

PN. ABZ-099 B
91463

SWAZILAND NATIONAL FRESH PRODUCE MARKET

MARKETING STRATEGY

EXECUTIVE SUMMARY

NOVEMBER 1994

APPRECIATION

Coopers & Lybrand Management Advisory Services (Pty) Ltd would like to record its sincere thanks and appreciation to all persons who contributed to the development of a Marketing Strategy for the Swaziland Fresh Produce Market

In particular:

- Market Management and Personnel
- Officials and Personnel of NAMBOARD
- Members of the Overall Steering Committee
- Members of the Strategy Planning Committee
- Official of the Department of Agriculture
- All persons who were interviewed

PROJECT PROPOSAL

- Analysis of the strengths, weaknesses, opportunities and threats of the SFPM
- Identification of the Critical Success Factors to ensure that the SFPM provides efficient, effective and fair systems and methods whereby fresh fruit and vegetables, produced in Swaziland and elsewhere, can be sold
- Development of a Mission and Objectives to negate negative tendencies and provide a framework within which to progress and remain focused
- Identify the most suitable ownership/management model and personnel structures for the SFPM to implement and drive the Strategy Plan
- Identify steps to be taken to ensure the continued viability of the SFPM

RESEARCH - UNDERTAKEN

- Small Farmers - Group Discussion
- Commercial Farmers - Group Discussion
- Traders - Retail Markets/Shops/Chainstores
- Wholesalers/Distributors
- Catering and Hospitality trade
- Dept of Agriculture
- Dept of Finance
- CAPM
- Market Agents
- Market Management
- NAMBOARD

SWOT ANALYSIS OF SFPM

Strengths



The Market has been in existence for seven years



The market is centrally located



Farmers support the Market



Traders support the Market

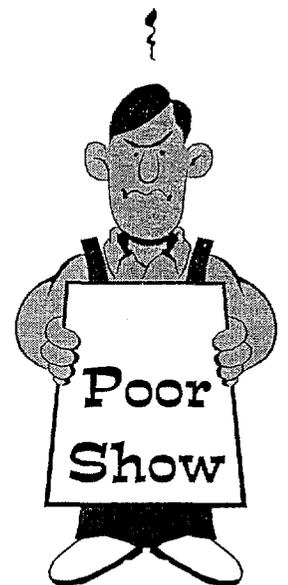


Management expertise has been built up

SWOT ANALYSIS OF SFPM

Weaknesses

- Lack of consistent and adequate supplies of good quality locally grown produce
- Consignment management, both Market Agents and Market Management
- Effective communication and information dissemination
- Lack of "Customer Care" programme
- Attitude and skills of Market Management Personnel and Market Agents' personnel



SWOT ANALYSIS OF SFPM

Opportunities

- Provide additional relevant services
- Provide additional premises on the Market for service providers
- Provide "farmer recognition" programme
- "Sell" professional services to users
- Produce quality control service



SWOT ANALYSIS OF SFPM

Threats

- Unprofessional attitudes of Market Management and personnel
- Unprofessional attitude, skills and services by Market Agents ✓ ~~✓~~ ✓
- Poor service to Market customers ✓
- Continued inconsistent supplies of good quality locally grown produce ✓
- Increase of off-market transactions - irrelevant of Market ✓
- Continued poor financial results ✓



MISSION OF THE SFPM

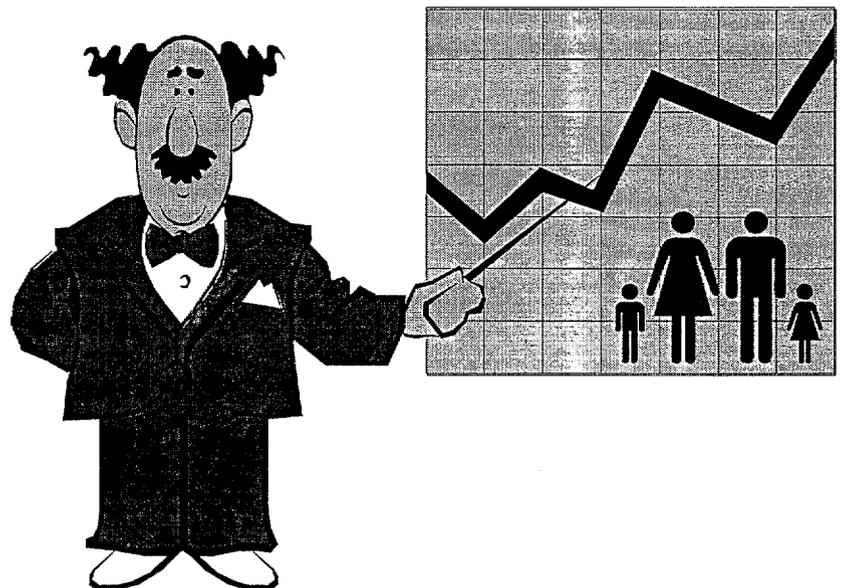
NOTE

The mission of the SFPM is to be pro-active in the development of the fresh product industry by:

- Providing an efficient and relevant infrastructure where horticultural and other products can be traded, particularly those of Swazi origin
- Establishing and maintaining efficient and cost-effective systems and methods whereby prices on the Market can be negotiated according to supply and demand and to the benefit of both producers and consumers
- Provide relevant and efficient services on the Market to meet the needs and aspirations of all the customers
- Assisting in the stimulation and development of farmers to grow a variety of fruit and vegetables of a consistent high quality in Swaziland

OBJECTIVE OF THE SFPM

To accomplish an average mean increase in mass handled at the SFPM of 1% above the populating growth at prices which keep pace with the consumer price index (CPI) for Swaziland



CRITICAL SUCCESS FACTORS - SFPM

- Provide appropriate facilities - "one stop food distribution centre"
- Adequate and consistent supplies of good quality fresh produce ✓
- To communicate effectively ✓
- Market Management and personnel with professional attitude and skills
- Market Agents and sales personnel with professional attitude and skills ✓
- Markets must be easily accessible
- Customer Care programme
- Attract more activities on and around Market

MARKETING STRATEGY FOR SFMP

● Four main marketing components:

✓ PRODUCT

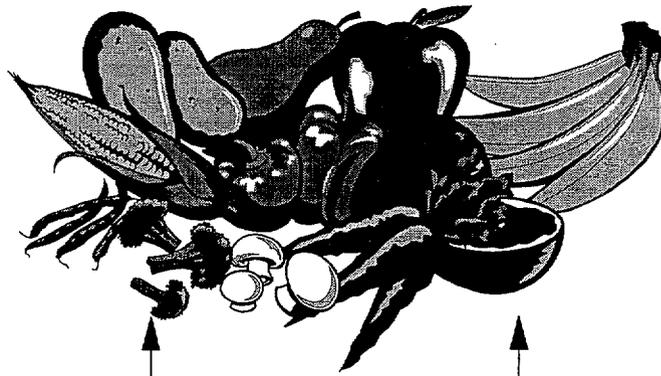
✓ PLACE

✓ PRICE

✓ PROMOTION

SFPM - THE MACRO ENVIRONMENT

SFPM

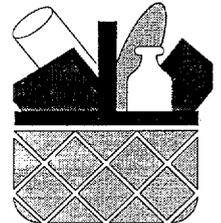
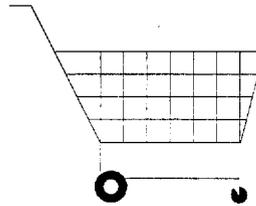
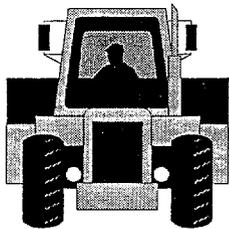


↑
Farmers

↑
Market
Agents

↑
Traders
/Distributors

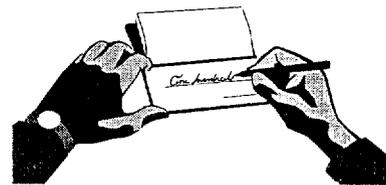
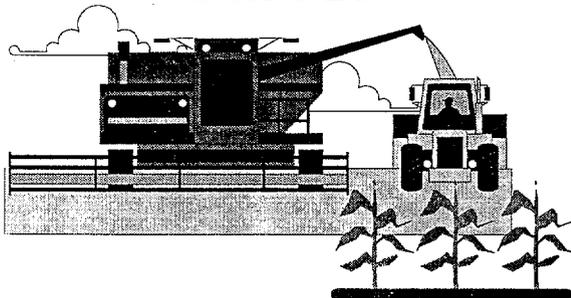
↑
Service
Providers



SUPPLY



DEMAND





RECOMMENDATIONS

1. DEPARTMENT OF AGRICULTURE

1. That fruit and vegetable farmers strive to keep the industry as free as possible so that prices can be established according to supply and demand;
2. That fruit and vegetable farmers commit themselves to the formation of an effective body to serve as a communication channel between themselves, the Authorities and marketing institution;
3. That the Department of Agriculture considers ways and means of encouraging and assisting farmers to establish and maintain such a representative body;



4. That the Department of Agriculture reviews the role and function of the Agricultural Extension Officers, with particular reference to horticulture, to ensure that such Extension Officers provide support and expertise in the development and maintenance of an effective strategy for fruit and vegetable production and marketing in Swaziland;
5. That the Department of Agriculture, or a suitable Authority to whom such responsibility has been delegated, develops a holistic strategy for the commercial production of fruit and vegetables in Swaziland;
6. That the said strategic plan of development also address the needs and problems which are recorded in Annexure B, which fall outside the ambit of authority and responsibility of NAMBOARD and the Management of the SFPM;



7. That steps be taken to monitor the implementation of such a strategic plan of development and that progress be reported to the Principal Secretary for Agriculture once per quarter;
8. That the policy regarding applied research for horticultural products be reviewed and that the Department of Agriculture, or some other suitable Authority, accepts responsibility to either co-ordinate or undertake such research to the benefit of farmers and consumers;
9. That the Department of Agriculture, in consultation with all major role-players, takes the steps necessary to publish a brochure setting out the suitability and availability of various cultivars of relevant vegetables for use by farmers and by the trade;



10. That steps be taken by the Department of Agriculture, NAMBOARD and Market Management to introduce a campaign to encourage all farmers to produce, pack and market quality fruit and vegetables. This can, for example, be achieved through the media, brochures, workshops, farmers' days and Extension Officers;
11. That the Department of Agriculture, in consultation with NAMBOARD and other major role-players, develop medium and long term strategies to introduce an effective and efficient quality/grading system for fruit and vegetables produced and sold in Swaziland;
12. That consideration be given to the development and introduction of a national "generic trade mark" for use by farmers on top quality locally grown fruit and vegetables;



NAMBOARD

13. That the Government continues to support the processing industry and that incentives for the industry to expand be considered from time to time as the need arises;

16. That the Department of Agriculture, or a body appointed for that purpose, investigate the merits of establishing regional "farmers' markets" , as well as the method of operation, management and financing thereof;

17. That, with a view to further developing the skills and knowledge of farmers, training workshops be arranged in the production areas regarding:
 - A) The existence of the various marketing channels open to them, how these channels work and the possible benefits and dangers of each;

 - B) The benefits of producing and packaging relevant crops/cultivars for identified niche markets;



20. That it be noted that commercial and small farmers regard the existence and maintenance of a cost efficient and effectively managed Central Market of paramount importance to development of a financially viable horticultural industry in Swaziland;
21. That both the Department of Agriculture and NAMBOARD take the aforementioned expressed wish of the farmers into consideration when decisions are taken regarding the future of the SFPM;
22. That the Department of Agriculture, in close co-operation and consultation with NAMBOARD continues to explore, finalise and implement a suitable alternative ownership and management model for the SFPM, with deliberate speed;



2. NAMBOARD

10. That steps be taken by the Department of Agriculture, NAMBOARD and Market Management to introduce a campaign to encourage all farmers to produce, pack and market quality fruit and vegetables. This can, for example, be achieved through the media, brochures, workshops, farmers' days and Extension Officers;

11. That the Department of Agriculture, in consultation with NAMBOARD and other major role-players, develop medium and long term strategies to introduce an effective and efficient quality/grading system for fruit and vegetables produced and sold in Swaziland;



12. That consideration be given to the development and introduction of a national "generic trade mark" for use by farmers on top quality locally grown fruit and vegetables;
13. That the Government continues to support the processing industry and that incentives for the industry to expand be considered from time to time as the need arises;
17. That, with a view to further developing the skills and knowledge of farmers, training workshops be arranged in the production areas regarding:
 - A) The existence of the various marketing channels open to them, how these channels work and the possible benefits and dangers of each;
 - B) The benefits of producing and packaging relevant crops/cultivars for identified niche markets;



18. That either NAMBOARD, or a body established for that purpose, investigate the principle of central co-ordination for the establishment, upgrading, management, funding and methods of operation of Retail Markets;
19. That it be accepted that Retail Markets, under certain conditions, can play an important role in the development of small farmers, the orderly distribution of fresh produce to the benefit of consumers and for work/job opportunities for the Swazi Nation;
20. That it be noted that commercial and small farmers regard the existence and maintenance of a cost efficient and effectively managed Central Market of paramount importance to development of a financially viable horticultural industry in Swaziland;



21. That both the Department of Agriculture and NAMBOARD take the aforementioned expressed wish of the farmers into consideration when decisions are taken regarding the future of the SFPM;

22. That the Department of Agriculture, in close co-operation and consultation with NAMBOARD continues to explore, finalise and implement a suitable alternative ownership and management model for the SFPM, with deliberate speed;

47. That a Market Advisory Committee be established for the SFPM, as set out in the body of the report.



3. MARKET MANAGEMENT

10. That steps be taken by the Department of Agriculture, NAMBOARD and Market Management to introduce a campaign to encourage all farmers to produce, pack and market quality fruit and vegetables. This can, for example, be achieved through the media, brochures, workshops, farmers' days and Extension Officers;

12. That consideration be given to the development and introduction of a national "generic trade mark" for use by farmers on top quality locally grown fruit and vegetables;

15. That Market Management take active steps to encourage the patronage and possible relocation on the Market of wholesalers/distributors who purchase direct and operate outside the SFPM;



17. That, with a view to further developing the skills and knowledge of farmers, training workshops be arranged in the production areas regarding:
- A) The existence of the various marketing channels open to them, how these channels work and the possible benefits and dangers of each;
 - B) The benefits of producing and packaging relevant crops/cultivars for identified niche markets;
19. That it be accepted that Retail Markets, under certain conditions, can play an important role in the development of small farmers, the orderly distributions of fresh produce to the benefit of consumers and for work/job opportunities for the Swazi Nation;



20. That it be noted that commercial and small farmers regard the existence and maintenance of a cost efficient and effectively managed Central market of paramount importance to development of a financially viable horticultural industry in Swaziland;
23. That it be accepted that the current dualistic role as Market Agents and Wholesalers of the four operators on the SFPM should continue;
24. That the principle be accepted that this situation must change as local production increases, both in quantity and variety, and consistent supplies of good quality fresh produce become available;
25. That steps be taken by Market Management to alter the sales hall floor lay-out as an interim measure to provide for additional space and operational management;



26. That the principle be further investigated to establish additional premises/buildings in which the SFPM can accommodate more wholesalers and traders in fresh produce and other allied foods/goods and services;

27. That the current system of "cash purchases" and "consignment sales" be permitted in the short term but that sales and consignment audit systems be reviewed to ensure that such systems are effective in dealing with "stock rolling", over- and under-sold consignments as well as consignment switching;

28. That it be agreed in principle that Market Management takes the steps necessary to create a separate section in the market hall where only "consignment" produce is sold and a separate section where produce which has been purchased ("cash sales") is sold;



29. That the current lease agreements with the market agencies be reviewed and re-negotiated to provide for the changes in systems and methods as recommended in this report;
30. That, if at all possible, Market Management continues with its service to provide transport to convey produce to the SFPM until suitable alternative arrangements can be found;
31. That Market Agents be encouraged to seriously consider alternative methods of arranging transport and that they be set a dead-line, say six months, to advise Market Management of their plans;
32. That Market Agents be requested to submit proposals to Market Management setting out how they intend improving communications with farmers, and that a dead-line be set for their responses;



33. That Market Agents be requested to submit proposals to Market Management setting out how they intend improving payment procedures to farmers in the interim period, and that a dead-line be set for their responses;
34. Should Market Agents not respond to the aforementioned, they be advised that they will no longer be considered for receipt of produce transported by Market Management personnel;
35. That serious consideration be given to making financial provision in the budget of the SFPM to enable the installation and commissioning of an improved electronic sales processing system, specifically designed for use on a Fresh Produce Market:



36. That, in the event of funds not being available to install an improved electronic sales processing system, consideration must be given to enhance the current system to dramatically overcome the problems as enumerated in this report;
37. That Market Management, in close consultation with Directors of Market Agencies, take active steps to ensure that the professional conduct of salespersons is improved;
38. That Market Management take active steps to either provide or arrange for corrective and additional training to be given to Market Management personnel to overcome the weaknesses enumerated in the Annexures to this report;



39. That Market Management, in close consultation and co-operation with the Directors of Market Agencies, develop a strategy to ensure that all aspects of the maintenance of clean and hygienic conditions at the SFPM be cost effectively and efficiently handled;
40. That, if necessary, a new culture be developed amongst all personnel and market users to "KEEP OUR MARKET CLEAN AND HYGIENIC";
41. That a system be introduced to register market agent salespersonnel with the market management;
42. That market management satisfies itself that the person to be registered is a fit and proper and knowledgeable person to be so registered;



43. That the market management takes the initiative to have a basic training course developed for market agency salespersonnel and that market agents be required to contribute financially to the development of such a generic training course;
44. That market management evaluates the composition and level of market dues payable on the sale of produce with a view to ensure that farmers receive value for many service;
45. That all services offered by market management be evaluated to determine whether such services adds value to the total overall marketing system. These services should also be categorised to reflect "essential to have" and "nice to have";



46. That Market Management, in close co-operation and consultation with Directors of Market Agencies, develop strategies to actively promote the SFPM;
47. That a Market Advisory Committee be established for the SFPM, as set out in the body of the report.
48. That Market Management implements some or all of the recommendations made in Annexure C;
49. That the recommendations set out in Annexure D be implemented by Market Management;
50. That the recommendations contained in Annexure E be considered for implementation;



51. That Market Management undertakes a strategy planning exercise to evaluate its current structure to establish what changes are required, to ensure that it can drive and support the STRATEGIC SUCCESS FACTORS;
52. That an implementation plan and an action plan be compiled and finalised;
53. That a budget be drafted to determine the full financial impact of implementation, short-, medium- and long term;



4. MARKET AGENTS

31. That Market Agents be encouraged to seriously consider alternative methods of arranging transport and that they be set a dead-line, say six months, to advise Market Management of their plans;

32. That Market Agents be requested to submit proposals to Market Management setting out how they intend improving communications with farmers, and that a dead-line be set for their responses;

33. That Market Agents be requested to submit proposals to Market Management setting out how they intend improving payment procedures to farmers in the interim period, and that a dead-line be set for their responses;



34. Should Market Agents not respond to the aforementioned, they be advised that they will no longer be considered for receipt of produce transported by Market Management personnel;
37. That Market Management, in close consultation with Directors of Market Agencies, take active steps to ensure that the professional conduct of salespersons is improved;
39. That Market Management, in close consultation and co-operation with the Directors of Market Agencies, develop a strategy to ensure that all aspects of the maintenance of clean and hygienic conditions at the SFPM be cost effectively and efficiently handled;



43. That the market management takes the initiative to have a basic training course developed for market agency salespersonnel and that market agents be required to contribute financially to the development of such a generic training course;

46. That Market Management, in close co-operation and consultation with Directors of Market Agencies, develop strategies to actively promote the SFPM;



5. FARMERS

1. That fruit and vegetable farmers strive to keep the industry as free as possible so that prices can be established according to supply and demand;
2. That fruit and vegetable farmers commit themselves to the formation of an effective body to serve as a communication channel between themselves, the Authorities and marketing institutions;

ACTION REQUIRED

- Overall Steering Committee, after necessary amendments/additions to endorse RECOMMENDATIONS to NAMBOARD Board of Directors
- NAMBOARD to accept RECOMMENDATION
- Recommendations then become STRATEGIC SUCCESS FACTORS
- Market Organisational structure to be analysed to determine whether it can drive and implement the Strategy
- Action Plan to be completed by SFPM to implement Strategy