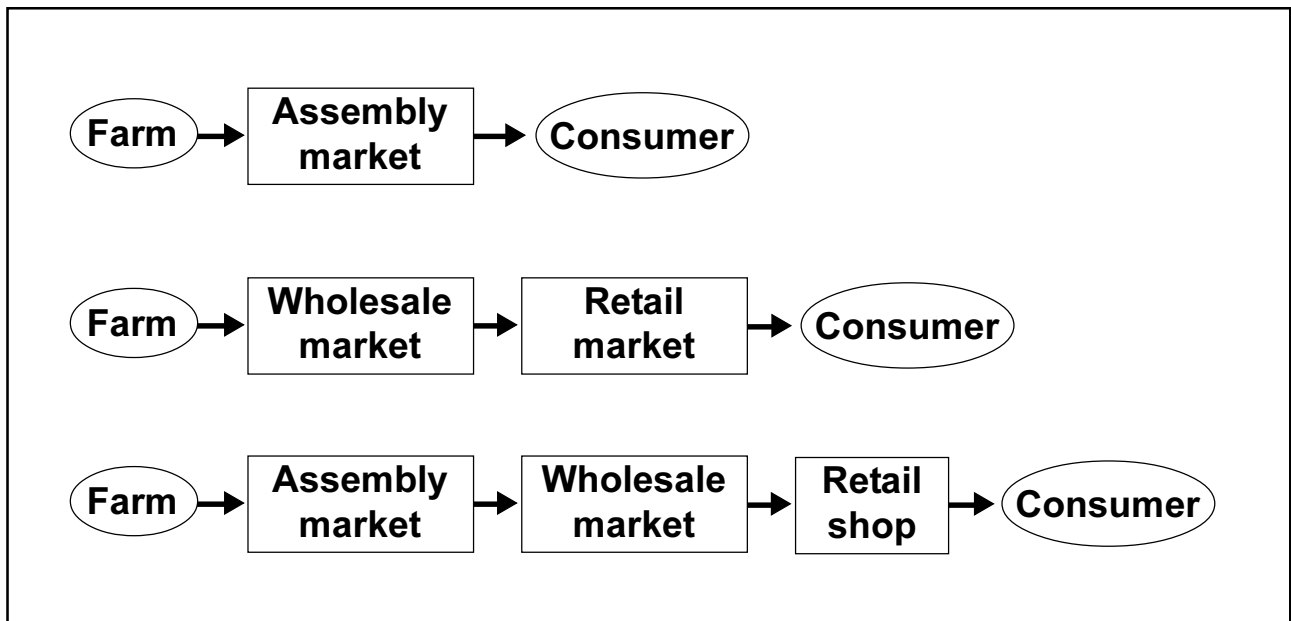
- The farmer must ensure that he has sufficient produce of acceptable quality to supply the customer/retailer at all times.
- The quality of the produce must be high at all times.
- If the farmer cannot meet the needs of the retailer, he will have to buy-in produce to make up the order of quantities required.

Communal marketing

Farmers may choose to market collectively. A farmers' association may get together and jointly market their crop on a formal market, such as to be found in most of the rural towns. This form of marketing is one of the basic principles of women's clubs, who market their handicraft or clothing jointly.



Communal marketing



Marketing chain: Marketing involves the transfer of produce from farmer to consumer. Every 'link' represents people that must make some kind of profit from the product. The longer the chain the more people are involved. This is why the producer earns much less than what the consumer pays for the product.

Farmer cooperatives in South Africa

The Registrar for Cooperatives is responsible for legislation governing cooperatives in respect of registration and ensuring that cooperatives adhere to the statutory requirements.

The Provincial Departments of Agriculture play a facilitating role in the establishment of cooperatives in their respective provinces.

- Officials are responsible for liaison with the Registrar of Cooperatives on behalf of the communities.
- They facilitate the production of business plans and administrative procedures.
- They facilitate the development of cooperatives by assisting in the arrangement of relevant training for cooperative staff and management.

It would appear that the three major constraints experienced by emerging cooperatives in South Africa are:

- lack of management training,
- lack of financing and
- lack of required infrastructure.

Poor management has often caused members to lose confidence in their cooperatives. The formation of a cooperative should therefore be based on adequate market research in terms of demand and supply supported by a sound business plan, which would justify the capital required to launch it.

The NDA will encourage developed and emerging cooperatives to work together, provincially, to their mutual benefit through joint ventures. In particular, the opening of membership in the developed cooperatives to the emerging agricultural sector will be facilitated. Particular attention will be paid to facilitating the training needs of emerging cooperatives, in consultation with the NDA. Accordingly the Provincial Departments of Agriculture extension officers can:

- Facilitate the establishment of cooperatives by liaison with the Registrar for Cooperatives on behalf of communities.
- Assist with and facilitate the production of satisfactory business plans with administrative procedures for new cooperatives.
- Facilitate the development and operation of existing and new cooperatives by assisting in arranging relevant training for staff (e.g. general and financial administration, personnel management, buying and marketing).
- Investigate possible sources of financial assistance to cooperatives.

Institutions related to agricultural marketing

Financial support services

Department of Land Affairs (DLA)

The DLA contributes to financing agricultural activities through both grant financing and loan financing. Although a number of grants are offered in support of the three programmes of the Land Reform Programme the **settlement/land acquisition grant** is seen to be the most relevant to agricultural production. Through this grant a beneficiary household qualifies for up to R16 000 to be used for land acquisition, enhancement of tenure rights, investments in internal infrastructure and home improvements.

On the 1st April 2001 a new scheme called the Integrated Programme of Land Reform will be launched. Under this scheme much higher grants are available, provided the farmer can organize his contributions e.g. a bank loan, cash, etc.

The DLA recently launched the **Land Reform Credit Facility (LRCF)**, which it claims is a “unique financial instrument designed to assist the establishment and expansion of commercial land reform projects”. The aim of the facility is to improve the ability of disadvantaged people to become owners or part owners of commercial farms. A number of different project options are available to the individual, these range from:

- **individual household** becoming owners of productive land, or
- **joint venture** (share-equity) partnerships between farm workers and commercial farmers.

The key feature of the LRCF is that it offers loans with deferred payment to banks or investors who wish to finance, on similar terms, land for emerging farmers or equity in commercial farming enterprises for farm workers¹.

¹ See section on the Integrated Programme of Land Affairs on page 8 of the Horticultural Programme.

The Land Bank

The Land Bank provides a range of financial packages specifically for the agricultural sector. It makes loans available to both the full-time and part-time farmer, targeting both small-scale and larger commercial farmers. The Land Bank's micro-lending scheme is aimed specifically at small-scale farmers and the facility starts off with amounts as low as R250, to be paid back over a 6 month period, to as high as R18 000.

Ithala

The Ithala Development Finance Corporation has an Agri-Business Division. This division offers existing or potential farmers a Land and Fixed Improvements Package. This package "assists entrepreneurs in the purchase of farmland, the construction of new farm buildings or the expansion of existing farming premises, anywhere in KwaZulu-Natal". The division also offers an Equipment Finance Package aimed at assisting with the purchase of specifically movable equipment, e.g. tractors, trailers, ploughs, milling equipment, irrigation equipment, etc.

Other important institutions

National Agricultural Marketing Council (NAMC) – The NAMC's early work, after its establishment in January 1997, centred on advising the Minister of Agriculture on the closure of the control boards, the transfer of board assets into Trusts and where necessary, ensuring that certain functions necessary for the smooth functioning of deregulated markets were provided for.

Today the NAMC monitors this process and report to the Minister, and also continues to facilitate the process whereby the new agricultural marketing order is maintained and improved upon.

Provincial Departments of Agriculture

The Provincial Departments of Agriculture provide the usual policy guidelines, whilst supporting farmers through extension and remedial research programs and facilitating the growth of agriculture in their various provinces. This facilitation includes anything from getting buyers and sellers to talk to each other, to creating the environment for strategic partnerships (particularly offshore investor partners) to be formed.

Other action plans based on market policy strategies of the various Provincial Departments of Agriculture are to:

- Organise farmers into commodity groups, interest groups, marketing committees, etc., through their farmer organisations to allow for capacity building and group dynamics in extension.
- Identify the necessary production inputs required and to ensure that these inputs are readily available at affordable prices.
- Facilitate and promote the production of good quality farm produce according to consumer demand.
- Plan and to carry out market research on a continuous basis for appropriate extension messages and to establish a data base for the GIS (General Information Service).
- Establish a data bank on market information for farm produce through the GIS, to ensure easy access to this information and to promote confidence amongst farmers in South Africa as a reliable source of information.
- Link the Farm Systems Research (FSR) units in the various provinces with appropriate small-scale farming systems at the district level.
- Incorporate "on-farm, client-orientated research" (OFCOR) demonstration trials as an extension tool for market information linkages and to organise farmers' days to enhance application of appropriate technology.
- Identify training needs and to arrange/construct appropriate in-service training courses for farmers in the subjects of financial management, economic principles and prices of farm produce, as determined by quality factors and market forces.

Agri-South Africa

The new objectives of the new unified Agri-SA are the following:

- the creation of a nonracial, fully inclusive and representative structure for all organisations whose members are involved in the management and use of agricultural resources,
- create structures to address the institutional disadvantages of the smaller farmer members in order that they might participate in the representative and policy forming structures in a meaningful way,
- dismantle any racial prejudice at all levels of representation by promoting the full integration of existing representative structures, such as farmers associations, cooperatives and commodity organisations,

- promote agriculture as an important vehicle for rural development and social reform,
- seek interim funding for the process of transformation, while at the same time striving to create an organisation which will in the medium to long-term become financially independent and to promote a culture of financial commitments by members to the new representative organisation.

Helping emerging farmers

The subsistence and small-scale farming sector

In 1997 *Statistics SA* obtained information on subsistence and small-scale farming by means of a household-based rural survey conducted in all ten former homelands. The survey indicated that much of the agricultural activity had previously gone unrecorded. However, this sector generated relatively little income by means of commercial sales. Rural households in the former homelands account for 31,4 % of South Africa's total population. While 71 % of these 2,4 million households had access to land for farming purposes, half reported that the farming land they used for crops in the past year was smaller than a hectare. Access to grazing land tended to be based on communal ownership.

Most farming activities were undertaken for subsistence rather than commercial purposes. As a result, very little income was generated from the sales of crops, livestock and animal products. The average annual cash income from the sale of such products was around R2 000.

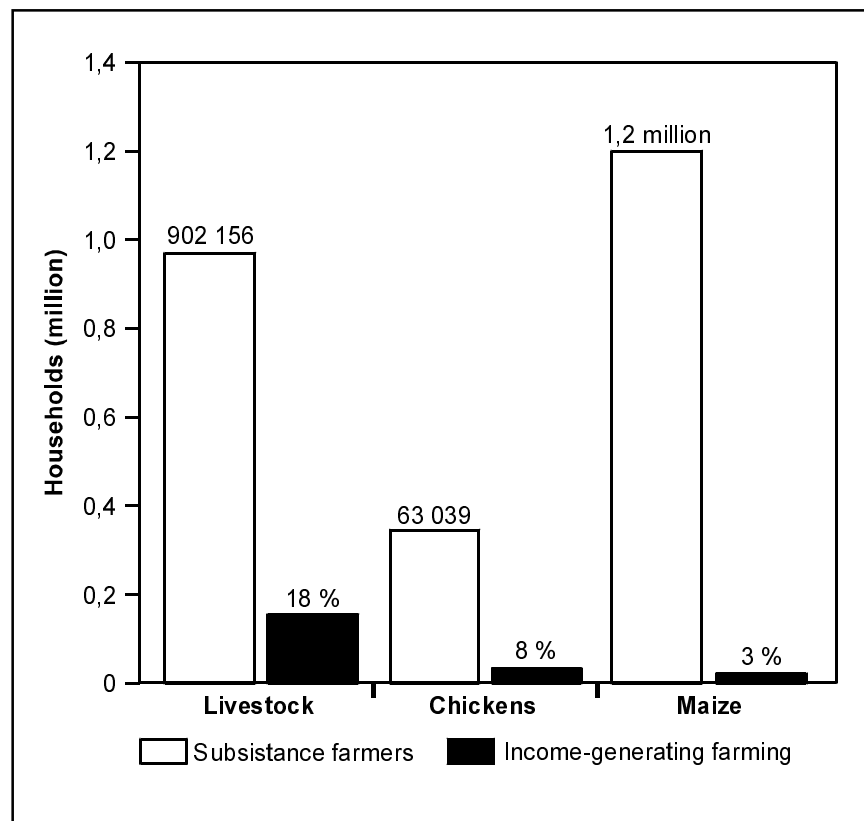
The **dominance of subsistence farming** over income-generating farming is highlighted by the following findings:

- Only 18 % of the 902 156 households which had livestock were involved in the sale of livestock.
- Only 8 % of the 63 039 households which had chickens were involved in the sale of chickens.
- While nearly 1,2 million households grew maize, only 3 % were selling maize. The greater percentage sold other produce and grew maize mainly for subsistence purposes.

There were provincial variations. For example, earning an income from the sale of livestock and maize was more frequent in the Eastern Cape, while generating income from chickens was popular in the Northern Province. However, the main source of income took the form of salaries and wages, and only a small proportion of households relied on farming activities for their main source of income.

The University of Natal survey in 1992 indicated several important constraints to commercial farming, particularly in the former homelands:

- The main constraint was seen to be the **small size of farms**.
- Small farm sizes **restrict potential incomes** and workers with **skills tend to transfer to off-farm employment**.
- Low farm incomes also **reduce the ability of farmers to invest** in agriculture.
- Response to programmes that focus on the provision of credit, inputs and information is constrained more by **weak demand for credit, inputs and information** than by adequate supply.



The dominance of subsistence farming over income-generating farming

- **Inferior roads, transport facilities and telecommunications** are also considered to be less limiting than constraints to farm scale. If farm sizes were to increase, problems associated with access to credit, information, inputs (particularly tractor services) and markets would, in turn, become more important to emerging farmers.

The more common marketing problems experienced by emergent farmers in South Africa are:

- They **lack market information**.
- They **lack storage facilities and packhouses**.
- There is sometimes a lack of transport, but more often the **farmers are unable to afford the transport fees** charged and/or cannot obtain financing to, pay the fees.
- They lack the technical **know-how on packaging and grading**.
- They lack appropriate harvesting equipment.
- Farmers produce **low volumes** and there are often **quality problems** with their produce as well, **leading to poor returns**.
- There is a **lack of expertise and information** and also a **shortage of extension officers** to convey information.
- There is **little contact between producers and buyers**.
- There is often a **lack of local marketing outlet infrastructure** (e.g. a lack of roadside stalls).
- They continue to experience **discrimination in some marketing channels**.
- They experience a **lack of access to processing facilities**.
- **Hawkers** are often in an **advantageous position to negotiate low farm-gate prices**.

Alleviating small-scale farmer marketing constraints

What can the extension officer do?

Some methods to alleviate marketing constraints are listed below:

- The extension officer could approach **local community leaders and the private sector** to assist with **transport** problems. To help farmers to organize to bring their produce on a specific day to a specific spot, to bulk enough product, to hire a truck to reduce the unit transport cost.
- The extension officer must try to make market information available. Emergent growers cannot make accurate production and marketing decisions without appropriate information. There is a considerable amount of information available but it is very difficult for small-scale farmers to get hold of this.
- Assist farmers to **get organized as a group**.
- **Strategic partnerships** can be established between farmers and service providers (e.g. fertiliser suppliers), product value adders, training institutions, markets, input suppliers, the media etc. The extension officer can facilitate this to reduce the transaction costs of his farmers (e.g. through bulk buying).
- The **extension officers should interface with subject-matter specialists** in Provincial Agriculture Departments. To ensure that the correct product is produced for the correct market. Here they need to draw on economists who could assist them in analysing, e.g., National Fresh Produce Market data, enabling them to advise the farmers when and what to plant.
- The extension officer could investigate **contract production**. At present the Government is providing support to companies dealing with emergent growers, such as large government kitchen supply contracts.
- **Communication** between buyers (e.g. hawkers) and sellers should be **encouraged and supported**.
- Extension officers could assist farmers to plan production in order to **reduce transaction costs**. In this way the **following benefits** could be facilitated:
 - Reduced per unit **transport** charges. (E.g. bulk transportation.)
 - Reduced **communication** charges per unit produced. (E.g. liaise with the market agents on behalf of the many emergent growers.)
 - Reduced **production** (labour, irrigation, inputs and management costs) costs per unit. (E.g. by introducing equipment sharing as well as production scheduling of irrigation for instance, to reduce pumping energy costs.)
 - Ability to penetrate new, larger more **lucrative and stable markets** to further reduce transaction costs. (E.g. some farmers supply on contract pre-cut and washed vegetables, neatly packed in plastic bags to Dlamini's Caterer's for the local prison in Phutatichaba.)
 - Erection of **livestock holding pens** as well as increased local livestock sales could be arranged.

Natural and Social Resource Base Audit (survey)

In order for extension officers to assist farmers they need to have a full understanding of their local environment.

- Fully understand local agricultural production such as:
 - the main crops and products,
 - special or unique agricultural products and skills,
 - main marketing channels,
 - typical prices and seasons.
- It is important to build up an understanding of the relationship of the existing community structures. In rural areas the Chief, Amakhosi or headman, may be the key person. Important existing community structures could include:
 - the farmers' union,
 - the village development community,
 - women's groups,
 - church groups,
 - stokvels and societies,
 - the civics and many others.
- A social assessment of a community would generally include the following:
 - needs (electricity, roads, health clinic, community garden, etc.),
 - demographic (family size, education level, employment level, etc.),
 - household economics (income, expenditure, fuel source, water supply, other chores),
 - operating structure of the community (constitution, management structure, names, vision, etc.),
 - management potential (assessment of the drive and ability of the farmers to carry out agribusiness ventures),
 - type of market (local trade, hawkers), outlets (shops, road stalls), processing plants (mills, dairies etc.), product sales and prices (local prices), quality of the product demanded, condition of the roads and access, possible competitors in the region,
 - assets and infrastructure (vehicles, tractors, implements, stores, coops, shops, etc.).
- A natural resource assessment would generally include the following:
 - soils (type, depth, slope, analysis, erosion, conservation, etc.),
 - climate (rainfall, temperature, frosts, hail, wind, etc.),
 - water (source, position, capacity, quality, etc.),
 - vegetation (type, quality, condition, carrying capacity, etc.),
 - site assessment (slope, drainage, bush encroachment, exposure to wind, proximity to urban areas, theft hazard, water availability, etc.),
 - other (potential dam sites, land-use maps, land-classification maps.).
- **Most importantly the existing agricultural products produced, special skills, existing marketing channels, typical prices, marketing problems and opportunities.**

A participatory approach for research, planning and implementation

1. First field visit

Assess where the activity will take place.

2. Follow the complete chain

Focus on the activity. Follow the process from the **beginning to the end**. Remain focused on the activity. This is where the extension officer's inputs are required mostly. Maps, sketches, diagrams, and outlines are important tools to comprehend what is in fact happening in the area.

3. An effective interview requires skill

The extension officer should be open to the community's views and avoid preconceived ideas. **Interact as far as possible with all groups.**

4. Group discussion

This is a valuable tool to achieve common understanding. The sharing of thoughts and ideas assists in defining the opinion of all participants. It is a good opportunity for the extension officer to learn from the group. The extension officer will be able to assess how the entire communal system operates. Be gender sensitive.

Role of Government extension officers in rural marketing

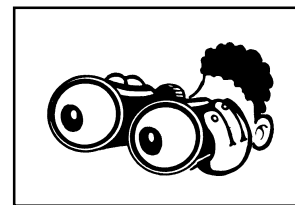
Extension officers should aim:

- a. To promote the marketing of agricultural products based on free market principles.
- b. Fully **understand the production and marketing possibilities and problems** in his area.
- c. To **conduct market research**, particularly for produce that could be produced by small-scale farmers.
- d. To **provide information** that would assist farmers to market their produce.
- e. To **liaise with the National Department of Agriculture** and marketing companies, consumers and farmers to collate and analyse market information relevant to existing and potential agricultural commodities.
- f. To **facilitate the provision of infrastructure and marketing support services** such as market facilities, information, packaging, storage and transport services to meet the needs of small-scale farmers.
- g. **Create linkages between buyers and farmers.**

Extension officers should:

- **Familiarise themselves with the way the marketing systems** work for different crops, so as to be able to advise farmers on the best ways of marketing their products and on the different types of price.
- Subscribe to any written reports put out by the different information services. Aim to get Internet access in order to get up-to-date information.
- Identify and, if possible, make contact with other possible sources of market information, such as processors.
- Identify local buyers for crops, find out what prices they are paying and their terms and conditions. A simple sheet of paper listing local buyers, their prices, whether they pay immediately or later, whether they buy in bulk or bag, etc., can be very useful for farmers.
- Keep records of prices; plot them on graphs.
- Organise visits for farmers to auctions, urban markets and processors. This would enable them to see how their produce is sold and the condition in which it arrives at the market. It would give farmers the opportunity to better understand the marketing system and to hold discussions with traders.
- Monitor local market prices.
- Assist farmers in understanding marketing costs and trader margins. Farmers are in most cases unlikely to be sufficiently literate or numerate to make estimates of traders' marketing costs. Using the information in this Paper and in FAO's Guide on the subject of marketing costs and margins, extension workers can make reasonable estimates of marketing costs and advise farmers of these, to help in their negotiations with traders.
- Understand the reasons why prices change, in both the short and long-term.
- Advise farmers on production technologies and varieties.
- Advise farmers on production costs. Farmers do not just need to know how to grow new crops or raise animals, they also need to know what it is going to cost to do so. Extension officers should be able to help farmers estimate likely production costs for new products or for different technologies, such as out-of-season production.
- Identify traders for new crops. Where farmers may be diversifying into new crops there may be no traders who are buying these crops. Extension officers should identify possible traders before advising farmers to grow new crops.
- Assist local communities to establish their own local market information services. Where there is considerable social cohesion in a village and farmers see themselves as collaborators rather than competitors, it may be possible for communities, assisted by extension officers, to organize their own local market information supply.
- Work with local media. Particularly in larger *centres* there may be local radio stations or newspapers that do not publish national market information but may be interested in doing so.
- Organize visits from traders and wholesalers. Farmers should visit markets, as mentioned above. However, this can be difficult and costly to organize. An alternative is to encourage wholesale agents (e.g. from NFPM's or livestock auctioneers) and hawkers to visit villages to hold group meetings with farmers.

Focus points for the extension officer



What the extension officer needs to know

- What are the main crops and livestock of the area?
- Where are their markets and why are they supplying the markets?
- Sources of production/marketing information.
- What are the local and regional current market opportunities?
- Typical prices that the farmer obtains for his products and what the prices are at the market.
- What agricultural products in their area have some comparative or competitive advantage and why?
- The major problems that farmers experience in marketing.
- The traders, transporters and agri-businesses in the area.

What the extension officer can do

- Lobby for opportunities. (E.g. request local mill to buy from farmers and request detailed supply demands.)
- Provide and organise farmer training on markets and marketing.
- Help farmers form a group to transport products to market.
- Provide market information to farmers or explain how they can keep themselves up to date with the market.
- Provide contacts for farmers such as names and addresses of traders, agribusiness, transporter companies and suppliers of packaging.
- Assist farmers and local agribusinesses to lobby local Government to market infrastructure.
- Help farmers calculate their costs and possible returns.
- Guide farmers to assess his marketing problems and opportunities for himself and assist him in thinking through the alternative strategies.
- Introduce farmers to people/companies who might want to buy his/her products.
- Be a business adviser to farmers.
- Be the link between projects and the farming community.

- The **technology transfer techniques** must be carried out in a practical fashion. (E.g. the extension officer, himself, should spray with the knapsack spray to demonstrate the various calibrations.)
 - The extension officer should train in the designated area as requested by the locals.
 - The material must address the needs of the community and not represent the extension officer's assumption of their needs.
 - Humour should be used.
 - Respondents should be encouraged to animate and even re-demonstrate what the extension officer has shared with them. This will instil the "we/I can do it as well", amongst respondents.
 - The use of posters, photographs, sketches, videos (in their own language) and 3 dimensional models (or actual products) should be encouraged to assist the extension officer in getting his message across. It is worth mentioning here that posters are frequently misinterpreted and the extension officer should accordingly request someone from the community to summarise for him.
 - The extension officer must speak loud and slowly when addressing his audience, as this does not only assist elderly people in hearing him, but also conveys through nonverbal communication, his admiration for them.
 - The poise of the extension officer as well as the use of his facial expressions, demeanour (conduct) and waving of the arms and hands, will assist in getting the message across.
 - The extension officer must convey his message as humanly as possible. He should display absolute sympathy and empathy for their position.
 - The extension officer may ask the community members to participate in group sessions addressing issues such as farmers and hawkers.
 - Visits to the various facilities as addressed in the extension officer training should be carried out depending on the availability of transport as well as the willingness of the respondents to participate in these "field visits".
 - The extension officer should always attempt to take the community to a success story in their own or nearby community. This generally spurs them on to greater heights, believing that they can achieve similar results.

Goals and objectives for workshops

Objectives are long-term and goals are short-term. Goals are the "stepping stones" to meeting long-term objectives.

Objectives

An objective is the extension officer's declaration of the ways he expects the emerging farmers to change in their thinking, feelings and actions through the teaching process. Referring back to your objectives will keep you focused as time goes by.

General objective for the extension officer

The emerging farmer will:

- Know the marketing possibilities and channels available to him/her.
- Apply production methods and implement a business plan to market successfully his/her produce.

Specific objectives for the extension officer

The emerging farmer will:

- **Understand** that market orientated production will lead to success and ultimately more money earned (know).
- **Value the importance** of market orientated production (feel).
- **Be guided** into market orientated production using the principles and steps presented in the workshop (do or action).

Goals

"If you visualise your goal, you will obtain it."

While preparing your presentation imagine that you are exactly a year ahead from now. Make a list of what the situation of the emerging farmers would be like then. (E.g. excellent sales, produce, infrastructure, finance, transport, profit, marketing channels, niche markets, agritourism, etc.) Think how the emerging farmers got there and what was improved upon to determine goals (refer to SWOT analysis and short-term goals).

Goals for the instructor

The instructor plays the most important part in the training process. He/she should always keep certain goals in mind while equipping the extension officer. The training material forms only a part of a bigger picture.

Goal: After attending the workshop the extension officer should be able to train and assist the target group, in this case the emerging farmer, into marketing practices effectively.

- **Cognitive (What the instructor will KNOW)**
He/she should be familiar with the subject matter to be presented and use educational principles and procedures in his/her presentation.
- **Affective (What the instructor will FEEL)**
Be convinced of the importance of the work that he/she is doing.
Have a positive attitude at all times.
Be gentle and sensitive towards the needs and problems that the extension officer could encounter.
Be firm but not rigid.
- **Performance (What the instructor will DO)**
Teach the theory on marketing principles and strategies as well as give background information using the training material.
Lead into group discussions and brainstorming.
Demonstrate how to advise or teach the target group into marketing practices. (He/she will probably use *your* presentation as a role model.)
Use appropriate **visual material**.
After the workshop the instructor should do a **reconciliation** of the effectiveness of the workshop through questionnaires and follow up on the activities of the agricultural extension officers.

Goals for the trainee (extension officer)

The extension officer is the link to the target group. To reach his/her goal the extension officer must be well informed and use educational principles in training according to the model presented to him/her.

Goal: The extension officer should train and assist the target group, in this case the emerging farmer, into marketing practices effectively.

After training the emerging farmers, the extension officer should do a **reconciliation** on the effectiveness of his/her advice and training through following up on their progress.

Preparing your presentation

“If you fail to plan, you plan to fail”

The following steps can be used:

- **Introduction** (Focus the attention of participants using only two or three minutes e.g. ask a question and let them write down an answer.)
- **Presentation** (Present the theory and make use of visual aids to strengthen the message.)
- **Explanation** (Explain new concepts, terminology and ideas.)
- **Application** (Apply the new information or plan of action to the emerging farmers' situation. The focus points for the extension officer included at the end of each paper should be used as a guide.)
- **Review** (Let the participants ask questions and give comments on their observations or fill in a questionnaire to verify the progress.)

“A teacher affects eternity, he/she can never tell where his/her influence stops.”
(Henry B Adams)