SPICES FOR GLOBAL MARKET: A STUDY OF INTERNATIONAL MARKETING OF CHILLI

Gourav Pednekar
Lecturer, K.L.E. Society's Lingaraj College (Autonomous),
Belgavi, India
Email: gouravpednekar@gmail.com

ABSTRACT

In India, chilli is an important cash crop. The India is largest exporter of chilli and a consumer as well. The chilli is also important product on commodity exchange market. However it fails to attract foreign investment as there is lack of marketing especially branding. The production and distribution of chilli is still traditional. Hence to utilize excess capacity, one should go for modernized ways of marketing of chilli in international market.

This research is an attempt to map out some strategy for international marketing of Chilli by adopting branding methods.

Keywords: Chilli; Pungency; Red Colour; Spices; Branding; Final Consumer; Customer; B2b Customer; Variety of Chillies i.e. Lavangi, Teja, Byadagi and Jalapeno Chillies

INTRODUCTION

Chilli:

Chilli is considered as one of the most important commercial spice crops and is widely used as universal spice. It is also called as wonder spice. Botanically chilli is known as Capsicum annum. It is believed that chilli is originated in south America. In variety of regions of the world it is known with different names such as chillies, chile, hot peppers, bell peppers, red peppers, pod peppers, cayenne peppers, paprika, pimento and capsicum in different parts of the world.

For commercial judgments, chilli has two basic criteria pungency and red colour. Indian chillies are famous all over the world as they are fulfilling the norms regarding pungency and colour. Also there are other quality parameters like length, width, skin thickness and pod & seed ratio as well. Chillies are very rich in vitamins especially Vitamin A and Vitamin C. They are also source for potassium, magnesium and iron. It is also claimed that they have the power to boost immune system and lower cholesterol.

India is country where rich variety of chilli with fulfilling all quality norms is available. India is largest exporter of chilli as well as largest consumer of chilli. The varieties available in market are like Teja, Byadagi, Lavangi and various sub varieties. The marketing technique used by traders is almost traditional and sometime non commercial. Government of India is encouraging chilli production and trying to raise its export share. However these efforts are not sufficient and not a modern one.

OBJECTIVES

1. To know Indian chilli profile as a product in international market.
2. To suggest marketing strategy for chilli by way of branding with reference to international market to traders and government.
To identify export potential for chilli products and foreign capital investment in chilli business.

RESEARCH METHODOLOGY

Primary Research: Researcher has gone through various research works which is made for spice business, export of chilli and gaining knowledge for present status for chilli business. And also websites are providing data and statistics for agriculture products run by government of India.

Secondary Research: Researcher has conducted interviews of small vendors in local chilli market of Kolhapur. These interviews are informal and have more emphasis to understand marketing profile of chilli.

LIMITATIONS

1. This research work is unable to estimate sales figure after proposed modern marketing.
2. Assumption is made that; successful branding of chilli will result in favorable financial instrument market. However conditions like investor’s speculation economic condition, policy cycles are not considered.
3. Target countries are chosen only wherever references and explanations are required and not a particular research target.

Present Marketing of Varieties of Chillies in India

Chillies are grown in various states of India like Andhra Pradesh, Assam, Karnataka, Tamilnadu, Orissa, Maharashtra, West Bengal, Rajasthan, U.P. etc. The variety traded here are Jwala, Aparna, Barak, Byadagi, Sadabahar, Champa, Moti Mirchi, Hot Portugal, Punjab Red, Ratna red and Lavangi. These varieties are based on their pungency and red colour. Some farmers consider chilli as a main crop and some consider chilli as a sub crop i.e. they are cultivating for additional revenue.

The marketing of chilli is done for two major types of chilli.

Raw or Green chilli: These are traded through wholesalers at market yards and local small vegetable vendors. These are sold only local consumers for their domestic use.

Dry or Red Chilli: Ripe chillies are red. This process is held because there is decrease in Vitamin C and increase in Vitamin A. These are purely commercial crops. The marketing of chilli is held after this botanical process.

Processing: Ripe chillies are dried traditionally or with the help of solar dryers. After having uniform red colour and moisture level 8 to 10% these heaped fruits are packed.

Packaging and Warehousing: Packaging also made traditionally by packing it gunny bags either by hand or legs. Such packed goods are stored at local warehouses generally. In big cities like Hyderabad government as well as private warehousing facility is available. These warehouses are equipped and build specially for chillies.

Transportation and Assembling: Transport is used from bullock carts to Trucks. Transportation facility is varied from region to region as well as sales speculations. Farmer send their production to regional assembling centers which are run by cooperatives or government itself.

Grading: It is very important stage of marketing. Chillies are graded by producers. As per variety (which depends upon pungency and red colour) they will grade their product. Since variety is specific to region they can be graded on basis of growing region.

For e.g. Dharwadi Byadgi (North Karnataka region)

For exports they are graded systematically through Agmark
Export of chilli: India has immense potential to export different types of chillies required by various markets around the world. It is leader in export and 25% share is in name of Indian chilli. Out of total export of spices 28% is chilli export. However export is fluctuated by domestic demand.

Indian export (Country wise)

<table>
<thead>
<tr>
<th>Name of country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>29</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>19</td>
</tr>
<tr>
<td>Shrilanka</td>
<td>15</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>9</td>
</tr>
<tr>
<td>U.A.E.</td>
<td>8</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
</tr>
</tbody>
</table>

Export of chillies

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (in Tones)</th>
<th>Value Rs. (in lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>113174</td>
<td>40300.51</td>
</tr>
<tr>
<td>2006-07</td>
<td>148500</td>
<td>80775</td>
</tr>
<tr>
<td>2007-08</td>
<td>209000</td>
<td>109750</td>
</tr>
<tr>
<td>2008-09</td>
<td>188000</td>
<td>108095</td>
</tr>
<tr>
<td>2009-10</td>
<td>204000</td>
<td>129172.80</td>
</tr>
<tr>
<td>2010-11</td>
<td>240000</td>
<td>153554</td>
</tr>
<tr>
<td>2011-12</td>
<td>241000</td>
<td>214408</td>
</tr>
<tr>
<td>2012-13</td>
<td>301000</td>
<td>238060.90</td>
</tr>
</tbody>
</table>

From above data researcher concludes that exports are satisfactory. However there is lack of direct relation between foreign capital investment in commodity exchange market and exports.

Indian stakeholders in chilli business face following limitations for the international marketing of chilli.

1. Form of product while exporting: Chillies are traded in two forms either as a fruit or as a powder. That creates confusion among new customer. Also there is threat of mixing importing country’s local product.

2. Lack of communication with final consumer: Final consumer eats cuisines and not chillies that is the main limitation. Final consumer in other country is totally unaware about characteristics of Indian chilli. As chilli is b2b product marketing techniques like advertising, media, publicity are not used. They are traded traditionally.

3. Lack of Branding: There is no specific branding strategy for marketing Indian chilli in international market. There are various varieties available but these are not brands. Specialties of chilli are not communicated properly.

Chillies are traded in commodity market but due to lack of branding it fails to attract foreign investments.

Conclusion

After reviewing present marketing strategy for chilli, researcher concludes that by adopting modern marketing techniques and strategic approach towards international market.

As stated above researcher suggests ‘Branding of Chilli’ in following way.

**Branding:** Branding means giving name, logo, term or symbol to product to identify goods and services of one seller. In broader sense branding refers to giving status to product in customer’s mind.
Consumer should find that product useful before buying it. It is a strategic asset for seller. Seller should convert the brand value into high premium.

Branding of Chilli:
For chilli kinds of branding can be made for
1. B2B Customers
2. Final consumers

Final consumers: Final consumers in international market are mainly for chilli powder. They consume chilli through cuisines mainly through sauces.

B2b Customers: As a chilli trader one has to sell their goods to other businessmen in international market. Generally chilli customers are sauce makers, restaurants specialized in chilli cuisines, internet vendors etc. So, chilli is reached to final consumer in other form other form. However characteristics of chilli will remain as it is i.e. pungency and red colour.

Hence branding can be done easily with
1. Variety
2. Pungency
3. Red colour

This branding will help to have target audience.

Steps for branding of Chilli:

Step 1: Target customer in international marketing
For international markets of chilli there are two safe zones.
1. Malaysia: as current export share is high
2. U.S.A.: As the customer are familiar with branding of chilli i.e. Jalapeno chilli

Since there are people who already prefers chilli food and our chilli brands have potential to satisfy their needs next step is that they should admire branding process by increasing consumption. By conducting market research with customer specification one can understand customer. There are some ways which one can use.
1. Use quantitative research technique like anthropological reviews etc.
2. Establish consumer advisory product
3. A product should be able to provide information about chilli and there should be facility to record spontaneous feedback
4. Establish consumer membership organization.
5. Provision some utility services like recipe book or restaurant coupons where such services are available to them.

Application of all these steps will totally depend upon type of organization. By understanding customer and mainly consumer one can assure brand success. And for b2b customers this step shows chilli sellers interest in their customer’s. Such steps motivate long term business relations.

Step 2: Decisions regarding Brand design
A brand designing includes personification of brand. That means giving personality and identity to brand. Since this research is not a micro analysis i.e. not in respect of particular organization, researcher explains about Indian chilli.
For personification of Indian chilli following points are necessary to consider:

1. Since chilli is an ingredient, one should communicate specially Indian chilli made cuisines
2. The variety of Indian chilli can be used as flavors in dishes. For e.g. Slice a mango soft drink brand has launched 3 flavors in mango drink itself.
3. The above step can be repeated for chilli sauces which have huge demand in international market.
4. One should communicate a medicinal value of chilli to pharmaceutical companies to search new market.

Though chilli is going to be used for different purposes a brand design can be same as an Indian chilli and its variety. So brand names can be Lavangi, Teja or even Byadagi. As a result brand can be similar to customers.

Step 3: Grading and standardization
A grading and standardization process is yet traditional in India. A grading is deciding variety of chilli. As a standardization process for exports one should consider import policy of target country (Like U.S.A, Malaysia). In U.S. there is strict compliance regarding import of food product. But having agmark and some government initiatives chillies can be traded safely and easily. A grading and standardization is made with reference to its variety.

A specialty in variety is that it can be produced only in specific geographical area like Lavangi in Kolhapur, Teja in Andhra Pradesh, Byadagi in Dharwad region of Karnataka. This can be communicated in promotions.

For e.g. Cadbury communicate its Bournvile chocolates made from coffee beans from Ghana
Ashirwad AAta says that their wheat for wheat flour is especially from M.P.
Amul also presents that milk producers were from Gujarat.

Step 4: Brand Awareness to Brand Insistence
The last three steps are part of brand awareness. After adopting above steps researcher assumes that customers as well as final consumers are aware about Indian chillies and its varieties.

For brand insistence one should concentrate on following factor.

1. Exclusiveness
2. Value
3. Psychological factors

Exclusiveness: This factor has emphasis on accessibility of brand. Indian chillies should be available in all kinds of market of that country. The sauces and cuisines should be available at its consumption place. For success in this factor, the distribution chain must be strong.

Value: Satisfaction through low price is not much difficult for chilli and chilli products. Production cost, export cost is low. The burden is only import cost and distribution cost which can be controlled by proper management.

Psychological factors: As a chilli seller one has to face overall opposition of pungent products. It can affect sale. Another factor is confusion. Differentiation should be made with other Indian spices and other international chillies. Seller also can communicate nutritional value of chilli to have positive consumer psychology.

After having targeted customer, one should provide variety of product to have retention of customers.
Generally psychological factors can be controlled through brand image and advertising.

For e.g. Jalapeno chilliest

Jalapeno chilli is kind of Mexican chill which is popular all over the world. The cuisines including pizzas and burgers are available in Jalapeno flavor even in Indian market. The Jalapeno chillies are also sold through internet vendors as well. There are special restaurants like ‘Red pepper’s’ specially in chilli made cuisines.

Though Jalapeno is very high in pungency, consumers have mindset that it is consumable one.

By practicing hardcore marketing practices like this one can market Indian chillies as well.

**Step 5: Advertising**

This is very important step as it exists from brand positioning to get loyal consumers. Advertisement can be segmented in two major parts.

**Advertisement for final consumers**

**Advertisement for b2b customers**

Advertisement for final consumers: It should have emphasis on following factors for win situations. As such Indian product’s advertisements are new for international market, it should be attractive as well as informative. Attraction can be created on the basis of factors like ‘pungency’ and ‘red colour’. A careful psychological study is needed to generate new food habit in consumers. At macro level the promotion should be made for all products where Indian chillies are used. For e.g. Chilli sauces

Advertisement and promotion for b2b customers: The method like inviting tenders, internet selling, contracting through co-operatives etc can be adopted. Half work is done by creating excitement in market regarding Indian chilli products. Promoting Indian various market chilli product will be like providing data to final consumers where the product is available. B2b customer will be loyal after having such coordination.

**Step 6: Internet marketing and branding**

To serve as a brand on internet is completely different task. There are following ways available for international marketing of Indian chilli through internet.

**Direct selling:** There are vendors in various cities especially in U.S. where one can order vegetable and various food items on internet. They are b2b customer for Indian chilli. These websites are informative and able to communicate characteristics of Indian chilli to final consumers.

**Search Engine Management:** Informative websites should be made in such ways which are easily accessible by simple keywords. The keywords are related to chilli product, Indian recipes, culture, Farming and even words like hot, hotness etc. The customer’s access should be shifted from other variety of chillies through keywords management.

**Status updating:** Every internet user is updating his status on social networking sites such as facebook, twitter or even WhatsApp. Sellers can ask to his Indian chilli consumer to upload his review and feedback on their personal page, one can ask feedback.

**Brand building Websites:** There are websites such as ebay.com, flipcart.com. They provide an independent review as well as place advertisements. Such websites are very useful at early stages of marketing.

**Impact of marketing at international market:**

The impact of marketing of Indian chilli can be figure out in following points:

1. Foreign exchange increments
International branding of Indian product is useful to create image of country in the world.

Contracts with international traders will be useful in diplomacy and international treaties.

Commercialization and modernization of chilli trade in India.

Financial instruments regarding commodity market: This is the main aim for adopting modern marketing practices that to create boom in commodity market for chilli. Through marketing of chilli will get international identification. Though there is less sales because of identification commodity market will have international investment offering for chilli. As well as one can enter into U.S. commodity market as well.

CONCLUSION

The hypothesis conceived for the present study is proved with the help of analysis made in above data. There is need of international marketing of Indian chilli. The research work can be useful for mapping out strategy for such marketing. Through branding products get identification and that will be converted into sell. The huge impact will be held on financial instruments regarding commodity market.

Hence researcher concludes that intensive market research should be taken up for relaunch of Indian varieties of chilli through branding.

REFERENCES

1. Marketing Management A South Asian Perspective, Philip Kotler, Kevin Keller, Abraham Koshty, Mithileshwar Jha; Pearson; 2013