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FOOD MARKETING PROGRAMMES IN A SMALL DEVELOPING ECONOMY

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Introduction

I wish to express my appreciation to the Organizing Committee of the 12th West Indies Agricultural Economics Conference for asking me to contribute a paper on agricultural marketing in the context of the theme of the Conference - Implementing Food Production and Marketing Programmes in a Developing Tourist Economy. However, this paper was so entitled for two reasons. The first is that my views on the form tourist development should take in a small economy such as Antigua do not permit me to ascribe to "tourist": the status of a qualifying adjective for the economy. (This is not to imply that tourism is unimportant.) Secondly, my comments will focus primarily on food marketing in partial fulfilment of my mission at the Caribbean Food and Nutrition Institute. Indeed, after reading, in the Working Document, the fine exposition on agricultural marketing problems and prospects in Antigua and their implications for development, the challenge which emerged for this paper was that of amplifying and extending certain lines of thought and providing some provocative but pertinent ideas on food in the development of small economies.¹

Food Marketing and Economic Development

The subject area of food marketing deals with the performance of all the business activities involved in getting foodstuffs from their origin of production to consumers in adequate quantity, quality or form, at the appropriate time and place desired by them, and with the development aspects of the system for transfer, pricing and communication among participants within the marketing system.² The activities performed during the marketing process

¹This paper extracts heavily from:

- (a) Mc Intosh, C.E. and Lim Choy, M. The Performance of Selected Agricultural Marketing Agencies. Occasional Series No. 11, Department of Agricultural Economics and Farm Management, University of the West Indies, St. Augustine, Trinidad, 1975.
- (b) Mc Intosh, C.E. "Food Marketing in the Commonwealth Caribbean". PAG Bulletin Vol. 5, No. 4, December, 1975.
- (c) "Report on Analysis of Food Prices in Trinidad and Tobago". Unpublished CFNI Document.

²Stout, T.T. "Performance Control of the U.S. Beef Industry". In: Proceedings of the Canadian Agricultural Economics Society Workshop, 1970, p.11. Kriesberg, M. and Steele, H. Improving Marketing Systems in Developing Countries: An Approach to Identifying Problems and Strengthening Technical Assistance. Foreign Economic Service, USDA and US/AID, Washington, D.C., 1972, p.12.

include: (a) the exchange functions of buying, selling and price determination; (b) functions relating to physical supply comprising assembly and transportation, storage, food processing and preparation; and (c) synergistic functions to (a) and (b) consisting of market information and news, financing and risk acceptance, grading and standardization, product development, demand creation and supervision.¹ The form the development of the marketing system takes is dependent on the regulatory and service programmes of Government and other external influences.

The pricing and communication activities constitute the hub of the marketing process but explicit recognition must be given to the physical and technical aspects associated with enhancing place, quality and form, and time utility of foodstuffs since these aspects hold unlimited scope for industrialization.

Economic development connotes a continuous improvement in the general welfare of all segments of the population. The elements constituting general welfare include employment opportunities, income and income distribution, nutrition and health, habitat, balance of payments, economic and political power, and such other variables that the society may deem important. The inter-relatedness of these elements must be recognised and goals and aspirations of individuals must not be set above those of the society as a whole.

It has long been recognized that food marketing has a major role in economic development. Food is a prime necessity for life and participation in food consumption has no social barriers. Not surprisingly, food expenditures loom high in the budget of consumers in all countries. In developing countries this proportion takes on greater significance. For example, in many Caribbean countries, average annual household food expenditure accounts for over 50 per cent of the income and among low income families the figure is closer to 90 per cent.² These figures compare with an estimated average of 25.6 per cent of consumer expenditures being devoted to food in the United States in 1966.³ Such high food expenditures, combined with a high dependence on imported food supplies, make the food industry a very important and dynamic sector. The myriad activities associated with food production and getting foodstuffs from production areas to consumers highlight the job opportunities that could be created through efficient food marketing. The maldistribution of income - a legacy of a marketing system which developed to service the import and export sectors to the disadvantage of the internal food production and distribution sector - could be alleviated by appropriate stimulation and modernization of the marketing system in the service of local food production and distribution.

¹ Jones, W.O. Measuring of Effectiveness of Agricultural Marketing in Contributing to Economic Development: Some African Examples. Stanford University Food Research Institute, 1970, p.180.

² National Food and Nutrition Survey of Barbados. PAHO Scientific Publication No. 237, Washington, D.C., 1972.
National Food and Nutrition Survey of Guyana. PAHO Scientific Publication No. 323, Washington, D.C., 1976.

³ OECD. Food Marketing and Economic Growth. OECD, Paris, 1970, p.13.

While the relative contribution of agriculture to the gross national product generally declines in the course of development, the increased demand for food and food services tends to nullify the underemployment problems that are likely to occur within agriculture through job creation in the marketing sector, especially as the food marketing sector, even at a high level of sophistication, remains fairly labour-intensive.

The influence of population on food demand cannot be over-emphasized.¹ With increasing population the need for more food is immediately apparent. The age and sex composition and the geographic distribution of the population affect the quantity, quality, time and place of demand. The tendency towards increasing urbanization puts a greater strain on the marketing system to adjust to the needs of the population.

Efficient food marketing has a significant role to play in economic development, and particularly in improving the nutritional status of all segments of the population. Realization of this potential rests with the formulation and implementation of sound food and nutrition policies incorporating marketing projects relating to transportation, storage, processing, pricing and communication, among others.

Aspects of Food Marketing in Antigua

The distribution of most foods and services including foodstuffs in Antigua is conducted within an environment of private enterprise. The price mechanism operates in allocating scarce resources, determining incomes and income distribution, which in turn limit the levels of consumption of the population. Imperfections within the market leading to inefficiency, inequity, and concentration of wealth and economic power in the hands of a few have not gone unnoticed and the Government has attempted to minimize these consequences by active intervention within the marketing system. Examples of such intervention are price control programmes, the development of the Central Marketing Corporation empowered to perform marketing functions and regulate marketing in the state, and the control of large acreages of arable land. What has emerged then is a mixture of public and private entities within the economic system utilizing the price system as the central organizing force.

From a nutritional standpoint, the bulk of the foodstuffs consumed in Antigua is imported. The channels of distribution of these foodstuffs are through a small number of importers and/or wholesalers, a few large supermarkets and a large number of small shops. The channels of distribution of locally-produced foodstuffs overlap to some degree with those for imported foods but market vendors operating at public and roadside markets are the main links with the farmer. There are a large number of these marketers handling similar products within a small radius, typical of a 'perfectly' competitive market. In the more concentrated import/wholesale sector for imported foodstuffs there are opportunities for collusive behaviour in price setting and supply control. The consequences are inflationary tendencies and a shortage of foodstuffs, both militating against the improvement or even maintenance of a satisfactory nutritional status.

¹ In the Antigua context, the influence of tourism on total year round population is in the order of 2.5 per cent which is similar to that in Barbados. It is easy to over-emphasize this sector.

The Central Marketing Corporation with its limited resources (both financial and technical) can do very little in dealing with the formidable challenge that it faces. To attempt to perform the marketing functions for such a wide range of highly perishable foodstuffs, usually at a time when most other marketing intermediaries are filled, is a quixotic challenge. This is not to suggest that the Corporation has always made the best use of its resources. Improvements could be made in pricing policies, the handling, grading and storage of products, and simple processing of products to avoid waste could be undertaken. The Corporation must adopt a more aggressive role if its position as market of last resort must be changed.

It has been often put forward that the size of the market for locally-produced foodstuffs is small, thereby causing gluts and depressed prices. In the light of the high import dependence (on food supplies) this situation is rather paradoxical. It is more likely that the choice of products in present agricultural programmes is bad. Major expenditures by Antiguans are on cereal and cereal products, meat and dairy products, and sugar and sugar products. Programmes emphasizing vegetable production would have only a slight effect on improving self-sufficiency.

Devising Food Marketing Programmes

Earlier, reference was made to the need for formulating sound food and nutrition policies in small developing economies to make maximum gains from the contribution of food marketing to economic development. According to Rueda-Williamson, a food and nutrition policy is:

"a coherent set of principles, objectives, priorities and decisions adopted by the Government and applied by its institutions as an integral part of the national development plan in order to provide to all the population, within a specified time, the food and other social, cultural and economic conditions essential to satisfactory nutrition and dietary well-being."¹

Such a policy attempts to bring into a desirable balance - food supply, food demand and nutritional requirements. Devising food marketing programmes against the background of such a policy calls for a good understanding of the nutritional problems, the shortcomings of the present marketing arrangements in solving these problems, setting up specific objectives and targets for the programmes, selecting, scheduling and implementing projects, and finally, evaluating and revising the programme. This is not a once and for all exercise since the programme must adapt to changing conditions.

Nutritional Problems

Available data for the Region indicate that the major nutritional deficiencies in terms of numbers affected and severity are (a) a shortfall in energy requirements due to insufficient food intake; (b) protein deficiency associated with the shortfall in energy intake (protein consumed is first used to meet energy requirements and thus becomes unavailable for its specific

¹ Rueda-Williamson, R. Mechanisms to Formulate and Coordinate National Food and Nutrition Policies and Programs. PAHO Document R/CA 2 6/15, 1973.

role in growth and development); and (c) iron deficiency, especially among pregnant and lactating women. Of these (a) and (b) combined constitute the so-called protein energy malnutrition syndrome. This syndrome affects primarily children under five years. It is useful to emphasize that the main focus must be on energy and the inclusion of 'protein' in the description should not be misconstrued to imply that the source of energy should of necessity be high in this nutrient, though a high protein content could enhance the product.

Recent data for Antigua support the general conclusion on the nutritional status in the Region. The situation was summarised by Gueri as follows:

"Approximately 43% of all children under 5 years show a weight for age below 90% of the Standard and can be considered malnourished. Many of these children were already born with less than satisfactory weight, as the birth records show that 40% of the children born since January 1974 have a weight below 90% of the Standard and can be classified as 'malnourished at birth'.

7.5% of the children in our sample suffered 2nd and 3rd degree malnutrition."¹ (See Table 1.)

Table 1. Nutritional Status by Weight for Age of a Sample of Children (0-59 months) attending the Child Welfare Clinics, 1975.

Nutritional Status (Gomez classification)	No. of Children	Percentage
Normal (90% and over)	303	56.9
1st degree malnutrition (75-89%)	189	35.5
2nd " " (60-74%)	36	6.8
3rd " " (Under 60%)	4	0.75
Total	535	99.95

The Programmes

The elimination of protein energy malnutrition in all segments of the population by 1985 could be one of the stated objectives against which the food marketing programmes are planned. Specific programmes might include: (a) development of the physical and technical aspects of the existing system; (b) food price and subsidy policies; (c) consumer education; and (d) introduction of new foods.²

Technical and Physical Aspects: Evidence on food marketing in the Region suggests that heavy post-harvest losses of foodstuffs are sustained owing to

¹ Gueri, M. "Nutritional Status of Young Children in Antigua". CFNI Mimeograph Document, December, 1975.

² PAG Bulletin Vol. 5, No. 4, December, 1975, pp.2-9.

poor handling, inappropriate transportation and packaging methods, poor storage facilities, and the lack of processing. These losses affect availability and lead to high prices with serious implications for the nutritional status. A programme to improve these facilities would have nutritional benefits directly, and indirectly through creation of employment opportunities. The development of proper market facilities in the urban and rural areas would minimize the probability of pockets of poverty and malnutrition.

Food Price and Subsidy Policies: The basic aim of a food price policy is to maintain low and stable food prices for consumers, especially the low income segments of the population. Price control policies treat each individual in the society equally - the high income individual faces the same prices as the low income person. Such a situation accelerates income disparities. Further, under price control policies there is a tendency towards shortages and price control violations with serious nutritional consequences to the poor.

The price and subsidy programme might aim at combining a more liberal price control level with a subsidy programme based on a graduated scale according to income position where liberal price control levels will ensure that those employed in food distribution do not experience economic hardships. Volume turnover should be taken into account when establishing wholesale and retail price levels. The price increases that would be caused by such a move would be alleviated by coupons for specified products being distributed to consumers according to their income position and family size (the greater the household income, the less the total value of coupons) and location.

The coupons would be used to purchase the specified commodities from retailers, who would in turn use them to procure supplies from wholesalers and finally, manufacturers or a government import agency. The coupons are redeemable from Government within a certain period but only by specific food agencies. Preferably, the coupons should not be redeemable on a cash basis but in exchange for supplies of the specified commodities. The establishment of a single import agency for basic foodstuffs and Government participation in farms producing basic commodities locally would facilitate such a system. Funds for the subsidy could be obtained by import duty on undesirable food imports.

The major advantages of such a system are: (a) the prevention of shortages; (b) the fostering of the consumption of highly nutritious foods, especially by low income households through greater subsidy given to the poor. These features of the programme should more than compensate for the disadvantages of administrative difficulties in the implementation.

Consumer Education: Tremendous gains could be made through consumer education and information services on food values, quality and prices. Promotion campaigns to increase consumer demand for highly nutritious food items could have great nutritional impact.¹ The idea of relating food cost to nutritive value rather than on a quantity or volume basis is particularly relevant here. The nutrient-cost concept might also be applied in establishing minimum guaranteed prices for various foodstuffs so as to encourage the production of the more nutritious ones. This aspect of the programme could be linked to the price and subsidy policy.²

¹ PAG Bulletin, *Op. cit.*, p.6.

² McIntosh, C.E. The Nutrient-Cost Concept in Caribbean Food Economics. *CAJANUS* 8 (5), 1975, pp.309-317.

New Foods: West Indians have always been upbraided for their foreign tastes. The fact of the matter, however, is that the presentation of our local food-stuffs is poor, lacks imagination and novelty, and the promotional strategies are weak. There is need for the introduction of new foods based on our traditional food sources such as corn, starchy fruits, roots and tubers and legumes. An important programme for consideration is the production and distribution of a baby weaning food that is nutritious. Such a product, if expertly prepared and presented to consumers, could eliminate the imported 'junk foods' from our supermarket shelves as well as malnutrition in children under five years.

I urge you to consider the above suggestions.