Sustainable Agribusiness and Marketing Practices: Brand Building Measures for Saffron

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ABSTRACT

The agriculture product marketing has contextual brand challenges in the emerging economies of the world. Marketing practices seem to have solution to the emerging challenges of such a seminal aromatic and medicinal agro-product. For a branded product with a good brand image, customers have to rely on the brand itself than relying on the intermediates for the quality of the product. This will reduce the customers and producers dependence on the intermediates for the exchange of saffron product. As a result, the profit margins for the producer will be increased while also decreasing the price of product for customers. Branding of saffron will help a marketer to establish a pull strategy and to make sure all promotional activities are streamlined with the different product lines. The present case study shall deliberate and focuses on customer mind-set equity, which is “customer-based brand equity”. Considering these facts and role of saffron in socio-economic life of Kashmiri, it is necessary to understand, analyse and establish the brand for Kashmiri saffron. The Kashmiri saffron has missing link of institutional marketing interventions in its market ideation within its supply chain. That shall make it imperative to analyse the market ideation, structure and landscape that shall emerge in the establishment of its brand status for such valuable agricultural product of the nation in the emerging economies.

INTRODUCTION

Brands reside within the heart and mind of customer. It is the reflection of his experience and perception. The ground rules for branding are rapidly evolving. A brand has to be consumer’s best friend. In consumer’s market, brands do provide the primary line of differentiation between competitor’s offerings, and as such they can be vital to the success of companies. So, it is important that the brand management is approached strategically. Brand serves various valuable functions. At the basic level, brands act as markers for the offerings of a company. Brands can make it easy for customers to choose from different product offerings. Brands do promise a particular quality index, decrease risk and develop a sense of trust. Brand is developed on the product itself, the associated marketing process, and the use by consumers. Brand thus reflects the absolute experience that the customer has with the product. Brand also plays a vital role in determining the potency of marketing efforts such as public relations and sales management. Thus we can conclude that brand is an asset in the financial perspective. Therefore brands impose their effect at three basic levels – customer market, product market and financial market.

To establish a brand it is vital to study the brand equity dimensions responsible for higher brand value and to measure the effect of these brand equity diminutions on the product. Brand equity is defined as “outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name” (Ailawadi, Lehmann and Neslin, 2003).

The state of Jammu and Kashmir is losing the competitive advantage in the emerging national and global arena. The state is in economic distress and financial instability. The state’s economy is facing deficits of international investment and export led growth. Economy’s supply and demand sides are strained and bleeding leading the socio-economic problems. The state is comparatively disadvantaged across the sectors that were socio-economic backbone a few decades back e.g., tourism, handicrafts, horticulture, human resources etc. It is unable to protect its century’s old monopoly in the hard-core agriculture products, particularly in the aromatic and medicinal plants like saffron.

The emerging landscape of market driven forces and cut throat hyper-competition demands reconsideration of its market strategies vis-à-vis its indigenous heritage products and services. Kashmir is struggling in the promotion and sustainability of such heritage agro-products. These products have become victim of the emerging competitive forces comprising of marketing, promotion and, branding. The emerging and changing market forces are responsible for devastating our centuries old advantage in such products. This economic downturn can be transformed into economic growth and prosperity provided scientific and market oriented methods are incorporated in our marketing and public policy.

SAFFRON AND ITS SUSTAINABILITY

Saffron (Crocus sativus; Iridaceae), has been derived from the Arabic word ‘zafaran’ meaning yellow, is a medicinal and aromatic product. Saffron production is confined to a limited geographical area in the state of Jammu and Kashmir. Saffron has traditionally been associated with the famous Kashmiri...
cuisine, its medicinal values and its the rich cultural heritage of Kashmir. Its role in enriching the local cuisine, its medicinal value and its use in important religious rituals is well known. However, Saffron production is currently suffering on several counts, especially those relating to productivity as well as postharvest management. This has resulted in lower production and poor quality. There are reports that several farmers are abandoning Saffron cultivation in favour of other crops. The main reasons responsible for this trend are senile fields with inadequate plant population (2-3 lakh/ha instead of 5 lakh/ha) moisture stress (rain fed cultivation), inadequate availability of disease free Saffron corms, nutrient depletion in Saffron fields, longer planting cycle of Saffron corms (>15 years as against 4-5 years), higher incidence of pests and diseases, delayed stigma separation, lowering Saffron recovery to 22g/kg of fresh flowers (optimum recovery 309/g/kg), quality deterioration due to traditional practices: (sun drying lowers colouring strength from 16 to 8 per cent), Inadequate quality control / certification/ branding system, poor price discovery and lower farm gate price (involvement of intermediaries), and issues of adulteration and admixture. Saffron cultivation in Kashmir is under threat of extinction. This is evident from its dwindling share in global production. Area under Saffron cultivation has declined from about 5707 ha in 1996 to just 3715 ha in 2009-10. Productivity has also declined from 3.13 kg/ha to 2.50 kg/ha in the last few years. District Pulwama, commonly known as Saffron bowl of Kashmir, is the main contributor to Saffron production followed by Budgam, Srinagar and Kishtiwar districts. Saffron is cultivated by more than 16,000 families located in 226 villages, the majority (61 per cent) of whom have holdings of less than 0.5 ha. Thus having community and socio-economic relevance. The state has the potential of producing 30 metric tons of saffron. The state exports around 2.60 metric tons of saffron that fetches ₹7 4.05 crore at the rate of ₹15576.92 per kg.

**Literature Review**

The debate on brand equity has been there since times immemorial, both in the accounting and marketing literatures, and has thus highlighted the necessity of having a long-term and robust focus within brand management (Ghorbani, 2008). Marketing margin is one of the key aspects for determining the market performance. There are different marketing channels that can be used by the company/firm to reach the customers. The most efficient marketing channel is considered the one which has least intermediaries. As Ghorbani rightfully quantified the efficiency of marketing channels in the saffron industry of Iran. His research depicts that the direct marketing channel i.e.; producer-consumer channel is more than 80 per cent efficient for both producers and customers. Because it serves producers with higher profit margin and the customers with good value for money. Accordingly he debated that the least marketing channel is the one which comprises of greater number of intermediate agents. The one discussed in the paper is only 20 per cent efficient and serves more than five intermediaries. This dilutes the profit margin between many groups or agencies, hence the customer gets the least value for the money or has to pay high price for the product. As on the producer side the intermediaries have high bargaining capacity in the said marketing channel. So the producer cannot negotiate above a limited profit margin, thus he has to be satisfied with low profit margin and minimum returns on his production.

As, Betti and Schmidt, 2000 is least hopeful for a positive change to happen in Iranian saffron industry, they have debated on various reasons which create a deadlock in the path of improvement. Usually, the whole industry is being run on an unorganized market so the agents involved in deteriorating the scenario regarding the saffron quality and market may oppose any change suggested in their research. They have discussed about the adulteration and its effect on overall market. It is assumed that the adulterants have a strong hold on the linkages between producer and the consumer, thus any positive effort to increase the quality may not serve their purpose, which in turn discourages any effort done towards reducing the adulteration. However, branding of a saffron product may be taken as initial effort to bring about better quality saffron to the end users, thus branding seems to be a ray of hope and a small step towards overall betterment and sustainability of saffron industry.

Saffron, the legendary crop is under threat of extinction and thus warrants attention of researchers, farmers and policy makers. Strong market demand is the biggest opportunity for revival of this industry as is being presently done in Kashmir India. There is need to work more on genetic enhancement, GAP, post-harvest technologies. Need has arisen to establish a consortium group of traders and producers at the International level for market assurance and price stability.

Brand equity has been defined as “outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name” (Ailawadi, Lehmann, and Neslin 2003), i.e., the benefits a product achieves through the power of its brand name. Keller and Lehmann (2003) delineate three approaches for assessing brand equity: “customer mind-set (Aaker, 1996 and Keller, 2003), product-market (Park and Srivivisan, 1994) and financial-market (Mahajan, Rao and Srivavastava, 1994)”.

Keller (2003), focuses on customer mind-set equity, which Keller refers to as “customer-based brand equity. According to Keller, “the power of a brand lies in what customers have learned, felt, seen, and heard about the brand”. Keller focuses on defining brand equity within two dimensions, which he calls as Brand awareness and Brand knowledge. He tries to quantify the brand equity on the basis of the perception and judgement of customers itself that is he uses the customer based brand equity model to measure the brand equity of products. The customer’s perception about a brand is the core idea which manifests its impact on brand equity. The first dimension, brand awareness has been defined as how well a customer can recognize and recall a brand, while the second dimension focuses on how much knowledge does the customer has about the brand under study. Both the dimensions overall impose a positive effect on the brand equity of a product. Thus we can conclude that the Keller’s brand equity model is customer centric and it does not take into account the other factors like market share, which also seems to have an impact on the brand equity. Aaker in 1996 overcomes this problem where he takes the market share variable into the account, while evaluating the overall brand equity.

This study is an attempt to establish a brand for saffron product by measuring the brand equity and understanding the effect of these brand equity dimensions on the brand value of saffron product. As we know branding helps us to identify the source of the product and it creates a perception of the quality in the customers mind, this will result in increased demand for branded saffron and the demand for unbranded saffron will naturally fall. Branding helps to regulate the saffron market. This results in greater control of government over the saffron market. So it is easier to identify the potential sources of adulteration and cater this problem. Regulated market offers
greater reliability and develops sense of trust among customers. As branding develops the sense of trust among the customer, thus for a branded product with a good brand image, customers have to rely on the brand itself than relying on the intermediates for the quality of the product. This will reduce the customers and producers dependence on the intermediates for the exchange of saffron product. So finally branding helps to shorten the marketing channel, so the shortest possible B to C (business to customer channel can be adopted. As a result, the profit margins for the producer are increased while also decreasing the price of product for customers. So branding can create the Win-Win situation for both producer/seller and customer/buyer. All the promotional activities are to be directed towards the customer to create a distinctive perception in their minds about the product. This makes branding of the product more important as the branding helps to differentiate the one product from other. Branding makes it easier for a marketer to design a promotional mix and to establish a marketing programme. Branding helps a marketer to establish a pull strategy and to make sure all promotional activities are streamlined with the different product lines. Branding can help to promote different product lines individually. Brand equity measures helps us to measure the results of promotional activities and finally measure the effectiveness of marketing programmes on overall value of the business (including the intangible assets).

<table>
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<tr>
<th>Study</th>
<th>Description</th>
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<tr>
<td>Leutheissen (1988)</td>
<td>“The set of associations and behaviors on the part of the brand’s consumers, channel members, and parent corporation that permits the brand to earn greater volume or greater margins than it would without the brand name and that gives the brand a strong, sustainable, and differentiated advantage over competitors”.</td>
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<td>Aaker (1991)</td>
<td>“The value consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand asset”</td>
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<td>Swaitet al. (1993)</td>
<td>“The consumer’s implicit valuation of the brand in a market with differentiated brands relative to a market with no brand differentiation. Brands act as a signal or cue regarding the nature of product and service quality and reliability and image/status”.</td>
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<td>Kamakura &amp; Russell 1993 (Lassaret al.1995)</td>
<td>“Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in the memory”</td>
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<td>Keller 1993</td>
<td>“The differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge is the full set of brand associations linked to the brand in long-term consumer memory”</td>
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<td>Lassaret al.(1995)</td>
<td>“The consumer’s perception of the overall superiority of a product carrying that brand name when compared to other brands. Five perceptual dimension of brand equity includes performance, social image, value, trustworthiness and attachment”.</td>
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<td>Aaker (1996)</td>
<td>“Brand equity is: (1) Loyalty (brand’s real or potential price premium), (2) loyalty (customer satisfaction based), (3) perceived comparative quality, (4) perceived brand leadership, (5) perceived brand value (brand’s functional benefits), (6) brand personality, (7) consumers perception of organization (trusted, admired or credible), (8) perceived differentiation to competing brands, (9) brand awareness (recognition &amp; recall), (10) market position (market share), prices and distribution coverage”</td>
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**RESEARCH METHODOLOGY**

The research is quantitative based on causal methods having descriptive and inferential analysis. In the preliminary stage of the research work, a research is carried out to know the various reasons for buying saffron. Among the above five brand equity dimensions, the first four comprises of customer evaluations and reactions to the brand that can be readily understood by consumers, that is why they are very useful to measure customer-based brand equity. With Aaker’s brand equity model, the study will set out to test the measurement of customer-based brand equity with Kashmiri saffron in the Indian market.

The survey is being conducted to collect the data. The sample will be collected from many cities of India with a total of around 250 approximately. The questionnaire consists of questions related to the Brand awareness and Brand Associations and additional questionnaires related to brand image, perceived brand quality and loyal to the brand. Variables to be measured include Perceived quality of the brand, Brand awareness, Brand association and Brand loyalty. The research is going to be descriptive in nature. An appropriate representative sample is selected by choosing the respondents from Individual customers and dealers of Saffron. The sample size is determined by referring similar studies. In the studies conducted to the Brand Equity measures, majority of researchers (Aaker, 1991), (Attilgan, Aksoy and Akinci (2005), Agrawal, Jagdish, Kamakura and Wagner (1999) have used a sample size of 194 to 350 customer respondents to carry out their research. Keeping in view the diversity of customers, it is difficult to take a proportionate sample. So, approximately 250 respondents would be taken for the study. In order to achieve the above study objectives Random Sampling Technique is being used.

**CONCLUSION AND DISCUSSION**

Finally we can conclude that branding is a vital tool for sustainable existence of saffron in the market, as it is a high value spice crop, it needs immediate attention from marketers and processing bodies so that its persistence can be assured in the market. Barding not only will eliminate marketing irregularities but it will also help to keep check on adulteration. As the model used to measure brand equity has been derived from Akers studies which has been widely accepted, the same can be well generalised to move ahead with brand establishment for this high value crop. Though it is just an initial attempt for long lasting survival of saffron in the market, much more can be done in the later stage of research such has establishing a GI or patent right. As of now our research cannot be conclusive but descriptive in terms of its nature of the problem.

**REFERENCES**


