

A NOVEL EXPERIENCE IN VANILLA MARKETING

The Farmer Way

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1. HISTORY

Formed in 1999, Organic Spices Growers' Forum (OSGF) is a platform for spice growers to gather, share and disseminate information for the betterment of their life and farms. This is a fully farmer owned institution presently working in an informal manner with active support from INFACT (Information for Action), a NGO in Central Travancore, Kerala. *OSGF's vision* is to **become a viable model in spices farming with a strong commitment for social relations, quality, efficiency and profitability of services**. The main aim is to equip farmers to lead a sustainable life by competing to the forces of market in a friendly manner giving respect to mother earth. **Information dissemination** is one our strategies in achieving this long-term goal. With the help of INFACT, OSGF has initiated a common venue to market vanilla in a raw form based on the experiences of farmers.

2. BACKGROUND

Many OSGF members like Mr. Jacob Sebastian used to regularly check website for price information and he found that there is a huge difference between international and domestic vanilla price. He shared this information with many of his friends like, Varkiyachen Aduppukallumkal's (President, OSGF) who then urged OSGF to conduct a state level consultation in vanilla. In the mean time, Mr.Deviprasad Jain (Wayanad) shared a particular example of a prominent vanilla trader from Cochin who adopted various tactics to get vanilla in a cheap price from Wayanad farmers. This included threatening to withdraw from the market, quality issues etc.

3. OUR MARKETING EXPERIENCE

OSGF convened a State level meeting in August 23rd 2002 in which farmers from places like Wayanad, All Kerala Spices growers Association, Koothatukulam etc came and we all were able to highlight the problem through a press release where we courageously proclaimed that Kerala farmers will semi-process vanilla and will find alternate trades. We shared the Website information among farmers and during that season Vanilla price started at Rs.850 and rose to Rs. 1250/- compared to the offered Rs. 300/-. This is indeed a success to Collective processing of vanilla and bargaining in marketing. The main success factor of collective bargaining was not this. As per our decision, we semi-processed vanilla and sold it in *2003 March for the 1st time and we got* Rs.10, 500/kg compared to the offered Rs. 6000/-. We are indebted to many farmers for this especially for the help from Mr. Paul Maniyangat and Mr. Joseph Painikulam

One particular feature of our system is that we used to share information with others before the starting of every season so that farmers will get complete benefit. Hence we convened the 2nd

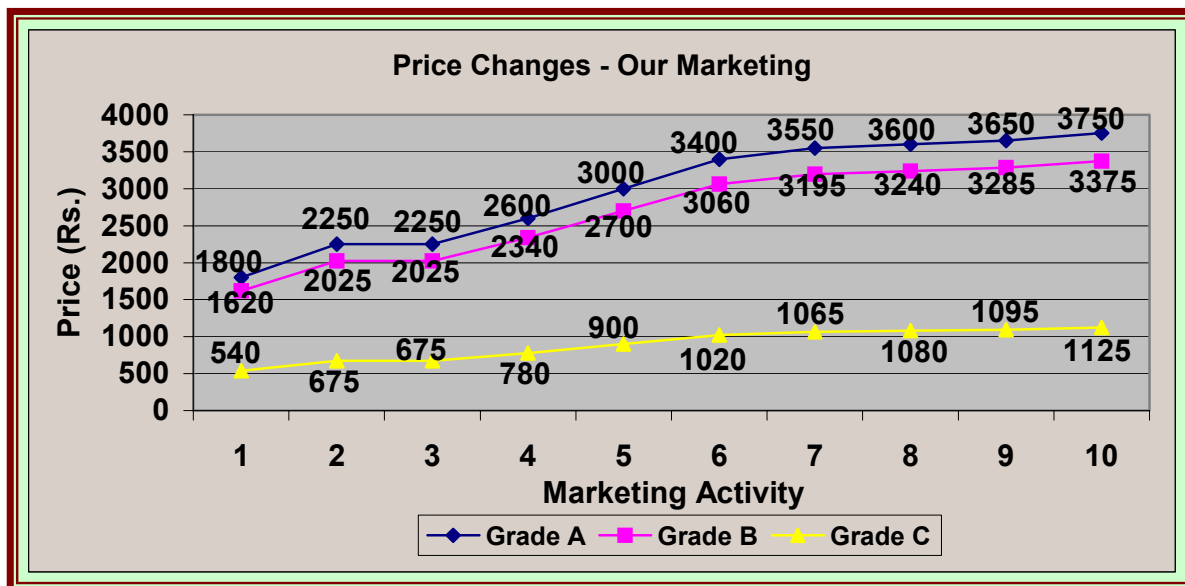
State-level vanilla consultations in September 4th 2003. The main Objective was to **develop farmer-led marketing system and strengthen farmer groups & farmers' initiatives in cultivation, processing and marketing of vanilla**

Main decisions of that meeting included:

1. Issue based cooperation is needed
2. Collective bargaining is the solution
3. International price should be monitored regularly
4. Sharing of available information between farmers
5. Farmer-led processing and marketing of vanilla
6. Discourage farm based individual sales and middlemen in vanilla marketing
7. A proper pricing and grading system for vanilla
8. Set -up a monitoring team in vanilla marketing

This consultation has resulted in the emergence of a fully Farmer-led Marketing System which started in 17th September 2003 and was followed by 9 more marketing processes in various parts of Kottayam and Idukki districts like Pala, Kanjirappally, Thidanadu, Murikkaserry etc. The reason for success of this venture is the whole-hearted support from members of All Kerala Spices Growers' Association, Koothatukulam like Mr. M.C. George, Mr. K.U. John etc. from Kerala and Mr. C Gopinath from Karnataka. Two main outcome of that consultation is the development of **Koothattukulam Grading System** (by All Kerala Spices Growers' Association, Koothatukulam) and **OSGF Pricing System** (by OSGF, Pala)

Following are some of the statistics of our vanilla marketing:



(Source: Marketing Statistics, OSGF, 2003)

3.1 Koothattukulam Grading System

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

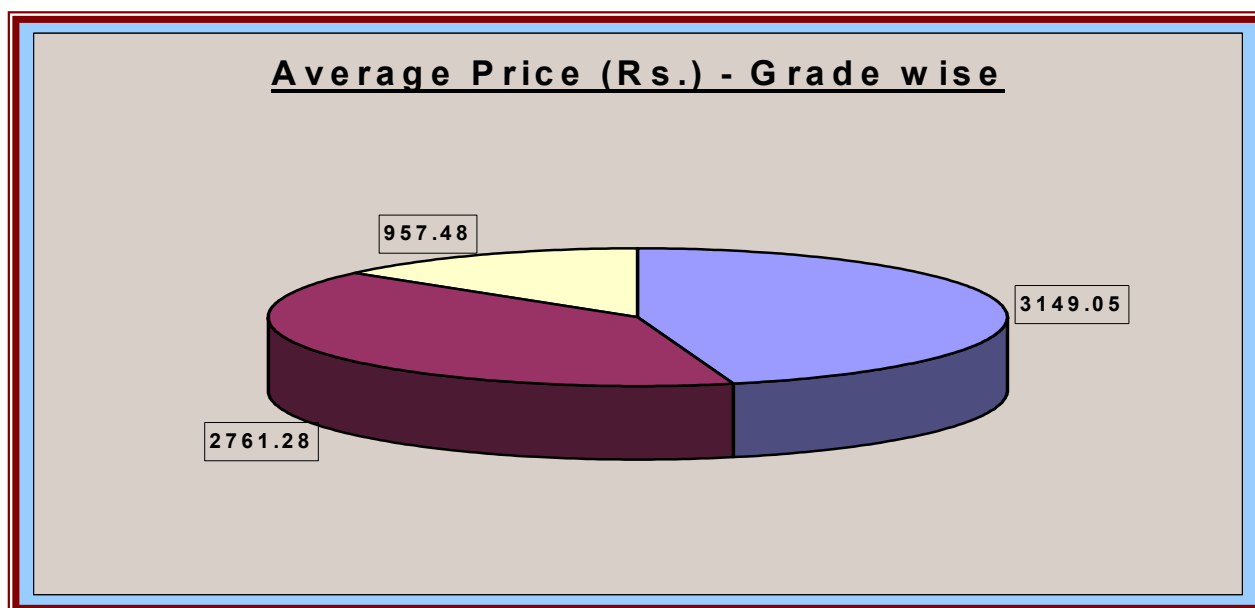
(Source: 2nd Inter-state vanilla consultation Report, OSGF, 2003)

3.2 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

(Source: 2nd Inter-state vanilla consultation Report, OSGF, 2003)

Average Prices we were able to get



(Source: Marketing Statistics, OSGF, 2003)

Approx. 10 tones of raw vanilla were marketed under this fully farmer-led marketing system.

4. OUR EXPERIENCES AND LERANINGS WITH TRADERS

4.1 Correcting lack of knowledge of traders and others

One particular experiences of OSGF in vanilla marketing is that even traders are lacking proper information about the quality of beans and the phyto-sanitary/ post harvesting techniques. This was proved beyond doubt through the following two incidents. We were able to tell them the reasons and hence we empowered the traders also in that process.

Sweating of vanilla: During one of the marketing process, one agent accused one of our farmers that he soaked the raw vanilla in water to get more weight to his produce. We had a detailed enquiry about it and found that all consignments brought in plastic sacks are found to be moistened extensively, a particular feature of sweating. We also found this moistening in the case of jute sacks and paper wound vanilla beans. Hence we arrived at the conclusion that it is not a cheating process, but a natural sweating process for vanilla being an orchid. This gave us one more learning that we need to sell our produce as early as possible to avoid possible weight loss through sweating process.

Maturity of vanilla: In another marketing process, a trader refused to take the produce a farmer accusing him of poor quality. In justifying himself he pointed towards another sack and said “*mature beans should be like this*” and he is ready to take beans like this only. Fortunately, that sack was also belonged to the same farmer and we told him this fact that the vanilla belongs to the same farm and he was forced to take that produce. We asked him to go to any of the vanilla farm and suggest us the correct maturity, which he was also not sure about. This happened in Idukki district and we learned that in Idukki the vanilla beans are found to be dark green even if it is matured. That means that we can’t generalize the maturity indices and is specific for certain geographic areas.

4.2 Quality produce in required quantity at a single place

One advantage of this system for the traders was that they were able to save time, money, human resources etc in finding the right quality produce. They were able to get the required quantity of produce from a single place which otherwise would have been caused them much logistic problems. Also, they had the advantage of having no direct contact with the farmers (this may be negative for the farmers). Even, we were able to identify the source of the produce in many cases.

4.3 Relationship building

There was a relationship building process between the traders and the farmers’ organisations. This means that from being individual farmers and independent traders we were able to grow to a level where there is some institutionalized set up that assures some kind of surety and believability to the entire system. Also the trader developed a kind of closeness to us by calling us repeatedly through telephone etc. (This is, no doubt, for his own business interests).

We learned a lot from this experiences about the tactics of traders in decreasing the price by means of various reasons. This included unnecessary arguments, threatening to withdraw from trade etc.

5. OUR EXPERIENCES AND LERANINGS WITH FARMERS

5.1 More information sharing

We were able to share much information during these gatherings and we benefited from it very much by getting a fairer price to our produce. We were also able to find new information like what described earlier. (Sweating of vanilla, maturity of vanilla etc)

5.2 Unity of farmers at the time of crisis

We all exhibited unique unity among ourselves when there was a problem, whether it is a trader tactics or our own logistics.

A particular example is the Kanjirappally experience when the trader (cotecha) refused to take the produce for the offered price on grounds of poor quality, even after along discussion with Mr. Harsh Cotecha in Mumbai. Farmers decided not to give produce to this trader and found another trader who was taking produce from Farmers of Erattupetta at that time. We contacted them immediately and they were ready to take the produce. Farmers told that they are ready to sell even at a lower price, if it is needed to tackle Cotecha's tactics. But seeing this at last Cotecha suddenly changed their decision and purchased the entire lot for the offered price.

Another incident was when the trader faced a serious cash shortage problem. At that time certain farmers took risk by agreeing to collect money later so that the needy will get money on that day. They risked their own produce for the welfare of colleagues.

Farmers were convinced about the scope, as there was surety for good price. This has resulted in extending the system to places like Murikassery, Idukki. Initially we thought that we would be dealing with Kottayam district only. But the responses of the farmers from various places forced us to replicate this in other places also. When we replicated this system in other places, we gave importance to local people and we included them also in the entire process so that they will be able to do this themselves in future. This ensured transparency and accountability of the entire process.

5.3 Relationship building

Framers from different places, who never have seen each other before, believed in this process of marketing and it resulted in long-term relationship building among them. We were able to infuse our own value system into the hearts of our fellow men and make them aware about the importance of collective bargaining and unity among ourselves for our own prosperity. Farmers understood the importance of quality aspects in the market place as they got a direct opportunity to interact with the real traders. We also were able to develop relationships among farmers, traders and other well-wishers both in the local, state, national and international level.

5.4 Understanding local dynamics

One experience that we gained through this process is the learning that local dynamics are different from place to place and are to be treated individually, preferably with local participation only. This means that we need to adopt different strategies depending upon the place and occasion. In other words, we need to be flexible to the maximum possible extend. Local level collective decisions are the best solution for problem solving. During one of our marketing experience one farmer was hesitant to agree with the grading system and he

brought immature beans. This problem was well tackled by the local farmers themselves, as they know each other very well. In such occasions collective social pressure found the best solution. Had it been a system where local participation is low or nil, such a kind of problem solving would't has materialized.

5.4 Importance of farmer friendly and simple system

We also learned that if the system introduced is simple, adoptable and understandable to the farmers, then they will also actively participate in the entire process, contrary to the common belief that farmers are averse to market and market activity. It is not because that they are ignorant, but it is because of the unfriendliness of the system that keeps them away from market activity.

5.5 Coordination & cooperation among farmers

Farmers will exhibit full cooperation if they are aware of the importance of the activity. For this we need to educate them in way that is convenient to them. Once they are convinced they will extend all kinds of support to the system. A particular example is the cooperation that they exhibited in Kanjirappally to counter tactics of traders collectively.

5.6 Individual sacrifice sufficient for sustaining group dynamics

Most of the farmers who participated in this marketing experiences has benefited much in terms of monetary and information. Even though we didn't collect any commission or procurement charge for the process, we spend money from our own pockets to meet various expenses. This was not at all a loss making activity as we all gained much monetary benefit through collective bargaining that ensured better price for our produce. Most of us were sacrificing their own time and resources for a better marketing future for Indian vanilla. Individual sacrifice is needed to sustain group dynamics, especially when somebody within the group is free ridding at our own expenses.

6. OUR RECOMENDATIONS

From our last few years experiences in vanilla cultivation, processing and marketing we would like to give the following suggestions to improve the efficiency system.

1. We need to train farmers in producing the right quality produce to ensure better price
 - Through model farm development, farm visits etc
2. We need better understanding about the quality standards of Indian vanilla
 - Detailed analysis of processed bean
3. Local group initiatives are more successful being small
 - Able to understand local scenario more clearly and also for problem solving
4. Traders will come to us if we can produce quality beans in needed quantity
5. Unity of farmers more important (long-term objective) than high price (short-term objective)

7. PRESENT SCENARIO

Though the international market is prosperous in terms of price offers, the Indian traders are not ready to purchase processed vanilla from farmers this year. The traders are not giving reasonable offers in tandem with international price movements (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!!). This may be due to a collective decision of Indian vanilla traders who have recently formed a cartel after the much proclaimed Bangalore Vanilla Seminar. They very well know the danger for them if farmers are united. If farmers are able to semi process the beans and stock it, the traders will not be in a better position to cheat the farmers further. Hence they have decided to adopt all kinds of tactics to destroy the present unity shown by Indian vanilla growers.

8. POSSIBLE SOLUTIONS

1. Small is beautiful
 - a. Initiate and strengthen local farmers' groups and organisations
2. Area specific research for cultivation, processing and marketing
 - a. Identify non-productive input uses and discourage their use to reduce cost of production
3. Learn and promote indigenous vanilla processing system
4. Identify domestic and international buyers
5. Develop domestic market immediately targeting the Indian upper income group
6. Produce quality vanilla beans
7. Issue-based cooperation and networking accepting local level dynamics (Unity in diversity)
