

An Analytical Study on Marketing of Coffee Produce with Special Reference to Kodagu district. Karnataka

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Abstract:

For marketing to be successful, it requires guarantee that the trade is done with the best quality of coffee. Quality maintenance is the main goal for the growers. Marketing is directly linked to the extent of amount spent on advertising. The demand of the coffee has to be increased. It is very competitive with a low margin, but the expectation of coffee is of high quality. There are instances of malpractices during the quality checking which spoils the overall system. These malpractices are discovered at the end where nothing can be done and the quality has to be minimal. There is a huge loss during the transport and as well as during the sample testing. The strategy gives the growers an option for specialty coffee and improves their production profit. But it is seen that in spite of these efforts the growers are denied of better prices for their produce and they face a loss in that. They also have the fear of the price fluctuation that makes them think twice before investing. They feel that the profit for the farmers is low as they are spending heavily on labors.

Keywords:

Coffee marketing, Coffee Board Chettalli, Marketing process, Arabica and Robusta, Kodagu Coffee.

Objectives:

The study on the coffee in Kodagu has following objectives:

- Evaluate origin and growth of the coffee.
- To analyze the organization structure and working of marketing structure.
- To examine the process and performance of the Coffee Boards and organizations reflected to coffee.
- To identify the problems and prospects of the marketing of Kodagu Coffee.
- To learn about the perceptions of coffee.
- To brief on the coffee industry and coffee market.
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Methodology:

The study employs primary data as well as secondary data. The primary data was collected by meeting the growers through interview and the questionnaire. The secondary data was collected from different published sources, websites, statistical departments of Kodagu and coffee board Chettalli. The sector which comes under the study has become more viable and popular in the recent times.

Data Analysis and Interpretation:

Only simple statistical tools and percentage analysis used for the analysis and interpretation of data. The analysis is both quantitative and qualitative. Percentage is used for the quantitative measure. All the data gathered has been analyzed in the above report.

Coorg is largest producer of coffee , nearly 67kilo metric tone of the total coffee production is by Coorg. So it has been selected for the study.

Sample structure for the learning is given below:

- i. Virajpet taluk in Coorg is selected.
- ii. Farmers from around the villages in virajpet are selected
- iii. Virajpet has three curing works which has been selected.
- iv. Interview was done with the 5 local roasters.
- v. SLN was also interviewed.
- vi. Coffee board officials has expert interview.

The participants were determined by the expertise. Interaction with the farmers gave inputs on the problems related to production and marketing.

Table1: production quantity and estimate in various districts of Karnataka

State/District	Post Blossom Estimate 2017-18			Final Estimate 2016-17		
	ARABICA	ROBUSTA	TOTAL	ARABICA	ROBUSTA	TOTAL
State of Karnataka						
Sakleshpur (Chikmagalur)	35,900	48,110	84,010	36,150	34,860	71,010
Kodagu	20,500	113,000	133,500	17,035	102,825	119,860
Hassan	18,900	15,350	34,250	17,325	13,550	30,875
Total	75,300	176,460	251,760	70,510	151,235	221,745

Marketing channels:

There are two channels for the coffee marketing in India. The first one has a commission agents who bears all the costs of taking a coffee from the farm to the market. There by the farmer did not incur any transportation cost when local commission agents purchase the produce at the farm level.

The other mode is producer himself going to the commission agents which incur transportation cost up to the store of the commission agents. Then the commission agents transport the coffee to curing unit who in turn bears the transportation, loading, unloading, and other costs. The procured coffee by curing units was processed and released for regular consumption.

However, according to the study and the report it concludes that the producer is risk free in channel I than in channel II, because the agents bears all the charges, but however the channel-II, was relatively efficient compared to Channel-I.

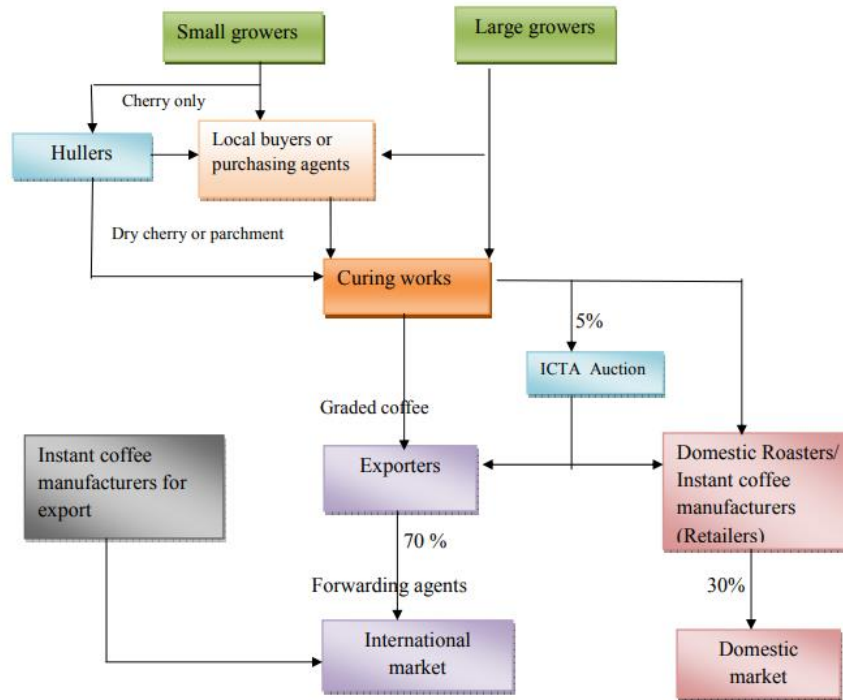


Image 1 : coffee marketing process

Channel-I:

Of the total marketing expenses, the commission charges are around 27%. Some growers invariably sold all their produce to the local commission agents, the main reason being economical problem as the curers are located at Taluk level and the growers transport from the farms in the villages to the curers in taluk.

The labour cost in marketing is 23% percent. Wet processing of coffee is based on labor and farmers invariably go for wet processing. The value addition from wet processing is comparatively higher than dry processing and curing percentage is also higher.

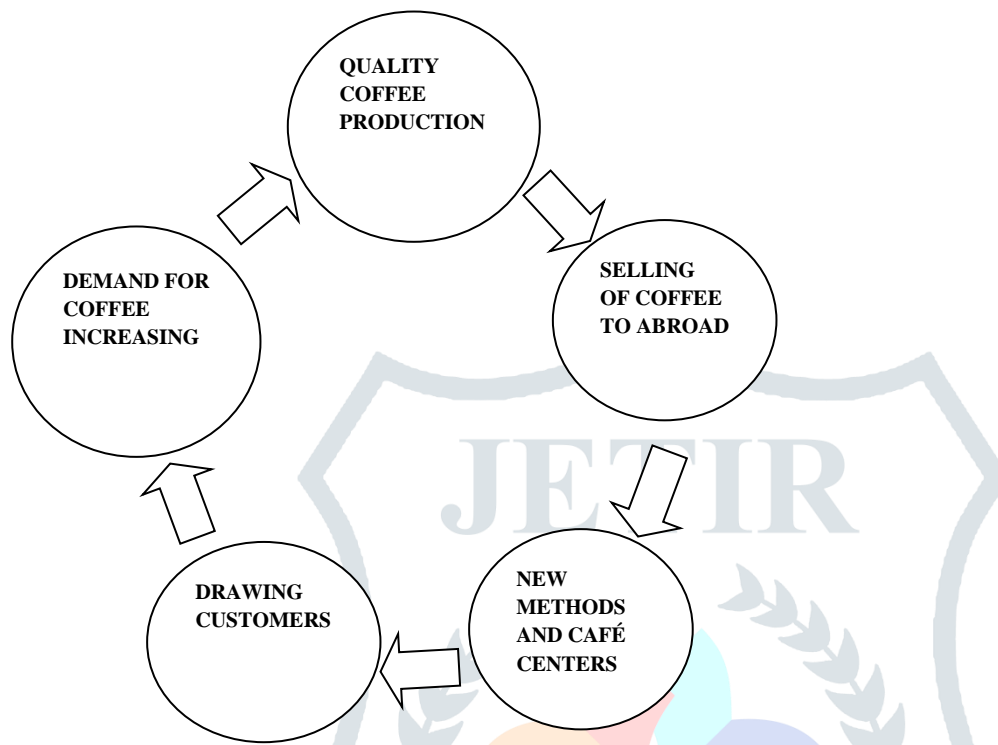
The other costs included transportation which is around 19%, this was high because of the distance and the poor conditions of road. The weighing cost was around 14%, and packaging cost was about 10%. The other marketing costs are loading and unloading charges that formed minor component of total marketing cost.

Channel-II:

Producer incurs high marketing cost as compared to the other channel, since the grower sells to curing agency directly, cost for transportation is higher 49%, as the curing agency are located in taluk level. The labor cost is more in this channel 19%.

Marketing Framework:

The below chart shows the 5 stages of the marketing. These stages can be termed as an cyclic process in the marketing of the coffee.



The above chart represents an simple framework for the marketing of coffee. The framework is made of five stages. This section briefs on each of the above stages of market framework.

Production of high quality coffee:

The market demands quality coffee, as there is increase in the domestic consumption of coffee, people tends to go to quality coffee rather than the normal coffee. The price of the quality coffee in the market is higher than the normal coffee price. Support has to be given to small growers to produce high quality coffee, thereby maintaining the stability in price and production.

Export / Selling of coffee:

The coffee produced are not only for domestic consumption, but the export of coffee would yield a better and higher profit to the growing community. So the small growers should be given with an option in the market where to give their coffee to domestic usage as well as export it to foreign countries, which would pay higher prices than in India.

New category creation / opening café centers:

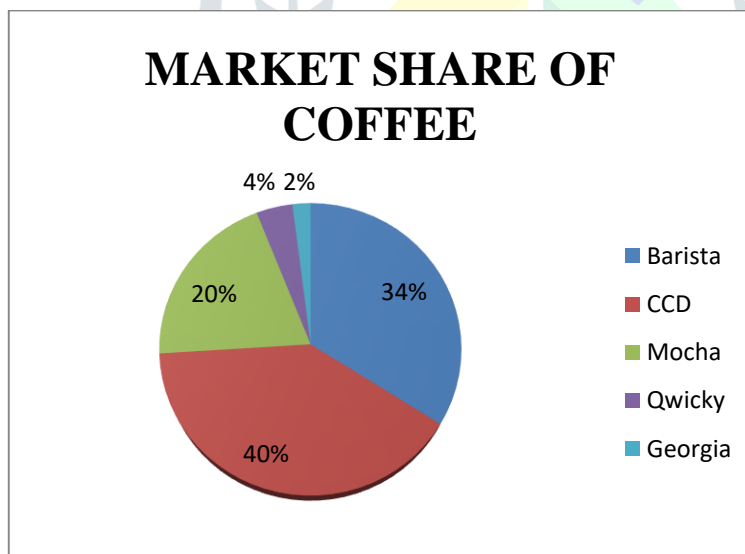
The specialty coffee is one of the new categories that are in trend now similarly new varieties can be deployed with new tastes and aroma, so to encourage the coffee lovers to have variety in them. Café day is trying with new flavors and has it branches wide spread across the country and globe.

Attraction of new customers:

The specialty coffee is one of the new categories that are in trend now similarly new varieties can be deployed with new tastes and aroma, so to attract the coffee lovers to have variety in them. Café day is trying with new flavors and has it branches wide spread across the country and globe. Advertisements and media play a major role in this aspect.

Increased demand:

The youth are spending their times in café day nowadays; this shows that the value of the coffee is rising as the number of consumers are increasing. The impact is that there are lots of café centers in the cities as well as in rural areas. The super markets, malls all are having café centers which are the main areas of attraction.



Findings from the thesis:

As already stated this thesis deals or concentrates with the production of coffee in the Coorg district.

1. Coorg district has the highest areas in cultivation of coffee in Karnataka, main crops being Arabica and Robusta.
2. Coorg dominates in the state in the overall production of coffee; it produces 55% of the overall coffee.
3. Karnataka stands top in productivity when compared with the three states Kerala, Karnataka and Tamil Nadu in India.

Conclusion:

Issues and problems of coffee growers assume greater focus, reason being coffee is the major export commodity. In the world rankings, India is 6th in terms of coffee production. The government has to play a major role in sustaining the welfare of the growers across the country. Most of the growers in India are small growers with few areas of cultivation, so these growers expect aids from the government sectors as well as other non government organizations. This is a major task as most of the growers who make the country one among the largest coffee producers in the world, are the small growers. Indian coffee production sector is especially concerned with increasing the quantity and quality of coffee. In Karnataka, as a state producing highest quantity of coffee in India, giving importance for banking role in the promotion of coffee. Especially in Kodagu major banks are participating in creating the awareness of banking activities concerned to coffee production and marketing. Hence this is a challenge to Indian Coffee Markets to face the different types of challenges in the field of coffee marketing and promotion.

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