

Full Length Research Paper

Market Margin of Chicken Marketing in BirninKebbi Local Government Area of Kebbi State, Nigeria

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The purpose of this study was to analyze the chicken marketing in Birnin Kebbi Local Government Area. The specific objectives are estimation of market margin and problems of chicken marketing in the study area. To address the forementioned objectives descriptive statistics and econometric models were employed. Wholesalers and retailers played crucial roles in the sample markets in the transaction of chicken from producers to consumers. The study shows that the market margin of the chicken in the study area was N129, 088 which show good profits. According to the market survey, traders face lack of capital, short and inconsistent supply and, poor information and infrastructure development such as diseases storage, and transportation facilities. Despite the numerous challenges the subsector still remains profitable business for the rural poor.

Keywords: chicken, marketing, Bernin, Kebbi.

INTRODUCTION

The price of agricultural products particularly livestock products is rising both in domestic as well as international markets due to rising income in newly emerging developing nations and high population growth. Livestock products have very high income elasticity, and demand increases rapidly with rising income as countries shift from lower to middle income economies. This has led to a 'livestock revolution' in developing countries (Delgado et al., 1999). Increases in poultry consumption have been particularly dramatic and widespread, while changes in beef, pork, and dairy demand vary with cultural differences between countries. Future meat demand is expected to grow at roughly equivalent rates in different developing countries, with very large absolute increases in demand in China leading to large imports (Andrew et al., 2008). Livestock products have long been a pathway for income generation by the poor. Rapidly growing and changing livestock markets in the developing world provide real opportunities but also significant threats to participation of the poor. This is due to the increasing integration of national and world markets, the changing nature of food demand in cities, and a changing regulatory environment on the one hand, and constraints to smallholders' inability to produce high quality products due to lack of technology, inputs, resources and information on the other hand. High value agricultural products, of which livestock products form an important part, cover a range of goods whose attributes are driven primarily by demand and by the manner and cost of production (Delgado et al., 1999). (Andrew et al., 2008), projected that per capita consumption of livestock products will increase by about 50 percent from 1993 to 2020, with most of the

increases attributed to developing countries, as a result of population growth, urbanization, and rising incomes. Therefore, improving access to markets of poor smallholder livestock producers can help them benefit from the rapidly growing demand for livestock products. Market access plays an essential role in assuring better income and welfare for smallholder livestock producers. In addition, by creating demand for production inputs and investment goods, markets promote economic growth. Markets also facilitate the accumulation of assets, provide the opportunity for improved nutrition and balanced diets, and, therefore, help alleviate poverty. In Nigeria, rural poultry represents a significant part of the rural economy in particular and of the national economy as a whole. Besides the provision of employment and easily disposable cash income for small-holder farmers, particularly in the off-season from cropping, rural poultry integrates very well into other farming activities as it requires relatively little labour and capital.

In every business enterprise, it is always said that the production is not ended until the goods have reached the final consumer. This clearly underscores the fact that merely producing poultry birds and the other products is simply not enough because marketing is needed to make the cycle complete (Alemu and Tedelle, 1997). Marketing here simply means finding out what customers want and supplying it effectively at a profit (Alemu and Tedelle, 1997). Marketing systems play a decisive role in vibrant economies as mechanisms for both exchange (necessary for specialization and hence leads to higher economic growth) functions and the proper coordination of the exchange (through price signals) which reflect and shape producer and consumer incentives in supply

and demand interaction. If small scale domestic producers are to take advantage of the projected domestic demand growth, then marketing systems in the supply chains linking producers to consumers must be able to support low cost production and timely delivery of the products (Andrew et al., 2008).

The specific objectives are:

describe the socioeconomic characteristics of chicken marketers, to estimate the market margin.

Identify the problems militating against effective marketing in the study area.

The result of the study may be helpful for farmers, traders and service providers involved in the marketing of chickens. This study may also help development planners and policy makers in designing appropriate policies for the marketing of poultry subsector to enable farmers and other participants benefit according to their marginal contribution so that they can stay in the business. Moreover, the information can be provided for potential investors and small and medium enterprises interested in the business so that medium and large scale poultry farms start to emerge. This research will be conducted in Birnin Kebbi Local Government Area. The purpose of the study also limits the research toward a single commodity and specific geographic location.

Literature Review

A marketing margin may be defined as a difference between the price paid by consumers and that obtained by producers or; the price of a collection of marketing services that is, the outcome of the demand for and the supply of each service (Tomek and Robinson, 1990). Results of analysis of marketing

margins are used to determine whether there are excess profits and serious inefficiencies or whether wide margins are due to technical constraints (such as transportation bottleneck). The total marketing margin in the marketing system constitutes the marketing costs plus profit earned by the different participants in the system. Marketing costs include those incurred for feed, laborers working in the collection and feeding activity, costs of transportation and to the market taxes, interest on capital and miscellaneous expenses like licensing and renewal fees considered. The size of market margins is largely dependent upon a combination of (1) the quality and quantity of marketing services provided; (2) the cost of providing such services; and (3) the efficiency with which they are undertaken and priced (Scarborough and Kydd, 1992). For instance, a big margin may result in little or no profit or even a loss for the seller involved depending upon the marketing costs as well as on the selling and buying prices (Mendoza, 1991). However, under competitive conditions, the size of market margins would be the outcome of the supply and demand for marketing services, and they would be equal to the minimum costs of service provision plus "normal" profit (Scarborough and Kydd, 1992; Mendoza, 1991). Therefore, analyzing market margins is an important means of assessing the efficiency of price formation in and transmission through the system. There are three methods generally used in estimating marketing margin. (1) Detailed analyses of the accounts of trading firms at each stage of the marketing chain (time lag method); (2) computations of share of the consumer's price obtained by producers and traders at each stage of the marketing chain; and (3) concurrent method: comparison of prices at different levels of marketing

over the same period of time (Scarborough and Kydd, 1992). This paper employs the use of concurrent method due to complexities in data issues in the remaining method.

Methodology

The study will be carried out in BirninKebbi Local Government Area of Kebbi State. BirninKebbi Local Government is located in north western Nigeria. It is the capital city of Kebbi State and headquarters of the Gwandu Emirate. As of 2007 the city has an estimated population of 313,660. (National Population Commission of Nigeria, 2011). It is located within longitude 12° 27' 14" North, 4° 11' 51" East of the equator (The Concise Britannica Encyclopaedia, 2007). It is bordered with Gwandu local government by the east, Argungu by the south, Arewa Dandi north, and Kalgo by west [4]. Majority of the people are peasant farmers living in the rural areas along river banks, hinterlands and farming crops. Farming generally is of subsistence type, mostly done through the traditional methods, although mechanized farming getting momentum by the day. The crops cultivated are mainly grains, cereals and legumes such as, Maize, sorghum, millet, rice, beans, potatoes, vegetables and fruits. Fishing, poultry and animal husbandry are also widely practiced, (The Concise Britannica Encyclopaedia, 2007). Birnin Kebbi local government climate is characterized by three season; dry, wet, and Harmattan. Rainfall begins in April and ends in October with its heaviest spell in July and August, while Harmattan, a weather characterized by cold-dry winds begins November and ends February, hence the season picks up from March to June. The

temperature averages is 14-30°C during dry season and 27-41°C during rainy season and Rainfall 550mm-650mm per annum. (Anom, 2000).

The survey will be employed in four district markets. The district markets include Birninkebbi district, Makera, Gulumbe, and Ambursa district markets. Four sample markets are selected using simple random sampling method among the available markets. The marketing information were randomly collected from the selected 30 producers, 30 consumers and 30 market participants (traders) in chickens marketing respectively, making a total of 120 respondents. Both primary and secondary data were used; the primary data were collected using a design questionnaire and the secondary data using journals, Internet Communication Technology (ICT), and library.

The data collected from the respondents were analyzed using the following tool:

1. Socio-economic characteristics, marketing channels and problems of poultry chicken marketing were determined using descriptive statistics
2. Marketing margin was determined using a mathematical formula:

$$MM = (Sp - Cp) / SP \times 100$$

Where

MM = Marketing margin for chickens

Sp = Selling Price for chickens

Cp = Cost Price for chickens

Results and Discussion

Table 1: Socio Economics Characteristics of Chicken Marketers

Age of chicken marketers	Frequency	Percentage	Mean	Standard deviation
Age range				
18-29	48	40		
30-45	62	51.67		
46-60	10	8.33		
Above 60	0	0		
			33.33	22.42
Sex of Chicken Marketers				
Sex				
Male	116	96.67		
Female	4	3.33		
			50	66.00
Marital status				
Single	34	28.33		
Married	86	71.67		
			50	30.65
Level of education				
Primary	34	28.33		
Secondary	46	38.33		
Tertiary	13	10.84		
Quranic	27	22.5		
			20	12.85
Family size				
1-5	26	21.67		
6-10	53	44.17		
11-15	31	25.83		
Above 15	10	8.33		
Total =	120	100	20	15.89

Sources: Field Survey, 2015.

Age of Chicken Marketers

Table 1, gives an indication of the age of the respondents. The group with the highest percentage is those who fall within the age bracket of 30 – 45 representing 51.67% of the total number of the respondents. They were followed by those in the age bracket of 18 - 29 representing 40% of the respondents while those between 46 and 60 years of age represent only 8.33% of the total number of the respondents. It is clearly evident from the table that there are younger and energetic people taking up the poultry business and this is a good sign for the future of the industry and its marketing potential. According to respondents, the reason for this trend is that at that

age, most of them will still be in school, learning a trade or may not have the startup capital to go into the business.

Sex of the Chicken Marketers

Table 1, majority (116); out of the 120 respondents, representing 96.67 % were males whereas 4 respondents representing 3.33% were females. According to respondents, the chicken business is considered to be laborious and quite a risky venture, a lot of boldness and courage is therefore required before one can venture into it, and this explains why the industry attracts more males than females.

Marital Status of the Chicken Marketers

Table 1, showed that the respondents in the study areas implied that there is a possibility of having more than one wife in Muslim community and close relatives can marry women who do not have husband to protect the wealth and children of the family. This is why there are more married respondents with about (86%) the remaining (34%) are singles.

Level of Education of the Chicken Marketers

Table 1, shows that 13 respondents representing 10.84% have acquired tertiary education followed by 46 respondents constituting 38.33% have received secondary education while 28.33% the remaining have acquired primary education and 22.5% received Qur'anic education. The education here means formal education and not training in the poultry business. If over 50% of the respondents can read and write, then, the future of the poultry business is bright since players can easily adopt new technologies or can understand current challenges in the business especially in the area of marketing of the products, consumer preferences and choices. This will help bring about the needed improvement that is so dearly desired.

Family size of the Chicken Marketers

Table 1, showed about (44.17%) of respondents are having more family members ranging from 6-10 members respectively. This showed that the families with higher number of members can be assisted in carrying so many activities in production and marketing industry.

Market Margin

Table 2, summarizes marketing margins maintained by each district market. The marketing margin in Ambursa market is highest with the market margin of 52930, followed by Birninkebbi market with a market margin of 44750. Then Makera with a margin of 19473 and 11935 margins in Gulumbe market respectively. This shows that there is greater profit in both the sample markets as indicated by the market margins. A marketing margin may be defined as a difference between the price paid by consumers and that obtained by producers or; the price of a collection of marketing services that is, the outcome of the demand for and the supply of each service (Tomek and Robinson, 1990).

Table 2: Marketing Margin

District area	No. of respondents	Cost prices	Selling prices	Market Margin
Ambursa	10	5,275	11,100	52,930
Birninkebbi	10	6,135	11,450	44,750
Gulumbe	10	7,750	8,800	11,935
Makera	10	7,650	9,500	19,473
Total	40	26,810	40,850	129,088

$$MM = \frac{sp - cp}{sp} \times 100$$

$$\text{Ambursa MM} = \frac{11100 - 5275}{11100} \times 100 = 52930$$

$$\text{Birninkebbi MM} = \frac{11450 - 6135}{11450} \times 100 = 44750$$

$$\text{Gulumbe MM} = \frac{8800 - 7750}{8800} \times 100 = 11935$$

$$\text{Makera MM} = \frac{9500 - 7650}{9500} \times 100 = 19473$$

By adding all the sample markets margins, the total market margin of the sampled chicken marketers in Birnin Kebbi Local Government is N 129,088.

Problems of Chicken Marketing in the Study Area

Chicken marketing system is the most important economic activity in rural poor households. It serves as a starter capital stock, source of easily disposable cash income, source of protein and also has crucial social and cultural values.

Disease is among the most distressing constraints in the production and marketing of chicken. According to

the trader's survey, about 70% of the total respondent pointed out that disease is the most important constraint in the subsector. They also added that Newcastle disease (NCD) is most common among others in the study area. Other problems mentioned by the marketers are volatile price of the chicken, low seasonal demand and inadequate information among the marketers.

Table 9: Problems of Chicken Marketing

Problem in chicken marketing	Frequency	Percentage
Diseases	28	70
Volatile price	7	17.5
Low seasonal demand	3	7.5
Inadequate information	2	5
Total	40	100

Sources: Field Survey, 2015.

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