

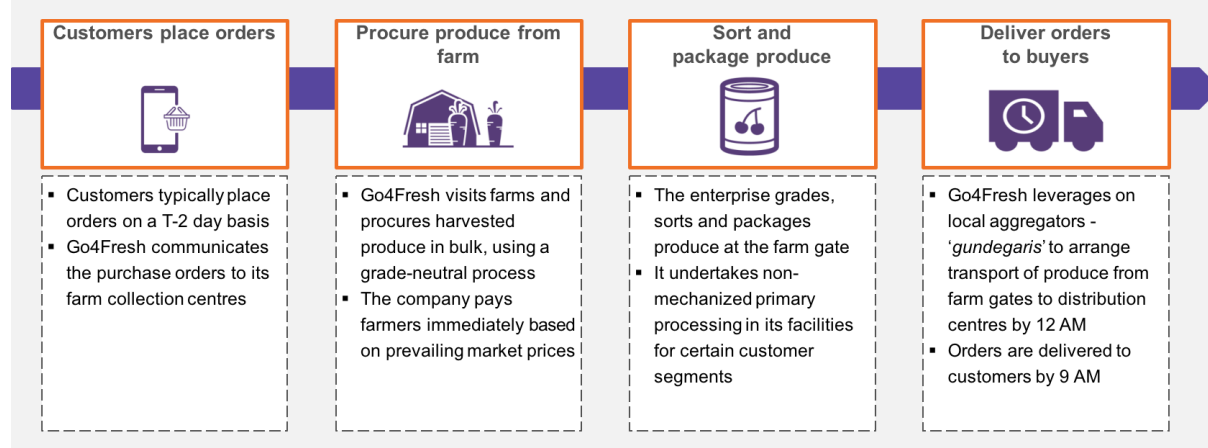
## CASE STUDY: GO4FRESH



**Founding year:** 2013  
**HQ:** Mumbai, India  
**Countries of operation :** India  
**Orientation:** For-profit  
**Employees:** 25  
**Turnover:** USD 1.2 million

Small-scale and marginal farmers in India are underserved by formal market linkages, which leads to post-harvest losses and excessive dependence on middlemen to price farmers' produce. The traditional procurement process involves selective procurement based on grades. Farmers are therefore left with lower-grade unsold produce that they can either sell to processors, who are typically difficult to reach, or through middlemen at significantly lower prices. In addition, farmers have to use shared transportation to reach mandis and end markets further delaying the distribution process.

Go4Fresh is a technology enabled platform that provides a direct farm to market linkage for smallholder and subsistence farmers, bypassing middlemen, traders and government operated auctions - 'mandis'. The enterprise provides a grade neutral procurement option to farmers. It visits farms and procures all the harvested produce irrespective of its grade, shape and size, and sells it to varied customer segments at differentiated prices. Go4fresh customers include exporters, resellers, grocers, hotels, canteens, restaurants, processors, juicers, and retail individuals. The enterprise has reached over 10,000 farmers and has over 8500 end customers on its platform.



### Operating Model

Go4Fresh enables smallholder farmers to directly sell their fresh produce to buyers. The company transports the produce from farm gate to end customers, thereby streamlining the supply chain. It caters to diverse customer segments such as export companies, resellers, grocers, supermarkets, and individual retail customers who prefer premium grade produce; and hotels, restaurants, canteens (HoReCa segment), and processors who are price-conscious, but not averse to buying produce that have physical defects as long as it is fresh and edible.

The model eliminates the presence of middlemen in the procurement process, reduces the burden on farmers to arrange for transport to reach government operated auction houses or 'mandis', enables farmers to realize prices upfront, and reduces post-harvest losses stemming from lengthy procurement and distribution activities. In addition, Go4Fresh's model involves grade neutral produce procurement from smallholder farmers, a diversion from the traditional selective-buying model.

Under the traditional model, smallholder farmers in India transport their produce to Agricultural Produce Market Committee (APMC) market yards, where produce is sorted and purchased based on quality, shape, size and visual appeal. Farmers are generally able to sell their premium grade produce, but find it difficult to find buyers for lower grade produce. In order to avoid complete wastage of the lower grade produce, farmers resort to selling it either at sub-par prices to

middlemen or agents, or to processors.. Go4Fresh provides these farmers a platform to sell their bulk produce at transparent prices to a single procurer at the farm gate.

Buyers place orders on the Go4Fresh platform, which then conveys this information to its Farm Collection Centers two days prior to order delivery date. The team then visits farmers on their fields and procures all their produce for an upfront price. The produce is then sorted, graded and packaged at the farm gate, and transported to buyers. Farmers dealing directly with the enterprise are paid immediately. Farmers who are associated with aggregators receive payment in a two-step process – Go4Fresh pays the aggregators within 15 days, who then pay the farmers.

Go4Fresh sources produce from individual smallholder and marginal farmers, farmer co-operatives, and farmer producer organizations. Local aggregators or '*gundegaris*' as they are known in Maharashtra, India, support the company in arranging transportation of produce from remotely located farms. The enterprise partners with non-governmental organizations such as the Krishi Pragati Foundation, and agro-input dealers such as Syngenta, Bayer and Marico's agricultural input subsidiary to mobilize farmers. Go4Fresh conducts sessions on demonstration plots to create awareness on the model amongst farmer communities. It also partners with local government 'taluka' officers to conduct agriculture programs and leverages on the facilities of Krishi Vigyan Kendra - a government based agricultural extension center - to conduct farmer training. Go4Fresh also organizes supermarket visits to educate farmers on industry practices in packaging and resale. In an attempt to on-board farmers, it encourages farmers to evaluate its model on a trial basis in parallel with using the traditional model and subsequently choose their preferred option to sell produce.

## Financial Sustainability

With 8000 retail customers and 500 corporate customers, the company generated USD 1.2 million in revenues in 2015 and is currently EBITDA positive. The company's strategy of buying produce in bulk quantities from farmers gives it a price advantage. Go4Fresh works with food companies on pre-determined buying and selling contracts that are well-matched, and hence limits the risk of carrying perishable inventory or disappointed buyers. In addition, the enterprise forms farmer groups and provides *Good Agricultural Practices* (GAP) certifications to them at a nominal fee.

The company's primary costs include farm to buyer transportation costs (USD 0.03 per kg, approximately 6 percent-10 percent of total sales), packaging costs (USD 0.01 per kg, approximately 3 percent-4 percent of total sales), non-mechanized primary processing facility cost (3 percent-4 percent of total sales), labor costs (USD 0.01 per kg) and capital expenses towards crates used in produce transportation, weighing scales, and sorting & grading tables.

The viability of the company's operations relies on the volume of demand generated on the platform and the consistency in supply. In order to ensure this balance, it is critical for Go4Fresh to create significant awareness among end-buyers and establish trust with its farmer base by paying them without delays.

## Impact

Go4Fresh's farmer base includes farmers who own **2 acre plots**, cultivate **4-5 vegetable crops** and earn **USD 7472 per year** in gross income.

Go4Fresh has enabled over 5,000 farmers in Maharashtra, India with improved access to buyers. The company's direct-from-farm model has helped small-scale and marginal farmers in reducing post-harvest losses, increasing their knowledge about market prices and industry standards, and provided them with the opportunity to realize value from their entire harvest. The company has also provided capacity building services, helped farmers receive *Good Agricultural Practices* (GAP) certification, and educated them in managing transaction records. The company has also partnered with HDFC, a private bank in India, to open accounts for unbanked smallholder farmers; the company electronically transfers payments to farmer accounts.

## Challenges and Lessons

The company faces significant challenges in generating demand and on-boarding end buyers, given its minimal marketing budget. Limited financial support hinders the company's ability to secure sufficient working capital to pay farmers on an immediate basis – a pivotal factor in strengthening farmers' confidence in Go4Fresh's direct-from-farm model.

\* INR to USD rate conversion: 1 INR = 0.015 USD