

MARKETING

INTRODUCTION

Successful vegetable production is dependent on the use of the correct cultivar, planted at a favourable time of the year, on suitable land which is adequately fertilized, cultivated, irrigated, weeded and kept free of pests and diseases. Great attention to details of culture is needed if high-yielding, good quality crops are to be produced. Continuous, uninterrupted growth is important, because any stress factor will reduce yield and/or quality. In the intensive production normally required for vegetables, the correct action, taken timeously, often means the difference between a good, profitable crop and a poor, uneconomic one. The major difference between the consistently good producer and the poor achiever is that the former takes the correct action at the right time. For instance, a top-dressing of nitrogen to cabbage at six weeks after planting is likely to be beneficial to the crop, but not if the application is delayed for a further month or longer. Similarly, the control of insect pests is more successful when the insect numbers are relatively low and the insects are immature, than when infestation has built up excessively. In both examples, the costs of the action may be the same, or possibly even higher in the second instance, but the financial returns could be very different. Good planning of all practices is essential. One should be pro-active rather than react on an *ad hoc* basis.

The direct costs involved in the production of horticultural crops, including vegetables, are relatively high, and the financial risks, as well as the potential profits per hectare planted, are commensurately higher than with most agronomic crops. Analysis of the costs involved in various practices, as well as of the expected benefits from such practices, should be done periodically. Any possible savings that do not jeopardise crop performance should receive consideration. Good records, especially of direct costs, are required for this exercise.

The fairly intensive nature of vegetable production is demanding on the finances, time, skills, knowledge, commitment and general managerial abilities of the grower. Crops should be regularly and critically inspected, in order to be aware of possible problems early enough to take remedial action.

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Many growers produce good crops, but nevertheless are not quite as financially successful as they could be. Producing a quality crop with a good yield is only half the equation. Marketing it to best advantage is the other half. The costs of marketing a crop are often as high, and sometimes even higher, than the costs of producing it. Too little attention is paid to this aspect, particularly when one considers the high costs involved and the possible income benefits. Too often a grower complains about the low prices he receives without considering what he himself can, and should, do to improve matters.

Ideally, the various possible market outlets, as well as all market-related matters, should be thoroughly investigated before considering the production of any crop. There is no point in producing a crop and not being able to dispose of it at remunerative prices. A grower should have a good idea of the scope of his direct costs of production and marketing, of his likely yield, and even of expected prices at the time of year for the specific market envisaged, before planting the crop, in order to make informed decisions. This applies particularly to the "new" grower, but even long-established producers would do well to consider such aspects from time to time. Innovations in packaging, changes in consumer preferences, new sales outlets, and so on, may necessitate changes in culture or marketing.

Marketing is normally viewed as commencing at harvesting time. In reality it should start before planting a crop, with a market survey and analysis, as well as a marketing plan.

Questions which need to be answered include:

- What market outlets exist?
- Where are they situated?
- Which appear to be the most suitable?
- What alternative markets exist or can be developed?
- Who are the prospective buyers or customers at the various outlets?
- Which crops do they want?
- How much of each product?
- When do they want them?
- Is sophisticated grading necessary?
- What quality grades will satisfy the requirements of each outlet?
- How should the produce be packed or presented for each market?
- How easily can the grower meet the requirements of the various outlets?
- What is the expected cost of meeting the requirements and servicing the respective outlets?
- Should the products be advertised, and, if so, how?

The answers to these and similar questions will largely determine the type of crop to be grown, when they should be planted, what area should be devoted to each planting of each crop, the time interval between plantings of a specific crop, and even which cultivar will best meet the specific requirement. They will also determine the best cultural practices or actions to be carried out during growth and preparation for sale to ensure that the final product is totally acceptable to the prospective purchasers and consumers.

Quality and other requirements may differ appreciably from one market to another. The quality and packaging should be matched to the specific market(s) envisaged. It is generally advisable to consign the different grades to different markets. The specific market preferences may determine the stage of picking, and will also have a bearing on the sophistication of the grading, packing, packaging and labelling employed/needed per market outlet.

Harvesting, handling, washing, trimming, grading, packing, packaging, labelling and transporting are all important practices aimed at preserving the quality of the produce, and presenting it to the best advantage. Prices achieved, and thus differences in income obtained, can be greatly affected by the emphasis placed on these practices. They must, therefore, be considered as important elements in the marketing strategy.

One should endeavour to develop trust and a good relationship with one's agent and/or customer, and to build up a good name as a reliable and consistent seller, who markets a consistently good-quality product. The brand names of top-quality produce are remembered by buyers, who are willing to pay a premium for the quality, or who will buy the product in preference to other offerings if there is an oversupplied market. Second or lower grade produce may still be marketed, albeit at lower prices, but should be clearly marked as such, so that it cannot be confused with the first grade, and thus affect one's good name. A common practice is for the lower grades to be marketed under a different trade name, or even to be consigned to a different outlet.

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Most commercial producers consider only one or two of the major national markets as marketing outlets, to the exclusion of all other possibilities. The larger producers will supply

even some of the far-distant national markets, provided better prices prevail there. Nationally-linked information networks can supply daily prices to producers. These national markets, in all the big centres, must remain the major outlets for many of the large vegetable growers, because of the scale of their operations, but even these growers should investigate other possibilities. Smaller producers may possibly be able to dispose of the bulk of their produce more profitably through outlets other than the national markets. Outlets to consider are:

Direct sales to hawkers or consumers on the farm.

Savings may be made on packaging, agents' fees, market commission and transport and so on.

Farm stalls.

Savings as above, but require suitable reliable staff.

Direct sales to wholesalers, retailers, consumer groups or individual consumers.

Delivery costs may be disproportionately high for small consignments.

Small municipal markets or farmers' markets.

Usually not very different to the national markets, more easily glutted, and lower throughput.

Export.

Critical points are the generally high quality specifications, chemical residue tolerances, possible pre-chilling or cooling requirements, specific packaging requirements, high transport costs (particularly air transport), the prevailing demand for the product and expected prices, specific market needs, sales agents, and so on.

Processing.

Processing companies cannot compete with the premium prices paid for out-of-season produce, but are usually highly competitive with prices in peak season. However, some processing, or value-added practices, such as pre-packing of certain crops, could be done on the farm. Special markets might need to be developed for such products.

POINTS TO CONSIDER IN CHOOSING A SALES OUTLET INCLUDE

Size of outlet, and cost of servicing it.

Transport availability and cost.

Distances, which affects cost, as well as deterioration of the product.

Condition of the roads.

Packaging required, e.g. pre-packs, cartons, boxes, pockets and their relative costs in relation to prices attained.

Market or consumer preferences.

Product quality or specifications.

Contact person or agents.

Seasonal price trends.

Market commission and agents' fees.

Possible delays in payment for consignments.

Various other possible requirements for the specified outlet.