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## Determinants of Smallholder Farmer Market Choices: A Case of Organic Pineapple Markets in Uganda

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### Abstract

Organic pineapple production in Uganda is driven by the premium price in the export market. A market chain has developed with organically certified farmers selling to export companies. Whereas sometimes farmers fall short of the demanded quantities, the companies in some cases do not buy all the farmers' produce. This market failure often disadvantages the farmer whose primary objective is benefiting from the premium price. The study examines farmers' alternative market choices for organic pineapple and factors that influence those choices. Inability of export companies to procure all that farmers' produce particularly during peak seasons, and the organic market fixed prices that are sometimes lower than conventional market prices during lean periods is of concern. Consequently, farmers have a decision-making challenge regarding selling organic pineapples to the conventional markets. In the absence of empirical knowledge on factors that influence farmers' market choice, it is a challenge to accordingly advise the non-homogeneous organic farmers whose decisions may not be uniformly rewarding. This study was done in Kayunga and Luwero districts in central Uganda, purposively selected for being the leading pineapple producers. Using a cross-sectional household survey, data were collected from 275 randomly selected farmers (116 organic and 159 conventional). Organic farmers' market choices were categorised as (1) only organic market – farmers selling to export companies and (2) both organic and conventional – selling a portion to organic market and another to conventional market. The data were analysed using a Logit model (for organic farmer market choice decisions) and a Probit model to establish if both organic and conventional farmers are influenced by similar factors while transacting in the conventional market. Descriptive results show that the majority (68%) of organic farmers sold pineapple to both organic and conventional markets. Logit model results indicate pineapple-farming experience ( $p < 0.05$ ), annual pineapple harvests ( $p < 0.05$ ), and pineapple price in the conventional market ( $p < 0.01$ ) as some of the key factors influencing organic farmers' market choice. Annual pineapple harvests and the distance in kilometers between pineapple fields and the markets are some of the significant factors from the Probit model assessment.

**Keywords:** Market choice, organic pineapple, Uganda