

Research Article**Development of Marketing and Distribution Channel to Ensure Fair Price in Bangladesh**

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Abstract: Bangladesh is a developing country and agriculture is the largest sector of the economy. Agricultural producers, food producers, and handicrafts producers are not getting the proper price. Because, Bangladesh fully depends on the intermediaries because of improper infrastructure in supply chain of their product and shortage of capital as well literacy. A baseline study entitled “Development of marketing and distribution channel to ensure fair price for the products of Cooperative Societies under Department of Cooperatives” was conducted primarily to find out the present scenario of producing, selling, and supply chain of products of producers under cooperative society which would examine the challenges in productions, selling and supply chain for the producers of cooperative society, also analyze Time, Cost and Visit (TCV) regarding selling of produced goods and finally to find a way to mitigate these challenges. In this study, purposive sampling method was used for determining the sample where more than 160 respondents were selected as sample size. 34% people had to give commission to the whole seller and there was higher transportation cost. 34% of producers said that they sold their products at lower price; some people (40%) got their products price lately. There was also money collection problem (33%). Most of the farmers were illiterate and for that reason, they did not have the ability to sell their products in the international market and also nationwide, they just only sold to local market. Ministry of local Government & Cooperative Society could play a vital role to bring formation within the framework of Cooperative Society and could minimize the role of middlemen of marketing agricultural products of Bangladesh.

Key Words : Agriculture, Cooperative Society, Fair Price, Marketing, Supply Chain, TCV etc.

1. Introduction

This paper aims to assess the impact of the shifting of value chain on the ability of the small farmers/producers to reach markets. The study emphasizes on the reduction of dominance of the intermediaries that are prevailing in the supply chain of agricultural products, food products, handicrafts and creation of opportunities to the real producers to get fair price. This study examines the distribution, price spread and constraints in marketing of individual products. Online based marketing removes the influence of the middlemen and producers get fair price.

Most of the farmers and producers are illiterate and poor for that reason they do not have the ability to sell their products to the final consumers. As farmers, do not have educational qualifications and financial ability to store their products and transport them to the market place for better price. As a result, they are bound to sell their products to the middlemen at lower price which is below their production cost in maximum cases (Siddique, A. B. M., 2015).

Ministry of local Government & Cooperative Society can play vital role to bring forming within the framework of Cooperative Society and can minimize the role of middlemen of marketing agricultural products of Bangladesh. Under these circumstances, co-operative marketing strategy can play an outstanding role solving this issue.

2. Objectives

The main objective of this study is to assess the current scenario of producing, selling, and supply chain of cooperative society's products. There are some specific objectives. Such as:

- i) To examine the challenges in productions, selling and supply chain for the producers of cooperative society.
- ii) To analyze time, cost and visit regarding selling of produced goods.
- iii) To find a way forward to mitigate these challenges.

3. Literature Review**1. Co-operative Business:**

Co-operative is a unique form of business used by people and businesses for their mutual benefit. It is a member-owned business where there are usually five members and all of them have equal voting rights. Cooperatives are community-based, rooted in democracy, flexibility, and have participatory involvement. To justify their existence and fulfill their purpose, cooperatives must make a significant and unique contribution in solving some of the massive problems facing society nowadays. Co-operative in Bangladesh has passed century on its way. In initial stage though it functioned with agriculture only, but now it is working with food, handicrafts and so on.

Considering its competency and effective utility in post-independent Bangladesh co-operative society is constitutionally recognized as on the most important sectors for the economy. The numbers of national, central and primary societies are 221160 and 189181 respectively. The number of shares, savings, Reserve fund, Effective capital, Investment are 3231.08 crore, 5827.30 crore, 770.99 crore, 11900.17 crore, 1570.79 crore respectively. The numbers of employments are 502330 persons. (Dept. of Co-operative, 2017)

There are some productions and service oriented co-operatives such as; agricultural, milk producers, water management, fishermen, credit, women and multi-purpose co-operatives. The department of co-operatives (DOC) has been the principal government organization responsible for facilitating economic growth and poverty reduction effort of the government. The head of the department is Registrar, an additional secretary to the government. The administration set-up of the DOC is extended up to upazila (Sub-district) level (Dept. of Co-operative, 2017).

Managing raw products (agricultural, handicrafts or food) starting from collection, storage, distribution and marketing is vital for the production growth. Individual product marketing is an essential tool for uninterrupted, adequate and timely supply of each product, input and service to target groups. Marketing is not just a means of distributing individual product produce but also a way of stimulating new forms of production (Abdullah, M. and Hossain, M. R., 2013).

Intermediaries are playing prominent role in making the business as a risky business absorbing major portion of the benefits from the real farmers and gaining high profit by the determination of high price for ultimate consumer. Supply can be artificially interrupted and adversely affected by some intermediaries. The value chains have significant impact on the ability of farmers in getting fair price for their output. Farmers or producers deprived of getting the right price for their product. They are compelled to sell their products at the harvesting time when the prices are minimal resulting in a very low return for their products. Small and marginal farmers or producers in the remote rural areas remain ignorant about the current price of their product in the market, their trends, demands and supplies which create obstacles for the them in getting due price of their products (Abdullah, M. and Hossain, M. R., 2013).

2. Agriculture market in Bangladesh :

In current world Agricultural marketing management emphasizes on various performances (Jahan, 2011). The economic growth and development of an agro-based country like Bangladesh mainly depends on the advancement of agriculture sector. Since provision of improvement of the living standard, food security, and generation of employment opportunities of the enormous population of Bangladesh are directly linked to the development of agriculture, there have been constant efforts by the Government of Bangladesh for the overall development of this agri sector. Marketing Management is the planning and implementation of programs designed to create, build, and maintain sales of a product (Kotler, 2004). And the effective

marketing management in agri business can be achieved by the marketing mix. Marketing Management of agriculture business may perform for all business activities that involved in the flow of food products and services from the point of initial agricultural production to reach to the doorstep of consumers (Kohl, 2005). Markets can play a vital role in rural development, income generation, food security, developing rural-market linkages and gender issues. Planners in national level need to be attentive on how to design markets to fulfill a community's social and economic needs. Agricultural Marketing Management is being required so that bridge between gap of suppliers and demanders can be arranged for the betterment for the country. Agricultural marketing management can generate value by inspiring competing firms to improve their services, products, and values for consumers (Pad berg, 2002). This can be valuable for the efficient and well-organized allocation of resources.

4. Methodology

The study is qualitative and quantitative in nature. In order to achieve the objectives of the study, data has been collected from both primary and secondary sources. Primary data has been collected through field visits which are mostly qualitative by purposive sampling. Secondary data has been obtained from reports; journals, research papers, newspapers and books. Information on relevant issues has been collected from websites available on the internet.

More than 160 producers have been selected as target respondents to know the present situation of agriculture, food and handicrafts marketing in Bangladesh. An in-depth interview has been conducted with the buyer of selected areas. After collecting data; data analysis has been conducted by two steps through SPSS and MS-excel.

The survey areas are Narsingdi, Khulna and Tangail. A semi-structured questionnaire has been used to collect data which includes open ended and close ended questions.

Table 1: Sampling Method and Sample Size

Data collection Method	Name of Stakeholder	Sample
Sample Survey	Producers	160
In-depth Interview	Co-operative Officers	3
In-depth Interview	Buyer	5
In -depth Interview	Project Focal	1
	Total	169

4.1. Baseline Study Areas

The study was conducted in 3 districts of Bangladesh including Khulna district (South-Western region of Bangladesh), Tangail and Narsingdi (central region of Bangladesh).

5. Findings

In this study, the primary data has been collected from Narsingdi, Khulna and Tangail districts. Major findings are:

5.1. Cooperative Producers Information (Agricultural Products)

From the study, it is found that 60% of producers have produced pineapple, 25% of producers have produced vegetables, 13% of producers have produced rice and only 2% of producers have produced dairy products.

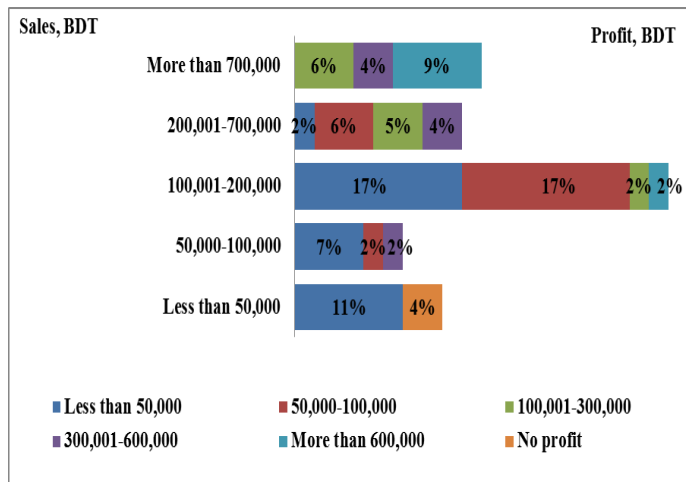


Figure 2: Cross analysis between total sale and total profit in case of Agricultural Products.

The above figure-2 shows that those who have sold less than BDT 50,000, among them 11% respondents have made profit of less than BDT 50,000 and 4% of the respondents have not made any profit.

Regarding the cross analysis in the figure 2, it is clear from the figure that who have sold products more than BDT 7,00,000 among them 9% respondents have made profit more than BDT 6,00,000 and 6% people have made profit of BDT 1,00,001-3,00,000.

According to this study, among the respondents making profit less than BDT 50,000, 24% of respondents' cost is around BDT 10,000-50,000.

It is also clear from the figure that who have made profit more than BDT 6,00,000 among them 4% respondents' cost is around BDT 50,001-15,00,000. When profit is none than 4% respondents have been found whose cost is BDT 50,001-1,00,000.

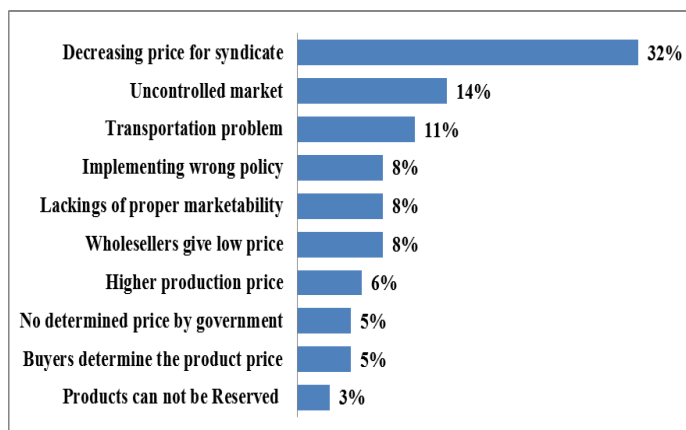


Figure 3: Obstacles in getting fair price for the Agricultural products

According to the analysis of the figure 3, three major obstacles for getting fair price to the producers are decreasing price for syndicate (32%), uncontrolled market (14%) and due to transportation problem (11%). Total scenario of these phenomena is described briefly in the figure 5.

5.2. Cooperative Producers Information (Food Products)

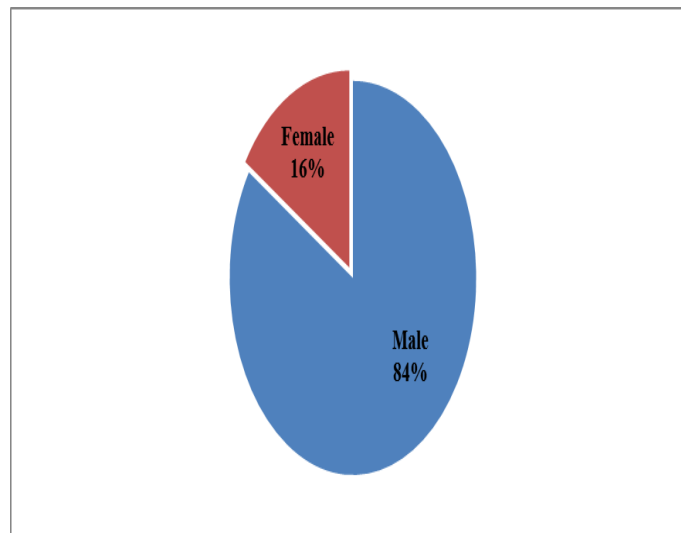


Figure 4: Gender Status according to the food producers.

According to the survey it is found that among the cooperatives food producers 84% of producers are male and 14% of producers are female who have produced food products presented in figure 4. Therefore, it can be said that a major portion of respondents are male.

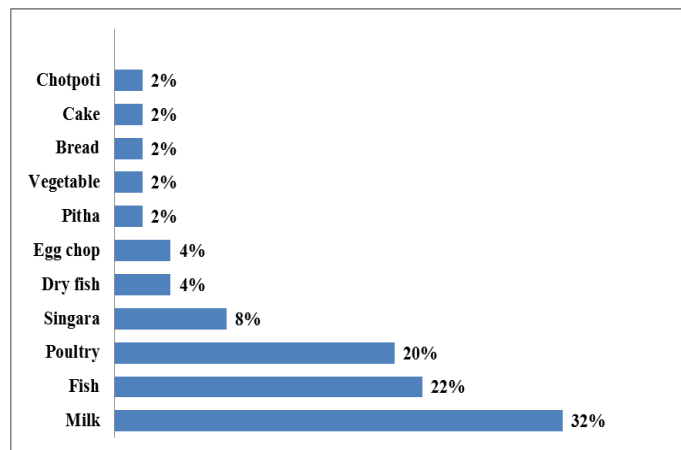


Figure 5: Products' types according to the Food producers.

From the study, it is found that 32% cooperatives food producers have produced milk, 22% of producers have done firming of fish and 20% of producers have done firming of poultry. Singara is produced by 8% of the respondents. Egg chops and dry fish have been produced by 4% producers. Types of foods have been produced by only 2% of producers presented in figure 5.

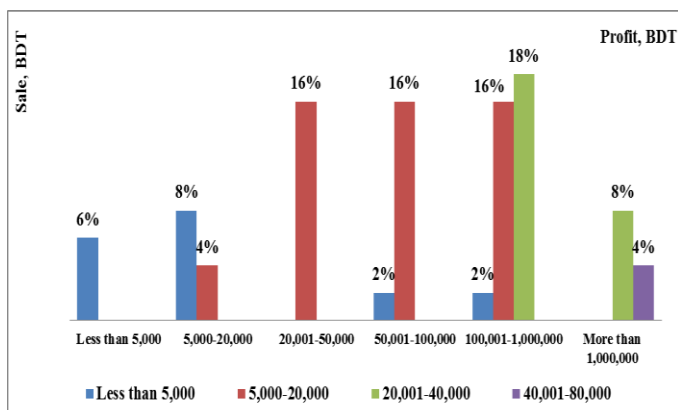


Figure 6: Cross analysis between total profit and sale according to food producer's opinion

According to the study, it is found that those who have sold less than BDT 5,000 among them 6% respondents have made profit of less than BDT 5,000. Regarding the cross analysis in the figure 6, it is clear from the figure who have sold products more than BDT 10,00000 among them 8% respondents have made profit round BDT 20,001-40,000.

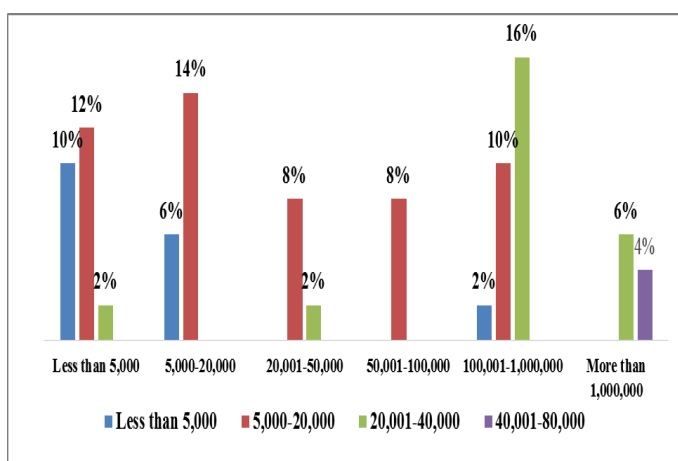


Figure 7: Cross analysis between total cost and profit according to food producer's opinion

From the study, it is found that those who have made profit less than BDT 5,000 among them 10% respondents' cost is less than BDT 5000 presented in the figure 7. It is clear from the table who have made profit around BDT 40,001-80,000 among them 4% respondents' cost is more than BDT 10, 00,000.

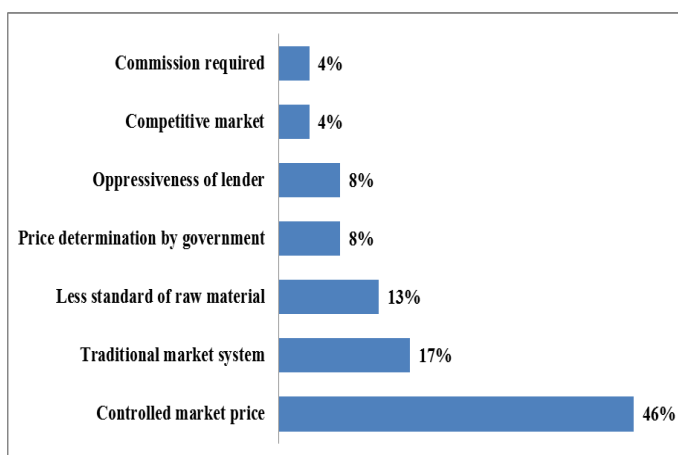


Figure 8: Obstacles in getting fair price in sphere of food products

According to the analysis (figure 10), three major obstacles for getting fair price to the producers are controlled market (46%), traditional market system (17%) and less standard of raw materials (13%). Total scenario of these phenomena is described briefly in the figure 8.

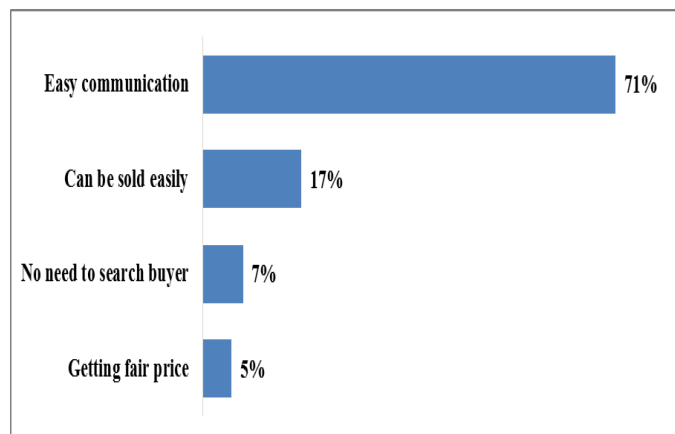


Figure 9: Advantages of selling products by co-operative firm according to the food producers.

According to the survey analysis presented in the figure 9, 71% producers have expressed their opinions that they have no idea about the advantages of selling products by co-operative firm. Very few respondents have said that there has possibility of getting fair price (5%) or products can be sold in the easy way (17%).

5.3. Cooperative Producers Information (Handicraft Products)

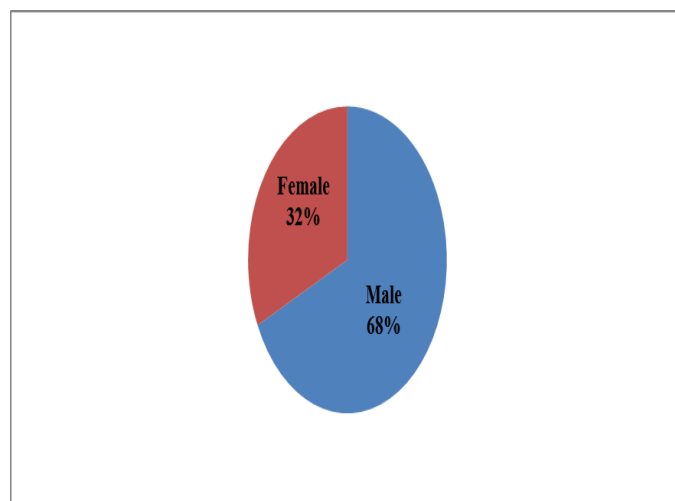


Figure 10: Gender Status according to the Handicrafts producers

According to the survey (figure 10), it is found that 68% of producers are male and 32% of producers are female who have produced handicrafts products presented in figure 10. In this regard, it is clear that according to the Handicrafts producers, most of the respondents are male.

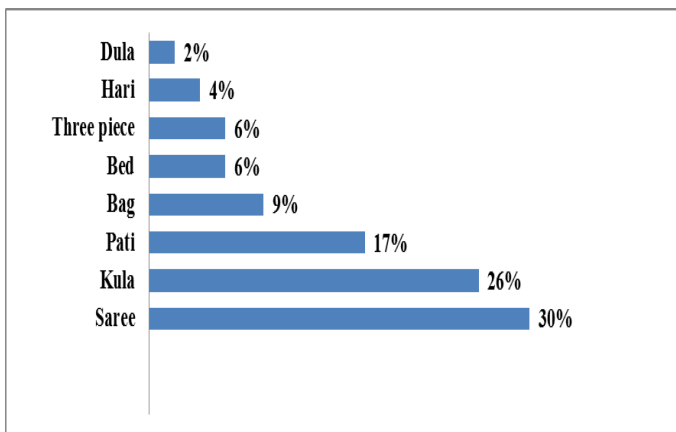


Figure 11: Products' types according to the Handicraft producers

From the study, it is found that 30% producers have produced Saree, 26% of producers have produced Kula and 17% of producers have produced Pati. Bag is produced by 9% producers. Bed and Three pieces have been produced by 6% producers. Hari is produced by only 4% of producers and 2% producers have produced Dula (Kitchenware) presented in figure 11.

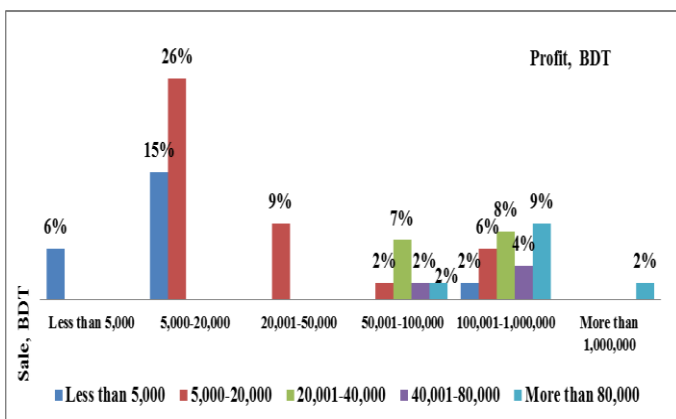


Figure 12: Cross analysis between total sale and total profit in case of handicrafts Products

According to the study, it is found that those who have sold less than BDT 5,000 among them 6% respondents have made profit of less than BDT 5,000.

Regarding the cross analysis in the figure 14, it is clear from the figure who have sold products more than BDT 10,00,000 among them 2% respondents make profit more than BDT 80,000.

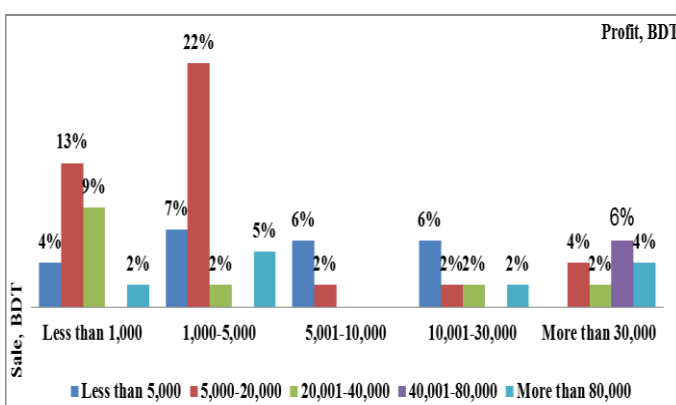


Figure 12: Cross analysis between total cost and total profit in case of handicrafts Products

From the study, it is found that those who have made profit less than BDT 5,000 among them 4% respondents' cost is less than BDT 1,000 and 7% whose cost is around BDT 1,000-5,000 presented in the figure 12.

It is clear from the figure that has made profit around BDT 40,001-80,000 among them 6% respondents' cost is more than BDT 30,000.

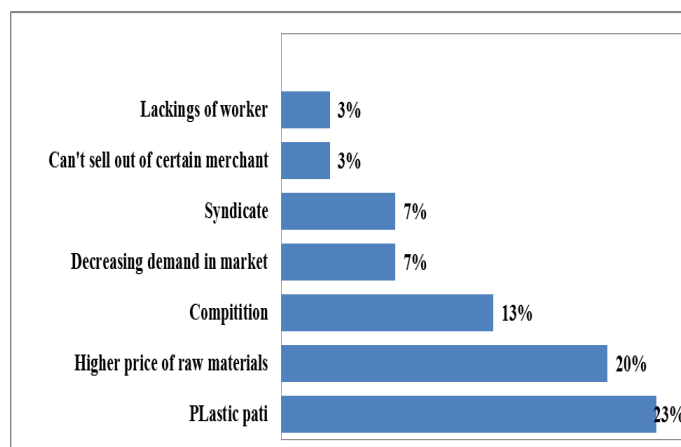


Figure 13: Obstacles in getting fair price for the handicrafts products

According to the analysis of the figure 13, four major obstacles for getting fair price to the producers are no certain market price, plastic pati (Plastic kitchenware), higher price of raw materials and competition. According to the information from the respondents, 23% producers have faced challenges for producing plastic pati (Plastic kitchenware) and 20% respondents have mentioned that higher price of raw materials is another major obstacle.

5.4. Overall benefits of data collection

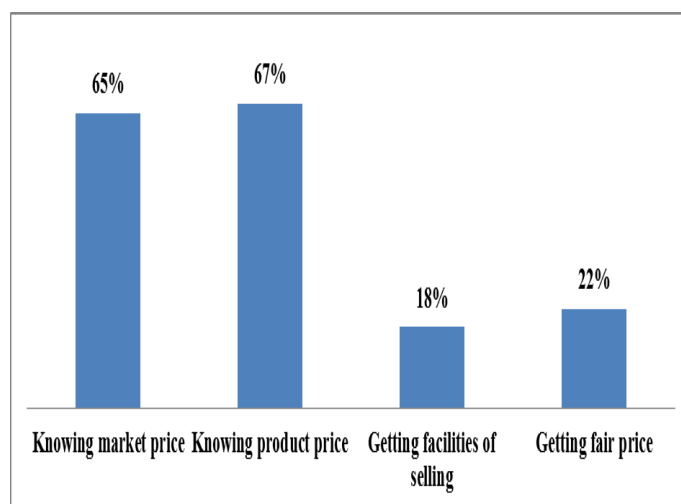


Figure 14: Benefits of getting market information

From data collection and survey, we can get an idea of the overall condition of the sales of different individual products. According to data analysis and from the figure 14 it is found that 67% of the respondents have known about product price, about 65% of the respondents respond to get information about market price and demand.

About 22% of the respondents have mentioned about getting fair price collecting information from market illustrated in the figure 14.

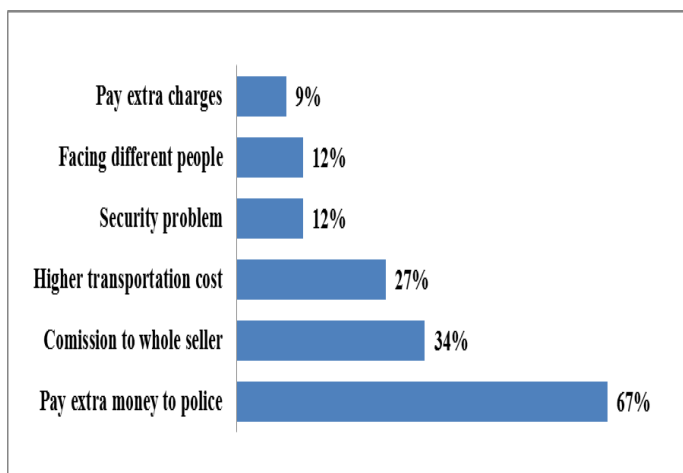


Figure 15: Challenges getting faced in time of selling different products outside of the home.

According to the figure 15 it is clear that, 67% of the respondents have mentioned that they have to pay extra money to police, about 34% of the respondents have to give commission to whole seller and has higher transportation cost.

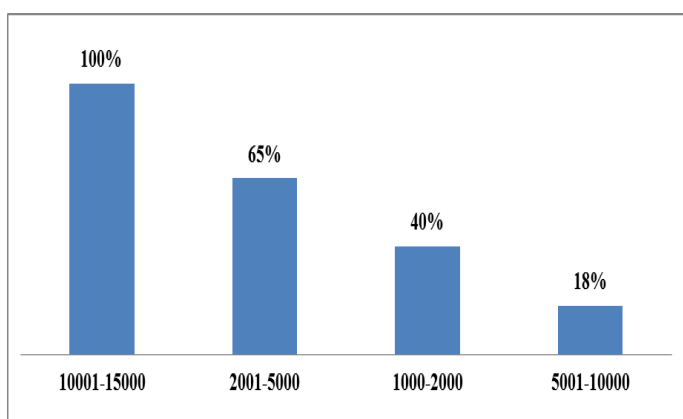


Figure 16: Cost of travelling during selling of products away from home

The data in the figure 16 comes from the multiple responses. 100% respondents have mentioned that, producers have to pay BDT 10,001-15000 for travelling purposes and 65% have to pay BDT 2,001-5,000.

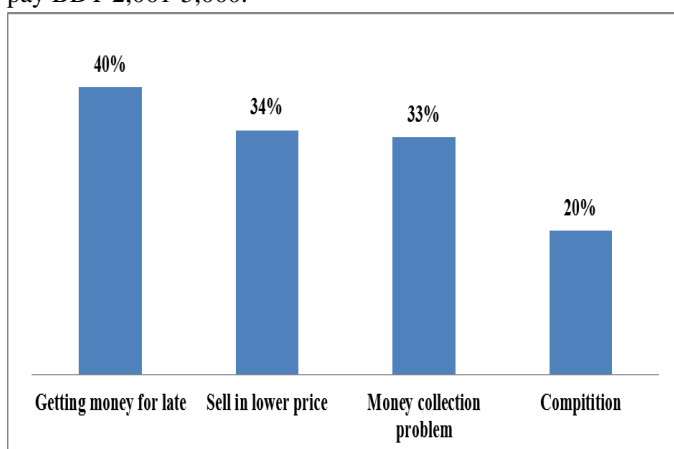


Figure 17: Overall challenges for outside of home during selling of different products.

Figure 17 has illustrated the overall challenges of the producers for selling the products outside of the own region. Producers have faced lots of challenges during selling of their products

outside of the home districts. 34% producers have mentioned that they have to sell their products in lower price; some people (40%) have got their money in late. There is also money collection problem (33%).

6. Recommendations

The scenario of selling cooperatives products can be developed and producers can be benefited if recommendations could be made from overall findings. Based on the study, the following steps can be recommended:

- The supply chain network of selling good is very poor, that's why producers are getting poor price, lower production and depending on local market. An information technology based institutional market (Supply chain) network should be established.
- National database of producers, sellers and other stakeholders should be created, because buyers and sellers do not know whom to communicate to sell or buy products which leads complexity in trading communication.
- Usually it's difficult for the producers to send products details and pictures every time. So software and website should be launched to post and present product photos, price and other details by the entrepreneurs for online trading.
- Payments with banks or online in rural areas are not always convenient. Mobile transaction between cooperative market consortiums and producers. That will make transaction faster and easy.
- Product quality is main concern for the buyers for regular trading. So examining the quality of the product through the quality control officers at district/Sub-district (Upazilla) levels can help buyers get assurance.
- Department of co-operatives should make buying and selling of products with fair price to ensure buyers and sellers benefit. Product price and cooperative market consortiums charge selection by department of co-operatives, co-operative market consortiums and producers jointly to beneficiate consumers and producers.
- Providing training to producers to produce quality and safe products, because not all the producers are producing quality of products because of knowledge gap.
- Products need to be easily accessible by consumers. So launching mobile shop in Dhaka metropolitan area would help to reach consumers easily.

7. Limitations of the Study

This baseline study has been done with limited time, money constraint and selected study areas. Therefore, it is probable to have some errors due to:

- Limited time,
- Limited budget
- Non-availability of reliable data and documents
- Selective study areas.

8. Conclusion

Most of the farmers were illiterate and for that reason they did not have the ability to sell their products in international market and also nationwide, they just only sold to local market. Consequently, middlemen were playing marketing role and due to this reason, farmers were not getting fair price for their products. Ministry of local Government & Cooperative Society could play vital role to bring formation within the framework of Cooperative Society and could minimize the role of middlemen of marketing agricultural products of Bangladesh. From a personal point of view to a national level, Department of Co-operative plays significant role in empowering lots of local producers under cooperatives.

Producers have had lack of information about different markets other than his/her local market. So, producers have to be dependent on local market and have to sell with poor price. Producers have no database or directory of buyers, transportation etc. So producers hardly know many buyers and easy way to transport. Since the producers have not yet received enough guideline or training to produce quality products, their product quality is not always good enough. Producers have faced complexity in communicating with buyers or consumers in presenting products and negotiating price.

In this context, Department of Co-operatives **should** take initiatives to reduce producer's sufferings and update supply chain system for buying and selling. Digital platform for products showcase and trade facilitation can be created by DOC. UCO can play a vital role ensuring products quality.

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