

Evaluation Of The Distributive Trade Channels For Selected Food Staples In Imo State, Nigeria.

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ABSTRACT: This study analyzed the efficiency of the distributive trade channels for Cassava, Maize and Yam in Imo State, Nigeria. It aimed specifically to identify the types of markets for these staples, the category of channel members, their relative efficiency and the factors influencing their relative efficiency. Survey conducted, following the use of the multistage sampling technique, identified a decentralized market for cassava and maize with the dominance of “freelance” retailers followed by the wholesalers and, then, the cooperative retailers, in that order, as the channel members. The centralized market type was identified for yam, with a predominant north – south flow. Despite the relatively small volume of trade executed by the cooperative retailers, they were found to be relatively more efficient in the channel management of these staples. The factors that influenced the efficiencies of the channel members were the volume of sales and the volume of losses incurred by each category in transaction, cost of capital, type of channel member, cost of transportation and storage. It was recommended, among others that, for these staples, renewed emphasis should be placed on the activities of such group-based channels as the cooperative retailers in order to reduce the level of losses occurring along the channels as well as reverse the trend towards food insecurity staring the economy in the face. [Academia Arena, 2010;2(6):72-79] (ISSN 1553-992X).

KEY WORDS: Evaluation; Efficiency; Distributive Trade Channels; Selected Food Staples; Imo State; Nigeria.

INTRODUCTION

The failure to produce desired levels of farm output in our national economy had been blamed on factors suggested in Ohale(1991); Nweke(1994;1996); Nweke and Spencer R, (1995); Onyemelukwe et al (1977).In these studies sufficient consideration was not given to the channel of distribution, defined in Davis (1971) as “the route taken by a product as it moves from the producer to the ultimate consumers, a combination of transportation, storage and organization of firm or person who plays a part in the transfer of goods (or services) from producer to consumer”, and in Olayide (1989) as “the combination of institutions/middlemen through which a seller markets his products to the ultimate buyer”. Different types of middlemen had been identified in a typical distributive channel Baker (1981); Davis (1979). Huge losses were reported along the distributive trade channels, estimated in .Osuji (1986) to be over 15% for cassava, 10% for yams, 17% for cowpeas and 9% for sorghum, arising from the operations of the various categories of middlemen in the distributive trade in their bid to create form, time, place and possession utilities. The losses portend food insecurity for consumers who rely on these staples as major sources of calorie in-take in the state .The losses were said to impede the realization of the national policy objectives enunciated in CBN {2004} as well as the achievement of such welfare status envisioned in Christiansen et.al {2003}.The wastage has been on increase despite the measures put in place to check

them. The performance of the various categories of middlemen involved in channel management of these staples has not been satisfactorily assessed to establish their relative operational efficiency, particularly the extent to which they account for these losses as they undertake their distributive trade functions. Studies reported in Jones (1968); Anthonio (1967); Morgan (1965); Okereke and Anthonio (1988), tended to ignore the structural analysis of the market, leaving an information vacuum on the channel that is relatively efficient in its distributive functions and the influence of factors identified in Stanton (1981) on these channels. It is not known if all categories of middlemen differ in their marketing efficiency as well as their gross margins from operations. This information will aid in determining the member that should be encouraged to dominate the distributive trade channel for these staples. The general objective of the study was, therefore, to access thee performance of the existing distributive channels for the selected food staples in the study area. The specific objectives were to identify the types of markets for maize, cassava, and yam in the study area; the channel members in the distributive trade for these selected staples; estimate the marketing functions/dysfunctions undertaken by these channel members; the relative efficiency of these channel members and the influencing factors. It was hypothesized that there was no significant difference in the relative efficiency of identified channel members in the performance of their marketing functions; that their

efficiency was not significantly influenced by all the estimated variables, including their sales volume, volume of losses sustained in transaction, the cost of capital used in production, transportation cost, wages, stall rent and association dues, category of middlemanship.

METHOD OF STUDY.

The study was conducted in Imo State, Nigeria, using the multistage sampling technique. The state was first stratified into Owerri, Orlu and Okigwe Agricultural Zones, in line with the zoning pattern of the Agricultural Development Programme in the area. Two zones, namely, Owerri and Orlu were chosen through simple random sampling. This gave a total of six Local Government Council Areas. A list of the markets in each Local Government Council Area was compiled and two markets were chosen from each Local Government Council Area through simple random sampling, giving a total of twelve markets. From a list of marketers involved in the distributive trade for these staples, complied with the assistance of the trade union officials in each of the markets, ten marketers were chosen through simple random sampling. This gave a

total of One Hundred and twenty marketers from who data were collected, using structured questionnaire. The market and the market conducts of these participants in each market for cassava, yam and Maize were observed twice in a week for three months. Twenty farmers engaged in Yam, Cassava and Maize production were chosen from each Local Government Council Area through simple random sampling. This gave a total of One Hundred and Twenty farmers and a set of questionnaire were administered on them to obtain confirmatory information on the range of transactions that transpired between them and the various categories of middlemen in the distributive trade for these staples. Data were collected on types of middlemen, prices of the food staples under study, distance covered to make purchases, sales, losses, storage and transportation costs, wages, stall rent and association dues paid by channel members. Data collection lasted from August 2009 to February 2010. Data were analyzed using the multiple regression technique, tables and percentages to estimate marketing margins. The percentage marketing margins were specified as:

$$\% GM = \frac{Y - X}{Y} \times 100 \quad (1)$$

$$\% NM = \frac{Y - X - TV}{Y} \times 100 \quad (2)$$

Where,

% GM = Percentage Gross Margin;

Y = Sales Price;

X = Purchase Price

TVC = Total Variable Costs;

% GM = Percentage Gross Margin;

% NM = Percentage Net Margin

The multiple regression model to estimate and compare the marketing margins of the types of channel members as well as the influencing factors was specified implicitly as

$$Y = f (X_1, X_2, X_3, X_4, X_5, D_2, D_3, e_i) \quad (2)$$

The explicit function was specified as:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 D_2 + \beta_7 D_3 + U_i \quad (3)$$

Where,

Y = Gross Marketing margins (%).

X₁ = Sales volume (Kg);

X₂ = Losses incurred in transaction (Kg)

X₃ = Cost of capital used (interest on loans and depreciation charges on fixed assets).

X₄ = wages, stall rent and association dues (N).

X₅ = Transportation and storage costs (N).

D = Types of channel member, Dummy, D₂ & D₃ (with D₂=1 for cooperative retailers and zero otherwise; D₃ = 1 for wholesalers and zero otherwise). Gujarati (1995).

Following Gujarati (1995), the "freelance" retailers were, in this study, treated as the base category.

Four functional forms of the model were specified and the form that gave the best fit based on economic, statistical and econometric criteria was chosen for further analysis.

RESULTS AND DISCUSSION

Types of Markets and Categories of Members Identified along the Distributive Trade Channels for the Food Staples.

The market type identified for cassava and maize was different from that identified for yam.

The decentralized markets were identified for cassava and maize. This agrees with the position expressed in Olukosi and Isitor (2005) that marketing channels for agricultural products in Nigeria are mainly decentralized. The distribution channel was dominated by the independent “freelance” retailers, with characteristics similar to those explained in Allen (1979). Along with the independent “freelance” retailers were wholesalers and a few cooperative retail societies who operated under binding agreements. Similar cooperative retail societies and their performances were identified in Baker (1981), and were defined as “voluntary, non-profit-making organizations which are controlled by committees elected by customers who are members of the societies”. About 85% of the purchases were made directly from farmers at the farm-gate by the independent “freelance” retailers, while about 5% of the purchases were made by the Cooperative retailers. The wholesalers made about 10% of the purchases directly from the farmers. The most common form of organizational flow was, therefore, from the farmers to the farm-gate retailers to the consumers. The centralized market type was identified for yam, with a predominant north – south flow, in line with the observation of Anthonio (1967) that a North-South trade flow exists in Yam marketing in Southeastern Nigeria. The products were brought together in large central and terminal points having a longer distribution chain than was the case for the cassava and maize distribution chain. About 65% of the purchases were made by brokers who then sold to the wholesalers. The most common organizational flow was from the producer to brokers to wholesalers to consumers. A few independent “freelance” (30%) and cooperative retailers (5%) were also identified in the yam distribution trade.

The Marketing Functions and Dysfunctions of the Channel Members.

The marketing functions and dysfunctions performed by these channel members in the distributive trade functions for the selected staples are as shown in Table 1. The Table shows that 38.5%, 4.4% and 39.9% of cassava, yam and maize respectively, purchased by all classes of middlemen in the distributive trade were lost along the chain. This means that more cassava than maize was lost by the channel members in the performance of the marketing functions in the study area. These estimated losses confirm the findings of Coursey and Booth (1977) that staggering amount of wastages occur along the distributive channels for major food staples. The estimated losses in calories arising from a staple like Yam, was put at about 5.7million Kcal/ha and protein content of 107Kg/ha (Coursey and Booth (1977). For cassava, the wholesalers sustained the highest percentage loss (62.6%) followed by the independent “freelance” retailers and, then, the cooperative retailers. About equal percentage losses were sustained in the yam trade by the wholesalers (4.5%) and the “freelance” retailers (4.6%), while the cooperative retailers sustained the lowest percentage loss.

Table 1: Distribution of Marketing Functions and Dysfunctions of the Channel Members.

Marketing functions and dysfunctions		Total for all middlemen		Wholesalers		Cooperative retailers		“Freelance” retailers.
		Qty(kg)	%	Qty(kg)	%	Qty(kg)	%	Qty(kg)
(A) CASSAVA	(Kg)							
Purchases (kg)	65,000	-	18,000	-	14,000	-	33,000	-
Processed	18,000	27.7	4,000	22.2	5,700	40.7	8,300	25.2
storage	10,000	15.4	2523	14.0	5,600	40.0	2477	7.5
sales	12,000	18.5	205	1.1	3,000	21.4	8795	26.7
losses	25,000	38.5	11,272	62.6	300	2.1	13,423	40.7
(B) YAM								
Purchases	68,000	-	10871	-	17339	-	39790	-
processed	-	-	-	-	-	-	-	-
storage	5000	7.4	600	5.5	2354	13.6	2046	5.1
Sales	60,000	88.2	9782	90.0	14290	82.4	35928	90.3
losses	3000	4.4	489	4.5	695	4.0	1816	4.6
(C) MAIZE								
Purchases	25800	-	10,000	-	95896	-	152104	-
processed	56,000	21.7	3,000	30.0	39573	41.3	13427	8.8
storage	13,000	5.0	1897	19.0	9785	10.2	1318	0.9
Sales	86,000	33.3	3864	38.6	33237	34.7	48899	32.1

losses	103000	39.9	1239	12.4	13301	13.9	88460	58.2
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Source: Field Survey Data 2010.

For maize, the highest percentage loss was sustained by the independent “freelance” retailers (58.2%) followed by the wholesalers (13.9%). The cooperative retailers, again, sustained the lowest percentage loss (12.4%). The result shows that the cooperative retailers were more efficient in the handling of these food staples. It suggests that the independent “freelance” retailers and the wholesalers are responsible for the greater part of these losses and shortages in the study area. In terms of utilities created along the channel, the table shows that the cooperative retailers created the highest place utilities (38.6%) and time utility (34.7%) along the trade channel. They were followed by the wholesalers and, then, the independent “freelance” retailers. This means that, in addition to higher level of efficiency, the cooperative retailers also excelled in the creation of place and time utilities along the distributive chain. The wholesalers, however, created the highest volume of possession utility for all food staples in the study area.

The Estimated Costs Incurred by Channel Members in the Distributive Trade.

The estimated costs incurred by channel members in the performance of their distributive trade are as shown in the Table 2.

TABLE 2: Summary Costs incurred by the Channel Members in the Study Area.

Item of cost	Amount for wholesalers (₦)	Amount for “freelance” retailers (₦)	Amount for Cooperative retailers (₦)	Total amount for all middlemen (₦)
Variable costs				
Transportation	4691.00	566.52	286.97	2551.49
Labour	1138.24	283.26	143.49	1564.99
Total variable costs	2836240(68.90%)	849780(20.64%)	430460(10.46%)	4116480
Fixed costs				
Marketing levy	27.57	22.67	23.84	74.08
Interest on loan	48.52	-	13.54	62.06
Insurance	92.60	-	14.56	107.16
Stall rent	45.73	-	21.65	67.38
Depreciation allowance	69.50	11.87	13.56	94.93
Average fixed costs	283920(86.78%)	34540(11.17%)	8715(2.66%)	327175
Average total costs	3120.16	884.32	517.61	4522.09

Source: Field Survey Data, 2010.

Table 2 shows that total variable costs had the greatest influence on the performance of all classes of middlemen in the distributive trade for these food staples. This is so because ₦2836240 (68.90%), ₦ 849780(20.64%) and ₦ 430460(10.46%) of the total variable costs were spent by the wholesalers, independent “freelance” retailers and the cooperative retailers respectively to meet operating expenses. The average fixed cost accounted for the balance of ₦ 283920 (86.78%); ₦ 34540(11.17%) and ₦ 8715 (2.66%) for each of the categories respectively. The figures show that, for all categories of middlemen, the total variable cost was highest among the wholesalers (₦ 2836240 or 68.90%) followed by the “freelance” retailers (₦ 849780 or 20.64%) and, then the cooperative retailers (₦ 430460 or 10.46%). The average fixed costs also followed the same trend, that is, 283920(86.78%) for the wholesalers, ₦ 34540(11.17%) for the “freelance” retailers and ₦8715 (2.66%) for the cooperative retailers. This means that, given the price elasticity of demand for these commodities, consumers are likely to pay lower prices if the cooperative retailers are allowed to dominate the distributive trade channel for these food staples in the area. This will, however, depend on the extent to which these societies are able to address the numerous problems that militate against the operations of most other cooperative societies. These problems were identified in Osuntogun (1972); maunder (1973); Ijere91977); (Igbosuruike (1980) and Olufokunibi (1981), Okereke (1982); and include unprofitable scale of operation, defective management, shortage of skilled manpower, storage and service inputs. The results also suggest that, for the wholesalers and the “freelance” retailers to remain in the business and make useful contributions in the distributive trade, they must earn higher marketing margins to cover their high operating and fixed expenses .They

must also explore cost-saving devices in their operations to avoid rendering marketing functions at higher costs to consumers.

The Estimated Revenue of Channel Members from the Selected Food Staples.

The Average Total Revenue (ATR) of the different channel members in the distributive trade for these food staples are as shown in Table 3.

Table 3 Distribution of the Earnings of Channel Members from Selected Food Staples.

Staple food crop	Average Total Revenue to all middlemen ₦	Average for cooperative retailers ₦	Average for “freelance” retailers ₦	Average for wholesalers ₦
Yam	1895000	1231750 (65%)	473750 (25%)	189500 (10%)
Cassava	1621000	875340 (54%)	680820 (42%)	64840 (4%)
Maize	3572000	1500240 (42%)	1357360 (38%)	714400 (20%)
Total	7088000	3607330	2511930	968740

Source: Field Survey Data, 2010.

Table 3 shows that ₦ 1231750 (65%) of the average total revenue from Yam that accrued to all classes of middlemen went to the cooperative retailers, followed by the “freelance” retailers with ₦ 473750 (25%) and then the wholesalers with ₦ 189500 (10%). From cassava, the table shows that the cooperative retailers earned ₦ 875340 (54%) of the average total earnings followed by the “freelance” retailers and then the wholesalers. The table again, shows that, from maize, the average earnings of these categories were 42%, 38% and 20 % respectively of the average total earnings. This suggests that the distributive trade for these staples was more rewarding to the cooperative retailers followed by the independent “freelance” retailers and, then, the wholesalers. This underlines the relative merit in promoting the activities of group-oriented economic units such as co-operative societies in the distributive trade for these food staples. Baker (1981), however, observed that cooperative societies as retail outlets had failed to exploit fully the economies of scale open to it and had consistently lost ground to other categories of retail outlet. This category of middlemen will enhance its operational performance if it specializes in yam trade which has a clear advantage over all staples in terms of earnings. This will enable them utilize resources spent in the distributive trade for maize and cassava to enhance its performance. In the same vein, the “freelance” retailers will enhance their operational performance if they specialize in cassava trade while the wholesalers should devote more of their resources in maize trade

The Relative Percentage Gross and Net Margins of the Channel Members.

The summary marketing margins estimated from the activities of the different categories of channel members in the distributive trade for the selected staples are as shown in Table 4

Table 4 shows that the percentage gross margins were 21.38, 66.17 and 55.56 for the cooperative retailers, independent “freelance” retailers and wholesalers respectively. These compare favourably with the percentage gross margins for other food crops in the country, reported in Adekanya (1982) and Barua et al (1993). The results mean that, for every hundred Naira paid by the consumers for these food staples, ₦ 21.38, ₦ 66.17 and ₦ 55.56 went to cover marketing costs and profits for the Cooperative retailers, “freelance” retailers and wholesalers respectively. The farmers received an average of ₦ 78.62, ₦ 33.83 and ₦ 44.44 from the transactions associated with the cooperative retailers, “freelance” retailers and wholesalers respectively.

Table 4: Estimated Relative Marketing Margins of the Channel Members.

variable	Cooperative retailers (₦)	“freelance retailers (₦)	Wholesalers (₦)	Total for all middlemen(₦)
Gross earnings from sales	3607330	2511930	968740	7088000
Purchase cost	2836240	849790	430460	4116490
Gross marketing margins	771090	1662140	538280	2971510

Percentage gross margins	21.38%	66.17%	55.56%	41.92%
Farmers share of gross margins	78620	33830	44440	-
Total variable costs	80490	10050	38340	128880
Net marketing margins	690600	1652090	499940	2842630
Percentage Net Margin	19.14%	65.77%	51.61	

Source: Field Survey Data, 2010.

These marketing margins, being the difference in the price paid for a commodity at different stages of the marketing system, reflecting time, place, form and possession utilities, Olukosi and Isitor (2005), established the channel category that would perform the necessary functions at the lowest cost consistent with the demands of efficiency. This suggests that the operations of the cooperative retailers, with higher marketing margins, were more beneficial to farmers than those of the independent retailers and the wholesalers. This emphasizes the need for stepping up the operations of group-oriented actors, such as the co-operative societies, which were acclaimed in Milton 91980): idonije (1982) Adeyemi (1987): Pandey (1992); to be veritable tools for the enhancement of the welfare status of the people.

Result of the Multiple Regression Analysis.

The estimated double-log functions for the marketing margins and their influencing factors were found as follows:

$$\begin{aligned} \text{LnY} = & 0.469 + 0.271\text{LnX}_1^* + 0.342\text{LnX}_2^* + 0.321\text{X}_3^* + 0.229\text{LnX}_4 + 1.048\text{LnX}_5^* + 0.884\text{LnD}_2^* \\ & (0.0435) \quad (0.1148) \quad (0.1126) \quad (0.1474) \quad (0.2122) \quad (0.0922) \\ & + 0.4815\text{LnD}_3^* \\ & (0.2230) \end{aligned}$$

$R^2 = 0.8229$; Adjusted $R^2 = 0.8135$; F-ratio = 87.3567; n = 120. *Significant at 5% probability level. Figures in parenthesis are standard errors of estimates.

The estimated function in (3) above shows that about 82% of the variations in marketing margins of cooperative retailers and wholesalers in the distributive trade were explained by the variables included in the model. This suggests a good regression fit. The function also shows that, except for wages, stall rent and association dues (X_4) which were not significant, all the other variables were significant, at 5% level of probability, in influencing the gross marketing margins earned by these channel members. This means that Sales volume (X_1), losses incurred in transaction (X_2), cost of capital (X_3), transportation and storage costs (X_5) and type of channel member (X_6) were the factors that influenced the gross marketing margins earned in the distributive trade for these selected staples. Since the wages, stall rent and association dues paid by the members did not significantly influence their earnings performance, the null hypothesis that their efficiency was not significantly influenced by all the estimated variables was, therefore, accepted. Of particular interest is the dummy coefficients (D_2 & D_3) which were statistically significant, suggesting that the type of channel member influenced the level of marketing margins earned in the distributive trade for these staples. Such dummy coefficients, referred to as the differential intercept coefficients (Gujarati, 1995) "tells by how much the value of the intercept term of the category that receives the value of 1 differs from the intercept coefficient of the base category" (Gujarati, 1995). In this particular study, the variable indicates by how much the intercept term for the cooperative retailers' as well as that of the wholesalers differ from that of the 'freelance retailers (the base category). It measures the relative efficiency of the three categories of channel members in the distributive trade. This means that, from the composite function in (3) above, the relative efficiency of the "freelance" retailers is:

$$\begin{aligned} E(Y_i / D_2 = 0; D_3 = 0) = \\ \text{LnY} = & 0.469 + 0.271\text{X}_1^* + 0.342\text{X}_2^* + 0.321\text{X}_3^* + 1.048\text{X}_4^* + 0.229\text{X}_5 \\ & (0.0435) \quad (0.1148) \quad (0.1126) \quad (0.2122) \quad (0.1474) \end{aligned} \quad (4)$$

$R^2 = 0.8111$; Adjusted $R^2 = 0.8011$; F-ratio = 83.46 * significant at 5% probability level. Figures in parentheses are standard errors of estimates.

That of the Cooperative retailers is:

$$E(Y_i / D_2 = 1; D_3 = 0) =$$

$$\text{LnY} = 1.353 + 0.271X_1^* + 0.342X_2^* + 0.321X_3^* + 1.048X_4^* + 0.229X_5 \quad (5)$$

(0.0435) (0.1148) (0.1126) (0.2122) (0.1474)

$R^2 = 0.8095$; Adjusted $R^2 = 0.7994$; F-ratio = 79.353; * Significant at 5% probability level. Figures in parentheses are standard errors of estimates.

That of the wholesalers is:

$$E(Y_i/D_2 = 0; D_3 = 1) =$$

$$\text{LnY} = 0.9505 + 0.271X_1^* + 0.342X_2^* + 0.321X_3^* + 1.048X_4^* + 0.229X_5 \quad (6)$$

(0.0435) (0.1148) (0.1126) (0.2122) (0.1474)

$R^2 = 0.8054$; Adjusted $R^2 = 0.7951$; F-ratio = 77.94; *Significant at 5% probability level. Figures in parentheses are standard errors of estimates.

The intercepts of the functions indicate that the descending order of economic efficiency of the three categories of middlemen in the distributive trade for these staples is the cooperative retailers followed by the wholesalers and, then, the “freelance” retailers. This finding is consistent with the position of Baker (1981) that cooperative retail societies, taken together, have a turnover greater than the next four largest type of retail outlet covered by his study. Since, in the view of Davis (1971), it is essential that the producer chooses the most suitable channel (or channels) of distribution to ensure that the right goods in the right quantities are in the right place(s) at the right time in order to achieve the objectives of distribution, the cooperative retail trade for these staples presents itself as the best channel for the enhancement of the gains from the production and distribution of these staples in the study area. These go to support the numerous cases been made for the promotion of cooperative activities for rapid economic development.

Summary.

The study was designed to access the performance of the distributive channels for some selected food staples in Imo State, Nigeria. The specific objectives were to identify the types of markets for maize, cassava, and yam in the study area; the channel members in the distributive trade for these selected staples; estimate the marketing functions/dysfunctions undertaken by these channel members; the relative efficiency of these channel members and the influencing factors. The multistage and simple random sampling techniques were adopted to select One Hundred and Twenty marketers involved in the distributive trade for these staples, and data related to the specific objectives were collected from them. Data were analyzed using the multiple regression technique, tables and percentages to estimate marketing margins as the index of relative efficiency. Results showed that decentralized markets existed for cassava and maize; that the distribution channel was dominated by independent “freelance” retailers who made the greater bulk of purchases directly from farmers at the farm-gate along with a few cooperative retailers who operated under binding agreements. A few wholesalers identified along the

channel also made direct purchases from the farmers. The most common form of organizational flow was, therefore, from the farmers to the farm-gate retailers to the consumers. The centralized market type was identified for yam, with a predominant north – south flow. The most common organizational flow was from the producer to brokers to wholesalers to consumers. A few independent “freelance” and cooperative retailers were also identified in the yam distribution trade. The independent “freelance” retailers and the wholesalers were shown to be responsible for the greater part of the losses and shortages being experienced in the area. In terms of utilities created along the channel, the cooperative retailers created the highest place and time utilities along the trade channel, followed by the wholesalers and, then, the independent “freelance” retailers. The wholesalers created the highest volume of possession utility for all food staples. The result showed that the cooperative retailers were more economically efficient than the wholesalers in the distributive trade for these staples. He wholesalers were more economically efficient than the “freelance” retailers.

Conclusion.

The result shows that the various categories of channel members identified in the distributive trade differed in their marketing efficiency as well as the gross margins earned from their operations. The cooperative retailers were more economically efficient and more beneficial than the wholesalers and the “freelance” retailers in the distributive trade for Cassava, Maize and yam in the study area. The efficiencies of these members were influenced by their sales volume, volume of losses sustained in transaction, the cost of capital used in production, transportation cost, wages, stall rent and association dues as well as the category of middlemanship. They were not influenced by the wages, stall rent and association dues paid by the members.

Recommendations.

It is recommended that: (1) Efforts be intensified in the promotion of such Group-oriented activities as cooperative societies in the distributive trade for these

food staples (2).The cooperative retail societies and the independent “freelance” retailers should specialize in maize trade in order to utilize resources spent in the distributive trade for yam and cassava to enhance its operational performance.

(3) Accessible and motorable roads between the rural and urban areas should be provided to lower transportation cost and enhance the marketing margins that are being earned by the channel members in the retail trade for these staples.

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