



Photo: T. Krupnik

## Tailoring African rice value chains to urban markets: Tuning in to consumers

In the wake of the 2008 food crisis, Senegal launched an ambitious food self-sufficiency programme, the Grand Offensive in Agriculture for Food and Abundance (GOANA). However, like past productivist initiatives GOANA is overly focused on production and largely ignores end-markets in upgrading rice value chains. If production does increase at the rates prescribed in the plan, who will buy the rice?

In order to achieve its goal, the “Grand Offensive in Agriculture for Food and Abundance” (GOANA) programme, launched by the Senegalese government in 2008, has to triple

### **Amy C. Rizzotto**

Visiting Research Fellow/Fulbright Research Grantee

### **Matty Demont**

Agricultural Economist  
Africa Rice Center (AfricaRice)  
Saint-Louis, Senegal  
m.demont@cgiar.org.

rice production – from 300,000 to one million tons during 2008–2015 – mainly through massive investments in existing and new rice perimeters in the Senegal River Valley (Ministère de l’Agriculture et de l’Elevage, 2008). However, recent surveys indicate that less than 60 percent of consumers in the capital Dakar are aware that this local Senegal River Valley (SRV) rice even exists. In addition, 25 percent of consumers perceive its grain quality to be inferior to that of imported broken rice (Fall et al., 2007). The domestic rice industry clearly has some significant

*In agriculture & rural development, no 1/2006, our authors Michael Brüntrup, Thao Nguyen and Christian Kaps had a look at the rice market in Senegal. This article’s authors take up the discussion on the issue and assess how the Senegalese Government’s ambitious food-self sufficiency programme is impacting on the domestic rice market and how urban consumers can be reached in particular. The authors would like to thank the European Union and the U.S. Fulbright Program for financing this research.*



*Souleymane Diallo, a farmer in Podor in the north of Senegal, is harvesting his experimental plots.*

Photo: T. Krupnik

challenges to overcome before it brings an increased quantity to market.

## ■ Upgrading rice value chains

The development world is beginning to catch on to the idea that more research into consumer demand and preferences for local rice is needed in order to upgrade rice value chains in West Africa (USAID, 2009). Value chains, strategic vertical alliances of non-adversarial relationships between stakeholders within a product's supply chain, aim to make a product more competitive in end-markets, in turn contributing to self-sufficiency, food security, and economic growth. The significant lack of awareness of SRV rice in urban markets indicates that a logical preliminary step in upgrading rice value chains in Senegal will likely require a greater focus on advertising and generic promotion.

Although consumer preferences are deeply embedded in societal

norms and market behaviour, they are not unalterable. Advertising can strengthen a product's appeal in two ways: extending reach and building value (Norman et al., 2008).

**Reach** is when you contribute more information to consumers to raise their awareness. In order to decrease the awareness gap, increase consumer demand, and bolster the competitiveness of local rice, reach must be extended to a greater proportion of rice's most important audience. Data from recent experimental auctions support this claim, pointing to an increased likelihood of consumers purchasing quality SRV rice when they are aware of it (Demont et al., 2010). Urban women between the ages of 18 and 60 should be the target demographic of advertising efforts since they, as household managers, are the most likely to purchase rice. Further, television and radio will likely be the most successful reach mechanisms since 52 percent of urban households in Senegal own televisions and 88 per-

cent own radios (Montgomery and Hewett, 2005).

In addition to extending reach, advertising can complement a product by building **value** through widespread product recognition that connects the good with a certain image. Building value is most effective when applied to a differentiated product with a distinguishable identity. Oxfam-funded PINORD (*Plateforme d'Appui des Initiatives du Nord*), a platform of farmer organisations, is the first initiative in Senegal to have introduced a trademarked brand name for a quality SRV rice product, *Rival®* (*Riz de la Vallée*). PINORD's promotional strategy is fivefold: improved grain quality and purity, improved packaging, improved transport, increased availability in urban markets, and multi-medium publicity for their brand (PINORD, 2009). Recent experimental evidence revealed that urban Senegalese consumers were willing to add 21 percent on top of the price of imported rice to obtain *Rival®* (Demont et al., 2010), indicating that SRV rice is able to "rival" its competitor in urban end-markets if quality is tailored to consumer standards. However, while PINORD's strategy is a promising step towards increasing the competitiveness of the SRV rice sector, it currently operates at a scale too small to significantly impact the market. For quality SRV rice to realise its full potential, large-scale investment needs to be made in value chain upgrading. The question now is who should preside over these efforts?

## ■ Value chain governance

Though perhaps an unexpected advocate for local rice, importers could play a pivotal role in the marketing and promotion of local rice. In Nigeria and Ghana for example, Olam, Nigeria's largest regional rice importer, has heav-



ily invested in promoting the production and marketing of local rice (USAID, 2009). Ever since the 2008 food crisis, Senegalese importers have had emerging incentives to invest in the domestic rice industry. Price volatility and restrictive export policies have made import dependency increasingly risky. According to prominent Senegalese importer Moustapha Tall, many importers are engaged in a capricious and unprofitable “race to the bottom” as they try to beat their competitors’ prices and gain more customers.

Uncertainty is slowly but surely motivating importers to consider the sales potential of SRV rice. A disincentive, however, is the lack of confidence in product quality, quantity, and the weakness of sourcing and distribution channels for SRV rice. Importer Marieme Diouck argues that private sector actors must pioneer this effort because producers lack resources and the government has floundered in its previous attempts. Diouck is one of the importers who is ready to dive into SRV rice sales and may well be the catalyst for change once quality has improved and quantity is reliable.

## ■ Scaling up

While advertising and generic promotion may help increase the competitiveness of quality SRV rice, the next challenge down the pipeline confronting the industry is scale. As it stands now, most rice growers only sell one third of their rice commercially. The



Photo: T. Krupnik

*To market their rice, the farmers of the farmer organisations platform PINORD use labelled, branded Rival® bags.*

rest is sold through an informal trade system that weakens vertical linkages between producers and traders. Unfortunately, without better chain-wide governance, farmers are left with few other options. Recognising the need to scale up, some farmers are beginning to join forces, but as of yet, none have managed to claim a significant and profitable share of the market. The main constraint to scaling up SRV value chains is the consumer awareness gap and prevailing trend of consumer preferences for imported rice in urban end-markets. Quality SRV rice should secure a larger share of this essential market by adapting to consumer preferences. Rice value chain initiators could partner with the private sector and international organisations to combat the stereotypes associated with local rice, increase its competitiveness, and depose Senegal as the largest importer of broken rice in the world. PINORD has begun to tackle this task, but it cannot



Photo: M. Demont

act alone to increase the competitiveness of quality SRV rice to a point where it can begin to erode import dependency and enhance food security.

What is at stake goes beyond the livelihoods of SRV rice-growers and the economic viability of the sector. In a broader context, rice value chain upgrading has significant implications for food security, poverty alleviation, and overall economic development in Senegal and the rest of West Africa. Therefore, initiatives that are tailored to better understand and transform consumer preferences for rice are an essential component to any self-sufficiency or development strategy involving national rice production in Senegal and beyond.

*A full list of references can be obtained from the authors or is available at: [www.rural21.com](http://www.rural21.com).*

## Zusammenfassung

Nach der Nahrungsmittelkrise 2008 hat Senegal ein ehrgeiziges Lebensmittel-Selbstversorgungsprogramm entwickelt: Durch massive Investitionen in vorhandene und neue Reisanbauflächen im Senegal River Valley (SRV) soll der inländische Reisverbrauch bis 2015 komplett aus eigener Erzeugung gedeckt werden. Ob der geplante Anstieg der Reiserzeugung auch die Märkte in den Städten erreicht, in denen das Produkt oft unbekannt ist oder schlecht dargeboten wird, bleibt jedoch

abzuwarten. In dem Beitrag wird die Rolle gezielter Förderprogramme für die Schaffung geeigneter „Value Chains“ für SRV-Reis, die die Ansprüche der städtischen Verbraucher erfüllen, beleuchtet.

## Resumen

En respuesta a la crisis alimentaria de 2008, Senegal desarrolló un ambicioso programa de autosuficiencia en alimentos que apunta a cubrir por completo el consumo nacional de arroz con arroz local hasta 2015, mediante inversiones masivas en

las plantaciones ya existentes del valle del río Senegal (SRV por sus siglas en inglés) y otras nuevas. Sin embargo, está por verse cómo llegaría este boom proyectado de la producción de arroz a los mercados urbanos, donde el producto a menudo no se conoce o causa una mala impresión. Por lo tanto, el artículo subraya el rol de los programas genéricos de promoción para adaptar las cadenas de valor del arroz cultivado en el valle del río Senegal, de calidad emergente, a los estándares de los consumidores urbanos.