

Reclassified potatoes waiting to be repackaged.

Packaging and repackaging to perfection

By Susan Marais, Plaas Media

“Play to your strengths and outsource your weaknesses.” These words by American entrepreneur Gary Vaynerchuk sum up why producers should be thankful to supply chain companies. After all, while potato producers excel at producing one of the more challenging vegetable crops on earth, the packaging and marketing thereof might not be their forte.

This is where companies such as Allways Fresh come into play. The company was established in 2016 after it splintered from NuLeaf Fresh, which was founded in 2012.

“The company procures the majority (95%) of the produce it packs directly from producers,” says Roelf Nagel, director of Allways Fresh. They obtain produce from all corners of South Africa and maintain business relations with strategic suppliers around the world, allowing them to supply products which are not readily available in South Africa at certain times.

Farm-level relationships are key

Martie Stopford, procurement officer at Allways Fresh, says there are certain standards producers must adhere to before the company can procure vegetables from them. This includes

standards set by local authorities, as well as the internationally recognised certified standard for good agricultural standards, GLOBAL G.A.P. If a farm does not have GLOBAL G.A.P. in place, the produce might still be acceptable. Allways Fresh will, however, conduct extensive minimum residue level (MRL) testing to ensure that produce is safe before value-adding for the retail sector commences.

On paper, this might seem non-threatening, but producers know this is easier said than done. That is why Allways Fresh values honest and clear communication with its producers. “This is the backbone of a good relationship,” says Stopford.

“We visit our producers early on in the season to establish whether all required documentation is in order and to determine the farming circumstances and crop quality.

Especially with potatoes, you can never say with absolute certainty what a producer’s yield will look like. We’ve seen instances where a top producer had two consecutive seasons in which we were unable to utilise his crop.”

Despite the state of a crop, the relationship should never suffer. “We report back to our producers on every delivery by supplying a quality assessment report. We are extremely aware of the sensitivity of working with people’s livelihoods and the ongoing sustainability of their farms.”

Quality over quantity

Because they deliver a value-adding service to retailers (generic brand packaging), the company can help introduce smaller-scale potato producers and newer entrants to the potato industry. “It’s all about quality,” Nagel explains.

The only thing that truly matters is quality. Quantity is a less important detail. "Quality will never be compromised when the produce arrives at our value-adding facility in Germiston," Nagel says. "It is important to bear in mind that retailers' standards are much higher than those set out by the Department of Agriculture, Land Reform and Rural Development."

Different parties conduct their own evaluations. Retailers inspect the floor daily; health officials visit at least once a month and MRL testing is done continually. Inspectors from the independent quality assurance company, Prokon, also visit the premises regularly.

"Approximately 100 tons of potatoes are handled by us every day of the week, 365 days of the year. We cannot afford to slip up when it comes to quality." They also work on Christmas day – one of the busiest days of the year at the warehouse.

Stopford says this year has been an especially difficult one for potato producers due to extreme heat, rain and load shedding. "Potatoes remain a very difficult crop to maintain."

Timing is essential

"Ideally, vegetables should not be stored for more than three days in our facility before they are distributed," Nagel says. The inbound quality

process at Allways Fresh is stringent. Every load of potatoes received at the packhouse facility is inspected for acceptability based on a visual inspection.

The second inspection is a detailed internal and external quality assessment whereby the product is evaluated according to the Allways Fresh customer base specifications. The detail of ratio to mass and a multitude of defects are checked. Only when the second stage of quality inspection has been completed and the product has passed the stipulated requirements will the delivery be accepted and recorded in their packhouse management system.

"You won't believe how many potatoes are not sorted correctly on farms. It's incredible how many potatoes we still need to take out," Nagel says. "We throw out between 8 and 15% of the potatoes taken in at the warehouse." Allways Fresh packs only grade 1 potatoes for the retail market. Anything below that will be taken to the Johannesburg Fresh Produce Market at City Deep, where it will be sold in order to try and recover the procuring costs Allways Fresh incurred.

The rest of the potatoes that are of the correct standard will be sorted, packaged and sent to the relevant retailer's distribution centres (DCs). Sorting, value-adding and distribution

will ideally happen on the same day that the produce is sent to the retailer. The reason why potatoes should be moved to shops as quickly as possible relates to shelf life.

Retailers aren't allowed to keep potatoes on the shelf for more than five days after having been packaged, and seven days during the winter. "If it hasn't been sold and exceeded the sell-by date, the product is removed from the shelf at the retailer's expense," Nagel says.

He adds that unwashed potatoes could potentially play a major role in this regard, as it has a longer shelf life than washed potatoes. "Eighty percent of the world uses unwashed potatoes. Washed potatoes have a shelf life of four to five days, and unwashed potatoes can remain on the shelf for 21 days. Apart from the increased shelf life, unwashed potatoes can also save producers a packet when it comes to labour and water use." Allways Fresh does not have washing facilities at the packhouse.

How is the price determined?

The price that Allways Fresh will pay producers is linked to the daily potato prices established at the Johannesburg Fresh Produce Market. Nagel says a producer must be paid a fair price as the farming operation needs to remain sustainable.



Roelf Nagel, owner of Allways Fresh.



Jaco Koekemoer, marketing manager of Potatoes SA.



Martie Stopford, procurement officer at Allways Fresh.

Allways Fresh's highest costs drivers (apart from the cost of produce) include salaries, labour, logistical and packaging expenses. Packaging makes up approximately 5% of their costs. Other costs include the renting of a prime location in Gauteng, as well as massive load shedding costs. Currently, the company pays around R250 000 per month for diesel to keep their generators running. They are in the process of moving to solar energy. The main office already runs on solar power.

"From our side, we aim to make approximately 2% net profit on all produce that's sent to retail," Nagel says.

Adding value

"Value-adding facilities play a vital role in the value chain because they ensure that the quality of produce on the shelf meets the standards that keeps the retail (and ultimately the consumer) happy," says Jaco Koekemoer, marketing manager of Potatoes SA.

Always Fresh keeps track of produce received and supplied




Potatoes being inspected at the Allways Fresh repackaging centre.

to the retail sector by means of a unique traceability code issued to each supplier. Nagel says every unit is linked to a specific farm, identified by the traceability code. Dating is also encrypted on the packaging – if a quality recall is actioned it is easy to

identify the origin and date supplied because of the traceability system. However, this rarely happens with potatoes. "We've only seen a recall of potatoes once and that was three years ago," Nagel remembers.

Another attribute of value-adding facilities is the fact that they can negotiate with retailers during times of need to temporarily lower standards (to that of the Department's). "A very cold winter could mean a lot of damage to potatoes. Under these circumstances, we could persuade retailers to allow a 20 mm cold crack," Nagel says, adding that Prokon's approval is also required.

He does not see value-adding facilities taking over the fresh produce market's role. "We need our markets to remain free and independent. We prefer that most produce move through the markets so that a healthy price discovery mechanism is ensured to the benefit of all role-players. After all, that is where a fair price is established." 



Various types of vegetables are repacked for retailers daily.

For more information contact
Allways Fresh on 011 825 0659
or visit www.allwaysfresh.co.za.

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