Marketing Analysis of Locally Produced Rice in Abakaliki Local Government Area of Ebonyi State

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ABSTRACT

The marketing structure of agricultural products especially Abakaliki rice has continued to threaten the rapid growth of the industry. With the increase in rice production, there is the need for a comprehensive marketing system that can absorb the surplus quantity produced. This paper therefore assesses the marketing system of Abakaliki rice in Abakaliki Local Government Area of Ebonyi State. Market analysis is the evaluation of the growth of profit opportunities that may be available to the marketer. Part of the specific objectives of the study are:- to estimate the profitability of marketing Abakaliki rice and to establish the basic constraints militating against marketing of Abakaliki rice. A total of three markets located at Onu Ebonyi, Abakpa and Kpirikpiri were selected for the study and 120 marketers randomly picked using simple random sampling technique and proportional to the size of market were sampled. Data was analysed using descriptive statistics. The results showed that women dominate the trade as 62% of Abakaliki rice marketers are women, 41% of the respondents have experience of 16 – 35 years on the business while 65% of the respondents obtained their initial start-up capital from personal savings. Literacy level of the respondents showed that 56% obtained secondary school education. The analysis also shows that marketing of Abakaliki rice is lucrative as N192, 740 only was the net profit at the end of the trading period. Government policies were the greatest challenges confronting the business. The study recommends formation of cooperative societies to enhance accessibility of start-up capital since a greater number of sampled marketers are literate while governments should develop a marketing policy that increases the marketing network of Abakaliki rice.

Keywords: Market, Marketing analysis; local rice; Abakaliki rice markets.

INTRODUCTION

Traditionally, agriculture is assumed to play passive and supportive roles in economic development. Provision of sufficient low-priced food and manpower to the expanding industrial economy, which was thought to be the dynamic ''leading sector'' in any overall strategy of economic development was the primary purpose [1]. Emphasis are placed on rapid industrialisation with the agricultural sector fuelling the industrial expansion by way of cheap food, surplus labour, inputs for industry such as textiles, food processing,

foreign exchange, rising rural incomes and factor market (labour and capital) contributions.

Between 1980 and 2004 as estimated by the World Bank and cited by [1] notes that developing countries record faster growth rate in the value of agricultural output of 2.6% per year as against 0.9% per year of the developed economies. This growth is all inclusive and could be a reaction to the remarks of one time Secretary General of the United Nations and first Chairman of the Alliance for a Green Revolution in Africa, Kofi Annan. The Secretary observes that "Africa is the only region where overall food security and livelihood are deteriorating and efforts shall be intensified to reverse this trend by working to make available an environment that is sustainable, uniquely African Green Revolution where our poorest finally prosper and all African will benefit''.

Agriculture the world over not just Africa or Nigeria in particular remains the central focus of most administrations and to this end governments at different levels have been taking deliberate actions to encourage greater participation in order to boost production. Nigeria is the largest producer of rice in the West African Sub-Region, [2].

Nigeria.aress.ppt. By 2002, the country accounted for 57% of the total rice produced in West Africa despite the fact that only 35% of the available land for rice production estimated at between 4.6m and 4.9m hectare was cropped.

Long before the creation of Ebonyi state in 1996, Abakaliki was known as having the highest concentration of rice mills in West Africa, [3]. About 300 mills at various locations in the state where processing and marketing to both whole-sellers and retailers take place are privately owned. Ikwo, Abakaliki, Izzi, Ebonyi, Afikpo South and Ivo are notable places where massive rice farming takes place. The productive activities of these farming locations have increased rice production and with this, a complete marketing system for the product began to evolve to absorb the surplus quantity produced. Ebonyi state remains the hub of rice production in Nigeria and this is very strategic to the realisation of the Federal Government's agenda of attaining rice sufficiency in a short while according to [4], one time Permanent Secretary, Ministry of Agriculture and Natural Development.

This paper therefore deals with the marketing analysis of locally produced rice in Abakaliki Local Government Area of Ebonyi State.

Statement of problem

In spite of the role rice plays in human life and its effect on the economy of Nigeria, researchers have tended to shy away from scholarly investigations on the constraints and challenges militating against marketing locally produced rice in Abakaliki. It is only when such studies are conducted that solutions can be provided to both rice farmers and traders on the best ways to market their product to their esteemed customers profitably. It is on this disconnection that this study intends to address.

Objectives of the study

The broad objective of the study is to evaluate marketing system of locally produced rice in Abakaliki Local Government of Ebonyi state. The specific objectives are:

(1) To examine the socio-economic characteristics of the respondents within the scope of the study.

(2) To establish the basic constraints of marketing locally produced rice in Abakaliki Local Government Area of Ebonyi Stae.

(3) To estimate the profitability of marketing locally produced rice in Abakaliki Local Government Area of Ebonyi State.

(4) To proffer suggestions for the improvement of marketing local rice in Abakaliki Local Government Area of Ebonyi State

Significance of the Research

This study will provide useful information on the most appropriate ways of marketing Abakaliki rice. It will be of specific value to the coordinators of various rice mills in the state, Rice Producers and Marketers Associations, rice consumers and intending researchers on rice production and marketing in Abakaliki.

Methods

Participants

The participants were solely drawn from Abakaliki rice dealers in Onu Ebonyi Rice Mill, Abakpa and Kpirikpiri Markets. A total of 105 participants were sampled and they consist of 40 males and 65 females. Their ages range from 25 years to 46 years and above. Recognising their marital status, 25 of the participants were single, 65 were married, 5 divorcees and 10 were widows. On educational background, 10 participants had post secondary education while 59 participants had secondary education and 36 participants obtained only primary education. Only 29 of the participants had been in the business

for between 1 – 15 years, while 43, 21 and 12 participants had 16 – 25 years, 26 – 35 years and above 36 years experience respectively.

Sampling procedure

Abakaliki rice is sold in almost all the major markets in Abakaliki Local Government Area and even beyond. This underscores the acceptability of Abakaliki rice and the potential it has in addressing ever increasing rice demands in Nigeria thereby replacing importation from Thailand, America and other rice producing countries. For the purpose of this study therefore, three major markets located at Onu Ebonyi, Abakpa and Kpirikpiri in Abakaliki are selected purposively for sampling. One hundred and twenty (120) marketers were randomly selected using simple random sampling technique and proportional to the size of the market. Data was collected through primary sources and it was conducted with the aid of structured questionnaire administered to rice marketers in the three selected major markets. A total of 120 questionnaires were administered to the three major markets thus: Onu Ebonyi Rice Mill (55), Abakpa Market (35) and Kpirikpiri Market (30). Only 105questionnaires were properly completed and recovered as follows: Onu Ebonyi Rice Mill (50), Abakpa Market (30) and Kpirikpiri (25). This is 87.5% response rate and 12.5% non-response rate.

Scope of the study

The study was conducted in Abakaliki Local Government Area of Ebonyi state. Incidentally, Abakaliki is the capital of Ebonyi state and it is located 64 kilometres Southeast of Enugu state. The name which means Aba Nkaleke is derived from a community in Izzi land – Nkaleke. Abakaliki is the centre of agricultural trade like yams, cassava, rice, kola nuts, palm oil and palm kernels, [5]. [6], that the state is equally famous in the production of local lead, zinc, salt, limestone and quarry. The increase in agricultural related businesses is traceable to tax holiday and huge incentives of state government to major private investors. The state government also promotes both poultry and egg production [5].

In the state, there exist a number of markets where rice is a major commodity of merchandise and this further justifies why this study has decided to analyse the marketing system of Abakaliki rice.

Conceptual framework

Market

A market "is a set of actual and potential buyers of a product" [2]. This is an advanced strategy of obtaining desired needs because of the introduction of a merchant or central place that exchange process takes place. In a given volume

of exchange, the presence of merchant/market reduces the number of transactions required [4]. A market can spring up around a product, service or anything of value to the participants.

For instance, the emergence of money market is to respond to the needs of applicants desiring to borrow, save, lend and/or secure their money.

Marketing

Marketing is a matching process between a company's capabilities and the wants of customers, [7]. It is the creative management function which promotes trade and employment by establishing consumer needs and initiating research and development to meet them, [8]. In other words, it is the process of identification of customers' needs and matching such needs satisfactorily and profitably. It also involves thorough explanation of the unique features and characteristics of the product which are not found in other similar products in order to obtain customer patronage and loyalty. [9] observe that, just like in other products, improved handling of rice can greatly enhance productivity, reduce grain losses arising from processing technologies and improve its marketability.

[3] explains marketing as a "human activity directed at satisfying needs and wants through exchange process". The complexity and ever abundant human needs are basic parts of life and if such needs are unsatisfied, it creates unhappiness and tension. A need is the emergency of felt deprivation. Wants on the other hand is dictated by our need and shaped by our culture and individuality. [10], argues that wants are described in terms of culturally defined objects that have the ability of satisfying the identified need. Exchange in the words of [10] involves trading-off a desired object by offering something in return. Exchange is a unique human activity that promotes specialisation of skills.

Market Analysis

Market analysis is the assessment of the growth and profit opportunities likely to be open to it in the candidate market [10]. Furthermore, it is a part of business plan that gives information about the commercial market in which the business operates, purchasing habits of customers in the market and possible information about competitors. Market

analysis is a process of evaluating market size, growth rate of the market, profitability, cost structure of the industry, channels of distribution, market trends as well as key success and failure factors.

Market size entails assessing and determining the current sales and

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applying such to estimate future sales if the product patronage increases. Market analyses based on the growth rate of the market emphasises the need to look at growth drivers as well as the sales growth of complementary products.

Profitability determination involves is the application of the average profit potential arising from the different profitability levels of different forms in a market. This provides a guide on the profitability of making money. Market profitability factors include buyer power, supplier power, barriers to entry, threat to substitute and rivalry among firms.

Cost structure is useful in establishing key success factors and in this regard, when value is added on a product, it is important to evaluate the associated costs. Market trends help to find out changes in the market so that opportunities and threats can be determined. For marketing objectives to be achieved, it is necessary to know the effect certain factors have on marketing the products. Such factors include progress in technology, access to channels of distribution and other factors that can promote product growth and acceptability.

Rice marketing is the performance of all business activities from paddy, the milled and initial production to the hands of final consumers at the right price, time and profit margin that can sustain both the farmers and marketers [11]. This seemingly simple but complicated exercise is complemented by the activities of marketing channels that direct the path of a product from its raw state to the producers and eventually final consumers. Channels of distribution entail assessing existing channels, trends and power .It is made up of institutions and individuals acting as middlemen and link between the producers and consumers. [12], notes that the middlemen are the private individuals carrying out various marketing functions of buying and selling from the producers to the consumers respectively.

In summary, the goal of market analysis is to determine the attractiveness of a market and to understand its evolving opportunities and threats as they relate to the strengths and weaknesses of the firm [13].

Rice

The world over, rice remains the most consumed cereal grain grown and the third largest produced food crop [4]. Thailand is the biggest exporter with an approximate record figure of 7.6m tons yearly; Viet Nam exports 3.7m tons annually while the United States of America exports 2.6m tons annually according to the International year of Rice Report of 2004.

Rice contains b-sistosterol, a natural substance that lowers blood cholesterol levels (http://www.Rice Milk.com). There are over 140,000 varieties of rice with the long, medium and short grains as the commonest. There is also brown rice that only the husk is removed and the white ones that much of its nutritional values are stripped during the milling stage thereby making the brown species higher in nutrition.

Nutritionally, rice contains complex carbohydrates that give energy to the body and fuel for the brain for proper functioning. Rice provides vitamins such as riboflavin, thiamine and niacin [2]. It also contains iron, vitamin 'D' and calcium as well as eight amino acids which make it a good source of protein.

Challenges of Marketing Abakaliki Rice

One of the major reasons for poor performance of local rice production and marketing is the neglect of the sector in the development priorities of the governments. Marketing can only take place when the products to be marketed are available. [13] notes that the first challenge is lack of irrigation to guarantee all year farming of rice, one time interim Chairman of the Rice Mill Owners Industrial Enterprise. Other major challenges include but not limited to financial support to enhance stocking, shortage of marketing opportunities, bad roads and lack of price control system board to check price fluctuations among others. Therefore, getting the role of government right in agriculture generally and rice production in particular has remained a serious challenge to the development of rice production and marketing of Abakaliki rice in Ebonyi state.

TECHNIQUES FOR DATA ANALYSIS

The analytical technique for this study is mainly descriptive such as frequency count and percentage to determine the socio-economic characteristics, profitability, basic constraints/challenges and possible suggestions on marketing Abakaliki rice. Return on investment (ROI), Profit and Gross Margin formed part of the data analysed using descriptive statistics. The profitability of marketing Abakaliki rice is calculated using gross margin.

The following equation was applied to determine the profit: TI – TVC = GM

Where TI = Total Income, TVC = Total Variable Costs and GM = Gross Margin.

Objective 1: Determination of the Socio-economic characteristics of Rice Marketers in Abakaliki Local Government Area of Ebonyi state

Table 1: Characteristics of rice markers in Abakaliki Local Government Area of Ebonyi state

S/N	Questions	Response	Frequency	Percentage
	Gender	Male	40	38.10
		Female	65	61.90
	Total		105	100
		Below 25	10	09.52
	Age	26 – 45	61	58.10
		46 and above	34	32.38
	Total		105	100
3		Single	25	23.81
		Married	65	61.91
	Marital Status	Divorced	05	04.76
		Widowed	10	09.52
	Total		105	100
4		Tertiary Institution	10	09.52
	Educational Level	Secondary School	59	56.19
		Primary School	36	34.29
	Total		105	100
		01- 15 years	29	27.62
	Experience in Marketing	16 - 25 years	43	40.95
	Abakaliki Rice	26 – 35 years	21	20.00
		36 years above	12	11.43+
	Total		105	100
6		Personal Savings	68	64.76
		Loan from Govt.	Nil	Nil
	Sources of Capital	Support from friends and relations	14	13.33
		Loan from Cooperative Society	23	21.91
	Total		105	100

Source: Field Survey, 2015

Table 2: Identification of Challenges of Marketing Abakaliki Rice

S/N	Question	Response	Frequency	Percentage
1	Challenges/Constraints	Bad Roads	20	19.05
		Government Policies	32	30.48
		Absence of Irrigation	21	20.00
		Inadequate Capital	15	14.29
		Storage Facilities	10	09.52
		Price Fluctuation	05	04.76
		Damages	02	01.90
	Total		105	100

Source: Field Survey, 2015

Table 3: Financial Implications of Marketing Abakaliki Rice

Items	Amount (N)
Total Income	900,000.00
Variable Costs	
Cost of rice (purchase)	N631,400.00
Transportation	11,560.00
Labour of de-stoning	1,000.00
Cost of bags	3,600.00
Various market union levies	3,200.00
Local Government rates/taxes	7,000.00
Rat killer	1,000.00
Other costs	3,000.00
Total variable cost (TVC)	661,760.00
Fixed Costs	
Bushel (small and big)	8,000.00
Tin	500.00
Cutter	200.00
Shop rent	36,000.00
Other smaller measures	800.00
Total fixed cost (TFC)	45,500.00
Gross Margin (TI – TVC)	238,240.00
Net Profit (GM –TFC)	192,740.00

Source: Field Survey, 2015

Results and Discussion of Findings

Marketing analysis of locally produced rice in Abakaliki local government area is as shown on table 1. The variables studied are age, marital status, educational level, marketing experience, and sources of capital. Findings indicate that 62% of rice marketers in Abakaliki were female while 38% were male. It shows that those dominating the trade were women. The table also shows that 58% of those in the trade are between the ages of 26 to 45 years, 34% are those above 46 years of age while 9% of those in the business are less than 25 years old. It implies that the business is dominated by the middle aged probably because the business requires some elements of strength.

61%, 24%, 10% and 5% of the respondents that market Abakaliki rice are married, single, widowed and divorced respectively. Secondly, school leavers are more in the trade as 56% of the respondents attended secondary school while 34% and 10% attended primary school and tertiary institution respectively. Most of the marketers have long standing experience as 41% of the respondents have 16 to 25 years of experience, 28% have 01 to 15 years of experience, 20% have 26 to 35 years of experience and 11% have over 36 years of experience. Capital is mainly sourced from personal savings as majority of the respondents (68) agreed that they obtained their start-up capital from personal savings. Nobody among the respondents sourced initial capital from the government while 23 and 14 respondents got their initial capital from cooperative society and support from relatives/friends respectively.

The challenges confronting marketers of Abakaliki rice as contained on table 2 are multifaceted. 32 out of the 105 respondents agreed that government policies have been affecting their operations while 21 and 20 respondents

opined that absence of irrigation and bad road have continued to threaten the marketing potentials of rice marketers respectively. There were also reactions on inadequate capital, storage facilities, price fluctuations and damages as 15, 10, 5 and 2 respondents agreed that those factors affect their business. All these challenges/constraints are aggregated to poor government policies. This agrees with the submission of Sczepanik as cited by [14] that neglect of the agricultural sector accounted for major reasons of poor performance of rice production and marketing.

The financial implications of marketing Abakaliki rice as table 3 depicts shows that the estimated total variable cost was N66, 760.00 while the average total income as obtained from the marketers amounted to N900, 000.00 only, the gross margin was N238, 240.00 and the net profit was N192, 740.00 only. This indicates that the business of marketing Abakaliki rice is lucrative. This may be as a result of increase in the demands for the rice as a result of sudden increase in the price of foreign rice according to some of the marketers interviewed.

CONCLUSION

The study shows that 62% of Abakaliki rice marketers are women while 58% are of middle age. 62% are married, 56% have secondary school education, 41% have 16 to 35 years of experience in marketing Abakaliki rice and 65% obtained their initial start-up capital from personal savings. The greatest challenges facing marketing of Abakaliki are government policies, bad roads and inadequate capital to expand the business. With a net profit of N192, 740.00, it implies that marketing of Abakaliki rice is indeed profitable in spite of the reported challenges. This

study therefore recommends that taking advantage of literacy level of the marketers, formation of cooperative bodies to boost their capital sourcing opportunities may be an advantage. Agricultural policies of infrastructural provision in the areas of road construction, maintenance and irrigation to increase rice production and marketing policy that determines the nature of competition, effective methods of distribution and methods of transportation should be a priority of the government.

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