

TERMS OF REFERENCE (TOR) FOR MARKET ASSESSMENT OF POTATO CHIPS FACTORY IN CAPRICORN DISTRICT, LIMPOPO

1. Introduction and Background

Potato processing is increasingly popular in developing countries, with French fries as the main product. South Africa, producing over two million tonnes of potatoes annually, processes only 17 to 20%, mainly into frozen French fries. This industry shows potential for growth but faces limitations due to a shortage of suitable potato varieties and production capacity for frozen fry processing.

Limpopo province stands out as a significant potato producer, with over 8,000 hectares planted each year, contributing 22% of the country's potato output and an average yield of 60 tonnes per hectare. The region's high-quality potatoes are bolstered by favourable warm conditions, underground water reserves, and institutional support.

Establishing a frozen fries processing factory in Limpopo would have several key benefits. For farmers, it would create a reliable market, ensuring a stable income. For consumers, increased local processing capacity would result in more affordable frozen fries. The agro-processing sector also fosters valuable forward and backward linkages, stimulating broader economic growth.

Potatoes SA, through its Enterprise Development programme launched ten years ago, aims to establish black commercial potato farmers. This initiative, alongside Potatoes SA's alignment with national developmental policies, supports the establishment of a frozen fries factory. The project aligns with the Agricultural Policy Action Plan (APAP), Industrial Action Plan (IAP), and the Agriculture Agro-processing Master Plan (AAMP).

While challenges such as inadequate infrastructure and operational requirements may arise, the proposed processing facility is likely to receive support from the government and developmental organizations, as outlined in various strategies and business units. Establishing this project in Limpopo would leverage the region's agricultural strengths, contributing to economic development and food security in South Africa.

2. Objectives of the Market Analysis Study

The primary objective of the market insight/analysis is to provide comprehensive insights and actionable information that will guide the successful establishment and operation of the frozen fries factory. The specific objectives include:

- Assessing the demand and supply dynamics for frozen fries in Limpopo, South Africa, and the broader Southern African region.
- Identifying key market trends, opportunities, and threats in the frozen fries industry.
- Analysing the competitive landscape, including major competitors, their market shares, and strategies.
- Evaluating potential customer segments, their preferences, and purchasing behaviours.
- Providing recommendations on market entry strategies, distribution channels, and marketing tactics.

3. Scope of Work

The scope of the market analysis study will encompass the following key areas:

3.1 Market Demand Analysis

- Market Size and Growth Potential:
- Historical and projected market size (volume and value) of the frozen fries market in Limpopo and South Africa.
- Growth trends and future demand forecasts.

3.2 Consumer Analysis

- Identification of target consumer segments.
- Analysis of consumer preferences, consumption patterns, and buying behaviours.
- Factors influencing consumer decisions (e.g., price, quality, brand loyalty).

4 Supply Analysis

4.1 Production and Supply Chain:

Overview of existing local and regional production capacities.

Analysis of the supply chain, including raw material sources, logistics, and distribution networks.

4.2 Supplier Analysis:

Identification of key suppliers and their market shares.

Assessment of supplier capabilities, pricing, and reliability.

5 Competitive Analysis

5.1 Market Players:

- Identification of major competitors in the frozen fries market.

- Analysis of their market shares, product offerings, pricing strategies, and distribution channels.

5.2 Competitive Strategies:

- Assessment of competitors' strengths, weaknesses, opportunities, and threats (SWOT analysis).
- Benchmarking against best practices and successful strategies in the industry.

6 Market Trends and Opportunities

6.1 Industry Trends:

- Analysis of current and emerging trends in the frozen fries market.
- Technological advancements, product innovations, and changing consumer preferences.

6.2 Market Opportunities:

- Identification of untapped market segments and growth opportunities.
- Potential for new product development and diversification.

7 Regulatory and Environmental Analysis

7.1 Regulatory Framework:

- Overview of relevant regulations and standards affecting the frozen fries industry.
- Compliance requirements for setting up and operating the factory.

7.2 Environmental Impact:

- Analysis of environmental considerations and sustainability practices.
- Recommendations for minimizing environmental impact and promoting sustainable practices.

8 Strategic Recommendations

8.1 Market Entry Strategy:

- Recommended strategies for market entry and expansion.
- Identification of potential partnerships and alliances.

8.2 Marketing and Distribution:

- Effective marketing strategies to reach target consumer segments.
- Optimal distribution channels and logistics solutions.

9 Case Studies

- Inclusion of three case studies of successful potato chip factories in similar markets.

- Analysis of their market entry strategies, operational models, and lessons learned.
- Evaluation of how these case studies can be applied to the proposed factory in Limpopo.

10 Methodology

The service provider is expected to use a mix of qualitative and quantitative research methods, including:

10.1 Primary Research:

- Surveys and interviews with key stakeholders, including consumers, suppliers, distributors, and industry experts.
- Focus groups and field observations.

10.2 Secondary Research:

- Analysis of existing market reports, industry publications, and statistical data.
- Review of competitor information and market intelligence reports.

11 Deliverables

The service provider is expected to deliver the following:

11.1 Inception Report:

- Detailed work plan, methodology, and timeline for the market analysis study.

11.2 Interim Reports:

- Periodic progress reports highlighting key findings and interim results.
- Final Market Analysis Report:
- Comprehensive report covering all aspects of the market analysis as outlined in the scope of work.
- Executive summary with key insights and actionable recommendations.
- Presentation of findings to key stakeholders.
- Inclusion of three detailed case studies of successful potato chip factories.

12 Duration and Timeline

- The market analysis study is expected to be completed ***within three (3) weeks from the date of contract award.***
- The service provider should provide a detailed timeline outlining key milestones and deliverable dates.

13 Qualifications and Experience

The service provider should demonstrate:

- Proven experience in conducting market analysis studies, particularly in the food and beverage industry.
- Strong understanding of the frozen food market and related supply chains.
- Expertise in both qualitative and quantitative research methodologies.
- Ability to analyse complex data and provide clear, actionable insights.

14 Evaluation Criteria

Proposals will be evaluated based on the following criteria:

- Understanding of the project objectives and scope.
- Appropriateness and robustness of the proposed methodology.
- Experience and qualifications of the team.
- Quality of past work and relevant experience.
- Cost-effectiveness and value for money.

15 Submission Guidelines

Interested service providers should submit their proposals including:

- Detailed approach and methodology.
- Work plan and timeline.
- Team composition and CVs of key personnel.
- Budget and cost breakdown.
- Examples of previous work and references.
- These Terms of Reference aim to guide the selected service provider in conducting a thorough and insightful market analysis for the establishment of a frozen fries factory in Limpopo, South Africa. The study will provide critical information to support strategic decision-making and ensure the successful launch and growth of the factory.

16 Submission Deadline

Thursday 30 May 2024 before 16:00.
Submission to the below contact details.

Contact Information

For any queries or further information, please contact:

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