A Market Information Report on Hive Products in Uganda

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TUNADO

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Abbreviations

TUNADO	The Uganda National Apiculture Development Organisation
ESOEP	Enabling Synergies between Organised Enterprising People- a Trias funded Programme
SAIL-Uganda	Strengthening the Apiculture Value Chain for Improved Livelihoods in Uganda- Oxfam funded project

Acknowledgement

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a) Beekeeper groups in West Nile, Mid-North, Karamoja and Bunyoro region that provided valuable information to this study.

b) Processors and packers for providing highly confidential information for the purposes of this study

c) Supermarkets for allowing TUNADO staff to collect information on the various honeys displayed on shelves

d) Oxfam and Trias for the financial support and Bees for Development for technical assistance

c) TUNADO regional directors and staff for helping collect the data

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1.0 Introduction

The Uganda National Apiculture Development Organisation last did the rapid honey market survey in 2012 and published in 2013 under the Uganda Honey Trade Project. Since then a considerable effort has been observed in building the capacity of beekeepers in Uganda to increase production. However, no single research has been done at national level or even at region level to establish if there still exists high demand for honey and other bee products. This is important because market availability acts as an incentive to the beekeepers to increase production. In other value chain enterprises, developers have been blamed for promoting the enterprise without market readiness for the products and services. Understanding the status of the domestic market in terms of supply and demand therefore helps prior planning on investment and informs decisions on whether or not to explore possibilities of distant markets as well as price determination. It is against this background that TUNADO conducted a rapid market survey for honey in major supermarkets in Kampala, high-end buyers and beekeeper groups in West Nile, Bunyoro, Lira and Kotido in September- October.

1.1 Objectives of the Study

The study aimed at establishing the status of honey and other hive products market specifically

- To establish the average farm gate price
- Average supply price to supermarkets
- Average price charged to consumers by high-end sellers (supermarkets)
- Establish perceived supply and demand of honey along the honey value chain

2.0 Methodology

The study employed purposive sampling to select major supermarkets in Kampala namely Nakumatt, Capital shoppers, Tuskys, Shoprite and Mega Standard because TUNADO (2012) reported that they were the major supermarkets in Kampala selling honey in Uganda. Beekeeper groups were selected from TUNADO target working areas including Bunyoro, West Nile, Lira and Kotido under ESOEP and SAIL-Uganda. TUNADO members under processing and packaging category were also selected. Focus Group Discussion was used to capture information from beekeeper groups using a checklist, while a data sheet was used to capture data from supermarkets and a self-administered data sheet was used to collect data from the processors and packers. Data from the checklist was analysed thematically into visual display format while data from the data sheets was analysed using the excel MS 2010.

3.0 Findings of the study

Results presented in Table 1 indicated that of the four study areas (Mid-western, West Nile, Mid-north and Karamoja), West Nile's comb honey farm gate price was lowest at Ugx 3,000 while the most expensive farm gate price comb honey per kg was majorly in mid-north at Ugx 7000. Similarly beeswax farm gate price per kg was reported as low as Ugx 10,000 in West Nile followed by Mid-Western and the highest registered in Mid-north whilst in Karamoja only 5% of the interviewed groups sold beeswax. Again propolis farm gate price was low per kg in West Nile at Ugx 8,000 as compared to Lira where it was reported at Ugx 20,000 and in Karamoja there was no indication that propolis was traded by the beekeepers.

Table 1: Average farm gate price of different hive products (kg) across different regions in Uganda

(USD = 5571.74 Ugx Sept 2015)

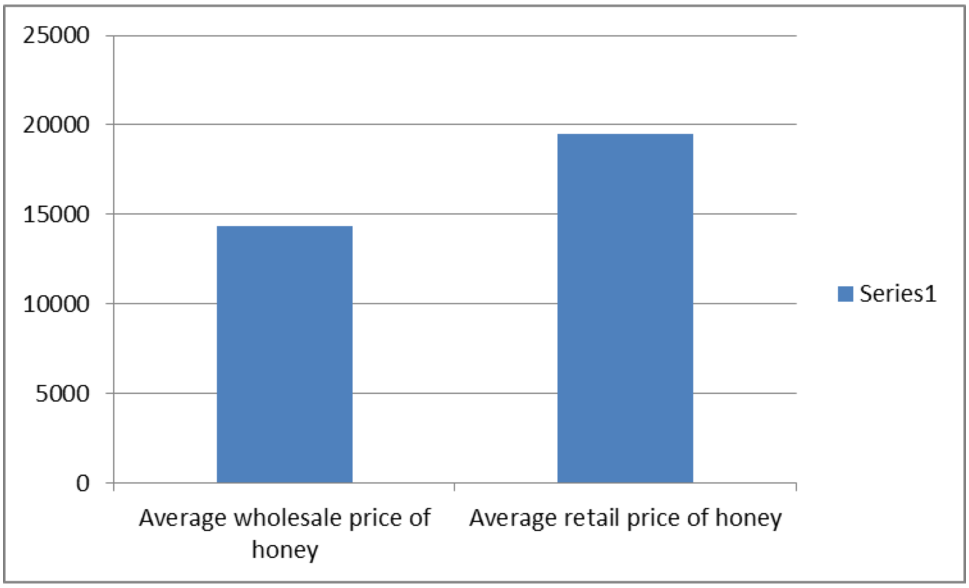
Variables	% response			
	Bunyoro (mid-western)	**West Nile**	**Lira (mid north)**	**Kotido (Karamoja)**
Average on farm get price per kg of comb honey (Ugx)				
3000	0	15	0	5
4000	10	42	21	35
5000	35	38	24	42
6000	45	5	35	18
7000	10	0	20	0
Average price of beeswax				
10,000	10	13	0	5
12000	10	17	15	0
14000	20	20	18	0
15000	31	45	35	0
16000	4	5	8	0
Propolis				
8000	10	25	0	0
15000	20	35	24	0
20,000	0	0	13	0

Table 2 showered that the majority of the processors and packers supplied a kg of honey to the supermarkets at Ugx 13000 and none reported supply price[1] above Ugx 18000 while figure 1 showed that none of the supermarkets sold a kg of honey to the consumers below Ugx 18000. Majority (79%) actually sold honey to consumers between Ugx 30,001-36,000 while others (5%) sold as high as Ugx 54,001-60,000.

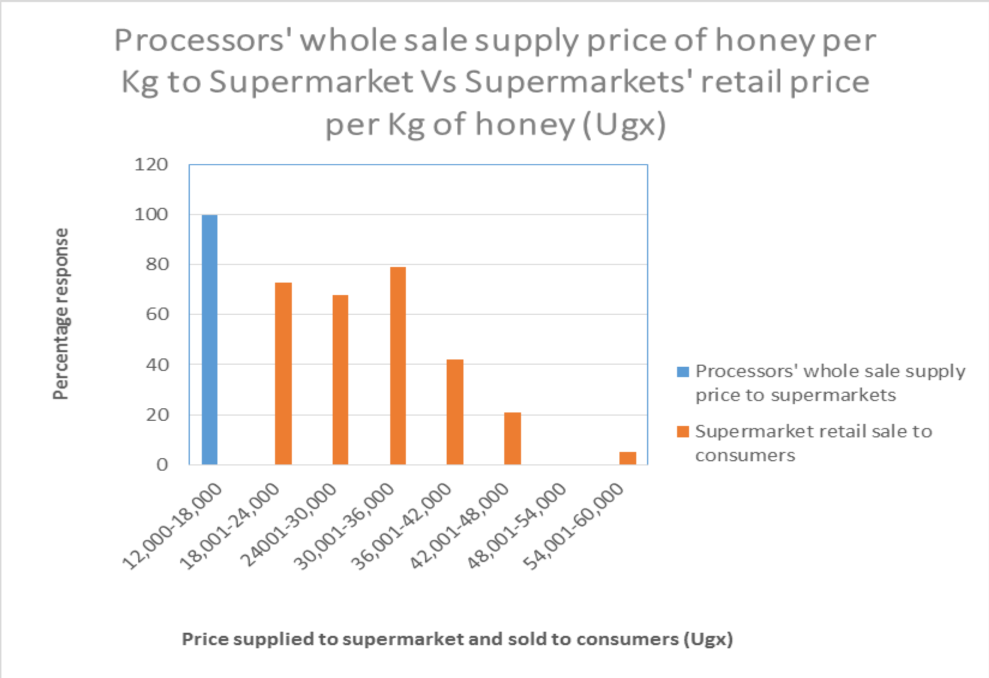
Table 2: Wholesale price of packed honey to supermarkets

Processor's average sale price to supermarket per kg	% response
12000	20
13000	35
13500	5
14000	10
15000	20
16000	15
17000	10
18000	10

Figure 1: Wholesale supply price to supermarket against retail price of supermarkets to consumers



[1] This is a calculated price per kg regardless of the price of the type of pack and the price of the pack is included


Processors' whole sale supply price of honey per Kg to Supermarket Vs Supermarkets' retail price per Kg of honey (Ugx)
Percentage response
120
100
80
60
40
20
0
12,000-18,000
18,001-24,000
24001-30,000
30,001-36,000
36,001-42,000
42,001-48,000
48,001-54,000
54,001-60,000
Processors' whole sale supply price to supermarkets
Supermarket retail sale to consumers
Price supplied to supermarket and sold to consumers (Ugx)

When processors were asked if they still needed more honey to meet their demand, all were in agreement that they need more honey to meet their demand requirements. In addition, Table 3 showed that majority (60%) preferred honey sourced from source Western and Central region (50%).

Table 3: Demand for honey along the honey value chain and preferred honey producing regions in Uganda

Do you need more honey supplies	**% response**
Processors and Packers	100 said yes
Supermarkets	100 said yes
Places of processors' preference to buy honey from (region)	
West Nile	40 preferred
Mid North	40 preferred
North East (Karamoja)	10 preferred
Eastern	10 preferred
Central	50 preferred
Mid-Western	20 preferred
South-western	60 preferred

4.0 Discussion of the findings

From the results, one can argue that the low price of hive products from West Nile is associated to low quality or even the colour of the honey (Biryomumaisho personal interaction with consumers during the 6th National Honey Week 2015 at Forest Mall Lugogo) for example. However, from economic point of view, it is logical that if there is increase in production and supply, the price of the product lowers. This can give explanation that the high price associated with hive products from mid-north is due to low production. Additionally the processors' preference choice for south western honey especially greater Bushenyi can be attributed to the fact that Bushenyi honey is one of the oldest brands on the Ugandan market and well known to Ugandans. South Western honey is golden amber in colour and evidence show that this is the colour most preferred. A further analysis indicates that West Nile currently produces a lot of honey and the majority of the processing companies buy West Nile honey termed as *'Arua honey'*. However, it was surprising to TUNADO that even processors whom we connected to beekeepers in West Nile and who now appear to be selling honey from that region want to associate with honey produced in other regions.

Taking the economic situation of Uganda in the last 20 years, one can easily tell that Central region and Western Uganda have economically performed well as compared to the rest of the parts of the country because of civil wars. This has implication on buying capacity of people of different regions and marketers would always target persons with greater buying capacity. Therefore honey processors and packers' tendency to associate with honey from Western and Central region could be a mere marketing target to people from Western and Central region who are perceived to be economically better than the rest of the regions. Studies have indicated that people always willing to pay a higher price for the products branded names of their area of origin. For example a recent article by honey markets submitted to Bees for Development Journal [Aidoo, Biryomumaisho and Lowore 2015 in press] indicated that honey of UK origin attracted higher prices than other international brands in the UK market. The danger of consumers' willing to pay for the product brand with their area of origin is that marketers can take advantage of the situation and start supplying substandard or even duplicate products. This scenario explains why many persons have complained to TUNADO about Bushenyi honey packed brand that it is substandard.

Most traded bee product

This study indicated that honey is the most traded bee product while beeswax was the second followed by propolis. This finding is not of surprise for of these three products honey is the most easily marketed - requiring almost no processing and attracting both local and national customers. The reason as to why beeswax could have ranked second traded bee product can be explained by the recent demand by jerry producing companies (Movit) and also the increasing demand for beeswax export in the country. Beeswax has high potential for export and with limited barriers to trade as compared to honey internationally (including EU) because it is not food and contains less residues. This is another hive product that requires immediate attention as a means of increasing extra income to beekeepers and product diversification.

Price offered to honey from farm to the consumer

The findings of the study showed that the highest farm gate price was Ugx 7000 per kg while the highest price processors supply honey to the supermarkets was Ugx 18,000. However, it was surprising finding that supermarkets sell a kg of honey to consumers as high as Ugx 59,729 and majority sold at an average price of Ug.30,425. From value addition point of view, it is understandable that processors incur extra cost in transportation, packaging, labelling, labour, marketing among others. However, it is not clear which value supermarkets add to earn a margin[2] of up to 50%. . This situation needs to be further investigated because of the possible implication on the growth of the sector. Usually if the product becomes expensive, it deters willing consumers from buying reducing the demand. If demand decreases then it affects the market. On the other hand if the beekeepers discover that a kg of honey which they supply to processors at Ugx 7000 is sold to consumers at Ugx 59729, it may lead to increased farm gate price of the product or forcing the beekeepers to think of producing a finished product to the market. If such happens, processors and packers are likely to hike supply to supermarkets or even opt to import honey at a cheaper price to maintain supplies and hence market distortion. Despite of the above scenario, there was an important finding that processors still required supply of honey from all regions of Uganda to meet their demands.

5.0 Conclusion

- On farm gate price of hive products from West Nile is low as compared to other regions due to high production but also a mere perceived attitude of consumers on dark colour and poor quality.
- Honey is the most traded hive product followed by beeswax because for so long bees have always been known for honey production and the increase is beeswax trade is due to market demand by jerry producing companies and international beeswax trading companies
- The difference between supply price of honey to supermarkets and retail price to consumers is very high.
- The demand for honey from all regions of the country still exists

6.0 Recommendation

- There is a need to increase and diversify the hive products to meet the current demand
- Price of hive products along the value chain should be left to be determined by demand and supply factors

[2] No comparison was made between honey and other products sold items in supermarket on margin. Again no investigation was done on supermarkets' overheads costs - electricity, rent, staff, tax, stock, security, advertising etc

- There is a need to raise consumers' awareness that the colour of the honey has nothing to do with quality but rather determined by nectar sources bees collected from the plants to make honey.

7.0s References

TUNADO (2012), a Market Information Report on Honey Brands Sold in Selected Ugandan Towns

Bees for Development Journal

Appendix

Appendix 1: Research team

Name	Role
Biryomumaisho Dickson (MSc)	Team leader-Development of research tools, analysis and report production
Mugoya Sarah (BA)	Data collection and assisting in report production
Bomujuni Allon (Bsc)	Mobilisation, assistant data collector and assisting in report production
Birungi Phionah (Bsc)	Data entry and assisting in report production
Sauda Babirye (Bcom)	Logistics

Appendix 2: Data collection tools

Data sheet for processors

Name of the processor	How much do you sell your honey per kilo after processing to supermarket?	Do you need more suppliers of Honey?	Region of preference to supply you honey?
1.			
2.			

Data sheet for supermarket

Processing company	Brand name	Supermarket sold	Size (g)	Price Ugx
1.				
2.				
3.				

Checklist for beekeeper groups

a) Name of the group?……………………………..Region?.........................

Hive products harvested and sold	On-farm gate price per kg in raw form
1.	
2	