

# An Economic Analysis of the Market Channels and Factors Influencing Indigenous Chicken Marketing in Kenya

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## INTRODUCTION

- mostly kept under subsistence systems by resource poor farmers
- their demand has been increasing overtime
- analysis of the marketing systems for indigenous chicken helps to determine the economic value and its importance
- economic values derived from market studies are useful for establishment of breeding programs

## SPECIFIC OBJECTIVES

1. Identify different IC market channels utilized in the target regions.
2. Characterize the existing IC marketing channels and give a detailed description of type of traders, agents and movement of products from one point to the other.
3. Identify the constraints in marketing IC and products.
4. Evaluate the profits accruing to the middlemen operating along the existing IC marketing channels and the factors influencing the levels of profits.

## MATERIALS AND METHODS

- Descriptive statistics was used to analyze the data which was classified into socioeconomic characteristics of the market participants, the existing type of markets, market channel participants, transaction costs and constraints facing the marketers.
- Statistical analysis- to determine the factors influencing the middlemen/trader's profits from sale of both eggs and live indigenous chicken
- A linear regression analysis (test relationships)
- Profits to middlemen-calculated using :

$$\pi = GR - TC$$

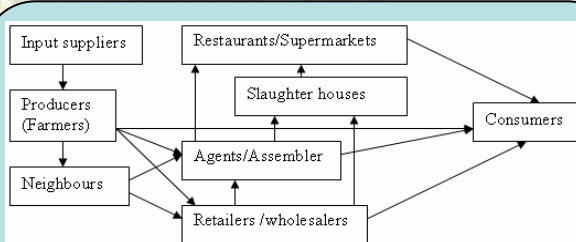


Figure above: Indigenous Chicken marketing channels

## RESULTS

Table 1: Average monthly profits accruing to the Middlemen of eggs and indigenous chicken

	Mean(K.shs.)	Benefit/Cost Ratio
Profit (Birds)	10,589	22.53
Profit (Eggs)	2,238	9.96

## Empirical Results:

Table 2: OLS results for factors influencing the Middlemen's profits for Indigenous chicken.

Variables	Coefficient	Std. Error.
Age	-0.001	0.006
Gender	0.008	0.025
Education	-0.007	0.127
Major Occupation	-0.031	0.028
Market type	-0.018	0.137
Number of birds sold per month	0.010	0.001***
Price per bird	0.005	0.001***
Agents commissions	0.000	0.000***
Transport costs	-0.000	0.000***
Council charges(levies and cess)	-0.000	0.000**
Cost of dead birds	0.000	0.000
Treatment costs	-0.001	0.000*
_constant	7.309	0.336

Prob > F=0.000, R-squared=0.5715,  
\*Significance at 10% level \*\*Significance at 5% level \*\*\*Significance at 1% level  
Source: Survey data 2007/08

Table 3: OLS results for factors influencing the Middlemen's profits for Indigenous chicken eggs.

Variables	Coefficient	Std. Errors.
Age	-0.001	0.010
Gender	-0.024	0.022
Education	0.047	0.181
Major Occupation	-0.051	0.053
Market type	0.088	0.202
Number of eggs sold per month	0.002	0.000***
Price per egg	0.074	0.030***
Agents commissions	0.001	0.001**
Transport costs	-0.000	0.000
Council charges(levies and cess)	-0.000	0.000
Storage facilities	0.000	0.001
Damages and losses	-0.001	0.000**
_constant	6.164	0.488

Prob > F=0.000, R-squared=0.5177,  
\*Significance at 10% level \*\*Significance at 5% level \*\*\*Significance at 1% level  
Source: Survey data 2007/08

## CONCLUSION

- Mainly men were involved in marketing of indigenous chicken and eggs in major market outlets.
- The indigenous chickens and its products were highly demanded by the consumers and therefore their demand needs were not adequately met.
- This means that there's need to improve production and supply in order to meet this demand.
- Traders got a lot of profits in dealing with IC and its products. Thus this means the IC business is profitable.