

Local Organic Markets

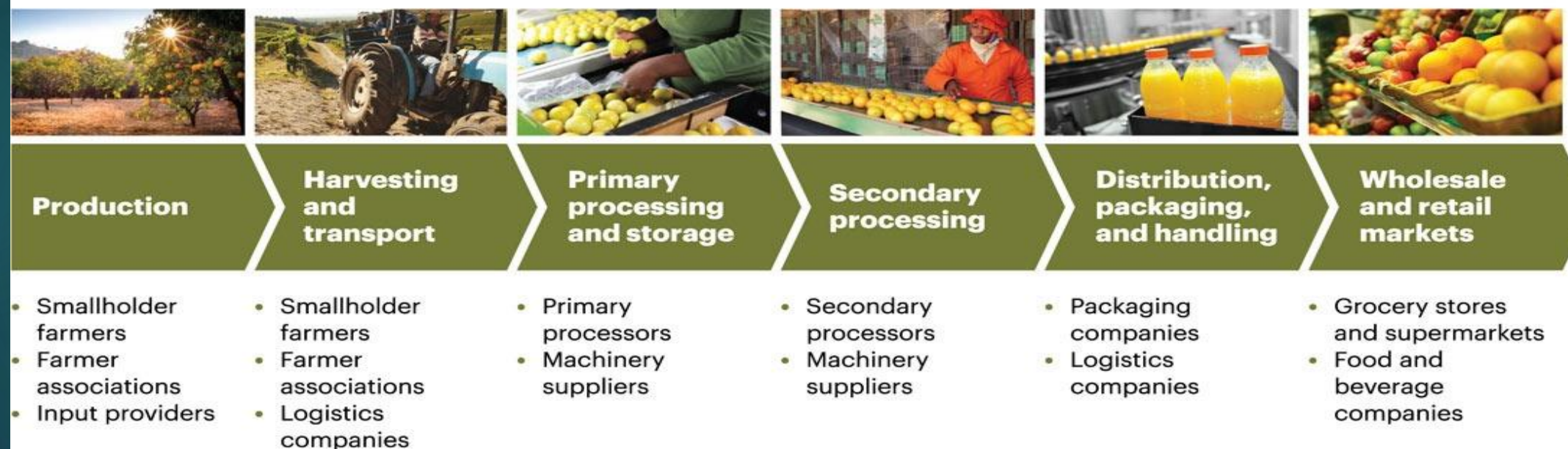
BY: SYLVIA
KURIA

SYLVIA'S
BASKET



Organic Markets in the Value Chain

Figure 3
The typical agricultural value chain

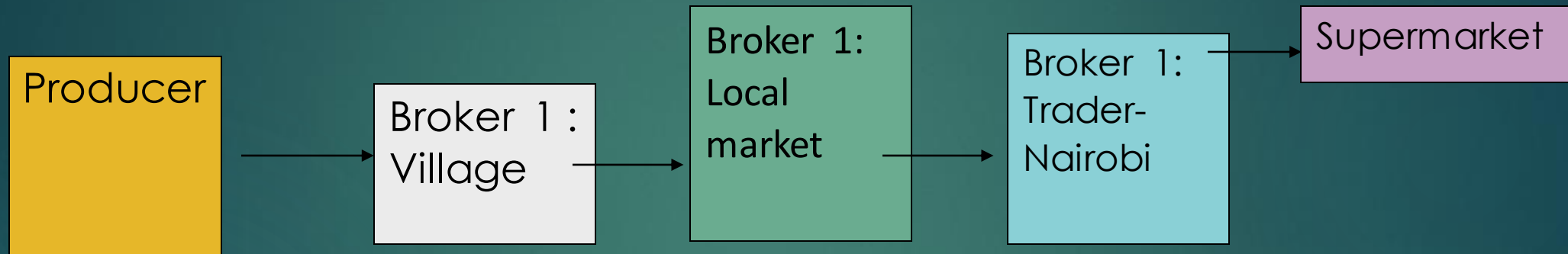


What are Organic Products?

- ▶ Organic products are **grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach.**



Market scenario: Dynamism in the market Chain



- Fluctuations in pricing making return to investment sometimes to be too low.
- Little or no access to information in time or inaccessibility due to cost.
- Little or no power in value chain relations

Short Food Supply Chains

- ▶ **Short food supply chain** (SFSCs) is a term that describes a broad range of **food** production-distribution-consumption configurations, such as:
- ▶ *Farmers' markets, farm shops, collective farmers' shops,*
- ▶ *Box schemes,*
- ▶ *Community-supported agriculture (CSA),*
- ▶ *Co-operative movements, etc.*



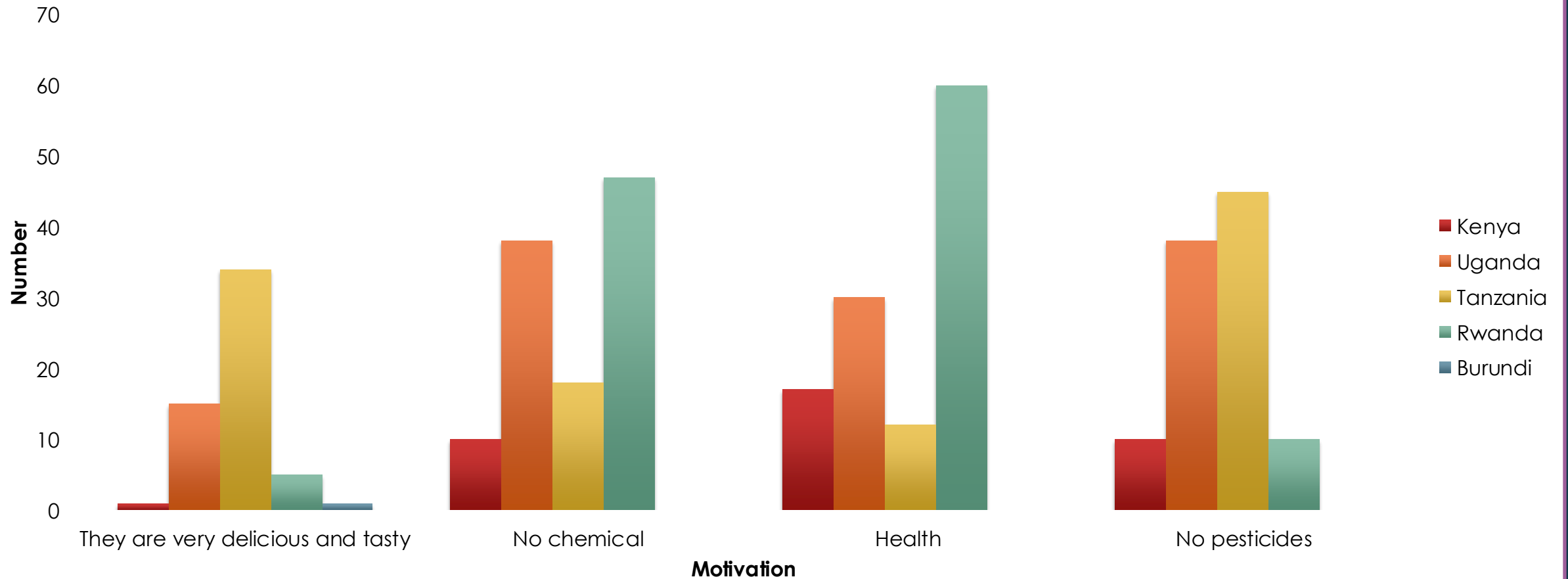
Farm to Fork : Example of Sylvia's Basket



Factors to consider when marketing organic produce:

- ▶ Managing organic farms
- ▶ Pricing
- ▶ Logistics
- ▶ Planting program
- ▶ Unpredictable weather patterns

Customer Motivation to buy organic products



Sylvia's Basket Organic Retail Journey Lessons Learnt



Eliminate middlemen?



Home Delivery Baskets (2015-2019)



Retail Shop (2019- 2023)

- ▶ Easy Shopping Experience.
- ▶ Customer Engagement.
- ▶ Goods are available all week
- ▶ Greater Inventory Options



Logistics



- ▶ Need to identify a reliable logistics partner
- ▶ Farmers should be able to aggregate their produce.
- ▶ Packaging should be done in a way to ensure that produce is not damaged
- ▶ Most farmers are not able to access markets due to logistical challenges

Marketing

Singles basket @ 500 bob



*Family basket @ 1000
bob 🤪💚💚💚*

- ▶ Trends in our current markets dictate that we use online marketing tools such as :
- ▶ WhatsApp
- ▶ Instagram
- ▶ FaceBook
- ▶ Tik Tok
- ▶ From our experience, WhatsApp gives us most sales
- ▶ Home delivery increases sales

Location

- ▶ Location decisions are critical to the ultimate success of the retail enterprise.
- ▶ Good locations allow ready access, attract large numbers of customers and increase the potential sales of retail outlet
- ▶ Slight differences in location can have significant effects on market share and profitability.
- ▶ The right location makes distribution easier.
- ▶ We are located in a densely populated area in Lavington close to many homes



Pricing

- Increased prices means organic is for the rich.
- Organic farmers will not have access to markets
- Increased prices means increased fraud if fraud prevention systems are not effective.
- Fraud in turn is the biggest long-term risk to maintaining consumer demand.
- Participatory Guarantee Systems (PGS) and the Kilimo Hai mark are buffers against fraud and exorbitant prices for organic produce.



Costs in Retail

THE COST OF OPENING A RETAIL BUSINESS



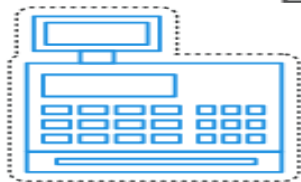
Rent

Licensing and permitting fees



Store fixtures

Initial inventory (or the cost of manufacturing your goods)



Equipment and technology



Web hosting

Janitorial supplies and services

Business insurance

Signages



Interior decor and aesthetics

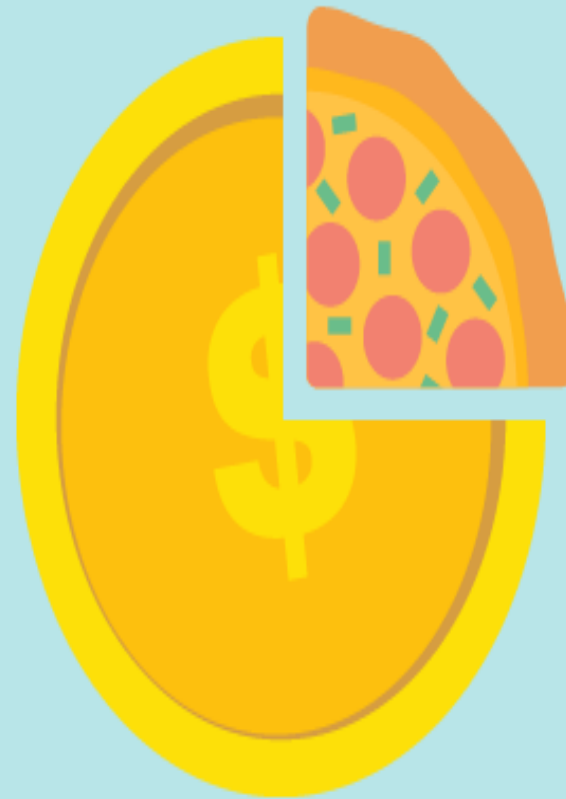
Other costs



Sales to Wages Ratio

The average payroll-to-sales ratio for retail is **between 10% and 20%**. So, it's a good idea to make that your benchmark and avoid exceeding 20%.

To get an optimal percentage, you can either increase sales, decrease payroll expenses, or both.



Lessons Learnt

- ▶ Retail has been branded as one of the worst business.
- ▶ Retail has high fixed costs,
- ▶ high working capital intensity, fickle customers,
- ▶ Low barriers to entry
- ▶ Steep learning curve



Sylvia's Basket Organic Aggregation Hub



Farmers

- ▶ Work with farmers to access markets
- ▶ Ensuring capacity building mechanisms are in place
- ▶ Input provision is key
- ▶ Consistent market access

Consumers

- ▶ Aggregation **provides consumers with greater access to locally produced food**, which in turn can encourage more people to buy locally

Bulk Markets for better incomes



Bulk buyers are consistent and able to ensure farmers can grow produce with an assured market



Call to action

- ▶ Organic retail is only reaching 0.001 of the population in Kenya
- ▶ Kenya only has 3 outlets retailing organic produce
- ▶ Small holder organic farmers are only selling 40% of their organic produce in specialized markets
- ▶ Kilimo Hai mark in East Africa is underutilized
- ▶ Aggregation centers need to be set up to bulk organic produce.
- ▶ The market for organic produce is unquenchable.





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