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## MARKET ORGANIZATION FOR SPECIALIZED AGRICULTURAL FOOD PRODUCTS IN URBAN KANO, KANO STATE, NIGERIA

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### ABSTRACT

The paper examines organizational characteristics of specialized markets for agricultural food products in Kano Metropolis. Focus Group Discussion was used to collect data on the channels through which products pass within the markets. Ten traders of Dawanau, Yanlemo and Yankaba markets were involved, comprising of suppliers, wholesalers and retailers. Interview schedule was employed to collect data on diversification of functions by traders. The population of the traders was obtained through census in the markets. Random sampling was employed, and 33% was used to draw out the samples. On distribution of products, Dawanau market has three channels, each for grain wholesale, grain retail sale and wholesale of yam. However, there is one channel each for Yan Lemo and Yan Kaba markets. Along Dawanau's channel for wholesale of grains, agents intermediate in two ways: between suppliers and wholesalers and wholesalers and retailers. On the other hand, agents intermediate between suppliers and wholesalers only in Yan Lemo and Yan Kaba markets. The research revealed peculiarity in distribution channel within the markets. The traders performed additional functions, such as suppliers performing the functions of wholesalers in Yan Lemo (20%) and Yan Kaba (50%) markets, and retailers doing supply function in Dawanau market (75%) and wholesaling in Yan Kaba market (25%). Lastly, it recommended that more research should be encouraged, particularly on market organizational characteristics of other agricultural food products and non-agricultural products; greater financial empowerment and more provision of market facilities and credits for the traders.

### INTRODUCTION

Some scholars made allegations against marketing system in developing countries (Nigeria inclusive), which could be a

pointer to inefficiency in operations (Ejiga, 1979:70). First is that the marketing is disorganized, that only congestion and confusion characterize markets' meetings.

However, Adalemo (1983: 408) later observed that order existed in market exchange. Second, that the physical and institutional infrastructures are inadequate (storage, credit facilities, transport networks, market information and standardized weight and measures). This has been observed, for example, in the service area of Onitsha market (Onyemelukwe, 1972: 22). Third, is exploitation by middlemen, which has been observed by Gilbert (1969) for staple food marketing systems servicing Kano City.

Market organization is an aspect that is of interest in the study of marketing (Olukosi et al, 2005). This is because, as noted by Abbott (1973: 365), improved organization for marketing would be essentially needed if full advantage was to be taken of favourable production opportunities.

Olukosi, *et.al* (2005) identified five major approaches to the analysis of marketing problems: functional approach (marketing functions), institutional approach (for various agencies and business structure), commodity approach (study of all related products), behavioral systems approach (behavior of firms as it affects decision) and market structure and performance approach. Filani and Ikporukpo (1998: 184 – 186) observed that different aspects of market structures have been studied by geographers and agricultural economists in Nigeria. Market conduct and efficiency are determined by structure. The study of the functioning of food markets should emphasize the structural aspect (Musa, 2003: 12). Perhaps, this made Olukosi *et al* (2005: 27) to point to the need for intensified growing research efforts on market structure.

The analyses of market structures investigated do reveal the effects of the marketing system on the economy and thus provide insight into the process of

development. Market structure analysis provides key data, information and knowledge about the market's competitive environment and the traders' current positions within that environment by providing clear direction for customer, market and product development. In this way, marketing of agricultural products plays an important role not only in stimulating production and consumption but also in accelerating the pace of economic development (Haji, 2008: 19). It leads to the increase in flow of resources from one sector to the other, optimization of resource use and output management, increase in farm income, lower food prices that increase consumers' welfare, growth of agro-based industries, adoption and spread of new technologies and improvement of the competitive position of a country's agricultural sector.

The Kano Region produces substantial surplus agricultural products and, together with supplementary products from outside the state, has elicited the development of specialized agricultural food products markets within metropolitan Kano (Sani and Sulaiman, 2002:4). Apart from meeting internal demand, grains, vegetables and livestock, through the medium of these markets, are sent to other parts of Nigeria and exported to foreign countries. Also, the markets receive other products like fruits and tubers from middle and southern belts of Nigeria.

This research specifically focuses on distribution channels and integration in marketing of agricultural food products in Urban Kano. Punitha (2007: 27) observed that these two aspects as one of the most important structural parameters influencing competition in marketing agricultural food products.

Thus, the aim of this paper is to examine specialized markets for agricultural food products so as to describe their organization. This is to be achieved through two objectives: One, to describe the distribution channels of products. Two, to examine the functional diversification of traders.

**THE MARKETS**

In Kano Metropolis, there are seven specialized markets for agricultural food products. They are (Figure 1):

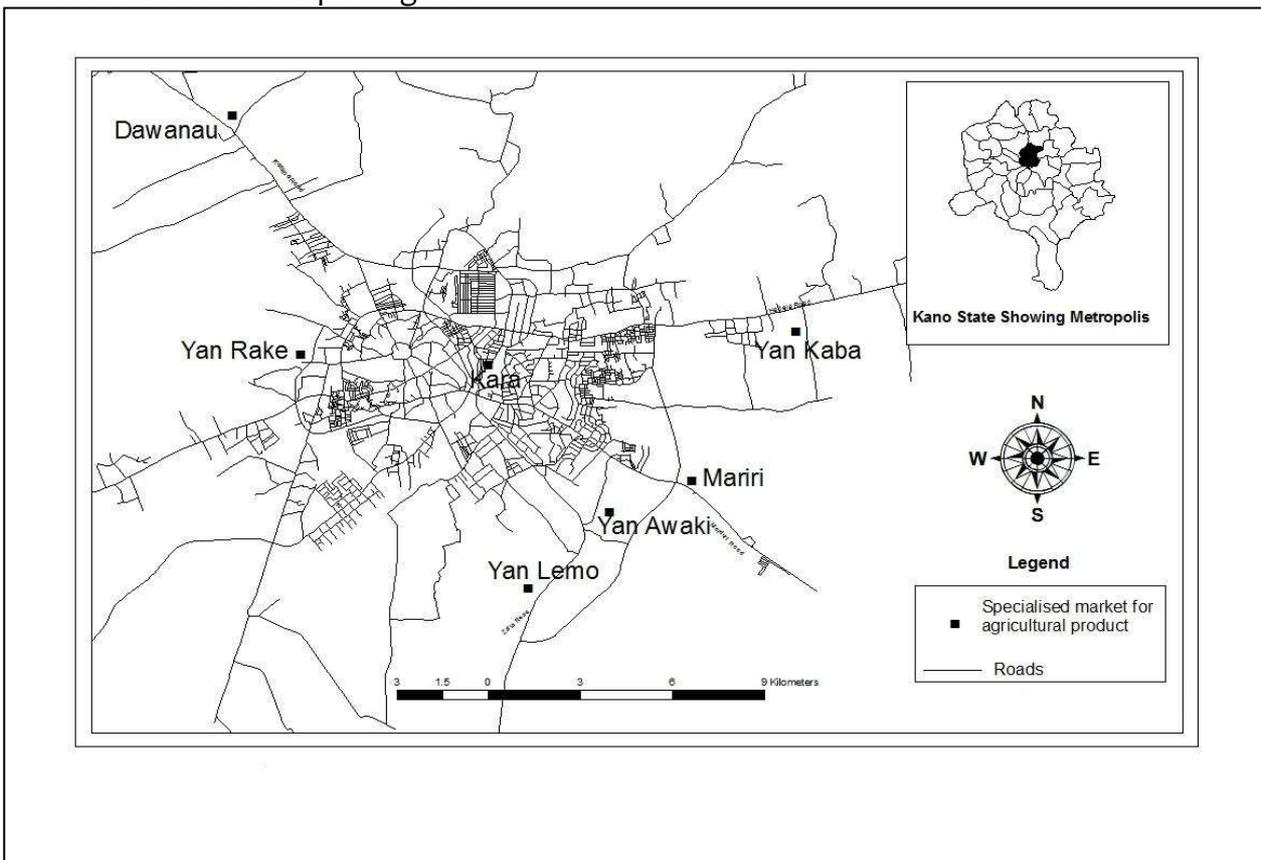
- i) Dawanau market – for staple food, tubers and grains.
- ii) Yan Lemo at Maikalwa – for fruits.
- iii) Yan Kaba market – for vegetables.
- iv) Yan Awaki market at Unguwa Uku – for the sale of sheep and goats.

v) Kara market of “Kofar Mazugal” for the sale of cattle.

vi) Yan Goro (Kola nut market) at Mariri.

vii) Yan Rake at Goron Dutse for sugarcane.

Out of the seven, the first three (Dawanau, Yan Lemo and Yan Kaba) markets were chosen for study. Three main reasons influenced their choice. One, these markets are particularly large, being international markets. Two, they are located along main roads leading to other states. Three, each of the markets specializes in the marketing of a large group of products especially important in the diet: tubers and grains, vegetables and fruits.



**FIG. 1: Location of Specialized Agricultural Products Markets in Kano Metropolis**

## **CONCEPTUAL BACKGROUND**

### **Market Organization**

There are two aspects of market organization: marketing channel and organizational expansion (Adekanye and Olayide, 1988: 8; Olukosi, *et al*, 2005:21-25). Marketing channel is the path a commodity follows as it moves from production to consumption. The channel can be centralized or decentralized. A centralized flow channel is one in which products are assembled in large central and terminal markets where they are purchased by wholesalers or processors from farmers' wholesaler. However, in decentralized channel, there are no such large assembling marketing facilities, and traders buy directly from farmers.

Organizational expansion or market integration is growth through diversification of function, i.e. the process of expansion of marketing institutions through which additional agencies or functions are brought together under one management. Two types of integration can be differentiated: vertical and horizontal. Vertical integration arises when a firm takes on other activities, which are related to those it currently performs in the marketing sequence. An example is when a poultry producer establishes feed mixing plants. Horizontal integration arises when a firm integrates at the same level in the marketing system by absorbing or gaining control of other firms performing similar activities. For example, when the poultry producer absorbs other poultry producing firms.

### **Marketing of Agricultural Food Products**

Markets can be classified as either specialized or all-purpose. As the name implies, specialized markets are those that specialize in the buying and selling of a single or a category of similar products.

An example of specialized periodic market is Oje in Ibadan which is an 8-day dual purpose specialized market in which each of two products of local craft industries-cloth and black soap dominate on alternative market days (Onyemelukwe and Filani, 1983: 175-176).

The all-purpose markets have conspicuously different sections for particular products. For example, Oja Oba market in Ibadan, which is all-purpose daily market, has as one of the most interesting sections a Kola nut centre that is primarily a collecting and distributing centre for cash, and that it is produced locally but destined for the markets of North Western Nigeria (Adekunle, 2011). The specialized markets may not be without petty and retail permanent shopping activities taking place around them, which deal almost exclusively in non-perishable articles (Onyemelukwe and Filani, 1983: 176).

## **RESEARCH METHODS**

This study employed both qualitative and quantitative approaches in the collection and analysis of data. Two main instruments were used in the qualitative data collection. The first was the use of Focus Group Discussion in which ten traders of Dawanau, Yanlemo and Yankaba markets were involved, comprising of wholesalers (also serve as suppliers), commission agents and retailers. The discussion centered on the channels through which products pass within the markets. The author facilitated the discussion, while his research assistant took records of the issues raised. The second instrument involved observation of displayed commodities on sale, and grading and packaging of commodities for sale.

The quantitative data were collected using interview schedule. Three different interview schedules were designed one each for suppliers, wholesalers and retailers. Similar sets of interview schedule were used for all the specialized markets studied because the trading activities appeared to be identical in all the markets. The three set of traders patronizing the markets formed the population for this research. The population of the traders was obtained through census in the markets. Random sampling was employed, and 33% was used (Table 1). Neuman (2003: 232)

observed that a researcher needed a large sampling ratio (about 30%) for small populations (under 1,000), and a smaller sampling ratio could be used for larger populations. However, the larger the sampling ratio the higher would be the accuracy. Wholesalers and retailers were found stationed in the markets while the suppliers were accessed through wholesalers, because each had records of those who supplied him products. In addition, particularly for Yan Lemo market, suppliers spent up to a week before going back.

**Table 1: Population and Sample Size**

Market	Suppliers		Wholesalers		Retailers	
	Population	Sample Size	Population	Sample Size	Population	Sample Size
Dawanau	1315	434	2982	984	461	152
Yan Lemo	2142	707	488	161	227	75
Yan Kaba	1191	393	1415	467	1909	630
<b>Total</b>	<b>4648</b>	<b>1534</b>	<b>4885</b>	<b>1612</b>	<b>2597</b>	<b>857</b>

Source: Fieldwork (2008)

The data collected on channels of distribution was qualitatively analysed through careful collation and arrangement. The functional diversifications of the economic actors were analysed using descriptive statistics, particularly percentages and the results presented in tables.

**FINDINGS**

**Distribution Channels**

**(A) Dawanau Grain/Roots Market**

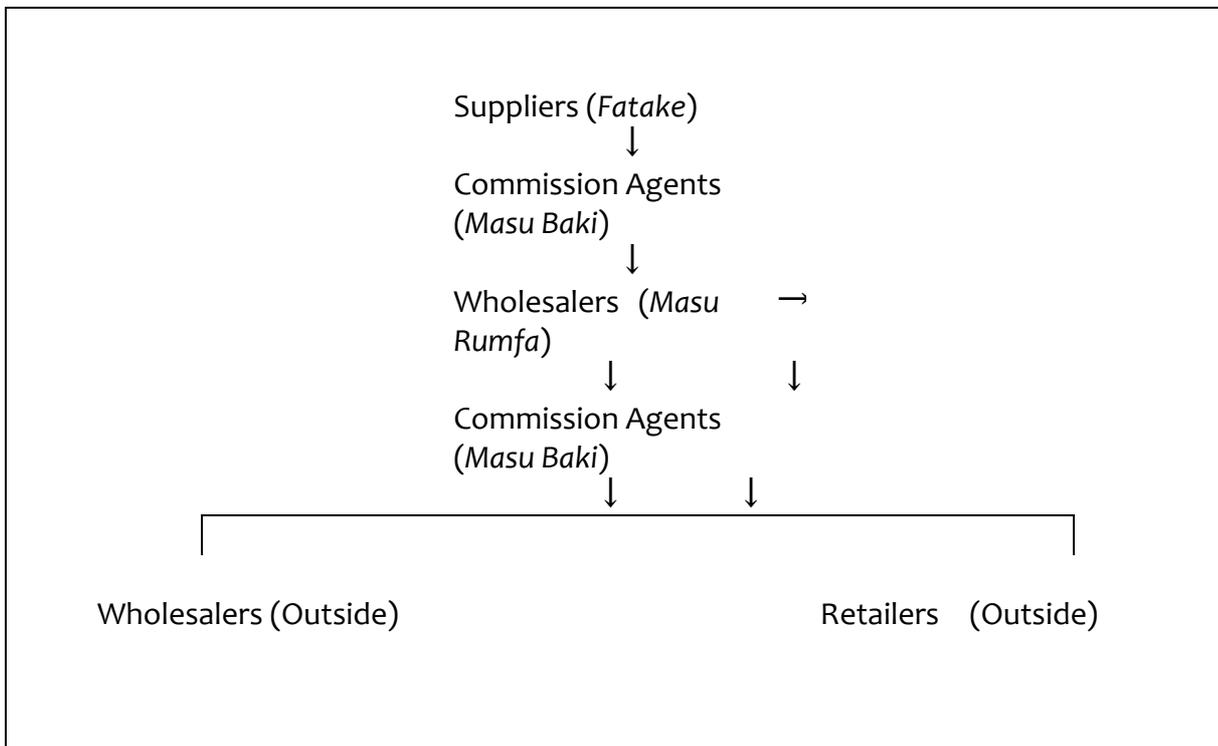
The distribution of products in this market follows three channels: wholesale of grains, retail sale of grains and wholesale of yam:

**(i) Wholesale of Grains** (Figure 2). The wholesale of all grains in the market involves transfer of products from

suppliers (*fatake*), who buy from producers and rural markets, to wholesalers who are owners of stores called *Masu Rumfa*. Grains are supplied into the market in bags of different sizes, ranging from 50 to 100 kg. It is the wholesalers who grade the grains into standard bags each of filled 40 medium-size iron bowls (*mudus*), equivalent to 90 kg (beans, millet, sorghum, maize, wheat, ground nut and grinded cassava), 95 kg (rice), 85 kg (ungrinded cassava and gari), 75 kg (benni seed) and 18 kg (red sorrel or *soborodo*). Plate 1 illustrates grading of beans in the market, which involves rebagging so as to standardize and have uniform measurements for all bags.

Commission agents (*Masu Baki*) intermediate between suppliers and wholesalers, and in the sale of products to wholesalers and retailers from outside the market. At the same time, the wholesalers (*Masu Rumfa*) sell products directly to wholesalers and retailers from outside the market without intermediation by the agents.

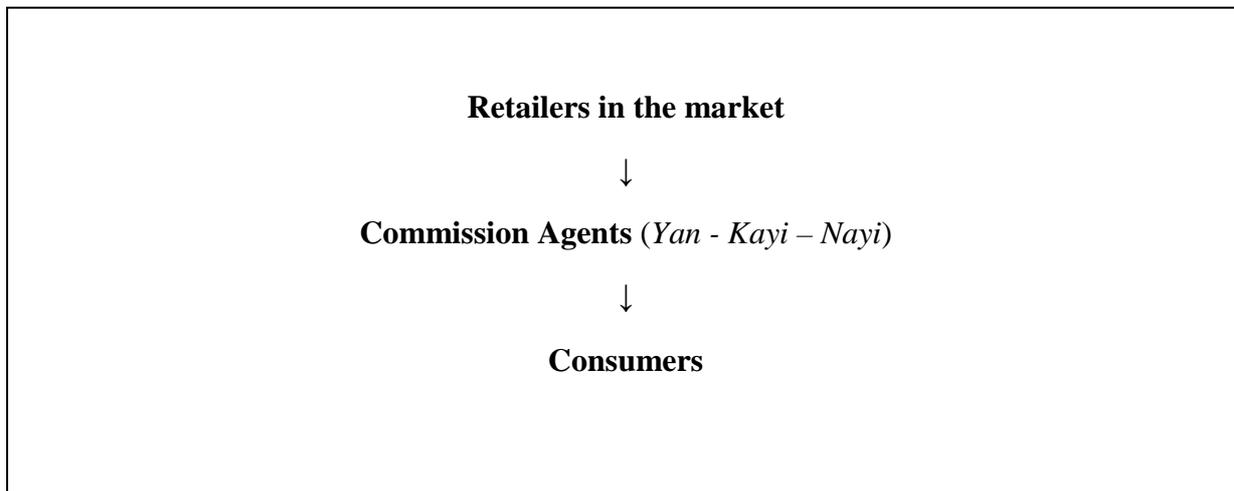
**Figure 2: Distribution Channel for Grain Wholesale in Dawanau Market**



**Plate 1: Grading of Beans at Dawanau Market**

(ii) **Retail Sale of Grains (Awo).** Retailers (*Masu Awo*) in Dawanau market buy their products from rural markets. They sell directly to consumers in the market through commission agents known as

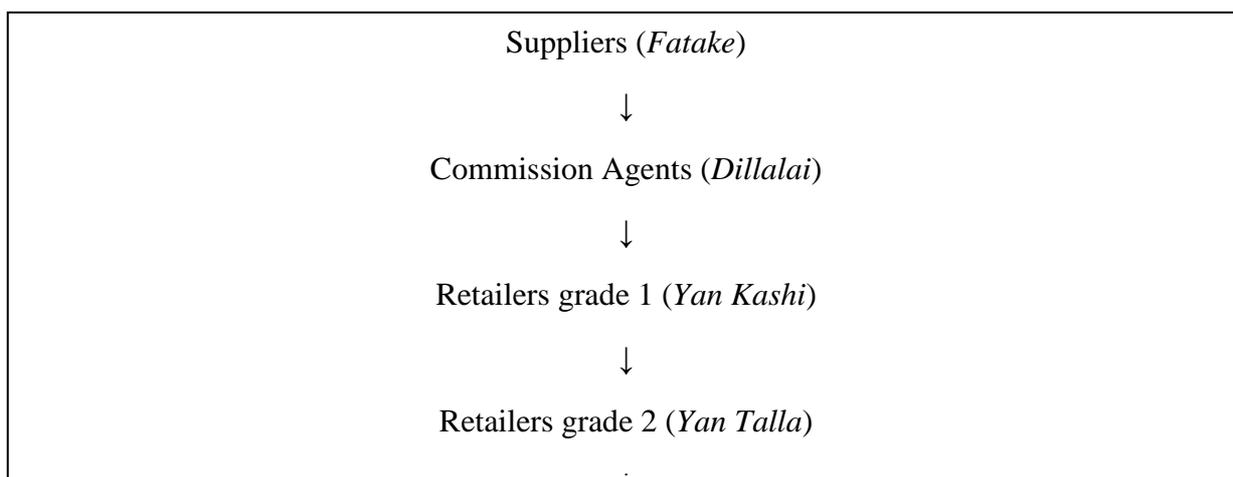
*Yan-Kayi-Nayi*. These agents stay at the market entrances and assist buyers to particular retailers. They are given commission by the retailers (Figure 3).



**Figure 3: Distribution Channel for Retail Sale in Dawanau Market**

(iii) **Yam Sellers.** In this section of Dawanau market, suppliers distribute yam to commission agents (*dillalai*) who wholesale to retailers grade 1 (called *Yan Kashi*). These retailers divide wholes into parts for sale. The agents only receive commission from suppliers for the

wholesale of the products. The retailers grade 1 distribute to retailers grade 2 (*Yan talla*) for mobile retails in wheel barrows and baskets within (but outside yam section) and outside Dawanau market (Figure 4).



**Figure 4: Distribution Channel for Yam Section in Dawanau Market**

(B) **Yan Lemo Fruit Market** At Yan Lemo market (Figure 5), suppliers distribute products to commission agents

(*Dillalai*). The agents wholesale the products to retailers through their subordinates,

assisting agents (*Yaran Dillalai*) for agreed commission from the suppliers. Plate 2 illustrates orange on display under the supervision of commission agents.



Figure 5: Distribution Channel in Yan Lemo Market



Plate 2: Orange Displayed by Wholesalers at Yan Lemo Market

**(C) Yan Kaba Vegetable Market**

Suppliers distribute products to wholesalers (*Yan Wazai*) through commission agents (*Dillalai*). The benefit to the agents is commission given them by suppliers. The wholesalers distribute the products to retailers grade 1 (*Yan keci*)

who divide bags or baskets into parts for sale to retailers grade 2 (*Yan kashi*). The retailers grade 2 sell in bits either in or outside the market (Figure 6) . Plate 3 illustrates wholesale of products to retailers grade 1 (*Yan keci*) and retailers from outside the market.



Figure 7: Distribution Channel in Yan Kaba Market



Plate 3: Marketing Session at Yan Kaba Market

**(D) Comparison between the Markets**

The channels identified are for within the markets, with no extension to production or supply areas. Therefore, they have suppliers instead of farmers/producers on top of the list, as hypothetically provided by Adegeye and Dittoh (1985: 172) and Olukosi *et.al* (2005: 21), and empirically observed by Kudi, *et.al* (1996: 192) for banana marketing in Kaduna and Ejiga (1979: 73) for cowpea marketing in the Northern States of Nigeria.

These channels of distribution of products show two major differences between the three markets. One, there are three channels in Dawanau market while there is one channel each for Yan Lemo and Yan Kaba markets. Two, Dawanau’s channel for wholesale of grains involves intermediation by agents between suppliers and wholesalers on one hand, and wholesalers and retailers on the other hand. However,

agents intermediate between suppliers and wholesalers only in Yan Lemo and Yan Kaba markets. Adegeye and Dittoh (1985: 171) have noted that marketing channel would vary with markets even with the same commodity.

**Diversification of Functions (Market Integration)**

There exists functional diversification among traders in the markets (Table 2).

Suppliers were found to be functioning as wholesalers and vice versa. Also, retailers were performing supply and wholesale functions. Discussion with the traders revealed that this functional diversification generated additional income to them. This is in line with observation by Filani and Richards (1976: 165) for Ibarapa area, that additional functions ensured profitable business.

**Table 2: Functions Diversification among Traders**

Functions	Suppliers			Wholesalers			Retailers		
	Dawan au N=434	Yan Lemo N=707	Yan Kaba N=39	Dawanau N=98	Yan Lemo N=161	Yan Kaba N=46	Dawanau N=152	Yan Lemo N=75	Yan Kaba N=63
Supply	-	-	-	60	0	75	75	0	0
Wholesale	0	25	50	-	-	-	0	0	25
None	100	75	50	40	100	25	25	100	75
<b>Total</b>	100	100	100	100	100	100	100	100	100

Source: Fieldwork (2012)

**CONCLUSION**

Two main conclusions can be derived from this study. One, the research revealed peculiarity in distribution channel within the markets. This resulted from differences in products being traded in the markets. Nonetheless, in all the channels, suppliers, wholesalers, retailers and buyers occupy important positions. Two, the diversification of functions was an attempt by the traders to generate additional income so as to ensure profitable business.

**RECOMMENDATIONS**

i) More research should be encouraged, particularly on market organizational characteristics of other agricultural food products like kola nut, sugar cane, livestock, etc. and non-agricultural products, in Kano metropolis and other areas. The findings and recommendations from these researches could yield useful

ideas for the improvement of the performance of the markets.

ii) There should be greater financial empowerment for the traders so as to help in the diversification of their trading functions. Formation of marketing cooperatives would help in this direction. Credit supply would help them inject more capital into the business. For instance, a well established cooperative organization among the traders, to be funded by government, commercial banks and more buoyant traders, will go a long way in addressing such problems as shortage of capital through credits.

iii) The market leaders (*Sarkin Kasuwa*) and associations should seek government’s attention in the provision of market facilities and credits for the traders, and elicit the cooperation of traders in sanitation and general market organization. This will improve operational efficiency in the markets.

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