

FACT SHEET

PERFORMANCE OF THE FISH MARKETING SYSTEM IN CENTRAL UGANDA

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Overview

This fact sheet evaluates the performance of small-scale fish traders selected randomly from a cross-section of wholesale and retail fish traders operating in nine markets (Kasubi, Busega, Mpigi, Mukono, Bwaise, Kawempe, Nsangi, Nansana and Wekembe) in Central Uganda. Data were collected through a structured questionnaire designed to solicit information on traders' socio-economic characteristics, marketing characteristics, operating costs and returns, and problems traders encounter in the fish marketing system in the study area. Percentages are used to describe the market characteristic and problems associated with fish marketing while gross profit and marketing performance models are used to evaluate profitability, marketing margin and operational efficiency.

Marketing Costs

The major costs revealed by traders in our sample are depicted in Figure 1, showing that there are four major cost categories in the two dominant marketing channels (retail and wholesale). Marketing costs are higher in the retail channel (USh285/kg) compared to the wholesale marketing channel (USh236/kg). This is not surprising considering that retailers usually sell in small quantity at a point in time, hence prolonging

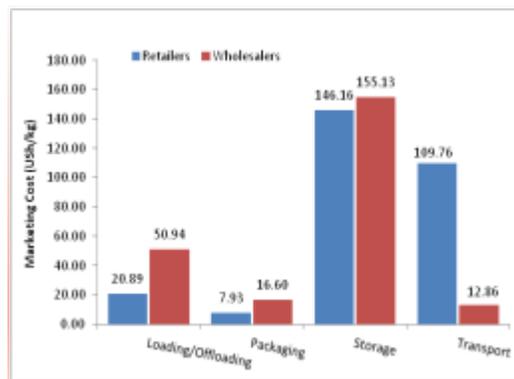


Figure 1. Cost of Marketing Fish in Central Uganda (USh/kg)

the time spent and expenditures on the various marketing functions. Particularly, storage costs represent a substantial amount of the cost in both wholesale (USh155/kg) and retail (USh146/kg) marketing channels, followed by transportation from the landing sites to the markets at USh110/kg in the retail channel and loading/offloading at USh51/kg in the wholesale channel. The least cost component of the marketing chain for fish retailers was packaging (USh8/kg) while transportation (USh13/kg) was shown to be the least cost in the wholesale channel.

Market Margin and Market Efficiency Analysis

Market margin analysis is used to determine the deference between the price paid by consumers and that received by fish traders in the region as:

$$\text{Market margin} = \left[\frac{\text{Consumer price} - \text{Supply price}}{\text{Consumer price}} \right] * 100 \quad (1)$$

On the other hand, market efficiency is computed using the value added concept as:

$$\text{Market efficiency} = \left[\frac{\text{Value added through marketing}}{\text{Cost of marketing services}} \right] * 100 \quad (2)$$

In equation 2, the value added through marketing is estimated by subtracting the total cost price of fish as it follows through the market from the total selling price. The cost of marketing services was obtained from the total cost of providing marketing functions such as transportation, storage, packaging, loading/offloading and license charges. Gross margin, marketing margin and market efficiency were used respectively to examine market performance. The results (Table 1) show that profits made in both market

channels (wholesalers and retailers) were positive, however, wholesalers realized higher absolute margins compared to retailers. As indicated in the table, gross margin per kilogram (kg) of fish sold by wholesalers and retailers were US\$358 and US\$234 respectively, with overall market returns for the total sample estimated at US\$262/kg. The marketing margins were estimated at 19 and 17 percent for the wholesalers and retailers respectively, with overall marketing margin for the total sample of 17 percent. Similarly, the market operational efficiency was 279 percent for the entire market in the study area.

Table 1. Gross Margin, Marketing and Efficiency Margins

Market Channel	Gross Margin (US\$/kg)	Market Margin	Market Efficiency
Wholesale	358	19%	187%
Retailer	234	17%	319%
Total Market	262	17%	279%

Constraints Faced by Fish Traders

Previous studies have highlighted several factors constraining the development of processing and trading food and agricultural products in Uganda including limited access to resources, insufficient credit facilities, inadequate transport means, bad roads, poor processing and marketing facilities to name a few. To ascertain the extent to which these among other factors are of concern to fish traders in the study area, the questionnaire asked traders to indicate what they perceive to be the major concerns in the fish marketing business. A tally of their responses is summarized in Table 2, representing the proportions of the total sample that identified a particular issue to be of major concern. As shown in the table, the most pressing concerns are common to both retailers and wholesalers, including high fish supply cost (22%), low sales price (16%), low fish supplies (12%) and

arrests for selling immature fish (19%). When looked at within the marketing channels, the results reveals that high supply cost (22.2%), low fish prices (19%) and arrests for selling immature fish (17%) are the major concerns highlighted by the retailers in the sample. On the other hand, unreliable fish supply (20%) in addition to high supply cost (20%) and arrests for selling immature fish (25%) ranked higher among wholesalers.

Table 2. Major Problems Faced by Fish Traders in Central Uganda

Problem	Retailers	Wholesalers	Overall Market
Corrupt officials	11%	---	8%
High supply cost	22%	20%	22%
Transportation	6%	10%	7%
Limited capital	6%	---	4%
Low prices	18%	10%	16%
Low and unreliable supply	9%	20%	12%
Post-harvest loses	11%	5%	9%
High taxes/license fees	---	10%	3%
Arrests for selling immature fish	17%	25%	19%

The major concerns highlighted by fish traders in the study area are not surprising given the reported increased decline of fish stock due to over exploitation and illegal fishing activities. Finally, although not ranked high by traders other factors including inadequate market facilities, such as lack of ice plants, containers with aerating devices, processing facilities and cold storage facilities also limit the development of trading enterprises.

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