



Crop Value Addition and Marketing



ToT Training Module Presentation
Agric Technical Working Group Partners

Food Security Cluster South Sudan

7th July 2022

Scope

- ▶ Putting value addition into context
- ▶ Enterprise identification
- ▶ Equipment and machinery
- ▶ Management
- ▶ Marketing



What is value adding

- ▶ Value addition is the process of changing or transforming a product from its original state to a more valuable state.
- ▶ This could be by changing form, colour and other such methods to increase the shelf life of perishables.
- ▶ It refers to changing raw agricultural products into something new often achieved either through processing, cooling, pasteurization, drying, packaging, extracting or any other process that changes raw agricultural commodity into new product.



Why Value Addition

- ▶ We add value to agriculture products make farming / *enterprise* profitable.
- ▶ Reduce post harvest losses
- ▶ Provide better quality, safe and branded for to the consumers
- ▶ Value-added agriculture refers most generally to manufacturing process that increases the value of primary agricultural commodities.
- ▶ Reduction of import and meeting export demands
- ▶ For inceased foreign exchange
- ▶ Diversity economic base of of rural communities
- ▶ Labour saving and to make more money
- ▶ To find a better market
- ▶ To increase the value of their produce and hence a better price.



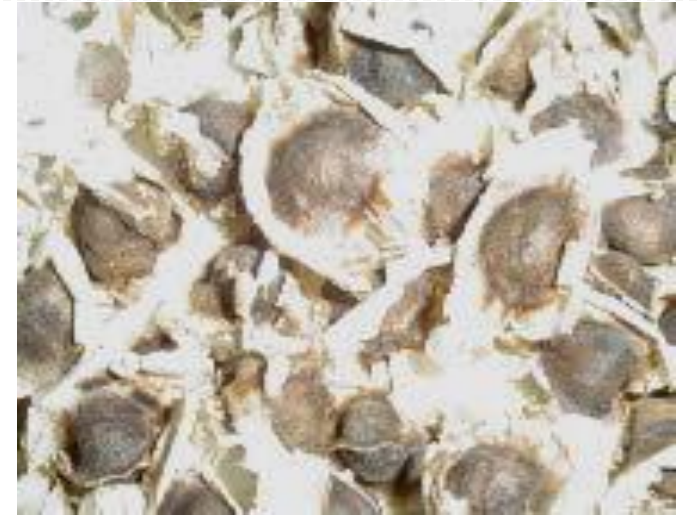
▶ To preserve food

Reasons we preserving food:

- ▶ To extend shelf life (seasonality and perishability of most primary food products)
- ▶ To become more Self Sufficient
- ▶ Reduce waste
- ▶ Convenience
- ▶ To retain nutritional value
- ▶ To improve flavour of food
- ▶ To reduce food waste
- ▶ To produce gifts for friends and family
- ▶ To start a business
- ▶ To preserve food



Value Addition: Moringa Products



Examples of small processing machines

Shea Butter



Multi-functional Tahini Making Machine

*can process nuts like, peanut, tahini,
shea butter, chilli paste, chicken bone paste,
tomato sauce, fruit jam etc..*



Ground nut paste/ butter/oil



Animal products

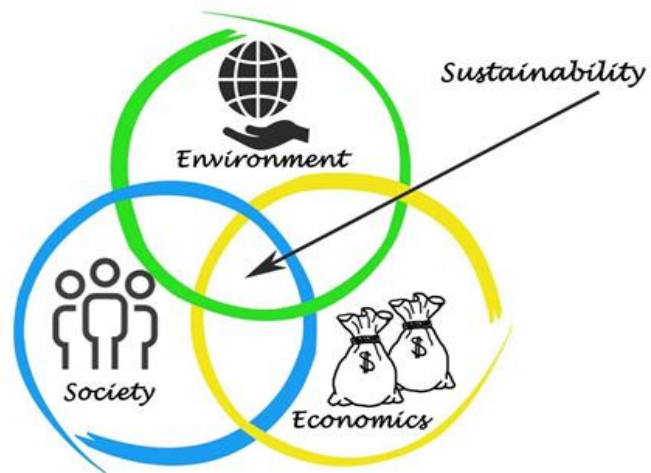
Yoghurt



Cheese



Enterprise identification



Crop Value Addition and Marketing

What is an Enterprise?

- ▶ Enterprise means to plan a business, to start it and run it. It means to bring the factors of production together, assign each its proper task, and pay them remuneration when the work is done.
- ▶ An enterprise is a venture. It is about taking risk with the intention to make profit
- ▶ Business refers to transactions between individuals, groups, or firms, in which goods and services are exchanged for money, or for other goods and services.
- ▶ Depending on scale, a business could be micro enterprises, medium scale, large scale
- ▶ Depending on purpose it could also social enterprises or one with triple bottom
- ▶ People who initiate, start and undertake businesses are often called entrepreneurs

[Discussion: What are the factors of production?

Would we then be right to say a small holder farmers / small scale farmer is an entrepreneur. How do we bring them together and make them work profitable?]




Who is an entrepreneur

- ▶ An entrepreneur is an innovator or developer who recognizes opportunities and act to make those opportunities into to workable and marketable ideas.
- ▶ An entrepreneur organizes, manages and assumes the risk of a business.
- ▶ The entrepreneurs take the risk of the competitive marketplace to implement these ideas.
- ▶ The entrepreneur adds value through time, effort, money, or skills, and realizes the reward from these efforts.
- ▶ He/she is an independent thinker who undertake activities that are different from other businesses,
- ▶ He/she seeks to offer something no one else efforts in order to attract customers. Could also be packaging a common idea into a new form.

[Farming is a business and should be a business or shouldn't it be]

The 4 factors of production are land, labour, capital, and entrepreneurship



-
- ▶ An entrepreneur is someone who produces for the market.
 - ▶ An entrepreneur is a determined and creative leader, always looking for opportunities to improve and expand his business.
 - ▶ An entrepreneur likes to take calculated risks, and assumes responsibility for both profits and losses.
 - ▶ An entrepreneur is passionate about growing his business and is constantly looking for new opportunities.
 - ▶ Entrepreneurs are also innovators.
-
- 

The business cycle

The four stages in micro-enterprise development are:

- ▶ Opportunity scanning
- ▶ Business planning (production . marketing . finance . organization)
- ▶ Implementation (production . marketing . finance . organization)
- ▶ Evaluation (Decision making “to start or not to start”)
 - a. to open a new business
 - b. to continue with the existing business
 - c. to cease to operate the existing business



Characteristics of a micro-enterprise

- ▶ Small level of capitalization;
- ▶ Initiated and managed by a household or few individuals;
- ▶ Self employment (owner is manager and worker);
- ▶ Simple technology and equipment;
- ▶ Utilization of local resources/raw materials;
- ▶ Transactions are often informal (no written agreement, based on personal contacts); and
- ▶ Ease of entry –may not be registered or formalized



Starting a business: Key steps and considerations

- ▶ Decide which farm enterprise one wants to set up and what needs are there to meet. What services is needed and where. Begins with collecting information about the units/farms/entities already working in that field of interest.
- ▶ Organize the information collected in an orderly and systematic manner to derive the meanings from them. Analyse them. Make a decision on which best meet the most need and customers will be willing to pay for.
- ▶ Build your skill. Learn more about the business and how to make it work. Learn as much as you can “take the plunge”. An enterprise is about taking calculated risk.



-
- ▶ Estimate the financial requirements for setting up the small business enterprise. Think about the source (s) of capital and choose which is best for you. Remember you do not have to take a huge debt to start an enterprise. Produce a business plan as a guide.
 - ▶ Assess the market. Do a market research. Ask Questions related to the business. Analyze responses. Remember production has no value or meaning if it is not sold /marketed.
 - ▶ Be prepared to manage crisis situations. There will be turbulent times, be prepared. Not all risks or turbulent situations may be bad for your business. Look for opportunities in the situation. Record everything you learn.
-



The characteristics of an entrepreneur – discussion and presentation

- ▶ **Confidence:** confidence in their own skills and knowledge makes them more comfortable and convinces other people to buy their products or invest in their business
- ▶ **Innovative and creative:** always want to try something new, try to find out solutions for problems, try to come up with new products. Spirit of adventure. Don't join the bandwagon. Seeks to stand out.
- ▶ **Result Oriented:** capable of setting goals and targets with an inherent pleasure of achievement
- ▶ **Risk taking:** not afraid of taking risk, However entrepreneurs do not take unnecessary risk. They think about the level of risk they want and need to take to succeed
- ▶ **Committed and passionate:** has the willingness to put the business before everything else and to achieve the goals. You love doing your business.
- ▶ **Hard working and energetic:** Be strong. Be determined and keep the passion. Keep your eyes on the prize. Review and keep adjusting. The glory day and moment will arrive.
- ▶ **Skills and knowledge:** Technical skills – has the practical knowledge needed to produce the product or provide the services for the business.
- ▶ **Business management skills** – the ability to run your business effectively
- ▶ **Knowledge of your line of business** – know who your buyers are, what they want, know who your competitors are and what they offer. The more you know about your line of business, the better



-
- ▶ An entrepreneur is someone who produces for the market. An entrepreneur is a determined and creative leader, always looking for opportunities to improve and expand his business.
 - ▶ An entrepreneur likes to take calculated risks, and assumes responsibility for both profits and losses.
 - ▶ An entrepreneur is passionate about growing his business and is constantly looking for new opportunities.
 - ▶ Entrepreneurs are also innovators.





Equipment and machinery

Crop Value Addition and Marketing

Why equipment and machinery

The purpose of introducing equipment and machines is

- ▶ to increase productivity
- ▶ For more efficient use of labour,
- ▶ ensure timeliness of operations,
- ▶ Mechanized machines are commonly used for postharvest operations such as threshing, dehulling and milling operations. Drying, pressing
- ▶ For root crops post harvest operations include chipping, grating and pressing.
- ▶ Many a times, farmers associate value addition to a very complicated process that require complicated machines, yet it may be as simple as proper drying, sorting, grading and packaging.



Machinery/Mechanization / Machines are designed to make things to make things easier for people

In most post-production operations we use machines in

- ▶ drying
- ▶ shelling,
- ▶ milling,
- ▶ packaging,
- ▶ transportation,
- ▶ storage and
- ▶ marketing.



Operating a machine

There are different types of machines

- ▶ Manually
- ▶ Diesel or petrol engines operated (Including PTO shaft)
- ▶ Electric motors to run them depending on the scale of operation and availability of those power sources.
- ▶ Natural energy sources (solar, wind and water)
- ▶ Hybrid
- ▶ Coal fired (traditional bakeries)

They could be small, medium or large and could be manually or machine operated.

The choice of a machine to buy and deplete of depends on production threshold



Corn flour milling process



CORN FLOUR MILLING PROCESS



Addressing Barriers through machinery & Opportunities

- ▶ Transport such as oxen carts,
- ▶ trailers attached to four wheelers or single axle tractors, trucks etc. Capacity building in terms of training on how to fabricate transportation equipment such as carts and the proper use of ox carts and other transportation equipment is important.
- ▶ Hiring Services (Mobile grinders/ combine harvestors etc)
- ▶ Repair and maintenance
- ▶ Manufacturing and fabrication





Management

Crop Value Addition and Marketing

What is management

- ▶ Management involves giving direction and making decisions, formulating policies and plans, implementing the formulated policies and plans, and monitoring them.
- ▶ Management also involves maintaining interpersonal relationships with subordinates, peers, other sectors, departments, organisations and superiors.
- ▶ Enterprise management is the way of conducting and controlling the business, process, information and IT capabilities, system and service offerings, resources and activities of the enterprise.
- ▶ Enterprise management work products include enterprise management ideas, requirements, plans, risks, opportunities, reviews, decisions and action items.



Roles of enterprise managers

- ▶ **Production:** Use of factors of production (land, labour, capital, entrepreneurship) to produce goods and services needed
 - ▶ **Marketing:** Ensures that goods and services are delivered to the right customers through research, promotion and advertisement
 - ▶ **Finance:** Keep records of all financial activities and raises necessary capital
 - ▶ **General Management:** Plan, Organise, Direct and Control all activities that will make the business succeed
 - ▶ **Personnel:** Proper management of people including recruitment, training, evaluation and payment
 - ▶ **Purchases:** Goods and services are purchased at the best price and are available when needed
 - ▶ **Administration:** Handling information and ensuring compliance to policies
 - ▶ **Ability to Plan:** ability to plan is a key skill
 - ▶ **Communication Skills:** Entrepreneurs should be able to explain, discuss, sell and market their good or service.
 - ▶ **Marketing Skills:** Good marketing skills that ensure that people want to buy your goods and services
 - ▶ **Interpersonal Skills:** constantly interact with people
 - ▶ **Basic Management Skills:**
 - ▶ **Personal Effectiveness:** manage time well and to take care of personal business efficiently
 - ▶ **Team Building Skills:**
 - ▶ **Leadership Skills:** ability to develop a vision for the company and to inspire the company employees to pursue that vision as a team
-



Farm/Agric management enterprise considerations

- ▶ Need to understand the market demands in terms of type of crops, quantities, Soil type and crop types suitable for the soil.
- ▶ Climatic conditions will also determine the type of crops that can be grown in the area.
- ▶ Consider also the maturity period of the crop e.g. short or long season varieties.
- ▶ The capital for farming this includes labour cost, input cost (seed and tools), transport cost.
- ▶ During this stage it is important to understand the market value chain actors (wholesale, retail), since it can determine the customers for the produce.
- ▶ The farmer can sell to the wholesaler in bulk who will avail transport to the market.
- ▶ To sell at a profit, marketing needs to begin even before planting.
- ▶ Farmers need to offer products that customers want to buying the right form (fresh, dried, processed ...), at the right time of year, in the right quantities, at the quality and packaging required in the right place, at a price that customers are willing to pay.



To succeed as a farm enterprise manager



KNOW YOUR TRADE AND
PLAN



AS AN ENTERPRISE
KNOW WHAT YOU
WANT!



KNOW YOUR FOCUS



KNOW YOUR PRODUCTS



KNOW YOUR CLIENTS
AND CUSTOMERS



KNOW YOUR
COMPETITORS



KNOW YOUR HEDGE
OVER SIMILAR PRODUCTS
(WHAT MAKES YOU
DIFFERENT)



KNOW THE ROUTE AND
COME UP WITH THE
RIGHT BUMPER STICKERS





Marketing

Crop Value Addition and Marketing

What is marketing

- ▶ Basically, a market can be defined as a physical place or a platform where buying and selling of goods and services take place. The exchange of goods and services may be physical or could through e-marketing, e-commerce or tele-marketing.
- ▶ Marketing is a series of activities involved in moving a product or service from the point of production to the point of consumption. It involves finding out what your customers want and supplying it to them at a profit.



-
- ▶ Marketing is about finding out what consumers need and then making a profit by satisfying those needs.
 - ▶ It includes all the activities and services involved in moving an agricultural product from the farm to where it is sold to a consumer. This is the value chain that links farmers with consumers.
 - ▶ And many people actors provide services that make the value chain work smoothly.
 - ▶ The activities we commonly associate with marketing include cleaning, drying, sorting, grading and storage, as well as things like transport, processing, packaging, advertising, finding buyers and selling the product.
-



-
- ▶ There are different types of markets available for agricultural produce:
 - ▶ ***On farm***
 - ▶ ***Barter market***
 - ▶ ***Assembly market:*** These are markets where farmers and small local traders come together regularly to sell their goods to larger traders and consumers. They are good place for farmers to sell either as individuals or collectively such as in farmer cooperatives.
 - ▶ ***Wholesale market***
 - ▶ ***Retail markets***
 - ▶ ***Supermarkets***
 - ▶ ***Auctions***
-



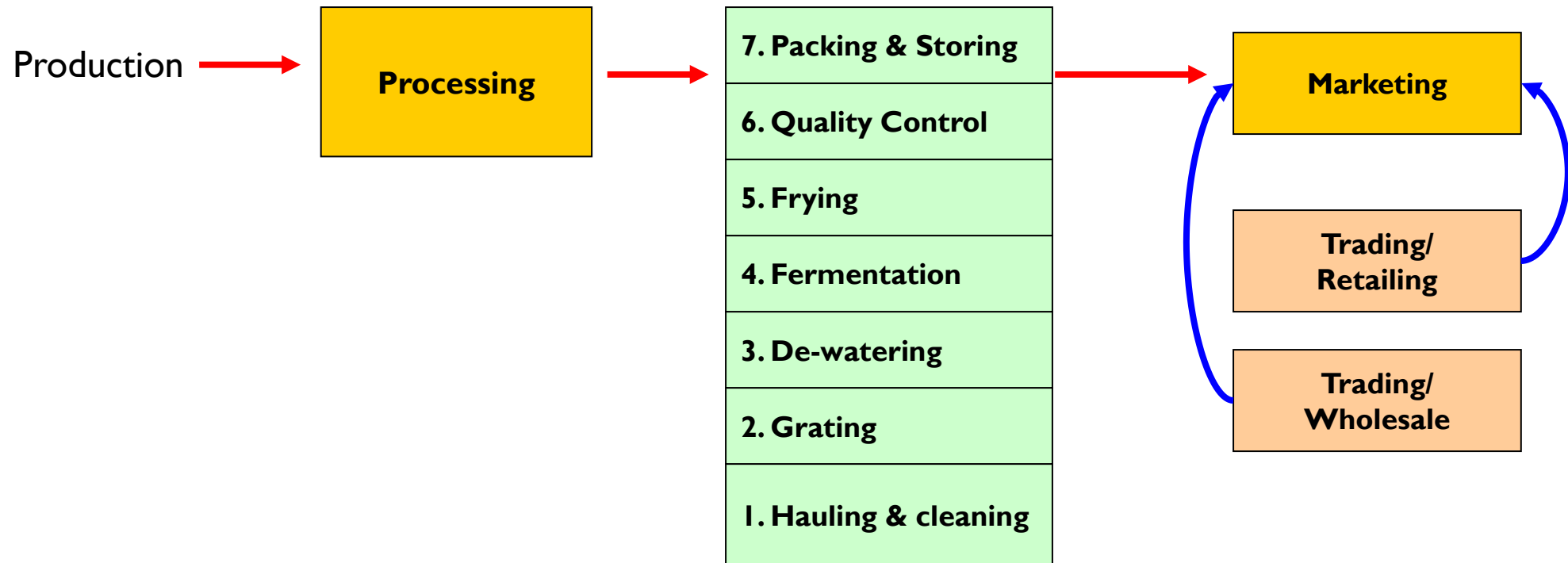
Concept and Definition

- ▶ The value chain is the value addition at different stages of transfer. In different stages of value chain, different stakeholders add value to the product to increase the end product value
- ▶ Value chains comprise the full range of activities required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation, inputs by various service providers, delivery to the final consumer, and final disposal after use (Kaplinsky and Morris 2002))

What is the difference between value addition and value chain.



Cassava: Value Addition



Who are the economic players?

- ▶ Primary producers
- ▶ Small scale processors
- ▶ Large scale processors
- ▶ Traders (retailers/wholesalers)
- ▶ Intermediate traders
- ▶ The markets (export, niche, domestic/local markets, institutional costumers)
- ▶ “And the enabling environment”



Organization directly involved in value adding chain

- ▶ **Consumers** – buy the product and bring income to the other actor in the chain. Sometime customers buy the product at the restaurants. In the case **restaurants** are also part of the chain.
- ▶ **Retailer** – the market woman and shop keepers who sell the final product to the consumers
- ▶ **Transporters** – truck driver who transport the product from the area of production to the market. Usually they are paid by trades and do not come into possession of the product, they deliver a service.
- ▶ **Traders** – bulking, organization that the product goes from the producers to the markets
- ▶ **Processors** - process the raw ingredients into products that consumers want. Sometimes they buy the raw product and sell the finished the product. Sometime they process for other people as services.
- ▶ **Producers** – famers who produce the product in their farm



Enabling Environment in the Market

- ▶ Tax & Tariff Regime
- ▶ Trade Standards
- ▶ Finance Policy
- ▶ Contract Enforcement
- ▶ Business Regulation
- ▶ Consumer Trends
- ▶ Q.A. Institutions
- ▶ Land Registries

Disabling factors

Official Corruption

Multiple taxations

Lack of credit access

Technology and skill availability



Marketing and sales strategy principles

The principle “anything sells” that was once popular among producers including farmers no longer works.

“Meet demand and it will sell”

- ▶ It mainly consists of looking at client demand on an ongoing basis and adjusting services accordingly.
- ▶ Not easy to implement and can initially be quite expensive

“Make it well and it will sell”

“Promote it well and it will sell”



Creating a marketing strategy begins with a clear vision and mission, is followed by an intensive period of market analysis and completed with the setting of marketing priorities. A marketing strategy itself provides a clear view on product packages, pricing, marketing processes, promotional activities and delivery channels.



Farmers need the market strategy for the purpose of better decision making while planning to grow a particular crop for market.

Below are the key components of a sound market strategy

- ▶ Product specification such as varieties, colour, size, grade, quality and packaging
- ▶ Prices, price pattern, variation according to seasons quality and supply
- ▶ Supply, volume, competing suppliers, seasonality
- ▶ Preference of consumers
- ▶ Opportunity for additional production to be marketed

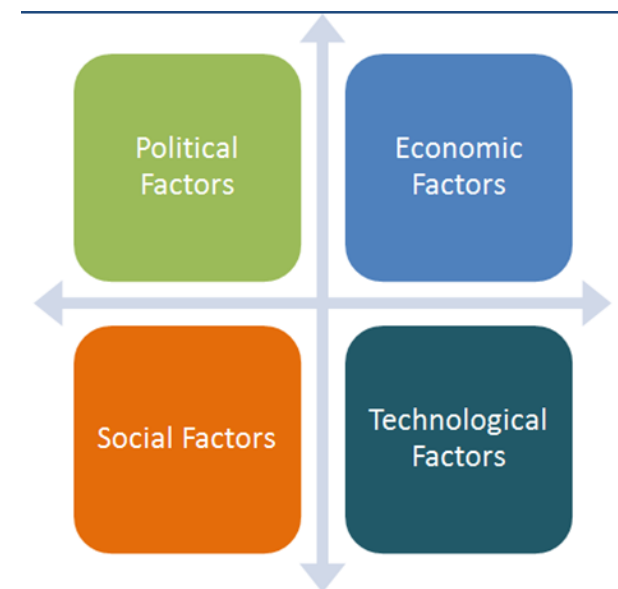


The Competitor Environment

- ▶ Competitor analysis seeks to identify weaknesses and strengths that company's competitors may have, and then use that information to improve efforts within the company.
- ▶ An enterprise may therefore want to know:
- ▶ Who the competitors are (including informal competition such as moneylenders);
- ▶ What products and services they are offering;
- ▶ How their products compare (features and quality) to products offered by your enterprise ;
- ▶ What are the competitors' prices (interest rates and fees);
- ▶ How do they sell;
- ▶ How does that affect your MFI's customers and businesses.

The Market Environment

- ▶ The market environment represents external forces which surround an organisation and have an impact upon it, especially its ability to build and maintain successful relationships with target customers, e.g. economic conditions, legal issues.
- ▶ PEST analysis tool



Client Research

- ▶ Thorough knowledge about the client is a prerequisite to successful product marketing.

Relevant questions that must be answered are:

- ▶ What specific groups of potential customers (markets) exist in your area, and neighbouring areas;
- ▶ Which specific needs do customers have and how do their needs differ from one customer group to another;
- ▶ What products might be designed to meet these needs;
- ▶ How many potential customers exist for each product;
- ▶ How much are the customers willing to pay for your products;
- ▶ Where and how do the customers prefer to have the product delivered.

Product design and communication

- ▶ Client research allows the enterprise to:
- ▶ Design competitive products with features that meet customer demand;
- ▶ Make the enterprise and its products identifiable (branding);
- ▶ Develop advertising and promotional events focused on products and services;
- ▶ Select or design appropriate sales channels and strategies;
- ▶ Develop public and media relations focused on the entire organisation;
- ▶ Implement customer service and customer relationship management tools.
- ▶ Marketing has great impact on the product development life cycle that consists of five steps in the following value chain:



Factors limiting marketing Vs opportunities

Problems

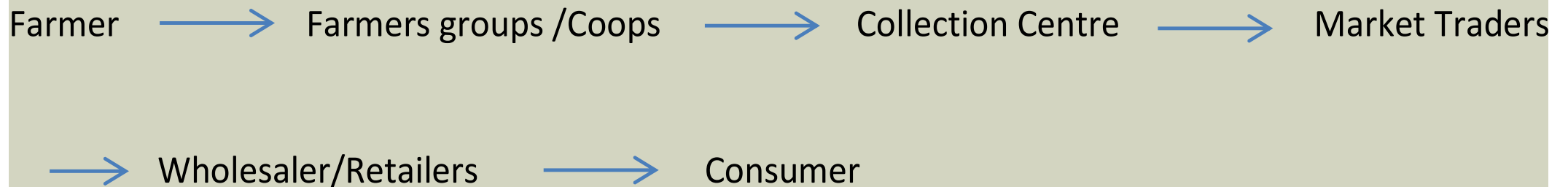
- ▶ Cartels
- ▶ Middlemen
- ▶ Hoarding of goods
- ▶ Multiple taxation
- ▶ Poor infrastructure
- ▶ Low prices
- ▶ Poor road connections to markets
- ▶ Insecurity/ conflict
- ▶ Limited market information
- ▶ Low levels of Literacy
- ▶ Poor access to credit and loaning facilities
- ▶ High agricultural taxes

Opportunities

- ▶ Limited/ Few functional farmers' groups or cooperatives
- ▶ Postharvest handling and bulking experiences
- ▶ Limited value addition and competitors
- ▶ Market linkages and available market for major farm products
- ▶ Rich and unexploited arable lands with high production potentials
- ▶ Existing Government and marketing policies
- ▶ Growing market networks and creativity
- ▶ Existing main roads and programs towards making more feeder roads to remote areas connecting rural to urban markets



-
- ▶ These are the key players in access to market. Their main role is link up the farmer to the consumer of their final produce. The chain varies with different contexts but the most common one is as below.



Guide on agricultural marketing and markets in South Sudan

