



DIFFERENTIALS IN PERFORMANCE AMONG GINGER MARKETERS IN SOUTH-EAST NIGERIA

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Abstract

The study analysed the performance of ginger marketers in South-East, Nigeria, using a multi-stage sampling procedure in the selection of hundred sixty eight (168) respondents for the study. A well-structured questionnaire was used in collecting data from the respondents and the data collected analyzed using simple statistical tools like frequency tables, percentages and cost and return analysis. The result revealed that majority (62%) of the ginger marketers were females, mean age of about 44 years and 62.50% married. Majority had little or no contact with extension (1.36), had large households (6persons) and non-members of cooperative society (56.48%). The results of the performance indicators shows the net return as N24,089.66 per week. This suggests that the business was profitable and capable of continuing in both the short and long run. However, higher margin implies a higher profit. It is therefore recommended for policies that will encourage new entrants into the business since is profitable and those already in it to scale up. Awareness campaigns should made to popularize the crop and it benefits, this is expected to increase their livelihoods.

Keywords: Net return, Ginger, Marketers, Marketing Margin, Marketing Efficiency

Introduction

Ginger is grown in Nigeria within the Middle Belt States. The crop is among the principal cash crops in Nigeria, being a major producer of the crop, and it is an important export commodity of Nigeria (Ojiako *et al.*, 2007). The most prominent States are Kaduna, Plateau, Niger, and Nassarawa States in order of quantity produced (Ojiako *et al.*, *ibid*). The production of ginger in Nigeria started vigorously in 1927 (Bernard, 2008). The plant is now cultivated in different parts of Nigeria, though the significant producing areas include Kaduna, Nassarawa, Sokoto, Zamfara, Akwa-Ibom, Oyo, Abia, Imo and Lagos States, with Southern Kaduna as the highest producer of ginger in Nigeria (Bernard, *ibid*). Nigeria is placed first in the total number hectares available for ginger cultivation, but her contribution to the overall ginger output in the world is too low compared to other countries. This can be attributed to the fact that smallholder and traditional farmers undertake most of the production without the basic production techniques. They are therefore not adequately focused on profit-maximizing motive (FAO, 2010). Ginger powder is fast becoming a household kitchen item in Nigeria. In the market, ginger is available in diverse forms; fresh ginger rhizome,

powder ginger, and dry ginger rhizome (Brian, 2014), with 10% of the ginger product consumed locally as fresh ginger, and the other 90% in dried form for export and local consumption. Ezeagu (2006) indicated that the 20% of the dried ginger was consumed locally and 80% exported. The crop is highly cherished in the international market because of its aroma, pungency and high oil and oleoresin contents called gingerin. It is an essential spice with real potential for employment creation and income generation. It is a low-volume, high-value tropical crop, and serves as a preservative for its aroma and pungency in the foods and beverages industry. The crop is among the oldest rhizomes widely domesticated with spice. In the Nigerian market, ginger is well-known and it is greatly demanded, though it is quite expensive (Brian, 2014). However, local markets also exist, and the domestic demand for ginger is increasing. Nigeria's ginger export is mainly to four regional markets; Europe (51%), USA and Canada (29.5%), Asia (13%) and Africa (0.5%) (Njoku *et al.*, 1995). The world trade in ginger is estimated at \$190 million per year, and main competitors in export are China, Nigeria, and Thailand. In 2004, Nigeria's ginger export stood at 28323mt, valued at over \$21.8 million (FAOSTAT, 2014). Ginger is a seasonal and perishable

crop (USAID, 2017). It is an export crop because of its high demand in advanced medical and confectionery industries. Owing to the lack of storage facilities, traders are forced to sell the product immediately after collection from farmers. Similarly, there are limited collection centers at production sites, with difficulties in proper handling of the product. There is also the absence of ginger washing facilities in Nigeria, which has resulted in low price of the crop because of its dirty appearances. The study therefore analysed performance among ginger marketers in South-East Nigeria.

Methodology

The study was conducted in South-East States of Abia, Ebonyi and Imo of Nigeria. The South-East zone has over 16 million residents as population (NPC, 2014), and made up of five States, namely: Abia, Anambra, Ebonyi, Enugu, and Imo. It also has a rural population density of 173 persons per square kilometer (Iloka and Anuebunwa, 1995). About 60-70% of the inhabitants are engaged in agriculture, mainly crop farming, animal rearing, food processing, and farm produce marketing. The climate can be described as tropical with two clear, identifiable seasons namely, the wet and dry seasons. Farming, processing, and marketing are the predominant occupation of the people. The zone has many markets (Rural and Urban markets) and small microcredit service providers, which include formal and informal. A multi-stage sampling procedure was used in selecting the respondents for the study. The target population was ginger marketers, whom were randomly sampled. The first stage involved purposive selection of three States, namely; Abia, Imo, and Ebonyi out of the five states in the South-East geo-political zone. These states were chosen based on their high-level activities on ginger processing and marketing. In the second stage, two agricultural zones were purposively selected from each of the selected States, giving a total of six agricultural zones. In the third stage, two Local Government Areas (LGAs) were purposively chosen from each of the two agricultural zones, giving a total of twelve LGAs. In the fourth stage, four communities were purposively selected from each LGA based on the presence of microcredit activities, giving a sample of 48 communities. In the fifth stage, one market was purposively selected from each community to give a total of 48 markets chosen from each of the selected communities. In the sixth stage, the sample frame was obtained from the list of male and female ginger marketers compiled with the aid of the community resident, and extension agents; random sampling technique was then employed to select 48 males and 120 females ginger marketers. Cross-sectional data were used for this study. Primary data were collected using well-structured questionnaires administered to ginger marketers. The data collected were analyzed using descriptive statistics such as percentage, frequency distribution, mean, marketing margin, and marketing efficiency indices. The performance of the ginger marketers was achieved using marketing costs and net returns analyses. Marketing margin and marketing efficiency models were adopted from Mendoza (1995)

and are specified as;

$$NR = TRS - TMC \dots\dots (1)$$

Where, NR = Net Returns, measured as the difference between the total revenue and the total cost of ginger marketing; TRS = Total Revenue Sales which is obtained by calculating the total amount (N) realized from the sale of ginger; TMC = Total Marketing Costs as the sum of the total cost incurred in marketing ginger. Marketing margin is one of the indicators usually identified with marketing efficiency; the formula is specified thus;

$$M_M = \frac{S_p - P_p}{S_p} \times \frac{100}{1} \dots\dots (2)$$

Where, M_M = Marketing margin (₦); S_p = Selling price (₦); P_p = Purchase price (₦)

Marketing efficiency describes the movement of goods from producer to consumers at the lowest marketing cost consistent with the provision of the services that the consumers' desire and can afford (Adekanye, 1988) and is specified thus;

$$M.E = \frac{\text{value added by marketing (Net Return)}}{\text{Total marketing cost (TMC)}} \times \frac{100}{1} \dots\dots (3)$$

For processors, cost and return analysis were used for profitability, thus $NR = TRS - TMC$.

Results and Discussion

Socio-economic characteristics of ginger marketers in South-East, Nigeria

The results of the socio-economic characteristics of ginger marketers in South-East, Nigeria are presented in Table 1. Result shows that 38.0% of the males engaged in ginger marketing in the study area compared to majority of their female (62.0%) counterparts. This could be that the marketing of ginger requires less effort and not bulky and requires less energy for women to engage in. This is in line with the findings of Ezra *et al.* (2017) who indicated that the domination of women in ginger marketing is due to low demands of time and efforts required to work in the enterprise. The mean age of ginger marketers was 43.50 years, this implies that ginger marketers are within the active and productive age range, implying they are young people who can withstand stress involved in the marketing of ginger. The results obtained are in line with the findings of Kantiok (2007), who noted that the majority of the actors within the agricultural value chain are in their working age. Also, Udoh and Nyienakuma (2008) noted that agriculturists within the active age group would be able to withstand stress and put more time in various agricultural operations.

Majority (62.5%) of ginger marketers were married, implying that ginger marketing is a source of income to the families from where they meet their basic needs. This result agrees with Ojo and Jibowu (2008) who reported that married people being responsible; their views are likely to be respected within the rural

communities as they decide on the use of agricultural inputs. Also, Basse *et al.* (2015) reported that majority of the agrarian products marketers were married. The result shows that the most of the ginger marketers (95.24%) had one form of formal education or the other. The result shows that literacy levels are high among them and could enhance marketing technology. This could enhance the management of the ginger business in the study area. In marketing, formal education allows ginger marketing to understand the proper management of resources in marketing. High literacy level and western education facilitates the adoption of modern technologies and improved practices (Makarau *et al.*, 2014 and Offor and Nse-Nelson, 2015). Experience is expected to have a significant positive impact on the managerial ability of marketers. Therefore the more experienced a marketer is, the more efficient the business. The result in Table 1 also shows the years of experience the marketers had acquired over the years as 12.45 years. This implies that the more experience, the more committed and confidence they have in the business. The finding also shows that the marketers are aware of the merits and demerits associated with the business because of the long years of experience and how best to invest in making a profit. The experience

gathered would assist and serve as a guide for marketers in their decision-making processes. The study also shows that the majority of the marketers in the study area have a household size of between 4-6 persons. This implies that the marketers in the study area have large household sizes, indicating advantage of family labour. High household size facilitates trade as member's aid in the marketing activities, because of division of labour; help in bringing in funds for household welfare. But this does not agree with the findings of Effiong (2005), Idiong (2005), and Ogundele and Okoruwa (2006), who reported that higher family size does not necessarily translate to higher use of family labour, because some of the able young men may prefer other jobs. Also, due to the larger family sizes, the business profit might be drained as expenditure, particularly if consumption is high. This explains why most small-scale businesses do not succeed. Majority (65.48%) of the marketers do not belong to the cooperatives, with extension visit of about only once (1.36). Studies have indicated the need for more extension visits to enable marketers to learn new techniques and be more efficient. Ekwe *et al.* (2016), reported that extension visits significantly influenced the use of processing technologies among rural households in Imo State.

Table 1: Socio-economic characteristics of ginger marketers in South-East, Nigeria (n=168)

Variables	Frequency	Percentage
Gender		
Male	64	38.0
Female	104	62
Age (years)		
21-30	27	16.07
31-40	68	40.48
41-50	46	27.38
51-60	20	11.9
61-70	7	4.17
Mean		43.5
Marital status		
Married	105	62.50
Single	20	11.91
Divorced	18	10.71
Widow	25	14.88
Education level (years)		
No formal Education (0)	8	4.76
Primary Education (1-6)	48	28.57
Secondary Education (7-12)	60	35.72
Tertiary Education(13-17)	52	30.95
Experience (Years)		
1-5	25	14.88
6-10	38	22.62
11-15	30	17.86
16-20	28	16.66
21-25	24	14.29
26-30	23	13.69
Mean		12.45
Household size		
1-3	39	23.21
4-6	52	30.95
7-9	47	27.98
10-12	30	17.86
Mean	6.11	5.71
Cooperatives		
None members	110	65.48
Members	58	35.52
Extension visits		
No	89	52.98
1-2/Yes	57	33.92
3-4/Yes	22	13.10
Mean		1.36

Performance of ginger marketers in South-East, Nigeria

The result showing the performance of ginger marketers is presented in Table 2. The result indicates that the ginger marketers incurred on the average a total cost of N49,094.66 and obtained an average total revenue of N73,134.32. The net return was N24,089.66. This suggests that the business was profitable and capable of continuing in both the short and long run. The marketers

had marketing margin of 32.93%, and marketing efficiency of 49.12%. The result shows that the marketers are inefficient in marketing, operating below or close to the frontier (100%). The rate of return on investment of N1.49 was obtained for marketers, which means that for every Naira invested in the business the marketers made a return of N1.49. The marketing materials used by the ginger marketers include; nylon bags, weighing balance, and stapling machine.

Table 2: Net returns of ginger marketers for (Average quantity per week)

Variables	Quantity (kg)	Unit Cost (₦)	Total cost (₦)
Variable cost			
Purchase price per kg	146	299.60	43,741.6
Cost of transportation			2,723.41
Cost of sorting	146	3.33	485.65
Cost of marketing materials	146	11.26	1,214.0
Total Variable Cost			48,164.66
Fixed Cost			
Cost of Rent	146	3.08	450
Depreciation on fixed cost			430.0
Total Cost			49,044.66
Selling price per kg of dried ginger	146	500.92	73,134.32
Revenue			73,134.32
Net Return			24,089.66
Performance Indicators			
Marketing margin (%)	32.93		
Marketing efficiency (%)	49.12		
Return on Naira investment (₦)	1.49		

Source: Field Survey Data, 2018

Conclusion

The study shows the performance of ginger marketers in South-East Nigeria. The result shows that majority of the ginger marketers were females 62%. This could be that marketing of ginger requires less effort and not tedious for women to engage in. The result shows that the mean years of experience of the marketers as 12.45 years implying more experience, the more committed and confidence they have in the business. The results of the performance indicators shows the net return as N24,089.66 per week. This suggests that the business was profitable and capable of continuing in both the short and long run. However, higher margin implies a higher profit. It is therefore recommended for policies that will encourage new entrants into the business since is profitable and those already in it to scale up. Awareness campaigns should made to popularize the crop and it benefits, this is expected to increase their livelihoods.

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