

**A STUDY ON SARAWAK SAGO INDUSTRY :
THE MARKETING STRATEGY**

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ABSTRACT

Sago starch has been an economically important crop for Sarawak. It comes in the processed form of sago flour classified into the food grade and the relatively inferior industrial grade. Currently, the export of sago starch is the fourth highest revenue earner of Sarawak in the agricultural sector after oil palm, pepper and cocoa. With an annual world market demand of about 20 million tons of starch, sago only contribute a mere 3% with majority of the share is taken up by corn, potato and tapioca starches.

Presently, there are eleven (11) modern and semi-mechanized sago factories in Sarawak. All of the sago factories are located a distant from Kuching in Sibu division in the districts of Mukah, Dalat and Igan except one, which is located in the district of Pusa in Sri Aman division. This creates the problem during the study other than the unavailability of factory owners at the time when calls are made and the confidentiality of data. These factories are producing the food grade and the industrial grade sago starch. Sago starch is then processed into finished goods such as maltodextrin, caramel and glucose in the food industry and also alcohol for industrial use.

One of the major problems faced by Sarawak sago industry is the poor quality and quantity of sago starch produced. Quality and quantity characteristics of sago starch depend on a number of inter-related factors such as raw material, mode and

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Sago palm (Metroxylon sp.), better known as 'rumbia' is commonly distributed in Southeast Asia region. It has long been recognized as an important natural resource in the daily livelihood of the rural people because of its multiple usage. Sago is potentially a very important starch-producing tree, which grows well in swampy lowlands of the tropics, where no other crop could survive this kind of environment.

Sago palm takes about 12 to 14 years to mature. When it starts to flower, the matured palm is felled and cut into logs of about one meter in length where sago starch is extracted from it. The component that is of economic value is the starch that is accumulated in the trunk of the palm during maturation. A sago palm of 10m height can yield between 200 to 250 kg. of starch (E.S. Sim et al, 1990).

Sago starch is a valuable source of carbohydrate. It is widely used in the food industries. Products that had been produced from sago starch are monosodium glutamate, high fructose syrup, glucose, maltose, dextrin, caramel, vinegar, bakers' yeast and products for local food industries. Recent research has shown that products, such as maltodextrin, cyclodextrin, modified sago starches and