

A SURVEY OF SAMPLE FARMERS ON MARKETING PRACTICES IN LAKE BALINSASAYAO

Norma Caluscusan and Cleonico Fontelo

Introduction

In an effort to bring about desired improvement in the quality of life of farmers in the uplands, Silliman University, through its Research Center, has initiated the Silliman University Research and Development Program in the Uplands (SURADPU). This undertaking has already gained positive results in such areas as soil conservation and farming techniques geared at increasing the production level of the Balinsasayao farmers. Since these farmers depend solely on their farm produce to meet the basic necessities in life, they would be given assistance not only on how to improve production, but more importantly, on how to increase the income derive from their products. This will fall under the realm of developing an effective marketing system to maximize the profits from selling their products.

Significance of the Study

Marketing is as important as production itself. It stimulates social change and raises standards of living. Marketing enables buyers and consumers to gain access to goods and services and satisfy these needs. On the other hand, profitable marketing increases the purchasing power of the producers and enables them to buy not only the basic necessities of life but also some amount of luxury, better education for the children and health care.

A farmer can be profitable if he produces the right products in the right quantity and at the right time and place with effective marketing system. The return from his investments — material, labor and capital can only be maximized if he has successful marketing strategy.

An effective marketing system means disposing the products at the best terms possible for the seller. Marketing goes beyond finding the market. What counts most is the ability of the

farmer to develop a strategy which affords the maximum return on his investment. If the farmer cannot get optimum benefits from his investment, he stops farming and seeks other viable undertaking to the detriment of the other communities that are dependent on them. At these times, when migration to the towns and cities is fast increasing, it is important that others will be encouraged to cultivate the farms. In this way, agriculture may be able to support industry and vice versa. In the end, this two-way support system will contribute to the ultimate development of the economy.

Through a sample of ten farmers, the study aims to identify the kinds and quantity of agricultural crops produced by the members of SURADPU in Balinsasayao, their present marketing system, and the problems encountered in selling their products. Once an understanding of these aspects is gained, the study hopes to present possible effective marketing strategies for the farmers. It is felt that improvements in their present marketing system can only be proposed if one is familiar with what the farmers sell where and how they market their produce.

Review of Related Study

The Silliman University Research Center (URC, for short) organized in 1983 the SU Research Action Development Program in the Uplands. The project aimed at helping the upland farmers in Lake Balinsasayao achieve a significant level of production through the application of appropriate farming techniques that that will conserve the soil and maintain and improve its fertility.

Through appropriate assistance by the SU Research Center the farmers were able to increase considerably their produce. However, this increase in farm produce needs to be translated into real and actual income for the farmers. To accomplish this the farmers must have an effective marketing system. "An analysis on energy wastage (Cadelina 1986) by the Lake Balinsasayao farmers after the crops have been produced showed that poor marketing opportunities could lead to the loss of almost 50% of what has been produced." This is because the farmers are vulner-

able to extreme pressure by middlemen to sell their produce at low prices. The farmers have hardly any choice. Due to distance, the problem of how to bring the produce to the appropriate market is an acute one.

Inspired by an enthusiasm to maximize its assistance to the Lake Balinsasayao farmers, the SU Research Center conceived an experimental marketing assisted project. The project utilized Silliman campus as the market place. The assistance extended to the farmers consisted mainly of a vehicle to transport the farmers' produce from Lake Balinsasayao to the Silliman campus. The farmers shouldered the fuel cost of a four-wheel drive vehicle and its driver. Another form of assistance given to the farmers was an updated price quotations for the farmers' produce based on the prices in Dumaguete's public market. The URC conducted price surveys for all the commodities sold by the farmers in the morning of the market day. The prices of the farmers were set between 10% and 20% lower than the retail price at the public market.

The assisted experimental marketing project covered the period November 1985 to July 1986. The URC concludes that "the assisted marketing program has improved, on the average, by 30% over the farmers' original cash proceeds from sale of farm products during their non-assisted marketing system." The regular marketing channels, up-to-date information on prices of their products and getting rid of middlemen contributed to the improved benefits to the farmers. It cannot be overemphasized that an effective marketing system is a necessary complement to production, if the farmers are to enjoy truly the fruits of their labor.

Theoretical Framework

Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view.

At this stage of our economic development, even the farmers like the ones in Balinsasayao do not only produce goods for their

own consumption but have managed to sell a portion of their products and sometimes devote the whole production of certain goods for marketing purpose only.

Modern and well-managed organizations, mainly because of their size, experience and competence are succeeding in the effective performance of their marketing functions in contrast to those of the small producers — the farmers in particular. The limited production of the latter is already a disadvantage which is compounded by the inaccessible and poor roads, unavailability of transporting and distance from the source of marketing information.

Juan Antonio Carrion (1971) mentions eight marketing functions. These include research, product planning and development, procurement, transportation, warehousing, budgeting-forecasting, risk and distribution. These functions are not obviously materialized in the marketing activities among the small upland farmers.

It is necessary therefore, that any genuine effort made toward improving the quality of the farmer's life should not be directed only to increasing the production of his farm but should be coupled with measures for effective marketing of his produce.

Larry J. Rosenberg (1977) defines marketing as a matching process. This suggests that the values created by marketing will be enhanced further by regulating the level of the product's supply to match with demand. Philip Kotler (1984), considers this function as one of the eight marketing tasks and names it as synchro-marketing. For effective marketing, the need should be supplied, but without necessarily creating market saturation as commodities with elastic demand fetch a lower price when supply exceeds demand.

Analysis

Results of the survey covering ten farmers show a total sales of fifteen thousand seven hundred twenty-one pesos (P15,721.00) in a month's time. Of this amount, one respondent accounted for P10,280 or 65.4% of the total, while one had only P90.00 or 5%. The other eight had sales ranging from P410 to P870 (see Table I).

Table 1
Sales Value of Farm Products of Balinasasayao Farmers for one Month

FARM PRODUCTS	FARMERS										TOTAL	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
Abaca heap (Abaka)	P 120		P 600	P 240	P 75	P 20	P 90	P 180	P 185	P 2,400	P 185	P 3,860
Apara	50								135			50
Avocado (Abotado)		P 90										90
Baguio beans												90
Bananas (Saging)		100	70	200	200			96		30		696
Breadfruit (Kulo)										150		150
Cassava (Kamoteng kahoy)	20											20
Chayote (Sayote)	400	20	45	200		40		50	40	90		885
Coffee (Kape)										1,750		1,750
Gabi							80	45	50	500		675
Ginger (Luy-a)								80				80
Jackfruit (Hangka)	40				300							340
Papaya (Kapayas)	100				10					60		170
Pepper (Atsal)		90		50			100					240
Squash (Kalabasa)					100		100			700		900
String beans (Balatong)		200								1,000		1,200
Sweet Potatoes (Kamote)	30		15	180	40	30	135	180		1,600		2,210
Tomatoes (Kamatis)										600		600
Ubi										1,400		1,550
Vegetable ferns		70						110				70
TOTAL	P 830	P 500	P 730	P 870	P 765	P 90	P 505	P 741	P 410	P 10,280	P 410	P 15,721

LEGEND: Columns (1) to (10) represent the sales of each of the ten farmers.

Table 2

Types of Buyers, Their Location, and Size of Purchase
(Matang, Dapit ug Gidaghanon sa Pumapalit)

Respondent No.	Merchant Middlemen (Kumprador)			Ultimate Consumers (Konsumidor)			Location of Buyers (Dapit sa Pumapalit)
	a	b	c	a	b	c	
	1		x				
2		x				x	Tabuc, Cebu San Jose Tanjay
3		x					Hanay-hanay
4		x				x	San Jose Dumaguete City Tabuc, Cebu San Jose
5	x						Hanay-hanay Tabuc, Cebu San Jose
6		x				x	Tabuc, Cebu Dumaguete City San Jose
7		x					Tabuc, Cebu Hanay-hanay
8		x				x	San Jose
9	x						Hanay-hanay San Jose
10		x				x	Dumaguete City Tanjay San Jose Balinsasayao Balinsasayao

LEGEND: a—all (tanang)

b—most (kadaghanan)

c—small portion (diyutay)

Twenty different farm produce were sold during the period covered and the most commonly sold crops are *apara* and *kamote*, with total sales value of ₱3,860 for *apara* and ₱2,210 for *kamote* (see Table 1).

Most of the farmers' products are purchased by middlemen from the nearby places of San Jose, Hanay-hanay, and even Bansasayao. There are also buyers coming from Dumaguete City, Panjay and as far as Tabuc, Cebu province. Very little of the farmers' products are sold to ultimate consumers (Table 2).

As to the prices of these commodities, 50% of the respondents disclosed that they determined the selling prices, while 30% said they end up selling their goods at the price agreed upon between the sellers and the buyers. It is interesting to note that in some cases, the buyer gets to decide on the prices, as what two of the respondents claimed. However, there are occasions when the farmers have to use the prevailing market price as basis for their sales transactions.

Table 3

Price Determinants

	<u>No. of Respondents</u>
Prevailing market price	3
Seller's price	5
Buyer's price	2
Price agreed upon by seller and buyers	2

(Note: There were two respondents who disclosed that selling price is determined by more than one factor.)

Factors like transportation, buyers visiting them, delivery and other selling expenses, weather conditions, presence of more buyers and volume of sales, were commonly cited by the farmers as some of the factors affecting prices of their produce. For instance, 90% said that when sales materialize in their places (i.e. buyers come to them), selling prices will drop. Or that,

when they sell products in such places as the San Jose or the Dumaguete City public market, they have to increase their prices to cover such selling expenses as transportation and delivery. It is worth pointing out that the Lake Balinsasayao farmers seem to ignore the "suki system" prevalent in the Filipino sales transaction, since 70% of them disclosed no change in prices when they sell to their patrons. Others like peace and order condition of the area was also considered a significant factor that can bring about a change in the selling prices. For instance the farmers said they usually sell at low prices when there is an NPA-military encounter prior to the selling day.

Table 4

Factors Affecting Price On Farmers' Products

Factors	Effect on Price		
	<u>Increase</u>	<u>Decrease</u>	<u>No Effect</u>
	(Number of Respondents)		
1. Plenty are sold		5	1
2. Few are sold	5	1	
3. Buyer is regular customer			7
4. Products bought wholesale		5	1
5. Plenty of sellers		7	1
6. Products are perishable		6	
7. Products bought at farm (Lake Balinsasayao)		8	1
8. Expenses incurred	9		
9. Bad weather	7		1
10. Peace and order (bad)	4		

Eighty percent extend credit to the middlemen in very minimal amount with maximum period of one week. This is because most of them sell once a week only. Most respondents sell most their produce but sometimes some do not get to dispose all products for sale during a market day for some reasons. Among these are, buyers have plenty of stock, or products are damaged during

transport. Damaged products usually end up sold at a very low or "give away" prices (for highly perishable items), sold on credit or bartered with other items like salt, or given as gifts to the farmers' patrons.

Half of the respondents cited transportation as comprising the main marketing expenses, paying an average of ₱4.40 per sack. Other expenses include delivery, taxes, and snacks. All except one believe they get reasonable prices for their products. However, they still desire for higher prices for their products.

Since they consider transportation as the major marketing problem, they would like to get help along this area. Hence they strongly declared the need for SU to continue its project in Lake Balinsasayao.

Summary and Recommendation

The survey shows the deplorable marketing situation of the Balinsasayao farmers. This problem requires an immediate solution considering that the farmers depend solely on what they can sell for their basic needs. The farmers have products which are either left unharvested or are ineffectively marketed. There is a lot of economic potentials in the area and these must be maximized not only by socially-conscious private institutions but by the government as well. The government talks about enhancing economic recovery, hence it must harness to the fullest the potentials at Lake Balinsasayao by providing appropriate marketing assistance to the farmers. The farmers at Lake Balinsasayao can certainly contribute towards this concern of the government.

The researchers would like to make the following recommendations:

First, a vehicle large enough to transport the farmers' products has to be provided. The costs of transportation must be shouldered by the farmers. Practically all of the respondents cited transportation as their major marketing problem.

Second, better roads need to be constructed. While it is true that the present roads to Balinsasayao are passable, most often

they render considerable damage to the farmers products when delivered.

Third, strengthen the present association and inculcate in the minds of every member the importance of helping one another. For instance, they should at least observe uniform pricing for their products, consider the types of their crops to be produced and proper scheduling of harvests in order to regulate supply.

Fourth, the farmers have to develop better relationship with their buyers. After all, the buyers can be good source of some marketing information.

Fifth, control supply to coincide with peak demand. Selling prices will drop when there is excessive supply. As a result, profits will also drop as most of the marketing expenses are fixed. However, this scheduling system may be most effective only with products which are not perishable.

Finally, there is a need to improve the peace and order condition in the area.

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APPENDIX I

Credit Terms to Merchant Middlemen

Farmers	Extended Credit	Amount Involved	Period
1	(no credit)	—	—
2	x	P100	1 week
3	x	100	1 week
4	(no credit)	—	—
5	x	200	1 week
6	x	50	1 week
7	(no credit)	—	—
8	x	50	1 day
9	x	50	1 week
10	x	500	1 week

APPENDIX II

Frequency of Selling In One Month

Farmers	1	2	3	4
1			x	
2				x
3				x
4				x
5		x		
6				x
7		x		
8			x	
9				x
10			x	

APPENDIX III

REASONS FOR INABILITY TO SELL PRODUCTS

Farmer	With Unsold Products	Reasons	Remedy
1	*	—	—
2	x	Plenty of supply	Sell at give away price (if bananas, let them ripen and sell, barter)
3	x	Plenty of supply	Sell on credit
4	*	—	—
5	x	Plenty of supply	Barter with salt
6	x	Plenty of supply	Barter with salt, sell at low price
7	*	—	—
8	*	—	—
9	*	—	—
10	x	Damaged due to trip	Given to buyers

* Products are all sold.

APPENDIX IV

FARMERS' SUGGESTIONS/IDEAS ON HOW THEIR INCOME WILL INCREASE

Farmer	Suggestions/Ideas
1	Higher price for their products
2	If provided with transportation for his products
3	(no suggestion)
4	(no suggestion)
5	If provided with transportation for his products
6	If provided with transportation for his products
7	Higher price for his products
8	Increase personal efforts
9	Higher price for his products
10	Higher price for his products

APPENDIX V

MARKETING-RELATED PROBLEMS

- 1 Low price for products, transportation
- 2 Transportation
- 3 Transportation
- 4 (did not express)
- 5 Transportation
- 6 Transportation
- 7 Low price, transportation
- 8 Transportation
- 9 Transportation
- 10 Peace and order, limited set of buyers, transportation

APPENDIX VI

NEEDS/REQUESTS OF FARMERS

- 1 Transportation and continuance of the Lake
Balinsasayao project
- 2 Transportation and continuance of the Lake
Balinsasayao project
- 3 Transportation and continuance of the Lake
Balinsasayao project
- 4 Transportation and continuance of the Lake
Balinsasayao project
- 5 Transportation and continuance of the Lake
Balinsasayao project
- 6 Transportation and continuance of the Balinsasayao
project especially the school and farming
assistance, more visitors
- 7 Transportation, more buyers to offer better prices
(did not express need or request)
- 8 Transportation
- 9 Transportation, continue project especially the school
and farming assistance, more visitors