

## Canadian Export to Nepal: The Buck-it

Kathleen Donaghey

### INTRODUCTION

The Federal Democratic Republic of Nepal is a landlocked country in South-Central Asia and shares borders with China and India (World Population Review, 2016). Nepal is a developing country with a population of 28 million and constantly struggles with food security, poverty and undernutrition, particularly in the rural farming regions (FAO, 2010).

Figure 1: Poverty incidence in Nepal (Central Bureau of Statistics, 2005)

Area	Poverty head count %		
	2003/2004	1995/1996	% change
<b>Nepal</b>	30.8	41.8	-26
<b>Urban</b>	9.6	21.6	-56
<b>Rural</b>	34.6	43.3	-20
Ecological Belt			
<b>Mountain</b>	32.6	57	-43
<b>Hill</b>	34	40.7	-15
<b>Terai</b>	27.6	40.3	-32

Nepal can be geographically divided into 3 distinct regions: the mountain region, the hills and the terai (Devandra, 1988). The mountain regions are primarily used for livestock grazing as the terrain is extremely rugged with steep, rocky slopes and active glacier systems (Marahatta, Dangol and Burung, 2009). The hill regions accounts for over 60% of the population and its soils are variable in quality. Livestock production is sedentary and makes use of the available grazing land (Pariyar, 2008). The terai region of the south is intensively cropped and livestock production is sedentary, often with the animals being fed fodder instead of grazing (Pariyar, 2008).

65.5% of Nepal's population is employed by the agriculture sector (FAO, 2010) and more that 80% rely upon it for income generation (Maltsoglou and Taniguchi, 2004). Despite these impressive numbers the agriculture production has failed to keep pace with the growth in the population and its contribution to the GDP has been decreasing (Maltsoglou and Taniguchi). However, the production of both crops and livestock has been increasing (Maltsoglou and Taniguchi).

## PART I

### **Product Description**

The Buck-It! is a spill-proof bucket cover comprised of a neoprene or neoprene/canvas body that wraps around any standard size feed bucket and has 5 adjustable nylon straps, suitable for attaching the bucket to wood fences, panel fences as well as portable fences, stalls and trailers (The Head 2 Hoof Shop Ltd., 2016). The neoprene cover offers durability in a wide range of climates as it is resistant to weather, heat and cold (PR Newswire, 2015). The bucket cover is manufactured by The Head 2 Hoof Shop Ltd., who are based in Cranbrook, BC and have a sales office just outside of Edmonton, AB (The Head 2 Hoof Shop Ltd., 2016). The Head 2 Hoof Shop Ltd is a growing company founded by two Canadians who are familiar with the struggles of feeding horses and livestock (The Head 2 Hoof Shop Ltd., 2016).

### **Company Contact:**

Email	Phone	Website
<a href="mailto:info@thehead2hoofshop.com">info@thehead2hoofshop.com</a>	250-421-0421	<a href="https://www.thehead2hoofshop.com/">https://www.thehead2hoofshop.com/</a>
<a href="mailto:tammy@thehead2hoofshop.com">tammy@thehead2hoofshop.com</a>		

## Product Assembly

There is no assembly required, the Buck-It! cover is ready to use straight out of the packaging. The neoprene body is placed around an already existing bucket on location and then its ready to use. As the straps are the primary source of immobilization, should the bucket be intended to be hung on a wall, additional hardware would need to be purchased. The wall mounting rings are available through the Head 2 Hoof Shop Ltd however local hardware stores in Nepal would be able to supply them as well.

Figure 2: Mounting hardware require for wall mounting



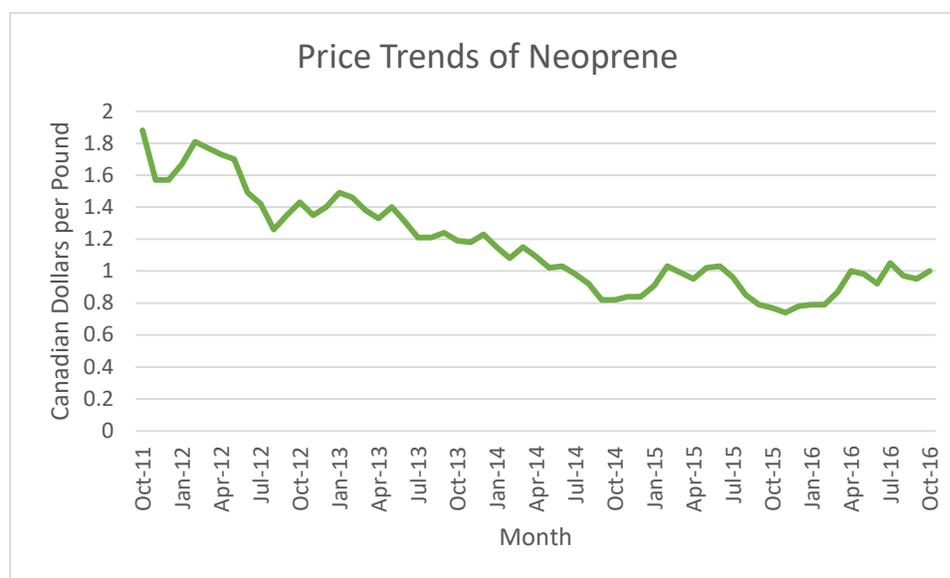
<https://www.thehead2hoofshop.com/products/flush-mount-hooks>

## Product and Materials Cost

The Buck-It! cover is available in 2 sizes: one that fits 18-20 quarts buckets as well as one that fits 2-6 quart buckets (The Head 2 Hoof Shop Ltd., 2016). The large size retails for 49.00\$ CND while the smaller sized retails for 29.00\$ CND.

Neoprene composes a large percentage of the product and as a result the price trends of neoprene would affect the cost of the product. Lower neoprene cost would make this product more affordable to Nepalese farmers. Recently neoprene faces great competition from other synthetic and natural fabric alternatives (PR Newswire, 2015) and as a result neoprene prices are exhibiting a downward trend for the past 5 years (IndexMundi, 2016).

Figure 3: Price trends of neoprene from October 2011 to October 2016



## Target Market

Nepalese livestock producers are the target market for the exportation of the Buck-It! cover. The variety of sizes available make it applicable for both large and small livestock which suit Nepalese agriculture as animal agriculture in Nepal consists of everything from goats to water buffalo (Government of Nepal Ministry of Agriculture Development, 2013).

Figure 4: Household Livestock Ownership in Nepal (Maltsoglou and Taniguchi)

Region	% Livestock Owners	Mean Herd Size	% Own Large Ruminants	% Own Small Ruminants	% Own Poultry	% Own Pigs
Mountains	95.1	3.3	94.6	52.4	47.0	11.3
Rural hills	93.9	2.9	94.7	58.5	60.0	13.2
Rural terai	86.2	2.3	84.7	55.1	44.7	12.2

Other urban	37.1	0.6	69.8	44.0	44.7	2.5
Total	76.3	2.2	88.7	54.8	51.2	11.7

With over 21.08 million livestock owners in Nepal and an average herd size of 2.2 animals, there is 46 million individual animals in Nepal requiring feed each and everyday (Maltsoglou and Taniguchi), placing the Buck-It! in a market of large proportions. In addition, pasture land is decreasing at a rate of 0.3% annually (FAO, 2005). The loss of pasture and would result in an increase in grain fed animals and thus growing the potential market.

### **Benefits to Canada**

By potentially exporting the Buck-It! cover to Nepal, multifarious areas of Canadian entrepreneurship will benefit. The Head 2 Hoof Shop will directly benefit from the exportation as they will be able to expand globally. The increase in production would able them to increase staff, creating more jobs in Cranbrook, BC, where The Head 2 Hoof Shop is located, as well as potentially in other locations should they expand and open different locations across Canada. The existing careers would become more numerous and new careers, such as province manager, would be created. The economic strength and larger profits for The Head 2 Hoof Shop will also accompany the increase in demand and production.

The companies from which the neoprene, nylon strap and hardware are sourced will experience a similar expansion of production as The Head 2 Hoof Shop. The increased in order volume would facilitate and necessitate new employment opportunities. In the case that the materials are not sourced from Canadian companies the increased trade between Canada and the foreign countries would strengthen existing relations, just as the exportation to Nepal would strengthen Canadian-Nepal relations.

## PART II

### **Import Procedure and Transportation**

The manufacturer/distributor, Heads 2 Hoof Shop Ltd., offers free shipping worldwide on orders over 350.00 CAD (The Head 2 Hoof Shop Ltd., 2016) therefore, making the Buck-It! a fantastic opportunity for a local Nepalese supply store, such as Sahayogi Agro Vet Center, or larger company with many market interests to expand their product diversity and inventory at a reduced cost risk. Alternatively, an entire community could order collectively to place a bulk order in order to meet the free shipping policy.



<http://nepal-pokhara.blogspot.ca/2013/10/nepal-railway-past-present-and-future.html>

The mode of transportation best suited for the freightage of the product would be by air as it has the benefit of being both rapid and offering a wide range in service range.

Transportation from the airport to the distribution centers and stores in Nepal would have to be through trucking as the freight system in Nepal is limited to one cargo line in

poor condition, owned by the government of Nepal (Route of Janakpur Railway, 2000). The rail system runs from Jaynagar, India to Bijalpura, Nepal and so is of little use for the distribution of goods within Nepal (Price, 2016). In terms of special shipping conditions, none are immediately present as exposure to extreme conditions is not an issue and the import does not pose a biosecurity threat. Further research on the weight of a unit of product and transportation methods

is needed for the estimation of transportation cost should the manufacturer/distributor, Heads 2 Hoofs Shop, cancel its free world wide shipping policy.

The export would most likely fall under the HS category of insulated beverage and food container with outer surface of cellular rubber or plastic (Export Import Statistics, 2016). As a result, the Buck-It! cover would be subject to an import duty of 20% (Nepal Department of Customs, 2009).

### **Needs of Nepal**

Food security and hunger is prevalent in Nepal and is further aggravated by the low food and livestock production (FAO, 2012). With pasture land decreasing at a rate of 0.3% annually (FAO, 2005), livestock production stands to lose much of its production space and thus productivity. The loss of pasture could be off set by an increase in grain fed animals. The Buck-It! cover would reduce feed loss, making the feeding of concentrate, key to successful animal production and feed efficiency (Hendy, Kleih, Crawshaw and Phillips, 1995), a more viable and feasible process. The average livestock farm in the U.S. experiences a fodder loss of upwards of 10%, however improved feed management can reduce it to less than 5% (Greene, 2014). The average farm in Nepal could be expected to encounter more than the average farm in the U.S and so their feed management percentage would incur a more drastic change. The reduced economic and material waste would encourage producers to feed grain to their livestock as opposed to using communal grazing.

## Competition

The Buck-It! bucket covers are the only portable and adjustable spill-proof bucket holder on the market. There are many generic brands of metal bucket holders that attach to both walls and wood fences in the international market, however these are heavy and more stationary. Priced at 49.00\$ CAD for one Buck-It! cover (The Head 2 Hoof Shop Ltd., 2016), the spill proof holders are above the price point of comparable products currently on the market but offer increased portability, durability, and longevity that better suit the less stationary methods of livestock production as seen in Nepal. In addition to bucket holders there are many spill proof buckets available that do not necessarily require the additional cost of a bucket holder.

Figure 5: Comparison of Comparable Products

Product and Company	Features	Limitations	Cost per Unit
<b>The Better Bucket</b> <b>Produced by: Double L</b> <b>(SmartPak Equine, 2016)</b>	-tapered sides causes spilled feed to funnel back into the bucket -made of durable polyethylene	-can only be hung on a wall due to its irregular shape and handle	16.95\$ US
<b>Water-n-Hole Slosh-Proof Bucket Top</b> <b>Produced by: Horse Spa Products (Patent Pending)</b> <b>(Riding Warehouse, 2016)</b>	-neoprene bucket top stretches over 20 quart buckets to prevent spilled feed and water	-available in one size -can only be hung on a without additional hardware	18.00\$ US
<b>No Spill Horse Ball Corner Feeder</b> <b>Produced by: Cashmans</b>	-round ball design keeps feed inside	-Irregular shape limits use to wall corners	34.99\$ US

<b>(Cashmans, 2016)</b>		-single size of ball may entrap an animal with a larger mouth or be ineffective for an animal with a smaller mouth	
<b>The Original Mowl</b> <b>Produced by: Equine Originals</b> <b>(Valley Vet, 2016)</b>	-3-gallon feed pail attached to a 40x44 inch rubber mat	-transportation extremely difficult  -require much storage space	69.95\$ US

## Challenges

The cost of concentrate and grain feed for animals will be a major limiting factor in the success of the export of the Buck-It!. The ingredients in concentrated feed in augmenting in price because of the fact that it is in high use in other sectors such as bird and human feed (Upreti and Shrestha, 2006). With poverty being so prevalent in Nepal (Maltsoglou and Taniguchi) feed concentrate will not be a strong competitor for resources and as a result the concentrate is of very low quality (Upreti and Shrestha). Considering that farmers will make effort to feed more and more forages and crop by-products to minimize expenses.

In addition, the small, local company of Head 2 Hoof Shop may not be prepared to produce the inventory to fill an international order, nor may it be willing to.

## Cost Analysis

The average Nepalese earn 689.81\$ US a year (Trading Economics, 2016). The Buck-It! at a price of 49.00\$ CND/ 36.22\$ US isn't an extremely costly investment in itself as it

comprises just over 5% of their annual income. The requirement of a bucket for the bucket holder does add additional cost, but nothing exuberant. The issue is realistically how many livestock are grain fed in a mobile production system such as the one seen in Nepal. In addition, the agricultural production system is not nearly as streamlined as the production systems in more developed countries. As a result, profit losses will stem from many different sources and feed loss is likely one of the more minuscule sources. Even should the production system become sedentary, despite the high cost of concentrate feed, more than likely livestock producers will turn to generic 20 gallon bucket that are both more accessible and affordable. Many more cost effective products are on the market that are suitable for an intensive/sedentary production system and have the same effect of the Buck-It! cover.

### PART III

#### **Future Studies**

The potential market, though large, there is an unclear demand for the product as the grazing system of livestock production is most commonly used in Nepal (FAO, 2005). Future studies and market tests would insure that the product was well received and prevent major economic loss for either the Head 2 Hoofs shop or any of the local vendors. It remains unclear how the product will be marketed as the advertising and marketing strategies in Nepal most likely are extremely different from those in Canada and more developed countries. Additional research on forms of transportation would be beneficial for a more complete and accurate cost analysis.

Research will also be required to keep abreast with market trends in the neoprene and nylon manufacturing industries because of their direct impact of the cost of the product. Market trends in Nepal should also be monitored for the most beneficial time to enter the market.

### **Conclusion**

Both Canada and Nepal would benefit from the bilateral trade occurring should the Buck-It! be exported to Nepal. Though the product has the potential to increase livestock production by increasing feed efficiency and reducing feed loss, the practice of feeding feed concentrate isn't avidly practiced and as a result the business venture, at this point in time, would presumably be lackluster. Should livestock production practices change the Buck-It! feeder would be a high-end product because of both its high price and customizability. A lower price and the inclusion of a bucket would make the purchase of the product a much more attractive and accessible product to the farmers of Nepal.

## Works Cited

- (2000). Route of Janakpur Railway. Retrieved from <http://www.aa-net.ne.jp/y-asahi/JanakupurRailway/JR%20Route/JR%20Route.html>
- (2016). *The Head 2 Hoofs Shop Ltd.*. Retrieved from <https://www.thehead2hoofshop.com/>
- (2016). Trading Economics. Retrieved from <http://www.tradingeconomics.com/nepal/gdp-per-capita>
- Cashmans. (2016). No Spill Horse Ball Corner Feeder. Retrieved from <http://www.cashmans.com/product/no-spill-horse-ball-corner-feeder/>
- Devendra, C. (August 21-23, 1988). Priorities for research and development on small ruminants in Nepal. *Asian and Small Ruminant Information Conference* (pp. 57-62). Retrieved from <http://idl-bnc.idrc.ca/dspace/bitstream/10625/19950/1/IDL-19950.pdf>
- FAO. (2010). Assessment of Food Security and Nutrition Situation in Nepal. Retrieved from [ftp://ftp.fao.org/TC/CPF/Country%20NMTPF/Nepal/thematic%20studies/Food%20Security%20\\_Final\\_.pdf](ftp://ftp.fao.org/TC/CPF/Country%20NMTPF/Nepal/thematic%20studies/Food%20Security%20_Final_.pdf)
- Greene, D. (2014, May). Shrink management: Reducing storage losses. *Diamond V Dairy Advisor*, 1-5. Retrieved October 14, 2016, from <http://files.ctctcdn.com/63e577eb001/c8bf0f34-2a4b-40b9-91ca-091398c6b277.pdf>
- Hendy, C., Kleih, U., Crawshaw, R., Phillips, P. (1995). Interactions between Livestock Production Systems and the Environment. Retrieved from <http://www.fao.org/wairdocs/lead/x6123e/x6123e00.htm#Contents>

- IndexMundi. (2016). *Rubber Monthly Price*. [Data File]. Retrieved from <http://www.indexmundi.com/Commodities/?commodity=rubber&months=60&currency=cad>
- Maltsoglou, I., and Taniguchi, K. (2004). Poverty, Livestock and Household Typologies in Nepal. FAO. Retrieved from <http://ftp.fao.org/docrep/fao/007/ae125e/ae125e00.pdf>
- Marahatta, S., Dangol, B.S, and Burung, G.B. (2009). Temporal and Spatial Variability of Climate Change over Nepal (1976-2005). Retrieved from [http://practicalaction.org/file/region\\_nepal/ClimateChange1976-2005.pdf](http://practicalaction.org/file/region_nepal/ClimateChange1976-2005.pdf)
- Nepal: Livestock Sector* (Rep.). (2005). FAO. Retrieved October 15, 2016, from [http://www.fao.org/ag/againfo/resources/en/publications/sector\\_briefs/lsb\\_NPL.pdf](http://www.fao.org/ag/againfo/resources/en/publications/sector_briefs/lsb_NPL.pdf)
- Pariyar, D. (2008). Country Pasture/Forage Resource Profiles. FAO. Retrieved from <http://www.fao.org/ag/agp/agpc/doc/Counprof/Nepal/nepal.htm>
- Price, Sean. (2016). Nepal Railway Assessment. Retrieved from <http://dlca.logcluster.org/display/public/DLCA/2.4+Nepal+Railway+Assessment;jsessionid=9764270B09AFAF0A301E7D7D2FC788C7>
- Riding Warehouse. (2016). Water-n-Hole Slosh-Proof Bucket Top 20 Quart. Retrieved from [http://www.ridingwarehouse.com/Water-n-Hole\\_Slosh-Proof\\_Bucket\\_Top\\_20\\_Quart\\_5\\_Gallon/descpage-WHSBT.html](http://www.ridingwarehouse.com/Water-n-Hole_Slosh-Proof_Bucket_Top_20_Quart_5_Gallon/descpage-WHSBT.html)
- SmartPak Equine. (2016). The Better Bucket. Retrieved from <https://www.smartpakequine.com/pt/the-better-bucket-9839>
- Upreti, C., Shrestha, B. (2006). Nutrient Contents of Feed and Fodder in Nepal. Kathmandu, Nepal: Animal Nutrition Division, NARC.

Valley Vet. (2016). The Original Mowl. Retrieved from

[https://www.valleyvet.com/ct\\_detail.html?pgguid=a4e708f0-89fa-4d57-ac2b-7d4cb9e83b09](https://www.valleyvet.com/ct_detail.html?pgguid=a4e708f0-89fa-4d57-ac2b-7d4cb9e83b09)

World Population Review. (2016). Nepal Population 2016. Retrieved from

<http://worldpopulationreview.com/countries/nepal-population/>