

# **THE ROLE OF THE MARKET AND ITS INFLUENCE ON THE SUCCESS OR FAILURE OF THE PROJECTS IN THE NORH WEST PROVINCE, SOUTH AFRICA**

**PRESENTATION BY MB MATIWANE**

**AFAAS**

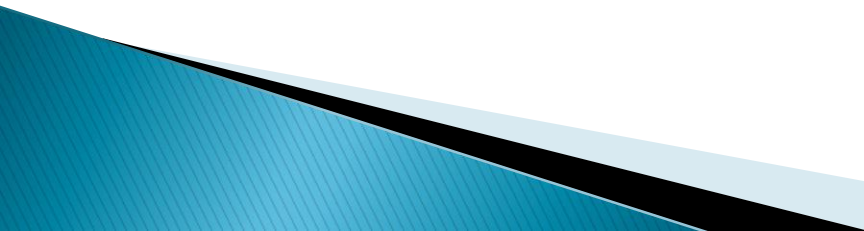
**05-09- AUGUST 2013**

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# INTRODUCTION

- ❑ Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer
- ❑ Numerous interconnected activities :
  - planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale
- ❑ The effect of location on the project must be considered
- ❑ Market seems to be an ingredient that explains the difference between the many failed projects and few successful ones

# OBJECTIVES OF THE STUDY

- ❑ **To assess the market in terms of:** (i) Performance; (ii) Availability; and (iii) Transport costs on gross income.
  - ❑ **To determine the degree to which the produce meets market requirement in terms of:** (i) Quality; (ii) Quantity it can absorb; (iii) Contract; and (iv) Price.
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# THE RESEARCH METHODOLOGY

## ❑ **Orientation and planning**

- ▶ Reconnaissance survey
- ▶ Consultation of field staff
- ▶ Project list- local, district & provincial Office

## ❑ **Information source**

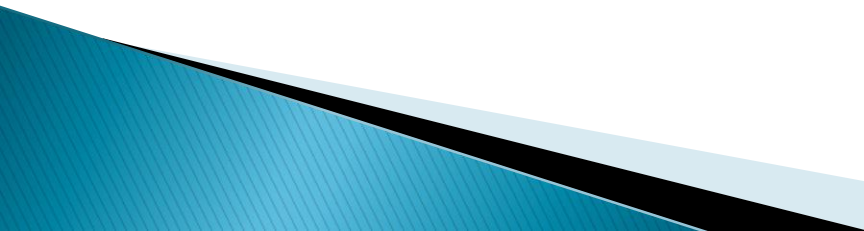
- ▶ Local, district & provincial Office
- ▶ Technical info - Scientific Technical Support Services (STSS)

# THE RESEARCH METHODOLOGY CONT.

## ❑ Questionnaire design

- ▶ Problem conceptualisation framework method - Düvel (1995).

## ❑ Type of questions

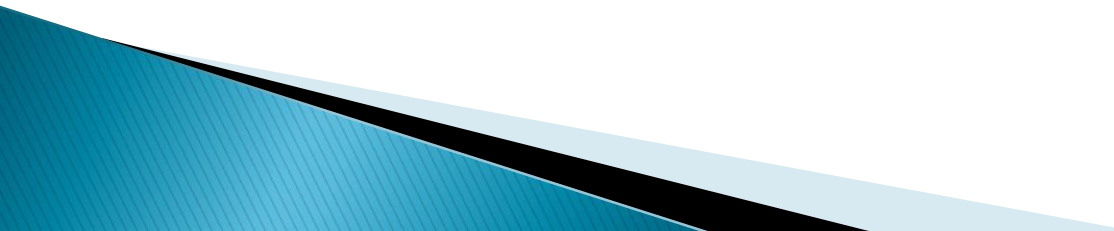
- ▶ Structured (closed questions)
  - ▶ Unstructured (open-ended questions)
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# THE RESEARCH METHODOLOGY CONT.

## ❑ **Sample size**

- ▶ Stratified random sampling
- ▶ 25% of the total number of projects submitted by the districts

## ❑ **Interview procedure**

- ▶ To limit the “I don’t know”, “I’m not sure”, “That’s too private”, the importance of the respondent’s information was emphasised during the discussions.
  - ▶ Personal or sensitive questions like income were asked towards the end of the interview.
  - ▶ E.O’s and Project Participants - interviewed
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# THE RESEARCH METHODOLOGY CONT.

## □ Data analysis

- ▶ Statistical Package for the Social Sciences (SPSS) version 19.0
- ▶ The following statistical tests were done:
  - (a) Pearson Chi-Square test.
  - (b) t-test for Equality of Means.

# FINDINGS

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# Market availability

- ❑ Scale – no, reasonable, good, very good market
- ❑ Project participants (54%) and extension officers (53%) markets - reasonable
- ❑ 20% of project participants and 10% of extension officers indicated - no market
- ❑ Chi-Square test -  $\chi^2 = 4.512$ ;  $p = 0.213$  no significant association between the two types of respondent

# Market status and its effect on project success or failure

Table 1 Market status as perceived by both respondent categories

Market status categories		Respondent categories		Total
		Project participants	Extension officers	
1. Market improved	(n)	41	32	73
	(%)	33.3%	42.7%	36.9%
2. Market remained unchanged	(n)	59	36	95
	(%)	48.0%	48.0%	48.0%
3. Market decreased	(n)	23	7	30
	(%)	18.7%	9.3%	15.2%
Total				
	(N)	123	75	198
	(%)	100.0%	100.0%	100.0%

$\chi^2=3.798$ ;  $p = 0.151$

## The degree to which the produce met market requirement in terms of quality

**Table 2 The degree to which the produce met the market requirements in terms of quality according to both respondent categories**

The degree of market quality requirement		Respondent categories		Total
		Project participants	Extension officers	
1. Did not meet market quality requirements at all	(n)	32	18	50
	(%)	25.6%	23.7%	24.9%
2. Did not meet market quality requirements	(n)	11	12	23
	(%)	8.8%	15.8%	11.4%
3. Market quality requirements slightly met	(n)	74	40	114
	(%)	59.2%	52.6%	56.7%
4. Market quality requirements met	(n)	3	2	5
	(%)	2.4%	2.6%	2.5%
5. Market quality requirements met to a large extent	(n)	3	1	4
	(%)	2.4%	1.3%	2.0%
6. Market quality requirements totally met	(n)	2	3	5
	(%)	1.6%	3.9%	2.5%
Total	(N)	125	76	201
	(%)	100.0%	100.0%	100.0%

$$\chi^2 = 3.783; p = 0.611$$

## The degree to which the produce met market requirement in terms of contract categories

**Table 3** The degree to which the produce met the market requirements in terms of contract according to both respondent

The degree of market contract requirement		Type of respondent		Total
		Project participants	Extension officers	
1. Did not meet market contract requirements at all	(n)	69	32	101
	(%)	58.5%	47.1%	54.3%
2. Did not meet market contract requirements	(n)	10	4	14
	(%)	8.5%	5.9%	7.5%
3. Market contract requirements slightly met	(n)	35	30	65
	(%)	29.7%	44.1%	34.9%
4. Market contract requirements met	(n)	1	0	1
	(%)	0.8%	0.0%	0.5%
5. Market contract requirements met to a large extent	(n)	1	0	1
	(%)	0.8%	0.0%	0.5%
6. Market requirements totally met	(n)	2	2	4
	(%)	1.7%	2.9%	2.2%
Total	(N)	118	68	186
	(%)	100.0%	100.0%	100.0%

$$\chi^2=5.465; p = 0.353$$

# Market assessment in terms of price

- ❑ Scale: - very bad - very good.
- ❑ Project participants (40%) and extension officers (36%) indicated that the market price was average
- ❑ 3% of project participants and 1% of extension officers reported that the market was very good
- ❑ 20% of project participants and 21% extension officers reported that the market price was very bad.
- ❑ Pearson Chi-Square ( $\chi^2 = 3.823$ ;  $p = 0.442$ )

# Market assessment in terms of quantity it can absorb

- ❑ Scale – very bad – very good
- ❑ The majority of project participants (39%) and extension officers (36%) indicated that market assessment in terms of quantity it can absorb was average.
- ❑ Only 8% of project participants and 7% of extension officers indicated a very good absorption of produce by the market
- ❑ The Pearson Chi-Square (  $\chi^2 = 0.827$ ;  $p = 0.931$  )

# Transportation of produce to the market

Table 4 The means of transporting produce to the market as perceived by both respondent categories

Transportation of produce to the market categories		Respondent categories		Total
		Project Participants	Extension officers	
1. Use own transport	(n)	15	17	32
	(%)	11.8%	22.7%	15.8%
2. Hire transport	(n)	48	23	71
	(%)	37.8%	30.7%	35.1%
3. Buyers collect at the farm gate	(n)	45	18	63
	(%)	35.4%	24.0%	31.2%
4. "Other" means of transport	(n)	19	17	36
	(%)	15.0%	22.7%	17.8%
Total	(N)	127	75	202
	(%)	100.0%	100.0%	100.0%

$$\chi^2 = 7.737; p = 0.051$$

# Marketing of produce

- ❑ Areas identified by the study where produce can be sold were: (a) farm gate; (b) local community market; (c) auction sales; (d) open market; (e) pre-arranged market; (f) pension point; and (g) in town.
- ❑ The highest total percentage according to both respondent categories was :- the local community market (33%), buying at the auction sales (25%); other means of marketing produce (20%).
- ❑ Chi –Square result( $\chi^2 = 13.128$ ;  $p = 0.062$ )



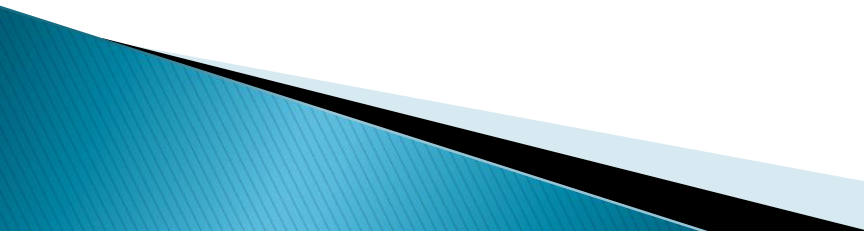
# The percentage of the gross income on transport costs

Table 5 T-Test to compare the percentage of gross income on transport costs

Type of respondent	N	Mean	Std. Deviation	Std. Error Mean
Project participants	120	25.367%	21.1541%	1.9311%
Extension officers	72	22.278%	21.7354%	2.5615%

t= 0.001; p = 0.334

# SUMMARY AND CONCLUSION

- ❑ Any project should, amongst other reasons, be selected on the basis of whether the project will maintain market share, increase market share or consolidate market position.
  - ❑ Market availability was assessed for the produce of the projects and the majority of both respondent categories (54%) indicated that the market was reasonable, 26% indicated that the market was good and only 16% indicated that there was no market.
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# SUMMARY AND CONCLUSION

## CONT.....

- ❑ Market stability with regard to the produce of the project has to be known and it is always important for farmers to produce commodities that have a good market

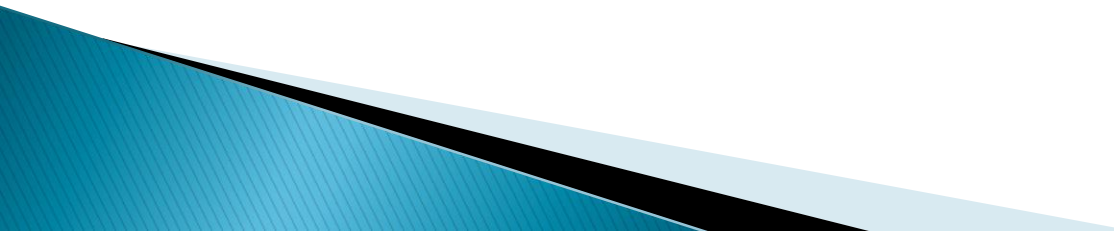
# SUMMARY AND CONCLUSION CONT.....

- ❑ Market quality requirements:
  - ▶ 57% requirements only slightly met.
  - ▶ 36% requirements not met.
  
- ❑ Market contract requirements:
  - ▶ 62% did not meet market contract requirements
  - ▶ 35% slightly met contract requirements
  - ▶ 3% met contract requirements

# SUMMARY AND CONCLUSION CONT.....

- ❑ Marketing of produce – the local community (33%) and the auction (25%) were the most important places for the project participants to market their products.

# SUMMARY AND CONCLUSION CONT.....

- ❑ Market price – according to 70% of both respondent categories indicated that the price received was average and even above average.
  - ❑ Market transportation – 35% of both respondent categories indicated that transport was hired and 31% indicated that buyers collect produce at the farm gate.
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**THANK YOU**

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