Traditional Informal Wholesaler Aggregators

Cost Drivers Analysis
Transport is choking Wholesaler Aggregators Business turning them into Value Chain losers

Transport fee remains the highest banana cost driver for informal wholesaler aggregators accounting for 52% of the total cost. This can be attributed to the poor road infrastructure especially within Commercial Villages and the fact that most buyers don’t own transport means thus hire vehicles which are charged at relatively high prices since most service providers know they are desperate for their services.
Transport cost is followed by brokerage commission at almost half-24% which is as a result of the scattered sourcing especially where buyers source from individual farmers where there is no collective action hence farmers do not sell their produce in Groups. The least cost driver is market cess-1% followed closely by administration cost at 3% of the total cost.
Banana Cost Drivers for Informal Wholesalers Aggregators
From: Bukoba Central To: Mwanza (400KM)

- Transport fee remains highest & and in some cases 2nd is the brokerage commission.
- This is a result of the scattered sourcing, thus increased logistical costs.
Vegetables Cost Drivers for Informal Wholesalers
From: Arusha Rural Regions
To: Kilombero Market (35KM)

- Transport: 39%
- Loading: 20%
- Packaging: 19%
- Broker Commission: 6%
- Market Cess: 6%
- Unloading: 6%
- Road Cess: 4%
Potato Cost Drivers for Informal Wholesalers
From: West Kilimanjaro
To: Mbuyuni Market (60KM)

- Transport: 57%
- Road Cess: 15%
- Sorting: 8%
- Broker Commission: 8%
- Unloading: 8%
- Packaging: 2%
- Loading: 1%
- Market Cess: 15%
Sweet Potato Cost Drivers for Informal Wholesalers From: Mwanza Rural To: Sabasaba Market

- Transport: 43%
- Packaging and packaging materials: 12%
- Loading: 12%
- Unloading: 12%
- Road Cess: 6%
- Broker Commission: 6%
- Market Cess: 1%
- Market Association fee: 1%
- Administration costs: 1%
How can we reduce wholesale aggregation costs?

- Commodity prices at the retail end have continued to rise over time.
- This has been misconceived to be as a result of profiteering by traders, however, the logistical cost involved in sourcing and movement of commodities are huge contributors to these high prices.
How can we reduce wholesale aggregation costs?

- Since consumer prices are controlled by demand from the retail selling point, price movements can only be adjusted downwards at the farm gate level.
- Buyers offer lower prices to farmers in order to cover for these costs and also safeguard the profit margin.
How can we reduce wholesale aggregation costs?

- Lowering sourcing and logistical cost is a major way of reducing trading costs
- Commercial Villages provide an efficient avenue for facilitation trade through the following
How can the Commercial Village infrastructure use collective action to enhance better prices?

- Commercial Villages provide an efficient avenue for facilitation trade through the following:
  - Aggregating huge volumes
  - Managing quality reducing sorting costs and losses for traders
How can the commercial village infrastructure use collective action to enhance better prices?

- Consistency in supply
- Offering a negotiating platform based on pure trade engagements