

Economic Analysis of Poultry Marketing in Ido Local Government Area of Oyo State, Nigeria

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Abstract: This study examined the economics analysis of poultry product marketing in Ido Local Government area of Oyo State, Nigeria. Sixty respondents were selected randomly and a well structured questionnaire was used to collect the data. Descriptive, budgeting and regression analysis was used for the processing of the data. The results showed that most of the respondents are write and they are in their active ages, also majority of the marketers are married. Budgeting analysis indicated that poultry product marketing is profitable, while regression analysis showed that there is significant relationship between the social economic characteristics of the respondents and the net returns. However, the net returns of poultry product marketers were negatively affected by age, marital status, area of specialization and source of income. An effective and cheap means of storage facility, feed and chicken processing is required to encourage production and reduce marketing cost.

Key words: Economic analysis, poultry product marketing, social economic characterestics, source of income

INTRODUCTION

Malnutrition in human diet has been a major issue being debated on world wide, mostly in the developing countries cases of poor health condition was traced to lack or inadequate animal protein in their diet. Feeding on food of animal origin is probably the fastest economic and nutritional route to improvement in the nutritional status; this is not far from the fact that foods from animal origin have the capability of 35 g per capita of animal protein per day (Ojo, 2003).

Poultry is one of the main sectors where over 60% of animal protein is being derived. However, the increased growth rate experienced in this industry does not commensurate with the fast rate of growing population. According to the Food Agricultural Organization of the United Nation (F.A.O) 302,000 metric tones in 1987 and 330,000 tones in 1988, an increase of 10.9%. Annual capital consumption estimated at 2.5kg in 1987 and 3.1 in 1988, the slow growth rate observed has made it a necessity for the government and Non-governmental organization to seek ways to increase the production and supply of livestock.

Expansion of poultry industry will lead to marketing problems because regardless of what the producing interest may do to improve further their own efficiency and the quality of their products.

Agricultural marketing is concerned with all stages of operatives which include the movement of commodities from the farms to the consumers. It involves the performance of all activities involved in the flow of goods and services from the point of initial production until they are in the hands of the ultimate consumers.

Chicken production has evolved as one of the most efficient industries producing food. World chicken production was put to about 8 billion per Year, records further showed that each person in USA consumes about 15 kg of chicken meat and over 300 egg per Year (Odunsi *et al.*, 2004).

Market is not limited in terms of geographical location anytime anywhere two or more individuals, groups or organizations enter into agreement concerning exchange of goods and services for money or any medium of exchange (Ladipo, 2004).

High price of poultry products has made it impossible for an average Nigeria to eat either meat or egg basically

meant for the standard nutrition requirement for, protein intake per day or monthly although exception do occur during festive periods. This study provides solutions to the problems discussed.

Objectives of the study: The general objective of this study is to examine economic analysis of poultry products marketing in Ido Local Government Area of Oyo State. The specific objectives are to:

- Identify socio-economic characteristics of the poultry products marketers.
- Determine the profitability of poultry marketing.
- Identify marketing problems in poultry product business in the study area.

MATERIALS AND METHODS

Area of study: The area of study is Ido local government area of Oyo State. It's one of the 33 local government areas in the state. The vegetation is derived savanna, rainfall distribution starts around April-May and stops in October. It comprise of various villages, the major occupation of the people are farming (subsistence) and trading. Invariably this had lead to a high population density in the area with many poultry farms and marketing outlets.

Sampling procedure and size: Purposive sampling technique was adopted since the researcher had the pre-knowledge of the population of the respondents, a population of 60 respondent was chosen, which made up of equal numbers of procedures, wholesalers and retailers.

Data analysis technique: The data obtained from the respondents were analysed with the use of descriptive statistics like frequency table, percentages, also budgetary analysis was used e.g. gross margin, net return marketing margin and marketing efficiency.

Budgetary analysis:

- Marketing margin Analysis
Marketing Margin (MM) = Total revenue - producers price or purchase price
- Marketing Efficiency or Benefit-cost Ratio
Total revenue/Total cost
If BCR > 1, the business is profitable
If BCR < 1, the business is not profitable

- Gross Margin (GM) = Total Revenue (TR) - Total Variable Cost (TVC)
- Net return = Total Revenue (TR) - Total Cost (TC)
- Expense structure Ratio = Fixed cost/Total cost
- Rate of return = Net return/Total cost

RESULTS AND DISCUSSION

Socio-economic characteristics of the respondents: The findings show (Table 1) that more male are involved in the marketing of poultry products than female though the difference is insignificant. These may be due to the fact that both sexes have responsibilities as most of them were married. Most of the respondents are in their active years (i.e. 93.3% of the marketers) while 6.7% are within the age group of 51-60. This is expected as the marketing of poultry products need agile people as this enhances productivity and making them to be independent economically.

Table 1 showed that 98.47% of the respondents have working experience of 1-20 years while 1.7% has experience of 21 years and above. Experience count in any business and this reflected in this study.

As in Table 1, all the respondents have one form of education or the other, this shows that they are literate and thus will improve their level of adoption of improve marketing technique.

Table 1: Socio-economic characteristics of the respondents

Sex	Frequency	(%)
Male	31	51.67
Female	29	48.30
Total	60	100
Age		
1-30	15	25.0
31-40	24	40.0
41-50	17	28.3
51-60	4	6.7
Total	60	100
Year of experience		
1-5	31	51.67
6-10	22	36.7
11-20	6	10.1
21 and above	1	1.7
Total	60	100
Educational qualification		
Modern school	5	8.3
Primary education	7	11.7
Adult education	6	10.0
Secondary school	12	20.0
Tertiary	30	50
Total	60	100
Area of specialization		
Producer	35	58.3
Wholesaler	16	26.7
Retailer	9	15.0
Total	60	100

Table 2: Frequency distribution of type of poultry product specialized on

Products	Frequency	(%)
Chicken	21	35.0
Egg	21	35.0
Both	18	30.0
Total	60	100

Table 3: Frequency and percentage distribution of the factor Militating against Marketing of poultry product

Factors	Frequency	(%)
Locating customers	5	8.3
Storage facility	13	21.7
Feed	21	35.0
All of the above	7	11.7
Other factors	14	23.3
Total	60	100

Source: Field Survey, 2006

Table 4a: Budgetary analysis of poultry product

Factors	Value (₦)
Variable cost	23.000
Fixed cost	7.100
Total cost	31.000
Total revenue	44.460

Table 4b: Budgetary analysis of poultry product

Profitability ratio	Value (₦)
Benefit cost ratio	1.43
Expense structure ratio	0.22
Total revenue	44.460

The respondents have different areas of specialization, 58.3% are producer, yet marketers, 26.7% are wholesalers and retailers.

From Table 2 it shows that 35.0% of the markets are specialized in chicken and in egg marketing respectively while 30% are into both of them. This implies that majority of them are specialized on both chicken and egg marketing respectively.

Table 3 showed factors militating against marketing of poultry product 35.0% of the marketers are faced with feed factors, 21.7% had storage facility problem, 8.3% battles with locating customers 11.7% had all the above problems, while 23.3% had other various problems e.g. transportation, pilfering etc.

Budgetary analysis of poultry product: From Table 4a and b the gross margin for the marketers is ₦21,460, Net return is ₦6,540. The benefit cost ratio of 1.43 indicates that marketing poultry product is profitable in the study area. The rate of return of 0.22 implies that for every ₦1.00 invested 22 k is gained.

The expense structure ratio is 0.22, indicating that 22% of total cost of marketing is made up of fixed cost component. The fractions of the fixed costs were minimal, making the business worthwhile.

CONCLUSION

The study aimed at economic analysis of marketing of poultry products in Ido Local Government area of Oyo state. The findings showed that majority of the marketers are wholesalers and falls within active age; both wholesalers and retailers had female with higher percentage. Most of the respondents were literate, which enhances their level of adoption of improved marketing strategies. There was significant relationship between age, working experience and quality of product sold. The enterprise is profitable because the benefit cost ratio is greater than one.

RECOMMENDATIONS

Based on the findings the following recommendations were suggested:

- There is a need to expand the market base visa vise establishment of more agro allied industries that would utilize these products.
- The government should ease transportation and storage facilities problems as to facilitate quality of the product, which will attract buyers
- More research needs to be done on the best method of marketing these products.

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