

## **Market Structure of Sago Starch in Southeast Sulawesi, Indonesia**

### **Abstract:**

Sago plant produces sago starch, which can be processed into various food and non-food uses and has high demand in the domestic and international market. However, sago starch marketing is still facing problems that make the crop has not yet optimally support the economy of sago growing and processing households and communities. The study aimed to assess the market structure of sago starch in Konawe District of Southeast Sulawesi Province, Indonesia. Data collection was done in two sago growing subdistricts. Respondents consisted of 55 sago producers, four subdistrict collectors, and two large traders. Data were collected using questionnaires, observation, and in-depth interviews, and were analyzed using Concentration Ratio and descriptive statistics. Study results showed that market participants consisted of producers, collectors, large traders, and retailer. The producer or seller concentration was low, and the atomistic selling condition prevailed in the sago extraction industry. The market share of the four largest collectors was 67.25%. Product differentiation was not present or low among the sago producers. Observed barriers to entry into the sago starch production included lack of technical skills, availability of water sources, knowledge of the area, and the nature of sago extraction operation. Barriers to entry into sago marketing were moderate and included capital requirement, economies of scale, knowledge of the area, and networking with both producers and large traders. The sago starch market has deviated from the norms of competitive market structure, namely, an oligopsonistic market structure. The structural features of the industry need to be improved by establishing standard and grades to facilitate marketing and to lead to product differentiation.

**Keywords:** marketing, market structure, producer, sago, starch, Indonesia