

Analysis of marketing system on traditional bananas and plantains in Peru



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Introduction

- Small farm households produce different types of banana and plantain using low inputs in mixed cropping systems
- Staple food for rural households
- Lack of market and information access of small producers

Objectives

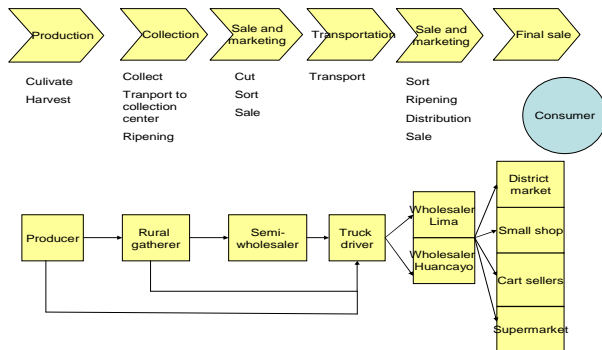
- To identify and compare value chains for bananas/plantains
- To assess the impact of banana cultivation on small farmers' income

Data & Methodology

- Data collected from two regions in Peru: Junin and Lima
- Value Chain Analysis and transaction cost approaches
 - To analyze the value chain, different actors from Lima and Junin were surveyed
 - For the transaction cost analysis, 39 small producers were interviewed

Results

Figure 1: Value chain map of traditionally produced bananas and plantains



Source: own compilation



The role of traditional bananas / plantains for small producers:

- 50% have a cropping system with banana/plantain+coffee and the other 50% coffee+banana/plantain+fruit/wood trees
- For 71% of the producers, income from bananas and plantains amounts to less than 25% of the total income, for 25% it is between 25% and 50% and for 4% it is between 50% and 75%
- 88% answered that bananas/plantains are important because they secure a secondary and constant income for the household
- Six different varieties are cultivated
- For 50% of the producers, the volume of home consumption accounts between 11 and 23 kg per month, and for 25% more than 69 kg per month

Table 2: Overview of costs and prices on different market channels

	Traditional channel	Alternative channel (direct sale to supermarkets)
Production costs	0.22	0.22
Transportation costs	0.00	0.30
Boxes	0.00	0.18
Ripening	0.00	0.01
Total costs	0.22	0.70
Revenue "seda" variety	0.40	1.10
Revenue "isla" variety	0.50	1.80
Profit "seda" variety	0.18	0.40
Profit "isla" variety	0.28	1.10

Costs and prices are given per kg and in local currency (1USD= S/2.75)

Governance of traditional banana/plantain value chain

- Market coordinated chain:
 - Information and knowledge required by producers for transactions are low
 - Quality requirements for fresh bananas are low and simple to fulfill: color and size
 - Ripening is the only process and it is easily done
 - Prices are given according to the size of banana/plantain
 - The market set the price
 - Ratio purchasers to suppliers is low thus lowering bargaining power from the producer part
 - Producers are the weakest agent in the chain and do not possess much negotiation power

Possible upgrading

- Functional upgrading: it is possible and profitable for producers to sell to supermarkets in Lima city and thus having a better position in the chain
- Process upgrading: promotion of different varieties with higher prices
- Product upgrading: product labelling indicating origin and production system might increase the price received by producers when selling to supermarkets

Table 1: Distribution of revenues and market share for high commercial varieties of banana and plantain

	Producer	Rural gatherer	Semi-Wholesaler	Wholesaler	Supermarket
Price received per Kg of "seda" variety	0.40-0.45*	0.60	0.90*	0.80 -1.12*	1.39-1.29*
Share of the final price of "seda" variety	29-35%*	14-12%*	23%*	14-17%*	43-13%*
Price received per Kg of "isla" variety	0.50-0.60*	0.65	1.00*	1.10-1.35	2.99-2.50*
Share of the final price of "isla" variety	17-24%	5%	16%*	15-14%*	63-46%*

When the final market is Huancayo city

*When the final market is Lima city

1 USD = 2.75 nuevos soles (local currency)