

Fresh produce markets an effective link between traders and farmers

Being in the fresh produce market for over 30 years, the RSA Group, who sells more than 865,000 tonnes of fresh produce each year, continues to be an effective marketing agent in the industry - with buyers from across the country as well as countries like Mozambique, Lesotho and Zambia.



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The fresh produce process

Work for fresh produce agents begins in the early hours of the morning while most people are still sleeping.

Fruit and vegetables from farmers arrive during the evening and the early hours of the morning. When the salesmen arrive at the market, they need to check the new produce that has arrived, enter it into the computer system and walk the market floors to see what stock is available at other market agents to get an idea of overall volume in order to formulate price for the day.

The market floors soon become noisy and filled with energy and activity while market agents are kept busy with negotiating prices with buyers, speaking to farmers and filling orders. Salesmen or traders are the links between the farmer and the buyer as the buyer is actually the farmer's customer.

Fresh produce markets have created employment and entrepreneurship opportunities for thousands of people from sales agents to street hawkers. There is no barrier to entry to becoming a buyer. All that is needed is a buyer's card as no cash is accepted on the market floor.

Price discovery and determination

Price discovery requires skilful trading as the farmer wants to sell at the highest price and the buyer wants to buy at the best price possible in order to resell at a profit. Supply and demand also play a major role in the price determination and it

can change accordingly. Today's price can influence tomorrow's price.

RSA potato section head and salesman, Andries Erasmus who has been working on the market floor for over 25 years says: "It's a gut-feeling that every trader has when it comes to price determination. There are no fancy calculations. It's purely a gut-feeling that comes with experience and from knowing and understanding your industry."

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