



E-Marketing of Small Cardamom in Kerala: Constraint-Benefit Analysis

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ABSTRACT

Background: Cardamom is often valued as the third most expensive spice in the world after saffron and vanilla. The prominent area where e-marketing is adopted in spice trade in Kerala is in the e-auctioning of cardamom. The Spices Board had introduced e-auction of cardamom in Vandanmedu, Idukki, Kerala in December 2007. The other e-marketing platforms of cardamom includes marketing through websites and social media. The current study aimed to delineate the benefits and constraints perceived by farmers in e-marketing of cardamom.

Methods: The study was conducted in the Idukki district of Kerala. Sixty farmers undertaking e-marketing of cardamom were selected and interviewed, six each from the ten panchayats with maximum area under cardamom cultivation. The benefits and constraints identified based on open-ended questions during survey were listed and ranked according to their frequency and percentage.

Result: The major benefits of e-marketing identified were the availability of proper transaction records and bills, assurance of timely delivery and prompt payment and absence of information asymmetry between buyers and sellers. The major constraints of e-marketing identified were the delay in payments, exploitation of farmers by auctioning agencies and effect of lot number in the e-auction on the prices offered.

Key words: Benefits, Cardamom, Constraints, e-Auction, e-Marketing.

INTRODUCTION

Cardamom (*Elettaria cardamomum*) the queen of spices enjoys a unique position in the international spices market. Cardamom is used for flavoring various food preparations, confectionary and beverages. It is also used for medicinal purposes, both in Allopathy and Ayurveda systems of medicine. Differential cultivation patterns make Indian cardamom highly unique in the international market. The world production of cardamom is estimated to be around 121,939 MT. India was the main producer and exporter of cardamom till 2000, but later Guatemala emerged as a strong competitor to Indian cardamom in the international spices market. India, Indonesia and Guatemala produce more than 85 per cent of world cardamom and account for nearly 78 per cent of world cardamom export (ICA, 2019). Cardamom cultivation in India is mainly confined to three states, namely Kerala, Karnataka and Tamil Nadu. Kerala is the highest producer of cardamom in India contributing 89 per cent of its total production, followed by Karnataka (6%) and Tamil Nadu (5%). Out of the total area under cardamom in India, more than 56 per cent of the area is in the State of Kerala (Spices Board, 2021). In Kerala, Idukki district dominates in cardamom production, which accounts for 79 per cent cardamom area (31166 ha) and 97 per cent of total production (9785 MT) in the state (GoK, 2021).

Marketing plays a vital role in determining the income and profits of the spice farmers. E-Marketing is operationally defined as the marketing of cardamom over the various electronic trading platforms. Marketing is operationalized as the operations involved in the movement of produce from

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the planters to the final consumers. In India, to overcome the problems inherent in outcry auction of cardamom, on the appeal of cardamom planters, the Spices Board had introduced the first e-auction centre in Bodinayakanur, Theni district, Tamil Nadu in August 2007. This e-auction centre had forty buyer terminals. The second e-auction centre was established in Vandanmedu, Idukki, Kerala in December 2007 with sixty terminals. e-Auction is beneficial to both cardamom growers and traders by promoting healthy competition among the bidders. Trading is electronically monitored and the minimum price is discovered through competitive bidding. In the new system, the licensed dealers are provided with a user id and password. The highest bidder's name is displayed only on the auction masters' terminal. There is a main display board showing lot number, quantity, number of bags and the current highest bid of each lot kept in the auction. The e-auction system has brought transparency in the auction process. The other mechanisms

of e-marketing of cardamom includes marketing through websites and social media.

Electronic marketing (e-marketing) is still a relatively less exploited facility, in agricultural marketing in the developing countries, which has limited resources, bad infrastructure and strong competition. Also e-marketing of agricultural produce is not gaining required momentum in Kerala as in other states due to the lack of implementation of e-NAM (National Agriculture Market). The prominent area where e-marketing is utilized in Kerala is in the e-auctioning of cardamom. A study conducted among the farmers who adopt this method of marketing would reveal the first-hand opinion about it. Therefore to evaluate its proper functioning, there is a need to have a much clearer understanding of e-marketing, its advantages, problems as well as its opportunities for this sector and how these technologies can be exploited for effective marketing. Hence it becomes relevant to carry out a study on the delineation of benefits and constraints of e-marketing as perceived by farmers.

MATERIALS AND METHODS

The study was conducted in Idukki district of Kerala as this district ranks first in terms of area and production of cardamom in Kerala. Cultivation in Idukki district accounts for 79.65 per cent of the total area under cardamom cultivation in the state (GoK, 2020). Three categories of respondents were selected for the study; farmers undertaking e-marketing of cardamom through e-auction, websites and social media. Ten Panchayats were selected from Idukki district based on the maximum area under cardamom cultivation. From each Panchayat four farmers undertaking e-auction, two farmers undertaking marketing of cardamom through websites and two farmers marketing through social media were randomly selected. Thus a total of 60 respondents comprising 40 farmers undertaking

e-auction of cardamom, 10 farmers undertaking marketing of cardamom through websites and 10 farmers undertaking marketing of cardamom through social media, constituted the sample for the study.

The benefits and constraints of e-marketing as perceived by the farmers were identified based on the interaction and discussion with farmers who undertake e-marketing of cardamom, using an interview schedule. The benefits and constraints identified based on open-ended questions were listed and ranked according to their frequency and percentage.

RESULTS AND DISCUSSION

Benefits of e-marketing perceived by the farmers

Farmers undertaking e-marketing of cardamom through various platforms stand to gain many benefits. These benefits are identified, ranked and presented in Table 1. The benefit having highest frequency was given the highest rank.

It is evident from Table 1 that the major benefit of e-marketing as perceived by 83.3 per cent of the respondents was availability of proper transaction details and bills. Respondents opined that they feel secured and guaranteed about the payment in e-marketing. The other important benefit perceived by 80 per cent of the farmers was the assurance of prompt payment and timely delivery of cardamom to the buyers. This is because of the transparent mechanism of operation in e-marketing in general and specifically in e-auction which is organized by the Spices Board which is a Government agency. Absence of information asymmetry between the buyers and sellers was perceived as an important benefit by 75 per cent of the respondents, which is major cause of concern in conventional marketing.

The other benefits of e-marketing perceived by farmers include the availability of market information updated on a

Table 1: Benefits of e-marketing as perceived by the farmers.

Benefits	f	%	Rank
Proper transaction details and bills are available	50	83.3	1
Assurance of timely delivery of cardamom to the buyers and prompt payment to the farmers	48	80	2
No information asymmetry between buyers and sellers	45	75	3
Market information is daily updated and available in various media	40	66.7	4
Live auction is accessible, facilitating the analysis of marketing trend and price range	38	63.3	5
Constant demand and acceptance for the product	36	60	6
Pricing through transparent processes	33	55	7
Completely legal and secure marketing mechanism	30	50	8
Price discovery is effortless compared to conventional marketing	24	40	9
Participating in an e-auction requires buyers to follow certain norms and conditions, which ensures their trustworthiness	20	33.3	10
Graded produce could be marketed to fetch a higher price	18	30	11
Short marketing channels and least involvement of intermediaries in websites and social media marketing	16	26.7	12
Ensures a remunerative price compared to conventional marketing	15	25	13
Protection against price fluctuations	12	20	14
Farmers' exploitation by intermediaries is less compared to conventional marketing	10	16.7	15

day-to-day basis in various media, accessibility of live auction to the public, which can facilitate the analysis of marketing trend and price range, constant demand and acceptance for the product and pricing through transparent processes. Compared to the traditional marketing techniques of cardamom, e-auction is a completely legal and secure marketing mechanism, where price discovery is effortless compared to conventional marketing. Participating in an e-auction requires the buyers to follow certain norms and conditions, which ensures trustworthiness of the system.

Constraints of e-marketing perceived by the farmers

Farmers undertaking e-marketing of cardamom encounter many challenges while adopting the various platforms of e-marketing. These constraints are identified, ranked and presented in Table 2. The constraints having highest frequency was given the highest rank.

It is evident from Table 2 that the major constraint in e-marketing as perceived by 66.7 per cent of the respondents was the delay in payment up to 20-30 days after e-auction resulting in financial inconvenience for the farmers. Respondents opined that this is the reason why the farmers are still not ready to opt for e-marketing and are forced to sell their produce in the local market for lower price, where

they get immediate payment which is essential to meet the day to day requirements of the farm and home. Majority of the respondents (60%) opined that the farmers are forced to take loan from the auctioning agencies at exorbitant rates of interest in order to make up for the delayed payment and hence being exploited in the process. The other important constraint perceived by 55 per cent of the farmers was the influence of lot numbers allotted to the farmers on the price offered in the e-auction; the lots placed in the beginning and end of auction will not have competition in bidding. This is because of the absence of timely monitoring and regulation of e-auction by the authorities, so that remunerative prices can be assured for the farmers irrespective of their lot numbers.

The other constraints of e-marketing perceived by the farmers include re-pooling in e-auction with low quality cardamom by the traders, which reduces the average auction price. When traders participate in e-auction along with the planters, the price offered for their lots are higher than those offered for the farmers. When green color of cardamom is lost, it leads to drop in the price, forcing the farmer to sell quickly (distress marketing) without consideration for remunerative prices. Due to the considerable lag between pricing and payment, selling at real-time prices is not possible in e-marketing.

Table 2: Constraints of e-marketing perceived by farmers.

Constraints	f	%	Rank
Payment is delayed up to 20-30 days after e-auction resulting in financial inconvenience	40	66.7	1
In order to get early payment, farmers are forced to take loan from the auctioning agency, paying interest and there by exploiting the farmers	36	60	2
Lot number in the e-auction has effect on price offered; lots placed in the beginning and end of auction will have no competition in bidding	33	55	3
Re-pooling with low quality cardamom is done by traders in e-auction, which reduces the average auction price	32	53.3	4
Traders are also participating in the e-auction along with planters; price offered for their lots are higher than those offered for the farmers	30	50	5
When green colour of produce is lost, the price drops, forcing the farmer to sell quickly	28	46.7	6
Due to the considerable delay between pricing and payment, selling at real-time prices is not possible	27	45	7
Proper regulation and monitoring of the e-auction system by spices board is lacking	25	41.7	8
Participation in e-auction requires a cardamom registration (CR) certificate, making it difficult for farmers who cultivate on non-registered lands to sell without a CR	23	38.3	9
Farmers' produce has a shorter bidding time provided than traders' produce, resulting in farmers being unable to obtain the highest auction price possible	22	36.7	10
Longer marketing channel and relatively higher involvement of intermediaries in case of e-auction	20	33.3	11
There are no buyers from within the state to participate in e-auction and buyers from outside have a fixed price cap for bidding and hence the price will not appreciate in e-auction	17	28.3	12
The farmers have no bargaining power and are forced to sell their produce at the price set in the e-auction	15	25	13
No regular demand can be expected in the case of marketing through websites and social media	14	23.3	14
No personal involvement of the farmers in selling their produce is there in e-auction	10	16.7	15
Samples of produce displayed during e-auction are not included in sales; they are taken by the auctioning agency	8	13.3	16
Transportation to the cardamom collection points of the agency is inconvenient	6	10	17

Farmers opined that there is no proper regulation and monitoring of the e-auction system, which leads to malpractices in the auction centre. Requirement of cardamom registration (CR) certificate for participating in e-auction, makes it difficult for farmers who cultivate on non-registered lands to sell their produce without a CR. Farmers opined based on their experience during the e-auction process that farmers' produce has a shorter bidding time provided than traders' produce, resulting in farmers being unable to obtain the highest auction price possible.

CONCLUSION

The internet has changed the world, a global market is now accessible to any business with a website. Agro-industry is no exception to this. However, because of the perishable nature of agricultural produce, consideration for effective marketing gains importance. Proper handling and packaging, storage, timely delivery and knowledge of internet operations for marketing are crucial. Farms in India are small in size and knowledge of the farmers on the application of Information and Communication Technology (ICT) in agricultural marketing is limited. The promotion of e-marketing of agricultural produce necessitates the active involvement of the public as well as private sector to develop infrastructure and provide information and training, which can contribute

to competitive marketing in the sector. Identifying the benefits and constraints of e-marketing of cardamom could help to evaluate the performance and usefulness of e-marketing and also to understand the drawbacks of the system and thereby it can be utilized for suggesting possible interventions that could enhance the acceptance of e-marketing among farmers.

Conflict of interest: None.

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