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LONGITUDINAL DISTRIBUTION CHANNEL OF CATTLE, OTHER RELATED ANIMALS AND ITS EFFECTS ON NIGERIAN ECONOMY

***TANKO ADAMU ANDENWU & **LEATU PHILIP SUNGBAA**

**Department of Marketing, Purchasing and Supply, Adamawa State Polytechnic, Yola*

***Department of Accountancy, Adamawa State Polytechnic, Yola*

Abstract

Despite the vital roles of channel members in the chain of distribution, the single remains more beneficial to the end user (the consumer), due to price reduction, availability of the product, personal relationship with the producer etc. which will also trigger demand that will improve the Nigerian economy and reduce overdependence on petroleum. This research, therefore, seeks to identify the longitudinal channels in the distribution of cows and other related animals; their roles and effects on price and the Nigerian Economy. Primary data was collected in this study taking into cognizance the sample population in the cattle markets who are mostly illiterates, therefore questionnaire and interview questions drawn out of the four research

Introduction

Background to the Study

It has become imperative for this study because previous researches on distribution are often directed at processed goods such as soft drinks, beverages, other packaged goods; extracted goods such as petroleum, gas etc, including mining and income distribution in the economy, but less researches are conducted on marketing of domestic animals in our local markets that form the source of meat consumed nationwide and its contribution to the national economy. It should also be noted that the hike in prices of animals especially cow, goat and chicken in Nigeria is due basically from the long channels of distribution at the purchasing points (the markets in the northern part of the country)

question was administered on 315 and respondents at the two (2) cattle markets. Data collected from the respondents was analsed using correlation and regression models. Findings of study revealed that all the distribution strategies have significant effect on price of cattle and other animals. The study also found that by adopting a single channel strategy as against multiple channels, prices can be minimized. The researchers conclude that buying cattle directly from the people rearing it is better than buying from the distributor or retailers. We therefore recommends that government and other stakeholders in the cattle business should come up with a well-articulated policy on the trading of these animals that will reduce or eliminate the activities of these middle men in order to achieve price stability which can improve the economy as a whole.

Keywords: *Distribution channels, Cattle, Price, Nigerian economy.*

and the selling points (the markets especially in the southern part). Coca-Cola Company is rated best in distribution system in the world with the widest coverage and affordable products while in Nigeria, The NNPC has broken the long chain of distributing petroleum products through mega stations thereby reducing the prices and also making them affordable. This research will suggest possible ways of curtailing the long chains in distributing cows which will lead to price reduction, availability and affordability of the product. Distribution entails the process of conveying company's products from the warehouse to the doorstep of the consumer. Hence, (Kotler & Armstrong, 2010) referred to distribution channel as a Set of Interdependent organizations that help make a product or service available for use or consumption by the consumer or business user".

The longitudinal channels in the distribution especially the involvement of the Chuwa-chuwa or Nakama boys (independent agents) curtails or even deprive the Fulani man (the owner of the cow) from transacting directly with the buyer (mostly the Igbo man from the east). The long chain of distribution of cows and other related animals in Nigeria has also a long impediment on the Nigerian economy through sporadic price increase, unbalanced distribution of these products, un-assessed revenue for the government and unnecessary frustration suffered by the seller (Fulani man).

Furthermore, the involvement of the Chuwa-chuwa boys (Nakama boys) has led to unwanted criminality in the markets. Therefore, this study uncovers facts that lead to these unwanted problems and possible solutions will be proffered towards national development. It adds to the body of knowledge in marketing and distribution of goods in particular. The research work covers the channels of distribution of cows and other related animals in Ngurore (Adamawa State) cattle market. We also traced the various chains in the distribution of these products in Enugu (Enugu State) cattle market in Eastern part of Nigeria.

LITERATURE REVIEW

This study draws on diverse submission ranging from the concept, components, roles or functions and importance of distribution channels of cows and other related animals.

Channel of distribution or marketing channels is the combination of institutions through which a seller market his products to the ultimate buyer (Nonyelu 2000). Most producers use intermediaries to bring their products to the target market, through their contact, experience, specialization and scale of operation. They usually offer the firm more than it can achieve on its own (Kotler & Armstrong, 2007) by so doing, the firm overcomes time, place and possession gaps that separate goods and services from those who need or want them (Kotler & Keller 2007).

Nkosi and Kirsten, (1993) pointed out that small scale communal farmers sell their cattle through informal marketing channels which in most cases have low purchasing power and as a result farmers get relatively low prices for their animals. Therefore, in marketing consumer goods like cows and other related animals, different levels are used ranging from zero to three. From the producer point of view, obtaining information about the end users and exercising control becomes more difficult as the number of channels increases Kotler & Keller, (2007). This study therefore, intends to find out the effect of longitudinal channels of distribution of marketing cows and other related animals. Major components of physical distribution decision will be reviewed (Nonyelu 2000) (Kotler & Keller 2007). The basic infrastructure needed to support modern marketing activities as poorly provided in developing economies. These cause distribution "bottlenecks" which in turn, increase the rate of price inflation.

We shall be reviewing this as we examine issues raised by (Musenwa L. et al, 2007). They identified development of an efficient and sustainable marketing system as one of the main strategy that would improve small scale farmers' access to formal markets.

Components of Distribution

This is called the channels of distribution which refers to the process through which the products are transferred from the producers to the ultimate consumers. "The Channels are set of independent organization (called Intermediaries) involve in making the product available for consumption to end users. Merchants are intermediaries that buy and re-sell products. Agents and brokers are intermediaries that act on behalf of the producer but did not take title to the product" (Kotler et al 2009). Andenwu (2016) Presents a typical of consumer marketing channels as seen below:

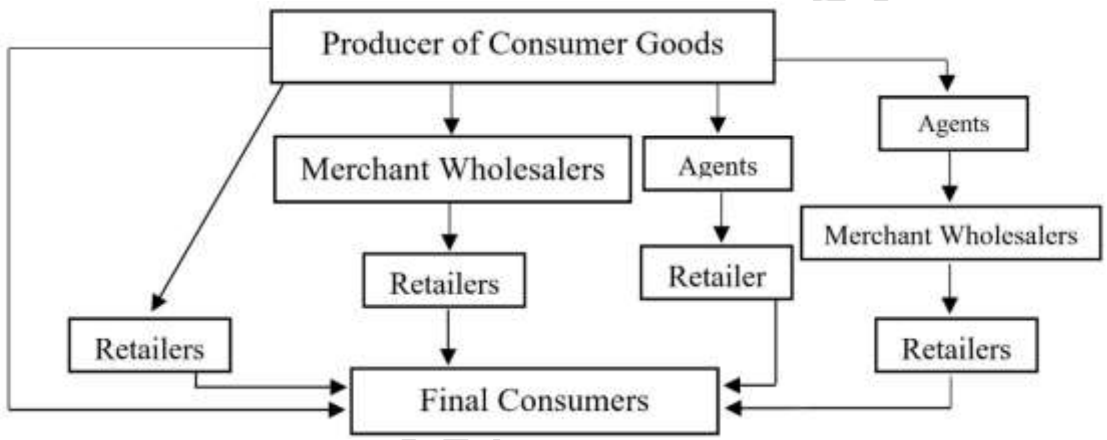

Figure 2.1 Consumer Channels of Distribution

Andenwu (2016) further explained these channels as thus:

1. **Producer-consumer:** is the shortest and simplest channel of distribution which is commonly called "the zero channel". Here the cattle seller can sell his cow directly to the consumer this is only common during festive period like Christmas, Sallah e.t.c
2. **Producer-retailer-consumer:** many large retailer buy directly from the manufacturers. This is commonly used within the northern part of Nigeria where the retailers buy the cattles, butcher and sell directly to the consumer.
3. **Producer-wholesaler-retailer-consumer:** this is often called the traditional channel for consumer goods and it is common in cattle business.

4. **Producer-Agent-Retailer-Consumer:** the role of agent have become prominent in modern business especially agricultural products such as cattle and grains.
5. **Producer-Agent-Wholesaler-Retailer-Consumer:** this is the longest channel and it forms the basis of this research. Many agents play different roles in the cattle market. Some agents are controlled either by the cattle seller, wholesaler, retailer or consumer.

METHODOLOGY

Both primary and secondary methods of data collection was used in this study taking into cognizance the sample population in the cattle markets who are mostly illiterates, therefore questionnaire and interview questions drawn out of the four research question was administered on 315 and respondents at the two (2) cattle markets. Data collected from the respondents was categorized in terms of all the variables. A statistical tool- correlation and regression models were then employed to analyze the data in order to draw conclusions. The regression model used in measuring the influence of the independent variables (distribution strategies) on price of cattle can be seen below.

$$P= \alpha_i + \beta_1 DC_1 + \beta_2 DC_2 + \beta_3 DC_3 + \varepsilon$$

Where:

P = Price

α = Constant term

$\beta_{1\text{-}3}$ = Coefficient of independent variables

$DC_{1\text{-}3}$ = Distribution Strategies

ε = Error term.

RESULTS

TABLE 1: Respondent Rate of Return

Items	Frequency	Percentage
Questionnaire administered	315	100%
Questionnaire retuned	222	70%
Questionnaire not retuned	93	30%

Source: Filed Survey, (2019)

Table 1 contains the statistics of respondents in terms of questionnaire administered. A total of 315 questionnaires were distributed to the respondents comprising of cattle rears, distributors and retailers of cattle and other related animals. Out of this total 222 questionnaires were duly filed and returned. This represented 70% and it' s considered to be a high rate of return. The remaining 93 or 30% were not returned by the respondents.

Table 2: Gender

Type	Frequency	Percentage
Male	191	86%
Female	31	14%
Total	222	100%

Source: Filed Survey,(2019)

Table 2 above shows that 191 respondents, representing 86% of are male while 31 or 14% are female. That shows that there are more male gender doing the business of rearing, distribution and rearing of cattle and other animals than female.

Table 3: Line of Business

Business	Frequency	Percentage
Rearing Cows/ other animals	46	21%
Distribution Cows/ other animals	71	32%
Retailing Cows/ other animals	94	42%
Others	11	5%
Total	222	100%

Source: Filed Survey,(2019)

Statistics of specific line of business engaged by the respondents is presented in table 3 above. Analysis shows that those engaged in retailing of cows and other animals have the highest number of 94 or 42%. Closely following retailing is those engaged in distribution with 32% while 21% are into rearing of these animals. Only 5% of the respondents are in other related business like driving trucks, loading and off-loading among others.

Table 4: Reliability Statistics

Construct	No. Of items	Chronbach Alpha
Retailer storage with customer pick up	4	0.672
Retailer storage with customer pick up	3	0.761

Retailer storage with in-transit merge	2	0.828
Price	4	0.908

Source: Filed Survey,(2019)

A survey instrument is said to be reliable if the value of Chronbach's Alpha coefficient is greater than or equal to 0.7 (Griethuijsen et al, 2014). The values of Chronbach's Alpha coefficient in table 4 indicates that the constructs has greater than 0.7. Therefore, the instrument is considered to have internal validity and reliability.

Table 5: Correlation Matrix

Variables	1	2	3	4
Retailer storage with customer pick up	-			
Rearer storage with customer pick up	0.275	-		
Rearer storage with in-transit merge	0.391	0.519	-	
Price	0.570	0.094	0.273	-

Source: Filed Survey, (2019)

Table 5 contained the correlation coefficient between dependent and independents variables. The result indicates that retailer storage with customer pick up has strong positive correlation with price of the commodity, indicated by (r=0.570). However, Rearer Storage with customer pick up has positive but weak correlation with price indicated by r=0.094. Finally Rearer Storage with in-transit merge has slightly strong positive correlation with price as shown by r=0.273.

Table 6: Regression Result

Variables	B	T- value	Sig.
Retailer storage with customer pick up	0.529	10.077	0.000
Rearer storage with customer pick up	0.182	0.208	0.000
Rearer storage with in-transit merge	0.443	8.501	0.000
R^2			0.786
F			339.544

Source: Filed Survey, (2019)

Result contained in table 6 presents the summary of the regression model showing goodness of fit with coefficient of determination R^2 having 0.786. This means the independent variables account for 78.6% of the variation or changes in the study.

The result also shows that all the three distribution strategies have significant influence on price of cattle and other animals.

FINDINGS

i. Three strategies adopted for distribution of cattle and other animals
ii. Rearers, distributors and retailers are the three key stakeholders involved in cattle value chain
iii. All the three strategies adopted have influence on the prices of these animals.
iv. Prices of cattle and other animals tends to be higher when "retailer storage with customer pick up" strategy is used.
v. "Rearer storage with customer pick up" strategy proved to be the best strategy because it has positive but weak effect on the price.

DISCUSSION

Three strategies adopted for distribution of cattle and other animals. These strategies are (1) Retailer storage with customer pick up; (2) Rearer storage with customer pick up; (3) Rearer storage with in-transit merge. Although there are other channels, these are the most widely used among the market participants. Retailer storage with customer pick up is a single channel strategy where the person rearing the animal sells directly to the consumer. In this situation no middle man is involved and therefore price tends to be lower. In the case of Retailer storage with customer pick up strategy, a retailer purchase the animal from the rearer either in case or in most cases without any commitment and resale it to other retailers or consumers. These activities usually jack up the price and the burden is borne by the final consumer. Rearer storage with in-transit merge is a situation where the person that rears the animal will be stopped before reaching the market. A middle man purchased the animal in cash for reselling to another retailer at a small profit. Empirical evidence from this study suggests that all the three distribution channels has direct influence on the price.

CONCLUSION AND RECOMMENDATION

This study conducted an empirical verification of the links between the distribution strategy and price of cattle and other related animals. Distribution strategy is a feasible approach to promote stable pricing. Therefore, distribution strategy is a key-driving factor for pricing of cattle and other related animals. This study finds that all the distribution strategies have significant effect on price of cattle and other animals. The study also found that by adopting a single channel strategy as against multiple channels, prices can be minimized. The researchers conclude that buying cattle directly from the people rearing it is better than buying from the distributor or retailers. We therefore recommends that government and other stakeholders in the cattle business should come up with a well-articulated policy on the trading of these animals that will reduce or eliminate the activities of these middle men in order to achieve price stability which can improve the economy as a whole.

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