



**AN ECONOMIC STUDY OF THE ITEMS OF PRODUCTION AND
MARKETING COSTS FOR THE ORANGE CROP IN SALAH AL-DIN
GOVERNORATE FOR THE PRODUCTION SEASON
(2022) Balad district as a model))**

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ABSTRACT

The main objective of the study of the orange crop is to identify the most important marketing functions from the producer until reaching the final consumer, and to estimate the marketing costs of the orange crop in the area under study for the year (2022), where a stratified random sample consisting of (65) farmers from the district's farmers was selected. Information related to the study through a questionnaire designed for farmers, and then collecting information on wholesale markets through a questionnaire number (35) distributed to wholesale market traders, while information on retail markets was also collected through a questionnaire number (35) distributed to retailers, As the share of the producer, wholesaler, and retailer of the consumer's dinars of the orange crop, respectively, was about (77.47%), (16.21%), (6.30%). The marketing costs for each of the producer, the wholesaler, and the retailer, respectively, amounted to (28.100, 44.9, and 21.86 dinars / ton). We conclude from this that the high marketing costs cause lower profits. We conclude from this and recommend the study to give sufficient importance to scientific research and intensify studies related to the orange crop Such as production, its costs, and marketing. It recommends the need to develop integrated strategic plans for agricultural marketing, which begins before production and purchase of seedlings, and ends with the arrival of the product from standard premiums to the final consumer.

KEY WORDS

Economic study,
Production costs,
Marketing costs,
Orange crop, Cost
analysis.

Introduction:

Fruits are distinguished by their diverse varieties, attractive shapes, appealing colors, and delightful flavors. However, due to the lack of awareness among fruit crop farmers in Salahaddin, there is a challenge in effectively marketing fruits. This makes understanding fruit marketing in Salahaddin

essential for delivering products in the desired manner, meeting the preferences of local markets and consumers, and achieving comparable qualities to foreign products in terms of sorting, grading, processing, and pricing based on quality. Since Salahaddin is renowned for its extensive fruit cultivation, and considering the significant production capacity, an applied model was selected to study the marketing of oranges, a desirable fruit with high consumer demand. Oranges are vital fruits due to their content of Vitamin C, B1, B2, and citric acid, possessing significant medicinal value for treating various ailments. Moreover, they are employed in numerous food industries, and their leaves are used in perfumes and cosmetics due to high concentrations of essential oils. Professor Philip Kotler, a marketing expert, defines marketing as a managerial and societal process through which individuals and groups obtain desired products by exchanging valuable offerings with others. He emphasizes its role as a key to achieving organizational goals, involving understanding market needs and obtaining satisfaction more effectively than competitors (Al-Ruba'i, 2012, p. 14).

Research Methodology:

Research Problem:

There exists a clear discrepancy between the selling price of a product and the price paid by the consumer. This is primarily due to elevated marketing costs and profit margins, burdening both the consumer and the producer. Thus, this study aims to explore this issue and address significant marketing obstacles.

Research Objectives:

This research aims to study:

1. The current status of orange marketing in Salahaddin province.
2. The economic study of production and marketing costs for orange crops.

Research Significance:

The significance of this research lies in understanding the importance of fruit marketing for regions like Salahaddin and Iraq. This includes addressing obstacles and difficulties in efficiently delivering studied fruits to end consumers with minimal time and cost.

Research Hypothesis:

The study hypothesizes that there is a considerable weakness in the actual marketing functions due to high costs and a lack of proper grading and sorting of fruits marketed to wholesale markets, negatively affecting these products.

Data Sources:

Data was collected through field visits to fruit markets in the studied region, specifically in Salahaddin province. Additionally, questionnaires were distributed to various market levels, including farmers, wholesale traders, and retail traders. A total of 65 questionnaires were gathered from crop farmers, 35 from wholesale traders, and 35 from retail traders.

Agricultural Marketing:

Agricultural marketing is a branch of agricultural economics that encompasses economic knowledge facilitating individuals in obtaining optimal marketing services for agricultural goods. This aids in efficiently transferring goods and agricultural products from producers to consumers with minimal costs (Suwaidan & Haddad, 2003, pp. 32-33).

Characteristics of Marketing:

Key characteristics defining contemporary marketing in organizations include its comprehensive, integrated, economic, and social nature. Marketing involves a range of activities, benefits multiple parties through exchange, necessitates scientific planning, is continuous and dynamic, and isn't confined to for-profit entities (Al-Ruba'awi, 2015, p. 32).

Marketing Costs:

Marketing costs encompass expenses related to marketing services and operations, such as transportation, storage, sorting, grading, assembly, and sales, both wholesale and retail. These costs also include wages of intermediaries and various marketing-related charges (Al-Daheri, 1980, 199). Marketing costs differ from marketing differentials and margins. Marketing differentials refer to the difference between the selling and buying price of a specific good, while marketing costs are part of marketing margins (Moosaa, 1998, pp. 184-185).

Cost Divisions:**Costs are divided into several categories:**

1. Fixed Costs: These costs remain constant regardless of the quantity of units marketed or sold. Examples include employee salaries and store rents.
 2. Variable Costs: These costs vary with the quantity of goods. Examples include labor wages, employee salaries, and interest rates.
 3. Social Costs: These costs are diverse and often unquantifiable. They include the consumer's time spent in search and transportation of goods and the stress associated with the process.
- These are the key points from the provided text. If you need more detailed information or a continuation of the translation, please let me know.

جدول (1) يوضح متوسط التكاليف المتغيرة لزراعة دونم واحد من محصول البرتقال في محافظة صلاح الدين/ قضاء بلد .

Variable Cost Items	Cost per Dunum (Dinar)	Relative Importance(%)
Land Plowing and Preparation	55.33	6.28
Hired Labor	175.56	19.95
Pesticides	186.52	21.18
Fertilization	145.46	16.52
Fuel and Oils	61.22	6.95
Maintenance and Pruning	86.53	9.83
Water and Electricity Costs	21.23	2.41
Transportation Costs	97.46	11.07
Harvesting and Cleaning Costs	39.63	4.50
Other Costs	11.500	1.31
Total	880.44	100

Source: Prepared by the researcher based on the questionnaire form.(1)

Table (2) illustrates the average fixed costs for cultivating one dunum of orange crop in Salah al-Din Governorate / Qadhaa Balad for the production season 2022.

Fixed Cost Components:	Cost per Dunum (Dinar)	Relative Importance(%)
Family Labor	156.700	24.07
Land Rent	4.800	0.74
Depreciation	489.55	75.19
Total	651.05	100

Source: Prepared by the researcher based on the questionnaire form.(1)

Table (3) illustrates the calculation of average yield per hectare (donum).

Total Average Production: Tons	Total Average Area: Dunums	Average Yield: Production / Total Area
111.95	4.892	22.88

Source: Prepared by the researcher based on the questionnaire.

Table (4) displays the total costs per hectare and per ton of oranges for the production season of 2022.

Components of Total Costs	Cost per Dunum (IQD/Dunum)	Cost per Ton (IQD /Ton)	Cost per Kilogram (IQD /Kg)	Relative Importance (%)
Variable Production Costs	880.44	38480	384.80	57.48
Fixed Production Costs	651.05	28454	284.54	42.52
Total	1531.49	66934	669.34	100

Source: Compiled and calculated by the researcher.

Table (5): Estimation of marketing costs for orange crop producers during the agricultural season (2022).

Components of Marketing Costs	Value	Relative Importance (%)
Transportation Cost	18000	64.06
Packaging and Grading Cost	1800	6.41
Unloading and Loading Cost	4500	16.01
Auction Entry Fee Cost	3800	13.52
Total	28100	100

Source: Calculated by the researcher based on the questionnaire

Obstacles and Challenges Facing Orange Producers in Marketing Operations in Salahaddin Governorate / Balad District for the 2022 Production Season:

Through the questionnaires distributed to the farmers, they were asked about the most prominent obstacles and challenges they face, which were characterized as follows:

1. Limited wholesale prices.
2. The abundance of imported oranges when the local product is available.
3. Competition among farmers and price reduction.

4. Increase in prices of fertilizers and pesticides.
5. Increase in transportation and fuel prices.

Table (6) - Marketing Costs and their Relative Importance for Wholesale Traders for Orange Crop in Salah al-Din Governorate / Qadaa Balad for the Production Season 2022.

Marketing Costs Categories	Value	Relative Importance (%)
1. Permanent Employee Wages Costs	14.300	31.85
2. Loading Costs	6300	14.03
3. Shop Rental Costs	9800	21.83
4. Unloading Costs	5,500	12.25
5. Water and Electricity Costs	1.80	4.00
6. Other Wages Costs	7,200	16.04
Total	44.9	100
Total in Dinars per Kilogram	44.9	

Source: Prepared by the researcher based on the questionnaire form.(2)

• The Main Obstacles and Challenges Facing Wholesale Traders:

These problems and obstacles were identified through the questionnaire survey.

1. Debts and deferred payments to some retailers.
2. Price monopolization by dominant wholesale traders.
3. Lack of a formal market in the study area.
4. Congestion and security checkpoints that increase transportation costs and difficulties.

Table (7) illustrates the total marketing costs incurred by the retailer for the orange crop.

Marketing Costs Categories	Value (IQD/Kg)	Relative Importance (%)
Transportation Costs	10.600	48.49
Unsold Quantities Costs	0.200	0.92
In-Shop Incurred Costs	11.06	50.59
Total Retailer Marketing Costs per Kilogram	21.86	100
Total Retailer Marketing Costs per Ton	21.86	

Source: Prepared by the researcher based on the questionnaire form.(2)

The Major Obstacles and Challenges Facing Retail Traders:

1. Poor transportation due to road conditions.
2. High number of imports when local products are available, leading to a decrease in local product prices.
3. Wholesale traders monopolizing prices, negatively affecting retail traders.
4. Lack of refrigerated storage and cooling facilities.
5. Limited access to refrigerated storage and cooling facilities.

Table (8) shows the distribution of shares among the producer, wholesaler, and retailer from the consumer's dinar.

The Crop	The Prices: Dinars per Kilogram			Distribution of Consumer Dinars (%)		
	Farm	Wholesale	Retail	Share of Farmers (4) %	Share of Wholesaler (5) %	Share of Retailer (6) %
Orange	860	930	1110	77.47	6.30	16.21

Source: Calculated and compiled by the researcher based on the questionnaire forms (1, 2, 3).

1. Farmer's Share (4) = $(\text{Farm Price} / \text{Retail Price}) \times 100$
2. Wholesaler's Share (5) = $((\text{Farm Price} - \text{Wholesale Price}) / \text{Retail Price}) \times 100$
3. Retailer's Share (6) = $((\text{Wholesale Price} - \text{Retail Price}) / \text{Retail Price}) \times 100$

Table (9) illustrates the relative importance of the components of the marketing margin between the product price and the consumer price.

The Crop	Marketing Margin (Dinar per Kilogram)	Relative Importance of Marketing Costs for the Product (%)	Relative Importance of Marketing Costs for Wholesalers (%)	Relative Importance of Profits for Wholesalers (%)	Relative Importance of Transportation Costs for Retailers (%)	Relative Importance of Marketing Costs Incurred by Retailer at His Shop (%)	Relative Importance of Retailer's Profits (%)
Orange	250	11.24	17.76	28	0.08	4.42	72

Source: Compiled by the researcher.

1. The relative importance of total profits for wholesalers occupied the first rank, with a marketing margin of 28%.
2. The second rank was taken by the relative importance of total costs borne by retailers, which amounted to approximately 4.42%.
3. The third rank was held by the relative importance of costs borne by the producer, estimated at 11.24%.
4. The fourth rank was occupied by the relative importance of costs borne by wholesalers, averaging 17.76%.

Retailer's profits had the lowest relative importance, amounting to 0.72% of the marketing margin between the product price and the consumer price, representing retailer profits.

Conclusions:

Based on the obtained results and the collected data through the questionnaire for each stage of the marketing channels for oranges during the production season of 2022, the study drew several conclusions, including:

1. Marketing costs for both the producer, wholesaler, and retailer were 28.100, 44.9, and 21.86 JD/ton respectively. This indicates that higher marketing costs lead to decreased profits.
2. The producer's share of the consumer price reached about 77.47%, indicating efficient marketing of the orange crop within the study sample. A higher producer share indicates a more efficient marketing system.
3. Wholesalers' total profits held the highest relative importance, accounting for 28% of the marketing margin. The relative importance of total costs borne by retailers was about 4.42%, while costs borne by the producer were estimated at 11.24%. Wholesalers' costs held an average of 17.76%, and retailer's profits held the lowest relative importance at 0.72%.

Recommendations:

1. It's crucial to develop integrated strategic plans for agricultural marketing that start before production, encompassing the purchasing of seedlings, and continue through product delivery to the final consumer.
2. Implement taxes on imported crops, particularly during the local production season, and restrict importation to stabilize prices and ensure production continuity.
3. The government should improve roads and transportation infrastructure, facilitating the movement of products to reduce obstacles and additional costs.
4. Establish standardized, globally-compliant model markets and increase the number of wholesale markets to mitigate the power of monopolies and price control within the markets, while providing high-quality cold storage facilities.

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