



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

ABILITY OF OUTGROWER BUSINESSES (OBs) IN THE ADVANCE SOUTH OPERATIONAL ZONE TO ENGAGE BUYERS

A USAID's ADVANCE II Project Report: JULY 2018



USAID
FROM THE AMERICAN PEOPLE



Expanding Opportunities Worldwide

USAID's ADVANCE PROJECT REPORT

COOPERATIVE AGREEMENT No. AID-641-A-14-00001

AOR USAID: PEARL ACKAH

CHIEF OF PARTY: EMMANUEL DORMON

DISCLAIMER

This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of ACDI/VOCA and do not necessarily reflect the views of USAID or the United States Government.

Executive Summary

Introduction

Market participation, including trade negotiations, has been identified under the Agriculture Development and Value Chain Enhancement Project II (ADVANCE II) as a critical factor in ensuring increased output and improved productivity. Equipping Outgrower Businesses (OBs) with the skills of effective relationship and engagement with buyers, and responding to market situations in both a proactive and reactive manner yields higher returns. Over time, the Project has observed varied modes of engagement (formal and informal) between OBs and buyers, which has led to different business outcomes. In the parlance of the Project, OBs that have been successful in establishing effective relationships with buyers are tagged as ‘Effective OBs’ and those that are yet to engage well with buyers are referred to as “Ineffective OBs”. Premised on this, this study was aimed at documenting both effective and ineffective practices undertaken by OBs in engaging buyers. This will provide a basis for effective capacity building based on OBs’ own mode of engagement.

Objectives

The specific objectives of the study were to:

1. identify the market practices that OBs generally engage in with buyers
2. assess the relationship between OBs and buyers after production and sales season
3. identify the sales strategies employed and their effects on quantities sold
4. assess the management of relationship between OBs and buyers
5. identify support received by OBs from buyers and vice versa
6. compare marketing strategies and practices of both Effective OBs and Ineffective OBs
7. assess the effectiveness of OBs to engage buyers

Methodology

This study adopted both qualitative and quantitative approaches to address the objectives of the study. The main population for the study was OBs in the ADVANCE South Zone, There were interviews with 15 selected buyers of these OBs to corroborate the opinions of OBs. In-depth interviews (IDIs) were done with five (5) selected Effective OBs and five (5) Ineffective OBs based on ADVANCE Star categorization (Effective OBs are rated Star 4 and Ineffective OBs are rated star 1) and from the perspective of ADVANCE officials, Key Informant Interviews (KIIs) were used to assess the effectiveness of OBs to engage buyers. For the quantitative aspect, a census of all OBs in ADVANCE South Zone was taken and of the targeted 70 OBs, 59 representing 84.3 percent response rate was achieved. Descriptive statistics were used to analyze the quantitative data and presented in tables, whereas content analysis and detailed description were used to analyze responses from the IDIs for the qualitative aspect.

Key Findings

The following were the key findings of the study:

- All the 59 OBs interviewed engaged buyers in maize, whereas 8 and 14 OBs engaged buyers in soy and rice respectively. About 73 percent of the OBs had engaged in informal contract (contract by word of mouth or without paper documentation) with maize buyers, three (3) OBs with soy buyers and four (4) OBs with rice buyers. About 46

percent of the OBs also had formal contract (signed contract with documentation) with maize buyers, whereas two (2) OBs each had formal contract with soy and rice buyers. OBs, to a large extent, are meeting the demand for quality produce even though there is more room for improvement. About 58 percent of the OBs priced their produce based on weight (Kilogram - Kg) even though a significant number of them were still using the volume of the produce as a measure for pricing their produce.

- One-third of the OBs employed promotion strategies which were mainly the use of local radio (FM) stations (7 OBs), billboards/Posters (4 OBs), internet (4 OBs) and local information centers (3 OBs) to advertise their produce. Most OBs with formal contract transported their produce to buyers and bore the cost of transportation as part of their contractual agreement.
- About 95 percent of the OBs engaged buyers after the production and sales seasons for feedback on the produce, re-negotiations of prices and mode of payment, review previous season's contract, and sometimes, sign new contract for the next season.
- Sales strategies generally used by the OBs included direct sales at the market (63% OBs), extended credit (54% OBs), taking orders and supplying later (75% OBs), direct sales at the market (63% OBs) and good public relations such as charitable donations and sponsorship (32% OBs). About 28 percent OBs offered discount to buyers. Each of these sales strategies (Discount, direct sales at the market, taking orders and good public relations) employed by these OBs led to the doubling of the quantities of produce sold.
- The main strategies used by the OBs to manage and retain these buyers were means to report complaints by buyers, inquire from buyers if they are satisfied with their produce, respond to customers' needs on time, and engage in open communication with buyers.
- Approximately two-thirds of the OBs reported to have received support from buyers, which were mainly input credit, financial support, and advice on food safety and quality issues.
- Practices undertaken by Effective OBs to enable them maintain good market relationship with buyers were regular meetings with buyers to address challenges, respond to customers' needs on time and engage buyers after production and sales seasons to renegotiate contractual agreement. Few Effective OBs (at least 2) also had signed formal contractual agreement with their Outgrowers (OGs) to ensure that collateral security (mostly house and land documents) is provided as part of the contractual agreements. The inability of Ineffective OBs to sustain market relationship with buyers were as a result of diversion of produce to other buyers who are willing to pay more in the open market and perceived unfair contractual agreement with buyers such as OBs bearing all transportation cost and high interest on input credit. These OBs rarely used promotional and sales strategies.
- ADVANCE officials in the Southern Zone rated the overall effectiveness for OBs in the Southern Zone in engaging with buyers as 'fair'. Thus, the majority of the OBs were still relying on informal contracts, even though there were few with formal contracts. From ADVANCE officials' perspectives, rigid contractual agreement and low level of trust between buyers and OBs, coupled with low negotiation skills, were major factors that affect the effectiveness of OBs to engage buyers.

Conclusion

The study concluded that the best marketing practices undertaken by Effective OBs to sustain buyers were having regular meetings with buyers to address challenges, responding to customers' needs on time and engaging buyers after production and sales seasons to negotiate new contractual agreement, signed formal contractual agreement with their OGs, and ensuring that the OGs provide collateral security as part of the contractual agreements. The inability of Ineffective OBs to sustain market relationship with buyers were as a result of diversion of produce to other buyers who are willing to pay more in the open market rather than those they had formal contract with, OBs perceived unfair contractual agreement with buyers (for example, OBs bearing all transportation cost to send produce to buyers and high interest imposed by buyers on input credit), and lack of commitment on the part of OBs to honor contractual agreements because of promotional and sales strategies used. The market linkage facilitation, trainings and practices of ADVANCE II have made greater impact on the OBs in the project areas doubling the number of buyers the OBs had contract with before ADVANCE II activities and quadrupling the quantities of produce sold and the number of OGs engaged by OBs after ADVANCE II interventions.

Recommendations

Based on the main findings, the following recommendations are made to improve and sustain OB-Buyer relationships:

- OBs should focus on securing formal contract with buyers to ensure guaranteed market of produce at relatively reasonable prices. However, OBs should diversify their buyers such that proportions of total produce are distributed among other categories of buyers (informal and open market).
- Different pricing strategies should be adopted by OBs based on the type of buyer they are dealing with. For buyers with formal contract who normally give input credit to OBs and OGs, OBs should factor in the future value of the input credit and the calculated interest before fixing the price of the produce with buyers.
- Buyers should ensure that OBs provide collateral security or surety, especially when larger quantities of produce are involved in the contractual agreements and also when buyers are pre-financing OBs or providing them with input credits. OBs should also strive to have formal contractual agreements with OGs and if applicable ensure that OGs provide collateral security or surety as part of the agreement, especially in the outgrower scheme. To ensure effectiveness of these collateral credits or loans, the collateral contracts should be “water-tight”.
- There should be flexible terms of payment among OBs-OGs-Buyer partnership agreements, which should be specified as part of the contractual agreements. In times of genuine default (e.g. during natural disasters and disease outbreaks that affect produce) on the part of OBs or OGs to credit given to them by buyers, payment could be deferred to next season.
- Terms of reference in the contractual agreements in the OB-buyer input credit scheme should specify the components of the input credit scheme for OBs to be clear on the interest rate per total cost of input given to OBs. As it is now, most OBs feel that the transportation cost borne by them alone is unfair, however, a closer look at some of the

agreements show that OBs bearing transportation cost is to cater for part of interest on inputs.

- There is a need to develop the capacities of OBs to be able to negotiate and understand contractual agreements very well. Alternately, OBs should team-up to employ the services of a professional attorney or marketing specialist to negotiate on their behalf or explain the implications of the contractual agreements before they execute these formal contracts. Also, these OBs can negotiate in groups to increase their negotiation power.
- In order to ensure that OBs and OGs are protected in times that natural disasters such as diseases and pest outbreaks, drought and fire affect their farms, which could easily affect OGs' produce, ADVANCE should link OBs and OGs to Agricultural Insurance Policy. OBs who deal with large quantity of produce should also consider Goods in Transit (GIT) Insurance Policy to protect them against the risk of transporting produce to major buyers and buying centers. Alternatively, OBs can use transporters with GIT policy if they exist.

CONTENTS

	Page
EXECUTIVE SUMMARY.....	ii
Introduction.....	iii
Objectives	iii
Methodology.....	iii
Key Findings.....	iii
Conclusion.....	v
Recommendations	v
ACKNOWLEDGEMENTS	Error! Bookmark not defined.
LIST OF TABLES	ix
LIST OF ACRONYMS.....	x
1.0 BACKGROUND.....	1
2.0 PURPOSE AND EXPECTED USE OF THE SURVEY	1
3.0 OBJECTIVES OF THE SURVEY	1
4.0 SURVEY METHODOLOGY AND DATA COLLECTION TECHNIQUES.....	2
4.1 Research Design	2
4.2 Population, Sampling Procedure and Sample Size	2
4.3 Survey Instruments	2
4.6 Data Analysis	4
5.0 MAIN FINDINGS.....	4
5.1 Market Practices between OBs and Buyers.....	4
5.1.1 Product	4
5.1.2 Pricing strategies used by OBs.....	7
5.1.3 Distribution strategies used by OBs.....	8
5.1.4 Promotion strategies used by OBs	9
5.2 Relationship between OBs and Buyers after Production and Sales Season	9
5.2.1 Activities OBs and Buyers engage in after production and sales season.....	10
5.2.2 Helpfulness of activities engaged in by OBs and Buyers	11
5.3 Employment of Sales Strategies and its Impact on Quantities Sold.....	12
5.4 Management of Relationship between OBs and Buyers	13
5.4.1 How OBs ensure there is trust between them and their buyers	14

5.5 Support Received by OBs from Buyers	14
5.6 Marketing Strategies and Practices of Effective OBs and Ineffective OBs that Enable Them to Sustain or Otherwise their Relationship with Buyers	16
5.6.1 Report on Effective OBs	16
5.6.2 Reports on Ineffective OBs.....	18
5.7 Effectiveness of OBs to Engage Buyers: ADVANCE Officials’ Perspectives	19
5.7.1 Overall effectiveness of OBs to engage buyers	19
5.7.2 Buyers’ complaints about OBs.....	20
5.7.3 OBs’ complaints about buyers	20
5.7.4 ADVANCE officials’ views on OBs-Buyer problems	20
5.7.5 Marketing strategies OBs engage in with buyers.....	21
5.7.6 Ensuring effective OBs-Buyers engagement	21
6.0 KEY OBSERVATIONS	22
7.0 CONCLUSIONS	22
8.0 LESSONS LEARNT AND RECOMMENDATIONS.....	24
8.1 Lessons Learnt.....	24
8.2 Recommendations.....	24
SUGGESTIONS FOR LATER STUDIES.....	25
9.0 REFERENCES	Error! Bookmark not defined.
10.0 ANNEXES	Error! Bookmark not defined.
Annex 1: Instruments for Outgrower Businesses.....	Error! Bookmark not defined.
Annex 2: Instrument for Buyers.....	Error! Bookmark not defined.
Annex 3: South Coordinator, Sapó’s Working with OBs and the Trade and Marketing Specialist.....	Error! Bookmark not defined.
Annex 4: Contracts and the Number Engaged by OBs per Region.....	Error! Bookmark not defined.
Annex 5: Name of OBs who used Specific Promotional Strategies	Error! Bookmark not defined.

List of Tables

	Page
Table 1: Data Collection Summary	3
Table 2: Types of Crop OBs Engage in under ADVANCE II	5
Table 3: Type of Contract and Number of Buyers Engaged by OBs.....	5
Table 4: Ability of OBs to Meet Standards of Buyers	6
Table 5: Other OB-Buyer Relationships to Product	6
Table 6: Pricing Strategies Used by OBs	7
Table 7: Other Pricing Issues	7
Table 8: OBs view on the type of Buyer who Pay the Highest Price	8
Table 9: How OBs Supply Produce to Buyers with contracts.	8
Table 10: Payment of Transportation Cost.....	9
Table 11: Do OBs Advertise their Produce?	9
Table 12: Engagement by OBs and Buyers after Production and Sales Season.....	10
Table 13: Activities OBs and Buyers Engage in after Production and Sales Season	10
Table 14: Helpfulness of Activities Engaged in to the Sustainability of OBs Relationship with Buyers	11
Table 15: Sales Strategies Employed by OBs.....	12
Table 16: Management of Relationship between OBs and Buyers	13
Table 17: Support Received by the OBs and Given by Buyers	14
Table 18: Kind of Support given by OBs to Buyers.....	15
Table 19: Impact of ADVANCE II Market Linkage Facilitation, Training and Practices on OBs' Activities	16

ACRONYM LIST

ADVANCE II	Agricultural Development and Value Chain Enhancement Project II
DRIC	Directorate of Research, Innovation and Consultancy
GIT	Goods in Transit
IDIs	In-Depth Interviews
KIIs	Key Informant Interviews
KM&L	Knowledge Management and Learning
OBs	Outgrower Businesses
OGs	Outgrowers
SAPO	Senior Agricultural Production Officer
UCC	University of Cape Coast
USAID	United States Agency for International Development

1.0 Background

One of the key strategies the ADVANCE II projects is employing to increase farmers' access to markets and trade is to develop the capacity of men and women farmers to participate in contract negotiations and build relationship with end market buyers. There are indications that these business relationships are being sustained beyond the ADVANCE II program as evidenced by some OBs and buyers undertaking trade missions and engaging in formal contracts on their own with the knowledge and experience gained from earlier facilitation by ADVANCE II [United State Agency for International Development (USAID), 2017 and ADVANCE, 2017]. Over the years, the Project has provided technical assistance to lead firms to address specific business issues relating to marketing and finance. To achieve this, OBs have been trained (2/3 years ago) to enable them have good and sustained relationships with buyers ("Effective OBs"). Even though there are evidences that some OBs are effective, others end market relationship with buyers even after official contracts and they seek buyers elsewhere (USAID, 2016). The training OBs received was basically on good marketing strategies and engaging in contract with buyers.

The relationships between OBs and buyers are either formal (signed official contracts), informal (contract by word of mouth) or no official contract. The feedback from OBs, after training on OBM module on "Contracts and Negotiations", and follow on facilitation provided by the Project in the past two years indicate that some buyers and OBs are executing contracts on their own without support from the Project. This positive sign of formalized contracts between buyers and OBs is one of the immediate results the Project would want to see. In addition, OBs can do margin analysis to determine an optimum price for negotiating contracts with buyers. However, the marketing practices and strategies that Effective OBs are using to enable them have sustained market are not known empirically. Additionally, the practices that Ineffective OBs are engaging in with buyers that prevent them from sustaining their buyers are not also known. Moreover, the effectiveness of OBs to engage buyers is not certain.

2.0 Purpose and Expected Use of the Survey

The purpose of the study was to document some best market practices undertaken by OBs on their own and the successes they have chalked in engaging buyers, and effectively building up on knowledge received from the project. The study was also undertaken to understand what OBs who have had poor and ineffective results engaging with buyers on their own are doing wrong. It is aimed at offering suggestions that would not only improve and maintain OB-buyer relationships, but also improve the ability of OBs to engage buyers.

3.0 Objectives of the Survey

The objectives of the study were to:

1. identify the market practices that OBs generally engage in with buyers;
2. assess the relationship between OB and buyers after production and sales season;
3. identify the sales strategies employed and their effects on quantities sold;
4. assess the management of relationship between OBs and buyers;
5. identify support received by OBs from buyers and vice versa;

6. compare marketing strategies and practices of both Effective OBs and Ineffective OBs that enable them to sustain or otherwise their relationship with buyers; and
7. assess the effectiveness of OBs to engage buyers

4.0 Survey Methodology and Data Collection Techniques

4.1 Research Design

A mixed method approach was used in this study (i.e. qualitative and quantitative approaches). In the quantitative approach, a census of all OBs was undertaken to document the marketing practices generally used by the OBs to engage buyers. The qualitative approach focused on detailed In-Depth Interviews (IDIs) and Key Informant Interviews (KIIs) with selected OBs and ADVANCE officials on the effectiveness of OBs to engage buyers.

4.2 Population, Sampling Procedure and Sample Size

The main population for the study was all the OBs at the ADVANCE South Operational Areas which were mainly the Brong-Ahafo and parts of Ashanti Regions. A census of 70 OBs who had received training on marketing strategies and outgrower business contract was undertaken. Purposive sample was used to select five (5) “Effective ” OBs and five (5) “ineffective” OBs for detailed case studies based on ADVANCE star categorization (The star ratings ranges from 1 to 4 depending on how well an OB is performing under some indicators specified by ADVANCE one of which is – End market linkage and development, other indicators are service provision, record keeping system, accounting system, access to financial services, outgrower management and asset acquisition and management). Therefore, in the context of “end market linkage and development indicator”, Effective OBs are expected to sign contract and meet end markets requirements and developed relationship with end market that attracts credit support. On the context of this study, Effective OBs are rated star 4 in ADVANCE star categorization. Ineffective OBs, on the other hand, have among other others, no contract with end market and sell all produce on open market. They are rated star 1 under the star categorization.

The 10 OBs were selected based on the ADVANCE Star Categorization; hence, five (5) Ineffective OBs (Star 1) and five (5) Effective OBs (Star 4) were targeted. The intent was to document strategies and practices of both Effective OBs and Ineffective OBs that enable them to sustain or otherwise their relationship with buyers. Snowball sampling was used to select 20 buyers of these 10 interviewed OBs. Therefore, the 10 selected OBs linked the Research Team to two (2) buyers each for interviews. There were also IDIs with five (5) ADVANCE officials: the ADVANCE South Coordinator, two (2) SAPO’s working with OBs and two (2) Trade and Marketing officials on the effectiveness of OBs to engage end markets in buying agreements.

4.3 Survey Instruments

Structured interview schedule (for the quantitative approach) and IDI guide (qualitative approach) were used. The structured interviews were used for OBs and buyers and was made up of the following subheadings:

1. Demographics and Socio-Economic Characteristics/Activities
2. Market practices between OB and buyer engagement
3. Relationship between OB and buyers after production and sales season
4. Employment of sales strategies and translation in quantities sold

5. Management of relationship between OBs and buyers
6. Support received by OBs from buyers

There were also IDIs for the 10 selected OBs and ADVANCE officials at the South

4.4 Recruitment and Training of Field Staff

Four field assistants (enumerators) were recruited and trained for this study. Training for field assistants was organized on 23rd October, 2017 at the International Conference Centre of the University for Development Studies, Tamale, after which the instruments were pretested at Tugu in the Tamale Metropolitan Area. The training was monitored by officials from ADVANCE/ACDI/VOCA. Based on the outcome of the pretest, the instruments were finalized for data collection.

4.5 Data Collection

Data collection under this study was carried out in the ADVANCE South Operational Area with the help of the trained field assistants. The data collection took place within one week (November 1-7, 2017). Through the use of interview schedules, 59 out of 70 targeted OBs were interviewed. The 11 respondents who were not reached were either not willing (5 OBs) to participate in the study, could not be reached on the telephone (4 OBs) or had travelled out of the country (2 OBs). Thus, 84.3 percent response rate of interview scheduled for OBs was achieved. Additionally, all the 10 IDIs scheduled for the OBs were achieved. However, some of the sampled OBs, especially the Star 1 categories, were replaced because some had dropped out of the program. Two (2) buyers each from the 10 OBs that we had the IDIs with were traced and hence a total of 20 buyers linked by these 10 OBs were targeted. At the end of the fieldwork, 15 out of 20 buyers were successfully interviewed. It was realized that most of the OBs who had signed contracts were with Agricare in an outgrower business scheme, and some few poultry farms in Kumasi. Hence, most of the interviews with buyers were those of informal contract (i.e. buyers with verbal agreement). Major buyers who had signed contacts with OBs were Agricare, Premium Foods and Akate Farms. The Team was also successful in interviewing all the five (5) ADVANCE officials at the South. Table 1 presents the details of the fieldwork of the Abilities of OBs to Engage Buyers.

Table 1: Data Collection Summary

Category of Respondents	Methods	Target	Achieved	Deficit	Response Rate (%)
OBs	Interview Schedules	70	59	11	84.3
OBs	IDI	10	10	0	100.00
Buyers	Interview Schedules	20	15	5	75.00
ADVANCE officials at the South	IDI	5	5	0	100.00
Total		105	89	10	89.80

Source: Fieldwork Data, 2017

4.6 Data Analysis

With the help of IBM Statistical Package for Service Solutions (Version 21), the quantitative data was processed, and analyzed using descriptive statistics to describe OBs and buyers' marketing practices in general. The recorded IDIs were first transcribed and later detailed descriptions and content analyses were used to compare the activities of "Effective OBs" and "Ineffective OBs" to elicit and isolate factors that make OBs Effective or Ineffective. Detailed descriptions and content analysis were also used to assess the effectiveness of OBs to engage buyers from ADVANCE officials' perspectives.

4.7 Ethical Issues

In recognition of the role of ethics in research, high premium was put on ethical standards at all the stages of the study, but particularly at the data collection stage. To this end, all respondents were assured of confidentiality of the data and information they would provide for this study. They were informed that the data would be used purposely and strictly for the Knowledge Management and Learning (KM&L) studies to improve the mode and method of implementation of the ACIDI/VOCA intervention and would not be disclosed to any other person or group of persons except the data collectors and the Consultants. In order to satisfy ethical appropriateness requirements, each respondent's consent was sought before the interview or discussion commenced. Informed consent form used for this purpose attached (See the first page of the Annexes).

5.0 Main Findings

Results of the study are discussed under the following sub-headings based on the objectives of the study:

- i. Market practices between OBs and buyers
- ii. Relationship between OBs and buyers after production and sales season
- iii. Employment of sales strategies and translation in quantities sold
- iv. Management of relationship between OBs and buyers
- v. Supports received by OBs from buyers
- vi. Strategies and practices of both Effective OBs and Ineffective OBs that enable them to sustain or otherwise their relationship with buyers
- vii. Effectiveness of OBs to engage buyers

5.1 Market Practices between OBs and Buyers

Marketing practices between the OBs and buyers were analyzed using the marketing mix (product, price, place or distribution and promotion) (Skinner, 2003; Barrow, Brown & Clarke, 2006).

5.1.1 Product

Table 2 shows the types of crop/produce that OBs engage in under the ADVANCE II. The OBs are mostly involved in maize, soy and rice. The result shows that all the respondent OBs (59) engaged in maize, and the majority (about 68%) engaged in maize only. However, few OBs, that is, 24.2 percent and 13.8 percent engage in rice and soy, respectively.

Table 2: Types of Crop OBs Engage in under ADVANCE II

Types of Crop	Frequency	Percent (%)
Maize only	39	67.2
Maize and Soy	5	8.6
Maize and Rice	11	19.0
Maize, Rice and Soy	3	5.2
Total	58	100.0

Source: Fieldwork Data, 2017

The types of contract OBs have with buyers were categorized into 3 in the context of this study. These were (i) formal (those with signed official contracts with buyers), (ii) informal (contract by word of mouth or without paper documentation) and no official contract (those who sell at the open market). Table 3 shows the type of contract and number of buyers engaged in by OBs. For maize, 27 OBs representing 45.8 percent had signed formal contract with the buyers. These buyers are mostly feed millers and poultry farmers (Agricare, Premium Foods, Akate farms, etc.). They are mostly based in the Ashanti, Brong-Ahafo and Greater Accra regions. The 27 OBs had signed formal contract with 155 buyers. Also, about 73 percent of the OBs had informal contract with 256 maize buyers, which included senior high schools and poultry farmers. Table 3 again indicates that 27 OBs representing 45.8 percent sold to an estimated 313 maize buyers in the open market with no official contract.

The result also shows that out of the eight (8) OBs who deal in soy, only two (2) had formal contract with six (6) buyers and three (3) had informal contract with 21 buyers. Additionally, of the 14 OBs who deal in rice, only two (2) had formal contract with 2 buyers and four (4) having informal contract with 43 buyers. Out of the 59 OBs interviewed at the ADVANCE South Operational Areas, 51(86.4%) were from Brong Ahafo Regions, while the rest were from Ashanti Region (see Annex 4 for the type of contract and the number engaged by OBs per region).

Table 3: Type of Contract and Number of Buyers Engaged by OBs

Produce/Type of relationship	Formal Frequency (%)	No. of buyers	Informal Frequency (%)	No. of buyers	No official Frequency (%)	No. of buyers
Maize (n=59)	27 (45.8)	155	43 (72.9)	256	27 (45.8)	313 ¹
Soy (n=8)	2	6	3	21	3	²
Rice (n=14)	2	2	4	43	8	³
Total		163 ⁴		320 ⁴		313 ⁴

Source: Fieldwork Data, 2017

¹ Cannot be determined by OBs

² Cannot be determined by OBs

³ Cannot be determined by OBs

⁴ Since one buyer can deal with more than one OB, these figures should be considered more as number of contracts than actual number of buyers

Table 4 indicates the ability of OBs to meet standards of buyers in terms of quantity, quality and lead-time or contract period. The result shows that the majority (about 68%) of the 59 OBs reported that they were able to meet quantities demanded by buyers (i.e. 41% OBs were not able to meet the quantities demanded by buyers). The OBs' claim that they are able to meet buyers' standard in terms of quantity was validated by about 67 percent of the buyers interviewed.

Table 4 again shows that about 90 percent and 76 percent OBs reported that they were able to meet the quality and lead-time standards of buyers, respectively. This was also confirmed by the buyers since 87 percent and 67 percent of buyers validated that OBs were able to meet their quality and lead-time standards. The quality standards were mostly the moisture content, absence of foreign materials and weevil infestation in the produce, especially maize. OBs and Buyers agreed that they were able to meet these standards because the buyers specified the exact quality standard they wanted.

Table 4: Ability of OBs to Meet Standards of Buyers

Demands and Standard	OBs (n = 59)		Buyers (n = 13)	
	Yes	Percent (%)	Yes	Percent (%)
Quantity	39	68.4	10	66.7
Quality	53	89.80	13	86.7
Lead-time	45	76.3	10	66.7

Source: Fieldwork Data, 2017

Table 5 presents other OB-buyer relationship practices. The majority (about 69%) of OBs had observed that their buyers had other alternative buyers who were either other OBs from both ADVANCE North and South of Ghana or other Non-OBs. A little below half (42.4%) OBs store produce for buyers after payment, but for few days as a form of customer care and also because the vehicles to transport the produce to buyers might not be ready.

In terms of buyer's acceptance of low quality produce, about 34 percent of OBs had observed that some buyers accepted weevil infested produce, especially maize. Few buyers, however, accepted not adequately dried produce (10.2%) and produce with foreign material (13.6%). Buyers who accepted these aforementioned low-quality produce, according to OBs, were mostly pig farmers, poultry farmers and, in few cases, feed millers.

Table 5: Other OB-Buyer Relationships to Product

Relationship Practices	OBs		Buyers	
	f	%	f	%
OBs response on whether buyers have alternative suppliers	39	68.4	15	100.0
OBs who store produce for buyers after payment	25	42.4	7	46.7
OBs response on whether buyers accept Weevil infested	20	33.9	2	13.3

produce				
OBs response on whether buyers accept not adequately dried produce	6	10.2	6	40.0
OBs response on whether buyers accept produce foreign with foreign material	8	13.6	6	40.0

Source: Fieldwork Data, 2017

5.1.2 Pricing strategies used by OBs

Table 6 presents pricing strategies used by the OBs in their dealing with buyers. A little over half (57.6%) of OBs used weight (kg) as a measure to determine price of the produce. However, a sizeable number of OBs still used bargaining (47.5%) and volume (39%) to determine the price of produce. These prices were determined, in most cases, during the time of signing agreement with buyers for farmers with contract.

Table 6: Pricing Strategies Used by OBs

Pricing Strategy	Yes (Frequency)	Percent (%)
Bargaining	28	47.5
Use of volume (Bag Size)	33	39.0
Use of weight (Kg)	34	57.6

Source: Fieldwork Data, 2017

Table 7 shows other pricing issues responded to by both OBs and buyers. The majority of OBs (93%) and buyers (93.3%) agreed that OBs supplied buyers at the agreed prices. A little over one-third (38.6%) of the OBs responded that buyers pay more for quality. Few buyers (2 out of 15) said that they pay more for quality. On buyers who pay for quality, OBs stated that they paid between five (5) and ten (10) percent premium on the quality, and this was confirmed by the buyers. Also, about 60 percent of OBs sold at the same price to buyers and about 54 percent of the buyers confirmed that OBs sold to them at the same price. This means that about 40 percent of OBs sold at different prices to different buyers, i.e. either those with formal contract, contract by word of mouth, and those without any contractual agreement.

Table 7: Other Pricing Issues

Other Pricing strategies	OBs (n=57)		Buyers (n=15)	
	Frequency	Percent (%)	Frequency	Percent (%)
Supply of produce at agreed price	53	93	14	93.3
Whether buyers pay more for quality	22	38.6	2	13.3
Whether OBs sell at the same price to different buyers	34	59.6	9	75.0

Source: Fieldwork Data, 2017

Table 8 shows that 21 out of 59 representing 35.6 sold at different prices to different categories of buyers. Of the 21 OBs who sold at different prices to different buyers, 8 (38.1%) sold to buyers they had no contractual agreements (buys at the open market) and these buyers paid the highest prices, compared to those they had formal contract and informal contract (contract by word of mouth) with. The reasons being that at the open market, forces of demand and supply at a season determine the price. However, prices are mostly fixed during the agreement for buyers who have formal contracts and informal deals.

Table 8: OBs view on the type of Buyer who Pay the Highest Price

Buyer who pay highest	Frequency	Percent (%)
Formal	6	28.6
Informal	7	33.3
No official contract	8	38.1
Total	21	100.0

Source: Fieldwork Data, 2017

5.1.3 Distribution strategies used by OBs

About 63 percent of the OBs sent their produce to the buyers' (with contract either formal or informal) farms or business premises since it was mostly part of the agreement especially those buyers who have formal contract with OBs (Table 9). However, about one third (32.3%) of OBs reported that they supplied to the buyers or sometimes the buyers got the produce from the OBs' depot. More than half of the buyers reported that OBs sent their produce to them (buyers) whereas 40 percent got their produce from the OBs' depot. Also, two (2) OBs reported that they met buyers at the open market to deliver the produce.

Table 9: How OBs Supply Produce to Buyers with contracts.

How buyers get their produce	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
OBs send produce to buyers' farms/business	18	30.5	7	46.7
Buyers get produce from OBs depot	20	33.9	6	40.0
Both (i.e OBs send produce to market or buyers get produce from OBs depot	19	32.3	2	13.3
Supply at the at open market	2	3.3	-	-
Total	59	100.0	15	100.0

Source: Fieldwork Data, 2017

About 20 percent of both OBs and buyers reported that they shared the cost of transportation between themselves (Table 10). The table shows that the majority (55.8%) of the OBs confirmed that buyers paid for the transportation, while 25 percent of the OBs reported that they paid the transportation cost, which was confirmed by the buyers. The OBs who had signed formal

agreements with buyers (such as AGRICARE) put in transportation cost per 50 kg bag of maize delivered as part of the agreement such that OBs paid the transportation cost.

Table 10: Payment of Transportation Cost

Payment of transportation cost	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
OBs	13	25.0	5	41.7
Buyers	29	55.8	5	41.7
Both	10	19.2	2	16.7
Total	52	100.0	12	100.0

Source: Fieldwork Data, 2017

For those buyers who come to OBs' depot to buy produce, about 32 out of 52 (representing 61.5%) arranged or hired transport for the buyers so that they paid later. The majority of the OBs (48 out of 54 representing 88.9% reported that both OBs and Buyers were satisfied with the arrangement, while the few (6 out of 54) felt that the buyers were, but they (OBs) were not.

5.1.4 Promotion strategies used by OBs

Table 11 shows that about one-third of OBs (19) advertised their produce on the market. Only three (3) buyers had heard OBs advertising their produce.

Table 11: Do OBs Advertise their Produce?

Do you advertise your produce	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
Yes	19	32.8	3	20.0
No	39	67.2	12	80.0
Total	58	100.0	15	100.0

Source: Fieldwork Data, 2017

The study found that the 19 OBs who advertised used varying advertising strategies to promote their produce. The most important media for advertisement identified were the use of local radio or FM stations (n=7), Internet platform (n=4), and the use of billboard/posters (n=4). Other media for advertisement used were local information centers, door-to-door announcement using public address system and television (n=1), and announcement during farmer field days (n=1). The one OB who reported that he had advertised on TV explained that the TV station did the advertisement free of charge. He said that the TV station had seen his advert on social media (WhatsApp) and had decided to interview him and advertise his business and farm on both the TV and FM stations free of charge.

5.2 Relationship between OBs and Buyers after Production and Sales Season

The study sought to find the relationship between OB and buyers after production and sales season. Table 12 presents the results on the relationship or engagement by OBs and buyers after production and sales season. The result shows that the majority (95%) of the OBs engaged their buyers during the off seasons, whereas 12 out of 15 (80%) of the buyers interviewed confirmed

that OBs engaged them after the production and sales seasons. This indicates that both the OBs and the buyers engage themselves even during the off seasons.

Table 12: Engagement by OBs and Buyers after Production and Sales Season

Response	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
Yes	53	94.6	12	80.0
No	3	5.4	3	20.0
Total	56	100.0	15	100.0

Source: Fieldwork Data, 2017

5.2.1 Activities OBs and Buyers engage in after production and sales season

Results of activities that OBs and buyers engage themselves in during the off seasons are presented in Table 13. The results indicate that 44 (81.5%) of the OBs tried to get feedback on produce they were dealing in from their buyers, 28 (51.9%) OBs talked about price and mode of payment with their buyers, and 24 (44.4%) of the OBs also recommended other OBs to their buyers. About 14 (25.9%) of the OBs also reviewed previous season's contract with buyers and nine [(9) (16.7%)] of them engaged in signing of a new contract. Others (22.6%) also found out from their buyers how they were doing; enquired if buyers had problems; attended their social gathering; asked buyers to assist them to build warehouse to store maize from their OGs; as well as talked about work progress on the outgrower farms.

Table 13: Activities OBs and Buyers Engage in after Production and Sales Season

Activity	OBs (n=53) ⁵		Buyers (n=12) ⁵	
	Frequency	Percent (%)	Frequency	Percent (%)
Feedback on produce	44	81.5	6	42.9
Price and mode of payment	28	51.9	8	57.1
Recommendation to other OBs	24	44.4	4	28.6
Review of previous season's contract	14	25.9	-	-
Signing of a new contract	9	16.7	-	-
Other Activities	12	22.6	5	33.3

Source: Fieldwork Data, 2017

On the other hand, about 6 (42.9%) of the buyers said that their OBs asked for feedback on produce, 8 (57.1%) of them indicated that their OBs engaged them on the price and mode of payment during the off seasons, and 4 (28.6%) of them also indicated their OBs recommended other OBs to them. Interestingly, however, none of the buyers interviewed said anything with regards to activities such as review of previous season's contract with OBs and signing of a new

⁵ Frequencies and percentages are based on multiple responses based on 53 OBs and 12 buyers

contract as indicated by the OBs. Other activities that OBs engaged buyers include finding out their health condition; enquiring if they had problems; attending their social gathering and enquiring about work progress on the outgrowers' farm.

It is clear that there is some sort of consistency in the responses given by both the OBs and the buyers with regards to the activities they engage themselves in after the production and sales seasons.

5.2.2 Helpfulness of activities engaged in by OBs and Buyers

The study also sought to find out from the respondent OBs and Buyers whether the activities they engaged in during the off-season is helpful and the results are presented in Table 14. Nearly all the OBs indicated that the kind of activities they engaged their buyers in were very helpful, whereas 12 out of 13 Buyers (92.3%) said those activities OBs engaged them in were helpful to the sustainability of their relationship. This means that it is always important for OBs to engage their buyers even during periods that they do not have business activities going on in order to retain the buyers for more business engagements in the future.

Table 14: Helpfulness of Activities Engaged in to the Sustainability of OBs Relationship with Buyers

Response	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
Yes	52	98.1	12	92.3
No	1	1.9	1	7.7
Total	53	100.0	13	100.0

Source: Fieldwork Data, 2017

Respondents (OBs) were also asked to explain how helpful those activities were. From the responses given, some indicated that the open communication they (OBs and buyers) engaged in help them to get feedback from one another. They indicated it helped them to renew and increase their commitment to themselves, whereas others said trust, honesty, faithfulness and truthfulness were the key things in dealing with people and so they take opportunity to work on that during the off-season. The engagement, according to them, helped both parties to air their views and come to agreement that satisfied them. Others said it helped them to know how best they could improve on the quality and correct any anomalies on their products or previous mistakes and build cordial relationships with each other. Others also did that to establish good business relations and sustain their business. It also allowed for free flow of information on products. The activities, according to some of them, had promoted friendship and goodwill among them. They also took the opportunity to make amendment, where necessary, to the services they rendered themselves.

Others (OBs) also believed that their engagement with each other had made them one family and shared common interest. Their engagement, according to them, had helped both parties to address their shortfalls and the way forward, know the progress of business, identify their problems and find solutions. Through their engagement, they had discovered and agreed on safe

ways of transferring money instead of carrying huge sums of money on them, and also, found some input suppliers (e.g. fertilizer, seeds). It also served as source of motivation which kept them on their toes and hope for the future. They are satisfied with the progress made so far in their business. They recommended other players or colleagues to themselves which had increased their customer base. Others believed getting feedback from buyers makes them feel important.

On the other hand, buyers also believe the engagement had made it possible to get goods or products whenever they asked and hence making them feel good. Those activities had boosted their businesses, kept or sustained customers (OBs) as well as increased customer base and helped strengthen their level of trust and good business relationship. It had also promoted their business operations leading to more profits. Interestingly, the buyers believed the more their OBs engaged them, the more they thought OBs had more goods and so buyers set a lower price per bag. It also gave them the opportunity to address their grievances.

5.3 Employment of Sales Strategies and its Impact on Quantities Sold

The results on sales strategies employed by OBs are presented in the Table 15. When the OBs were asked to indicate the kind of sales strategies they used in their business operations, a little over a quarter said they used reduction sales (28.1%) and giving of awards to loyal buyers (26.3%) as their sales strategies. Between 54 and 63 percent of OBs practiced extended credit (i.e. allowing the borrower a longer time to pay back loan than agreed upon) and direct sales at the market, respectively.

Table 15: Sales Strategies Employed by OBs

Sales Strategies	OBs (n=57) ⁶			Buyers (n=15) ⁶	
	Frequency	Percent (%)	% Impact on quantity Sold	Frequency	Percent (%)
Reduction sales (discount)	16	28.1	48	4	26.7
Extended credit	31	54.4	44	5	33.3
Giving of awards to loyal buyers	15	26.3	36	-	-
Direct sales at the market	36	63.2	52	8	53.3
Taking orders and supplying	43	75.4	54	7	46.7
Public relations such as charitable donations, sponsorship, press release, etc.	18	31.6	50	5	33.3
Advertising through the local radio, use of leaflets, etc.	11	19.3	39	2	13.3

Source: Fieldwork Data, 2017

The majority (75.4%) of them employ *taking orders and supplying* as a strategy, whereas about 32 percent OBs employ public relations (such as charitable donations, sponsorship) as their sales strategy. It is worth mentioning that almost the same proportions of the buyers confirmed the

⁶ Frequencies and percentages are on multiple responses based on 57 OBs and 15 buyers

use of those strategies the OBs mentioned (Table 15). The results also show that the buyers are aware of whatever the OBs are doing hence a sign of good relation among them.

5.4 Management of Relationship between OBs and Buyers

In Table 16, almost all the OBs (94.7%) indicated that they had means or channels through which their respective buyers reported their complaints or grievances. Among these means were the use of phone calls, face-to-face communication, visits to their farms, agent services, and expert advice. About 72 percent of the OBs organized meetings with their buyers. The meetings were mostly conducted quarterly even though some did it once every six months, at the beginning of planting season or once a year (Table 16).

Majority of the OBs (84.2%) indicated that their buyers were satisfied with their produce. Only few (15.8%) indicated otherwise. Majority of the respondents did so through the use of phone calls, personal visits and during meetings with buyers. Table 16 shows that a very high percentage (93%) of the OBs put forth the effort to respond to the needs and wants of their customers on time. Likewise, 94.8 percent of the OBs engaged in open communication with their buyers. This was substantiated by the fact that 92.9 percent of the OBs indicated having shared information on produce with their buyers. Other information shared with buyers included information on pricing as well as storage of produce. Similarly, 44.6 percent of the OBs shared business strategies with their buyers. Some of these strategies included the right time of the year to take advantage to make most sales and how to set competitive pricing for their produce. These strategies, according to the OBs, had contributed to good supplier-buyer business relationship. It also promoted trust as well as commitment.

However, half (50.9%) of the OBs confirmed that there had been disagreement between them and their buyers (Table 16). Some of the reasons for this disagreement were (i) failure on the part of customers to fulfill their side of the contract through defaulting payment; and (ii) failure of some buyers to pay their credits/debts on time. In addition, some buyers also complained about low quality of produce sold to them by OBs such as weevil infested maize and disagreement in price of grains or produce. The effect of this is that some buyers resorted to buying their produce from other suppliers, even though they might have already had formal or informal agreements. Notwithstanding these misunderstandings, the OBs indicated that they made the effort to resolve the misunderstandings with their buyers. Some of the strategies included extending credit period to buyers, or simply severing any business relationship with buyers who were not trustworthy. Other strategies included sitting down with the buyers in question and resolving the issues amicably. In extreme situations, they referred them to officials from ADVANCE to arbitrate on the issue.

Table 16: Management of Relationship between OBs and Buyers

Relationship Practices	Yes		No	
	Frequency	Percent (%)	Frequency	Percent (%)
OBs who have means for buyers to report their complaints	54	94.7	3	5.3
OBs who find out from customers whether they are	48	84.2	9	15.8

satisfied or not with their produce				
OBs who arrange meetings with their buyers	41	71.9	16	28.1
OBs who respond to their customers need and want on time	53	93.0	4	7.0
OBs who engage in open communication with their buyers	55	94.8	3	5.2
OBs who share information on produce with their buyers	52	92.9	4	7.1
Has there ever been any disagreement between you and your buyers	29	50.9	28	49.1
OBs who share business strategies with their buyers	25	44.6	31	55.4
OBs who have visited their buyers' farms/Business site	54	93.1	4	6.9

Source: Fieldwork Data, 2017

5.4.1 How OBs ensure there is trust between them and their buyers

Trust is very essential in every business relationship. The OBs indicated that they put in certain measures to ensure that there is trust between them and their buyers. Among these measures included visiting buyers' farm/business. Almost all the OBs (93.1%) interviewed indicated that they had at one time individually or through the ADVANCE II arrangements, visited the premises or farm of their buyers (Table 16). These arrangements were very useful as they strengthened business relations. OBs indicated that they tried to fulfill their side of the contract by supplying their buyers with high quality maize and produce at the right time, at agreed quantity and price. Again, OBs ensured that there is open communication with buyers. Buyers are informed of any price change that would occur so they were not overtaken by events.

5.5 Support Received by OBs from Buyers

Table 17 presents the results on whether OBs received support from buyers. The results show that about two-third (65.5%) of the OBs indicated that, they received support from buyers, whereas almost all the same proportion (66.7%) of buyers indicated they gave support to OBs.

Table 17: Support Received by the OBs and Given by Buyers

Do you receive/give support?	OBs		Buyers	
	Frequency	Percent (%)	Frequency	Percent (%)
Yes	38	65.5	8	66.7
No	20	34.5	4	33.3
Total	58	100.0	12	100.0

Source: Fieldwork Data, 2017

Table 18 shows the kind of support OBs were receiving from buyers. About half of the OBs received financial support in the form of grant or gift. The gift and grant were in the form of donations during funerals, weddings and naming ceremonies organized by their loyal buyers. Also, some OBs who have informal contract with some senior high schools also reported that they give gifts in the form of donations during the speech and prize-giving days organized by these schools. About three (3) out of 10 OBs received credit in the form of cash and inputs (such as seeds, fertilizers, pesticides, etc.). Again, between 32 and 42 percent of OBs received advice on food safety and quality standards, respectively. Other support received by OBs were assistance for shelling, drying, packaging and storing of produce; assets (such as tractor and other farm implements), transportation, advice on best farming practices, information on weather forecast, and best farming strategy to adopt.

Table 18: Kind of Support given by OBs to Buyers

Kind of Support	OBs (37) ⁷	
	Frequency	Percent (%)
Financial support (Grant/Gift)	19	51.4
Shelling / drying of produce	5	13.5
Storage of produce	7	18.9
Packaging of produce	6	16.2
Advice on food safety	12	32.4
Advice on food quality	15	40.5
Processing	6	16.2
Credit in the form of cash	11	29.7
Asset (such as tractor and other farm implements, etc.)	6	16.2
Credit in the form of inputs (seeds, fertilizer and pesticides)	11	29.7

Source: Fieldwork Data, 2017

Table 19 presents the impact of ADVANCE II market linkage facilitation, training and practices on OBs' activities and their respective estimated percentage increase in OBs activities. The results show that the estimated percentage increase in number of buyers OBs had contract with (i.e. formal and informal) was about two (2) times (117%) the number of buyers OBs had before ADVANCE II trainings. On the quantity of produce sold, the estimated mean percentage increase was about four times (337%) the previous quantities sold before ADVANCE II trainings. With regards to the number of OGs, the estimated mean percentage increase was about four times (335%) the number of OGs the OBs had engaged before ADVANCE II trainings and support. It is noteworthy that one OB has 3,000 OGs. He explained that even though he has 3 agents trained by ADVANCE, these 3 agents have also trained additional 57 agents that he had employed. Hence, these 60 agents have been able to get an average of 50 OGs each making up the total of 3,000 OGs. Based on this revelation (percentage increases), it can be

⁷ Frequencies and percentages are on multiple responses based on 37 OBs

said that the market linkage facilitation, trainings and practices of ADVANCE II have made greater impact on the OBs in the project areas.

Table 19: Impact of ADVANCE II Market Linkage Facilitation, Training and Practices on OBs' Activities

Variables	n	Mean No. Before	Mean No. After	Estimate Mean Percentage Increase (%)
Number of buyers with contract	37	6	13	117
Quantity sold	39	1578 (50kg bag)	6892 (50 kg)	337
Number of OGs	42	52	226	335

Source: Fieldwork Data, 2017

5.6 Marketing Strategies and Practices of Effective OBs and Ineffective OBs that Enable Them to Sustain or Otherwise their Relationship with Buyers

5.6.1 Report on Effective OBs

Detailed description of the 5 Effective OBs is provided below under the research questions specified:

5.6.1.1 What marketing practices are being implemented by the OBs that enable them to have a very good customer relation with buyers?

Some OBs indicated that they dry, for example, the maize up to 13 or 14 percent moisture content (the standard the buyers wanted). The maize grains are thoroughly cleaned to eliminate any foreign material using machine to maintain the quality buyers want. Cleaning is also done to prevent the development of aflatoxins. They also try as much as possible to recover the quantities received as seeds for repayment. This, according to them, has strengthened the trust between the OBs and buyers, which guarantee them seed maize supply to them on credit by buyers in the outgrower scheme the following season.

Some of them promote the produce with the assistance of their agents by visiting individual buyers, schools/institutions, hospitals, among others, to talk about their products. They talk on the varieties, quantity, quality, moisture content and the prices of the grains. They also transport the goods to the buyers at their premises and or the market centers. While some do public announcements using local community information centers, others use radio and internet as media to advertise and promote their business either to gain more OGs or more buyers. Other OBs organize field days for people to visit and see what they have got to offer. Some sell in the open market by either going to the market to look for buyers or convey the produce to the market center for sale. They sometimes store produce for buyers even after payment has been made.

With regard to pricing they employ the use of maize weight when bargaining for the price during the contract signing e.g. in recent times the price charged is GH¢50.00 per 50kg bag. They search for different prevailing market prices from different open markets and compare to make decisions on the prices to sell their goods. With regard to supply, they also try to sign at least one official contract and as many verbal contracts as possible. They also try to meet the demands of buyers in terms of quantities, quality, and supply or delivery on time. They also make sure to deliver goods any time they are called on to supply and also at the agreed times for supplies to be made. They also stick to terms and conditions of the contracts signed.

5.6.1.2 What is the relationship between the OBs and the buyers after the production and sales season is completed?

The OBs meet with the buyers to discuss how and when to get seeds for distribution to OGs (especially those OBs in the Outgrower schemes with Agricare) and to talk about the challenges of the previous season. There is also collaboration between OBs and buyers to assist OGs to (1) acquire or hire implements and tools to prepare land on time; and (2) receive planting materials on time, sow on time and at the right time. They collaborate to do all the necessary things needed for the coming season during the off-season. Buyers visit the OBs to ascertain and make sure that all the inputs given to the OBs are distributed to the OGs. Buyers sometimes visit their storage facilities and also meet the farmers or OGs to know what was happening during the off-season. They also organize meetings with their buyers to discuss issues relating to their businesses. They always get feedback on the produce, talk about the price and mode of payment, review previous contracts, and recommend either OBs or buyers themselves depending on who needs it. Some OBs indicated that they relate very well with the buyers even outside business. They constantly check on each other to know the progress in business and know each other's welfare.

5.6.1.3 What sales strategies are being employed and are they translating in quantities sold?

OBS meet the buyers at the right place (market), right time and sell at the right price all things being equal. They also employ reduction sales, giving awards to loyal buyers, practice extended credit, taking orders and supplying, advertising through the local radio, use of leaflets, etc., offering bonuses and engaging the public for charitable donations, sponsorship, press release, among others. According to them, they believe these strategies have actually made great impact on the businesses in terms of quantities sold and number of buyers or customers.

5.6.1.4 How are OBs managing relationships with buyers?

OBs organize meetings with buyers. They respond immediately to the calls of buyers anytime they are called on. They also find out from the customers to inquire whether they are satisfied or not with the produce through phone calls and during meetings. They also engage in open communication with buyers from time to time. They settle any grievance between both parties as soon as possible to avoid any inconveniences in the future. They sometimes share ideas related to their businesses.

5.6.1.5 What support are the Effective OBs receiving from their buyers?

Some receive sacks for bagging the produce, receive advance payment for goods yet to be supplied, get transportation assistance, and receive credit in the form of cash and inputs (such as

seeds, fertilizers, pesticides, etc.). However, it is worth mentioning that out of the five (5) Effective OBs interviewed three (3) received the above stated support types, whereas the rest indicated they were not getting any support from their buyers.

5.6.2 Reports on Ineffective OBs

Detailed description of the five (5) Ineffective OBs is provided below under the research questions:

5.6.2.1 What practices are being implemented by the OBs that make them to have ineffective customer relations with buyers?

Some OBs indicated that they could meet some of the demands of their buyers. Some of the demands are that they could supply to their buyers almost all the quantities they demand. But, they were quick to say the reasons they were not able to meet all the demands of their buyers. One of the reasons they gave was that they sell to other buyers apart from the ones they have official contract with because Agricare which is their main buyer pays less for their maize; this is a manifestation of the support Agricare gives them. Some of the OBs indicated that they were forced to divert their products due to some unfavorable conditions their buyer (Agricare) imposed on them. Some of the OBs indicated that the GH¢50.00 per 50kg is not good for them. This includes cost of transportation, as a result, the actual price Agricare pays is less than the GH¢50.00. According to them, if they sell to outsiders, it is the outsiders themselves who pay for their transportation.

Some of them do not have or see the need to promote their businesses. This is because they see their agents as a burden and cost to them. They do not do any public announcement either through the internet, newspapers, television, radio or billboards. What they do mostly is take their produce especially maize to the open market and sell to whoever comes to buy maize on that market day. Some OBs said they do not give any form of discount to their buyers for buying in large quantities. With regard to supply, some of the OBs do not have any official contract. All that they do is the verbal agreement. This makes them not liable to any contractual default. It means if they fail to sell their maize to a buyer, that buyer cannot hold them responsible. They operate on 'first come, first serve' basis.

5.6.2.2 What is the relationship between the OBs and the buyers after the production and sales season is completed?

OBs meet with the buyers to do some discussions on their produce, price and the mode of payment. During meetings, the OBs do not discuss issues relating to the review of previous year's contract and signing of a new contract. This is because the OBs do not have any official contract with their buyers. They think meeting with their buyers help them to sustain some of their buyers. Also, meeting with their buyers helped them to know how best they improve on the quality of their products. It also ensures trust and honesty among them.

5.6.2.3 What sales strategies are being employed and are they translating in quantities sold?

The OBs said that they meet the buyers at the right place (market), right time and sell at the right price, all other things being equal. Most of the OBs do not employ the various sales strategies. They do not employ reduction sales, giving awards to loyal buyers, practice extended credit,

advertising through the local radio, use of leaflets, etc., offering bonuses, engaging the public for charitable donations, sponsorship, and press release among others. According to them, they believe these strategies do not have any significant impact on their businesses. According to them, direct sales at the market and taking orders and supplying them are strategies that had helped them to increase the quantity sold.

5.6.2.4 How are OBs managing relationships with buyers?

OBs organize meetings with the buyers. They do meetings in almost every week in the month. Some of the OBs have a means through which their buyers can make any complaint to them. It is either during meetings or by phone call. The OBs said that they do respond to the needs of their buyers but sometimes too, they fail them. The OBs do engage their buyers in an open communication to discuss issues pertaining to price. Some of the OBs said there have some level of misunderstanding between them and their buyers. But, they were able to solve those misunderstanding issues. Some of the OBs do not share any business strategies with their buyers. The OBs said they have visited the business premises of their buyers before. This arrangement, they said, was done by ADVANCE II.

5.6.2.5 What support are the Ineffective OBs receiving from their buyers?

Some of the OBs receive support from their buyers. The support they normally receive from their buyers are in the form of advice on food safety, advice on food quality, processing, and assets. However, it is worth mentioning that, out of the five (5) OBs interviewed, four (4) received the above stated supports whereas the other one did not receive any support from his buyer. The OBs we interviewed were of the view that Agricare should consider some of their conditions. For example, the transportation should be paid by Agricare. They also said that Agricare should provide them some financial support, apart from the inputs and the advice they give to them.

5.7 Effectiveness of OBs to Engage Buyers: ADVANCE Officials' Perspectives

The detailed results of the key informant interviews with five (5) ADVANCE officials to elicit their perceptions about the effectiveness of OBs to engage buyers in ADVANCE south are presented in this section.

5.7.1 Overall effectiveness of OBs to engage buyers

Two of the 5 officials of ADVANCE rated the overall effectiveness of the OBs' to engage buyers as very effective i.e. the majority of OBs are able to *sign contract and supply but do not meet quantities required by buyers*. The reason given was that more than half of OBs they worked with have contracts signed with the buyers even though some are unable to meet the quantities required by the buyers. The following is a key to the explanations of various ratings of effectiveness: **4-Excellent** = OBs *Sign contract and meet market requirement of buyers*; **3-Very effective** = *Sign contract and supply but does not meet quantities required by buyers*; **2-Fairly Effective** = *Contract by mouth but supply if OBs have required quantities* and **1-Ineffective** = No contact with buyers and sells in open market.

On the other hand, the remaining 3 officials believed that OBs' engagement with buyers at ADVANCE south could be best described as fairly effective (i.e. the majority of OBs has *contract*

by mouth but supply if OBs have required quantities). The main reason to buttress their claim is that a little over a quarter of OBs they worked with have signed contract with their buyers leaving almost three-quarters of the OBs not having any official written contract. Another reason given was that the concept of the outgrower scheme is very new to most OBs and they need some time to become used to the program hence the need for buyers to be very cautious and patient with OBs. Thus, they recommend that any investor or businessman or buyer who wants to invest has to start with the few OBs currently doing the right things before extending it to other OBs later.

5.7.2 Buyers' complaints about OBs

The officers of ADVANCE reported that some of the problems buyers are facing and complain about include the issue of trust since some buyers believe some of the OBs try to be smart by diverting the produce and sell to other buyers they do not have official contract with but would otherwise offer higher prices. They indicated again that some of the OBs are unable to honor their side of the bargain with regards to the quantities buyers demand and they attributed it to the fact that most of them do not have shelling machines to enable them effectively and efficiently deliver on time. Some buyers also complained about quality (poor drying, some contain foreign materials) of the produce since some OBs use dubious strategies to meet quantities demanded. Other problems are timeliness of delivery, delays in negotiation process, inadequate and improper storage facilities. According to them, some OBs want higher price before they abide by the aforementioned quality standards.

5.7.3 OBs' complaints about buyers

Conversely, ADVANCE officials in the study area had observed that some OBs feel the buyers are unreasonable or offer unfavorable payment terms. For example, the officers indicated that some of the buyers split their payment which delays the payment to OBs. Sometimes some buyers do not pay at all because most of them do not have written contracts. Some of the OBs also lamented that sometimes OGs encounter some challenges (such as disease outbreak) which also affect the OBs ability to deliver the quantity supplied, however, the buyers do not consider that but are only concerned about the OBs meeting their agreed standards. The buyers always insist on delivery and do not consider the challenges the OBs go through. Some OBs also complained about price being low. This is because buyers reduce the price when they do not meet the quality requirements. OBs also complain that sometimes, the buyers also delay in supplying the inputs (fertilizer) meant for the outgrower farmers and occasionally buyers do not supply the agreed inputs. This eventually affects the yields.

5.7.4 ADVANCE officials' views on OBs-Buyer problems

ADVANCE officials were also asked to indicate problems they had observed that they thought affected the effectiveness of OB-buyer engagement. The main problem between the buyers and OBs according to the ADVANCE officials has to do with lack of trust and transparency. The buyers do not trust the OBs as they are skeptical about OBs' ability to deliver quality and quantities required whereas OBs do not trust the buyers' ability to make payment on time. The officials also believe the OBs do not have tools and equipment to deal with post-harvest issues which actually affect the quality and quantities of the produce. On the side of the buyers, they sometimes do not supply the inputs to the OBs on time for onward distribution to the OGs. As it is known, agricultural activities are time bound so when the inputs are not received on time the

required yield will not be obtained which create distortions in the value chain. OBs are sometimes unable to meet the requirements of the buyers while the buyers sometimes are not reliable as they tend to look out for lower prices elsewhere. Most OBs do not take their time to understand the contract before signing. There are also poor negotiation skills on the part of the OBs and so written contract sometimes commits some of the OBs beyond their understanding of the contract.

5.7.5 Marketing strategies OBs engage in with buyers

ADVANCE officials were asked to describe in their view the marketing strategies OBs at the ADVANCE south are engaging. The marketing strategies were examined based on the 4-marketing mix: *Product, Pricing, Distribution and Promotion strategies.*

5.7.5.1 Product

OBs normally after the harvest, do shelling of the produce, ensure grains quality, well dried maize devoid of foreign materials, and aflatoxins free grains to meet the quality standard in order to attract premium price before bagging them. OBs normally supply raw products to buyers. OBs do not have enough capacity to meet the quantity demanded, but they are able to meet the quality requirement.

5.7.5.2 Pricing

Both parties base the price negotiation, in most cases, on weight of the produce, especially those with formal contracts. However, those without any contractual agreement always sell based on prevailing market. OBs and buyers normally meet to review the previous year's terms of agreement where buyers come out with the production cost. All the partners agree on the number of bags to be supplied and based on the value of the support and cost of inputs, the parties agree on price. Also, when the price goes far beyond the agreed price, the buyers sometimes top up for the OBs. This is done to prevent the OBs from diverting the products.

5.7.5.3 Distribution

OBs normally send the produce to the buyers, especially those with formal contract with buyers. Sometimes the buyers go to the OBs for the produce. Transportation cost is factored in the price and so that it is assumed that both the OBs and buyers indirectly bear the transportation cost.

5.7.5.4 Promotion

OBs normally ask some ADVANCE officials to get them buyers or go to the open market to look for buyers and or radio stations to promote their products. Other officials indicated that formally the OBs were using Esoko platform to promote their products but now it is no more in use, and so some OBs do not do any promotion. According to the officials, some OBs are not actually using any promotional strategy.

5.7.6 Ensuring effective OBs-Buyers engagement

To ensure effective OBs-Buyer engagements, ADVANCE officials suggested that both OBs and buyers should understand the partnership agreement is a win-win situation. There should also be formal contract between the buyers and OBs to ensure commitment. They must work hard to gain mutual trust and also honor their obligations in the contract. Regular engagement between

the parties will also strengthen their relationship. There should be some flexibility in the contract to cater for any eventuality (e.g. in case of outbreak of diseases that affect the quantities that OBs had agreed to supply to buyers). OBs should be taken through contract negotiation as well as the details of such contracts to ensure proper understanding between the parties.

6.0 Key Observations

- The majority of the OBs are involved in informal agreement/contract with the buyers whereas a little below half currently have formal agreement with buyers. These forms of agreement compel OBs to strive to honor their contractual agreements.
- The majority of the OBs are meeting standards of buyers especially the quality and quantity standards. However, OBs seem to meet quality standards (especially moisture content of maize) than they are meeting quantities required by buyers.
- About one-third of OBs are employing promotion and sales strategies resulting in increases in sales. The use of radio, billboard and local information centers are notable avenues that these OBs advertise their produce. Taking orders and direct sales at the market are major sales strategies most OBs use.
- Effective OBs are able to sustain good market relationship with buyers by securing and honoring formal contractual agreements with buyers, have regular meetings with buyers to address challenges, respond to customers' needs on time and engage buyers after production and sales seasons to renegotiate contractual agreement. They also strive to secure formal contractual agreement with their OGs and ensure that the OGs provide collateral security as part of the contractual agreements. This, to an extent, compels OGs to honor their contractual agreement and build trust between OBs and OGs.
- The inability of Ineffective OBs to sustain market relationship with buyers with formal contract, especially Agricare is that OBs feel that contractual agreement between them to supply produce to Agricare with the OBs bearing all the transportation cost is unfair to them, hence, they divert produce to other buyers who are willing to pay more at the open market. They do not engage in promotional and sales strategies because they feel that it is not necessary to boost their sales. Even though these OBs received assistance from buyers such as input credit and advice on quality issues, they sometimes divert produce to other buyers even though they sometimes honor their agreement.

7.0 Conclusions

The study concluded that about 73 percent of OBs are engaged in informal contract and about 46.5 percent OBs have formal contract with buyers in maize, soy and rice. The OBs, to a large extent, are meeting the demand for quality produce even though there is more room for improvement. The majority (58%) of the OBs price their produce based on weight (Kg), even though a significant number of them are still using the volume measure for pricing their produce. One-third of OBs are employing promotion strategies which are mainly the use of local radio (FM) stations, billboard, internet and local information centers to advertise their produce. Most OBs with formal contract transport their produce to buyers and bear the cost of transportation as part of their contractual agreement.

Majority of the OBs (95%) reportedly engage buyers after the production and sales seasons for feedback on the produce, re-negotiations of prices and mode of payment, review previous season's contract, and sometimes, sign new contract for the next seasons. Direct sales at the market, giving extended credit and taking orders and supplying later are the main sales strategies that majority of OBs are using even though about one-third of them give discount to buyers. These sales strategies employed by these OBs cumulatively translated to almost doubling the quantities of produce sold.

Majority of the OBs are managing their relationships with buyers well. The strategies most OBs use to sustain these buyers include (i) having means for buyers to report their complaints (ii) finding out from buyers, if they are satisfied with their produce, (iii) responding to customers' needs on time, (iv) engaging in open communication with buyers visiting their buyers' farms or business premises. Approximately two-thirds of OBs confirmed receiving support from buyers, which are mainly input credit, financial support, advice on food safety and quality issues.

Practices undertaken by Effective OBs to enable them maintain good market relationship with buyers include (i) securing and honoring formal contractual agreements with buyers, (ii) have regular meetings with buyers to address challenges, (iii) respond to customers' needs on time and (iv) engage buyers after production and sales seasons to renegotiates contractual agreement. To honor their contractual agreements with their buyers, these OBs also sign formal contractual agreement with their OGs and ensure that the OGs provide collateral security as part of the contractual agreements. On the other hand, factors resulting in the inability of Ineffective OBs to sustain market relationship with buyers with contract are mainly (i) diversion of produce to other buyers who are willing to pay more at the open market other than those they have signed official contract with and (ii) perceived unfair contractual agreement between OBs and buyers they have formal contract with. These OBs do not engage in promotional and sales strategies because they feel that it is not necessary to boost their sales. They all sell at the open market and at best resort to informal contract with buyers. Even though they engage buyers after production and sales seasons, they do that mainly to find out quantity and qualities of produce buyers need for the next season.

ADVANCE officials at the Southern zone rated the overall effectiveness for OBs at the southern zone to engage buyers as 'fair' (i.e. they feel that majority of OBs are still relying on informal contract, even though about 21 out of 72 OBs at the south have formal contract). To improve the effectiveness of OBs to engage buyers, ADVANCE officials suggested, among others, the need to: (i) allow flexibilities to cater for any unforeseen eventualities, (ii) build the capacities of OBs on negotiation skills and for OBs to take their time to understand the contract well before they sign these agreements. The market linkage facilitation, trainings and practices of ADVANCE II have made greater impact on the OBs in the project areas doubling the number of buyers the OBs had contract with before ADVANCE II activities and quadrupling the quantities of produce sold and the number of OGs engaged by OBs after ADVANCE II interventions.

8.0 Lessons Learnt and Recommendations

8.1 Lessons Learnt

1. Formal contractual agreements between OBs and buyers lead to guarantee market for produce at a relatively higher price especially in major seasons.
2. Provision of collateral security and surety in an input credit schemes between OBs and OGs foster trust between partners of the agreement and ensure maximum recovery that agreements without surety
3. Promotional and sales strategies increase the volumes of sales of OBs

8.2 Recommendations

The following recommendations were made to improve the ability of OBs to engage buyers based on the findings of the studies:

1. OBs should focus on securing formal contract with buyers to ensure guaranteed market of produce at relatively reasonable prices. However, OBs should diversify their buyers such that proportions of total produce be distributed among other categories of buyers (informal and open market).
2. Different pricing strategies should be adopted by OBs based on the type of buyer that they are dealing with and the season they will supply the produce. For buyers with formal contract who normally give inputs credit to OBs and OGs, OBs should factor in the future value of the inputs credits and the calculated interest before fixing the price of the produce with buyers.
3. In order to cater for default on the part of OBs, buyers should ensure that OBs provide collateral security or surety, especially when larger quantities of produce are involved in the contractual agreements. To ensure effectiveness of these collateral credits or loans, the collateral contracts should be “water-tight”.
4. OBs should also strive to have formal contractual agreements with OGs. In addition, OBs work towards ensuring that (if possible) OGs provide collateral security or surety as part of the agreement. This will imprint upon OGs the need to view farming and related activities as a business and that collateral security and surety are associated with credit acquisition.
5. There should be flexible terms of payment among OBs-OGs-Buyer partnership agreements which should be specified as part of the contractual agreements. In times of genuine default (e.g. during natural disasters and disease outbreaks that affect produce) on the part of OBs or OGs to credit given to them by buyers, payment could be deferred to next season.
6. Terms of reference in the contractual agreements in the input credit scheme (especially those OBs in outgrower scheme) should specify the components of the input credit scheme for OBs to be clear on the interest rate per total inputs given to OBs because as it is now most OBs feel that the transportation cost is borne by OBs alone and is unfair, however, a closer look at some of the agreements (between Agricare and OBs in their outgrower scheme) show that OBs bearing transportation cost is to cater for interest on inputs.
7. There is a need to develop the capacities of OBs to be able to negotiate and understand contractual agreements. Alternately, OBs should team-up when necessary to employ the

services of a professional attorney or marketing specialist to negotiate on their behalf or explain the implications of the contractual agreements before they execute these formal contracts.

8. In order to ensure that OBs and OGs are protected in times of a natural disaster affecting their farms such as diseases' and pests' outbreaks, drought, and fire that could easily affect OGs produce, ADVANCE should link OBs and OGs to Agricultural insurance policy. OBs should also consider Goods In Transit (GIT) insurance policy to protect them against the risk of transporting produce to major buyers and buying centers. Alternatively, OBs could consider hiring vehicles with GIT insurance policies if any.

Suggestions for Later Studies

It is suggested that future studies on effectiveness of OBs to engage buyers should be based on the ranks of OBs on their Marketing score (as part of the ADVANCE star Categorization) not the Overall star categorization since the overall star categorization may not be the effective way of evaluating which OBs have effective or ineffective marketing relationship or engagement with buyers.

