

ECONOMIC ANALYSIS OF MARKETING OF LOCAL CHICKEN IN KUMBOTSO LOCAL GOVERNMENT AREA OF KANO STATE

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ABSTRACT

This study was conducted to determine the profitability of marketing of local chicken in Kumbotso local government area of Kano State. Data for this study were collected by administering a set of structured questionnaires. Thirty (30) local chicken marketers were randomly and purposively selected and interviewed. The data analysis was achieved by using descriptive statistics and marketing margin analysis. The results of the study revealed that majority of the marketers are within age bracket of 30-35(53.3%). All the marketers were educated with 43.3% having attended secondary school and only 26.7% of them had tertiary education. Although constraints such as high mortality rate, costly transport, price fluctuation and diseases were identified to be associated with local chickens marketing in the study area. Marketing margin was found to be 14.3%. Finally, it is recommended that extension agents should encourage local chicken marketers to form cooperative association in order to market local chicken easier.

KEYWORDS: Marketing, Chicken, Transport, Kumbotso, Cooperative

INTRODUCTION

Poultry is an important source of animal protein which contains high level of other food nutrients such as vitamins, mineral and lipids all of which must be present in human diets at required quantities for healthy growth. Nigeria rates highest with a total of 190 million chicken in Africa, in which 80% are local breeds. In realization of the importance of animal protein the various governments in Nigeria have been pursuing programs at national, state and community levels to boost the mass production of poultry products. This sector serves as a provider of the employment and income to the citizens. Also on the other hand, poultry marketing constitutes an important form of livelihood for both rural and urban dwellers (Eduvie et al, 2002). He also added that, the poultry producer in the country has a great ambition on the production on meat, eggs, day old chicken, poultry manure and at the same time provide job opportunity to the urban and rural population.

It has been said that in poultry production records are absolutely vital, as a farm operation whether in small or large scale production. Like in any other business, a poultry producer who keeps a considerable number of birds with the aim of selling products will want to know whether he is making profit and the result he got could be compared with those achieved elsewhere (Eduvie et al, 2002).

Local chickens have invaluable characteristics that are not found in the exotic strains. These characteristics are appropriate to the traditional low input/low output farming systems. Local chickens are mainly sold when there is a need for money by a farmer. However, to the urban areas there is general preference for

local chickens over their exotic breed because of the belief that they are testier and have no drugs residue. This puts marketing of local chickens in a check as to how their demand and supply could interplay (Msami and Kapaga, 2001). Most of the local chickens are sold in village markets to wholesalers or retailers who subsequently assemble and transport them to urban markets.

However, the advantages of local chickens over improved ones are that local chicken are broody that is they incubate, hatch eggs and they rear them by themselves, they can be maintained on free range easily and can hatch eggs from other birds and rear them (Aliyu, 2000).

The improvement of local chickens can further be sustained with a proper analysis of the economic productivity of factors involved in the production process as well as other factors affecting the technical efficiency of the local chicken farmers. This study seeks to analyze the economic analysis of production and marketing of local chicken in Kumbotso local government area of Kano state.

Generally people believe that chicken production and marketing is a profitable venture, because it needs low capital investment and yet assures quick returns within weeks and months. Despite this fact, the local chicken farmers and marketers are still complaining of high cost of input particularly feed, poor management, poor extension services, harshness of the weather, high cost of transportation and lack of good roads for transporting the local chickens, inadequate financial support from financial institutions and diseases. The effect of these problems was a serious drop in production efficiency and low output (i.e meat and egg) and resultant high price of local chicken product.

Clearly by addressing these issues, a significant contribution can be made to overcome the problem of local chicken production and marketing in the study area.

The questions to be answered by this study are:-

- 1) What are the socio-economic characteristics of the local chicken marketers in the study area?
- 2) What is the level of profitability in the marketing of local chickens in the study area?
- 3) What are the factors involved in local chicken marketing?
- 4) What are the marketing channels of local chicken in the study area?
- 5) What are the major constraints of local chicken marketing in the study area?

OBJECTIVES OF THE STUDY

The broad objective of the study is to assess the economics of marketing of local chickens in the study area.

The specific objectives are:-

- i. To determine the socio-economic characteristics of local chicken marketers in the study area.
- ii. To determine the cost and returns associated with local chickens marketing.
- iii. To determine the factors affecting local chickens marketing
- iv. To determine marketing channels of local chickens in the study area.
- v. To identify the major problems militating against local chickens marketing in the study area.

METHODOLOGY

This study covers the whole of Kumbotso local government area of Kano State. Kumbotso local government was created in 1989 by the Babangida Administration. It was carved out of former Dawakin Kudu Local Government Area. It has an area of 730 square kilometer (Local Government Bulletin, 1996). The area is located between latitudes 11.06°N and 12°N and longitudes 8.4°E and 8.5°E (Kumbotso Local Government Bulletin, 1996). The study area is located within Sudan Savannah vegetation zone of Nigeria. The monthly mean temperature ranges between 18°C and 21°C in the coldest month (November - January). This period reasonably, support the performance of both

local and improved chickens (broilers and layers). While the hottest period experiences an average monthly temperature of 30 - 34°C which is suitable for brooding (Kumbotso Local Government Bulletin). While population about 294, 39 and population density of 390, 09pp/km.

During the study rough estimate of people engaged in the marketing of the local chickens at Sheka market is about thirty (30) who were purposively selected as respondents for studying marketing of local chickens. The main tool be used in the study area to collect data was through questionnaire which was designed to collect all necessary information. Among the relevant information that will be obtained from the farmers and marketers includes socio-economic characteristics such as age, marital status, educational status, sex, household size, level of education and years of experience. Others include production management system. Cost information on variable inputs, fixed input, output and returns, marketing and the problems of local chicken's production and marketing in the study area were collected.

The data were analyzed using descriptive statistics and production function (regression analysis).

Descriptive Statistics

Was used to satisfy objectives I & V.

1. Percentage (%): This was used to determine the number of respondents to particular responses.
- ii. Frequency Distribution Table: This is a table in which figures in a data were arranged in serial order with the frequency of each figure recorded. It was used to grouped figures into distinct classes for easy interpretation of data.

RESULTS AND DISCUSSION

Socio - Economic Characteristics Of Respondents

The socio-economic characteristics of the local chickens' farmers were confined to sex, age, marital status, household size, level of education, number of birds raise and years of experience.

Analysis of the age of the farmers revealed that the percentages of the farmers at the ages of between 10 - 29 were found as 30% while those at the ages between 30 - 49 having 44%, while the least fall within the ages of 50 - 69 constituting 26%. The result is presented in table 1.

TABLE 1: DISTRIBUTION OF RESPONDENTS ACCORDING TO SOCIO-ECONOMICS CHARACTERISTIC OF RESPONDENTS

AGE	FREQUENCY	PERCENTAGE
10 - 29	15	30
30 - 49	22	44
50 - 69	13	26
TOTAL	50	100
MARITAL STATUS		
Single	22	44
Married	28	56
TOTAL	50	100
HOUSEHOLD SIZE		
1 - 5	6	12
6 -10	40	80
11 - 15	4	8
TOTAL	50	100
EDUCATIONAL LEVEL		
Primary	12	24
Secondary	18	36
Tertiary	14	28
Qur'anic	4	8
Others	2	4
TOTAL	50	100
YEARS OF EXPERIENCE		
5 - 20	18	36
21 - 40	30	60
41 - 60	2	4
TOTAL	50	100

SOURCE: Field Survey 2010

This indicates that the majority of the local chicken rearers are between the ages of 30 - 49 years. Farmers within this age, i.e 30 - 49 were very active with adequate purchasing power and whose production evaluation will be highly reliable. Therefore, the general believe is that young farmers adopted new ideas (innovation) more than those who are old. Because old farmers are always skeptical and anxious about new ideas and those category of farmers are always called laggard which means that they are always left behind.

Gender differentiates roles of men and women, their responsibilities, attitudes perspective, knowledge basis, access to resources, and decision making as well as differential needs. Therefore, the study observed that men and women play a vital role in the production of local chickens in the study area. This study agreed with (Harun, 2007) local chicken constitute an important form of livelihood for both rural and urban dwellers and are general owned and managed by men and women.

Table 2 reveals that 56% of the respondents were married, while 44% were single. The finding of this study suggests that married couples are more likely to succeed in local chicken farming than the singles. The obvious reasons might not be unconnected to their need to cater for the family members' basic requirement, in addition to labour availability for supervision and other routine operations.

The household size is very important in analyzing home consumption rate, and in supply of labour in production and management.

The household analysis showed that 12% of the farmers had 1 - 5 members in their family, while 80% of the farmers had 6 - 10 members constituting the highest category. Only 8% which was the least fall within 11 - 15 persons in the family.

The above table clearly indicates that 12 of the 50 respondents, which also constitute 24% are primary certificate holders, while the vast majority of the respondents, i.e 18, which is 36% are secondary school leavers. 28% which is equivalent to 14 out of the 50 respondents do have tertiary level of education. Qur'anic school and others constitute 8 and 4 percents respectively. The implication is that, variation in educational level for these farmers are usually responsible for the differences in their ability to evaluate and manage risk. Table 4.

Findings of the study shows that most of the respondents were found as civil servant with 40%, 34% were found as farmers, 26% of them were business men. This shows that about half of the farmers were civil servants in the study area. The distribution of farmers to their occupation is presented in table 5.

The implication of this is that, 34% of the respondents take chickens production as a sole business; this could be associated with high risk involved in local chicken production.

Some researchers use years of experience of respondents in lieu of management as factor of production. The believe is that, the higher the years of experience, the more accurate decisions are likely to be. The distribution of years of experience is presented in table 6.

Data on years of experience of respondents revealed that 36% of the farmers had 5 - 20 years of experience (table 6) while 60% had 21 - 40 years and only 4% had 41 - 60 years of experience.

Marketing Of Local Chickens

One of the major objectives of this study is to identify how a local chicken marketing is conducted in the study. Therefore, the study identified the following.

- i. Socio - economic characteristics of marketers
- ii. Marketing margin the costs and returns of local chicken for marketers.
- iii. Marketing channel of local chickens in the study area.
- iv. Problems encountered in local chickens marketing by marketers.

Local chickens in the study area are mainly marketed alive. Most chicken's marketers engage in local chickens marketing as well as exotic chickens. The study observed that live chickens are confined in cages, and are sold side by side with exotic chickens (broiler and spent hens). The cages are hardly ever cleaned or disinfected, while in the market, chickens are usually fed on maize bran and some cereals grain. Marketers treat diseased birds with un-prescribed drugs mostly antibiotic. The study shows that the demand for Local chickens was highest in the festive months of December and April and the lowest in February and March.

Therefore, the study observed that the main consumers in the market are piecemeal consumers who buy one or two birds at a time. These consumers slaughter the birds in their homes or occasionally request for slaughter services in the market place. Slaughtering of chickens in the market place is done in unhygienic place. The majority of the marketers considered local chickens as most profitable of the other types of chickens.

Marketers also gave different reasons are to the quality considered by consumers when purchasing local chickens. More than half of the marketers (96%) perceived test as the main attributes that attracts consumers to local chickens. Marketers also explained that some of their consumers considered local chickens as

having vital roles in socio-cultural functions, for which exotic chickens were not acceptable. Consumers were reportedly willing to pay more money for the purchase of local chickens. This shows a high potential for the development of local chickens in the study area.

Marketing Channel Of Local Chickens In The Study Area.

Marketing channels provide convenient means of studying the organization of marketing system. Kohls and Dawney (1968). Defined marketing channels as the way in which various agencies including middlemen and institution involved in marketing agricultural products are arranged in order to accomplish the movement of a product from the producer to the final consumer.

The first step in understanding the relationship in a marketing system, describe the system and the existing relationship within it. The organizational structure shows the flow of commodity from the producer to the consumers interms of physical product or market channel or both which are useful in indicating the relative importance of specified sources of supply. Kinds of outlets and sequence of market channels.

The channel shows that the farmers selling his chicken to assembler and consumers. The assembler assembled the chicken where the wholesaler comes to buy. They in turn sell the chicken to retailer who usually sells in small quantity and convenient unit to consumer on daily basis.

Sometimes farmers sell directly to the retailer who in turn sells to the final consumers as shown in the distribution channel I. Retailer may buy from the assembler and sell to the consumer and lastly the wholesaler can sell directly to the consumer as shown in the distribution channel vii.

Marketing margin/costs and return of local chickens Marketing for marketers.

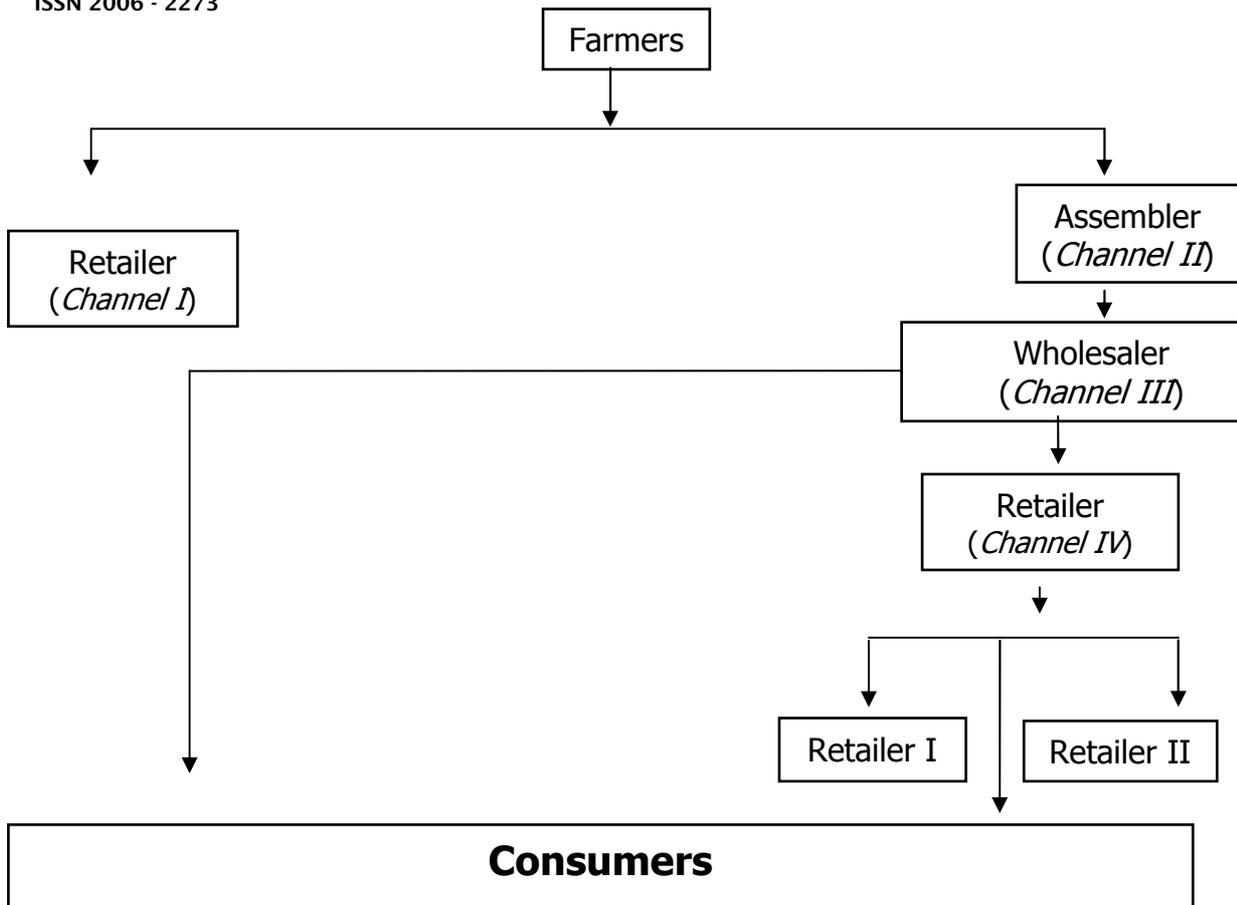
1. Cost Analysis

Marketing costs are the actual expenses incurred in the performance of the marketing functions as commodity moves from the farm to the ultimate consumers as indicated in table 14: The cost of transportation varies from type of vehicles and the amount of local chickens to be transported. Apart from using motor vehicles, head pasturage is another type of transportation where the farmer is close to the market. Bicycle and motorcycles also constitute another means of transportation. The labour incurred is mainly family labor, and hired labour for the loading of chickens or assembling in the above means of transportation.

Table 2: MARKETING COST INCURRED PER CHICKEN

Activities	Cost/Chicken
Transportation	N 10
Labour	N 20
Total	N 30.00

Selling price of a chicken = 700



Source: Field survey, 2009

Fig 1: Shows the various exchange point where buying and selling chicken take place in the study area.

Supply price of a chicken = 600

Total cost per chicken = 600 + 30.00

Total cost per chicken = 630

Therefore, selling price of a chicken - total cost of a chicken

$$700 - 630 = 70$$

For each one chicken a total sum of 70 is the profit to the marketers.

$$\begin{aligned} \text{MARKETING MARGIN} &= \frac{\text{Selling price} - \text{Supply price}}{\text{Selling price}} \times 100 \\ &= \frac{700 - 600}{700} \times 100 = \frac{100}{700} \times 100 \\ &= \frac{100}{700} \times 100 = 14.3 \end{aligned}$$

$$\text{MARKETING MARGIN} = 14.3\%$$

Based on the marketing margin 14.3% was obtained which shows that marketing of local chicken is the outcomes of the demand by the consumer and this is profitable to the marketers.

This study also identified the following problems facing the local chicken marketers in the study area.

Table 3: DISTRIBUTION OF LOCAL CHICKENS MARKETERS ACCORDING TO PROBLEMS

Constrain	Frequency	Percentages
High mortality rate	23	76.00%
Costly transportation	10	33.00%
Price fluctuation	9	30.00%
Diseases	4	13.00%

N ≠ 30 because of the multiple responses

High Mortality Rate

About 76% of the marketers complained about the problem of high mortality. This is attributed to poor modes of transport for live chickens, high mortality rates in birds during transit is a function of factors which include stress and spread of diseases infections during mass transportation of birds.

Transportation Cost

One of the major constraints of chicken marketers is the costly transport which was mentioned by 33% of the marketers. This problem is due to the absent of marketers organization to market local chickens. Because, if marketers organized themselves into groups in order to market local chickens can help them to cut down the transport cost.

Price Fluctuation

About 30% of the marketers complained of the problem of price fluctuation. This is due to the highest demand for local chickens coincided with the major social and religious festival of the year, these are eid-el-fitr, and eid-el-kabir, maulud, Christmas and New Year season (Nov - Jan) and Easter season (April). These religious festival days are associated with increased local chickens consumption and sales, these pattern causes strong fluctuation in prices of local chickens.

Diseases

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About 13% of the marketers complained of the problems of diseases. The prevalence of diseases in the market is not surprising since local chickens are almost never vaccinated against diseases.

CONCLUSION AND RECOMMENDATION

On the other hands, based on the findings of this study, high mortality rate, price fluctuation, costly transport, diseases were found as some of the problems affecting local chicken marketing. Despite these problems, the marketing is still economically viable. Extension agents could therefore capitalize on these facts to improve the marketing of local chickens in the study area. In view of the results of the study, the following recommendations were made for effective marketing of local chickens in Kumbotso Local Government Area of Kano State.

1. Local chicken marketers needs to be trained and included in the education programmes for busines management. This can be achieved through government intervention.
2. Government should provide incentive to financial institution to make formal credit available to local chickens marketers as soft loans.
3. Extension agents shall encourage local chicken marketers to form cooperative organizations in order to market local chickens. This can help us to cut down the transportation cost.
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