SOCIO–ECONOMIC FACTORS AFFECTING MARKETING OF POULTRY FEEDS IN ETSAKO EAST LOCAL GOVERNMENT AREA OF EDO STATE, NIGERIA

Omoniyi*, L. O., Ogunyinka, A. I., Ishola, O. O. and Bifarin, J. O.
Department of Agricultural Extension and Management, Federal College of Agriculture, Akure, Ondo State.
***lawrence_omoniyi@yahoo.com, corresponding author**

ABSTRACT

The study assessed the effects of socio-economic variables on the marketing of poultry feeds in Etsako East Local Government Area of Edo State. The study described the socio-economic characteristics of poultry feed marketers, determined their profit and the factors affecting the revenue of the marketers. Data were collected with the aid of a well-structured questionnaire. Purposive sampling technique was used to select ten communities and six poultry feed marketers were purposively selected from each of the communities making a sample size of sixty. The data collected were analysed using descriptive statistics and regression analyses. The study showed that 85% of the respondents were male, 75% were below the age of 60years. Furthermore 88% were married. The average profit made by the poultry feed marketers was ₦938,300. Regression results showed that quantity of feed bought (X_6) and cost of purchase (X_7) were significant at 5% level. The major problems faced by the poultry feed marketers was high marketing cost. Therefore, it was recommended that governments should improve on the condition of road network to reduce the cost of transportation

Keywords: Poultry feed, Livestock, Etsako East, Efficiency, Gross Margin.

INTRODUCTION

Agriculture has been an important sector in the Nigerian economy in the past decades. It is still a major sector despite the oil boom. Basically, it provides employment opportunities for the teeming population, eradicates poverty and contributes to the growth of the economy (Ukeje, 2003). Agriculture employs about two-thirds of Nigerians, as in most developing countries of Africa and total labour force, contributed 42.2% of Gross Domestic Products (GDP) in 2007 and provides 88% of non-oil earnings. The agricultural GDP is contributed by crops (85%), livestock (19%), fisheries (4%) and forestry (1%).In Nigeria, the population growth rate and demand for food is over 3% while growth rate in food production is between 1.0 – 1.5% leaving a short fall of 1.5 – 2% in annual food supplies. It is important to note also the imbalance in these food supplies, between plant and animal sources; the former contributing over 75% and the latter accounting for the remaining 25%. This is mainly due to improper development of the livestock industry (Lamorde, 1998). The poultry industry is currently one of the most important sub-sectors of Nigerian agriculture. The value of the annual output of the commercial poultry sector was estimated at about ₦170 billion naira (Adene and Oguntade, 2006). The commercial poultry sector in Nigeria is feed dependent and requires about 1.87 million tonnes of feed per annum (Adene and Oguntade, 2006).

Pricing efficiency can be defined as the ability of a marketing system to efficiently allocate resources and coordinate the food production and marketing process in accordance with consumer directives (Kohls and Uhl, 1985). In an efficient marketing system therefore, marketing costs must exclude rents (Hau and Oppen, 2004). Operational efficiency assumes that the quantity and quality of commodities and services are constant while efforts are directed at reducing their costs. The operational efficiency of a marketing system is enhanced when marketing costs are reduced at the same level of output (Mauyo *et al*, 2007). This may eventually be translated to lower consumer price for poultry products. The strong demand for eggs and broiler meat and the increasing establishments of poultry farms seem to suggest that the effect of reduced cost of poultry feeds, if so transmitted, will be very significant. Increased efficiency benefits farmers, traders, processors, wholesalers, retailers, consumers and society as a whole (Hau and Oppen, 2004).

Studies have shown that poverty and unemployment are of great concern to policy maker in the developing country like Nigeria. This could be linked to the World Development Report (1990) on development indicators that sub-Saharan Africa economic growth rate would hardly exceed it population growth rate. The World Development Report estimated the annual growth rate to be 3% for the modern sector, 4% for the rural sector and 4.5% for the informal sector (Ajibefun and Daramola, 2003). Therefore, this study intends to describe the socio-economic characteristics of poultry feed marketers, determine the profit of the poultry feed marketers, determine the marketing performance and efficiency of the marketers; and ascertain the factors affecting the revenue of the poultry feeds marketers in Edo state.

METHODOLOGY

The study was carried out in Etsako East Local Government Area (LGA) of Edo state. It has an area of 1,133km and a population of 145,996 according to the 2006 census. Major towns and villages include Agenebode, Igiode, WeppoWanno, Ifeku and Egori. The economy and livelihood of inhabitants includes commerce, fishing, farming, mining, and cottage industries. Agriculture however remains the primary income earning activity for the majority of rural population in Etsako East. Primary data were collected with the aid of structured questionnaire supplemented with oral interview. Purposive sampling technique was used to select ten communities in the local government area and six poultry feed marketers was purposively selected from each of the ten (10) selected communities making a total of sixty respondents.

Analytical Techniques

Descriptive statistical tools was used to describe the socio-economic characteristics of poultry feed marketers and problems faced by the marketers. Gross margin analysis was used to determine the profit of the poultry feed marketers. The formula is given below; GM = TR ─ TVC, TR = PQ Where; GM = Gross margin, TR = Total revenue, TVC = Total variable cost
P = Price of the animal feed (Naira), Q = Quantity of the animal feed (Kg) traded
Regression analysis was used to determine the factors affecting the marketing margin of the marketers. The model is specified below;

$$Y= (\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8 + e_i)$$

Y = Income (₦),Where; X_1= Age of the Respondents (Yrs), X_2 = Marital Status, X_3 = Household size
X_4 = Educational Level., X_5 = Marketing experience (Years) , X_6 = Quantity of feed bought (Kg)
X_7 = Cost of purchase (₦), X_8=Selling price (₦), e_i = Error term

Result and Discussion

The result of the Socio-economic characteristics of respondents was presented in Table 1. The result shows that the majority (85%) of the respondents were male while 15% were female. This implies that poultry field marketing is a male dominated enterprise in the study area. This may be because of the bulkiness of the product and the task of loading and offloading that is associated with it may make the females see it stressful for them to embark on. The result also shows that majority (75%) of the respondents were below the age of 60 years and the average age was approximately 47 years. This implies that respondents are young and in their active years. Also, 88% of the respondents were married. This may imply that majority of the poultry feed marketers in the study area engaged in the business to provide income for the family while their women assisted them in the business. It also shows that all (100%) of the respondents are educated though with different level of educational attainment. This implies that majority of the poultry feed marketers will easily access relevant information and adopt innovations to improve their marketing efficiency thereby expanding their marketing enterprise. The result shows that about 63% of the respondents had less than 10 years' experience in the poultry feed marketing business. The average marketing experience was approximately 9 years. This may imply that majority of the poultry field marketers in the study area were still relatively new in the enterprise. This may probably be because poultry enterprise is just becoming prominent in recent years in the study area. Also majority (85%) 0f the respondents relied on their personal savings to start the enterprise while just 8.3% got loan from commercial banks. This may be a confirmation of the fact that commercial banks don't give adequate support to Nigeria agricultural enterprises.

COST AND RETURN ANALYSIS

$\prod$ = TR – TVC, TR=₦4,813,000, TC=₦3,874,700 $\prod$=₦4,813,000 - ₦3,874,700= ₦938,300.00

MEASURE OF MARKET PERFORMANCE

Profitability Ratio = $\frac{\prod}{TC}$ Where; $\prod$ = Profit, TC = Total Cost $\prod$ = ₦938,300, TC = ₦3,874,700

$$\text{Profitability Ratio} = \frac{938,300}{3,874,700} = 0.242$$

Efficiency Ratio= $\frac{TR}{TC}$ Where TR=Total Revenue, TC=Total Cost, TR=₦4,813,000, TC= ₦3,874,700

$$\text{Efficiency Ratio} = \frac{4,813,000}{3,874,700} = 1.24$$

Interpretation

Cost and Return Analysis

The outcome of cost and return analysis as a measure of profitability for poultry feed marketing operation revealed that the total cost was ₦3,874,700, the total revenue was ₦4,813,000 while the average profit was ₦938,300. The size and the positive value of profit obtained confirmed that the poultry feed marketing operation was able to cover the operating expenses from in the study area.

Measure of market performance

(i) Profitability Ratio: The estimated profitability ratio for poultry feed marketing operation was 0.242. The profit ratio was positive hence the poultry feed marketing operation is profitable.

(ii) Efficiency Ratio: The estimated efficiency ratio for poultry feed marketing operation was 1.24. This indicates that as the efficiency ratio of poultry feed marketing operation was greater than 1(efficiency ratio >1), it implies that the marketing operation is efficient.

Result of the Linear Regression

The R^2 for the linear regression model is 0.650 which means that 65.0% of the variability in the total revenue is been accounted for by the independent variables, specified in the model. From the results, it could be seen that quantity of feed bought (X_6), and cost of purchase (X_7) are significant at 5% level. This implies that these variables are important factors determining the total revenue from poultry feed marketing in the study area. The positive sign associated with marital status (X_2), household size (X_3), level of education (X_4) and cost of purchase (X_7) implies that increase in the value of these variables would increase the total revenue generated by the marketers. On the other hand, the negative sign associated with Age (X_1), and selling price(X_8) implies that increase in this variables would reduce the total revenue generated by the marketers.

Table 1: Socio-economic Characteristics of Respondents

Socio-economic variables	Frequency	Percentage (%)
Gender		
Male	51	85.0
Female	9	15.0
Age		
Less than 30yrs	2	3.3
30-39yrs	10	16.7
40-49yrs	23	38.3
50-59yrs	10	16.7
60yrs and above	15	25.0
Marital status		
Single	2	3.3
Married	53	88.3
Widowed/Divorced	5	8.4

Level of Education		
Primary Education	4	6.7
Secondary Education	7	11.7
Tertiary Education	19	31.6
Adult Education	30	50.0
Years of Experience		
Less than 10yrs	38	63.3
10-20yrs	19	38.7
21-30yrs	3	5.0
Total	60	100.0

Source: Field Survey, 2017

Table 2: Result of the Linear Regression

Variables	B – Value	Std Error	t – Value	Significance
Constant	-376677.728	1,120,000	-0.336	-
Age (X_1)	-993.435	2840.553	-0.350	NS
Marital status (X_2)	93660.987	84745.980	1.105	NS
Household size (X_3)	75.254	1104.666	0.068	NS
Level of Education(X_4)	28082.88	35815.160	0.784	NS
Marketing Experience(X_5)	-3907.3807	8000.073	0.488	NS
Quantity of feed bought(X_6)	1350.974	250.488	5.393	S
Cost of purchase(X_7)	0.434	0.109	3.967	S
Selling Price(X_8)	-41.439	444.765	-0.093	NS

R^2 = 0.650 **Adjusted R^2** = 0.630 **F – Value** = 1.069 Significant at 5% level.

Conclusion: Poultry production has great potentials in improving the contribution of the agricultural sectors to the Nigeria economy. Based on the findings from the study, the following recommendations are made: Governments should improve on the condition of road network in order to reduce the cost of transportation which is mostly responsible for high cost of agricultural inputs and other marketing cost. Poultry feed marketers are encouraged to formed themselves into cooperatives as this will help them in the area of financial assistance to their marketing business.

REFERENCES

Adene, D.F. and Oguntade A. E. (2006): The structure and importance of the commercial and village based poultry industry in Nigeria. FAO (Rome), 109pp (Technical Report)

Ajibefun, I. A. and Daramola, A.G.(2003): “Determination of technical and allocative efficiency of micro-enterprises. Farm level evidence from Nigeria”, Africa Development Bank 4: 353-395.

Hau A. M. and Oppen M. (2004): The efficiency of the vegetable market in Northern Thailand Conference on International Agricultural Research for Development, Deutscher Tropentag Berlin, October 5-7.

Kohls R.L.&Uhl, J.N.(1985):Marketing of Agric. Products, 6th edition. New York McMillan Press.

Lamorde, A. G. (1998): “Scenario building for the Nigeria Livestock Industry in The 21st century”. A paper presented at the silver anniversary conference of the NSAP, 1998 held at the Gateway hotel, Abeokuta Nigeria. 17th-23rd October 1998.

Mauyo L. W., Okalebo J. R.; Kirkby R. A., Buruchara R.., Ugen M.., Mengis T. C.T.; Anjichi V.E. and Musebe R.O. (2007): Technical efficiency and regional market integration of cross-border bean marketing in western Kenya and eastern Uganda. African Journal of Business Management,pp.077-084, http:// www.academicjournals.org/ajbm.

Ukeje, R. O. (2003): Macroeconomics: An introduction, Port Harcourt Davidson publication

World Development Report (1990): Poverty: World development indicators Published by the World Bank. Pp 4-8