A SURVEY OF GRAIN MARKET INFORMATION SOURCES AND NEEDS OF MALIAN GRAIN TRADERS

by Philip STEFFEN

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Part I. Introduction

This summary presents some of the key results of a survey of more than one hundred grain wholesalers and semi-wholesalers in Mali during May and June 1989 about their sources and need of information about the grain market. These results are summarized here in order to inform Malian policy makers and their donor partners, particularly as concerns the future direction and reinforcement of the Market Information Service (MIS) as a means to improve transparency in the grain market.

The purposively selected sample of grain traders is broken down by city as follows:

<table>
<thead>
<tr>
<th>City</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamako</td>
<td>31</td>
</tr>
<tr>
<td>Koutiala</td>
<td>8</td>
</tr>
<tr>
<td>Sikasso</td>
<td>7</td>
</tr>
<tr>
<td>Ségou</td>
<td>9</td>
</tr>
<tr>
<td>Mohti</td>
<td>13</td>
</tr>
<tr>
<td>Timbuktu</td>
<td>11</td>
</tr>
<tr>
<td>Gao</td>
<td>12</td>
</tr>
<tr>
<td>Ansongo</td>
<td>3</td>
</tr>
<tr>
<td>Bourem</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
</tr>
</tbody>
</table>

To protect the confidentiality of the small number of respondents from Ansongo, responses from Ansongo were grouped with those from Bourem as "Ansongo-Bourem". To reduce the dominant influence of Bamako and the "deficit regions" of Timbuktu and Gao (which includes Ansongo-Bourem), results are reported by city as well as overall.

At the beginning of the survey, about five-sixths of all respondents evaluated themselves as generally well informed about the grain market for the management of their trade. Breakdown by number of years in the trade shows that just under three-fourths of those with 0-4 years and 5-9 years of experience (representing 62.6 percent of the overall sample) considered themselves well-informed. All of those with 10 years or more of experience consider themselves well informed.

It appears later in the survey that these self-evaluations are somewhat selective, pertaining to being well-informed on a "need-to-know" basis only.

Part II. Usual Sources of Information about the Grain Market

A. At Usual Grain Purchase Locations

The survey asked traders to identify their sources of information about grain prices and market conditions at their usual grain purchase locations. The top five sources were: own suppliers (92.2 percent); other traders (86.5 percent), relatives or personal friends (72.3 percent); transporters (59.2 percent) and field agents or intermediaries (50.5 percent). Less than half of the respondents (46.0 percent) cited the weekly MIS radio broadcasts on grain prices as a source of information, likely due to the relative newness of these broadcasts at the time. Thus, market information from personal or business relationships dominate, rather than institutional information sources.
Only two traders, both based in Timbuktu, regularly paid someone in the field (not a hired agent or intermediary) for information about prices at supply centers or markets.

The foremost item of information taken into account by traders while negotiating a purchase with their suppliers was easily the daily market purchase price of the particular grain (80.8 percent), followed distantly by the anticipated sales profit at the location of sale (6.7 percent) and market supply and demand conditions (2.9 percent) although in reality, this last item is just a variation of the first.

The tally after five cumulative responses still shows the daily market purchase price on top (27.1 percent), followed by market supply and demand conditions (22.7 percent), anticipated sales profit at the sales location (14.9 percent), anticipated sales profit on the day of sale (6.6 percent) and the anticipated trend for purchase price of the same grain in one month's time (5.5 percent). These items reflect the well-documented short term nature of grain turnover in Malian grain markets.

B. At Usual Grain Sales Locations
As for sources of information about sales prices and market conditions at grain sales locations, the first five responses are remarkably similar: own retailers (replacing own suppliers on the purchase side) and other traders are tied for first position (88.3 percent, each). Third through fifth places go to, respectively, relatives or personal friends (67.6 percent), field agents or intermediaries (52.4 percent) and transporters (51.0 percent).

Only one trader at Gao paid someone expressly for information about prices and market conditions at sales sites.

Traders cited the daily market sales price as the foremost information item considered (76.7 percent) when negotiating the sales price with their clients. This was followed by cost recovery plus usual or fixed profit margin (10.7 percent) and cost recovery plus variable profit margin (5.8 percent).

The breakdown after the first five cumulative items considered for negotiating the sales price are the daily market sales price (25.9 percent); market supply and demand conditions for the grain (21.0 percent); cost recovery plus usual or fixed profit mark-up (18.3 percent); cost recovery plus variable profit mark-up (12.5 percent); and the anticipated sales price trend of the grain in one month's time (5.2 percent).

C. Use of the Telephone for the Grain Trade
Slightly less than half of the traders interviewed (46.2 percent) said that they had a telephone or easy access to one. Of these, all but two (or 95.9 percent) claimed to make use of the telephone for conducting their grain business.

Frequency of use for the grain trade was measured by the number of phone calls. At the extremes, one-fifth (20.5 percent) made business-related calls only as often as once per month while one-fourth (27.3 percent) made five or more calls per day. Overall, the number of those making less than one business call per day equals the number of those making one or more calls per day.
The rather unequal distribution of access to a telephone and its use for the grain trade across cities points out the potential usefulness of the MIS market radio broadcasts as a countervailing means to expand the availability of current market information to improve marketing decisions.

Part III. Key Information Needs for Planning Marketing Strategies

A. Importance of market-related information and the degree of being informed
Survey traders were presented with a list of 17 items of key grain market related information and were asked to evaluate, first, the relative importance of these information items to them personally and, second, how well informed they considered themselves to be about the same item. The responses for each item were cross-tabulated according to importance and degree of being informed.

A first observation is that the overall frequent dissonance between the importance accorded a given item of information and the lower extent to which traders are informed about it is surprising.

Secondly, it is striking how traders in the grain producing zones (especially Sikasso and Koutiala, and sometimes Ségou) appear to be poorly informed about a given item, time after time.

B. Information wanted on a regular basis
The survey next asked what market-related information traders would like to receive on a regular basis in order to pinpoint gaps in information availability (rather than to identify those areas for which traders consider themselves sufficiently informed). The first choice of the trader sample was information about the grain harvest in Mali (36.1 percent), closely followed by information about seasonal credit availabilities for the grain trade (32.0 percent). These first two items account for more than two-thirds of the responses.

The breakdown after the first five cumulative responses reveals a different ranking. Information about seasonal credit availabilities is first (18.8 percent), followed by information concerning the evolution of grain prices in Mali (13.1 percent) and information about the grain harvest in Mali (11.9 percent). Fourth place went to information concerning how to locate grain supplies for purchase (8.0 percent) and the level of grain supplies in Mali (6.5 percent).

C. Implications for the MIS
Examining the cross-tabulations in (A.) above points out:

- striking regional differences as to the importance of most items of information for the grain trade as well as the degree of being informed about them;

- the logic that as long as certain traders do not consider information about a particular item important, they will not bother to inform themselves about it; and

- serious gaps in the knowledge base of certain grain market-related information which the MIS can help to correct through more concentrated information dissemination, as well as other information not considered important whose dissemination the MIS could de-emphasize.
It is thus clear, first, that the MIS will need to regionalize its future operations. The second implication is that the MIS can improve the knowledge base of traders by starting with publicizing information about those activities directly under its parent agency, OPAM, such as the letting of grain purchase and sales contracts and the arrival and distribution of food aid.

It is clear also that to avoid duplication of effort and unnecessary institutional rivalries, the active participation of other government services in the collection and analysis of market data is essential.

Part IV. Trader Opinions about the MIS

A. Desirability of the MIS

About four-fifths (77.9 percent) of the traders interviewed indicated, first of all, that the establishment of a grain market information service was in the interests of everyone concerned -- producers, consumers, traders and institutions. No trader thought that the MIS was undesirable (the remaining traders having no particular opinion).

Reasons given by those answering desirable revolve around two main themes:

- better market performance (67.6 percent), based on the necessity of information for the grain trade (27.3 percent); greater price stability and better price arbitrage (18.2 percent); better coordination of business activities (11.7 percent) and the public good argument of information dissemination (10.4 percent).
- improved financial viability of the grain trade (54.6 percent), based on, again, the necessity of information for the grain trade (27.3 percent); better business decision making (19.5 percent); avoiding errors (6.5 percent) and profit growth (1.3 percent).

B. Readership of the MIS Quarterly Bulletin

Few traders (9.6 percent) had read at least one of the three issues of the MIS Quarterly Bulletin since its first appearance in October 1988. The majority of these (62.5 percent) had found the Bulletin informative and useful for the management of their grain trade.

Overall, more than two-thirds of the traders (71.0 percent) also wanted to have access to the Bulletin while others (14.0 percent), not having read a copy, had no opinion. Interestingly, nearly all traders from the "deficit zones" of Northeastern Mali wanted to get the Bulletin regularly, perhaps due to the relatively long supply lines to the principal production zones.

It is likely that readership of the Bulletin and perception of its usefulness will increase as distribution of the MIS expands into all of the regions of the country.

C. Listening to MIS market bulletins on the radio

Unlike the low readership of the MIS Quarterly Bulletin, the lion's share of the traders (90.4 percent) claimed to have listened to the MIS market bulletins on the radio at least once. Of these, about seven-eighths (86.0 percent) found the market bulletins on the radio informative and useful for the management of their grain trade.
The fact that more than half of the listeners (56.6 percent) had no particular recommendation to make for the modification or improvement of the radio bulletins seems to indicate a general level of satisfaction with their content, frequency and market coverage. Another large segment of those interviewed (21.7 percent) registered their desire that the radio broadcasts become permanent.

Part V. Conclusions and overall implications for the MIS

The following conclusions emerge from the Working Paper:

First, grain market information needs will necessarily become more complex and increasingly sophisticated, particularly as the public and private sectors settle into a new and complementary partnership. The new professional class of individual traders and corporations will have to understand more and more pieces of the puzzle, if not the complete big picture.

A second conclusion is that need for more complex information will result in an increasing reliance by traders on institutional sources of market information, such as the MIS (as well as OPAM, Economic Affairs, the Chambre of Commerce, commercial banks and others). These institutions have the means to systematically collect and analyze diverse data and to publicize the results, a capacity which surpasses that of most unpaid market informants to provide.

Third, with the phased expansion of market coverage by the MIS, it is likely that MIS information releases will become the preferred point of reference or market benchmark, against which all other observations will be measured. This places a great onus on the MIS to service the grain sector efficiently within a relatively short turn-around time.

Fourth, the government's desire to encourage the gradual transfer of the long term grain storage function to the private sector is more likely to occur if traders are informed in a timely manner of marketing policies and analysis of trends based on longer term projections. As concerns OPAM's operations, for example, this includes publicizing the annual Plan de ravitaillement, advance notification of the letting of OPAM grain purchase and sales contracts as well as the distribution/sale of food aid.

In turn, fifth, consolidation of the initial successes of the MIS into a viable, permanent operation will require a long term commitment of support on the part of the government and interested donors as well as facilitative institutional incentives for the MIS. A proper mix of autonomy and accountability is as essential as secure multi-year financing.

Lastly, institutional sources of market information represent a market planning tool provided in the public interest. It is important, however, that traders and others recognize the limitations of even the best of these sources. Like satellite imagery which is complemented by ground truthing, institutional market information sources must be used in conjunction with personal observation and experience.