

Information Management for Product Differentiation in Supply Chains: the Case of Speciality Coffee

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SUMMARY

Prices of most of agricultural commodities show a long-term trend to decline. Increasingly markets are signaling demand for differentiated products and in order to increase their incomes farmers and traders are looking to higher value options, including differentiated products. Product differentiation occurs when a product offering is perceived by the consumer to differ from its competition on any physical or non physical product characteristic including price. The differentiation can be based both on perceptual differences and also on actual product differences based on measurable characteristics. The information requirements for supply chain management of differentiated high value products are much more stringent than for traditional commodities requiring a two way information flow running from the primary producer to the end customer. The conceptual base for information systems to support supply chain management of differentiated products is described. CinfO, an internet based coffee information system, illustrates how these principles have been applied to the case of specialty coffees. CinfO provides farmers information on where and how to produce coffee with particular features, whilst at the same time providing traders with information on the availability of specialty coffees with particular traits. Furthermore, CinfO traces individual coffee batches indicating where and how the beans were produced, processed and distributed to the end consumer so as to facilitate identity preservation which is key to obtaining added value from differentiation.