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## AGRICULTURAL MARKETING CHANNELS IN POULTRY DISTRIBUTION

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### ABSTRACT:

Agricultural marketing channels usually consist of different types of intermediaries including village traders commission agents wholesalers; processors and retailers who may be involved in the following functions: grading; packaging; storage; transportation; and value-added services. Farmers who operate in traditional marketing channels rely upon numerous intermediaries because of limited access to the necessary infrastructure to support their needs and/or insufficient access to reliable and timely market information. As such, farmers have limited negotiating power when it comes to setting prices for their products and, therefore, only receive a small share of the final consumer price. In contrast to traditional marketing channels, organized marketing channels include cooperative marketing contract farming vertically integrated poultry firms etc. to provide a greater degree of coordination transparency and operational efficiency for both the producer and the consumer. The use of organized marketing channels will assist in stabilizing poultry prices maintaining poultry quality standards and providing consumers with a continuous supply of poultry products. Infrastructure development, particularly cold storage facilities and refrigerated transport are critical components in maintaining the freshness and reducing spoilage of poultry products. The use of digital marketing platforms and advanced market information systems by producers will improve farmers' access to markets and allow farmers to make more informed decisions.

**Keywords:** Agricultural marketing, intermediaries, traditional channels, organized channels, contract farming, vertical integration, cold storage, digital marketing, price stability, farmer income.

### 1.INTRODUCTION:

Marketing channels refer to how poultry products flow from producers (farmers) to final consumers. Poultry farming is one of the most rapidly expanding agribusinesses in the world, playing an important role in providing jobs, increasing farm income, and providing affordable protein (through chicken meat and eggs). Efficient marketing is essential for delivering timely poultry product, maintaining the quality of poultry product, and providing fair prices for poultry product at all levels of the marketing channel. There are a number of marketing intermediaries involved in the marketing channel for poultry product distribution. These intermediaries include village traders, commission agents, wholesalers, processors, and retailers that perform various functions such as grading, storing, packaging, transporting, and sharing risk. The structure of the poultry product marketing channel affects the marketing cost incurred to move poultry products, price spread, and the proportion of the total price consumers pay that goes back to farmers. Farmers in traditional (unorganized) systems often rely heavily on many middlemen for moving products due to limited infrastructure and market information accessibility. Because of this requirement to use multiple middlemen, farmers have little ability to negotiate a favorable price with the final consumer. As the commercial poultry production market continues to grow, organized marketing channels such as cooperatives, contract production, and integrated producers have developed to better coordinate the marketing of poultry products. However, problems with fluctuating prices, lack of proper cold storage facilities, and high transportation costs continue to affect the distribution of poultry products through the marketing channel.

### 2. OBJECTIVES:

1. To examine the flow of poultry products from producers to final consumers.
2. To evaluate the role and performance of intermediaries in the distribution process.
3. To compare traditional and organized marketing channels in the poultry sector.
4. To measure marketing costs, margins, and price spread in poultry distribution.

5. To analyze factors affecting efficiency and transparency in poultry marketing.

### 3. STRUCTURE AND FLOW OF POULTRY MARKETING CHANNELS:

The structure of the poultry marketing channel is defined as the way in which different participants of the channel are arranged; they include farmers, traders, wholesalers, processors and retailers who make up the distribution system for poultry products. The amount of intermediaries in the channel, as opposed to direct sales, is an indicator of marketing cost, as well as the farmer's share of profits. The flow of poultry products is the movement of the product (e.g., live birds, eggs, and processed meat) from the producer to the consumer, via direct marketing channels (e.g., farm sales) or indirect (e.g., sales through wholesaler/retailer). In addition to the flow of product through the channel, there is a flow of money and market information. The efficiency of the structure and flow provide the opportunity for fair pricing, lower losses; and for farmers to have better income.

#### 3.1 Movement of Poultry Products

The movement of poultry products is defined as the flow of live birds, eggs, and processed chicken to the final consumer. This flow can occur by two methods: direct, in which the producer sells the product directly to the consumer, or indirect, in which the product passes through one or more intermediaries (e.g., wholesaler or retailer) before reaching the consumer. If the poultry product moves through a direct channel, it will incur lower marketing cost and give farmers a greater share of the profit than if the product moves through an indirect channel; however, an indirect channel will provide for greater distribution and wider coverage. The effect of the flow on the pricing, availability and freshness of the poultry product will depend on the efficiency of the flow.

#### 3.2 Types of Poultry Marketing Channels

##### ➤ Direct Marketing Channel:

Selling directly to the consumer with no intermediaries involved such as through the farm gate, local market or by direct delivery. This channel provides the fewest marketing costs to poultry farmers and allows them to receive a larger portion of the final consumer price; however, farmers' market geographic reach is generally limited.

##### ➤ Indirect (Traditional) Marketing Channel:

Traditional marketing channel (which usually has one or more middlemen such as village traders, wholesalers and retailers) means that the farmer sells to local traders and they sell through the distribution chain to consumers. This channel creates a larger geographic reach for the poultry product to be distributed; however, farmers will receive a lower profit because of the percentage added by the middlemen.

##### ➤ Cooperative Marketing Channel:

A cooperative marketing channel consists of a cooperative of farmers who work collectively to market their poultry products. Co-ops offer the benefits of bulk selling, improved price negotiation and a lower potential for middleman exploitation. This channel also enhances the farmers' bargaining ability and ensures a more stable return.

##### ➤ Integrated or Contract Marketing Channel:

An integrated or contract marketing channel is a relatively new method for marketing poultry products where the poultry company has ownership of each aspect of the process (production, processing and marketing) and manages them as a single entity. Under contract farming, the poultry company provides the farmer with inputs (feed and chicks) and the farmer provides the processed poultry product. An integrated marketing channel allows for improved coordination and quality control, as well as providing the farmer with price stability.

### 4.ROLE AND PERFORMANCE OF INTERMEDIARIES:

Poultry production requires an important intermediary that connects growers of poultry with its ultimate consumers. Examples of intermediaries that assist with this task are: village traders, commission agents, wholesalers, processors and retailers. When the distance between the producer and consumer is too far for the producer to sell his or her product directly, the intermediary works to combine the products of multiple producers at one collection point and then delivers them to various markets. Essentially, intermediaries allow for the distribution of poultry products on a larger scale and provide timely placement of poultry products in the hands of the ultimate consumer.

#### 4.1. Functions of Intermediaries:

The intermediary typically takes on several specific functions which facilitate the distribution of poultry products by completing essential activities such as: grading, sorting, storing, transporting and packing poultry products and sometimes processing poultry products. Intermediaries will also assume some of the risk associated with poultry marketing, including price risk due to market fluctuations and product spoilage. Completing these functions ensures that quality assurance measures have been met, and that poultry products can move efficiently from farmers to ultimate consumers.

#### 4.2. Performance and Market Influence:

The performance and market presence of intermediaries have a direct impact on: market price, supply stability and ultimately the income of poultry farmers. Where intermediaries are market price efficient and market transparent, the poultry distribution process provides for a smoother and more equitable distribution process. However, when an unreasonable number of intermediaries exist within the distribution channel, the share of the consumer dollar that is received by farmers decreases, thereby reducing the total profits of all farmers in that distribution channel.

#### 5. MARKETING COSTS, MARGINS AND PRICE SPREAD:

Marketing costs, margins, and price spread are important indicators of the efficiency of poultry marketing channels. They help in understanding how the final consumer price is distributed among different participants in the supply chain.

##### 5.1. Marketing Costs

Marketing cost is also defined as an expense or expense incurred to get the poultry product from producer to consumer. Marketing costs involve all expenses incurred to help transport poultry products to market including transportation costs, loading and unloading costs, labor costs, storage costs, packaging material costs, electricity usage, and fees charged at market location. Other costs may also arise when products are poultry and thus require maintaining cold storage to prevent spoilage. Therefore, farmers may experience very low net incomes if their marketing costs are high and consumers may pay more for poultry-based products than need be if marketing costs are not managed properly. As such, effective and efficient infrastructure and effective and efficient management are necessary for reducing marketing cost.

##### 5.2 Marketing Margins and Price Spread

The Pricing margin occurs between what the wholesaler/concessional retailer pays for the item (the Purchaser's price) and what they (at the point of sale) sell this item for (the Retailer's price). This Pricing margin reflects the Concessionaire's net income once all marketing costs have been accounted for Price spread is defined as the difference between the price a consumer pays for an item and the price a farmer is paid for that same product. Utilizing large price spreads are indicative of either surplus intermediaries or inefficient marketing costs associated with the associated marketing channels for that product. Conversely, small price spreads typically represent a more efficient and effective marketing channel to consumers.

#### 6. EFFICIENCY AND CHALLENGES IN POULTRY MARKETING:

Efficiency in poultry marketing refers to how smoothly and economically poultry products move from producers to consumers while maintaining quality and fair pricing. Several challenges can affect the performance of the marketing system.

##### 6.1 Factors Affecting Efficiency

Marketing efficiency largely depends on the availability of proper infrastructure such as roads, storage facilities, and organized market yards. Cold chain systems are especially important in poultry marketing to prevent spoilage and maintain freshness of meat and eggs. Access to accurate and timely market information helps farmers make better selling decisions. Efficient transportation reduces delays and damage during transit. Government policies, including price regulations, subsidies, and support programs, also play a key role in improving or hindering marketing performance.

##### 6.2 Transparency and Improvement Measures

Transparency in pricing and transactions ensures fair returns to farmers and builds trust among market participants. Digital marketing platforms and e-trading systems can reduce the role of unnecessary intermediaries and improve direct market access. Cooperative marketing models strengthen farmers' bargaining power and help in bulk selling. Investment in better infrastructure, cold storage, and transport facilities can reduce post-harvest losses and marketing costs. Overall, adopting modern practices and supportive policies can significantly enhance efficiency and sustainability in poultry marketing.

#### 7. MEASURES TO IMPROVE POULTRY MARKETING CHANNELS:

Poultry marketing channels can be improved by developing proper infrastructure such as roads, cold storage, and refrigerated transport to reduce spoilage and maintain quality. Strengthening cooperative societies increases farmers' bargaining power and reduces middlemen exploitation. Promoting contract farming ensures assured markets and stable prices. Adoption of digital platforms and better market information systems improves transparency and decision-making. Maintaining quality standards

and food safety builds consumer trust. Government support through subsidies, training, and policy reforms further enhances efficiency and sustainable growth in the poultry sector.

### **7.1 Development of Infrastructure**

Good infrastructure is necessary for the efficient marketing of poultry products. Good roads mean a reduction in the time and cost taken to deliver eggs and meat to market, as well as ensuring they arrive in time. Cold storage and refrigerated transportation help ensure the quality of these products and reduce spoilage rates, particularly for processed poultry. The development of good infrastructure also reduces post-harvest losses and increases the efficiency of overall marketing.

### **7.2 Strengthening Cooperative Societies**

Poultry farmers join together to create cooperatives so that they can market their products as a group. When they sell as a group, they have the opportunity to negotiate a better price and sell at a higher bulk quantity. By doing it this way, it is also possible for the farmers to eliminate many of the middlemen who would normally be involved in marketing their products. Cooperatives provide many other services to farmers, such as storing, grading, and packaging their products; providing access to credit; and increasing the income of farmers through these additional services.

### **7.3 Promotion of Contract Farming**

By utilizing contract farming, farmers and companies can have a designated contract that lays out the conditions of production and sale. Companies typically provide inputs to farmers (such as baby chicks and feed) as well as offering veterinary assistance. Once the inputs have been supplied, companies promise to buy the products at predetermined prices. This arrangement not only minimizes market risk but also guarantees a steady income and allows the sharing of technical assistance between the contract producers and the company. Furthermore, it establishes an enhanced level of coordination among those within the supply chain.

## **8.IMPACT OF POULTRY MARKETING CHANNELS ON FARMERS AND CONSUMERS:**

Using efficient marketing channels for poultry improves farmers' incomes by eliminating the need for intermediaries, reducing their costs of marketing and increasing their ability to obtain a higher return for their products. In addition, by using efficient marketing systems, the rate of post-harvest loss is reduced and access to stable markets is provided. Consumers also benefit from organized marketing systems, as they guarantee a consistent supply of poultry; generally, provide for stable prices; and provide better quality poultry products. Proper storage, transportation, and sanitary handling all contribute to making food safer for consumers. Effective marketing channels help create jobs, grow the economy, and provide food security for people throughout the world.

### **8.1 Influence on Farmer Income**

Poultry marketing channels directly affect the income earned by farmers. When the number of intermediaries is reduced and marketing costs are controlled, farmers receive a larger share of the final consumer price. Organized systems such as cooperatives and contract farming improve price realization and reduce exploitation by middlemen. Efficient marketing also minimizes post-harvest losses, thereby increasing net returns to producers.

### **8.2 Consumer Price Stability**

The marketing system must be organized to bring about equilibrium between supply and demand by reducing large fluctuations in price, create an ongoing supply of poultry product through proper coordination between the producers, wholesalers and retailers to ensure that poultry products are always available to consumers at a reasonable price.

### **8.3 Quality and Availability of Products**

By improving product handling, grading, packaging and storage techniques used in the marketing channels, more efficiently operated and maintained marketing channels (e.g., cold chain facilities, hygienic-processing units) provide consumers with safe and fresh poultry products consistently throughout the year.

## 8.4 Contribution to Food Security

Poultry provides affordable sources of protein with poultry products (i.e., meat and eggs). Chicken has an effective marketing network that ensures a steady supply of poultry products to several different locations. Because poultry marketing systems put nutritious food within reach of many people, they have contributed significantly to either national food security or nutritional security.

## 9. CONCLUSION:

Marketing systems within the poultry distribution channel are essential to connect producers with consumers and facilitate the delivery of poultry products (i.e. live birds, eggs, process meats). The effectiveness of these marketing systems has a direct impact on farmers' income, consumer prices, product quality and stability in the marketplace. Traditional marketing systems usually utilize multiple intermediaries which result in higher marketing costs and shrinking farmer profit margins. On the other hand, organized marketing systems (i.e. co-operative marketing, contractual farming and integrated poultry companies) create greater coordination, transparency and price stability. The establishment of an adequate level of infrastructure (i.e. cold storage, efficiency in transportation) combined with the availability of accurate market information will decrease post-harvest losses and improve the quality of poultry products. The use of digital marketing platforms and supportive government policy further adds to the efficiency and transparency of the marketing system.

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