

Fed. Univ. of Tech., Minna, Niger State, Nigeria.

# Analysis of poultry feed marketing in Minna and its implication for increased poultry feeds supply in Minna Niger State

F. D. Ibrahim and E. S. Yisa

Department of Agric Economics and Extension Technology, Federal University of Technology, Minna, Niger State.

## Introduction

Poultry feeding constitute one of the most important aspects of poultry production. Existence of mammals largely depends on availability of food/feed, hence same can be said for poultry production (Ogunaike, 2003). Commercial poultry production is an intensive operation whose profitable establishment anywhere today requires a number of input. The availability and adequacy of poultry feed from a list of input needed by poultry production constitute the single major inhibitor to higher output of both eggs and poultry meat (Ikpi 1977).

The marketing of the various types of poultry feed is in the hand of private entrepreneurs. It is efficient in so far as the marketing agents respond to economic indicators and ensure that poultry feeds are moved to places where there is demand. However, in Nigeria feed accounts for about 65% to 80% of the total cost of commercial poultry production depending on the calibre of poultry management and the efficiency of the feed conversion by the selected breed. (Ikpi, 1977).

According to Kohl and Uhl (1985), an efficient marketing system is that which locates where there are surpluses of produce and brings them to where there are shortages. Further, reiterated by Adegeye and Dittoh (1982) is the fact that for a marketing system to satisfy the consumer, it must be supplied in the form, place and time the consumer wants them.

Poultry feed marketing is surrounded by a myriad of problems. In the case of poultry feed production, there exist a problem of a conflicting growing demand for both poultry products (and therefore an increase derived demand for poultry feed) and food grains like corn, millet, wheat, sorghum etc. for human consumption (Ikpi 1977).

The shortage and high cost of feed ingredients in the livestock feed industry has severally affected the amount and level of produced poultry feed to meet an efficient marketing process. The ban on the importation of maize and wheat has consequently led to feed ingredient been sourced locally. These include maize offal, cassava chip, soybean meal, groundnut cake, bone meal, limestone etc. The devaluation of the naira, high inflationary trend, inconsistent government policies and high import duties on some feed additives.

Such as lysine, methionine, vitamins, antibiotics and vet drugs combined with the reduced purchasing power of many poultry farmers has led to the closing down of many feed mills. (FAO, 1999). Therefore this has led to poultry feed traders in Niger State, sourcing their feeds from outside the state, thereby contributing to high cost in the marketing process and also of production of poultry products.

The poultry feed marketing in Minna is bedeviled by a number of problems. This could be traced to the production of poultry feed, the shortage and ban on importation of certain feed ingredient for poultry feed compounding, which has led to the closure of a number of feed mills, such as Niger Feeds in the state. Thus, for the marketing of poultry feed to be efficient, special attention must be given to its production. This is emphasised by Johnson (1982), that the marketing task, is to match production to market needs.

## Objectives

The objectives of this study includes the following:

- 1 To identify the major poultry feed outlets in Minna.
- 2 To ascertain the extent to which the marketing process could guarantee increased poultry feed supply.
- 3 To evaluate the level of demand and supply of poultry feed in Minna.
- 4 To estimate the marketing cost and returns of poultry feed in Minna using the gross margin approach.
- 5 To make recommendation based on the findings of this study.

## Materials and methods

The study was carried out in Minna, Niger State capital. Five major poultry feed outlets were purposively selected. Data were collected through the use of simple structured questionnaire.

Data were collected on prices of feeds, quantity of feed supplied and demanded, supply sources, marketing costs involved. Quantity supplied was computed using the number of tones supplied at each point of delivery and the marketing cost and return was computed using the gross margin approach.

Gross Margin = (Gross Income - Total Cost)

Total Cost = (total variable cost of feeds/bag + marketing cost) incurred in the marketing process of the feeds

## Results and discussion

### Major poultry feed markets in minna

The study revealed that the major brands of feeds marketed in Minna were Excel, animal care, silver feeds, vital feeds and ECWA Feed.

### Number of years in business of the feed outlets

Table I. Revealed that 80% of the feed marketers had been in the business of poultry feed marketing for a period of 1- 5 years.

### Agent/feed millers

Table II revealed the feed millers/agent and location where different feed Brands were been sourced from.

### Number of times of supplies and mode of transportation

In Table III the study revealed that 100% of the respondents got there supplies six times and above within the year. 100% revealed that the mode of transporting their feeds were in lorry loads because they were supplied in tonnage.

### Cost and income analysis of poultry feed marketing 2000-2002.

Table IV Shows the cost, income and gross margin analysis of the different brands of poultry feed.

In year 2000, the feed brand A (Excel feeds) revealed a high gross margin of ₦61, 400.00 In the following year 2001, the feed brand was not in the market, this was due to some problems, however in the year 2002 a negative gross margin of ₦7680.00 was revealed by this brand. This was possibly due to the fact that in year 2002, the marketing of the feed was coming up new again in the market having being out of business in the previous year.

The feed brands B and C (Animal Care and Silver) revealed negative gross margins of ₦13,400.00 and ₦1,450.00 in the year 2000, in the year 2001 and 2002, they revealed relative positive gross mar of ₦3,600, ₦3,385 and ₦1,800.00, ₦1,020.00

The negative gross margins in year 2000 exhibited by these brand could be attributed to high marketing cost (i.e high variable cost) which hitherto affects the entire marketing process. In the subsequent years these brands were noticed to have stabilised.

The feed brand D (vital feed) revealed very high gross margin of ₦3,841,200 in year 2001 and ₦19, 193, 040 in year 2002. The study revealed here that the actual investment capital into this feed brand was high which resulted in very large number of feed

Table I: Number of years in business

Years	No	Percentage
1 - 5	4	80
6 - 10	1	20
10 yrs and Above	5	100

Source: Market survey data, 2003.

types in tonnage brought into the state. These subsequently spread the marketing cost (variable cost) over the large number of feed types marketed.

The feed brand E (ECWA Feeds), revealed relative high and positive gross margins of ₦51,600.00, ₦58,600.00 and ₦46,800.00 in the year 2000, 2001, 2002. This is attributed to the fact that low marketing cost are incurred in marketing the feeds because the traders do not travel out to buy these feeds, since there is a sales depot in the state. Also ECWA poultry feeds has been in the market, here in Minna for a period of six years and above.

## Conclusion and recommendations

The study reveals that high marketing cost incurred plays a crucial role in the marketing process of these feeds and affects the gross margin. The study also revealed that, the layers feeds (i.e. Layers mash) was mostly, produced by the agent due to the high demand of Layers mash.

Problems such as delays in supplies due to transportation problems, instability in the cost of feeds and also acceptability of some feed brands by poultry farmers existed.

The government can assist by reducing cost incurred in the marketing process of feeds, by reawakening closed down feed mills in the state, also feed mills/agents could set up feed sales depot within the state to cut the problems of delays due to transportation, high transport cost e.t.c.

## Reference

- Adegeye, A. J. and Duro, S. (1982). Essentials of agric economics, (Card) Ibadan pp.169-187.
- F.A.O. (1992). Nigeria livestock sub-sector Review. Vol. 1 of 2 FAO United Nation Rome pp.43
- Ikpi, A. E. (1977). Journal of Rural Economics and Development
- Johnson, D. T (1982). The business of farming. A guide to farm business management in the tropics. Macmillan Press Limited. pp.302-310
- Kohls R. I. and Uhl, J. N. (1985). Marketing of Agric Products six edition Macmillan pub. Coy. NY. pp 69-122
- Ogunaike, E. F. (2003). Keynote address at the 28<sup>th</sup> annual conference of the Nigerian Society for Animal Production

**Table II: Brands of feed with their respective locations**

Brand of Feed	Feed Millers/Agents	Location
Excel	Feed masters	Kaduna
Animal Care	Animal care	Kano
Silver Feeds	Silver feeds	Kaduna
Vital Feeds	Grand cereal and oil mills	Jos- Plateau
ECWA Feeds	ECWA feeds	Jos – Plateau

Source: Market survey data, 2003.

**Table III: Number of times of supplies and mode of transportation**

No of Times	No	Frequency
Twice year	-	-
Twice a year	-	-
Four times a year	-	-
Five times a year	-	-
Six times a year	5	100
Mode of Transport		
Lorry loads	5	100
Pick up vans	-	-
Trucks	-	-

Source: Market survey data, 2003.

**Table IV: Cost and income analysis of poultry feeds marketing 2000 – 2002**

Year	Feed Brand	Total cost of feed/Brand	Gross income feed/brand	Total gross margin of feed/brand
2000	A	1,962,200	2,023,600	61,400
	B	2,743,400	2,773,000	13,400
	C	2,279,000	2,277,550	1,450
	D	-	-	-
	E	2,783,400	2,835,000	51,600
2001	A	-	-	-
	B	2,752,400	2,756,000	3,600
	C	2,424,200	2,427,585	3,365
	D	41,298,800	45,140,000	3,841,200
	E	2,807,400	2,866,000	58,600
2003	A	2,949,680	2,942,000	7,680
	B	2,830,200	2,832,000	1,800
	C	2,431,800	2,432,820	1,020
	D	21,702,960	40,896,000	19,193,040
	E	2,905,200	2,952,000	46,800

Source: Market survey data, 2003.

- A = Excel
- B = Animal Care
- C = Silver Feeds
- D = Vital Feeds
- E = ECWA Feeds