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Southwest University
School of Management of agriculture economy
Representative Author Name: Sayed Jalil Hashimi

Marketing Strategies and Grape Farmers Welfare Improvement: Evidence from Afghanistan

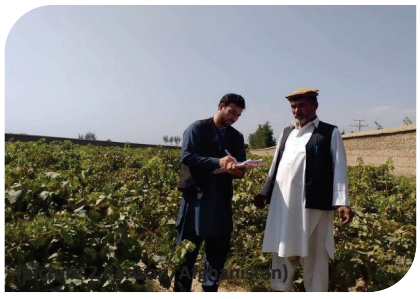
INTRODUCTION

Marketing channels act as a bridge between producers and consumers. According to Bowersox et al. (1986), marketing channels are mediators that are responsible for taking products through the marketing system. This involves taking the product from the producer to the last consumers. Marketing channels are purposed to reduce transaction costs and enhance competitiveness on the market. Therefore, marketing channels will ensure that products are at the right place, at the right time, hence poor choices in marketing channels would in turn result in unwanted costs.

(Picture 1, Kabul, Afghanistan)

DATA AND METHODS

The study aims at finding factors that influence the choice of marketing channels by grape farmers in Afghanistan. Three marketing channels considered were marketing channel through contracts with farmers' organizations, marketing contracts with local traders and on spot selling (farmers with no marketing contracts). The study focused on farmers cultivating grapes for commercial purposes. From the 7 main commercial grape growing provinces, a random sample of three provinces was drawn, leading to the study provinces of this research which are Kabul, Kapisa and Parwan. A list of grape farmers from the agricultural department of Kabul, Kapisa and Parwan provinces was collected for reference during the survey. A random sample of 164 grape farmers was drawn from the list of farmers from the agricultural department of Kabul, Kapisa and Parwan provinces. Where farmers could not be located (whether they relocated or were not available), a replacement sample was drawn randomly. Data was collected in face to face interviews through the use of questionnaires. The questionnaire was tested in a pilot study of 40 grape farmers in Helmand. Data was then entered in Microsoft Excel and exported to Statistical Package for Social Sciences (SPSS) for cleaning. All data analysis was done using STATA 12



RESULTS AND DISCUSSION

The survey captured data from 164 households in Kabul, Kapisa and Parwan provinces in Afghanistan. From the 164 households, data from 14 households was deleted because of incompleteness, leaving the total number of households at 150. The marketing channels considered were channels through marketing contracts with farmers' organization, contracts with traders and no contract. There were no farmers who chose contracts other than the ones listed above hence only three categories were considered. The dependent variable, marketing channel, was coded 1, if a farmer chooses a contract with farmers' organizations, 2 for on spot selling and 3 for contract with local traders. The response variable, annual net returns were a calculated difference between the annual sales of grapes and variable input costs. The inputs included man power, pesticide, fertilizer, air conditioning costs, marketing fees, and land costs. The independent variables were classified into three categories, economic and marketing status, personal information and farm level characteristics. From the 150 farmer, 40 (26.67%) had contracts with farmer's organizations, 68(45.33%) had contracts with local traders and 42(28.00%) did not have any contracts. Table (1) shows a brief description of the variables used in the study

Table 1 Description of variables

Variable	Description	Mean	Std. Dev.
Refrigerator	1 if farmer owns a refrigerator and 0 if not	0.56	0.497196
Television	1 if farmer owns a television and 0 if not	0.77	0.420078
Planting area	Planting land in hectors	2.98	1.607995
Education	level of education of farmers in 4 categories	2.53	1.293591
Age	Age of farmers in years	30.91	12.59999
Sales Revenue	Gross revenue minus variable in-put cost	25351.86	75672.77
Air conditioner	1 if farmer owns an air conditioner and 0 if not	0.28	0.450503
Channel	1,2,3 if a farmer chooses a marketing contract with group marketing, no contract and marketing contract with traders respectively	2.18	0.830514
Internet	1 if farmer has access to internet and 0 if not	0.5	0.501675
transportation	A farmer's mode of transportation classified in 4 categories	2.34	0.873395
Distance	Distance from household to farms in KM	50.95	46.07734
Years planted	Number of years a farmer has been planting grapes	10.36	8.54865
Loans	mode of accessing loans	2.08	0.982646
Participation	1 if farmer participated in training and 0 if not	0.53	0.500559
Information	Information obtained by farmers	2.44	1.234497
Market information	1 if farmer gets marketing information and 0 if not	1.98	1.089732
Sales volume	Amount of grapes produced by farmers in tons	5416.62	10098.82
Selling price	Unit cost of grapes in USD	0.28	0.039095
Province	Province of farmers	1.53	0.500559

Source: Data from own survey

CONCLUSION

This study focused on grape farmers from three provinces in Afghanistan, Kabul, Parwan, and Kapisa. The main aim of the study was to estimate the determinants of marketing contracts and the impact of marketing contract selection on net returns. The data was collected through face to face interviews. A two stage sampling was used during the survey; in the first stage, 3 of 6 provinces were drawn randomly. The 6 provinces used in this stage were the main grape growing provinces in Afghanistan. All commercial grape growers were then interviewed for representativeness of the study. Data analysis and cleaning were done using Statistical Package for Social Sciences (SPSS) and STATA 12. A two stage BFG method was then used to analyze the data. In the first stage, the determinants of marketing contracts were estimated using an MNL model. In the second stage, an OLS was used to estimate the effect of marketing contracts on net income while controlling for selectivity bias

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(Picture 3 Kapisa, Afghanistan)