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Marketing in Papua New Guinea

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Introduction

1. To grasp the socio-economic structure of a developing country, I studied the marketing in Papua New Guinea (P. N. G.). To fully understand the socio-economic structure of any country, it is necessary to deal with the economic condition of the local industries, the politics, and the countries international relationships. However in this paper, I will concerntrate on marketing, and from this point of view I will make references to the socio-economic structure. In 1969, H. C. Brookfield published, "Pacific Market-Places". This book made a comprehensive survey of past studies on marketing in the South Pacific area, but these studies were based on investigations made in the 1960's, and it seems to me that since that time sufficient market studies have not been undertaken. However, there are several studies on marketing after 1970's and I think Flores's study is the most notable among them.

2. There are two types of retail patterns in P. N. G., one is stores and the other the street market or bazaar. Stores can be further divided into large supermarkets and small stores, and markets can be divided into common markets (i. e. many sellers) and small scale street venders (side walk venders). Small stores can further be divided into professional stores, caravan stores in towns, and other small stores in towns and villages.

3. The subject of this paper is the retail patterns in the common markets. Common markets play an important part in retail activities especially in urban areas. These markets deal with a quarter of the total food supply in Port Moresby and it is reported that someone from about three-quarters of the households go to market on Saturdays[1].

4. It should also be pointed out that markets have social and political, as well as, economic roles. These markets serve as a meeting place for friends and as a place for self governmental activities similar to a city council (Brookfield, 1969).

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Purpose and Method

During my survey, I limited the purpose of investigation to the following two respects. To look for changes that have occurred since the 1960's and to ascertain the reasons for these changes.

I listed all of the markets in the Eastern Highlands Province and availed myself to the materials in university and research institutes and to various governmental offices, both federal and provincial. I also made field observations, distributed a few questionnaires, and conducted personal interviews.

Results

1. On market places

Table 1 contains a list of every market place in the Eastern Highlands Province. From the table it is appearent that one district has, in general, one market, with the exceptions that the Kainantu district has three markets, the Goroka district has two markets, and the Wonenara district has no market. Urban population seems to be related to the existence of markets.

It is assumed that the situation in other provinces is similar. However, it may be necessary for me to consider the fact that this province was modernized in an earlier time and has, therefore, a rather more developed market system.

Through field observations along the roads between Lae and Buroro, and Goroka and Mounthagen I concluded that markets are found in any town which has a strong centrality and large population.

2. On marketing in the sample cities

Table 2 and Fig. 1 summarize the characteristics of the markets in Lae, Table 3

Table 1. Market places in Eastern Highlands Province (E. H. P.).

	market name	class	number of sellers/week[1]	range of sellers[2]	total population[3] of each town or village (1980)	district[4]
1	Goroka	1st	50000	all prov.	18,797	Goroka
2	Kainantu	〃	40000	〃	3,809	Kainantu
3	Aiyura	〃			1,685	〃
4	Okapa	2nd	500	all district	500	Okapa
5	Heganofi	〃	500	〃	365	Heganofi
6	Lufa	〃	500	〃	200	Lufa
7	Asaro	〃	500	part of the district	200	Goroka
8	Obura	3rd	50	〃	87	Kainantu

note : 1), 2) hearing from principal research officer of E. H. P.
3), 4) Provincial Data System of E. H. P.

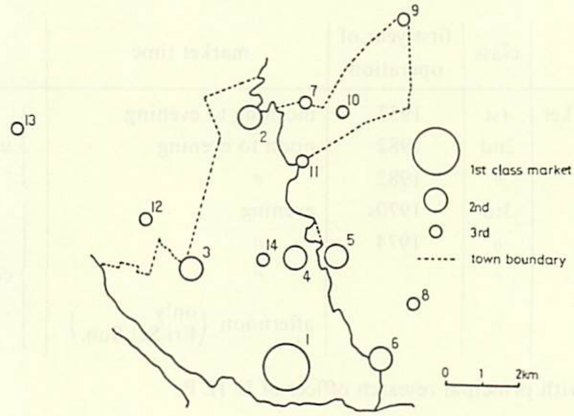

Fig. 1. Market places in Lae.

Table 2. Markets in Lae

	market name	class[1)]	first year of operation	manager
1	Air Corps Road	1st	1958	City Council
2	Taraka West	2nd	early 1970s	〃
3	3 mile	〃	before 1977	〃
4	Buimo Road	〃	1980	〃
5	Kamukumn	〃	1973	Kamukumn Society
6	Butibam	〃	1973	{Butibam Progress Association
7	East Taraka	3rd	1979	
8	Bush Road	〃	1979	
9	Nabak	〃	1979	
10	Unitek	〃	1980	
11	Independence Drive	〃	1980	
12	5 mile	〃	1980	
13	10 mile	〃	1980	
14	Boundary Road	〃	1981	

note : 1st : all types of goods sold ; 8a. m.-4p. m. ; over 300 sellers
2nd : food only ; 1p.m. -6p. m. ; 50-100 sellers
3rd : less than 20-30 sellers

sourcs : Lae City Interim Orthority and hearing

and Fig. 2 those in Goroka, and Table 4 those in Port Moresby.

From these tables and figures I can see that the first markets appeared in the 1950's in all the cities, and there was still only one market in each city in the 1960's. However, in the 1970's new markets appeared one after another, and this trend has continued into

Table 3. Markets in Goroka.

	market name	class	first year of operation	market time	management
1	Goroka main market	1st	1957	morning to evening	urban market
2	West Lopi Street	2nd	1982	noon to evening	
3	Gama Village	〃	1982	〃	
4	Seigu	3rd	1970s	evening	community market
5	Faniyufa	〃	1974	〃	
6	Okuzufa	〃		〃	
7	Gefamu	〃		afternoon (only Fri.Sat.Sun.)	

source: interview with principal research officer of E. H. P.

Table 4. Markets in Port Moresby.

	market name	class	first year of operation	market time	manager	remarkes
1	Koki	1st	1959	8:30-6:00	Koki Market Trust	
2	Gordon	〃	1973	〃	P.M. City Council	
3	Waigani	2nd	1973	〃	〃	
4	Boroko	〃	1974	〃	〃	
5	Gerefu	〃	1975	〃	〃	
6	Hohola	3rd	1974	〃	〃	
7	Sabama	〃	1975	〃	〃	
8	Tokarara	〃	1982	〃	〃	no entrance fee
9	6 mile	〃	1983	〃	informal	

note: City Council was established in 1973 and it planned to create several new markets.
source: interview with officer of P. M. City Council, etc.

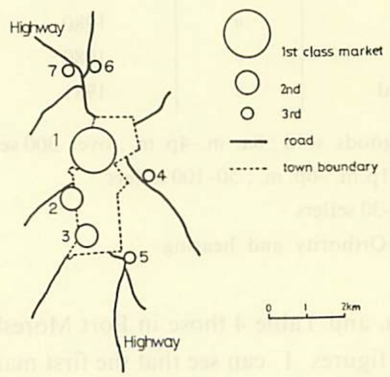

Fig. 2. Market places in Goroka.

the 1980's.

Generally speaking, the markets since the 1950's have become 1st class ones, the markets since the first half of the 1970's have become 2nd class ones, and the markets which appeared after the latter half of the 1970's remain 3rd class ones.

As I could collect data on market income (sum of the market entrance fee for the sellers) in Port Moresby (except Koki Market), I analyzed the situation of the markets in this city and discovered that :

> From November 1982 to October 1983, the months of low income were January and February and those of high income were March and from May to August (Fig. 3) ; The largest market is Gordon, the second is Gerefu, and Sabama and Hohola are small (Table 5 & Fig. 4) ; Saturday is the most active day (25.2 % of the total income), Friday follows (20.6 %), and Tuesday is the least active day (10.4 %) as shown by Table 6 ; Fifty percent of the market income are appropriated for salaries of market managers and 15 % for repairs, etc. (Table 7).

I questioned one seller in Mounthagen, three sellers in Goroka, and three sellers in Gordon of Port Moresby through questionaires, using New Guinea Pidgin or English. Those results are shown in Table 8.

We should be careful in making generalizations from this table because the samples are very few and the answers of these sellers are not sufficient. However, we can obtain a general outline of marketing from this table.

What follows is a brief summay of the studies undertaken by scholars in Papua New Guinea. I will limit my consieration to studies on Port Moresby, because most of the papers which were gathered during my short survey were on this city.

Following is a summary of actual conditions and some caracteristics of the markets based mainly on Flores's (1980) studies.

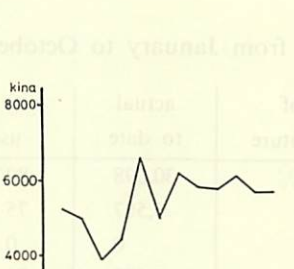

Fig. 3. Total market income by month.

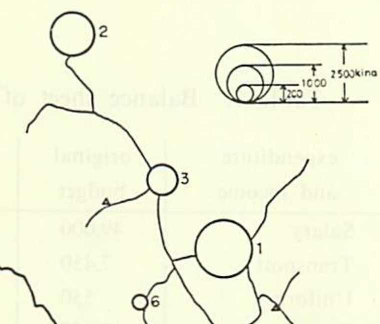

Fig. 4. Size of each market in Port Moresby. (in Oct. 1983)

Table 5. Market scale in Port Moresby.

	market name	total income in Oct. 1983	% of income	number of market officers	number of officer/day
1	Gordon	2,406.10k	41.3	3	1-3
2	Gerehu	1,498.00	25.7	2	1-2
3	Waigani	747.90	12.8	2	1-2
4	Boroko	587.90	10.1	2	1-2
5	Sadama	391.00	6.7	2	1
6	Hohola	194.10	3.3	1	1
total		5,824.10	100.0		

note : except Koki, Tokarara and 6-mile
source : Port Moresby City Council

Table 6. Market income by day and week.

day \ week	1st w.	2nd w.	3rd w.	4th w.	total	rate (%)
Monday	209.50	186.20	203.90	203.90	763.10	14.8
Tuesday	138.00	147.30	129.70	129.70	533.70	10.4
Wednesday	184.00	183.70	124.50	124.50	658.10	12.8
Thirsday	191.50	215.90	214.30	214.30	832.30	16.2
Friday	220.60	328.30	231.40	231.40	1,059.60	20.6
Saturday	351.10	332.80	319.50	319.50	1,297.00	25.2
total	1,294.70	1,294.20	1,223.30	1,223.30	5,143.80	100.0

source : same above

Table 7. Balance sheet of market income in from January to October 1983.

expenditure and income	original budget	revised budget	% of expenditure	actual to date	rate of use
Salary	49,000	34,000	49.8%	30,098	89%
Transport	7,450	7,450	10.9	5,587	75
Uniform	550	550	0.8	0	0
Repairs	10,450	10,450	15.3	2,673	26
Electricity	2,100	2,100	3.1	936	45
Interest	5,200	5,200	7.6	848	16
Depriciation	8,500	8,500	12.5	0	0
Market income	62,500	62,500		55,705	89
Deficit	20,750	5,750			

source : same above

Table 8. Results of interviews with sellers at the market.

market	number of sellers	sex	age	village & transport	produce	amount brought to market	a unit cost	sum obtained	disposal of unsold produce	disposal of profits	friquency of visit to market
Mount-Hagen	1	f	40		bananas	15 bunches	.10	0	taken home	to buy rice and canned fish in stores	weekly
Goroka	1	f	31	Safanota by truck	suger cane bananas vegitables kidney beans vegetable seeds bracken	11 stalks 9 bunches 3 bundle 1 basket 2 baskets 1 bundle	.10 .10 .10 .10 .10 .10	.10			
	2	f f	20 1	Faniyufa by truck	pineapples	30	.70	17.50	taken home	to buy rice and canned fish in stores	1-2 times/week
	3	f f	40 9	Komu on foot	pineapples veg. seeds pumpkin seeds papaya	1 6 baskets 2 baskets 1	.30 .10 .10 .20	0	taken home	to buy something in stores	every day
Gordon in P. M.	1	m m m	30 18 6	Karuwam by P. M. V.	peanuts	37 baskets	.20	0	eaten, taken home	to buy rice, canned fish, sugar, meat and biscuit	1-3 times/week
	2	m	21	Koupuana by P. M. V.	bananas taro coconuts yams	15 bunches 10 basket 10 4 basket	.60 1.00 1.00 .10 .20 .20 .50	0			
	3	m	40	Woitape by bus	mangoes	32	.20	0	taken home	to buy something to eat, rice, canned fish and meat	weekly

note: Interviews were held at about noon in Nov. 1983.

Table 9. Characteristics of sellers and market participation.

Origin of sellers	Average distance to the market (k. m.)	Average travel time (hours)	No. of sellers interviewed	% of male sellers	% of sellers selling only own produce
Port Moresby Urban	4	0.5	9	44	89
Tubusereia	20	1.1	4	25	100
Brown River	35	1.5	30	80	100
Sogeri	41	1.7	16	86	88
Kokoda	93	2.1	7	86	57
Rigo	102	4.5	25	76	88
Kairuku	164	4.1	33	64	85
Total or Average	84	2.7	124	72	87

source: A. S. Flores (1979): Marketing of Agricultural Products in Papua New Guinea. Economics Department Discussion Paper No. 43, A. S. Flores and G. T. Harris (1980): The Supply and Distribution of Fresh Fruits and Vegetables in Port Moresby. Economics Department Discussion Paper No. 45.

Close to 90 percent of the fruits and vegetables consumed in Port Moresby come from the Central Province; 10 percent is imported, mainly from Australia; and very little is brought from elsewhere in Papua New Guinea. Two-thirds of the city's fruits and vegetables were handled by the common markets and 15 % by the Food Marketing Corporation and supermarkets, etc., with the remaining 15 % not being marketed (either home grown or received as gifts). The Characteristics of the sellers and market participation are given in Table 9. Following is a summary of these characteristics.

a) Brown River, Rigo and Kairuku are the most important supply area of the markets, together accounting for 71 percent of the sellers, and are rather far from Port Moresby.

b) Sellers are normally males except for areas near Port Moresby, where women presumably substitute for males engaged in wage employment.

c) 87 percent of the sellers sell only their own produce and the remaining 13 percent sell produce grown by their parents and relatives. The main exception are sellers from Kokoda, who come by air, stay the longest of any group of sellers, and market goods least frequently.

d) Over 83 percent of sellers produce porposely for sale, so we can see the progress of commercialism.

e) Except for the Port Moresby urban area the rate of sellers for whom selling is main income source is high (80 percent).

f) The value of produce brought to the market range from as low as 4 Kina[2)] for Port Moresby sellers to as high as 300 Kina for sellers in Kairuku

% of sellers who produced purposely for sale	% of sellers for whom selling was main income source	Estimated Value of Sales		Average length of stay in market (days)	Transportation Cost	
		Range (Kina)	Average (Kina)		per seller (Kina)	% of Estimated Value of Sales
67	33	4-27	10.1	0.6	0.8	7.6
75	75	8-90	31.0	0.7	1.7	5.5
83	93	5-50	12.3	1.6	2.7	21.7
81	75	6-40	9.0	1.7	2.2	24.5
100	86	30-300	110.0	4.6	81.0	73.6
88	84	10-60	13.7	3.6	7.7	56.4
82	79	10-220	40.5	4.1	13.4	33.0
83	80	4-300	25.6	2.8	10.7	41.8

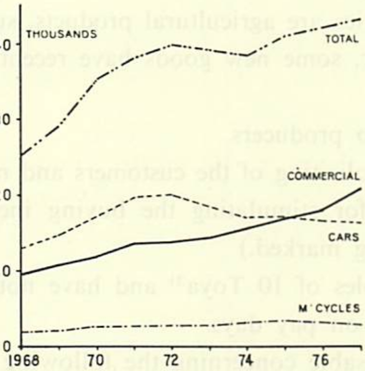

Fig. 5 Registered vehicles in P. N. G.
source : Theo Varpian (1980) : Urban Growth and Transportation Planning, in "Urbanisation and its problems in P.N.G."

and Kokoda. The average value of the produce brought to the market per seller per trip is about 25.6 Kina, varing from an average of 9 Kina for Sogeri to 40.5 Kina for Kairuku. The greater the distance to the market, the more is brought to the market per seller per trip.

g) The length of stay of the sellers in the market is from one to two days for those living close to the market, and from four to five days for those living at a greater distance, with the average at 2.8 days. A large proportion of the sellers coming from a distance of up to about 80 kilometers sell in Port Moresby at least once a week, while those coming from a greater distance sell less frequently.

h) Most sellers come to the market by truck or public transportation (micro bus) except for sellers from Kokoda who come by air. Transport costs per seller per trip are low for those living near the market and high for those living at a greater distance (13.4 Kina for those from Kairuku and 81.0 Kina for those living in Kokoda). The average rate of transportation cost in E. V. S. (Estimated Value of Sales) is 41.8 percent.

i) 37 percent of the sellers undertake no other activity during a market trip other than selling, 28 percent visit friends or relatives, and 27 percent do some shopping in the stores.

j) The majority of the sellers (64.6 %) are able to sell at least half of the produce they bring to the market. Very little is bartered or given away.

Discussion

In comparing the present situation with that of 1960's, no change could be recognized in the following points:

1) The main commodities are agricultural products, such as staple foods, vegetables, and fruits. (However, some new goods have recently appeared, for instance, ice and eggs.)

2) Most sellers are also producers.

3) There is no active soliciting of the customers and no bargaining. (However, it seems that the behavior for stimulating the buying incentive of customers with additional pieces is becoming marked.)

4) Prices are in multiples of 10 Toya[3] and have not changed.

5) Markets are busiest on pay days.

Changes were clearly visable concerning the following points:

1) an increased number of markets in the main cities.

2) market days and times in the main markets increased from one or two days a week to every day except for Sunday and from only in the early or late morning to all day long.

3) transportation changed from foot to motor vehicles (and even airplanes), particularly since the middle of the 1970's (Fig. 5); and

4) the minimum market entrance fee rose from 5 Toya to 20 Toya.

In a word, the greatest changes occurred in both quantity and quality of marketing in this period. The increase in quantity is clearly indicated by the first and second points stated above and the 3rd and 4th indicate an increase in quality. I suggest the development of commercialism with the help of the motorization (which means the rise of the cost of transportation) and the rise in market entrance fee which have fostered the prevalence of money use among people.

The social roles of markets have become weaker and commercialism has increased considerably. And I attribute not only increased mobilization but also rapid urbanization with the increase of urban dwellers as the background of these pheno-

Table 10. Urban population growth.

year	Port Moresby	Lae	Goroka	Mount Hagen	P. N. G.
1961	29,000	—	1,516	—	—
1966	41,850(100)	16,526(100)	4,826(100)	3,315(100)	2,150,317(100)
1971	76,506(183)	38,730(230)	12,066(250)	10,621(320)	2,435,409(113)
1980	123,624(295)	61,617(373)	13,511(384)	13,441(405)	2,978,057(138)

source: 1980 National Population Census, R. Jackson ed. (1976): An introduction to the urban geography of P. N. G.

mena (Table 10). Rapid urbanization and overcrowding greatly increase the need for food in the inner city, resulting in urban gardening on private plots or on open land, and carried out in some cases based on the greater use of advanced technology like machinery and irrigation in urban fringe.

It seems that the growth of urban gardening in the near future will affect the characters of marketing, particularly on increasing commercialism.

Note

1) Miskaram, N. (in press) p. 23
2) One Kina is about 1.25 U. S. dollar.
3) One Kina is 100 Toya.

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