

Empirical Survey of Agricultural Marketing Practice in Central Nigeria

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Abstract: *Agriculture is very crucial to the Nigerian economy. So are those who are involved in marketing of the produce and livestock, which emanate from the sector. The paper overviews and highlights some of the basic concepts fundamental issues on marketing principles and agricultural product. It survey the level of conception and practice of marketing principles by agricultural producers. The study concentrated mainly on the north-central part of Nigeria. Comprising of Nasarawa State, Benue State, Niger State and Federal Capital Territory. Prior to the evolution of modern commerce, barter system was the order of the day and agricultural activities benefited a lot from the system. As the problem of exchange difficulties, lack of unit value, double coincidence of wants and others associated with the system were affecting other activities, agricultural products suffered as well. Its growth is essential and indispensable in order to meet the challenges of the modern world. But the sector has been neglected over the years. For the sector to move forward there is need for application of marketing principles in its operations. Thus, the marketing concepts which will provide immense opportunities for the growth of agricultural sector were identified. A sample size of 250 respondents was chosen from the selected farms to obtain useful information through the use of simple percentages and chi-square statistical tools. This was to ascertain whether or not there was any relationship between marketing of agricultural product and economic growth. It was, however, found that there is a significance relationship between marketing of agricultural products and economic growth, that there is also a significant relationship between the marketing practice and agricultural produce. From the randomly selected farms in the region. It is the recommendation of this study that for the agricultural sector to secure the present and future farms, they must in all ramification integrate marketing practice and government should improve on the administrative, and control of economic activities.*

Keywords: *marketing, agriculture, relationship, economic growth, research.*

I. Introduction

The growth of the agricultural sector is essential and indispensable in order to meet the challenges of the modern world.

Agricultural marketing cannot, however be planned and executed in isolation of the development, dynamism and improvement occurring in the business world. Kotler (2003) sees marketing as a process of exchange between individuals and or organisations that brings satisfaction to the two parties in terms of attainments of goals and objectives in the case of the other. Marketing encourages encapsulations of ideas packaged in form of products by individual and sold to another who has a need that this product would fill. In other worlds, there are groups of individuals whose needs are waiting to be fill filled. This group of individuals is known as the market.

Nigeria used to be an agrarian economy. In the early 50s up to early 70s before the discovery of crude oil, agriculture was the mainstay of the economy employing about 70% of the total population. Although subsistence farming was the order of the day then, it was a major revenue earner for the country.

In the early 1980s, it become more apparent that the agricultural sector could no longer perform its traditional role of meeting domestic food requirements, raw materials for industry started to decline as major foreign exchange earner through exports due to various economic, social and political problems.

Consequently, the then federal government under President Ibrahim Babangida, in the 1986 budget, proposed a programme of economic recovery to combat the various distortions in the structure. He created the directorate of foods, roads and rural infrastructure (DFFRI) while the River Basins Development Authorities were restructured and directed to concentrate on the supply of water for irrigation rather than going into the direct agricultural production. By the second half of 1986, the economic recovery programme was revised into a more comprehensive structural Adjustment programme (SAP).

Under SAP, the government put in place agricultural policies purposely for industrial reforms, improved pricing policy and production schemes for local staples.

Among these reforms were the abolition of the commodity boards and the privatization of many agricultural enterprises formerly run by the public sector.

Up to the end of the 19th century, the pattern of agriculture was one of small industry with production, transportation and communication and other marketing problems of a largely local nature. Agricultural production grew tremendously with the opening of new western lands and markets. Other factors that gave rise

to agricultural production even to date range from population explosion, rising standard of living, improving purchasing power, education, high breed seedling, technology, infrastructure development such as good roads, communication, transportation, farming equipment, railways, seaport, foreign market development etc.

The Nigerian perspective to boost agriculture, government has embarked on so many projects in this drive. They range from subsidies of fertilizer, tractors, farm implements, high breed seedlings fadama projects, agricultural banks, research institutes, foreign market development etc.

Investment in improved distribution networks of goods and services has the potential to create time and place utilities and hence create wealth and enhance perceived life quality. A high standard of living could not be delivered without a large retailing component in the marketing system (Drucker, 1999). Elements of marketing promotions have been found to have positive effect through increased information in the market place (Achumba, 1994).

Statement of the Problem

In developing country like Nigeria, the performance of agricultural marketing has been dwindling over the years.

In improving the agricultural problem of goods and livestock in developing countries, it is important to understand the nature of agricultural marketing problems:-

1. Lack of transport facilities:- this has many dimensions, in some case, there are not enough vehicle or good road to carry goods from the farms to the rural markets and from rural market to the town or cities
2. Sources of supply:- Commodities are produced on small size and farmers are scattered over the country. It is not an easy task to organised how the goods can be assemble for efficient marketing.
3. Lack of efficient handling, packaging and processing facilities:- Marketing problems cannot be completed if there are no handling, packaging and processing facilities. All the harvested crops must be sold within a given time and because there are packaging problems of prize a substantial part of the produce are loss before getting to the market.
4. Lack of uniform weights and measurements:- In the market, different types of measurement are used. Weights are rarely used in marketing food and livestock products, prices is usually by haggling (arguing) and the price depend upon the bargaining of the buyer, sometimes buyers pay price according to their assumed social status.
5. Inadequate research on marketing:- over the years effort have been geared towards producing more without thinking about how to market them. There is need for research on consumer demand and preference, handling packaging etc.

However, these problems can be reduced or solve if there is effective and efficient management of the resources and application of the marketing concepts and principles for the promotion of agricultural products for national development.

Objectives Of The Study:-

1. To find out whether economic growth and development could be achieve through the application of marketing principles to agricultural activities.
2. To proffer vital recommendation on how to expand agricultural products frontiers via application of marketing principles.

Hypothesis:-

The following hypothesis, inter alia were tested to determine the validity of the data collected and to answer some pertinent questions.

1. There is no significant relationship between marketing of agricultural products and economic growth.
2. There is no significant relationship between marketing practice and agricultural produce.

II. Literature Review

Giles (1982) define marketing as the planning, coordination, implementation and controlling of all market transactions in such a way that a sustained satisfaction of the needs of current and potential customers toward the achievement of corporate objectives is granted, while at the same time contributing toward reducing ecological and social impacts and restoring social and ecological health. Literature search revealed that so many scholars in the field of marketing and service management have attempted to discover global or standard dimensions of service quality that are considered important by customers.

However, the most significant contribution towards the development of a quantitative yardstick for assessing a firm's service quality is conducted by Parasuraman et al (1985, 1988).

Parasuraman et al (1988) identified five dimensions of service quality:

1. Tangible (the physical facilities, equipments, personnel and communication materials).

2. Reliability (the ability to perform a promise service dependably and accurately).
3. Responsiveness (the willingness to help customers and provide prompt service).
4. Assurance (the knowledge and courtesy of employees and their ability to convey trust and confidence).
5. Empathy (the caring attitude, which provides individualized attention to customers).

In this regard, there is the need to expand agricultural products frontiers via application of marketing principles in every society especially in developing country like Nigeria.

This is important because it could increase earning from export, reduce imports, contribute to G.D.P, employment generation and nutritional value to the populace.

Based on the above identified five (5) dimensions of service quality. I am of the view that economic growth and development will be achieved through application of marketing principles to agricultural activities. In this regard, there must be maintenance of products aimed at preserving quality of commodity (including organic materials of crop, livestock, fish, wildlife and marine origin) until they are available to prospective buyers. These facilities include silos, refrigerators, warehouse, storage facilities, meat processing plants and provision of transportation/distribution which make the product available to the consumer at the right place, and at the right time.

Customer Satisfaction:-

For most agricultural products, customer satisfaction has a strong positive effect on critical success factors such as customer loyalty (Serenko, 2006). Customer satisfaction is the extent to which a firm fulfills a customer's needs, desires and expectations better than competitors Perreault et al (2009). In the global market, every producer competes with each other for the same customer such that a single bad contact experience can have an exponential ripple effect (Jobber, 2004). A well organised complaints handling process can have an impact on customer satisfaction. Customers who complain and are well attended to can be more satisfied and less likely to switch than customers who had no cause for complaints at all (Nyer, 2000).

Therefore, agricultural marketing cannot, however be planned and executed in isolation of the development, dynamism and improvement occurring in the business world. The growth of the agricultural sector is essential and indispensable in order to meet the challenges of the modern world. The concept of agricultural marketing will lead to effective and efficient distribution of product and livestock to the consumers at the right place, at the right price and time.

Marketing Of Agricultural Products:-

In most developed countries, government acts through the various agencies and corporations for agricultural marketing which are supposed to buy directly from farmers, guaranteeing minimum prices for most commodities. It also finances the crops and supplies agricultural products to retailers. Furthermore, in time of scarcity it is the only one allowed (or using concession to private organisation) to import foodstuffs and in time of glut it subsidizes farmers and arranges for the storage of the surpluses. The government also sets maximum retail prices for a variety of staples.

Generally, the chain of distribution in agricultural marketing includes the producer, middlemen, wholesalers, government, retailers and cooperatives societies. While the producers (manufacturers and suppliers of agricultural goods) operate the dual system of distribution i.e. selling directly to wholesalers and retailers, the middlemen, who are also called the truckers provide essential roles in the channel of distribution as they finance the crops of farmers, supply them with seeds, fertilizers and other necessary inputs. Distribution of agricultural product via the retail outlets can take different forms. Consumers can patronize stalls in the municipal markets.

These consumers are usually of low-income category. Large supermarkets which operate modern stores are also veritable retail outlets in agricultural marketing. They are wholly patronized by the average income earners and the affluent in the society. These stores are characterized by neat environment, refrigerator produce, relatively higher prices, branding/packaging of products.

In agricultural marketing, price is not only used to determine profitability of the product, but also contains margins associated with other cost aspect of the product such as storage, promotion, transportation and delivery services. It is also associated with quality or grade of a particular produce i.e. the higher the grade, the higher the price. This is mostly witnessed in cash crops like cocoa, palm oil and other locally consumed produce like corns, yams and livestock.

Kotler, (2005) is of the view that a firm must set a price for the first time when it develops a new product, when it introduces its regular product into a new distribution channel or geographical area and when it enters bids on new contract work. The firm must decide where to position its product on quality and price.

Of paramount importance among the marketing mix variable is pricing. It happens to be the most complex aspect of decision making for an executive because it is very tasking to determine a price for a product unlike what is experienced in non-agricultural products where pricing or price is highly sensitive that it could make a mar a product in the market irrespective of efficiency or other strategies.

What mostly affect agricultural produce pricing include price elasticity of demand and supply, competitive structure of the farming industry, seasonal price movement due to periodic or seasonal harvest, price variations as a result of demand and supply in the market.

Akankpo et al (2006) observed that grains could not be stored for a very long period because deterioration in quality occurs. In the area of transportation Damisa (2007) observed that transportation of rice product was well handled with little losses from torn bags, wastage in transit being recorded. This is in consonance with Johnson's (1999) submission that poor and expensive transport cost increases marketing cost and the substantial effect is usually felt by the consumers who bears the large percentage of the burden of the transport cost.

Economic Growth And Development:-

The achievement of a high rate of economic growth is one of the four main objectives of macroeconomic policy, Spangenberg, (2004) the significance of economic growth lies in its contribution to the general prosperity of the community. Growth and development is desirable because it enables the community to consume more private goods and services, and it also contributes to the provision of a greater quantity of social goods and services (health, education etc), thereby improving real living standards. However, rapid economic growth can also contribute to the exhaustion of finite natural resources and exacerbate problems of environmental pollution (Goldstein, 2002).

Lawrence et al (2005) observed that the ability of an economy to produce more goods and services is dependent on a number of factors:-

1. An increase in the stock and quality of its capital goods (capital accumulation)
2. An increase in the quantity and quality of its labour force. The standard of education as well as the ability to pay for it has decline sharply in Nigeria over the last decade.
3. An increase in the quantity and quality of its natural resources.
4. An efficient use of factor inputs so as to maximize their contribution to the expansion of output, through improved productivity.
5. The development and introduction of innovative techniques and new products
6. The level of aggregate demand, the level of demand needs to be high enough to ensure the full utilization of the economy. This is were the principles of marketing need to be applied.

Economic growth is usually measured in terms of an increase in real gross national product (GNP) or gross domestic product (GDP) over time or an increase in income per head overtime. The latter measure relates increases in total output to changes in the population. Therefore, if total output rises only a little faster than the increase in population, then there will be only a small improvement in average living standards.

But in Nigeria, governments have given greater priority to the objectives of full employment and stable prices than the growth objective. Consequently, fiscal and monetary policies have been used mostly for the purposes of short-run demand – management and not for the longer-rung objective of economic growth (Iyoha, 2000).

The Need for Marketing Ethics:-

Ethic marketing practices and principles are core building block in establishing trust, which help build long-term marketing relationships. In addition, the boundary-spanning nature of marketing (i.e. sales, advertising, and distribution) presents many of the ethical issues faced in business today. Therefore, ethical marketing from a normative perspective approach is defined as practices that emphasis transparent, trustworthy, and responsible personal and organizational marketing policies and actions that exhibit, integrate as well as fairness to consumers and other stakeholders. Murphy, Lacznia, Bowie and Klein, (2005).

Ethical issues in marketing have gone beyond just honesty in advertising. Issues like privacy and transparency have become relevant Fry and Polonsky, (2004) association like the AMA have published codes of practices for self-registration of marketing practices. Ethical issues are typically analyzed by stakeholders whom the marketing activities affect. With increasing competitive, markets were compelled to adopt practices that benefited customers. Otherwise, they could lose business to those competitors who adopted a more ethical approach towards consumers. Competition is thus one factors that compels businesses to pay attention to ethical issues in marketing.

Marketing is a field which is often viewed as inherently unethical, but it is in fact governed by law and standards of conduct just like any other field. Hunt and Vitell, (1986). People who are interested in selling agricultural product or work in the marketing field are expected to study and abide by the ethical standards of the industry, and academics interested in the study of marketing also look at how ethics are applied. According to Hombury, Krohmer and Workman (2004) awareness of ethical standards is heavily promoted at many

colleges and universities which teach marketing practices, and some institutions even have student associations dedicated to the development and promotion of ethics in business, including the marketing field.

III. Research Methodology:-

This study is the descriptive research as it is not only used in educational research to compare variables but also includes the survey method, correlational studies and causal comparative studies for ease of categorization. It is, therefore, non-experimental research because it deals with relationship between variables, the testing of hypothesis, and the development of generalization of findings, which applicability gave it the generally accepted validity and reliability of the data.

- a. A questionnaire was prepared based on the review of literature to determine agricultural marketing practice in Benue State, Nasarawa State, Niger State, and Abuja Nigeria.
- b. The questionnaire was distributed to a number of agric business firms employees in the three state including Federal Capital Territory Abuja Nigeria.

Out of the estimated 2000 total population, 250 i.e. 20% were used as the sample size. The sampling techniques employed in this study are the probability and non-probability methods. This was deemed necessary as it made possible to select and visit all the selected farms in the central region of Nigeria and interview all the managers. The lists were then drawn up consisting all the farms and places/ persons in each state being sampled.

The probability methods that were based on the list are; random, systematic, stratified and area sampling. Each of these methods ensure that every farm and the sample were given equal chance and opportunity to being chosen or selected for interview.

In this study, the questionnaire and interviewed were the instruments mostly used to collect data from the sampled respondents. But the observation as a technique was adopted to assist in providing supplementary information that are useful as it goes well with the interview guides to probe in-depth about the respondents motives for ease of comparison of variable and feasible non-verbal cues monitoring. Similarly, the oral interviews were conducted along side with the administration of the questionnaire.

The questionnaire served as the main instrument and the items raised in it and for the questions asked at the interview were structured types which comprised of Dichotomy and Likert Summated rating scales. The weights or values attached to the variables were done proportionately.

For example, the total score for all the items/questions was 100%. Each item like Yes/ No or favourable/unfavourable answers has 1:0 points. The highest score of 5, with the smallest value, of 1 was used for items as; strongly agree, disagree, undecided, agree, strongly disagree respectively.

However, the scoring is reversed for negatively worded items. The scores of the positive responses of each of the separated items are summed and averaged to yield an individuals attitude score (the score sum of items score) and items that have high correlation with total score are selected for the final scale.

The interval scale of measuring was found appropriate to use because of the scores interval such as:-

- 75 – 79 70 – 74 65 – 69 60 – 64
 50 – 54 45 – 49 40 – 44 35 – 39
 25 – 29 20 – 24 15 – 19 10 – 14 etc

And the averages/mid-points (x) summed up. The calculation of the mean and standard deviation of grouped data by mid-point method was also possible.

IV. Data Analysis

The data collected were analyzed in simple percentages and rankling correlation coefficient. But the chi-square statistical technique was adopted to analyze the data and to test the hypothesis. These data were presented in tables while the results were tested for significance at the 0.5 level as shown below. Out of the 250 responses considered useful for the analysis, the results revealed the observed and the expected outcomes of the variables.

Results:-

The statistical chi-square table was used for the responses from the sample and the results are presented as follows:-

Table 1: Chi-square of interrelationship between marketing of agricultural products and economic growth

Options	Observed N	Expected N	Residual	Chi-square	P
Yes	162	99.0	63.0	80.182	<.05
No	36	99.0	-63.0		
Total	198				

Source: Research Data (2011)

Table 2: Chi-square of interrelationship between marketing practice and agricultural products

Options	Observed N	Expected N	Residual	Chi-square	P
Strongly disagree	117	54.0	63.0	162.0	<.05
Disagree	81	54.0	27.0		
Undecided	9	54.0	-45.0		
Agree	0	54.0	-54.0		
Strongly	9	54.0	-45.0		
Total	216				

Source: Research Data (2011)

V. Discussion of Results

Hypothesis One:-

“There is no significant relationship between marketing of agricultural products and economic growth”.

From the analysis of data presented in table 1 above, the result reveals a chi-square value of 80.182 that was found to be higher than the critical table chi-square value of 3.84 at the .05 level of significance. The findings imply that there is a significance relationship between marketing of agricultural products and economic growth.

Hypothesis Two:-

“There is no significant relationship between marketing practice and agricultural products”.

The result/analysis of data in table 2 above reveals a chi-square value of 162.00 that was found to be higher than the critical table chi-square value of 9.49 at the .05 level of significance. The null hypothesis was, therefore, rejected. The findings imply that there is a significant relationship between marketing practice and agricultural produce.

VI. Conclusion and Recommendation:-

From the aforementioned, it is glaring that marketing principles plays a vital and crucial role in the operational life of every business organisation especially in agricultural sector. The study proffers the following recommendation to enhance effective and efficient marketing practice by agricultural sectors for economic growth and development:-

1. Farmers and agricultural marketers have suggested stabilization of producer’s prices as one of the panaceas for satisfying consumers of agricultural products. To them, this can take a form of inter-seasonal stabilization which is advised by paying less than world market prices in season of relatively high prices, thus surplus is accumulated which is used to augment the price in the season of falling or low world market prices.
2. They also recommend establishment of community market which, according to them, play a great role in the socio-economic development of the agricultural producers. Some of the organisations have been set up by farmers, excluding their control over the commodities they sell beyond the boundaries of their farms.
3. For consumers need to be adequately met, a lot of efforts should be made by the government and private sector to develop the rural areas in order to ease production and distribution of produce and livestock.
4. In order to reduce the problems of waste, confusion and dubious tendencies government should improve on the standardization and grading in the various markets.
5. There should be improvement on administrative control of economic activities, wide scope for free market forces in the economy, more roles for the private sector and emphasis shifted on agricultural pricing, trade, investment, production, extension, technology transfer, credit, insurance and other policy instrument that would encourage the private sector to embrace all the sub-sectors of agriculture and bring them to full potential in the near future.
6. Government can stimulate the growth process by increasing current spending in the economy through tax cuts, and by increasing the money supply and reducing interest rates (monetary policy) additionally, they can operate on the supply side of the economy by promoting enterprise initiatives and providing resources.
7. There should be improvement in agricultural trade fair activities were producers of agricultural products meet to display their products and services for mutual benefits and transactions.
8. While agriculture performed its traditional role of marketing raw material for agro-allied industries, the industrial sector must provide the wherewithal required for agricultural machinery, pesticides and processing facilities etc. in the past our industrial sector has not paid much need to the needs of agriculture, to the detriment of both agriculture and industry. This situation must be arrested.

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