

INAUGURAL ISSUE

Journal of **AGRIBUSINESS MARKETING**

Volume 1

December 2008

1. Exploratory Study in Assessing the Market Potential and Distribution Network of Selected Tropical Fruits in Europe
Norjaya Mohd Yasin, Mhd Suhaimi Ahmad, Norzalita Abd Aziz and Ahmad Khairy Ahmad Domil
2. Exploring Market Potential of Malaysian Tropical Fruits in Japan: Assessment of Market Accessibility and Consumers' Acceptance
Faridah Hj. Hassan, Rosidah Musa, Jamaliah Mohd Yusof and Jamaluddin Yahaya
3. The Broiler Chicken Industry in Malaysia: Some Evidences on the Structure, Conduct and Performance
Bisant Kaur and Fatimah Mohamed Arshad
4. Distribution Channel of Tropical Fruits in the Netherlands Market
Siohong Tih, Azhar Ahmad and Mohd Fauzi Mohd Jani

Published by



Federal
Agricultural
Marketing
Authority

Foreword by the Director-General of FAMA

The publication of the inaugural issue of the *Journal of Agribusiness Marketing* is an important milestone in the continuing efforts of the Federal Agricultural Marketing Authority (FAMA) to improve the marketing system for agricultural produce. This journal was motivated in part by the absence of journals in Malaysia which are dedicated to intellectual discourse on marketing in the agribusiness sector, and thus this journal fills a vacuum that has long existed.

The importance of adequate information flows in agribusiness marketing is underlined by the need to continually manage supply to match demand so that price fluctuations are minimised, particularly to the producers. If prices and market information are not transmitted quickly and efficiently to all relevant parties, asymmetric price transmission may result at certain market levels. In addition, localised shortages and gluts may occur frequently. Market information is thus crucial to encourage market efficiency. The availability of price and other market information helps to reduce inherent risks and transaction costs in agricultural production. Towards this end, this journal provides an important avenue to disseminate market information and research findings on agribusiness marketing.

Ensuring that the marketing system is competitive and efficient has always been among FAMA's priorities. This is in recognition of the fact that a well-functioning marketing system is important to remove hindrances to the further development of the agricultural sector. In view of the importance of the agribusiness sector to the local population and its role as a foreign exchange earner, it is timely to have a journal that provides a platform to exchange views and experiences both on the local front and internationally on pertinent issues that affect the industry and to keep abreast of the latest developments.

In addition, periodic supply shortages and surpluses are quite common occurrences in the agribusiness sector and these could pose food security problems. Such market imperfections should be minimised and this journal provides an opportunity to publish research findings that could provide valuable insights into the functioning of markets and assist in the formulation of appropriate measures to ensure the continued growth of the sector.

FAMA welcomes contributions of articles from individuals and organisations, whether domestic or international, to ensure the sustainability of this journal. The journal will be published annually in December and articles both in English and Bahasa Malaysia will be considered. Articles submitted should have relevance to agribusiness and agricultural marketing, including supply and demand analysis, price analysis, distribution system, supply chain management,

logistics, grading, quality management, agricultural and food trade, food safety and marketing policies.

I would like to take this opportunity to acknowledge the assistance of various individuals and institutions, without whose contributions this journal would not have been possible in the present form. My heartfelt thanks go to the staff of Universiti Putra Malaysia and Universiti Kebangsaan Malaysia who were instrumental in the initial conceptualisation of the form and substance of this journal. I also wish to express gratitude to all the Associate Editors from local institutions of higher learning, including Universiti Sains Malaysia, Universiti Malaya, Universiti Putra Malaysia, Universiti Kebangsaan Malaysia and Universiti Teknologi MARA, and external reviewers from FAO and AFMA, who have so generously contributed their valuable time and effort to ensure a high quality publication. Last, but not least, I would like to record my appreciation to the members of the Editorial Board who have worked very hard to ensure the realisation of a vision to have a journal published by FAMA.

Dato' Mohamed Shariff Abdul Aziz.

Editorial

The Journal of Agribusiness Marketing is a publication of the Federal Agricultural Marketing Authority (FAMA) of Malaysia which aims to provide a forum for scholarly works in agribusiness and agricultural marketing relevant to Malaysia, the ASEAN region and the rest of the world.

All manuscripts received are subjected to the double-blind review process prior to publication. Each submission is initially reviewed by the Chief Editor and, if judged suitable for this publication, it is then sent to a minimum of two referees for double blind peer review. Based on the referees' recommendations, the paper is either accepted as is, returned to authors for revision together with comments from the review, or rejected. The double-blind review process ensures that the requirement of objectivity is fulfilled.

Currently, the Journal of Agribusiness Marketing has thirteen Associate Editors on its editorial board who review manuscripts prior to publication. The journal welcomes contributions from staff of local and international institutions or organisations who are specialists in their respective fields related to agribusiness marketing to join our editorial board as reviewers.

The inaugural issue of the Journal of Agribusiness Marketing presents four articles which discuss various issues related to marketing of fresh produce. Norjaya, Suhaimi, Norzalita and Ahmad in their paper entitled **"Exploratory Study In Assessing The Market Potential And Distribution Network Of Selected Tropical Fruits In Europe"** assess the market potential of tropical fruits in the European market. Among the aspects covered in this exploratory study were the distribution network and the competitiveness of Malaysian tropical fruits. The study found that there is considerable potential for Malaysian tropical fruits, especially carambola, pomelo and dragon fruit. It was, however, recommended that these fruits should be marketed in the niche premium market. European consumers have high disposable incomes and are developing a taste for healthy and natural products, thereby providing opportunities for Malaysian producers and exporters.

In their paper entitled **"Exploring Market Potential of Malaysian Tropical Fruits in Japan: Assessment of Market Accessibility and Consumers' Acceptance"** Faridah, Rosidah, Jamaliah and Jamaluddin note that there are prospects for improving Malaysia's share in the overall international tropical fruit trade. Demand for imported fruits continues to grow in Japan and exporting of fresh fruits to Japan presents opportunities for enterprising exporters. This exploratory research examined the legal regulations and administrative procedures of exporting fresh fruits into Japan and assessed the consumer preference for Malaysian fruits. The research revealed that the fruits which

have high consumer awareness and demand are pineapple, banana, red melon, yellow melon and mango. Among these fruits, mango was singled out as the most favoured and therefore, with the greatest market potential. Nevertheless, the study pointed out the stringent requirements for exporting fresh fruits to Japan. The critical issues have been quality and also the presence of fruit flies.

Bisant and Fatimah examine the performance of the broiler market in **“The Broiler Chicken Industry in Malaysia: Some Evidences on the Structure, Conduct and Performance”**. They note that the major structural changes that the industry has experienced have led to concerns over market concentration and the likely exercise of market power by wholesalers at the expense of producers and consumers. Their finding that the broiler market is oligopolistic in nature with a few large buyers exercising considerable power over the broiler marketing process underlines the importance of improving the market information dissemination system and improving transparency in the price determination process. Regional markets were, however, found to be well-integrated in the long-run with Kuala Lumpur as the dominant market and this is consistent with well-functioning commodity markets.

The final article, **“Distribution Channel of Tropical Fruits in the Netherlands Market”** by Tih, Azhar and Fauzi examines the tropical fruits market in Netherlands. Only selected tropical fruits are currently distributed and the main source of these fruits is the Asian countries. The entire distribution channel of tropical fruits in the Netherlands is complex. The findings of this research indicate that that in order to access high-end consumer segments via supermarket chains, the quality of tropical fruits is important. High standard compliance is required in order to penetrate this market segment. The alternative channels via retailers and traditional grocers are also available, but at a lower margin. The findings from this research can serve as useful guidelines for tropical fruit producers and exporters.

On behalf of the Editorial Board, I would like to thank the Director-General of FAMA for his support, encouragement and patience throughout the considerable time it took to finally see this journal in print. I would also to thank Prof. Dr. Fatimah Mohamed Arshad who patiently guided us from the inception of this journal through its various stages. Thanks are also due to the reviewers who tirelessly reviewed the manuscripts and the authors for their article contributions. I would also like to acknowledge the support we received from various individuals and institutions which made this publication possible.

Bisant Kaur (PhD)

JOURNAL OF AGRIBUSINESS MARKETING

Volume 1

December 2008

Contents

1. Exploratory Study in Assessing the Market Potential and Distribution Network of Selected Tropical Fruits in Europe
Norjaya Mohd Yasin, Mhd Suhaimi Ahmad, Norzalita Abd Aziz and Ahmad Khairy Ahmad Domil
2. Exploring Market Potential of Malaysian Tropical Fruits in Japan: Assessment of Market Accessibility and Consumers' Acceptance
Faridah Hj. Hassan, Rosidah Musa, Jamaliah Mohd Yusof and Jamaluddin Yahaya
3. The Broiler Chicken Industry in Malaysia: Some Evidences on the Structure, Conduct and Performance
Bisant Kaur and Fatimah Mohamed Arshad
4. Distribution Channel of Tropical Fruits in the Netherlands Market
Siohong Tih, Azhar Ahmad and Mohd Fauzi Mohd Jani