



Organic Spices Growers Forum

C/o INFACT (Information for Action)
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Organic Spices Growers forum (OSGF)

Vanilla Marketing Experiences

Marketing Experiences

Presented in Inter-State Vanilla Consultation

Venue: Hotel Renaissance, Kochi

Date: 25th May, 2004

By

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(Coordinator, Marketing)

Organic Spices Growers' Forum, Kerala

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- Background
- Our Marketing Experiences
- Learnings
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Background

- OSGF member, Jacob Sebastian's' astonishment about the huge price difference in international and domestic vanilla price
- OSGF President, Varkiyachen's constant request for a state level consultation
- Deviprasad Jain's (Wayanad) information about the tactics of a prominent vanilla trader

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Vanilla Marketing Experiences

OUTCOME

- State level meeting in August 23rd 2002
- Our Motivation: Deviprasad & team from distant places like Wayanad, Koothatukulam Team (All Kerala Spices Growers' Association)



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Vanilla Marketing Experiences

Result of the 1st state level consultancy

- Press release to highlight the problem, **farmers' decision to process vanilla**
- **Website information circulated among farmers**
- **Vanilla price in that season: Offered Rs. 300/-, started Rs.850 and rose to Rs. 1250/- at the end of the season**
- **Collective processing of vanilla and bargaining in marketing**

We sold processed vanilla in 2003 March for the 1st time!!

- 1st result of collective bargaining
 - **We got Rs.10,500/kg compared to the offered Rs. 6000/-**
 - **Help from Paul Maniyangat and Joseph Painikulam**

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2nd State-level consultation in September 4th 2003

- **Objective:** *Develop farmer-led marketing system and strengthen farmer groups & farmers' initiatives in cultivation, processing and marketing of vanilla*
- Main decisions taken:
 - Issue based cooperation is needed
 - Collective bargaining is the solution
 - International price should be monitored regularly
 - Sharing of available information between farmers
 - Farmer-led processing and marketing of vanilla
 - Discourage farm based individual sales
 - A proper pricing and grading system for vanilla
 - Avoid middle men in vanilla marketing
 - Set –up a monitoring team in vanilla marketing

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Outcome of 2nd State-level consultation

- Farmer-led Marketing System
 - Started in 17th September 2003
 - Followed by 9 more marketing processes in Kottayam and Idukki districts

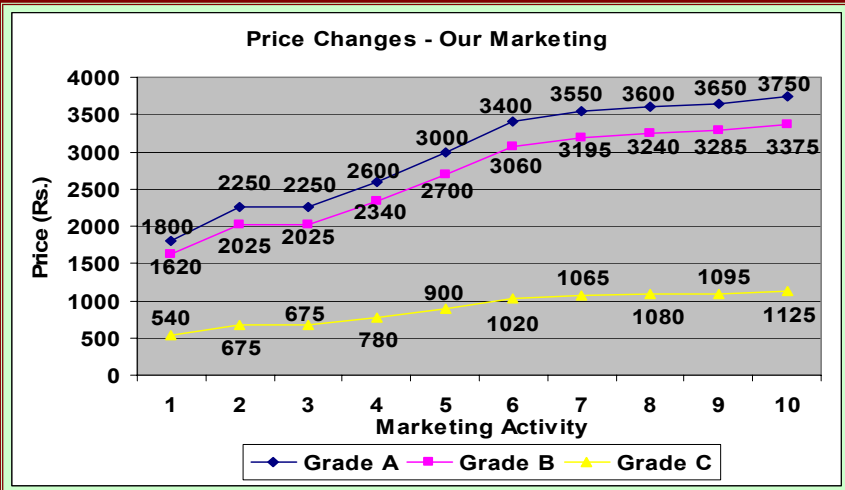
*Reason for success: Whole-hearted support from members of All Kerala Spices Growers' Association, Koothatukulam like
Mr. M.C. George, Mr. K.U. John etc and
Mr. C Gopinath from Karnataka !!*

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We Can do it !!



Koothattukulam Grading System

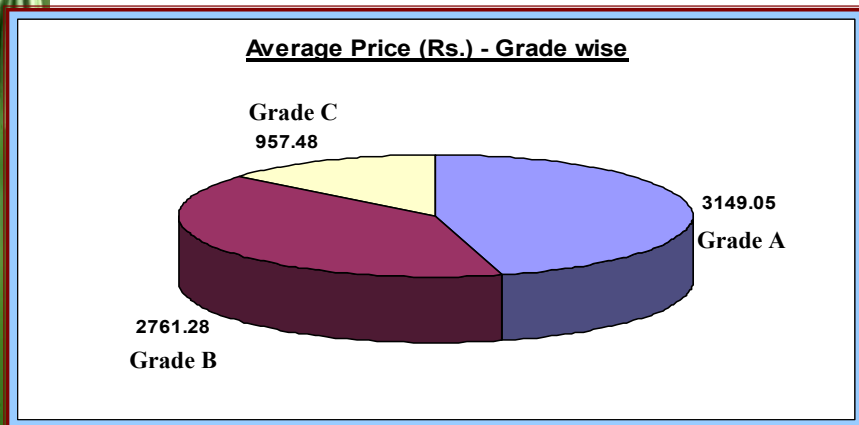
Grade	Old Dimension	New Dimension
A	Above 15.24 cm	Above 14 cm
B	Between 10.16 and 15.24	Between 10 and 14
C	Below 10.16	Below 10

OSGF Pricing System

Grade	Old Pricing	New Pricing
A	No Criteria	-
B	No Criteria	90 % of A Grade
C	No Criteria	30 % of A Grade

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We Can do it !!



- Total Quantity Traded: **Approx. 10 tones**

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Experiences – with Traders

- Correcting lack of knowledge of traders and others
 - sweating of vanilla
 - maturity of vanilla
- Quality Produce at a single place in required quantity
 - Saving time, money, resources
- Relationship building
- Easy to identify the source
- Experiences in bargaining
- Cheap tactics
 - arguments, threatening to withdraw from trade

Experiences - with farmers

- More information sharing
 - sweating of vanilla,
 - maturity of vanilla
- Unity of farmers exhibited at the time of crisis
 - Traders refusal to trade
 - Risk taken by certain farmers for others when there was a shortage of money
- Able to assure good price
- Farmers were convinced about the scope
 - Call from places like Murikassery

Experiences - with farmers (Contd..)

- Relationship building
 - Local, state level, national level
- Able to understand local dynamics that are different from place to place
- Farmer friendly, simple to adopt locally
- Ensures accountability and fair trade
- Coordination & cooperation among farmers
- Able to counter tactics of traders collectively

Experiences - with farmers (Contd..)

- Local level collective decisions for problem solving
 - Disagreement by somebody about grading system, maturity
- Individual Sacrifice are needed for sustaining group dynamics
- Image tarnishing experiences
 - Immature beans given by some farmers

Experiences - with farmers (Contd..)

- Internal crisis
 - Difference of opinion
- Farmers didn't have the learning that future of Indian vanilla is in their hand
 - not conscious about quality
- No proper system developed initially
 - developed over time, hence not professional



Our Learnings

- We need to train farmers in producing the right quality produce to ensure better price
 - through model farm development, farm visits etc
- We need better understanding about the quality standards of Indian vanilla
 - Detailed analysis of processed bean



Our Learnings

- Local group initiatives are more successful being small
 - able to understand local scenario more clearly and also for problem solving
- Traders will come to us if we can produce quality beans in needed quantity
- Unity of farmers more important (long-term) than high price (short-term)

Vanilla marketing without any procurement charges

We did it, But is it sustainable in the long run?

Present Scenario

- Farmers holding processed vanilla
 - no traders giving reasonable offers
- Traders united after Bangalore Seminar and withdraw from the market
- International retail price for vanilla beans still high as per americanspices.com and other sites
 - \$ 299/Pound (Rs.29,700/kg approx.) of processed vanilla beans !!

Possible solutions

- Small is beautiful
 - Initiate and strengthen local farmers' groups and organisations
- Area specific research for cultivation, processing and marketing
 - Identify non-productive input uses and discourage their use to reduce cost of production

Possible solutions (Contd..)

- Learn and promote indigenous vanilla processing system
- Identify domestic and international buyers
- Develop domestic market immediately
- Produce quality vanilla beans

Conclusion

- Our Role: Initiator and Facilitator
- Success factor: Support from various places like Koothattukulam, Wayanad, Karnataka etc



THANK YOU