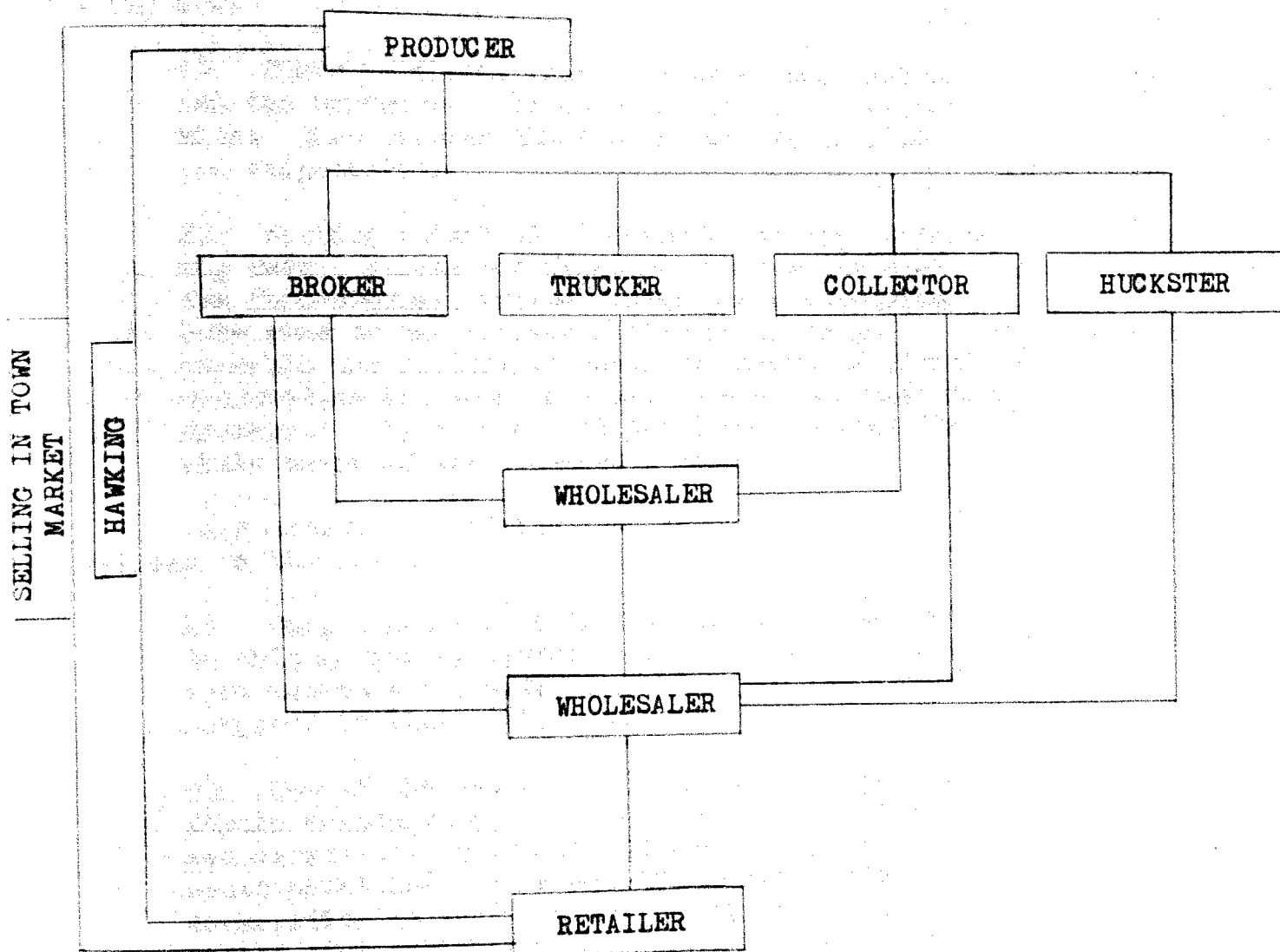


these commodities through the various outlets is shown in the following diagram.

DIAGRAM 1

CHANNELS OF DISTRIBUTION IN VEGETABLE, SWEET POTATO AND MAIZE MARKETING IN BLOCK S2



(a) The Town Market

The town market of Sekinchan - a meeting place of buyers and sellers - provides an outlet to the farmer for the direct selling of his vegetables, maize and sweet potatoes to consumers. A few of the farmers in Block S2 do own stalls in the town market individually or jointly and managed by either a member of the farmer's family or a relative of his or by his partner if the stall is under joint ownership. Ownership of a stall in the town market enables the farmer to sell his produce direct to consumers at retail price without having to avail himself to the services of intermediaries.

Another version of dealing at the retail level is for the

farmer's wife or any other member of his family to sell vegetables, maize and sweet potatoes in the compound of the market without having to own a stall at all. Basketfuls of vegetables, maize and sweet potatoes arranged and displayed in convenient spots in the market compound for sale is a common sight in the Sekinchan town market. By this method the farmer deals directly with the consumers at the prevailing retail price.

The advantages to the farmer of adopting this method of marketing are:-

- 1) There is direct dealing between the producer and the consumer. Intermediaries are dispensed with, thus freeing the farmer from their clutches and malpractices.
- 2) Dealing direct with consumers at the prevailing retail price, the farmer reaps the whole of the farm-consumer spread² which would otherwise have gone to the various middlemen who make possible the produce to reach the point of final consumption had they been employed in the marketing process. By this method the farmer claims the whole share of the consumer's dollar.

This method of distribution, however, is not without limitations to the farmer.

- 1) Only a handful of farmers can avail themselves to this method of distribution as stalls in the town market are limited in number and the market compound is limited in area.
- 2) Out of the total population of this predominantly agricultural sector, only a few of the people are net producers of vegetables, maize and sweet potatoes. Consumer demand for these commodities is thus limited and by adopting this method of distribution the farmer is only able to sell a small portion of his total output.
- 3) Direct selling to consumers is very demanding of the farmer's time and effort. The whole range of marketing services ranging from harvesting to selling has to be performed by the farmer himself and he has also to bear the marketing risks of price fluctuations and quality deterioration etc.

² Sometimes termed as "marketing margin", it refers to the difference in price at which the consumer buys and the price at which the producer sells.

(b) The Hawkers

Hawking vegetables, sweet potatoes and maize from village to village is a common method of selling these commodities among some of the farmers in Block S2. Carrying basketsful of these commodities on their bicycles, these itinerant dealers sell direct to consumers in the villages they enter. Hawking proves to be a profitable venture as the farmer always finds a ready market among the Malays that predominate the neighbouring villages. However, sales can only be made in small quantities and only a limited proportion of the farmer's total production can be disposed of in this way. Hawking claims the same advantages and disadvantages as selling in the town market.

(c) The Hucksters

Selling vegetables, sweet potatoes and maize to hucksters³ is a widespread practice among the farmers in Block S2. A cross-section of the farmers sell their produce to these hucksters who come from all over the country from places as far as Teluk Anson and as near as Tanjong Karang. Buying from the farmers at producer price, these hucksters sell to retailers at their respective towns at wholesale price.

This method of vegetable, sweet potato and maize distribution has certain advantages to the farmer.

1) Selling in large quantities is possible through hucksters. Surplus vegetables over and above the farmer's own consumption can be disposed of to hucksters in bulk.

2) This method of distribution is not too demanding of the farmer's time and effort as there is a division of labour in the performance of marketing services between the farmer and the huckster. The farmer only concerns himself with those marketing services of harvesting, processing and packing while marketing activities of transporting and breaking-up into smaller lots for sale to retailers are being performed by the huckster.

3) The farmer does not carry any marketing risk of price fluctuations, quality deterioration

³Hucksters are those buyers of farm produce who travel from farm to farm buying produce which they truck to town for sale to retail markets and small grocery stores. Their names and addresses are given in Appendix II.

and damages to produce once the title to the produce is passed to the huckster.

This method of distribution is, however, disadvantageous to the farmer in two ways.

1) Selling to the huckster at producer price which is well below the retail price, the farmer earns for himself only a small portion of the farm-consumer spread; he claims a part of the consumer's dollar only. He does not profit very much by dealing through this method.

2) Ill-informed of the latest market developments in supply and demand conditions and trends in prices, the farmer becomes an easy prey of the hucksters, who, taking advantage of their oligopsonistic⁴ position and convincing the farmer of unfavourable and gloomy conditions in the various places of consumption are able to buy from the farmer at low prices.

(d) The Truck Dealers

Another common feature of marketing vegetables, sweet potatoes and maize by farmers in Block S2 is selling them to truck dealers or truckers⁵ as they are sometimes known. These truckers buy vegetables by the truck loads from the farmers and deliver them in broken lots to wholesalers in the big towns of Kuala Lumpur, Klang and towns in Lower Perak. Because of their function truckers may be viewed as itinerant collectors of vegetables, sweet potatoes and maize who form a commercial link between the producer on one hand and the wholesaler on the other hand.

Farmers selling their produce to truckers more or less enjoy or suffer from the same advantages and disadvantages as selling to hucksters.

(e) Local Produce Collectors

In the town of Sekinchan there operates three farm produce collectors⁶ whose business is to buy the farmer's vegetables, sweet potatoes, maize and other produce, assemble them in their shops and

⁴Oligopsony refers to the market situation where there are only a few buyers of a product.

⁵Truckers are those buyers of farm produce who travel from farm to farm buying produce which they truck to town for sale to wholesalers. Their names and addresses are given in Appendix II.

⁶Their names and addresses are given in Appendix III.

then deliver them in bulk to wholesalers and retailers in other towns. Having business contacts all over the country, these collectors of farm produce are able to distribute the farmer's produce over a wide area.

Dealing with local collectors is advantageous to the farmer in four ways.

- 1) Selling in large quantities is possible for the farmer as the collectors, receiving large orders from a long list of clients need to stock large quantities of vegetables, sweet potatoes and maize for distribution.
- 2) The collectors, being local people, have their establishments in the town of Sekinchan itself within easy reach of the farmer. Transactions can be effected with them at the farmer's own convenience.
- 3) Dealing with collectors frees the farmer of a number of marketing services such as storing, and transporting which he has to perform had he decided to be not only a producer but also a wholesaler and retailer as well.
- 4) The farmer frees himself of marketing risks such as price fluctuations, quality deterioration and damages to produce once he sells his produce to the local collector.

This method of marketing, however, is not without limitations to the farmer.

- 1) Dealing with a collector who has a claim on the farm-consumer spread for his contributions to the marketing process, a farmer does not profit very much from this method. The whole of the consumer's dollar does not belong to him but has to be shared with the collector who is no less responsible for making the produce reach the point of consumption.
- 2) Convincing the farmer of unfavourable conditions prevailing in the other places of consumption of which the farmer has little or no information at all, these collectors in view of their oligopsonistic position are able to buy from the farmer at very low prices.

(f) The Produce Brokers

The three collectors of farm produce operating in Sekinchan

town as aforementioned also transact business with the farmers as brokers or commissioned agents on behalf of their principals who are either wholesalers or retailers residing in other towns. For a fixed rate of commission based on quantity handled and the degree of care needed in handling the produce, these brokers buy vegetables, sweet potatoes and maize etc. from the farmers for delivery to their principals. Those produce which can withstand a bit of rough handling are paid a lower rate of commission per pikul than those produce which need the utmost care in handling. Thus, maize, sweet potatoes and pumpkins are paid \$1.00 less per pikul in commission than that paid to chilies, long beans, ladies fingers and spinach mustard as shown in the following table.

TABLE 2

RATE OF COMMISSION PAID TO BROKERS
OF FARM PRODUCE IN SEKINCHAN

Nature of Produce	Quantity	Commission In Dollars
Chilies	100 katis	4.00
Long Beans	100 katis	4.00
Ladies Fingers	100 katis	4.00
Spinach Mustard	100 katis	4.00
Pumpkins	100 katis	3.00
Maize	400 pieces	3.00
Sweet Potatoes	100 katis	3.00

Source: Chey Eng Huat, 84, Jalan Pejabat Pos, Sekinchan.

Unlike buying for eventual sale to wholesalers and retailers, buying as a broker a collector does not claim ownership to the produce. He is just acting as a connecting link between two interested parties - the wholesalers and/or retailers on the one hand and the farmers on the other hand for which service he is paid a commission by his principals.

The same advantages and disadvantages advanced for and against selling to local produce collectors can still be advanced in favour of or against selling vegetables, sweet potatoes and maize to brokers.

(g) Direct Selling to Wholesalers

There are a handful of farmers in Block S2 who undertake the distribution of their own vegetables, sweet potatoes and maize to wholesalers in Kuala Lumpur and Klang. They establish their own contacts with wholesalers in the aforementioned towns who are either their old acquaintances or members of their own clan. They arrange for their own transport, manage their own finance and shoulder the risks besides performing the other essential marketing services of harvesting, processing and packing.

For those few farmers who have successfully undertaken the distribution of their produce direct to wholesalers themselves are usually attributed with the following factors:

- 1) They have sons who are English or Chinese educated, business-inclined and have a say in the management of the farm.
- 2) They have friends, acquaintances or members of their own clan engaging in the wholesale business of farm produce in the other towns.
- 3) They enjoy a comparatively sound financial position.

This method of marketing has the advantage to the farmer of enabling him to sell in bulk and enabling him to dispense with the services of the truckers, hucksters or collectors, thus earning for him a larger return for his produce. This method of distribution is disadvantageous to the farmer in that he has to perform a wide range of marketing services, he involves more risk and need a substantial sum of initial capital with which to finance his operations.