









It is noteworthy that Farmchem deal with products that can be environmentally harmful and likely to cause health hazards. Therefore great care must be applied in the bulk breaking and packaging. Indeed the disposal of the packaging materials and containers must be handled with great care in line with the standards National Environmental Management Authority (NEMA), a Kenyan agency empowered to regulate and control the environment in Kenya has developed.

The supply networks drivers for crop protection products, (Exhibit 5), detail the supply and distribution chain.

**a) Suppliers**

Farmchem sources its products from Europe, India and USA with a lead time of 60 days average. The products are imported in bulk and are broken into manageable quantities for distribution into the market through the brand name of „Farmchem“. Farmchem obtain a discount of 30% on all the products that they import. For their part, Farmchem loads 30% mark up on cost on all sales. To induce the distributors, cooperatives and estate farms, Farmchem give a 2% commission on sales volume when one meets targeted sales.

**b) Distributors**

Farmchem uses distributors as a channel to reach various parts of the market within the country. The genuine distribution channels comprise of the merchant distributors and the farmer cooperatives. However, the large estate farmers buy for their own use. The distributors buy in bulk and sell at a profit to stockists (agro-vets) and farmers in different segments of the market. These are general distributors who deal with multiple products, including Farmchem competitor's products.

**c) Farmers' Cooperative societies**

Farmers who have organized themselves into cooperatives also buy directly from Farmchem to sell to their members at a reduced price.

**d) Large scale farmers**

Large scale farmers have the capacity to bargain for better prices due to bulk purchases. Due to this, they buy directly from Farmchem.

**e) Stockists( Agro-vets)**

They buy from distributors in relatively smaller quantities and sell directly to the end users, usually the small farmers at a profit.

**f) Farmers**

These are the ultimate users of the products on their farms. The volumes of sales are handled through the various channels are shown in **Exhibit 6**. Indeed the distributors handle 75% of the volume sales of all the products.

### **Association within the supply network**

According to Charles, the relationship within the supply network is what one would call adversarial since there were no long term contractual agreements binding various parties within the network. The business dealings were short term (one off), governed by sales agreements and focused on the immediate sales deal.

















