

# The potato marketing commandments

By Willie Jacobs, CEO, Potatoes SA

**T**hrough constant engagement with our members and stakeholders, we have narrowed down the potato industry's key drivers as well as our core competencies. The past year taught us several valuable lessons regarding soil health, biosecurity, shelf life, and processing capacity. However, the field in which we are still making the biggest mistakes is marketing.

While efforts have been made to sensitise our producers regarding fresh produce market requirements and limitations, some concepts still require reinforcement and can assist in creating a more stable marketing environment. It is time for the potato industry to develop its own ten marketing commandments.

## Marketing guidelines

As we approach the Potatoes SA Seed Potato Grower's Forum and Congress, I will be gathering inputs from producers to either add, edit, or remove some guidelines based on facts and experience. Here are some thoughts:

**1** Your worst competition on the market is not your neighbour or someone from another province or area. The biggest competitor for your unsold stock is the next load that arrives on the market floor. We have done a great deal to analyse the market's capacity to handle stock. The latest development on the Potatoes SA mobile application gives clear insight into stock levels and movement. If your stock remains unsold for more than a day, and you deliver more stock to the market, it causes downward pressure even on the latest stock. If the market that you deliver to consistently only manages to sell a certain volume, nothing will suddenly improve that.

**2** Withholding critical data or providing distorted information benefits no one. If you withhold data, others may follow suit. Not providing information that is critical to the sustainability or stability of the price discovery mechanism, will leave you more surprised (and with bigger losses) than the rest.

**3** Price cycles are influenced by fear and greed. The smaller the variation between peaks and troughs, the more mature a market has become. Buyers make decisions based on their understanding of their sales market. Resellers of a product will not buy more than his/her market can absorb; excess stock leads to discounts and this puts the brakes on new product intake. A business that knows its market will know how much stock to hold and what the ideal price will be. Pushing to trade higher volumes upsets the price discovery process.

**4** While there is room for everyone in the market, poorer quality products tend to sell more slowly and at lower prices. An overstocked market will penalise poor quality.

**5** Sending inferior products to the market will not benefit you. It's a gamble – you may be lucky in a short-stocked market, but in an overstocked market demand will move towards this product due to its low price, dragging down the buying power that was available for average to better quality products.

**6** The cost of getting good-quality and poor-quality products to the market is often similar. If you recognise that your quality is not up to standard, don't wait until someone discards your product or returns it. Explore alternatives and

do the math: Would you prefer to sell 60% of your product at 100% of the market price, or 100% of your product at 50% of the market price? If it doesn't make sense, contact us.

**7** If the market is full, refrain from sending stock. In the words of one of our previous chairpersons: "Don't make the market floor your warehouse." If your farm lacks logistic flexibility, find solutions to accommodate stock build-up. A successful potato producer needs to find proper solutions to manage the quality of the product offered for sale.

**8** Most fresh produce markets are not equipped to handle excess stock. While we can voice complaints, we cannot hold markets liable for excess product. This has a negative spiral effect because if markets have to go to the effort of discarding poor quality product, they cannot focus on their day-to-day work.

**9** Respect your fellow producer. There is enough buying power to go around. Potatoes sell consistently throughout the year, and if we stop creating noise in the market, there will be significantly more sales.

**10** Do not provide retailers with excuses to penalise producers and markets due to inconsistency. Start by cleaning your own house first.

These 'commandments' may sound seriously inconsiderate, but the market operates by these principles and the truth is that a significant number of producers are already playing by these rules and reaping the rewards. Failing to adhere to or at least attempt to follow these rules can significantly impact your competitive capacity. 🍌

Mondstuk van die Suid-Afrikaanse aartappelbedryf • Mouthpiece of the South African potato industry

# CHIPS

VOL 38 NO 3 • MAY / JUNE 2024

**LIMPOPO-KULTIVARPROEWE  
ONDER BESPROEING IN 2023:  
DENDRON EN TOM BURKE**

**INSIDE: 2024 BAYER  
SEED POTATO GROWER  
FINALISTS ANNOUNCED**

Overview of  
world potato markets

Water quality concerns  
and contingencies

Unleashing the potential  
of potatoes: Marketing