

COMMERCIAL DISTRIBUTION OF AGRICULTURAL PRODUCE IN NIGERIA: PROBLEMS AND PROSPECTS

Otitolaiye, J.O.

Department of Agricultural Economics and Extension, Faculty of Agriculture, Kogi State University,
Anyigba.Email: justinrotimi@yahoo.com

ABSTRACT

Agricultural produce distribution is very necessary because there is gap between the producers and most of the consumers. These gaps could arise from either spatial and/or time separation. Moreover, there are special characteristics of most farm produce that require unique commercial distribution. Therefore, this paper take a critical look into the various important functions perform on agricultural produce, different channels of distribution, major problems of this aspect of marketing and making some relevant suggestions that could better the present situation if executed.

KEYWORDS: Commercial, Separation, Distribution, Perishable, Channel, Prospects

INTRODUCTION

Commercial distribution is based on the socially necessary movement of goods from where less necessary to where they are more necessary. It is the bridge between production and consumption [Ripol, 1999]. Similarly, commercial distribution of agricultural produce was defines as the set of activities that allow the gap between production and consumption to be overcome [Otitolaiye, 2000].

That gap may arise due to:

- a) Spatial Separation: which involve a physical separation between areas of production and consumption. For instance, fish and seafood are obtained in places like Lagos, Warri and Port Harcourt and sold throughout the country. Also, vegetables like onion, tomato and pepper, and livestock products are introduced in Sokoto, Kano Kaduna, and Katsina etc and sold mainly in the southern Nigeria.
- b) Time separation: consumption is a continuous process but production is discrete particularly the perishables and hence, time adjustment and some element of storage is ultimately needed to accommodate supply and demand.

The agricultural products could be regarded as being homogenous. The issue of discrepancies in ranges and quantities pose little or no hindrance. But the produce are characterized by factors such as seasonality, bulkiness, perishability and scattered production among others [Adeyeye and Dittoh, 1985], which call for the performance of commercial distribution to better both production and consumption for the advantage of the system. These characteristics necessitate some functions to be carried out on the goods. These functions are classified as shown in Figure1.

Physical functions e.g.

Transport, storage, handling and processing

From the production point to the final consumer

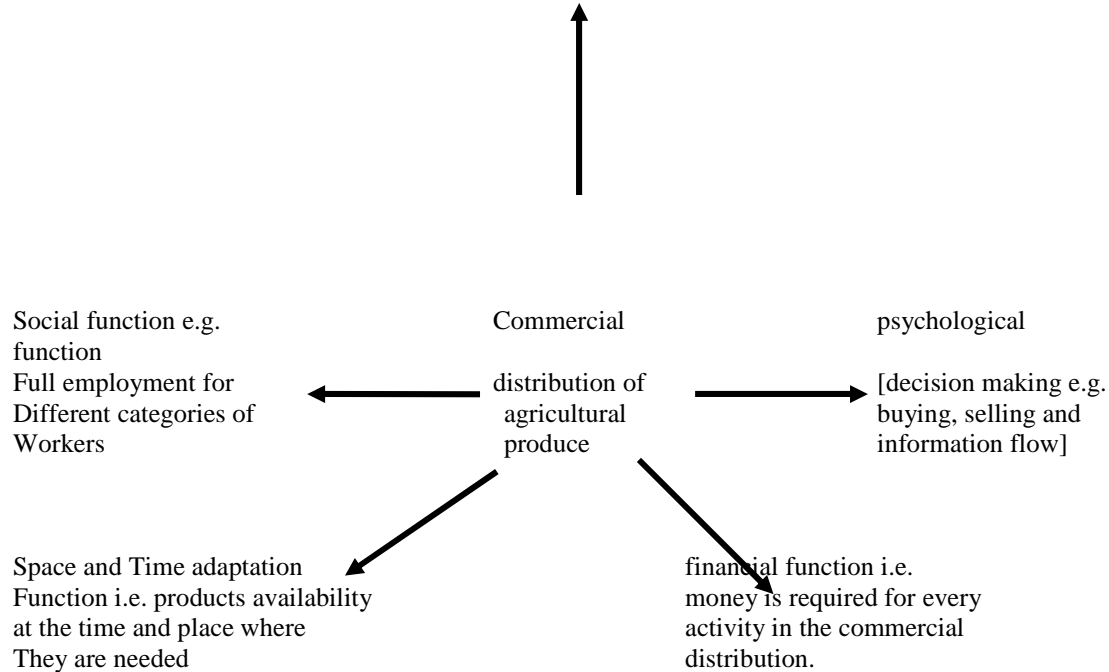


Figure: 1: Commercial Distribution Functions for Agricultural produce [adapted from (Ripol, 1999).

METHODOLOGY

This information presented in this paper were obtained from secondary sources such as journals, books of proceedings, textbooks and conference paper

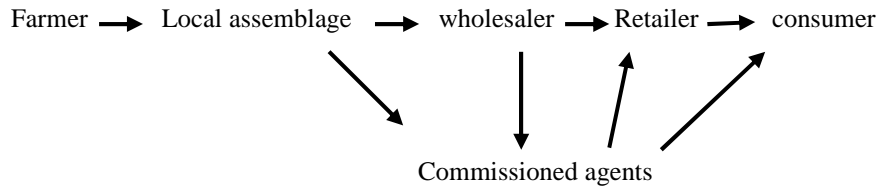
DISCUSSION

TYPES OF THE DISTRIBUTION CHANNELS IN AGRICULTURAL PRODUCE IN NIGERIA

Agricultural products in Nigeria are produced by millions of farmers who are scattered all over the country. These produce are moved through specific routes between the producers and the consumers depending on the nature of the produce, location of production, financial capability of both the producer and the marketer to move the goods both far and near. The principal actors in the commercial distribution of agricultural produce are the wholesalers, the retailers, and the commissioned agents [in some parts of the country] as reported by (Otitolaiye, 1999). Therefore, the agricultural produce distribution channel could take any of the underlisted forms:-

- a) **DIRECT CHANNEL:** From the producers [or farmers] to the consumers, and no intermediaries at all. Farmer → onsumer. This is common with fruits and vegetables, and fresh livestock products which are highly perishable as reported by (Jam *et al*, 2001).
- b) **SHORT CHANNEL:** The products are moved form the producer through an intermediary before getting to the consumer. This can be depicted as follows: -
Farmers → wholesaler or retailer → consumer.
This is favoured by products like Yam, Cassava, and Potato which have long shelve life.
- c) **LONG CHANNEL:** Many intermediaries are involved in the movement of the commodities.
- d) Farmers → wholesaler → retailer → consumer.
This type of channel is common with products that can be stored for longer period such as grains, yam flour, maize flour, hide and skin, cotton and live animals.

- e) **CHANNEL WITH COMMISSIONED AGENTS:** - This is popular among commercial of “big” farms where production volume is large also, export crops normally pass through this channel. It is depicted thus:-



All the channels discussed above exist in Nigeria in various degrees because of the land area of the country and its population.

Problems of Agricultural Produce Distribution in Nigeria

1. **POOR TRANSPORTATION SYSTEM:** Probably no other issue has greater effect on the ability of the average developing country farmers or marketers to profitably market their produce than the availability of an effective transport link to a place where buyers congregate (Harrison, 1987). In Nigeria, the distribution of the agricultural produce is hindered by either lack of motorable roads in the rural areas or poorly maintained rural roads in few areas where they exist. Even, the roads linking the major towns in the country are characterized by sharp and dangerous bends, big potholes, and narrow bridges and are mostly untarred. The railway networks are poor and undeveloped since the colonial era, and its operation has been politicised to a greater extent that the younger generations do not know about its existence as a type of transportation system. Similarly, the water ways are not developed neither are the few ones in existence are not improve upon to meet the demand. The air way is astronomically expensive to freight goods in the country.
2. **INADEQUATE PROCESSING:** The demand for processed agricultural produce is becoming increasingly important in the whole world because of their durability, convenience for the user in reduction of cleaning and preparation requirements as well as new taste, texture and appearance attributes and product combination which appeal to consumers. But unfortunately, processing of agricultural produce is far below the desirable level in Nigeria arising from lack of capital to purchase equipment and materials, lack of spare parts to maintain machines because the parts cannot be fabricated locally and importing them is too costly and time wasting, and power outages by NATIONAL ELECTRIC POWER AUTHORITY {NEPA} which has been interpreted to many meanings such as “Never Expect Power Always” ”National Embarrassment and Public Annoyance” because of their epileptic operations. According to (Abbott, 1974), the main processing effort in the developing countries has been directed to extending the useful life of surplus produce or reducing its volume to facilitate transport. This claim still holds as of today in Nigeria.
3. **INADEQUATE STORAGE FACILITY:** - Warehouses are specialized physical facilities that constitute an essential part of a distribution system. They make it easier to move an adequate assortment of products and to build up and store temporary or permanent reserves. Specialized warehouses are frequently the most economical way to store grains and refrigerated products if located at key points in the distribution system [Harrison, 1987]. Unfortunately, governments of most developing countries generally have poor records in building and operating storage facilities according to economic criteria. For example, government price support policies frequently operate to effectively preclude private sector ownership of grain stocks. As a result, the government becomes the owner of stocks and often loses money through poor management and inefficiency.
4. **MANY SOURCES OF SUPPLY:** - As it is well known, Nigeria is divided into swampy and humid forest coast belts in the south, followed by savanna land and arid dry lands at the foot of the Sahara desert in the north. These regions allowed the production of many kinds of agricultural produce in scattered points making the assemblage of these produce very difficult

particularly to the wholesalers. The resultant effects of this are the erratic movements and sales of the agricultural produce [Shivdasani, 1975].

5. **SMALL WHOLESALING:** Agricultural produce wholesaling in most developing countries is extremely small scale and fragmented compared with that in more advanced countries. For instance, separate meat, fish, poultry, and produce and dry goods wholesalers, compete for the attention and time of the retailers. They operate on cash –and- carry basis and have a relatively narrow knowledge of the traditional wholesalers. Food processors sometimes by – pass them and distribute directly to the retailers.
6. **POOR MARKET RESEARCH:** In Nigeria, market research is unusually frustration because of the lack of nearly all, if not all data needed. Not only is there a total void of basic data needed for developing such things as concentration ratios, profit levels, prices, volumes of output and sales, price and cross elasticities of demand, economic of scale and technological change over time, but also defining the industry and relevant market is made especially difficult because of lack of grades and measures [Anthonio, 1984].The inadequacy of relevant information on market research negatively affects the distribution of agricultural commodities in the country.
7. **POLITICAL INSTABILITY:** The political instability has not created a conducive environment for most businesses to thrive in the country. In fact, it is an important factor that precludes foreign investors from investing in the country resulting in slow development, unemployment of able and qualified people particularly youths, and over dependent on imported goods. Even, within the country the distribution of agricultural produce is occasionally hampered by either religion or communal clashes that may temporarily cut off a part of the country.
8. **INCONSISTENT GOVERNMENT POLICIES:** In Nigeria, most the government policies such as Operation Feed the Nation, Green Revolution are changed as one changes dress to match with an occasion. Whenever there is a change of leadership in the country or ministry, the new leader discards the formulated policies or the predecessor and introduces new ones. This problem is common to all the sectors of the economy including agricultural distribution system. And so long it persist, the growth and development of the country would be slow if not stagnant.

Prospects of Agricultural Produce Distribution in Nigeria

The glooming picture created by the problems mentioned earlier could make agricultural produce distribution to be a hopeless situation. Although the present circumstances in this sub – sector looks like total darkness, there is no doubt a bright prospect in the nearest future if the following recommendations are implemented:

1. It is important for the government to include methods to effectively promote improvements in the agricultural produce distribution system. Firstly, it is vital to know that distribution companies provide an economically and socially valuable service in the country. Hence, government should be deeply involved in the distribution of agricultural produce instead of leaving it in the hands of private firms and individuals who hoard and exploit the consumers.
2. Government could guarantee an efficient storage mechanism by passing a law permitting owners of agricultural commodities to place them in specifically located warehouses but still retain ownership of the goods. The warehouse operator issues a receipt that can be used as collateral for a loan against the inventory. The same law may also require the warehouse operator to purchase a bond to assure return of the merchandise or monetary reimbursement. Furthermore, government can privatize the National Strategic Grain Reserves under the on-going commercialization and privatization programme. This would reduce government expenditure and make the agricultural distribution more efficient.
3. Improvement in agricultural production is a prerequisite for functional distribution system. Therefore, there should be boost in agricultural production by encouraging domestic

4. manufacturing of less sophisticated machines, adequate funding of researches targeted at specific crops or livestock, abundant fertilizers supply at affordable price, subsidy on farm inputs, provisions of motorable roads in the rural areas, employing young graduates as extension officers with better salary and lot of incentives are some of the ways of encouraging better agricultural production.
5. Sustainable democracy is also very necessary to guarantee efficient distribution of agricultural produce. This is because a lasting democracy would ensure focus in policies, healthy environment, inflow of foreign investments, safety of life and property and so on.
6. Processing of agricultural produce in sine – quo – non if commercial distribution is to be effective. Because processing would ensure better storage, reduce risk in handling and making the produce less bulky to transport aside providing jobs for different categories of Nigerians.
7. Formulating of workable marketing policies by the Federal Government is very necessary to sanitize the existing situation in the country. The policies should clearly state the relevant agencies, producers, laws and regulations guiding the operators in the agricultural produce distribution in the country.

CONCLUSION

Commercial distribution of agricultural produce is bedeviled with many problems in Nigeria such as scattered production points, inadequate transportation network, poor processing and many others as discussed earlier on. Despite the obstacles, the future prospects of agricultural produce distribution in the country would be very significant if the suggested recommendations in this paper could see the light of the day, and it may play a vital role in redeeming the nation from the economic woes.

REFERENCES

- Abbott, J.C. [1974]. Marketing Fruit and Vegetables. Published by FAO. pp 82 – 97
- Adegeye, A.J and Dittoh, J.S. [1985]. Essentials of agricultural Economics. Published by CARD, Ibadan. pp 169 – 187.
- Anthony, Q.B. [1984]. Marketing Development in Nigeria A Review of the Relevant Government Policies: Crop Marketing and Input Distribution in Nigeria. Published by FACU, Ibadan. Edited by Feloman and Idachaba pp 20 – 40
- Harrison, Kelly [1987]. Improving Food Marketing and Delivery System. Agricultural Marketing Strategy and Pricing Policy. A World Bank Symposium paper. pp 22 – 31.
- Jam, V; Wim, V; Guido, V.H. and Jacques, V [2001]. Consumer Valuation of Short Market Channels for Fresh Food Through Laddering. Journal of International Food and Agribusiness Marketing. Pp 28 – 31.
- Otitolaiye, J.O. [2000]. Marketing of Agricultural Products. A Seminar Paper Presented at the Refresher Course for the Staff of Agricultural Department of all the Local Government Areas organized by local Government Areas of Niger State.
- Otitolaiye, J.O. and Hamzat, M.A [1999]. Marketing of Yam in Niger State. A Paper Presented at 33rd Annual Conference of Agricultural Society of Nigeria held at NCRI, Badeggi – Bida, 18th - 2nd October, 1999.
- Ripol, J.C. [1999] Commercialization of Agricultural Products: Present Situation and Commercial Forms. Marketing and Distribution of Perishable Food Products. Published by CTA, Netherland pp 107 – 199.
- Shivdasani, H.I. [1975]. Problems of Marketing and Distribution of Fruits and Vegetables in Southern Nigeria. Proceedings of First National Seminar on Fruits and Vegetables held at NAHORT, Ibadan. Edited by Ojehomon *et al.* pp.132 – 135.

Received for Publication: 25/05/2009, Accepted for Publication: 02/07/2009