

Transformation producers: A deep dive into sales strategies

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Potatoes are a staple crop that is deeply entrenched in the South African culinary culture. Potatoes SA has played a pivotal role in fostering growth and development, particularly through initiatives aimed at empowering transformation producers.

As these producers navigate the complexities of market dynamics, their choices regarding where to sell their produce significantly impact their success. In this article, we delve into the market preferences of Potatoes SA transformation producers, analysing their strategies, the benefits derived from it, and the challenges they face across various market channels.

Fresh produce markets

These markets represent a traditional avenue for producers to sell their goods, offering direct access to buyers ranging from retailers to wholesalers. For transformation producers, fresh produce markets provide a familiar and accessible platform to showcase their produce.

One of the key benefits of these markets lies in the ability to facilitate quick transactions, allowing producers to offload their harvest efficiently. Moreover, these markets often feature a diverse array of buyers, leading to different prices depending on supply and demand forces.

However, fresh produce markets also present challenges. Intense competition among sellers can lead to pricing pressures, potentially reducing profit margins for transformation producers. In addition, logistical considerations such as transportation and packaging requirements may add complexity and costs to the sales process. Despite these challenges, many transformation producers

continue to utilise fresh produce markets due to their reliability and established networks.

Informal markets

Informal markets, including roadside stalls and community markets, offer transformation producers a direct link to consumers in their local communities. These markets are characterised by their informal nature, often operating without strict regulations or formal infrastructure. One notable example is the Soweto market, where producers can engage directly with consumers, showcasing the freshness and quality of their potatoes.

The primary benefit of informal markets lies in their ability to command competitive prices compared to wholesale channels, as consumers are willing to pay a premium for fresh, locally sourced produce. These markets also offer greater flexibility in setting prices and adjusting supply to meet demand fluctuations.

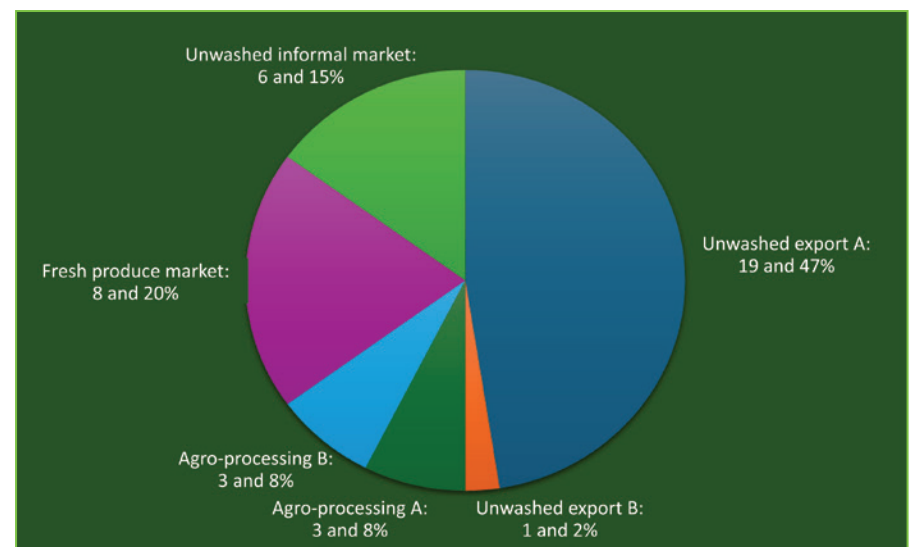
However, informal markets may lack consistency in sales volumes, leading to unpredictable income streams. Moreover, the informality of these markets may expose producers to risks such as theft or non-payment.

Export (unwashed) markets

Export markets represent an avenue for transformation producers to access foreign markets. An example of this is the Mozambican market where the majority of our transformation producers opt to sell. Producers benefit from the fact that buyers bring their own transport and buy the produce unwashed. This minimises the producer's transport and potato washing costs, which naturally translates into more money in the bank. The middleman is also eliminated from the transaction as only the producer and buyer negotiate the selling price.

With infrastructure challenges, including a lack of washing and

Figure 1: Markets utilised by Enterprise Development Programme (EDP) producers in 2023/24.





Potatoes being loaded onto the back of a bakkie to be sold in the informal economy. One in three potatoes in South Africa is sold by informal traders.



Unwashed potatoes ready to go to the market in Mozambique.

sorting facilities, this market is bringing about the relevant avenue for trading.

Processing companies

Collaborating with potato processing companies presents transformation producers with an alternative market channel, catering to the food processing industry. These companies utilise potatoes as raw materials for various products such as chips, crisps and frozen fries. Trading with these companies offers producers a stable demand source and long-term contracts, providing predictability in sales and revenue.

In conclusion, the market preferences of Potatoes SA's transformation producers reflect a strategic balancing act between accessing diverse market channels and mitigating associated risks and challenges. While each market presents its unique opportunities and obstacles, successful producers often adopt a diversified approach, leveraging multiple

channels to optimise sales and maximise profitability.

As Potatoes SA continues to champion the empowerment of transformation producers, understanding and addressing the evolving needs of these producers within the broader market context will be crucial for sustaining growth and fostering resilience in South Africa's potato industry.

Fresh produce market challenges

Price fluctuations: Prices for fresh produce such as potatoes can fluctuate due to factors such as seasonality, weather conditions and market demand, affecting producers' income.

Quality standards: Meeting quality standards and specifications set by buyers or regulatory bodies can be challenging, especially for small-scale producers who may lack access to proper storage facilities or transportation infrastructure.

Market access: Accessing distant or urban markets can be difficult for rural producers due to inadequate transportation infrastructure or lack of market information.

Agro-processing market challenges

Processing facilities: Lack of access to nearby processing facilities or agro-processing infrastructure can hinder producers' ability to add value to their potato crops.

Technical expertise: Developing and implementing processing techniques requires technical expertise, which may not be readily available to all producers.

Market demand: Understanding and responding to market demands for processed potato products can be challenging, especially if there is

limited market research or consumer awareness.

Export challenges

Quality standards and regulations: Meeting stringent quality standards and adhering to import regulations in target export markets can be complex and costly for potato producers.

Logistics and transportation: Ensuring timely and efficient transportation of perishable products such as potatoes to export markets, especially long distance, can be challenging.

Market competition: Competing with other potato-exporting countries, which may have lower production costs or preferential trade agreements, can pose challenges for small-scale or less competitive producers.

Informal market challenges

Price volatility: Prices in the informal market can be highly volatile, leading to uncertainty and income instability for potato producers.

Quality control: Ensuring product quality and safety standards in the informal market can be difficult, as there may be fewer regulations or oversight mechanisms compared to formal markets.

Market access: Accessing informal markets may require building relationships with local traders or middlemen, which can be challenging for producers, particularly those from marginalised or remote communities. ©



Unwashed potatoes harvested for the Mozambican market.

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VOL 38 NO 2 • MARCH / APRIL 2024



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