



MARKETING MARGIN ANALYSIS OF YAM TRADERS IN GOMBE METROPOLIS, GOMBE STATE NIGERIA

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ABSTRACT

The study examined marketing margin of yam traders in Gombe metropolis, Gombe state, Nigeria. Multistage sampling technique was used to select 62 wholesalers and 138 retailer's yam marketers. Data were collected using a structured questionnaire and analyzed using descriptive statistics and marketing margin analysis. The results revealed that the mean age of the Yam marketers was 39 years, 97% were male, 89% were married, 56.5% had one form of formal education or the other, 8 persons was the mean household size and 12 years was the mean years of experience. The result also revealed that 28.28% marketing margin was realized in wholesalers' side and 65% in the retailers' side. In conclusion, yam marketing was profitable in the study area. The study recommends that yam marketers should increase their capital base in yam marketing. The paper contributed with an insight into the current situation of marketing margin of yam marketing in the study area as a profitable venture.

Keywords: Analysis, Margin, Marketing, Metropolis and Yam

INTRODUCTION

The satisfaction of the consumers is the major purpose of every production activity. In a situation where products and services are not being made available to the ultimate consumers through a well-structured distribution channel, production teamed waste of both human efforts and material resources (Odigbo *et al.*, 2015). Marketing is part and parcel of the modern production process. Marketing plays an active role of bridging the gap in a number of ways including the provision of information on the needs of the consumers, value interpretation, and educating the consumers on the dynamics of the exchange process (Ikpeazu and Moguluwa, 2017). Marketing is the process of satisfying human needs there by bringing products to consumer in the proper form, at a proper time and place. Marketing has economic value, in that it gives form, time, place, utility to products and services. The marketing of agricultural products starts from the farm when the farmer harvests his/her produces. The produce when it is harvested cannot usually go directly to the consumers. At first, it is likely that the production site is located at some distance from the place of consumption in regular and continuous manner throughout the year. Secondly, along the supply chain storage is required to adjust supply to meet demand. Thirdly, a produce when harvested is rarely in a form acceptable to consumers. Therefore, it has to undergo sorted, cleared and processed in various ways in other to be presented to the consumers in convenient quality and quantities for sale. Lastly, the farmer expects payment when his/her produce leaves his possession and hence some financial arrangements must be made to cover all the various stages until the retailer sells the products to the final consumer (Akerlele and Obafunso, 2019).

Marketing encompasses all business functions which involved production and in broadest sense, it also covers production decision. This implies that, in farming such decision as the variety of crops to grow or the breed of animal to keep are marketing decisions. The primary role of an integrated marketing system is to add form, place, time and possession utility, so that the subjective satisfaction of consumers is maximized. Food marketing is a very important but rather neglected



aspect of agricultural development. In developing countries, more emphasis is usually placed on policies to increase food production with little or no consideration on how to distribute the food produced efficiently and in a manner that will enhance increased productivity. There is potential for the increase in its production and much can be done to derive foreign exchange from its export. (Ebewore *et al.*, 2013).

Distribution is the process of moving goods and services from the production point to the ultimate consumers through an organized channel (Kotler, 2010). It is also seen in terms of methods involved in the movement of goods and services from the point of production to the final consumer in order to achieve organization marketing objective (Goering, 2010). Effective management of distribution channels which constitute ensuring the success of products sold in the market. Producer and marketer makes appropriate upgrading of the product over time to meet the expectations of customers (Szopa and Pekała, 2012). Distribution had played a significant role within the marketing mix, succeeding in successful integration within the mix, whereby ensuring that customers were getting their products at the right place and at the right time. Competitive advantage and customer retention will be eroded, If the product cannot reach its chosen destination at the appropriate time, it will affect yam marketing (Yeboah *et al.*, 2013).

Marketing margin refers to the difference between the obtaining price by the consumer and the price paid to the farmer. Therefore, the criterion to determine the marketing margin is the difference between the prices of consumers paying and producers receiving (Ikpeazu and Moguluwa, 2017). It is 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 (Hamidu, 2014) Marketing margin for the difference between the retail price of a commodity and that of the producers for that same unit of a commodity. Every category of middlemen earns margin for the functions performed in the marketing process. This difference is called gross marketing margin or total marketing spread. Marketing margin consist of profit margins earned by middlemen in the marketing process. Marketing margin has been influenced in one way or the other by the demographic characteristics of the marketers (Okwuokenye and Onemolease, 2011).

Yam belongs to genus *Dioscorea* which are over 600 species, about 10 species are commonly cultivated for food consumption, while others are wild species which are harvested in times of food scarcity for consumption (Bhandari *et al.*, 2003). It is an important food crop in the West Africa especially in the yam zone which comprises of countries such as Cameroon, Nigeria, Benin, Togo, Ghana and Cote de'vore. These countries contribute to the production of more than 90% of the total world production, estimated at 20 – 25 million tonne per year. The crops are major sources of income and have high cultural value in the zones. Yams are used in traditional rites like fertility ceremonies, marriage ceremonies and also a festival is held annually to celebrate its harvest. Despite the high cost of production yam cultivation is very profitable and generally it has a high consumer demand in this sub-region (IITA, 2011). Varieties of dishes are made with yam such as boiled, fried, pounded into fufu" and can be processed into yam powder which can be use for many purposes. Storage of yam tuber can be done on barns, cribs, underground as well as in blended powdered form. The crop is one of the most expensive tubers to produce; significant labor input is required in planting and harvesting processes, the seeds are expensive, and the supply of yam seed is limited, even though households are more likely to save their seed than sell the harvests, it still represents a valuable component of farmers' agriculture income (Fasasi *et al.*, 2005).

In Nigeria, yams are integral component of food consumption and agriculture sales. Relatively better off households consume more yams particularly those acquired through purchases. Poorer households consume fewer yams, but depend more largely on yam sales and income than their richer counterparts. Nigeria accounted for about 70 percent of the world production amounting to 17 million tonnes from land area 2,837,000 hectares under yam cultivation. It produces 18.3 from, representing 73.8 percent of total yam production in Africa. Yam production in Nigeria has nearly doubled with 35.017 million metric tonnes since 1985. In perspective, the world's second and third largest producers of yams, Cote d'Ivoire and Ghana, only produced 6.9 and 4.8 million tonnes of yam in 2008 respectively (Akerele and Obafunso, 2019). This study came up due to observation made on the low profit margin in yam marketing in the study area and the consequence this will bring to the study area. Then question was raised as what are the socioeconomic characteristics of the yam marketers, the marketing margin of yam, and the constraints to yam marketing in the study area.

MATERIALS AND METHODS

The Study Area

The current metro area of Gombe is situated in the North east of Nigeria. The boundaries of Gombe town to the north and west are Kwami and Akko local governments, to the south, northwest by Akko and Yamaltu-Deba Local Government Areas respectively. The areas also correspond to the territory of Gombe Local Government Area. It is located between a latitude of 100 25' and 100 40"N and longitude of 110 10' and 110 25' E. It has a current (2024) metro area population of 596,000 a 4.01% of increase from 2023. In 2011 the metro population was 551,000, a 4.16% increase from 2021. The metro area population of Gombe in 2023 was 573,000, a 3.99% increase from 2022 (<https://www.macotrends.net>) The climate of the area is characterized basically by two typologies of weather namely: the long and severe dry seasons and the short-wet season. The dry season normally ranges from October to March, while the wet season is normally between June and September. The average rainfall is about 85mm2 (Yarma *et al.*, 2023).

Sampling Procedure

The sample size was determined by Taro Yamane's formula, for a finite population. This model was adopted from Titus *et al.* (2008). The list of 403 Yam marketers was generated and used as a sampling frame. The sample size was estimated using the Yamane's (1967) formula:

$$n_{ym} = \frac{N}{1+N(e)^2} \quad \dots (1)$$

where;

n_{ym} = sample size of the marketer

N = total number of Yam marketers in the list generated.

e^2 = error term (0.05²)

$$n_{ym} = \frac{403}{1+403(0.05)^2} \quad n_{ym} = \frac{403}{1+403 \times 0.0025} \quad n_{ym} = \frac{403}{2.0075} \quad n_{ym} = 200$$

Method of Data Collection

Data were collected using structured questionnaires.

Method of Data Analysis

The data were analyzed using descriptive statistics in analyzing objective I which was socioeconomic characteristics and the enterprise budget model using marketing margin analysis to analyze objective II.

Descriptive Statistics

$$\mu = \frac{1}{N} \sum_{i=1}^N x_i \quad \dots (2)$$

where;

μ = mean

Σ = summation

N = number of observations

x_i = value of observation

Marketing Margin Analysis

$$\text{Marketing Margin} = \frac{\text{Average Revenue} - \text{Average Buying Price}}{\text{Average Revenue}} \times 100 \quad \dots (3)$$

$$\text{MM}_{\text{WS/R}} = \frac{\text{AR}_{\text{WS/R}} - \text{ABP}_{\text{WS/R}}}{\text{AR}_{\text{WS/R}}} \times 100$$

Where;

$\text{MM}_{\text{WS/R}}$ = Marketing margin of wholesalers/Retailers

$\text{AR}_{\text{WS/R}}$ = Average revenue of wholesaler/retailer

$\text{ABP}_{\text{WS/R}}$ = Average buying price of wholesaler/retailer

$$\text{MM}_R = \frac{\text{ARR} - \text{ABPR}}{\text{ARR}} \times 100$$

Where;

MM_R = Marketing margin of retailers

AR_R = Average revenue of retailers

ABP_R = Average buying price of retailers

RESULTS AND DISCUSSION

The study results were presented in bar charts, line charts, pie charts, and tables.

Distribution of Yam Marketers Based on Their Gender

Figure 1 below in the study revealed that 97% of the yam marketers were male, implying that men in the study area dominated yam marketing. This is contrary to Akerele, 2019 who found that yam marketing was occupied predominantly by females with 64.4%.

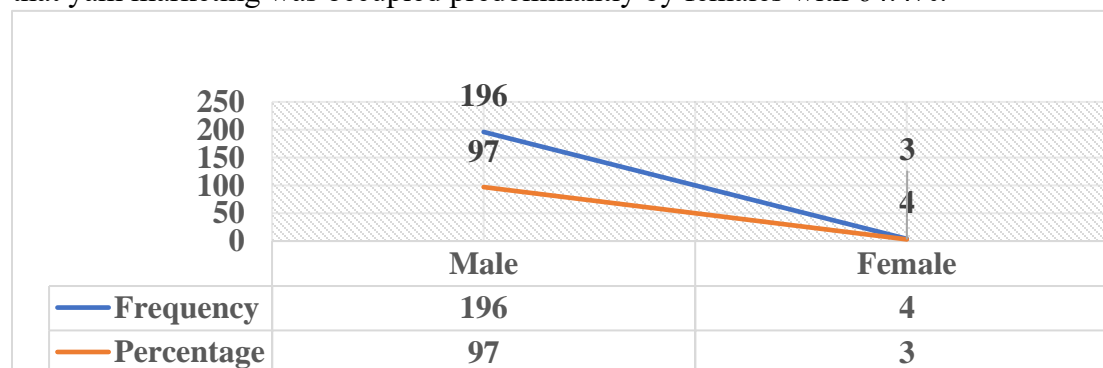


Figure 1: Distribution of Yam marketers based on their gender

Source: Field Survey, 2024.

Distribution of Yam Marketers Based on Their Age

Figure 2 below shows the results of the age of the yam marketers in the study area with those that fall within the age bracket between 31 – 40 being the majority with 54% with 39 years as the mean age of the yam marketers. The findings imply that the Yam marketers were in their productive age. This is in line with the findings of Hamidu (2014) who opinion that about 62.5% of the Yam marketers were young, who are in their economically active age struggling to cater to their families as breadwinners.

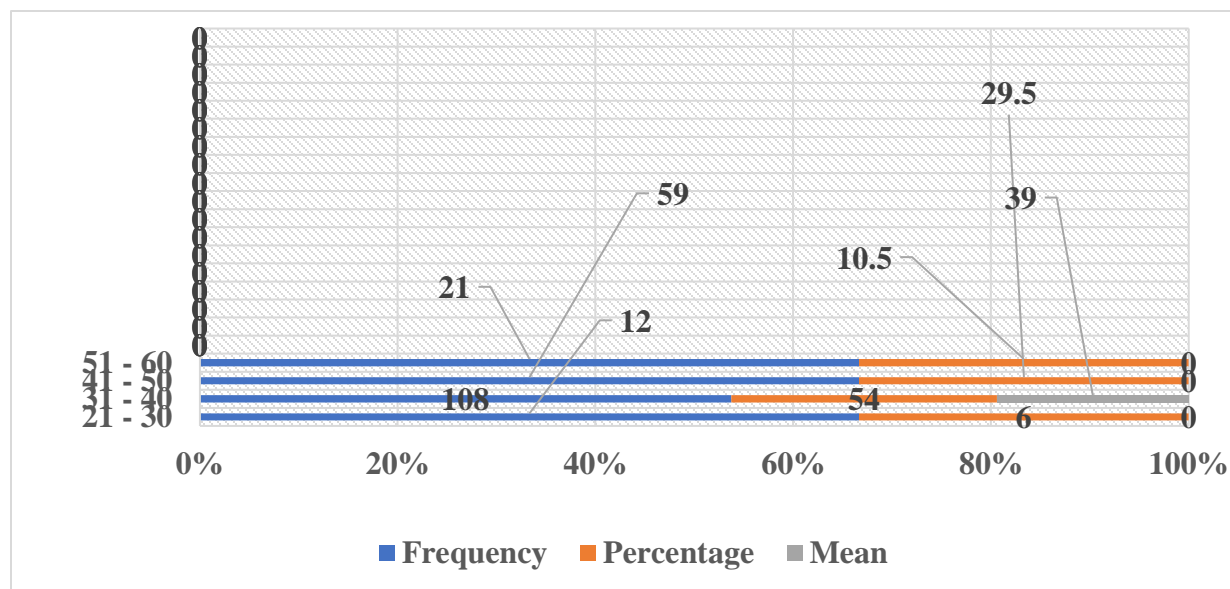


Figure 2: *Distribution of Yam marketers based on their age*

Source: Field Survey, 2024.

Distribution of Yam Marketers Based on Their Educational Level

Figure 3 shows that 43.5 percent of the yam marketers had no formal education, 23 percent with primary education, 27 percent with secondary education, and 6.5 percent with tertiary education. The result implied that 56.5 percent of the yam marketers had one form of formal education or another, which means that the majority of the yam marketers in the study area were educated. This is in line with Adeniji *et al.* (2012), whose opinion that human resource development is key to effective agricultural marketing for sustainable agricultural development. Implying that the level of education has a significant role in the marketing activities of the yam marketers.

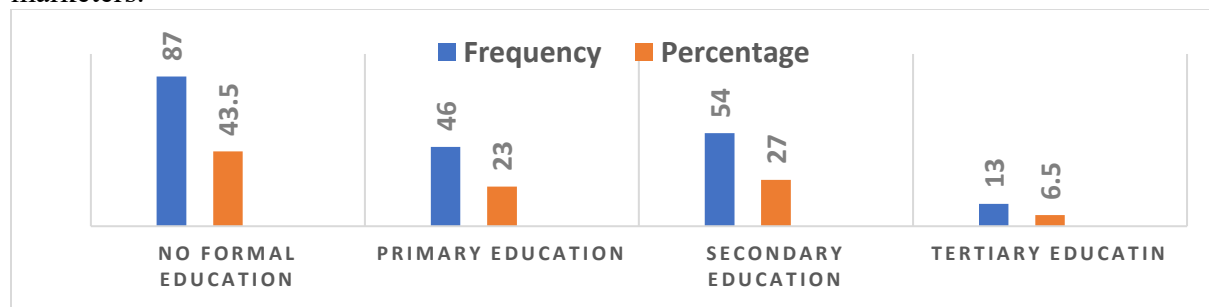


Figure 3: *Distribution of Yam marketers based on their educational status*

Source: Field Survey, 2024.

Distribution of Yam Marketers Based on Their Marital Status

Figure 4 below revealed that 89.5 percent of the yam marketers in the study area were married while only 10.5 were single. The finding implied that those who were married were more in the yam market to care for their family as household heads. This is in line with Akerele and Obafunso (2019) who viewed that majority of the yam marketers were married with 67.8% while those that were single had only 14.4%. The implication was majority of the yam marketers being married could lead to more productivity and more efficiency in yam marketing. Also, according to Okpara (2010), married people were more likely good in handling pressure to in yam marketing activities.

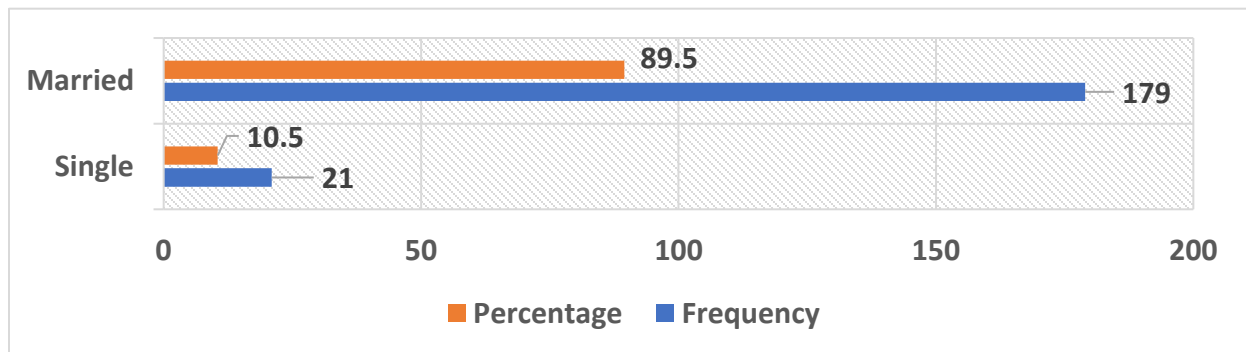


Figure 4: *Distribution of Yam marketers based on their marital status*

Source: Field Survey, 2024.

Distribution of Yam Marketers Based on Their Household Size

Figure 5 below showed that 42.5percent of the yam marketers had household size of ranging between 1-5 persons. This implied that the yam marketers in the study area had small family size which attribute to their efficiency in investment through ability to maintain an effective balance between households' consumption expenditure and investment expenditure. This is in line with Akerele and Obafunso (2019) who opinion that majority of yam marketers were with household size within the range of 3–5 persons (68.9%) and average household size of 5 members. The implication of this is that most yam marketers had moderate families. Moderate household size could help to maintain an excellent balance yam marketing between household consumption expenditure and investment expenditure.

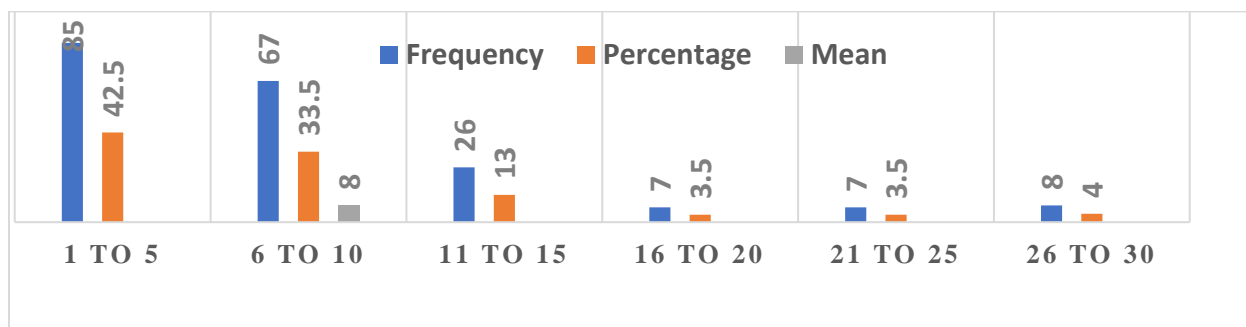


Figure 5: *Distribution of Yam marketers based on their household size*

Source: Field Survey, 2024.

Distribution of Yam Marketers Based on Their Household Size

Figure 6 shows that the results revealed that 55% of yam marketers in the study area had 1- 10 years of experience with and a mean of 12 years of experience for the whole sample size. This is in line with Ikpeazu and Moguluwa (2017) who opinion that retailers had more marketing margin compared to counterparts (wholesalers/retailers) in yam marketing.

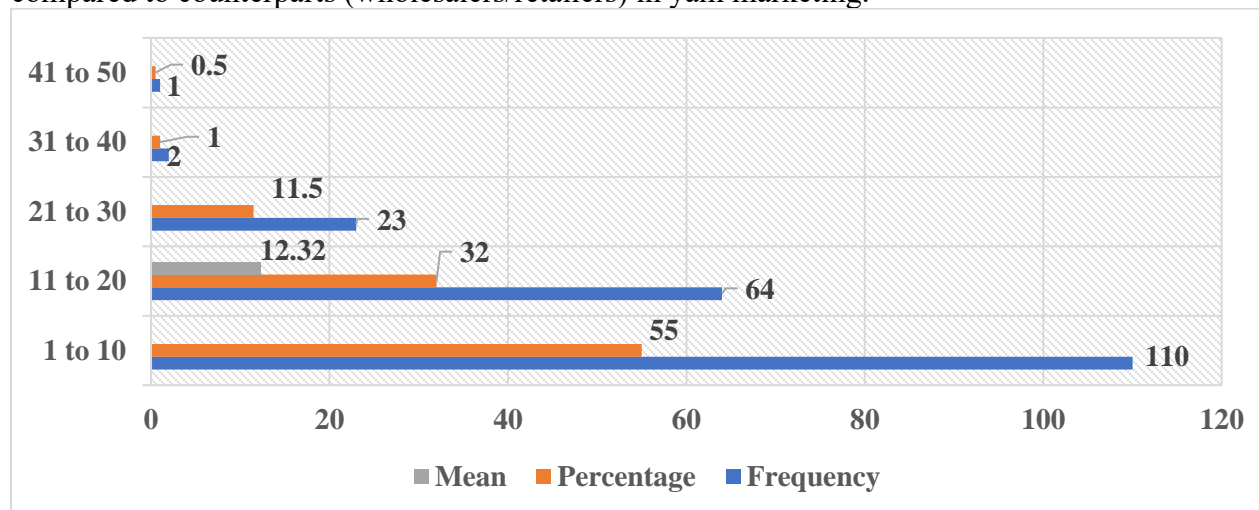


Figure 6: *Distribution of Yam marketers based on their years of experience*

Source: Field Survey, 2024.

Marketing Margin Analysis of Yam Marketing in Gombe Metropolis Gombe State, Nigeria

Table 1 shows that the marketing margin of the wholesaler/retailer was 28.28% while that of the retailer was 65.00%. This implies that 71.72% of the marketing margin of Yam marketing on the wholesaler/retailer side goes to other categories of marketers. In comparison, only 28.28% of the margin goes to wholesalers/retailers which was very negligible in the study area. On the other hand, 65% of the marketing margin was realized on the retailers' side which was very high. Therefore, the marketing margin analysis revealed that retailers had more marketing margin compared to their counterparts (wholesalers/retailers) in the study area. This is in line with Ikpeazu and Moguluwa (2017) who opinion that wholesalers had less marketing margin compared to their counterparts (retailers) in yam marketing.

Variables	Average Revenue (₦)	Average Buying Price (₦)	Marketing Margin (%)
Wholesaler/Retailer	89,561.25	64,231.52	28.28
Retailer	65,431.73	23,113.55	65.00

Source: Data Analysis, 2024.

CONCLUSION AND RECOMMENDATIONS

Yam marketing was dominated by young men who were in their active age. Majority of them had one form of formal education or the other. The yam marketers had household size ranging from 3-5 persons. Yam marketing was profitable in the study areas. It was recommended that people in Gombe metropolis should engaged in yam marketing within the category of retailers because of its higher marketing margin.



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