

**Class 31 : Feed Conversion Ratio / dozen eggs or kilogram of meat. Marketing channels in poultry-Integration.**

Egg marketing : The wholesale trade of eggs in big cities, where potential demand exists, is in the hands of a few traders who have monopolized this trade for their own advantages. Egg prices vary from one market to another and from one season to another. In summer, the egg prices crash down to a level which is sometimes less than the cost of production, even though the retail price does not vary proportionately. Therefore proper attention has to be given to the problem of most efficient disposal of market eggs.

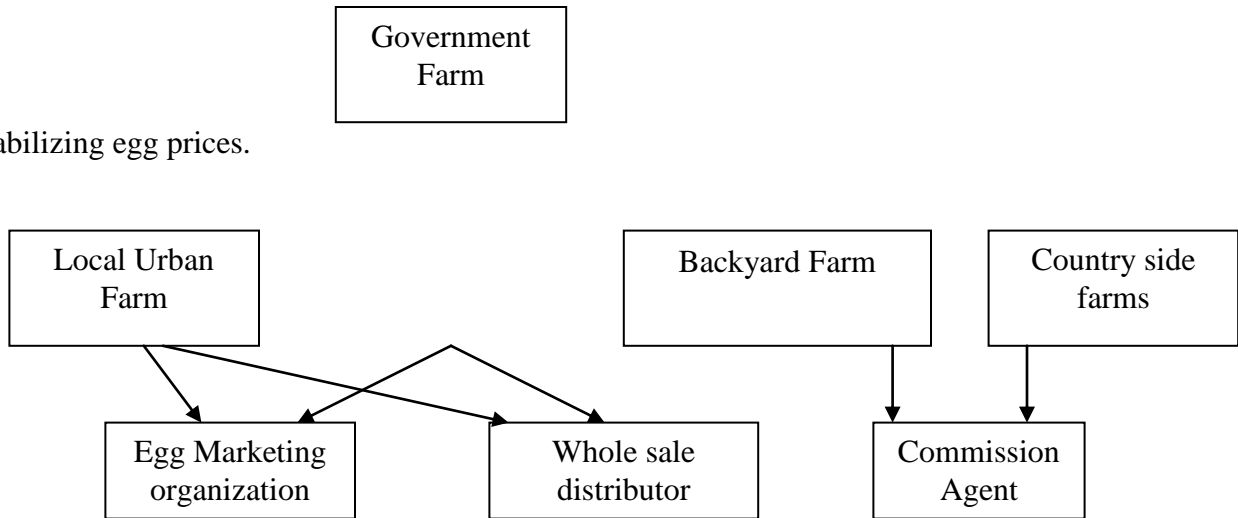
Distribution channel.

The eggs are distributed through different channels, viz. producers to consumers, producers via retailers to consumers, producers via assemblers to consumers, wholesalers, trailers to consumers, and producers to consumers via co-op societies/egg marketing organizations. Eggs should be distributed through relatively shorter channels to speed up supply and avoid delay and repeated handling.

Marketing agencies.

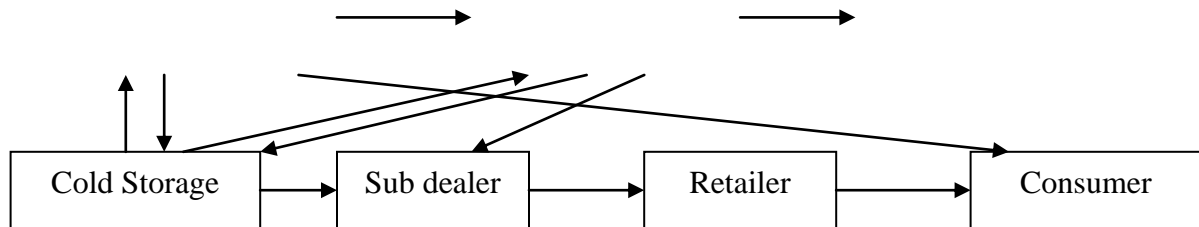
Marketing of eggs is primarily handled by traders and commission agents. The NAFED regulates price stabilization activities. The NECC nowadays plays vary important role in

stabilizing egg prices.



### MARKETING OF BROILERS

Marketing plays a vital role in overall development of any economic unit, since marketing



consists of the performance of business activities that direct the flow of goods and services from the producer to the consumer or user for the transfer of title of the ownership of goods .In broiler marketing ,the producers/farmers and buyer are brought together.

Market is a place wherein the exchange of goods or the change of title of goods takes place.

Broiler marketing Covers the job of

1. assembling of birds from the area of production
2. converting them into cut that are in demand by the final consumers and
3. placing these products in the hands of such at the desired place, at the right time and in quality.

Thus the marketing of broilers includes all the intermediaries from the producer to the final consumer in the channel of marketing.

The large farms which had their own retail outlets, made more profit due to better sale price per kilogram live weight. In Tamilnadu 41.98% of farmers resorted to direct marketing, 45.68% through middleman and 12.34 % resorted to both direct and through middlemen.

### **MARKETING INTERMEDIARIES**

Marketing Intermediaries are institutions that facilitates flow of goods and services between poultry industry and its final market. They include wholesaler, agents (brokers), transporting companies, warehouses and retailers.

### **CURRENT MARKETING SYSTEM.**

At present in Tamilnadu, broilers are marketed through i. Wholesalers ii. Retailers with cold storage (deep freezer facilities ),iii Retailers without cold storage facilities, iv. Chain storage v.Hotels and restaurants

Retailer with cold storage

These retailers sell broiler and layer chicken regularly either as fresh or frozen depending on the facilities and demand from the consumers. These retailers also stock other animal products in addition to chicken products Many retailers have slaughtering facilities at their premises. Some retailers

purchase dressed chicken from wholesalers and sell them after packing with a margin. The higher income and middle income groups of consumers prefer to purchase these frozen /chilled chicken as they are kept in hygienic condition

### **RETAILER WITHOUT COLD STORAGE FACILITIES.**

These retailers mostly purchase live broiler from wholesalers / producers and stock the live birds in their premises .As and when the consumers demand ,the live birds are dressed and sold as fresh and remaining birds are kept for subsequent days sale -since most of the consumers of middle and lower middle class people like only fresh chicken rather than frozen or chilled . Now a days these retailers even started selling portion of chicken.

### **CHAIN STORES**

There are many organizations having branches situated at different localities of the same city and different towns ranging from 3to 6 branches with cold storage facilities. All the branches of each organization are under central ownership and control .It is a compromise between large scale and

small scale organizations. The management , purchase , processing and controls are centralized while sales are decentralized and carried out on a small scale. The chain stores obtain their supplies directly from producers instead from wholesalers. They buy in lots and perform the work of wholesalers in respect of transport , warehousing, risk bearing and financing .Chain stores are strictly retailers enterprise to eliminate the wholesalers.

### **MARKETING CHANNEL**

Marketing Channels simply mean the paths or routes through which produce from the producer reach the ultimate destination ( consumers). There are five different marketing channels being identified in broiler marketing in Tamilnadu.

- 1.Producers----- Wholesaler-----Retailer-----Consumer.
2. Producers----- Wholesaler -----Consumer.
3. Producers-----Chain store -----Consumer.
4. Producers -----Consumer.
- 5.Producer-----Integrator/Commission Agent-----Wholesaler-----Retailer----Consumer.

The first channel is more commonly observed in all the cities. The wholesaler purchase the live birds from farm itself on live weight basis and transport in their own transport vehicle and sell to retailers either live or dressed and the retailer in turn sell the product to consumers. In general live birds are preferred over dressed chicken in the city, accordingly large number of live birds are sold to retailers. The wholesaler take the risk of transport , storage losses due to shrinkage and mortality.

In the second channel retailer procure the birds from the farm and sell to the consumer either dressed or live.

In the third channel , the chain store procure birds from the farm and sell them after processing to consumers.

In the fourth channel, the birds are either sold as live or dressed and in this the producer is able to get 100 percent of consumers rupee since there are no intermediary.

The fifth channel, operates mostly outside the state and in the districts where the integration of poultry farming is gaining momentum.

### **CONSTRAINTS OF MARKETING.**

1. Increase cost of feed.
2. Variable quality of poultry feed.

3. Presence of many poultry diseases(Panic sales with low price).
4. Seasonal fluctuation in poultry meat prices.
5. Unorganized market infrastructure.
6. Non-adherence to quality and safety standards(Bio Security Measures).
7. Lack of Vertical integration.
8. Little efforts for manufacturing value added products.
9. Due to unplanned growth in poultry industry, mushroom growth of small hatcheries without adequate hatchery hygienic practices.
10. Unexpected arrival from other states.
11. Chicken meat is more perishable than egg and thus requires an immediate sale.
12. Lack of consumer preference.
13. Transportation of dressed chicken carcasses in refrigerated trucks to marketing centers is costly affair.
14. Defective processing, storage and distribution of dressed carcasses

### **INTEGRATION IN BROILER INDUSTRY.**

An integrated marketing in broiler industry covers all the aspects of production i.e. from breeding to marketing of the final product. Two kinds of integration exist in marketing:

1. Vertical integration: When more than one stages of producing and marketing a poultry product are controlled by the same individual or company ,e.g. A hatchery supplying chicken and marketing the farmer's final product.
2. Horizontal integration: Two or more companies at one level join together to follow a new marketing opportunity.

A completely integrated production and marketing system can also be organized under the management of a grower ; wholesale processing co-operative, hence called cooperative integration.

Poultry industry provides dramatic examples of the integration of farm production and marketing activities. Poultry production itself is a highly integrated operation combining specialized breeding, hatchery, grain farming and feed mixing, packing operations and marketing firms.

There are 3 types of production- marketing integration in poultry industry.

1. Owner Integration: The integration of product and marketing is controlled by an individual or a single firm, i.e., the facilities for the meat production is under the ownership and the meat are marketed by him to retailer or consumer.

2. Contract marketing: Buyers sets minimum standards for the meat to be produced by the producer. Here the meat producer bears price uncertainties in addition to production cost. But the quality of meat and the time of delivery are specified and assured.

3. Contract production: Here the producer is asked to grow the birds for the specific distributor under closely supervised conditions and for a guaranteed return, i.e., the integrator supplies inputs like chick, feed, field supervision, etc., and the grower using his sheds, water and labour grows the birds and returns after getting specified amount plus incentive for superior feed conversion efficiency.

### MARKETING INTEGRATION IN BROILER

Broiler farming in India is following the path towards integration. The integrator is involved in all the above steps, which may or may not include supply of chicks to independent commercial farmers. In some parts of the country, a trend towards integration on part of dealers has started. The broiler dealer who were already operating at the middle of the above pathway by purchasing grown birds from commercial farms is now going into forward and backward integration.

i. Forward integration : It includes some sophistication in his dressing plant and extending his reach to retail and institutional outlets.

ii. Backward Intrgration : It involves the following steps:

- a. Setting up his own /contract commercial farm.
- b. Becoming chick agent for the hatchery to supply chicks to farms.
- c. Setting up of a feed plant to supply feed to farmers.
- d. Setting up of hatchery, purchasing of eggs and producing day old chicks for his farmers.
- e. setting up a breeding farm to supply the hatchery

Normally, in broiler industry, the chicken reaches the consumer through : 1. Breeder 2. Hatchery 3. Commercial growers. 4. Processor 5. Wholesaler and finally 6. Retailer at each step, overheads and profits are added making retail price very high for the consumer thus losing competitiveness in business .But in the integrated operation, it does not take the profit at each

stage into account, but only from the sale of the end product. Hence, there is an urgent need for integration in the broiler industry.

Advantages:

1. In broiler industry a farmer spends Rs 25 /= for production of one kg. of meat. While marketing entrusts only to the wholesalers. So the farmer is able to sell his broilers 2 to 5 rupees per kg than the actual market price. But in integrated marketing, the fluctuation in market price and considerable amount of profit to middlemen will not arise.
2. In integrated marketing, a farmer does not involve directly in marketing. So he need not maintain different age groups of birds in his farm. He can rather switch to “All –in-All-out” system of rearing. Hence, he attains profit as a whole in a single spell itself.
3. As chicks, feed and vaccines and other inputs are provided by the integrator the farmer needs to put only a lesser investment.
4. Variation in consumers’ demand and market prices depending upon season will not affect the farmer.
5. Timely attention with respect to the diseases prevention is provided by the integrator himself which reduces loss.
6. There is change of shift in broiler units from urban area to rural areas, as the integrated marketing makes the farmers not to trust the wholesaler for the marketing their birds. Moreover, the cost of land and labour are comparatively very cheap in rural areas.

Benefits to Integrators.

1. The chicks produced in hatcheries are better channeled through farmers to market. Further, the hatchery receives the cost of chick from the farmer at a specified period and marketing is well organized.
2. Since, the feed is prepared as a lot, production cost of feed is also reduced to the integrator.
3. Integrator can decide over the market place of broiler meat as most of the rearing units are in the hands of integrators.