

Analysis of Biodiversity for Food and Nutrition (BFN) food product market in Sri Lanka: A case study of finger millet flour

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Abstract

Biodiversity for Food and Nutrition (BFN) crops are recognized for high nutritional importance and their high potential for greater human wellbeing. These crops were traditionally used by people of Sri Lanka. Acquisition of processing functions by agri-food processors and introduction of value added products is increasing over the last half-century. Yet, there is a lack of studies to analyze markets. This study employs Structure-Conduct-Performance Paradigm to understand the current market of finger millet (*Eleusine coracana*) flour, as a representative BFN product. This product is available in all areas of the country and popular in households and food service businesses as an ingredient. Data were collected from markets in selected locations through observations and brief interviews with retail shop operators. Sixty retail establishments randomly selected from Colombo, Gampaha, and Kandy, three major consumer residential districts, were considered for the survey. Standard SCP indicators, Herfindahl-Hirschman Index (HHI) and n-firm concentration ratios were computed. Twenty-six brands of packaged flour including one store brand were observed. Market shares were calculated as a percentage of incidences of a particular brand with respect to all incidences. 3-Firm concentration ratio is 0.57 while 5-firm concentration ratio is 0.69. Market share of the leading brand is 28.5%. HHI of this industry was 1,463, which is less than 1,500. Therefore, finger millet flour market in Sri Lanka can be concluded as perfectly competitive. Top producers are multi-product firms and heavily involved in promotions of all products of respective brands mainly through radio. All producers (except one) are non-public in business type. Therefore, standard performance measures, such as profit are difficult to obtain. However continuous investments by firms in promoting and expanding production can be an indicator that industry is profitable. It can be concluded that the market functions efficiently. There is a large scope of growth to improve the quality of product by promoting understanding of quality among producers and awareness among consumers about good practices. There are no prior studies conducted on food production or marketing and therefore on BFN products. Despite its limitations due to lack of resources, this can be considered a pioneering study.

Keywords: Advertising, Finger millet flour, Market share, Product branding, Structure-Conduct-Performance (SCP) model

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