

Marketing chain for groundnuts in North Central Nigeria

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Keyword

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Abstract

Groundnuts are produce in the Northern part of Nigeria by both small medium and large-scale farmers. It is consumed across the country. Groundnuts are boiled fried or roasted. Boys, girls, men, and women providing a livelihood form any household hawk groundnuts. Groundnuts are also processed for industrial use, animal feeds, groundnut cake, and so on. This study therefore examines the groundnuts commodity chain and market institutions that regulate its operations based on observation in major centres. Attention is paid to gender, ethnicity, security, access to information and transportation. To achieve this, the researcher used qualitative approaches with an emphasis on observations, individual and group interviews and focus group discussion. Diverse market actors such as traders and transporters and key informants as Tor Kasuwa (Chief marketer). This study showed the complex organisation of Nigeria groundnuts and the importance of service provided by a range of intermediaries, notably the Beranda and other commission agents. The study also finds out that retailers and rural assemblers play major roles in the groundnuts marketing chain. The groundnuts market was not regulated as expected, the chattas role of negotiating and arranging transportation is paid a commission with Beranda and other agents and it was estimated at 5% to 10%. The study recommended that the groundnuts market should be regulated well to encourage other players to also come in. The study also recommended that, chattas should be more serious with their responsibilities of arranging transportation of groundnuts from major markets to companies.

1. Introduction

Agriculture is the main stay of African Economics. In Nigeria, small, medium scale households and large scale farmers grow groundnuts. Groundnuts is boiled or fried and is handled by women, men and small girls providing a livelihood for poor households in the urban areas.

Groundnut is also processed for industrial use, especially for animal feeds, biscuits beverages and so on. This paper therefore examines the groundnut commodity chain and the market institutions that oversee its operations based on observations in some states in north central Nigeria known for groundnut production.

2. Area of Study

The study is focuses on a major market in Adikpo in Benue, Kiyana in Nasarawa and Biron in Plateau States in north central Nigeria. Benue State was created on February 3, 1976. The State derives its name from River Benue, the second largest in the country and the most prominent geographical feature in the state. Benue State lies in the middle belt of the country and shares boundary with states namely; Nassarawa to the north, Taraba to the east, Cross River and Enugu to the south and Kogi on the west. In Benue State, Adikpo market is the biggest groundnut market and the main bulky centre for groundnut. Nassarawa State is made up of thirteen local governments. Awe one of the local governments is known for the production of

groundnuts. Nassarawa is bounded in the north by Kaduna state, in the west by Federal Capital Territory, Abuja, in the south by Kogi and Benue States and in the east by Taraba and Plateau states.

The state has agriculture as the mainstay of its economy with the production of varieties of cash crops throughout the year.

Plateau state came into being in February, 1976 when it was carved out from the former Benue/Plateau State. Plateau State is known for both agriculture and manufacturing activities. Agricultural products are produced in large scale including groundnuts. Taraba State was created on the 27th of August 1991. The state is bounded in the north-east west by Adamawa state, in the west and south west by Plateau and Benue state and on the eastern border by the Republic of Cameroon. The major occupation of the people of Taraba state is agriculture cash crops produced in the state including groundnuts. Groundnuts is produced in almost all the states in the north central and northern states but halve of the country's groundnut is produced in Benue, Taraba, Nassarwa and Kaduna State.

3. Research Methodology

This study used qualitative methods with an emphasis on observation and individual and group interviews. In some markets, group interviews suffered because of the nature of activities going on. However, a few were conducted with wholesalers and a few retailers.

Diverse market actors were interviewed, they include, traders, producers, transporters and Alalos. Key informants include, market administrators, (TOR KASUWA) and the Commission agents (BERANDA). Triangulation was used to cross check and confirm responses from 4-5 respondents at different or separate visits.

4. The Groundnut Marketing Chain

Several different types of actors resist in the groundnuts marketing chain, and they play active roles at different times. The need to understand the role of each actor is very important because, they determine how rural producers and consumers have access to the market and also have groundnuts and transported to the urban consumers and industrial users. In this study, the actors vary in their roles and even in their names. A major market in Benue State is Adikpo dominated purely by the Tiv people, who are Christians. The Beranda (Commission agent) play a crucial role in the market. Women play a very limited role. Though in Adikpo, the women are now coming up strong.

Groundnuts are produced almost entirely by small-holder farmers who keep a portion of their crop for seed, food and to pay labour, and sell the balance to buyers (Figure 1) Different types of buyers may be differentiated:

- **Small-scale traders** who purchase the crop in one or more villages within a radius of several kilometres. These traders are independent, operating with their own funds and supplying in Adikpo market.
- **Large-scale traders** who have sufficient funds to purchase hundreds or thousands of native tones of groundnuts, who are based in the main district centres. This group employs a variety of buying techniques encompassing shop front buying, funding of buying agents in the field, pre-purchase of farmers' crops.
- **Processors** producing peanut butter and purchasing groundnuts through large-scale traders, small-scale traders, buying agents or directly from contracted farmers.

Buyers purchase either shelled or unshelled nuts and may sell them as is or process them to some degree before trading them. The end market products are boiled or raw unshelled nuts,

dry or roasted shelled nuts, processed shelled nuts with flavourings, pounded groundnuts, peanut butter, and animal feed.

Groundnut buyers start to prepare their marketing season in April and May, by contacting producers and rural assemblers. The market marketing season is a long one sparing more than six months, the groundnuts crop is sold when producers are in need of cash. Normally the few wealthy farmers keep their groundnut in shelled until the price is high in the market.

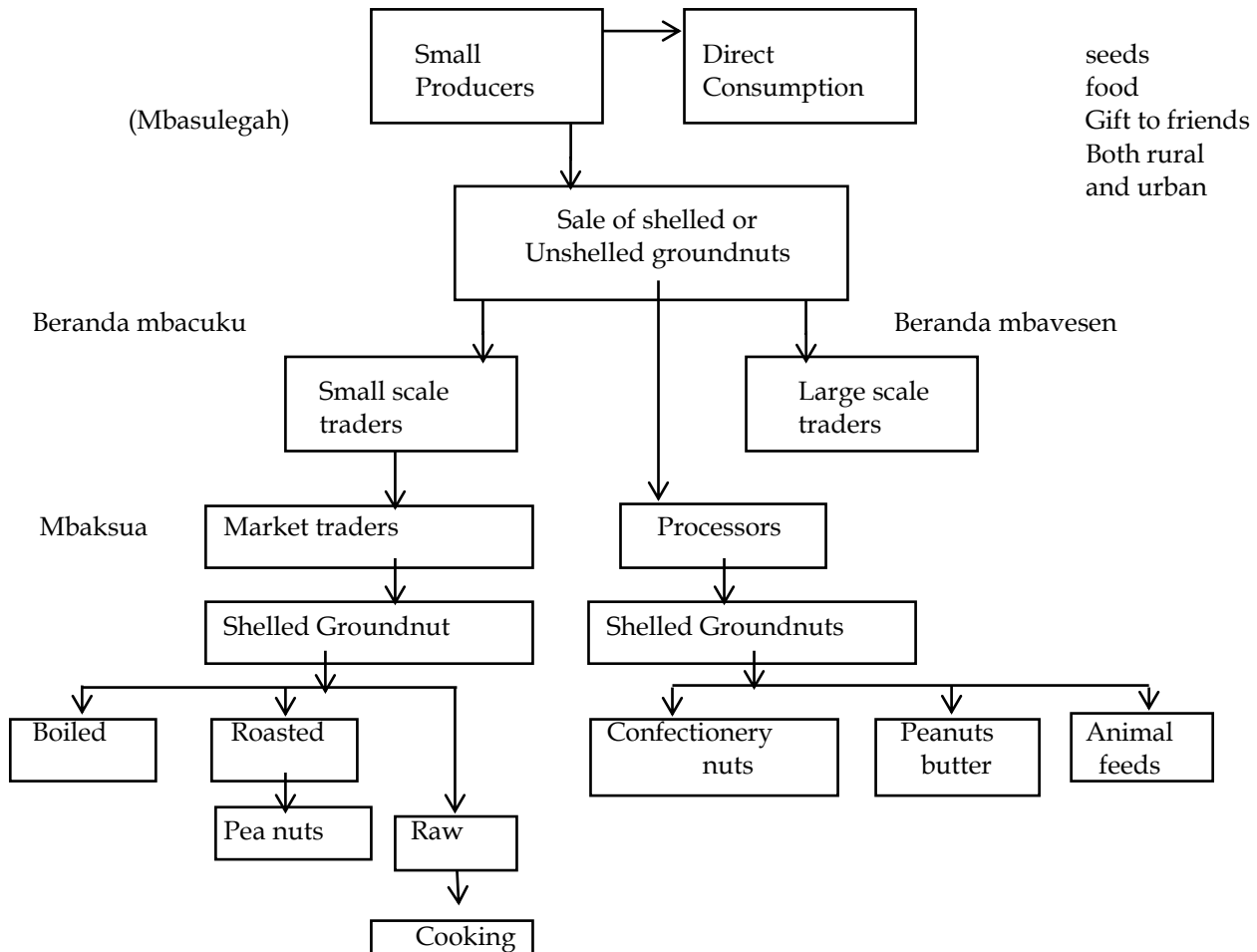


Figure 1: Groundnut marketing Channels

In Adikpo market, the retailers are both men and women. The groundnuts traded in this market is obtained in two ways, first the farmer and the rural assembler brings the groundnuts into the market in smaller quantity between two bags and less than a bag and gives in to a known retailer or a retailer that has been recommended, in the case of those who are new. The farmer or rural assembler may have to wait until the groundnut is sold. When eventually the groundnut is sold, the money realized is then handed over to the farmer/rural assembler. The retailer popularly known as Beranda is paid for the services rendered to the farmer/rural assembler. The secondary means by which the retailers obtain groundnuts is by buying from the producers/rural assemblers at a price lower than the prevailing market price to make his own profit.

Considering disagreements between retailers and producers/rural assemblers, the operators opined that there are instances where they could be disagreements between them and

their customers especially on the quantity sold and the price sold. Christopher (1995) stated that if international marketing strategies are developed, small scale farmers will benefit.

5. Rural Groundnuts/traders (*Beranda mba Kiriki*)

The *Beranda mba Kiriki* collect from producers in small quantities (not in bags) and retail in *auuto* consumers and retailers who also buy in relatively small quantities.

In Adikpo market, the role does not necessarily require a large capital base. In this market, the *Beranda u Kiriki* have to sell through a *Beranda* and pay N50 per bag sold to the *Beranda u vesen*. They bear the transport cost which ranges from N150 – N250 bag from nearby villages and about N200 bag for distant places. If they sell at the retailing section, there will be no payment for commission but will have to pay *auu* to (head load carriers) or wheel-barrow pushers to transport them from Motor Park to the section at a fee of N50 per bag.

6. The Groundnuts Bulk Buyers (*Beranda mbavesen*)

A group of traders called *Beranda u vesen* in Adikpo market. These are many and highly organized as they operate with an association. They go round the retailers to buy groundnuts in measures at retail prices and sale in bags.

The *Beranda mbavesen* (Commission agents) most of the times buy groundnuts in big bags and turn into small bags. In this way they obtain extra groundnuts in small-small basins called *mbaauu*. Those who have the required cash to buy as many bags as possible may end up getting more than two bags of groundnuts extra and when this sold, it become a good profit.

In Adikpo market, the Ibos who represent company agents are seen in their large numbers. They come to this market, and they buy groundnuts from the whole sellers (*Beranda mbavesen*) and had immediately in their trucks. In some cases they store in their market stores pending when the groundnuts will be evacuated and transported to the East and West. Normally is commission is paid on each bag of groundnut purchased. It was ₦50 but it now ₦100 per bag.

Important in this market is also the *Charta* people (those who awange transportation). This people are responsible for transporting groundnuts from the market to their final destination. They could accept to transport the groundnuts with or without payment. However on delivery, full payment is made.

7. Credit Facilities

Many groundnut farmers especially the small ones depend on assistance both financial or kind assistance from the *Beranda* and the *Torkasua* based on their personal relationship. In most cases, the *Beranda* and the *Torkasua* will negotiate and collect fertilizer, groundnuts seeds and herbicides for the farmers and these farmers will in turn with their producer after harvesting them. For example if a bag of groundnuts is giving to you for planting, you will be expected to return two bags after harvest. A farmer Ayila a 55 year old man complained that the charges of the *Beranda* and *Torkasua* were too high. He said there are instances he planted the groundnuts but could not get up to two bags paying two bags for one bag especially when the harvest is poor is indeed very high. Atorough said there are instances where many of his friends who collected credit from *Torkasua* were unable to pay back. They were reported to the market *exco* and were asked to pay back in the next farming season. This practice is common in Benue, Taraba and Nassarawa states.

From this discussion, it shows that the *Beranda* and *Torkasua* play a dominant role in the provision of credit to most of the groundnut dealers in the groundnut marketing chain. Other sources of credit to groundnut dealers included personal savings, small donation from relatives, friends and associations.

Groundnut dealers also gave reasons why they were not borrowing from the financial institutions. Majority of the respondents opined that, there were not aware of the opportunities to borrow in financial institutions as most these producers/rural assemblers are illiterate. Some respondents opined that interest rates were too much while others say, the process of obtaining a bank loan is a difficult one. Some officials of Industrial Development Bank (IOB) and National Agricultural Credit and Rural Development Bank (NACRDB) said, farmers are not forthcoming to apply for loans. When ask why, they replied by saying, most of the farmers are illiterates and the process of counseling them to come for loan is often resisted. Kasali (2006), emphasized on the need for financing small and medium scale enterprises if development in this area is to be achieved.

Some farmers and traders have complained bitterly that they applied for a loan for the two years now but they have not received any information regarding their application.

8. Sources of Information

The major sources of information in Adikpo market and most of the markets in central Nigerian states is personal networks. All the respondents opined that they have direct contact which provides the required information as demand and supply of groundnuts. Some respondents also said they rely as provided by local associations.

Majority of the respondents also indicated that they have GSM phones and through the phone information is obtained. Most poor traders complained that, they cannot maintain a GSM phone. Face to face contact with friends, and association is the most preferable.

In Adikpo market, most government media like, television National Television Authority (NTA) and radio Benue is completely absent so one cannot talk of advertising on radio or television or even obtaining information from the government media. The private radio stations that cover some of the market activities but the cost is enormous. Rikko (undated) submitted that there is need for a good promotion programme information required for the overall market efficiency is to be achieved.

9. Market Security

The groundnut market in Adikpo, Ushongo and Nassarawa are the main markets for groundnuts in the central Nigeria. Some of these market have wall fence while others do not have. Lock up stores are available but most of these stores lack storing doors. The buildings are old and as such maximum security is not guaranteed. The vigilante groups in these areas are expected to provide security in the market but in most cases because of lack of funds to buy weapons that will assist them in providing security, is another major challenge. Majority of the respondents express dissatisfaction with the present level of security being provided in the market. Some of the interviewed respondents said, they have lost one or two bags of groundnuts in the market.

10. Price Determination

The price of groundnuts in Adikpo, Bran market and Nassarawa market is not fixed. It is determined by the forces of demand and supply in a particular market day. On a market day, prices may be higher in the morning and afternoon while lower prices will be recorded in the evening. Some groundnuts traders were interviewed concerning who fixed prices in the market, they indicated that, in some cases the Berandas, and Torkasuwa fixed prices based on what was sold in the last market. 60% of the respondents however explained that prices are largely determined by forces of demand and supply. 30% argue that, the activities of the Beranda people determine the price for groundnuts. 10% of the respondents opined that, farmers and

small scale traders with Beranda determine the price for a bag of groundnut. Nwauwa and Kemisola (2104) opined that for farmers to get the desired income from the sale of their produce agricultural market reforms need to take place.

11. Groundnut Transportation

Transportation of groundnuts starts from the farm to the houses and then from the houses to the market. From the farm to the house, groundnut is transported in wheelbarrow and on the head. Women and children carry groundnut in small quality on the head, while the men carry in wheelbarrow.

From the house to the market, trucks, pick up vans, station wagon vehicles and buses are the commonly used means of transportation of groundnuts to the market. Due to poor nature of our wads, the cost of transportation is very high. A pick up van can carry about 20 bags of groundnuts at N250.00 per bag from kilometre of 45.

One of the drivers interviewed in Adikpo market had a Mercedes 911 lorry. This lorry can carry between 200 to 250 bags of groundnut. When ask about a breakdown of a trip, he hesitated but reluctantly indicated the following.

Income	-	250x250 = N62,500.00
Union dues	-	N500
Loading	-	50x250 = N12,500.00
Road charges	-	N500.00
Fuel	-	N20,000
Net income	=	29,000

Another driver gave the following

300 x 500	-	29,000
Union fees	-	N10,000
Loading	-	50x 300 = N1500.00
Fuel	-	Un official) N10,000
Net income	-	N89,000.00

In all the markets, the driver is responsible for settling all road charges or tines. When ask the nature of the road charges, a dinner listed the following

- i. Federal high way patrol
- ii. Police check points
- iii. Vehicle inspection officers
- iv. Federal Road Safety Corps
- v. State and Local Government Revenue check points popularly known as produce etc.
- vi. National Union of Road Transport Workers (NURTW)

Drivers are also responsible for minor servicing of vehicles. Major repairs according to the driver interviewed, is done by the owner of the vehicles.

Additional expenses are incurred especially when the cost of petroleum products is high. Sanusi (2012) emphasized that, there is urgent need to invest in Nigerias agricultural value chains if achieving self-sufficiency in food production is to be contemplated.

12. Conclusion

The research study revealed that complex organization of Nigeria's groundnut market chain and the important services provided by intermediaries notably the Beranda, Torkasua, chatter, Alalo, Drivers. These people facilitate the sale of groundnuts for producers using their

wealth of experiences. These people also assist farmers and rural assemblers with credit facilities. The Tor Kasuwa (Market administrators) role is to facilitate buying and selling and also to ensure that transactions in the market are uninterrupted.

The small Berandas (retailers) and rural assemblers also play key roles in the groundnut marketing chain, this is because, and they interact directly with the producers and consumers. They play a crucial role in determining prices of groundnuts. There are no restrictions of access to the Adikpo market. Both men and women and even children have access to the markets. The transport sector also plays a key role in the groundnut marketing chain. Numerous hazards like bad roads, unofficial charges and scarcity of petroleum products make transport expensive.

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