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Utilizing ICT helps Coffee Farmers in Sultan Kudarat Improve Collective Marketing and Increase Income

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Mrs. Eva Palawan, a coffee farmer from Brgy, Masiag, Bag, uses her cellphone to get updates of coffee price from Nestle.

General Environment

The province of Sultan Kudarat has been known as the leading coffee producer in the country since a couple of years ago. This pride could not be dominated without due recognition the small coffee farmers have contributed. The enhanced technology now readily available to coffee farmers and increasing demand are few to mention as the stimulating factors to the enthusiasm of many coffee growers to continue expanding farms, revive deteriorating natural resources and sustain what their greatest income source has been though it's a perennial crop. Coffee as they say is the black gold.

But for years, coffee business is largely dominated by affluent traders and middle men imposing on the small coffee producers to believe that larger markets such as Nestle could no way have a deal with them like they do. With lesser competitors, the prices and quality classification are often dictated unfairly. This has been true for one fact. Most coffee farmers don't have access to information. The lack of sufficient knowledge on the global trend makes them vulnerable to manipulative motives in doing business. One of the examples is the 15-20/kg price difference compare to Nestle price. Mr. Rogelio Albacite, one of the veteran coffee growers from Brgy. Sto. Nino said *"Tuwing ako ay magbenta ng kape sa mga traders sa bayan, class C daw kasi hindi maganda ang pagkadry, maitim, at bagsak ang presyo ng kape at may diskwento pa pagdating sa timbang"*. Another farmer retold his story that traders from Isulan often told him to hurry move down our stored coffee, because Nestle at the end of December will drop its price and eventually stop buying. And we know for a fact, that December is the peak harvest, and a time to prepare for Christmas and New Year, so the traders' wishes often come true. The scenario keeps on repeating in cycle where coffee producers are always at the losing side. The weak bargaining power cuts down the better chance of poor farmers to actively participate in the chain. These are just few of the reasons why coffee has a promising offer yet limited opportunity goes to the producers simply because the right venue is not served.

Interventions

1. This is an odd reality when everybody else is moving towards information and access everywhere as fast ever changing, whereas the small scale coffee growers especially in upper valleys are left behind when in fact, they are supposed to be well-informed being the producers. This is where Information Communication Technology or ICT has become useful and realistically made a significant change in pattern to coffee growers where the project is closely working with. One of the immediate solutions the project did was to directly link the farmers to Nestle through SMS for updated price by enrolling mobile numbers. Understanding this possibility is a lot potential to be effective and relevant since 95% of the project sites have access to cellular signals with at least 6 out of 10 individuals know or own a cellphone despite the absence of electricity in few areas by using alternative power source to recharge batteries. This was new to them though not hard, and they wondered if this could really be possible. With the assistance of Nestle personnel, cluster leaders and some members with mobile phones were enrolled to subscribe for free. After completing the process in a matter of minutes, they received an SMS informing the current coffee buying price per classification. The messages are sent regularly direct from Nestle satellite stations. Though the technology is technically not ours, but it was the project that brought it to the community through partnership. It might be simple, but the impact we observed is immense.

The Results

Now why is this important and worth noting? These are several direct observations and testimonials gathered.

1. Using affordable ICT tool (cellphones), information of the current price is shared among coffee growers especially at the cluster level and thereby, they have the better options to sell locally or wait for much higher price.
2. Collective marketing has been improving a lot and widely appreciated by the cluster members as evident in the yearly increase of consolidated volume and participating farmers since 2010. It might be observed that the recent coffee deliveries (2014) to Nestle initiated by coffee clusters in Bagumbayan and Sen. Ninoy Aquino were scheduled at the fall of peak harvest last Feb-March, 2014. What holds them not to hurry? It's the price regularly monitored through SMS. This was not like before when they went selling coffee it was then they knew the price as the buyers informed them.
3. There is an increased level of awareness of the coffee farmers to counter price gap offered in the local market. One of the local traders from Sen. Ninoy Aquino was quoted in her comments *"Marunong na talaga ang mga magkakape ngayon dito dahil ang mga reject nilang kape ay binebenta sa akin, samantalang ang mga grade 1 ay binebenta sa Nestle"*. The thing is; more farmers are learning the trade. Before they are used to be oriented that their coffee beans could not pass Nestle standards and therefore bought at the lower price. But not for long until they realized that their coffee beans classified by local traders as low quality were actually good for the premium price. This was the narrated experience of coffee clusters during their test marketing to Nestle General Santos.
4. The largest portion of income was captured by many of the farmers who participated in the collective marketing. For instance, if a certain farmer has 1MT of GCB sold locally @ P70/kilo compared to P85/kilo Nestle price then at least P15, 000 sales differences, and it would be an added income for the farmer. The farmers are learning how to compute sales by comparing local price trends with Nestle and make decisions out of it. And this could not be significant and critical without the knowledge of the global price as basis of calculation, delivered right into the subscriber's inbox.
5. With ICT readily now available to the farmers, many local traders would rather think twice to over drop the price or else it will be their loss. It was also observed that the project's single presence could not be underestimated. With farmers now engaging into critical negotiations with buyers, business is adjusted to be friendly and considerate. Though not everybody prefers Nestle, but deals and price bargaining to traders has improved a lot from before purely dictated to a win-win arrangement. For instance in the case of Brgy. Kabulanan where Mr. Frias, a local trader, lent his capital to the organization for a certain percentage to buy and sell coffee instead of him. He knew that the organization is getting stronger, and if not within the organization, the risk for him might be high to gather enough volume since coffee farmers would rather collectively sell their products direct to Nestle.

Challenges and Way Forward

The project is optimistic to sustain success of this technology even beyond the project life. Clusters need to be strengthened to hold sharing of information on the prevailing trends in the market to encourage more participation to collective activities especially marketing. This way, the small coffee farmers would be able to reflect on the need to increase the level of income by increasing the value of products, not for someone else's sake, but for their own respective families, communities and self-rewards.

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