

Profitability Assessment of Cattle Marketing in Gombe Metropolis, Gombe State, Nigeria.

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Abstract

The study examined the profitability assessment of cattle marketing in Gombe metropolis. Questionnaires were administered to 40 marketers which were randomly selected in the cattle market. Descriptive statistics and farm budget model were used for data analysis. The result indicated that majority of the marketers falls within the age group of 31-40 years and their Marketing experience falls within 16-20 years. It also revealed that the net profits were N17307.8, N18418.8 and N32170.7 for the small, medium and large size of cattle respectively. Similarly the marketing margins were found to be 34.6%, 28.9% and 20.5% respectively. Inadequate capital, high cost of transportation, lack of good roads was identified as the most serious constraints to marketing of cattle in the study area. It was recommended that there should be improvement of institutional credit facilities, rehabilitation and provision of roads

.Keywords: Profitability, Assessment, Cattle, Marketing, Metropolis

Introduction

Cattle *Bos indicus* belongs to the genus *Bovine*. It is among the breed of animals raised by humans for commercial purpose. This include domestic animals, semi-domestic and wild animals. The term livestock does not include poultry or fish farming (Ryan, 2005). Agriculture is the main source of livelihood for majority of rural dwellers in the developing countries. The Agricultural population is 87% of the rural population. It is found that most of the extremely poor people are mainly dependent on livestock and crop production. Landless and causally employed farm labourers are almost every were among these that are most likely to be poor.(Delagado, Daniel & Bjork, 2008).

The cattle and its products (LLPs) are estimated to make up over half of the total value of agricultural gross output in the industrialized countries and about a third of the total in the developing countries. Cattle marketing in Africa normally begin at the level of the individual small holder. Producer usually carry out some or all of the marketing steps often, because producers are also consumers, little of the marketing steps often, because producers are also consumers, little of what is produce is marketed. Livestock, owners may only be marginally marketed-oriented, because of the traditional attitudes of towards wealth in livestock owners, where they may choose to hold livestock rather than market them. Producers are likely to be distance away from consumers. They may also be highly dispersed. Both conditions affect marketing and distribution process countries (Bruinsma, 2003).

National cattle supply is in a critical position. The situation appears to be deteriorating, if not because of the support given in recent years, the shortage situation would have been critical. Significant amount of locally produced beef is driven from cattle trade from neighbouring countries like Niger, Chad and Cameroun. Cattle rearing are tradition within Nigerian rural system. Its farming has been identified as the agricultural enterprise with the most likely chance of improving household food security and addressing in farming area. Over 50% of the population in the rural areas engage in agriculture and contributes in production of cattle in Nigeria (Oyenuga, 2002).

In Nigeria cattle are marketed through a number of channels and these are broadly divided into two (2) categories, namely the formal and the informal markets. Informal market consist of individuals buying cattle for different reasons which includes slaughtering for meat, as an investment or for social function such as customary celebration and religion celebrations. The formal consist of selling directly to the butchers. Cattle sub sector provides, an important role in the Nigerian economy not only in terms of its contribution to Gross Domestic Product (GDP) but it also contributes to supply of substantial amount of animal protein (Adesipe, 2005).

Statement of the Problems

In present trend cattle marketing suffers a lot of problems which includes:

1. Insecurity of cattle market.
2. Problem of insecurity of some agents i.e buying and selling of stolen cattle and

- ‘Yannakama’ middle men exploitation.
3. Lack of adequate funds for expanding the enterprise.
 4. Delays in payment for credit purchases.
 5. Lack of functional and efficient marketing associations.
 6. Lack of good roads and insecurity on transit from the supply areas to the markets.
 7. Problem of pest and diseases.

Justification of the Study

Since from the time of immemorial to a time to come, the traditional system of cattle production of which Fulani’s are the key actors remains, as the main source of cattle and cattle products. The purpose of any rational producer is to make profit but the Fulani’s purpose goes beyond economic reason. To them cattle rearing is part of their lives. Nevertheless, profit constitutes a common yardstick against which any business enterprise is measured. Marketing is an aspect which stimulates further production. If the marketing is efficient both producer and consumer get satisfied. In the sense that the farmer gets a better price for his/her product while the consumer get it at a cheaper price. An in-depth study of the production and marketing is necessary in order to gain an insight into the production and marketing system. The actors involve constraints, cost and returns attached to various stages in the system.

Objective of the Study

The broad objective of the study is to carry out the profitability of assessment of cattle marketing in Gombe metropolis, Gombe state –Nigeria.

The specific objectives are:

- i To examine the socio-economic characteristic of cattle marketers in the study area.
- ii To examine the profit margin of the respondents.
- iii To identify the marketing channels the in the study area.
- iv To examine the constraint to cattle marketing in the study area.

Methodology

The Study Area

The study area is Gombe metropolis in Gombe State which is located on longitude 11⁰ 10’E and 10⁰ 15’N of green witch meridian above sea level with the sudan savannah ecological zone of Nigeria. The mean annual rainfall ranges from 600mm-1200mm and the maximum and minimum temperature of 22.7⁰C and 33.5⁰C respectively. The vegetation cover is open savannah wood land with trees up to six meters or more. Gombe Local Government Area is bounded in the north by Kwami L.G.A., in the south by Akko L.G.A. and east by Yamaltu Deba L.G.A. Tashan Dukku livestock market is the largest livestock market in the metropolis. The market serves the surrounding towns of Kwami, Kumo, Dadin-kowa and Akkoyel in the north, south, east and west respectively.

Sampling Techniques

Market survey approach was employed for the study. Tashan Dukku livestock market, was purposely chosen as sample market, because it’s the only market that sales cattle in Gombe metropolis. Forty cattle marketers were randomly sampled for the study.

Types and Sources of Data

The data relevant to the research are those that revealed the economics of marketing cattle. Structured questionnaire were used to collect the data on marketing channel, daily cattle sale marketing constraint, educational status, capital size, marketing services and their cost of transportation profit ability and selling price and revenue.

Data Analysis

Description statistics such as percentage were used to analyses problems of marketing in the study area and socio-economic characteristics of the respondents and farm budget model was used to determine the profitability of cattle.

$$GM = TR - TC$$

Where
GM= Gross Margin
TR= Total Revenue
TC= Total Cost

$$\text{Marketing Margin} = \frac{\text{Selling Price} - \text{Supply Price}}{\text{Selling Price}} \times X$$

Results and Discussion

Socio-economic Characteristics of Respondents

The socio- economic characteristics of the respondents covered by this study include; age, level of education and marital status. Those factors play a significant role in influencing efficient marketing of cattle.

Age Distribution

Age is an important demographic element that determines the marketing expertise. The table below describes and explain the age of the marketers in the study area.

Table 1: Distribution of respondent according to their age

Age	Frequency	Percentage
21-30	2	5
31- 40	19	47.5
41-50	12	30
51- 60	7	17.5
Total	40	100

Source: Field Survey, 2013.

Table 1 above shows that appreciable number of the marketers falls within the age bracket of 31-40 years constituting 47.5 percent of the total respondents. Followed by those who fall within the age of 51-60 years with 30% then 17.5 % for those who fall within the age of 41-50 years and finally those whose age falls within 21- 30 years constituted only 5%. This implies that young people were those that dominate the cattle market. Because 45.5% of the total respondents were within the age bracket of 31-40years which is an economically active age and that are within the age will be willing to adopt innovations that may improve their marketing.

Marketing Experience

This is another factor which determines efficiency of cattle market. Is the consideration of how long the marketer had being in the system.

Table 2: Distribution of Respondents According to their Marketing Experiences

Marketing Experience	Frequency	Percentage
1-5	3	7.5
6-10	7	17.5
11-15	10	25
16-20	14	35
21-25	5	12.5
26-30	1	2.5
Total	40	100

Source: Field Survey, 2013.

Table 2 shows that majority of the respondents had 16-20 years of marketing experience as they constituted 35 percent, those within the age of 11-15years of experience with 25%, marketers with 26-30 years of experience constituted 2.5%, those within the age of 1-15 years had the percentage of 7.5, also those within the age of 6-10 years constituted 17.5% and finally marketers with marketing experience of 21-25 years had percentage of 12.5%.

Profitability of Cattle Marketing

Marketing margin refers to the difference in price paid by the consumer and price received by the producer for a commodity at the different stages of the marketing system. Marketing margin differs from one cattle to another depending on characteristics of the cattle in relation to seasonality and institutional factors.

The profit is obtained by deduction the cost of marketing from total revenue. The characteristics of cattle and the marketing function that must be performed as the cattle passes through the marketing system affect the profit of the marketers.

Costs and returns were used to analyse the profitability of cattle marketing in the study area.

Table 3: Profitability of Cattle Marketing

Items	Small Size Cattle	Medium Size Cattle	Large Size Cattle
Purchase price	40833.3	61111.1	147692.3
Selling price	63055.5	85555.5	184615.3
Total Variable Cost	4914.4	4914.4	4752.3
Profit	17307.7	18418.8	32170.7
Marketing Margin	34.6	28.9	20.5

Source: Field Survey, 2013.

Table 3 above shows that variable costs in the study area were N4914.4, N4914.4 and N4752.3 per animal for small, medium and large size cattle respectively. Transportation cost, cost of feeds and cost of water constituted the highest amount of the total variable cost. The profits were found to be N17307.7, N18418.8 and N32170.7 per animal per the three categories of cattle respectively. These covered 34.6%, 28% and 20.5% of the marketing margin for small, medium and large size cattle respectively. This implies that cattle marketing are profitable in the study area, as presented in this table.

Constraints to Cattle Marketing

The respondents in the study area encountered different types of problem in marketing of cattle. The table below shows the various constraints that the cattle marketers encountered. And the constraints were described and discussed.

Table 4: Distribution of Respondents Based on Constraints Encountered in Cattle Marketing

Constraints	Frequency	Percentage (%)
Inadequate of capital	9	22.5
Lack of good road	8	20
Insecurity at the market	8	20
Delay payment for credit	3	7.5
Price fluctuation	3	7.5
Poor sanitary condition	3	7.5
Lack of standardization	2	5
Lack of shade	1	2.5
Mistrust and cheating	1	2.5
Inadequate functioning abattoirs	1	2.5
Inadequate market information	1	2.5
Total	40	100

Source: Field Survey, 2013.

These include inadequate capital with 22.5 percent, lack of good roads insecurity with 20% each, delay payment for credit, price fluctuation and poor sanitary condition had 7.5 percent each. Others includes lack of standardization (5%), lack of shade, mistrust and cheating, lack of functioning abattoirs, inadequate market information constituent 2.5% each.

Conclusion

The study was designed to evaluate to the profitability assessment of cattle marketing in Gombe metropolis. It has find out that cattle marketing is profitable in the study area. The constraints were some of the factors militating against the progress of the enterprises. Therefore, there is the need for government to intervene in dealing with the problems that are causing drawback to this enterprise such as improvement of institutional credit facilities. Encouraging market participant to form co-operative societies in order to ease loan acquisition is also recommended. Similarly, provision and rehabilitation of roads especially feeder and urban-rural road. This would reduce transportation problems.

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