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Buyer preferences for sheep and goats in southern Nigeria: A hedonic price analysis

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Nearly half of the small ruminants of the humid zone of Africa are found in Nigeria. As aggregate demand for small ruminant meat in the zone exceeds supply from local sources, the gap is met by supplies from the subhumid and semi-arid zones in the north of the country and beyond. In the past, only southern urban markets were served by northern animals, but in recent years, northern animals have started penetrating rural markets and their share has been increasing.

This study seeks to determine if buyers of small ruminants in southern Nigeria have systematic preferences for specific species/breeds of small ruminants for specific purposes, and whether they pay significantly higher prices for different species/breeds consistent with their preferences. Answers to these questions have important implications for local and northern producers who supply the southern markets, albeit with different breeds.

Survey and analytical results

A survey was carried out in two rural villages of south-west Nigeria over a 14-month period spanning from December 1989 to January 1991. The survey covered 4504 traded animals for which data were collected on price, species, breed, sex, age, live weight, seller type and sex, buyer type and sex, reason for sale, and intended use of the animal after purchase.

The survey showed that supplies, sales and prices of sheep and goats varied widely, with a sharp peak during the Muslim festival of Eid-el-Kabir and a smaller peak during the Christmas–New Year period.

There were significant differences between species/breeds purchased for various purposes. Of the 4504 small ruminants traded, 69% were local trypanotolerant West African Dwarf (WAD) goats, 9% WAD sheep, 21% Red Sokoto goats and 1% Yankasa sheep. The Red Sokoto goats and the Yankasa sheep were imported from northern areas. Of all the traded animals, 24% were purchased by farmers for rearing, 27% by traders for resale, 16% by butchers/caterers and 33% by consumers for various ceremonies and festivals.

A hedonic price model was applied to the data to determine the effects of various attributes of small ruminants on price. After adjustments were made for age, weight, sex, time of transaction and market, WAD sheep commanded significantly higher prices than WAD goats and Red Sokoto goats for almost all purposes, except butchering/catering. Red Sokoto goats commanded prices similar to or lower than WAD goats depending on the purpose of buying, while Yankasa sheep, mainly bought for Eid-el-Kabir, commanded marginally higher prices than WAD sheep.

As evidenced by the significant differences in the volume of purchases, there are strong preferences among buyers for specific species and breeds for specific purposes. Generally, local WAD goats and sheep are

preferred for rearing, butchering and slaughtering because of their adaptation to the environment, long established consumer preferences and cultural tradition.

However, these traditional patterns of preference are changing with increasing competition from northern animals and increasing consumer acceptance of northern animals for purposes for which local species/breeds were preferred previously. While the market share of southern breeds appears to have remained stable between 1983–85 and 1989–91, it may decline in future. This is because of the increasing number of northern animals marketed in southern markets which has been encouraged by improvements in road transport and access. However, the lower market share and significantly higher adjusted prices for WAD sheep paid by all categories of buyers indicate that there is excess demand for this breed. Producers and consumers would therefore benefit from increased WAD sheep production.

The results indicate that there are strong buyer preferences for specific species/breeds for specific purposes at different times of the year and the buyers are willing to pay different prices according to their preferences. These findings imply that producers and sellers could benefit by targeting specific buyer categories and times of the year to sell their animals, thereby taking advantage of existing market niches.

For more information on this issue see: Jabbar M.A. 1998. Buyer preferences for sheep and goats in southern Nigeria: A hedonic price analysis. *Agricultural Economics* 18(1):21–30.