Long-Distance Marketing of Sweet Potato from the Highlands of Papua New Guinea: An Analysis of Consumer Preferences and Supplier Responsiveness

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ABSTRACT

Sweet potato is an important staple food in PNG and is a good source of income for poor rural households in the Highlands of PNG. Selling in distant urban markets on the coast (e.g. Port Moresby and Lae) appears to be profitable. For farmers who want to market their sweet potato in distant urban markets, there are both opportunities and challenges: opportunities exist because of strong demand at present for Highlands-grown sweet potato but there are also challenges such as significant product losses during transportation and communication difficulties between suppliers and consumers because of the fragmented long-distance supply chain.

As a staple food being sold on informal markets one may think sweet potato is best represented as an undifferentiated commodity. However, anecdotal evidence suggests that sweet potato may be considered a differentiated product in the minds of consumers – different consumers apparently look for different attributes. By definition, differentiated products are referred to as products that are similar but may have unique characteristics that appeals to consumers. Assuming then that consumers really do consider sweet potato as a differentiated product, Highlands suppliers may be able to tap into these market opportunities by being more customer-focused and using marketing strategies that emphasise product differentiation.

The research had two aims. First it aimed to explore the extent to which Highlands-grown sweet potato in the coastal urban market of Lae may be considered a differentiated product. Secondly, the research aimed to explore whether Highlands suppliers of sweet potato are aware of consumer preferences and are responsive to those preferences.

A mixed quantitative/qualitative methodology involving a consumer survey, semi-structured interviews with Highlands suppliers and observation studies of both consumers and Highlands suppliers at the Lae market were used in the empirical analysis. Data was analyzed descriptively and using logistic regressions.

Results show that consumers have different preferences for sweet potato and they treat sweet potato as a differentiated product - differentiating it on the basis of production area, varieties, physical and eating characteristics and quality of sweet potato.

Results also show that suppliers interviewed did not appear to understand consumer preferences for variety very well but they did seem to have a fair understanding of the
consumer preferences for physical and eating characteristics. Suppliers were also found to be only minimally effective in meeting consumer preferences. That is, they intend to be responsive however their attempts are minimal and carried out on an individual basis. There appeared to be opportunities to improve the returns from marketing sweet potato in distant markets by improving supplier responsiveness, particularly using collective marketing strategies such as regional branding and joint promotion.

Policy implications of the research findings include: facilitating the development of grading standards on the basis of production area, varieties, and physical and eating characteristics. This would include implementation, monitoring and enforcement; Facilitating communication between suppliers and consumers. This could involve an extension role and assistance with developing communication infrastructure; Facilitating the development of joint promotion through the formation of supplier groups, regional branding as well as the support of agricultural shows to create greater awareness of the different types of sweet potato there are at the market.
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List of Abbreviations

ASQ: American Society for Quality
CIAT: International Centre for Tropical Agriculture
CUW: Concordia University Wisconsin
FPDA: Fresh Produce Development Agency
FOB: Fee on Board
NIES: National Industry Extension Services
NSO: National Statistical Office
OR: Odds Ratio
PED: Price Elasticity of Demand
PNG: Papua New Guinea
SHSU: Sam Houston State University
VEW: Village Extension Workers
WTP: Willingness to Pay
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