

## **BIBLIOGRAPHY**

NABUS, FREDDIE B. APRIL 2008. Marketing Channel for Sericulture Products (Cocoon and Raw Silk) from Kapangan, Benguet. Benguet State University, La Trinidad, Benguet.

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## **ABSTRACT**

The study was conducted to determine: 1) the marketing channels of sericulture products (cocoon and raw silk) 2) the market price and basis of price in each channel, 3) mode of selling in each channel level, 4) the role and value-adding activities of each channel; 5) the requirements of each channel; 6) the ability of supplies/ farmer to comply with requirements of buyers; and 7) the marketing problems encountered and the perceived solutions by the sericulture farmers, reelers and buyers.

A total of thirty three (33) farmer-respondents were involved in sericulture in Kapangan. Active and inactive farmer, one representative respondent from cooperative, one also from Fiber Industry Development Authority (FIDA) and three raw silk buyers-respondents were interviewed using a structural guide interview schedule.

Based on the findings, the marketing channels involved were farmers, cooperative, Fiber Industry Development Authority (FIDA), the buyers of silk from Aklan, Ifugao and local weavers in our locality such as Nardas Weaving. The products from farmers were picked-up and delivered to cooperatives for sorting, grading, reeling

and channeling to Fiber Industry Development Authority (FIDA) for the market linkages to the buyers.

The buyers' pricing is based on the prevailing price of fresh cocoon within Kapangan Environmental Livelihood Multipurpose Coop-Sericulture (KELMC) and the raw silk's price is based on the prevailing price within the Fiber Industry Development Authority (FIDA) mentioned that is based upon cocoon shell percentage (CSP), percentage of raw silk reelability and return of investment.

The mode of payment used by the farmers, cooperative and Fiber Industry Development (FIDA) is cash upon delivery. Most of the farmers, cooperative, Fiber Development Authority were charged upon transporting their products.

The most common problems that the farmers encountered are lack of financial assistance, low market value price and prevention of insect pests and diseases.

Furthermore, suggestions and perceived solutions of the farmers to the problems encountered are to create financing agencies and conduct more trainings in order to meet the requirements of buyers. While the Fiber Industry Development Authority suggested the continuous information dissemination to other farmers and to increase mulberry plantation as well as rearing houses.

Moreover, the government should provide technical support assistance to the cocoon producers to improve the quality of cocoon that is required by the buyers because it would increase production.

## TABLE OF CONTENTS

	Page
Bibliography.....	i
Abstract.....	i
Table of Contents.....	iii
INTRODUCTION	
Background of the Study.....	1
Statement of the Problem.....	2
Objectives of the Study.....	2
Importance of the Study.....	3
Scope and Delimitation of the Study.....	4
REVIEW OF LITERATURE	
Concept of Marketing.....	5
Pricing.....	5
Marketing Practices.....	6
Marketing Effectiveness and Efficiency.....	6
Marketing Functions.....	7
Grading and Sorting.....	8
METHODOLOGY	
Locale and Time of the Study.....	9
Respondents of the Study.....	9
Research Instrument.....	10

Methods of the Data .....	10
Methods of Data Analysis .....	10
<b>RESULTS AND DISCUSSION</b>	
<b>Farmer-Respondents Profile</b>	
Age .....	11
Educational attainment .....	11
Number of household members .....	11
Number of years in farming .....	11
Farming operations .....	14
Membership in organization .....	14
Place for sericulture project .....	15
Farmer's market outlet .....	15
Market pricing practices employed by the farmers .....	15
Current price .....	15
Basis of pricing .....	15
Types of products .....	16
Terms of disposal .....	17
Farmer's reasons for choice of outlet .....	17
Mode of payment .....	17
Role and value added activities of farmers .....	18
Marketing problems encountered by the farmers .....	18
Suggested solutions .....	20

Marketing Channels of Farmers, Cooperative and Fiber  
Industry Development Authority

Market channel/outlet .....	20
Market pricing .....	21
Current selling price .....	21
Basis of pricing .....	21
Types of products .....	21
Reasons for choice of outlet of Cooperative and FIDA .....	23
Terms of disposal .....	24
Mode of payment .....	24
Role and value added activities of Cooperative and FIDA .....	24
Problems encountered .....	25
Suggestions and perceived solutions by the Cooperative and FIDA .....	26
<b>Respondents Profile of Raw Silk Buyers</b>	
Number of years in business .....	26
Market channel/outlet .....	27
Market pricing .....	27
	<b>Page</b>
Current price .....	27
Basis of pricing .....	27
Disposal practices in raw silk .....	27
Buyers reason for choice of outlet or buyers .....	28
Mode of payment .....	28

Role and value added activities of raw silk buyers .....	28
Requirements of raw silk buyers .....	28
Problems encountered in marketing of raw silk .....	29
Perceived solutions/suggestions to solve the problem .....	30
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b>	
Summary .....	33
Conclusions .....	35
Recommendations .....	35
<b>LITERATURE CITED</b> .....	37
<b>APPENDICES</b>	
Letter to Mayor .....	38
Letter to Respondents .....	39
Farmer Guide Interview .....	40
Cooperative Guide Interview .....	43
FIDA Guide Interview .....	46
Buyers of Raw Silk Guide Interview .....	49

## INTRODUCTION

### Background of the Study

Sericulture has been considered for long time as a subsidiary occupation in rural areas; recent technological developments have made it possible to practice sericulture on an intensive scale, producing greater profits than most of the agricultural crops. Finally, it revealed that sericulture is being practiced both as a subsidiary crop under unfavorable agro-based condition and highly paying crop, if necessary agricultural inputs can be insured.

Cocoon production is done either by individual farmers or by farmers group who tend the mulberry farms. Mulberry leaves are very important in sericulture industry. It is the sole food of the silkworms which is responsible in producing silk fibers.

Raw silk yarns are woven into fabrics either in pure or in blended forms, while some power loom and hand loom weavers engage in silk fabric production. Commercial silk production is now taken under mostly by the organizations of the industry. Production of silk is also under taken by government institutions like Philippine Textile Research Institute (PTRI), and Fiber Industry Development Authority (FIDA) but these are primarily intended for research and development purposes.

Middlemen specialize in marketing activities such as storing, sorting, transporting, selling, and even processing while the farmers are left to concentrate in production. Studying marketing activities allows us to weigh the losses, benefits and flaws more efficiently and effectively. In addition, it also enables concerned and affected



individuals to improve their marketing practices in order to attain the maximum level of income.

Kapangan sericulture farmers are the major producers of Sericulture products (Cocoon and raw silk) in Benguet. To fully understand the marketing flow of sericulture products from the place, it is important to determine where such products go to if the products from farmers really meet the requirements of buyers, and if the buyers match the requirements of their buyers as well.

### Statement of the Problem

The study was conducted in order to answer the following questions:

1. What are the marketing channels for Kapangan sericulture products (cocoons and raw silk)?
2. What are the roles and value-adding activities of each channel?
3. What are the requirements of each channel?
4. What are the abilities of suppliers/farmers to comply with requirements of buyers?
5. What are the marketing problems encountered and perceived solutions by the sericulture farmers, reelers and buyers?

### Objectives of the Study

Specifically, this study aims:

1. to trace the marketing channels of sericulture products (cocoons and raw silk),
2. to determine market price and basis of price in each channel level,
3. to determine mode of selling in each channel level,
4. to determine the role and value – adding activities of each channel,





5. to determine the requirements of each channel,
6. to determine the ability of supplies/ farmer to comply with the requirements of buyers, and
7. to identify the marketing problems encountered and the perceived solutions by the sericulture farmers, reelers, and buyers.

### Importance of the Study

This study provides information and ideas that are relevant to the marketing approaches involved in sericulture products. The government sectors, for instance should provide some facts about this marketing channel of sericulture products (cocoon and raw silk) such that measures and standards to be used will be formulated for the purpose business. This may help prevent problems that might be encountered.

The results of the study are expected to provide information relevant for the improvement of the over all marketing system of cocoon and raw silk. This will include the designing of efficient distribution channels appropriate for cocoon and raw silk marketing.

Furthermore, it presents ideas for the improvement of the marketing channel of cocoon and raw silk so that economic gains of farmers are improved. It also promotes understanding of the various marketing practices and help to find out how the existing strategies can be improved so that they will be more effective.



### Scope and Delimitation of the Study

This study covered the marketing channel of sericulture products (cocoon and raw silk) from Kapangan farmers. This study was conducted on the month of January to March 2008. The data or information was gathered through personal interview with the use of structured interview schedule. The investigations covered the marketing channels of sericulture products (cocoon and raw silk) from farmers to marketing.



## **REVIEW OF LITERATURE**

### Concept of Marketing

Marketing activities involved in getting goods from the producer concentrates on determined needs and desires of the buyers. Marketing is the process by which sellers find buyers and by which goods and services move from producers to consumers.

Glasser (1984) stated that marketing includes a list of major customers and a weighed set of forces that can influence the demand on the part of major customers for the product of the industry. Marketing practices arise primarily because of distance and time variables. These variables require that goods be processed, transported and stored that even the marketing mix considered where the industry determines, in response to market, not only the product but also the prices, the channel of distribution, the market place, and the promotion and advertising.

### Pricing

Miranda (1997) pointed out that one of the most difficult problems confronting manufacturers, executives and middlemen deals with the setting of prices of their products, about the meaning of price, even though the concept is easy to define in familiar terms. Price is the amount of money and other items with utility needed to acquire a product. Pricing is such as fundamental economic consideration that it should receive major emphasis in marketing research. This could measure market demand at varying price levels.



Another procedure is to relate complete sales volumes to competitive price on a trend basis by observing the competitive share of the market obtained at various prices. Middlemen can observe well the restrictive influences of higher prices or the expansive influence of relatively low unit prices. A low-priced product of poor quality cannot maintain a market that demands a higher quality.

### Marketing Practices

Thompson (1951) mentioned that the efficient and effective marketing system, from the farmer's point of view, can induce production and will result in maximum return after the deduction of the minimum marketing charges and farm cost. Knowledge of marketing and its problems will help farmers make decisions that are important to him in the operation of his farm, as a member of a particular group, as an intelligent citizen of the country.

### Marketing Effectiveness and Efficiency

Deanon (1975) stated that the distance from the producing center to the establishment of market outlet create a major constraint in establishing an efficient marketing system. Posadas (1971) also supported that effective marketing should allow the smooth flow of the products and services from the producers to the end consumers. Kohls and Downey (1972) quoted that effective and efficient marketing system from the farmers point of view is one that will include production of products which when sold to consumers will result in maximum returns. Furthermore, Pampolina (1975) added that improvement in marketing connotes improvement in the communication, road networks



and transportation facilities, product handling, storage, processing and grading that contributes to the efficient flow of commodities from producers to consumers.

### Marketing Functions

Marketing functions are the process but which includes: first, the buying, selling and pricing; second, the physical functions which includes the assembling, transport and handling, storage, processing, packaging, grading and standardization; and third, the facilitating functions covering the financing and risk bearing, market information, demand and supply, creation and the market research.

Marketing is the process by which the sellers find buyers and by which goods and services move from producers to consumers. Without the willingness to provide the capital and to bear these costs, no stage of the market chain could function. Other facilitating functions enable producers to respond to consumer needs and thus provide goods in the locations quantity and form desired. Assembling or concentrating the product at convenient points allows its economical transport. This is valuable function that is often overloaded in the public perception of traders. They involve finding a buyer or a seller, negotiating price and transferring ownership. These functions take place at the “market” that is, the physical meeting point for buyers and sellers at the point of production or via some other means of communication. At this point, formal or informal property rights and to guarantee legality (e.g. those animals on sale were not stolen and will not be reclaimed).

Physical functions enable the actual flow of commodities through space and time from producer to consumer and their transformation to a form desirable to the consumer.



Grading and standardization allow the consumer to be more confident of the characteristics of the good being purchased. Financing and risk bearing are two important facilitating functions (Anonymous, 2006).

### Grading and Sorting

According to Kohl's and Uhl (1989) sorting and grading of products depends upon the quality standard that the buyers and sellers prefer, the range of quality to be sorted and the relevance to sorting of consumer's preferences. Grading is an important function in marketing not only in providing the language for communication between traders, producers, and consumers but it also serves as a basis for price differentiation between traders, producers and consumers. It also minimizes losses and cost of classifying the quality of the product. (De Ocampo, 1982 as cited by Chan 2004)



## METHODOLOGY

### Locale and Time of the Study

This study was conducted in selected sericulture production and marketing areas in Kapangan, Benguet on February to March 2008.

### Respondents of the Study

The respondents of the study were the individuals involved in selected sericulture production (cocoon and raw silk) and marketing areas. A total of thirty eight respondents, they were composed of 1 from the cooperative, one from FIDA, and three buyers of silk were interviewed. The distributions were as follows:

#### 1. Kapangan:

- ❖ Nalbangan -1
- ❖ Cuba -15
- ❖ Bolinsak -2
- ❖ Taba-ao -3
- ❖ Cabilisan -1
- ❖ Bacatey -1
- ❖ Poking -8
- ❖ Tacal -1
- ❖ Pungayan -1

#### 2. Cooperative -1

#### 3. Fiber Industry Development Authority (FIDA) -1

#### 4. Buyers of Silk

- ❖ Aklan Buyers -1
- ❖ Hungduan Ifugao/ Poking, Labueg, Kapangan -1
- ❖ Nardas/ Km 5, La Trinidad -1



### Research Instrument

The data was gathered through the use of structured personal interview guided with the questionnaire. The interview schedule for farmers and reelers sought information on buying process, type of buyers/ selling, manner of payment and distribution in outlet choose, and marketing problems encountered.

### Methods of the Data

Personal interview was used to gather information from the farmers, buyers and other agency of the marketing channel.

### Methods of Data Analysis

The data were tabulated and analyzed using frequency and percentage. They were interpreted according to the listed objectives.





## RESULTS AND DISCUSSION

### Farmer-Respondent's Profile

Table 1 shows the distribution of the farmer respondents according to general information.

Age. Most of the respondents (36.36%) are from aged 36-45 years old, this was followed by 21.21% of the respondents with ages ranging from 36-45 years old. Some of them (12.12%) have ages ranging from 25-35. Others (15.15%) are 56-65 years old, one (3.03%) is below 25 years old and only one (3.03%) is 66 years old and above.

Educational attainment. As shown in Table 1, majority (57.58%) of the farmers have reached or graduated from High school while some (24.24%) of the respondents are elementary graduates and about (18.18%) of the respondents are college graduates or had reached college level.

Number of household member. Table 1 also shows the number of member in the respondent households. About (54.54%) of the respondents have five to eight (5-8) of household members while (45.45%) of the respondents have below five household members.

Number of years in farming in sericulture. Fifteen of the respondents (45.45%) have spent one to five years in farming; ten of them (30.30%) have spent year in farming; about seven of the respondents (21.21%) have six to ten years in farming and only one (3.03%) has spent eleven to fifteen years in farming. He is the oldest farmer engaged in sericulture.



Table 1. Distribution of farmer-respondents according to general information

GENERAL INFORMATION	FREQUENCY	PERCENTAGE
<b>A. Age</b>		
Below 25	1	3.03
25 – 35	4	12.12
36 – 45	10	30.30
46 – 55	12	36.36
56 – 65	5	15.15
66 and above	1	3.03
<b>TOTAL</b>	<b>33</b>	<b>100</b>
<b>B. Educational attainment</b>		
Elementary	8	24.24
Highschool	19	57.58
College	6	18.18
<b>TOTAL</b>	<b>33</b>	<b>100</b>
<b>C. Total number of household members</b>		
Below 5	15	45.45
5 – 8	18	54.55
9 – 12	0	0.00
12 and above	0	0.00
<b>TOTAL</b>	<b>33</b>	<b>100</b>



Table 1. Continued...

GENERAL INFORMATION	FREQUENCY	PERCENTAGE
<b>D. Number of years in farming</b>		
Below 1	10	30.30
1 – 5	15	45.45
6 – 10	7	21.21
11 – 15	1	3.03
15 and above		
<b>TOTAL</b>	<b>33</b>	<b>100</b>
<b>E. Tenure Status</b>		
- owner	27	81.81
- lease	10	30.30
* Multiple response		
<b>F. Membership in organization</b>		
KELMC	33	100
KASEFA	2	6.06
* Multiple response		



Table 1. Continued...

GENERAL INFORMATION	FREQUENCY	PERCENTAGE
G. Place for Sericulture Production		
Nalbangen	1	3.03
Cuba Proper	15	45.45
Bolinsak	2	6.06
Taba-ao	3	9.09
Cabilisan	1	3.03
Bacatey	1	3.03
Poking	8	24.24
Tacal	1	3.03
Pungayan	1	3.03
<b>TOTAL</b>	<b>33</b>	<b>100</b>

Farming operations. Table 1 also presents the (Tenure Status). It shows from the table that majority (81.81%) of the respondents own their farm, while (30.30%) of the respondents were leasing their land for farming.

Membership in organization. Table 1 also shows the distribution of the respondents according to the name of organization in which the respondents belong. All (100%) of the respondents were member of Kapangan Environmental Livelihood Multi-Purpose Coop – Sericulture (KELMC-Sericulture) while 2 (6.06%) of the respondents were members of “KASEFA.”



Place for sericulture project. As shown in Table 1, most (45.45% of the respondents lived in Cuba Proper. This was followed by (24.24%) of respondents who are from Poking, (9.09%) of respondents who are from Taba-ao; (6.06%) respondents are from Bolinsak, and the rest (3.03%) of the respondents are from Nalbangan, Cabilisan, Bacatey, Tacay and Pongayan.

Farmer's market outlet. All of the farmer-respondents sell their products to KELMC-Sericulture. The respondents sell directly to cooperatives for the reason of less transportation cost. Furthermore, farmer-respondents are allowed to deffloss and reel the cocoon in the cooperatives.

Market pricing practices employed by the farmers. Table 2 shows the distribution of the farmers-respondents according to market pricing practices employed to the farmers.

Current price. Table 2 presents the market price of cocoon which is divided according to classes: the current price of Class A is 130, class B is 100 and Class C is 80. Thirty (100%) of the respondents obtained the Class A; moreover, twenty two of the respondents' (66.66%) also sell Class B and four (12.12%) at Class C. This result implies that all of the farmer-respondents obtained class A with the current price of Php. 130. Although some still produce Classes B or C and have no other resource but to accept lower prices.

Basis of pricing. As shown in Table 2, most of the respondents (96.96%) price their cocoon according to the prevailing price of fresh cocoon at the KELMC – Sericulture. Moreover, 33.33% of the respondents' price their cocoon based on the



prevailing price of buyers of raw silk. The price set there fore by the cooperative is the most popular basis of price by the farmers.

Types of products. As shown in Table 2, thirty three (100%) of the respondents produce cocoon while seventeen (51.51%) of the respondents also produce raw silk products. Hence, this implies that the farmers also have the option to produce raw silk other than just selling cocoons.

Table 2. Market pricing as accepted by farmers and type of product

CURRENT SELLING PRICE	FREQUENCY	PERCENTAGE
Cocoon		
Class A Php. 130	33	100
Class B Php. 100	22	66.66
Class C Php. 80	4	12.12
Basis of Pricing		
Price of Cooperative	32	96.96
Price of FIDA	0	0
Prevailing price of silk buyers	11	33.33
Types of products		
Cocoon	33	100
Raw silk	17	51.51

\* Multiple response



Table 3. Terms of disposal of cocoon

TERM OF DISPOSAL	FREQUENCY	PERCENTAGE
Picked-up	17	51.51
Delivered	5	15.15
Both	15	45.45

\*Multiple response

Terms of disposal. Table 3 shows the term of disposal of cocoon by the farmers to cooperative. Seventeen (51.51%) respondents say that buyers pick up the product from them, five (15.15%) of the farmers delivered it to the cooperative and fifteen (45.45%) used both pick-up and delivered items as term of disposal. This implies that the most preferable practice by farmers is to wait for the buyers to pick it up from them in order to save on time and effort.

Farmers reasons for choice of outlet. Table 4 shows the reason for the choice of outlet. Majority (66.66%) choose convenience in order to save on time and work while ten (30.30%) reasoned less transportation cost and seven (21.21) for cash payment of buyer upon delivery.

This means that the most popular reason of farmers for their choice of outlet is the convenience of disposing their product more than any other reason.

Mode of payment. All the farmer-respondents sold their products in cash upon delivery. No advance payment and credit were accepted as mode of payment.

This further implies that farmers avoid financial risk by accepting cash payments only.



Table 4. Farmers reason for choice of outlet or buyers

REASONS	FREQUENCY	PERCENTAGE
Convenience	22	66.66
High price	0	0
Less transportation cost	10	30.30
Cash on delivery	7	21.21

\*Multiple response

Role and value-added activities of farmers. Table 5 presents the distribution of respondents according to the role of farmers. All (100%) the farmers were engaged in cocoon production, ten (30.30%) farmers sort their products, five (15.15%) do grading, four (3.0%) do packaging, one (3.03%) does transporting and ten (30.30%) of the farmers were engaged in reeling.

This means that most common value adding activity of farmers is the cocoon production. Other value adding activities are not commonly done.

Marketing problems encountered by the farmers. Table 6 shows the marketing problems encountered by the farmers. The most serious problem identified by thirty (90.90%) of the respondents was the lack of financial assistance for production and marketing. This was followed by twenty nine respondents (87.87%) who mentioned prevention of insect pests and disease which results to the low production. Poor quality of cocoon get a low market price. Fourteen (42.42%) of the respondents gave lack of price information as a problem. Eleven (33.33%) of the respondents mentioned low market value/price, six (18.18%) considered far from the road and thus affects the transportation cost of the products.





The result implies that the most serious marketing problem identified by farmers is the lack of financial assistance which results to low production of cocoons and low market price received.

Table 5. Distribution of respondents according to role and value adding activities

ROLE OF FARMERS	FREQUENCY	PERCENTAGE
Cocoon production	33	100
Sorting	10	30.30
Grading	5	15.15
Packaging	1	3.0
Transporting	1	3.0
Reeling	10	30.30

\*Multiple response

Table 6. Marketing problems encountered by the farmers.

MARKETING PROBLEMS	FREQUENCY	PERCENTAGE
Low market value/price	11	33.33
Lack of price information	14	42.42
Middlemen control over price	0	0
Prevention of insect pests and diseases	29	87.87
Lack of financial assistance	30	90.90
Far from the road thus high transportation cost	6	18.18

\*Multiple response



Table 7. Solutions/suggestions to the problem encountered by the farmers

SUGGESTED SOLUTIONS	FREQUENCY	PERCENTAGE
Create financing agencies	31	93.93
Establish stable market	25	75.75
Create market price information center	23	75.75
Conduct more trainings	1	33.33

\* Multiple response

Suggested solutions. Table 7 shows the suggested solutions to the problems encountered by the farmers. Most of the respondents (93.93%) suggested creating financing agencies, 25 (75.75%) said for establishing stable market; twenty three (75.75%) suggested creating a market price information center; and only one (33.33%) suggested for conduct of more trainings. The more urgent solution to farmers is hence the creation of financing agencies and the improvement of market conditions.

Marketing Channels of the Farmers,  
Cooperative and Fiber Industry  
Development Authority

Market channels/outlet. The farmers sell their products to the cooperatives. The cooperative then reel the cocoons to become raw silk and then sell to the FIDA. Cooperatives can also direct the cocoons to the FIDA. The FIDA also reels the cocoon then directly sells the raw silk products to the buyers through the help of cooperatives as partnership with FIDA since the latter is involved in channeling and marketing linkages.

As shown in Figure 1, FIDA is engaged in buying cocoon and raw silk. The market outlet for these products are Aklan buyer handled by Norma Quillano, Hungduan,



Ifugao and Poking, Labueg, Kapangan, buyers by Mr. Asao Shimura and lastly Narda Capuyan from Km 5, La Trinidad, Benguet.

### Market Pricing

Current selling price. Figure 1 also reveals the distribution of respondents according to current price. The current price of cocoon Class A is 130, Class B is 100, and Class C is 80. This was based on the prevailing market price of fresh cocoon through the Kapangan Environmental Livelihood Multipurpose Coop-Sericulture (KELMC-Sericulture) and with buyers of silk as well. Meanwhile the cooperatives raw silk products sold to FIDA based on the prevailing market price (21 denier) which is Php.1,950.00 per kilo. FIDA also sell the raw silk (21 denier) products to the buyers which price is Php. 2,100 per kilo, then eventually the weavers are the final outlet.

Basis of pricing. Table 8 shows that the cooperative respondents based their product price on prevailing market price of fresh cocoon, prevailing market price of raw silk buyers (21 denier), cocoon shell percentage (CSP), while the FIDA varies the price based it on visual, CSP and through visual, percent of reliability of raw silk and the return on investment.

Types of products. Both of the cooperatives and Fiber Industry Development Authority respondents were engaged in cocoon and raw silk products. Moreover, the cooperatives more concentrate in cocoon products and few in raw silk while FIDA engaged in more raw silk and few cocoon.



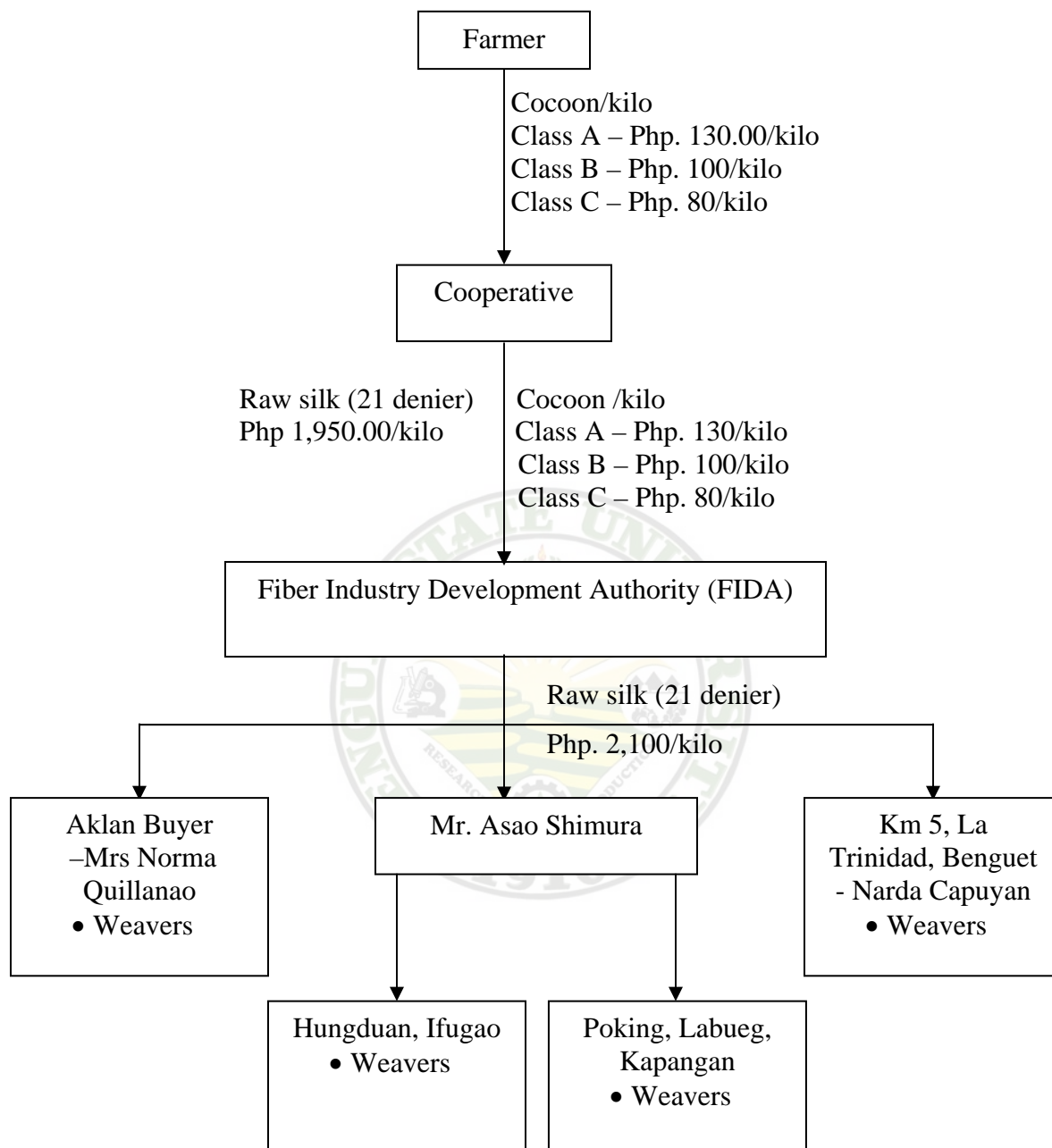


Figure 1. Marketing channels of products (Cocoon and raw silk)



Table 8. Distribution of respondents according to marketing channels of cooperatives and Fiber Industry Development Authority (FIDA)

BASIS OF PRICING	COOPERATIVE	FIDA
FIDA prevailing price		
Buyers of silk		
Prevailing market price of fresh cocoons	×	
Prevailing market price of raw silk (21 denier) buyers	×	
Through visual	×	×
Cocoon shell percentage (CSP)		×
Percent (%) reelability of raw silk		×
Return on Investment		×
Types of products		
Cocoon	×	×
Raw silk	×	×

\* Multiple response

Reasons for choice of outlet of cooperative and FIDA. The distribution of respondents according to the reasons for choosing buyers. The Cooperative based their reasons for choice of outlet on the cash on delivery and for them to regain their investment and prevent bankruptcy. FIDA is almost the same reasons for choice as cooperative. The best reason is the cash on delivery basis. Convenience, high price, less transportation, and credit are not chosen as reasons for choice of outlet.



Table 9. Distribution of cooperative and FIDA respondents according to the term of disposal

TERMS OF DISPOSAL	COOPERATIVE	FIDA
Picked-up	×	×
Delivered	×	×
Both/combination (way bill through bus, LBC)	-	×

Terms of disposal. As shown in Table 9, cooperatives employ two term of disposal: picked-up so that they could minimize the hard ship and work of farmers and delivered while FIDA employs three terms of disposal: picked-up, delivered and through LBC or bus. The result implies that both pick-up and delivered were employed to cooperative and FIDA and which is based on their agreement.

Mode of payment. The mode of payment practiced by the cooperatives is paid cash upon delivery for the reason that for them to regain the transportation cost or their investment. The FIDA have almost the same mode of payment to cooperative. The advance payment before delivery and credit are not utilized as mode of payment.

Role and value added activities of cooperative and FIDA. In Table 10, it can be gleaned that the role of cooperative were practiced in sorting, grading, packaging, transporting and reeling. The FIDA have almost the same role and value added activities of cooperative.



Table 10. Role and value added activities of cooperative and FIDA

ROLES	COOPERATIVE	FIDA
Sorting	×	×
Grading	×	×
Packaging	×	×
Transporting	×	×
Reeling	×	×

Problems encountered. Some problems encountered by Cooperatives and FIDA in marketing cocoon and raw silk are shown in table 11. For cooperatives the problem is lack of financial assistance and insufficient supply of cocoons and raw silk while for FIDA, it is the insufficient supply of cocoons. The market value/price, lack of information, over supply are not considered as marketing problems of cooperative and FIDA as present in questionnaire.

Table 11. Problems encountered by cooperative and FIDA in marketing of cocoon and raw silk

MARKETING PROBLEMS	COOPERATIVE	FIDA
Low market value/price	-	-
Lack of price information	-	-
Lack of financial assistance	×	-
Over supply	-	-
Insufficient supply of cocoons and raw silk	×	×



Suggestion and perceived solutions by the Cooperative and FIDA. Table 12 shows that some suggestions are given to lessen problems in marketing cocoons and raw silk. Cooperatives suggested creation of financing agencies and increase of mulberry production. Meanwhile, FIDA agreed to continuous giving of information and campaign, increase mulberry plantation particularly in Benguet Province and building of rearing houses for farmers who do not own rearing houses to rear silk worms.

FIDA suggests more solutions to improve the situation than the cooperative.

#### Respondents Profile of Raw Silk Buyers

Numbers of years in business. As shown in Table 13, most of the respondents (66.67%) were engaged in raw silk marketing for a period of one to five years. While one (33.33%) of the respondents was relatively new in silk buying business.

Table 12. Suggestion and perceived solution to the problems

SUGGESTIONS/SOLUTIONS	COOPERATIVE	FIDA
Create financing agencies	×	-
Establish stable market	-	-
Create market price information center	-	-
Continuous information	-	×
Campaign to other farmers in the Province of Benguet	-	×
Increase number of boxes to rear	-	×
Rearing houses for the farmers	-	×
Increase mulberry production	×	×





Table 13. Distribution of respondents according to number of years in buying of silk

NUMBER OF YEARS	FREQUENCY	PERCENTAGE
Below 1 year	1	33.33
1-5 years	2	66.67
TOTAL	3	100

Market channel/outlet. The buyers of raw silk responded that they are the raw silk market outlet as well as admitted their role in weaving.

#### Market Pricing

Current price. The distribution of respondents according to market pricing. All of the respondents are the same on prevailing market price of raw silk buyers which is Php. 2,100.00 per kilo.

Basis of pricing. All of the respondents based their pricing on the production cost plus mark-up. The respondents reveal that the basis was the prevailing price of raw silk (21 denier) within the market.

Disposal practices in raw silk. Table 14 shows the disposal practices in raw silk by the respondents. The table provides the information that most of the respondents' disposal practices are through delivery which has a percentage of (66.67%) while the others were sent through LBC with the assistance of FIDA which has a percentage of (33.33%). No buyers' picked-up products sold, it is always delivered.



Table 14. Disposal practices in raw silk (21 denier)

PARTICULAR	FREQUENCY	PERCENTAGE
Term of disposal	0	0.00
Picked-up	0	0.00
Delivered	2	66.67
Thru LBC by the assistance of FIDA	1	33.33
TOTAL	3	100

Buyers reasons for choice of outlet or buyers. The reason for choice of outlet or buyers is the cash payment upon delivery for the reason that the buyers could pay their product immediately and prevent bankruptcy.

Mode of payment. All of the respondents were paid cash on delivery. Advance payments before delivery and credit as selection in questionnaire were absolutely not practiced by the buyers.

Roles and value added activities of raw silk buyers. The distribution of respondents according to the roles of silk buyers. All the raw silk buyers were weavers and all of them were the owner of the business. Thus, sorting, packaging, transporting and reeling as present in the questionnaire are not their function.

Requirements of raw silk buyers. Table 15 presents the requirement of raw silk buyers. It shows from the table that all (100%) of the respondents require 21 denier raw silk, while (66.66%) of the respondents require dupion which is course yarn. Only one (33.33%) went for volume of silk and 33.33% agreed to depend on orders.



Table 15. Distribution of respondents according to requirements of raw silk buyers

REQUIREMENTS	FREQUENCY	PERCENTAGE
21 denier raw silk	3	100
Dupion	2	66.66
Volume of raw silk	1	33.33
Depends upon order	1	33.33
TOTAL	3	100

\* Multiple response

The result implies that most favorable to buyers of raw silk respondents required a 21 denier than any others.

The marketing channels of sericulture products (cocoon and raw silk). The channels of sericulture products presents the movement of products from farmer to buyers using different channels. The farmers sell the cocoons to the cooperative then to Fiber Industry Development Authority and to weavers. Mostly, the role of farmers is to produce in which the products selling was channeled to the cooperative in order to follow the processes of sorting, grinding, reeling and transporting. The Fiber Industry Development Authority on the other hand is engaged in channeling or market linkages which starts from Cooperative and channeled to the contact buyers.

#### Problems Encountered in Marketing of Raw Silk

Some of the problems encountered in the marketing of raw silk is shown in Table 16. The most common problem of the respondents (66.67) was the insufficiency of raw silk. Low market value/price, lack of price information, lack of financial assistance and



over supply were out considered a problem by the buyers as present in the questionnaire. The other respondents from Kalibo, Aklan do not have any suggestion which would be attributed to the fact that they are still new members in business.

#### Perceived Solutions/Suggestions to Solve the Problems

Table 17 shows some solutions/suggestions to solve problems encountered in marketing raw silk. It shows that the increase of mulberry plantations, number of rearing houses and number of boxes to rear were the perceived/suggested solution by the respondents. The other respondent does not have any suggestions.

Table 16. Problems encountered in marketing of raw silk

MARKETING PROBLEM	FREQUENCY	PERCENTAGE
Insufficient of raw silk	2	66.67
No response	1	33.33
TOTAL	3	100

Table 17. Perceived solutions/suggestions to solve the problems.

SUGGESTED SOLUTIONS	FREQUENCY	PERCENTAGE
Increase volume of production	1	33.33
Increase mulberry plantation and number of rearing house and number of boxes to rear	1	33.33
No response	1	33.33
TOTAL	3	99.99



In Figure 2 gleaned the role and value added activities of respondents in channeling their products. From the farmer, they engaged in production, sorting, grading, transporting, reeling then they channeled to cooperative. The cooperative involves in sorting, cocoon deflossing, grading, packaging and transporting to FIDA. FIDA is also involved in reeling cocoon, transporting, market linkages and especially channeling raw silk products to the buyers such as Aklan buyer by Mrs. Norma Quilano, Mr. Asao Shimura manager from Hungduan Ifugao and Poking Labueg, Kapangan and lastly Mrs. Narda Capuyan from Km 5 La Trinidad, Benguet.



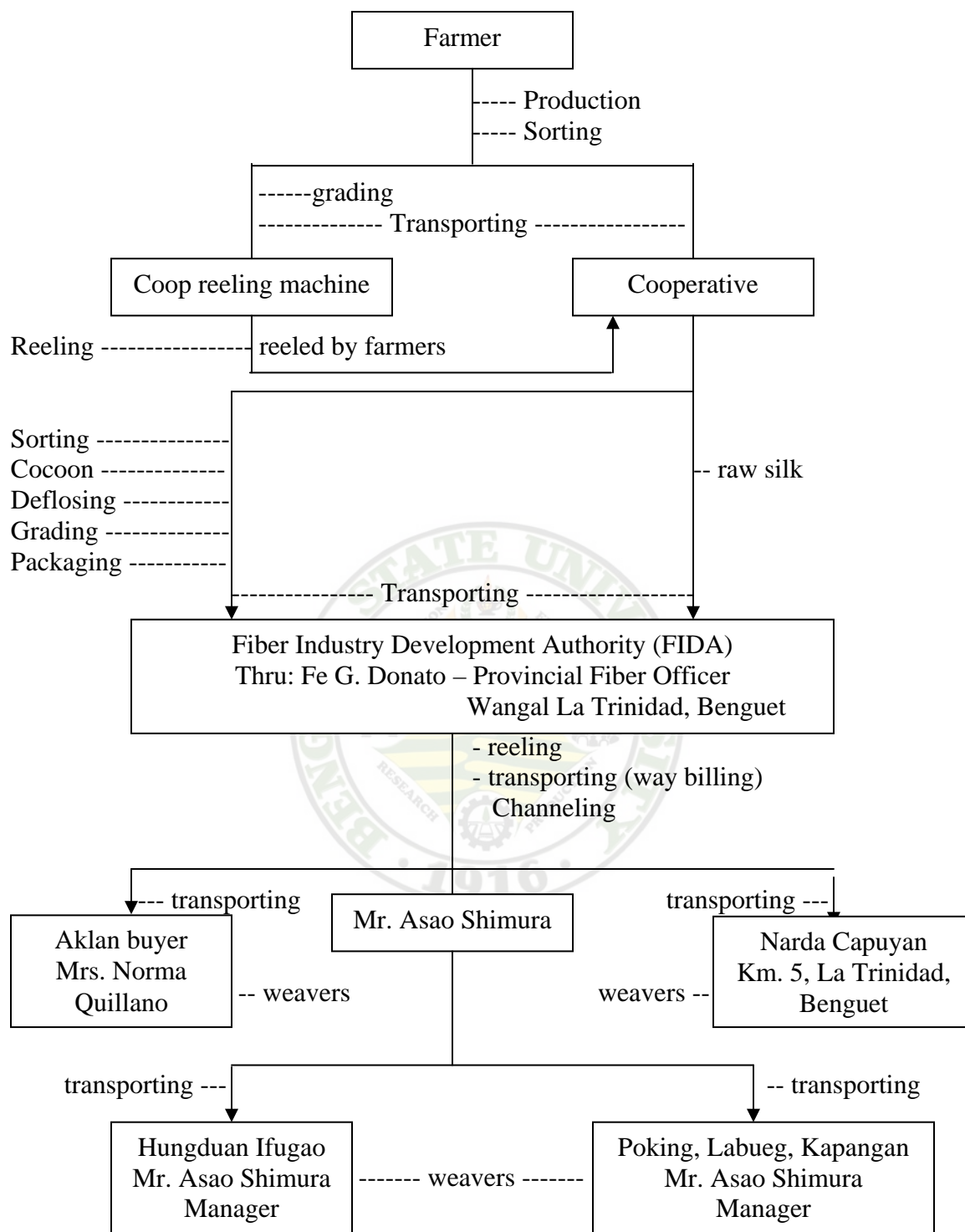


Figure 2. Role and value added activities of respondents' in channeling their products



## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### Summary

The study specifically sought to trace the marketing channel for Sericulture products from Kapangan, Benguet, to determine the market price and basis of price in each channel level, the mode of selling in each channel level, the role and value adding activities of each channel, the requirements of each channel, the ability of supplies/farmer to comply with the requirements of buyers and to identify the marketing problems encountered and the perceived solutions by the sericulture farmers, reelers and buyers.

Thirty-three farmers, one from cooperative, one from Fiber Industry Development Authority and three buyers of silk were the respondents in the study. The data were collected through personal interview guided with a structured questionnaire. After which, the data were tabulated and analyzed using frequency and percentage. They were interpreted according to the listed objectives.

The farmer-respondents sell their products to cooperatives because of transportation cost and they are also allowed to defloss and reel the cocoon in the cooperatives.

The pricing of the products is based on the prevailing price of fresh cocoon at the Kapangan Environmental Livelihood Multipurpose Cooperative (KELMC) – Sericulture. Moreover, it is based on cocoon shell percentage (CSP) visual and percentage reelability of raw silk.

The term of disposal of products employed are both picked-up and delivered items through LBC or bus.



The reason for choice of outlet for farmers is convenience in order to save work and less transportation, meanwhile the Cooperatives, Fiber Industry Development Industry, buyers of silk chose cocoon delivery.

In terms of mode of payments, all of the respondents' products were being paid upon delivery.

The farmers-respondents were engaged in cocoon production, sorting, practice grading, transporting, reeling. The roles of Kapangan Sericulture Cooperative and FIDA are almost the same, they practice sorting, grading, packaging, transporting and reeling. The buyer's role is weaving.

The dominant problems of the farmer's respondents' is lack of financial assistance, prevention of insect pests and diseases which results to low production, lack of price information, low market value/price. Some production areas were far from the road and affect the transportation of the products, on the other hand, the cooperatives problems are lack of financial assistance and insufficient supply of cocoons and raw silk as well as insufficient supply of cocoons for FIDA. The most common problem of the raw silk buyer-respondents' is the insufficiency of raw silk.

Most of the farmer-respondents suggested the creation financing agencies, establishment of stable market, creation market price information center and the conduct of more training. Cooperatives also suggested the creation of financing agencies and increase mulberry plantation while FIDA and buyers of silk gave the suggestions of continuous giving of more information to the farmers, and increasing mulberry plantation and rearing houses.





## Conclusions

Based on the findings of the study, the following conclusions were made:

1. There are marketing channels based on the market outlet and contract by the farmers.
2. The reasons for choice of outlet by farmers were convenience in order to save work and less in transportation cost as well as cash on delivery.
3. In terms of the value adding roles of farmers, some were engaged in sorting, grading, packaging and transporting as well as reeling.
4. The most serious problems encountered by the farmers were lack of financial assistance, and prevention of insect pests and diseases.
5. The marketing problems of the cooperative were lack of financial assistance and insufficient supply of cocoons and raw silk.
6. The marketing problems of Fiber Industry Development Authority and buyers of silk was the insufficient supply of cocoons and raw silk.
7. All respondents from the farmers to the buyers, base their price on prevailing market prices.

## Recommendations

Based on the findings and conclusions of the study, the following recommendations were made:

1. The government should continue to provide technical support and assistance to the farmers or producers to improve more the quality of cocoons and raw silk as well as increase production.



2. To solve the problems of some respondents in marketing, the suggestions are: create financing agencies in order to increase the mulberry plantation, to increase volume of production, and to increase the number of rearing houses as well as for the buyers to meet the requirements of each channel.

3. The marketing problems of the farmers can be solved through the support and assistance of the government.

4. Further studies into the market of the industry are suggested to fully determine the pricing mechanism at each stage and to really determine the state of coordination between marketing actors in the industry's marketing channel.



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APPENDIX A

Benguet State University  
College of Agriculture  
**DEPARTMENT OF ENTOMOLOGY**  
La Trinidad, Benguet

March 7, 2008

**HON. ROBERTO K. CANUTO**  
Mayor  
Municipality of Kapangan

Thru: **FE G. DONATO**  
Provincial Fiber Officer  
Fiber Industry Development Authority  
La Trinidad, Benguet

Sir:

Greetings of peace and good will!

I am Freddie B. Nabus, a fourth year student of Benguet State University taking up Bachelor of Science in Agriculture major in Sericulture. I am presently conducting my undergraduate thesis entitled, **“MARKETING CHANNEL FOR SERICULTURE PRODUCTS (COCOON AND RAW SILK) FROM KAPANGAN, BENGUET”** in partial fulfillment of the requirements leading to the degree.

In this connection, I would like to request your reputable office for assistance by allowing me to conduct my study in Kapangan sericulture production. Moreover, may I also administer my questionnaires to the farmers?

Rest assured that I will be furnishing your institution a copy of my thesis book upon completion. The result of the study will surely be beneficial to sericulture production and marketing especially in your municipality.

Your favorable response will be of great help and inspiration for me to finish my thesis. Thank you very much.

Very truly yours,

**FREDDIE B. NABUS**  
Researcher



## APPENDIX B

Benguet State University  
College of Agriculture  
**DEPARTMENT OF ENTOMOLOGY**  
La Trinidad, Benguet

Dear respondents:

I am a graduating student of Benguet State University taking up Bachelor of Science in Agriculture major in Sericulture. As part of the course requirement, I am presently conducting a research study titled, “MARKETING CHANNEL FOR SERICULTURE PRODUCTS (COCOON AND RAW SILK) FROM KAPANGAN BENGUET” in partial fulfillment of the requirement leading to the degree.

May I then request a portion of your precious time to answer the attached questionnaire. Please give your honest answers for the success of this research. Rest assured that all information you provide will be treated with utmost confidentiality.

Your cooperation to this questionnaire is highly appreciated.

Thank you very much.

Very truly yours,

FREDDIE B. NABUS  
Researcher

Noted:

MARIA ANA C. TANYAG  
Adviser



## APPENDIX C

## FARMER INTERVIEW SCHEDULE

Instruction: Please fill in the blanks/check and supply the needed information's below:

## I. General information

## A. Respondents

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Sex: \_\_\_\_\_

Civil Status: \_\_\_\_\_ Educational attainment: \_\_\_\_\_

No. of Household member: \_\_\_\_\_ No. of years in farming: \_\_\_\_\_

## B. Farming Operation

Tenure Status: ( ) owner ( ) lease ( ) tenant

Name of organization (related to sericulture) \_\_\_\_\_

Place \_\_\_\_\_

## C. Marketing Channels

1. Market outlet ( ) Coop ( ) FIDA ( ) others, specify

## 2. Market pricing

## A. Current selling price

1. Class A \_\_\_\_\_ 2. Class B \_\_\_\_\_ 3. Class C \_\_\_\_\_

## B. Basis of pricing

\_\_\_\_\_ Price of COOPERATIVE

\_\_\_\_\_ Price of FIDA

\_\_\_\_\_ Prevailing price of silk buyers



\_\_\_\_\_ Others, specify \_\_\_\_\_

C. Types of products

\_\_\_\_\_ Cocoon

\_\_\_\_\_ Raw silk

\_\_\_\_\_ Others, specify \_\_\_\_\_

3. Terms of disposal

\_\_\_\_\_ Picked-up

\_\_\_\_\_ Delivered

\_\_\_\_\_ Both

\_\_\_\_\_ Others, specify \_\_\_\_\_

4. Reasons for choice of outlet and buyers

\_\_\_\_\_ Convenience \_\_\_\_\_ Cash on delivery

\_\_\_\_\_ High price \_\_\_\_\_ Credit tie-up

\_\_\_\_\_ Less transportation cost \_\_\_\_\_ Others, specify

5. Mode of payment

\_\_\_\_\_ Paid cash upon delivery

\_\_\_\_\_ Advance payment before delivery

\_\_\_\_\_ Credit, specify terms \_\_\_\_\_

\_\_\_\_\_ Others, specify \_\_\_\_\_

6. Role of farmers – value added activities

\_\_\_\_\_ Cocoon production

\_\_\_\_\_ Sorting



- \_\_\_\_\_ Grading
- \_\_\_\_\_ Packaging
- \_\_\_\_\_ Transporting
- \_\_\_\_\_ Reeling
- \_\_\_\_\_ Others, specify \_\_\_\_\_

7. Problems encountered in marketing of cocoon

- \_\_\_\_\_ Low market value/price
- \_\_\_\_\_ Lack of price information
- \_\_\_\_\_ Middlemen control over price
- \_\_\_\_\_ Prevention of insect pests and disease
- \_\_\_\_\_ Lack of financial assistance
- \_\_\_\_\_ Over supply
- \_\_\_\_\_ Others, specify \_\_\_\_\_

8. What would you suggest to solve these problems?

- \_\_\_\_\_ Creates financing agencies
- \_\_\_\_\_ Establishes stable market
- \_\_\_\_\_ Create market price information center
- \_\_\_\_\_ Others, please specify \_\_\_\_\_





## APPENDIX D

## COOPERATIVE GUIDE INTERVIEW

Instruction: Please fill in the blanks/check and supply the needed information's below:

## I. General information

## Respondents

Name: \_\_\_\_\_ Age: \_\_\_\_\_

## Marketing Channels

1. Market outlet ( ) FIDA ( ) others, specify \_\_\_\_\_

## 2. Market pricing

## A. Current selling price

1. Class A \_\_\_\_\_ 2. Class B \_\_\_\_\_ 3. Class C \_\_\_\_\_

2. Raw silk \_\_\_\_\_

## B. Basis of pricing

\_\_\_\_\_ Price of COOPERATIVE

\_\_\_\_\_ Price of FIDA

\_\_\_\_\_ Prevailing price of silk buyers

\_\_\_\_\_ Others, specify \_\_\_\_\_

## C. Types of products

\_\_\_\_\_ Cocoon

\_\_\_\_\_ Raw silk

\_\_\_\_\_ Others,

specify \_\_\_\_\_



## 3. Terms of disposal

- \_\_\_\_\_ Picked-up
- \_\_\_\_\_ Delivered
- \_\_\_\_\_ Others, specify \_\_\_\_\_

## 4. Reasons for choice of outlet and buyers

- \_\_\_\_\_ Convenience
- \_\_\_\_\_ cash on delivery
- \_\_\_\_\_ high price
- \_\_\_\_\_ credit tie-up
- \_\_\_\_\_ Less transportation cost
- \_\_\_\_\_ others, specify \_\_\_\_\_

## 5. Mode of payment

- \_\_\_\_\_ Paid cash upon delivery
- \_\_\_\_\_ Advance payment before delivery
- \_\_\_\_\_ Credit, specify terms \_\_\_\_\_
- \_\_\_\_\_ Others, specify \_\_\_\_\_

## 6. Role of cooperative – value added activities

- \_\_\_\_\_ Cocoon production
- \_\_\_\_\_ Sorting
- \_\_\_\_\_ Grading
- \_\_\_\_\_ Packaging
- \_\_\_\_\_ Transporting
- \_\_\_\_\_ Reeling
- \_\_\_\_\_ Others, specify \_\_\_\_\_

## 7. Problems encountered in marketing of cocoon



- \_\_\_\_\_ Low market value/price
- \_\_\_\_\_ Lack of price information
- \_\_\_\_\_ Lack of financial assistance
- \_\_\_\_\_ Over supply
- \_\_\_\_\_ Others, specify

8. What would you suggest to solve these problems?

- \_\_\_\_\_ Creates financing agencies
- \_\_\_\_\_ Establishes stable market
- \_\_\_\_\_ Create market price information center
- \_\_\_\_\_ Others (please specify) \_\_\_\_\_



## APPENDIX E

## FIDA GUIDE INTERVIEW

No. of Household member: \_\_\_\_\_ No. of years in FIDA \_\_\_\_\_

## Marketing Channels

1. Market outlet \_\_\_\_\_

2. Market pricing

A. Current selling price

1. Class A \_\_\_\_\_ 2. Class B \_\_\_\_\_ 3. Class C \_\_\_\_\_

2. Raw silk \_\_\_\_\_

B. Basis of price

B. Basis of pricing

\_\_\_\_\_ Price of Weavers

\_\_\_\_\_ Prevailing price of silk buyers

\_\_\_\_\_ Others, specify \_\_\_\_\_

C. Types of products

\_\_\_\_\_ Cocoon

\_\_\_\_\_ Raw silk

\_\_\_\_\_ Others, specify \_\_\_\_\_

3. Terms of disposal

\_\_\_\_\_ Picked-up

\_\_\_\_\_ Delivered

\_\_\_\_\_ Others, specify \_\_\_\_\_





- \_\_\_\_\_ Creates financing agencies
- \_\_\_\_\_ Establishes stable market
- \_\_\_\_\_ Create market price information center
- \_\_\_\_\_ Others (please specify) \_\_\_\_\_



## APPENDIX F

## BUYERS OF RAW SILK GUIDE INTERVIEW

Instruction: Please fill in the blanks/check and supply the needed information's below:

## Geographic Identification

Name of Respondents \_\_\_\_\_

Business Address \_\_\_\_\_

No. of Household member: \_\_\_\_\_ No. of years in buying of silk \_\_\_\_\_

## Marketing Channels

1. Market outlet \_\_\_\_\_

2. Market pricing

A. Current selling price

\_\_\_\_\_

B. Basis of pricing

\_\_\_\_\_ Price of Weavers

\_\_\_\_\_ Prevailing price of silk buyers

\_\_\_\_\_ Others, specify \_\_\_\_\_

3. Terms of disposal

\_\_\_\_\_ Picked-up

\_\_\_\_\_ Delivered

\_\_\_\_\_ Others, specify \_\_\_\_\_

4. Reasons for choice of outlet and buyers

\_\_\_\_\_ Convenience

\_\_\_\_\_ Cash on delivery







9. What would you suggest to solve these problems?

\_\_\_\_\_Creates financing agencies

\_\_\_\_\_Establishes stable market

\_\_\_\_\_Create market price information center

\_\_\_\_\_Others (please specify) \_\_\_\_\_

