CHAPTER VII

SUMMARY, FINDINGS AND RECOMMENDATIONS
The Food Processing sector has been identified as one of the sectors having immediate potential for growth and employment. Ancient Indian scriptures contain vivid account of the post harvest and processing practices for preservation and processing of agricultural produce for food and medicinal uses. Inadequate attention to the food processing sector in the past put both the producer and the consumer at a disadvantage and it also hurt the economy of the Country. Food processing is now regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation.

India is a land of diverse culture and ethnicity. This diversity is also reflected in the cuisine of India. Every culture of India has its unique and exclusive style of cooking. Over the centuries, each new wave of settlers in India brought with them their own culinary practices which, with time, blended into the Indian cuisine as it is known today. Indian cuisine has also been influenced by environmental, social, religious and political factors from within. Most Indian cuisine is related by significant usage of spices, and by the use of a larger variety of vegetables than most other culinary traditions. Within these recognizable similarities, there is an enormous variety of local styles.

Kerala has always been a 'leader state' in food processing. It has been a major exporter of spices, cashews and marine products since independence, accounting for a considerable portion of the country's food exports. The prominence of food sector in Kerala is highlighted by the fact that the state has the highest per capita expenditure on food in the country as per the statistics of the Ministry of Food Processing Industries, GOI. Since there is no rural-urban divide in the state, often the entire state is considered as a single metro city for
marketing purpose and many of the products are launched first in Kerala for the initial market studies due to the highly developed and mature nature of the market.

Findings

The researcher conducted a sample study of 295 food processing units in the small scale sector and a census study of 18 units in the medium and large scale sector for the purpose of understanding the different strategic alternatives the indigenous food processing industry in Kerala pursue. Except for a few scattered attempts by some co-operatives and medium scale entrepreneurs, major corporate houses had not done much till date by way of tapping the existing potential of the enormous raw material base and the expanding consumer base of Kerala. Some items like chips, avil and pappad are reserved for exclusive manufacture in the small-scale sector. The findings observed from the study are given below. Things observed outside the purview of the questionnaire are also recorded.

The indigenous food processing industry of Kerala, to view generally, adopts the existing contemporary marketing strategies in vogue. For instance, discounts, offers to retailers, display etc. they do not employ any novel strategies for the promotion of their products. Even if any firm for that matter uses any new strategies they fail to evaluate the cost – effectiveness, while actually there must be a trade – off between the extent and cost of promotion and the result. Some of the strategies employed successfully by the units include reducing selling price to agents and retailers, outsourcing, locating factory in Tamil Nadu and marketing products in Kerala, appointing eminent personalities as the brand ambassador, introducing variety of products, providing vehicles to sales representatives, selling through Grama Sabha, KVIC etc.
Present Status of the Industry

- Out of the total sample of 295 units 277 units (93.90 per cent) belong to the small scale sector and only 18 units (6.10 per cent) are in the medium and large scale sector.
- The product wise analysis shows that pickle manufacturing units are more and avil manufacturing units are less in number.
- The units producing chips and pappad are functioning only in the small scale sector.
- Around 75 per cent of the units concentrate on single products. Remaining 25 per cent produce multiple products.

Ownership

- In the manufacture of processed food, especially avil and pappad, the presence of Co-operative societies was nominal and there was no such unit manufacturing chips.
- More than 75 per cent of the units under Group B (Chips-84.62 per cent, Avil-75.76 per cent and Pappad-78.95 per cent) are proprietary concerns. This is due to the fact that such units can be started easily with minimum capital investment and comparatively a few number of workers.

In case of small scale sector, 166 units (59.93 per cent) are proprietary concerns and 48 units (17.33 per cent) partnership. But no units in the medium and large scale sector fall in these categories. The rest 42 units in the small scale sector (15.16 per cent) are owned by Joint Stock Company and 21 units (7.58 per cent) by co-operative society, where as majority of the medium and large units are owned by joint stock companies (83.33 per cent) followed by the co-operative societies (16.67 per cent). The reason is that medium and large scale units require
huge capital investment which can be mobilised only by the company and co-operative society form of organisation.

**Location of Industry and Sectors Involved**

- The product-wise analysis revealed that all the manufacturing units are mainly located in Panchayaths, and is scarcely located in Municipalities. The unemployed people of the Panchayath area consider the production of the three products like chips, avil and pappad as their main occupation and source of income due to low investment and easy marketability. In contrast in municipalities and corporation people are having high paid alternate employment opportunities.

  Usually, small-scale entrepreneurs are found to have a predetermined location. Liberal issue of licenses from the Panchayaths and easy availability of casual workers are the vital factors for the focus of small scale units in Panchayaths than in Municipalities and Corporation.

- The survey revealed that 125 units (43.27 per cent) selected their location due to nearness to the place of residence. This reason was highly applicable in the case of pappad (65.79 per cent) and chips (53.86 per cent) units as they are operating their business in their house itself.

  Units located in the export promotion zones get several assistances, both of financial and non financial nature, in addition to the infrastructure. But the most astonishing fact is that a majority of the food processing units are neither aware nor utilising such benefits. Most of the medium and large scale units take advantage of the facilities provided by KINFRA and Special Economic Zones, while a majority of the small scale units are even unaware of such facilities, especially the units producing chips, avil and pappad.
Only two firms, one curry powder unit and two pickle units use leased premise. Majority of the units engaged in the production of chips, avil and pappad use their own house for the production process.

The number of units using leased premises is meagre in case of small scale, medium and large scale sector.

Out of 295 sample food processing units, 272 units (92.20 per cent) are regular producers and 23 units (7.80 per cent) are seasonal producers. The category wise analysis highlights that all the curry powder and pappad manufacturing units are regular producers.

The sector wise analysis reveals that all units in the medium and large scale sector and more than 90 per cent (91.70 per cent) of the units in the small scale sector carry on regular production.

The curry powder units are enjoying regular supply of raw materials and a constant demand for their products. Hence they undertake production on a regular basis. On the contrary, in the case of pappad, the minimum shelf life is the reason for regular production.

Most of the raw materials used in food processing industries are seasonal nature and will be available at cheaper rates. Usually the small units do not have sufficient finance and facilities for storing and preserving raw materials and hence they are not in a position to enjoy the price advantage. The position of the medium and large scale units in this regard is better than the small units.

Small scale units favour local supply if available, due to accessibility, cost benefit and prompt and uninterrupted availability. More over only fewer intermediaries are required. Raw materials which are not locally available may be bought from either distant places in the state or from outside state.
The units in small, medium and large scale sector opt to purchase through agents rather than direct purchase.

**Dependence on Technology**

- Some of the food processing units engage manpower only (38.64 per cent), while some use both manpower and machines (56.27 per cent). There are only few units which are fully mechanised (5.09 per cent) and in the case of chips and avil there are no mechanised units.

  Foreigners usually have strong taste for Kerala pappad. The only inhibiting factor for them is the non-hygienic process through which the product passes. This limitation can be overcome through mechanisation. There is one unit in Thiruvananthapuram district, ‘Nisha Pappad’ which is mechanised. This is the only fully mechanised pappad unit in Kerala.

  More than 50 per cent of the units in the medium and large scale sector are mechanised. In contrast to this, the units in the small scale sector which enjoy the benefits of being mechanised (like high productivity and less labour cost) are less than 2 per cent. Most food processing industries uses traditional technologies; as a result these industries face the problem of low productivity.

- Less than one-third of the units alone are making use of trained managers. The category wise analysis further disclosed that in the case of chips, avil and pappad units the management is more of a family type.

  Though there are certain institutes that provide training facilities, small scale units do not utilise the facility due to lack of information. Some units which are aware of such facility are not able to enjoy the benefits of being managed by trained persons as such personnel are not affordable for them.
When compared to the products in Group A, the products in Group B are not taking up any quality control measures.

Out of 277 units in the small scale sector only 149 units have certified their products. However, all the 18 units in the medium and large scale sector are certified. In order to get quality certification, there are certain procedures to be followed and standards to be attained. This involves much time; cost and technical know how which small units find very difficult to put up with. Once the product is certified, follow up measures are compulsory to maintain the standard of the product which again is a problem for small units. But medium and large scale units never face such difficulty due to their strong financial backing and technical know how.

**Women Participation and Nature of Job**

- It is evident from the study that the highest employment in case of all products is in production department followed by packing department. In contrast to this, less number of workers alone is employed in the case of avil, pappad and chips. Hence it can be deduced that such units can be run with a lesser number of workers unlike curry powder, pickle, jam and squash.

- The product wise analysis further reveals that in packing section female workers are more and in marketing and administration male workers are more irrespective of the products. In production department, female workers have domination only in case of the first four products, curry powder, pickle, jam and squash and the male workers dominate in the remaining three products, chips, avil and pappad.

    In production, more than sixty per cent of the workers and in packing more than eighty per cent of the workers constitute females. In
marketing more than eighty per cent and in administration more than sixty per cent are male workers. The increase in the percentage of female workers over male workers, in production and packing department reduces the overall labour cost which constitutes a major part of the cost of production. Most of the administrative personnel are salaried employees and marketing personnel are employed on salary or commission basis which means that the discrepancy among male and female workers in these departments do not have much impact on the cost.

- All the units, except pickle units, employ more casual workers than the permanent and family workers. The employment of family workers is the maximum in pappad units (20.06 per cent) whose main production problem is scarcity of labour.

  It indicates that the labour cost of medium and large units, where most of the workers are permanent, are higher than the small units. The number of family workers is less than five per cent (4.03 per cent) in case of small units and it is zero for medium and large units.

- It is observed that out of 295 sample units, in a majority of 179 units (60.68 per cent), the workers were employed on the basis of time-rate system of wage payment, whereas in 23 units (7.80 per cent) alone, the workers are on piece-rate system of wage payment. 93 units (31.52 per cent) are following both time rate and piece rate system of wage payment. The highest percentage of time-rated workers was employed in chips units at the rate of 84.62 per cent and the lowest is in pappad units i.e. at 36.84 per cent.

  The study disclosed that 172 units (62.09 per cent) in the small scale sector follow the time rate system of wage payment but 11 units (61.11 per cent) in the medium and large scale sector follow a
combination of time rate and piece rate. There are no units in the medium and large scale sector which adopt piece rate system of wage payment.

- The study further unveiled that majority of the units which provide welfare facilities belong to partnership firms, companies and co-operative societies. Only a few proprietary concerns are providing such facilities.

The units in the large scale sector are more advanced than the units in the small scale sector regarding the provision of welfare facilities. The provision of welfare facilities improves the morale of workers in the medium and large scale sectors.

**Problems of Food Processing Units**

1. Production

- In case of all the units, availability of finance constitutes the foremost problem. They face difficulty in approaching banks and other financial institutions for additional source.

- Insufficient financial bases, poor quality of raw material coupled with price fluctuation are two problems faced by the units. Scarcity of raw material is the third issue for the small units, while preservation became a problem for the medium and large units. Inability to assume latest technology is another issue to small units. To improve marketability, there is need to induct better and appropriate technology.

Small, medium and large units are confronting problems with similar ranks in the case of competition, shortage of capital and less dependence on machinery. Competition forms the first bottleneck in the expansion of production in case of all units followed by shortage of
capital. Inability to assume technology is the last among the problems faced by both the sectors.

2. Human Resource

- The most vital problem in food processing sector is the problem related to wages except for avil and pappad units. For these units, non-availability of labour constitutes the major problem. The second problem faced by the units is the poor working conditions. Promotion prospect is the least significant problem for most of the units, except for pickle and jam.

  The study makes it clear that low wages is the most significant problem for the small units, but for medium and large units it is unsatisfactory working conditions.

3. Marketing

- The major marketing problem faced by Curry powder is the uneconomic price, whereas it is the existence of unbranded products in the market in case of Pickle, chips, Avil and pappad. Food standards constitute the most vital problem for Jam and Squash. Apart from these fixed marketing problems, another important problem that food processing industry faces is with respect to tax. The tax rate on this industry in Kerala is 12.5 per cent, where as it is 4 per cent in almost all other states in India. Hence in most cases, the units face difficulty in fixing a price that can meet the cost and at the same time satisfy the consumers.

  Category of Consumers

- In case of all the products, majority of the consumers are individuals/households. Sales to institutions stands in the second position and sales to others including government departments is only nominal.
The products of 158 units (53.56 per cent) are meant to be used by all the consumers irrespective of their income level. In the case of 97 units (32.88 per cent), the products are meant for middle income group consumers. As per the study, not even a single food processing unit undertake production with the objective of being used only by people belonging to high income group.

No units in the small, medium and large scale sector target high income group category.

Pickle (46.67 per cent), jam (51.35 per cent) and squash (52.63 per cent) are making regionally branded products. Where as chips (64.10 per cent), avil (48.48 per cent) and pappad (47.37 per cent) identified themselves more as local products. However it is to be observed that a notable percentage of curry powder (42 per cent), pickle (35 per cent), jam (37.84 per cent) and squash (31.58 per cent) are international with a global brand name.

There is hardly a single unit in medium and large scale sector with a local brand name, where as there are 81 units (29.24 per cent) of the same in the small scale sector.

The study revealed that there is an increase in the market opportunity for products exploiting local taste preference. The sale of curry powder (26.00 per cent), pickle (30.00 per cent), jam (35.13 per cent) and squash (36.84 per cent) are mainly state-wide. But most of the units producing chips, pappad and avil sell their products only in the local area in which they are produced. There are only one unit each in case of these products which have got international sales. Majority of such units are of traditional nature and undertake business with less investment and few workers with the intention of merely meeting their day to day expense.
The survey revealed that most of the small scale units sell their products locally (24.19 per cent), within the district (26.35 per cent) and within the state (21.66 per cent). In contrast to this, majority of the products of medium and large scale units are meant for sale to different states in the country and to foreign countries (50 per cent).

- Packing materials like glass, plastic bottle, jars, cans, cartons etc. are most purchased from outside the state which adds to the cost of packing materials.

**Marketing Strategies**

1. **Cash Sale v/s Credit Sale**

- The survey revealed that 236 units (80 per cent) have adopted cost plus pricing in which the price is fixed by adding a certain percentage of profit to the cost of production. The demand oriented pricing and competition oriented pricing are followed by 28 units (9.49 per cent) and 23 units (7.80 per cent) respectively.

- Among the sample units, 235 units (79.66 per cent) have both cash sales and credit sales. A number of 40 units (13.56 per cent) sell their products entirely on cash basis and 20 units (6.78 per cent) on credit basis.

The study revealed that 221 units (79.78 per cent) in the small scale sector are having both cash and credit sales and almost equal percentage of units in the medium and large scale sector are following the same system.

- More than half of the units in the small scale sector (56.67 per cent) are extending credit for one month, where as 60 per cent of the units in the medium and large scale sector are providing credit facilities for a period ranging from 1 to 2 months. The small scale sector cannot extend credit
beyond one month as it will adversely affect their liquidity and working capital.

➤ Majority of the food processing units sell their products through retailers who, in most cases, overlook the payment of debt within the credit period allowed. Some food processing units have already closed down and some near to closure due to the single reason of loss caused to them by way of bad debts. It is worth mentioning in this context that ‘Quick Mix’, a Cochin based curry powder manufacturing unit was closed down in 2002-'03 due to heavy bad debts.

➤ The units in the medium and large scale sector have their own mechanisms for debt collection including debt collection agencies.

➤ The Compound Annual Growth Rate (CAGR) of avil is the maximum (11.38) during this period followed by pickle (10.47) and curry powder (10.08). The product pappad has the least CAGR (7.19). The Compound Annual Growth Rate (CAGR) of small units during the period was only 7.82, whereas it is 12.38 in medium and large units.

➤ Some respondents opined that they prefer domestic sale due to the advantage of immediate sale, less procedures, relatively larger market size etc. The export business assumes the risk of bad debts, long credit period, loss due to difference in the exchange value of currency, replacement etc. More over the exporters have to maintain high quality for their products and undergo rigid rules and regulations. Competition in the world market is considered as the most imperative problem in the export front. Again the exporters complain that the raw material quality does not meet international standard. The manufacturers who prefer export argue that the domestic market is overruled by retailers and it demand heavy investment in sales promotion. The exporters also enjoy tax benefit and there is no fear of return due to the expiry of shelf life.
Out of 277 small units, only 61 units (22.02 per cent) export their products, while 15 (83.33 per cent) out of 18 units in the medium and large scale sector undertake export.

➢ There are no units in case of chips and pappad having a market share of more than 15 per cent. The analysis reveals that for the food-processing sector, a huge market is merely waiting to be tapped.

➢ The survey revealed that the medium and large units do have dominance over the processed food market.

➢ Only a negligible percentage (0.68 per cent) is free from the threat of cut throat competition.

2. Quality Reduction/Price Cut/Attractive Commission

➢ The study indicated that curry powder faces more competition from small units (16.33 per cent) than the large units (14.29 per cent). In contrast to this jam and squash face competition mainly from large units. However products like chips, avil and pappad have a comparatively minor threat from large units. Further curry powder, pickle, jam and squash have higher competition from small and large units where as chips and pappad have more competition from small and unorganized sector. The product avil face most of the competition from unorganized sector (33.33 per cent) than any other type of units.

Small units face competition mainly from small and large units (28.16 per cent) and small and unorganised sector (23.47 per cent). Where as in case of medium and large units, there is equal competition from large units and small and large units category (50 per cent each). They do not face any competition from the unorganised sector.

➢ The ultimate result of competition in case of all the products is low sales. Quality maintenance stands in the second position for curry
powder, pickle, jam, chips and pappad and price reduction for squash and avil. Price reduction as a result of competition is least preferred by almost all units.

Almost all producers, except chips and avil, accept the strategy of allowing more discounts to retailers in order to face competition and improve their market. Improving packing and quality possess the second and third position respectively for the first four products, curry powder, pickle, jam and squash. The next is advertisement and last is price reduction.

The small units mainly depend upon retailers for the sale of their products. So the first policy adopted by them is to offer more discount to retailers. Where as the other sector has their own ways of marketing their products they prefer the method of improving quality of products. Improving packing is the third technique followed by the small units, while it is advertisement for medium and large units. The fourth rank is similar for both the sectors, that is, to reduce price. The least choice is advertisement for small units, but it is improving packing for medium and large units.

3. Catchy Advertisement /Personal Selling/Packaging

The product wise analysis shows that the first four products, curry powder, pickle, jam and squash prefer advertisement as the promotion tool. Sales promotion, personal selling and publicity stand in the second, third and fourth position respectively. As the market for these products are mainly available at district or state level than the local market, advertisement is more suitable. In case of chips and avil, producers give priority for sales promotion followed by personal selling. But in case of pappad, personal selling and sales promotion occupies the first and second position respectively. The third and the fourth ranks are similar
for the last three products, chips, avil and pappad. Publicity gets the last rank for all products. During most of the situations two or more promotional methods are to be used for each campaign. Generally with the help of a single method it is not possible to succeed. Advertising needs the support of personal selling or display to increase the sales. Sometimes even the personal selling alone cannot be successful without the support of advertisement.

Food processing units in both the sectors have a preference for sales promotion as a tool for promoting the sale of their products.

➤ More than eighty per cent of the members use television and more than seventy five per cent of the members use print media as the info – entertainment media. While radio occupies the third position, magazine stands in the fourth position. Internet is the least preferred media used by the consumers for this purpose.

➤ In case of curry powder, jam, squash and pappad, more than sixty per cent of the people prefer branded products. In case of pickle, the preference of the consumers towards branded and home made products are equal. However in case of avil and chips 52 per cent have taste for non branded products.

➤ From the study, it is clear that the major modification regarding the product is done by bringing about a change in the package. But in the case of pappad the area of modification is a change in the size. The second and the third type of modification done regarding products such as curry powder, Pickles, jam and squash is a change in size followed by a change in flavour. In the case of avil the focus is to offer producing thin avil, white avil, fried avil etc.
The major area of modification for both small and medium and large scale sector is a change in the package. A change in the size/quantity per packet constitutes the second main area of modification for both sectors.

4. Market Survey/Sales Forecast

- The study made it clear that all units, irrespective of their products, use the quantity of sales as a measure to assess their position in the market. As a secondary measure the units collect information from local sellers. Market survey is the last method adopted by them to analyse the market situation. Some of the units opined that they conduct market survey whenever the price of the product is revised in order to know the response of the consumers.

Both the units in the small, medium and large scale sector consider the quantity of sales as an index of their performance.

- It is evident from the survey that 20 out of 45 curry powder units (44.44 per cent), 19 out of 58 pickle units (32.76 per cent), 13 out of 36 jam units (36.11 per cent) and 13 out of 37 squash units (35.14 per cent) have developed an annual sales forecast strategy. Products like chips (73.68 per cent), avil (50 per cent) and pappad (62.16 per cent) have more faith in monthly sales forecasting strategy.

Most of the small units forecast their sales monthly (36.88 per cent), while the medium and large units make this quarterly (38.89 per cent). The sales of small units are susceptible to extensive fluctuation and they reported it as the reason for their monthly sales forecast.

- The units must develop the ability to understand their market and device their marketing strategies accordingly. The entrepreneurs should be able
to assess who will buy their product and why; and also the competitors and their strategies.

- An examination of the study revealed that 60 per cent of the units adopt a strategy for the entire organization and the remaining 40 per cent develop a strategy for each product. However it can be observed that 56 per cent of the curry powder units have a separate strategy for the product. For all other products the entire organization strategy is preferred by most of the units.

- The table makes it clear that only 63 units (21.36 per cent) follow new strategies on experimental basis. This is the highest in case of curry powder (34.00 per cent) and the lowest in case of avil (9.09 per cent).

  The sector wise analysis shows that 52 units (18.77 per cent) in the small scale sector and 11 units in the medium and large scale sector pursue innovative marketing strategy.

- Majority of respondents in the small units complained that the large units exploit them by using their membership to win the top positions in the associations. Once they achieve, they use the position only for their own benefit and wellbeing. They neither attend to nor represent the problems of other units. So most of the small units either don’t take membership or even if they take they remain inactive.

- Prevention of Food Adulteration laws is not only stringent one but time consuming also. It is considered as an archaic and no industry friendly food law. It substantially varies from Codex standard. Harmonization of the multiple food laws is an urgent necessity.

- Continuous innovation is an issue of vital importance for the strategic management of food processing companies that wish to access or stay in quality based markets.
➢ The alignment of product differentiation and market segmentation represent an essential competitive strategy to face the consequences of the changing consumer behavior with respect to processed food products.

➢ Out of 300 respondents, 121 (40.33 per cent) opined that the reason for their preference is convenience. 70 persons (23.33 per cent) feel that branded products are tastier. Only 19 persons (6.34 per cent) are concerned about the shelf life of the product.

➢ Most of the consumers in case of squash (74.24 per cent), jam (71.70 per cent) and curry power (43.48 per cent) were using the present brand for a period of more than 12 months. Hence they are very much brand loyal. In the case of pickle out of 166 consumers using branded products, 75 (45.18 per cent) were using the current brand for a period of 6 to 9 months. These groups are moderately loyal. Avil, pappad and chips are the commodities in which case the largest share of consumers opined that they are not at all brand loyal.

➢ Majority of the consumers of avil (70.94 per cent) and curry powder (62.77 per cent) make their purchase once in a month. A fairly large portion of the consumers of squash (74.10 per cent), chips (68.18 per cent), jam (63.87 per cent) and pappad (61.07 per cent) buy them only occasionally which indicate the irregularity of usage.

➢ More than 90 per cent of the consumers are satisfied with the existing brand they use, except in case of curry powder which is slightly less than the other products. This indicates that the satisfaction level is very high.

➢ The consumers are very quality conscious in buying curry powder and pickle. Convenience is the prime consideration of the consumers for all
the other products, viz, jam, squash, avil, pappad and chips, followed by quality. Offers and credit facilities do not attract them much.

- Most of the consumers prefer margin free markets (50.33 per cent) for buying their daily requirements. 87 consumers (29 per cent) have a liking for nearby shops for their purchase. This is followed by particular shops (13.67 per cent) and co-operative stores (6 per cent). Only one per cent has a preference for other places.

5. **Awareness about Promotion Tools**

- It can be detected from the table that majority of the people are aware of five out of nine techniques. Point of purchase display (78.67 per cent), discount (68.67 per cent), free samples (68.00 per cent), gift and compliments (63.33 per cent) and coupons (51.00 per cent) are the techniques that the consumers are aware of, given in the order of their awareness. Most of the people are unfamiliar with trading stamps (7.67 per cent), rebate (18.67 per cent), bundling (20.00 per cent) and contests (20.00 per cent) as promotion tools.

- As regards the attractiveness of sales promotion tools, point of purchase display (72.33 per cent) is the most attractive tool followed by discount (68.00 per cent) and free samples (61.67 per cent). Coupons (20.67 per cent) are considered to be the least attractive technique.

- The most important reason given by the consumers for not using discount is ‘actual price being higher’, coupons ‘unavailability of coupons’, gift and compliments and point of purchase display ‘brand preference’ and free samples ‘non availability of samples’.

- It is observed that the people of Kerala maintain the habit of using a specific brand for a considerably long period of time
Display obtains the highest mean value in case of pickle (43.52), curry powder (41.77) and chips (31.00) followed by price off in case of pappad (44.70), avil (44.22), squash(35.67) and jam(34.17). Coupon is considered to be the promotion tool with the least mean value.

In case of jam (58.49 per cent), squash (56.06 per cent) and curry powder (34.35 per cent), advertisement is the leading factor that motivated consumers to purchase the present brand. But it is sudden decision in case of pappad (56.28 per cent) pickle (43.37 per cent) and avil (33.03 per cent) and convention in case of chips (26.56 per cent). The other reasons like sales representatives, fairs etc. are found to be unimpressive.

Out of 300 respondents, in case of squash 214 (71.33 per cent), pickle 213 (71 per cent), pappad 209 (69.67 per cent), and jam 205 (68.33 per cent), revealed that they have upto 25 per cent chance of changing their preference, if a valid offer is given. This is least in case of curry powder143 (47.67 per cent). 33 per cent buyers in case of curry powder, 29.33 per cent in chips and 18.67 per cent in avil, 17 per cent in pappad and responded that their preference will not be altered by offers. The percentage of buyers who expressed the switch over possibility of more than 75 per cent is only nominal.

For of all the products, the respondents were found to be favouring display as the most effective promotion tool which motivates brand switching. Discount occupies the second position with the second largest mean value.

Majority of the consumers who had earlier switched to a particular brand have up to 25 per cent chance to switch back to their earlier product on the expiry of the offer. Only less than 22 per cent of the consumers said
that they would stick with the brand even after the offer is over. Small number of consumers felt higher level of possibilities.

- More than 20 per cent of the buyers in case of all the products do not have the habit of buying more and more than 50 per cent of the buyers have up to 25 per cent chance due to an offer. Majority of them feel that the possibility is less.

- In case of all the products except chips, the product stocking policy is followed by the consumers in order to save time. The reason in case of chips is brand loyalty. There is a very little possibility of consumer product stocking due to possibility of future scarcity.

- Display constitute the most effective promotion tool in motivating consumer product stocking in case of all the products except avil in which case it is price off. As in all the other cases, coupons constitute the least preferred tool.

- In case of advertisement, electronic media constitute the most attractive tool (89.67 per cent) followed by window display (64.00 per cent), packing (39.67 per cent) and print media (37.67 per cent). Sponsorship (38.33 per cent) is the only striking factor among the techniques used for publicity. Out of the methods of personal selling, fairs catch the attention of the consumers more. Among the tools of sales promotion, discount and rebate ranks first, samples second, exhibition third and premium and gifts fourth.

- Out of the promotion tools, electronic media, print media, display, packing, exhibition, donation, sponsorship, trial packs and fairs should be given more attention by the producers as they are found to be more attractive by the consumers. In contrast to this, sales representatives and
sales meet are not producing a favourable result. So the producers need to spend only less amount on these promotion tools.

Food processing is a sunrise industry, and betterment of the agricultural sector is dependent on this industry. As has already been detailed in the earlier sections, the industry faces several challenges such as perishability, lack of direct processor-farmer linkages, high cost of external funding, lack of economies of scale and low capacity utilisation. Since promotion of food processing industries is primarily in the domain of states and they may require differentiated strategy based on local geo-climatic conditions, produce, marketing opportunities and other local considerations, states should prepare master action plan for sustained and intensive promotion of food processing industry.

Suggestions

The researcher, for the purpose of this study, has focused on small, medium and large scale units. The small scale units lack a strong financial background to spend on marketing and advertising. But it has been observed that large scale units have the pecuniary back up to support their innovative and attractive advertising campaign. With self service retailing so prominent today, it is important to have a package that attracts attention, expresses the characteristics of the product, and sells the product. The marketer must never forget that much of advertising falls on deaf ears. Even reaching the potential customer does not necessarily result in a sale. The small firms can implement the marketing concept better than a large one. Actually, small firms have differential advantage in its close proximity to their customers. This proximity gives the small firms the potential for satisfying customer needs much more easily and quickly and with less cost.

Under such a circumstance, some of the strategies that can be suggested are:
Tap the resources of the wedding market. They can personally meet the main chef of the catering team and entreat them to consider their products favourably.

Canvas the hotels with attractive perks giving them various offers for a bulk purchase like one fresh packet of product for the return of a fixed number of empty packets.

Offer kits at reasonable and economic price during festival seasons like Onam, Vishu etc., when the consumption is high.

Since consumers currently depend largely on margin free markets, the display of their products must be made competitively attractive. The sales persons can be given offers for the promotion and sale of the products.

Canvas the railway catering contractors to get subcontract for the supply of product.

Based on the in-depth study of the various aspects and strategies of food processing industries and the findings there of, the researcher further put forth the following suggestions.

Food industry today is caught in the vicious cycle of inefficiency, apathy of food processors to quality and safety issues, and ineffective regulatory mechanism. There is a need for a public-private partnership to develop to plug-in the glaring loopholes in the food supply-chain. The new amended APMC (Agricultural Produce Marketing Committee) Act and the proposed introduction of FDI in retail sector shall augur well for the growth of the food sector.

It is also the time to shift food processing industry from 'supply' to 'demand' driven sector by reducing costs, enhancing quality & safety systems, building markets, creating and promoting efficient supply chain, developing / inducting world class technology and management,
and promoting synergy between big (really big) and small companies (a large number) for export and employment.

- It would require single window approach to service all stakeholders engaged in the handing of agri-produce, processing, marketing (including exports), infrastructure development, food safety regulation, etc.

- The food processing industry faces competition from domestic and foreign units. To compete with multinational and large units in the domestic and world market, the unorganised small units should modernize their technology.

- A good packaging is needed to increase the shelf life of product. The package of processed food is as important as the food itself. If food items are not packaged in containers that protect them from air and moisture, these are subject to spoilage. Packaging materials must therefore be strong enough to withstand the heat and cold of processing and the wear and tear of handling and transportation.

- To maintain standards and quality of products in par with the standards, the food processing units have to adopt new technologies. Attempts should be made to stimulate the transfer and diffusion of food preservation technologies to the whole economy, and particularly to small producers, commercial and domestic.

- There should be an official state development authority to sponsor the development of the industry. Separate arrangement should be ensured to provide suitable land and building for this industry. Financial outlets should provide more help.

- Government and industrial promotion agencies must jointly set up a marketing department with professionally qualified person with aptitude to strengthen the marketability of food products. Technical know-how should be made available to farmers, state government should take initiative to set up refrigerated cold storage and processing centres to
avoid post harvest loss, floor price to raw materials to avoid price fluctuation, central level co-operative organizations to purchase surplus in the market to create balance between demand and supply.

- Economy pack and single use pack can be introduced and advertised among small and medium units.
- Highly educated people should not be employed as salesmen as they always seek other better opportunities.
- Sales promotion schemes and point of purchase display should be followed.
- There is a need for development of innovations in processes of preservation and storage techniques, packaging and composites, dispersal systems, colloids, sensors for detection and process control, bio-process engineering and the like. Moreover, the issue of raw material availability for the processing industry needs to be addressed.
- The State could latch on to its tradition as a food products exporter and emerge as a leading player through recourse to value addition and diversification.
- Value addition, packaging and branding are the three important issues that the industry should be concerned with in the near-term. Popularise value addition in case of products like avil, e.g. avil shake which is well-liked by the people of Kozhikode district.
- Brands will have a significant role to play in the domestic market, especially given the exposure to a large number of international brands thanks to the presence of a sizable non-resident population.
- Banana chips, a traditional culinary delight from the State, can be developed as a product geographically indicated in origin to Kerala provided appropriate technology is developed to deal with the problem of rancidity and the short shelf-life. Packing should be made attractive for this purpose.
Trade fair could be a platform for working out partnerships for investment, business and technology sharing in the agro-industry sector.

Develop a food and wine tourism strategy, using tourism as a means of promoting food and beverage to influential decision leaders visiting the state on holidays. Give sample packs of the products in a kit, free of cost, to the foreigners who visit our place.

Usually processors do not sell directly to consumers, but rather to food chains and wholesalers. Wholesalers break down large blocks of products into smaller lots desired by retailers, assemble and stock the varieties of foods and advertise products. The producers may also advertise brand names or may display on the package.

Quality raw material has to be produced in sufficient quantity and properly packed to facilitate further processing. This calls for educating the farmers in production and harvesting techniques as also in packing. Some of the critical areas that require immediate attention are strengthening of the infrastructure like cold storage, improving the production process in the agriculture sector, relaxing or removing stringent laws and regulations, and ensuring reliable power supply.

The difficulties experienced by the food processing industry have to be addressed by the industry, the promotion boards and the Government with better co-ordination.

Self Help Groups can be formed to bring more women into the web of the industry.

Conclusion

Today, Kerala cuisine is fast finding its place on dining tables all over the world. Kerala, the land of numberless fruits in countless flavours, is all set to host a food processing revolution. With matching infrastructure, manpower, natural resources and enviable location advantages, Kerala is racing to the position of the food processor for the whole world.
The researcher has immense pleasure in having attended to a socially relevant factual study. It is the earnest hope of the researcher that this thesis may prove to be a handmaid in the study of food processing industries in Kerala. It is also hoped that this thesis will prompt further research in the field. Market should be explored for the indigenous products of our state like papaya, jackfruit, avil, pappad and chips. For this purpose, the units should practice value addition and product diversification.