



DETERMINANTS OF MARKETABILITY OF KAFFA COFFEE

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Abstract: Following Oil, Coffee becomes the leading traded commodity in the world and the top traded agricultural product of the world. Ethiopia becomes Africa's top Arabica coffee producer and exporter. Even though Kaffa is the origin or birth place of coffee and known for coffee producing, the area is not cultivating the benefit or advantage from coffee marketing. Additionally, Kaffa coffee is priced at lower price in Ethiopian commodity exchange compared to coffee coming from other parts of Ethiopia. Against this backdrop, this study tried to identify the determinants of the marketability of Kaffa coffee.

The study was employed through descriptive and explanatory design in which the data from target respondents were collected using questionnaires and interviews. In order to differentiate the determinants of marketability of Kaffa coffee, through Likert scale-based questionnaires 103 target respondents' views were considered and the interviews were conducted with 10 target respondents. Regression analysis with the help of SPSS version 21 was used as means for questionnaire-based data analysis. In-depth interview-based data were analyzed through content analysis.

The results show that there are many determinants of marketability of Kaffa coffee. Among these the transportation, illegal trade, quality of coffee, promotion and destination branding holds the lion share. This study considered small sample size as well as focused only on Kaffa coffee. Thus, interested researchers could consider large sample size and determinants of marketability of other Ethiopian coffee.

Key words: Kaffa, Ethiopia, Coffee, Marketability

I. INTRODUCTION

Based on Global market report (2019), Following Oil, Coffee becomes the leading traded commodity in the world. It is the leading traded agricultural product of the world. In the year 2017, from the world's production 70% of coffee was exported with the value of \$19 billion. Coffee as the leading marketed agricultural product, employs 125 million people, consumed by 63% of world population and daily 2.25 billion cups of coffee consumed throughout the world.

Coffee production in the face of climate change report 2019 revealed that in 2017/18, 450,000 tons of Arabica Coffee were produced in Ethiopia and 240,000 tons of coffee were exported to different parts of the world. Coffee plays a great role in Ethiopia's national economy through generating 25% of export revenues, 11% of gross domestic product of the country, and being source of livelihood for 15 million people. Based on this fact, Ethiopia becomes Africa's top Arabica coffee producer and exporter.

"As matter of fact, Ethiopia is the center of origin and diversity of Arabica coffee" (Anthony et al.,2001). "This diversity accounts 80% of world coffee market and 70% of production" (Tadesse et al.,2002).

The origin and the center of the genetic diversity of coffee Arabica lays in south western region of Ethiopia, kaffa kingdom, Mankira kebele, Buni village, about 1000 years ago (Bibber,1920; Bahiru,2002). Coffee is widely known in Europe, America, Asia as koffee, cafa, kafie, cofea etc., similar to its original source 'kaffa' and "Buna" in Amharic which is driven from 'Buni' village coffee was originated (Selamta, 2001).

Historically, the birth place coffee belongs to Kaffa based on the findings of different researchers and historians. Gruhl Max (1932:169), Philip Briggs (1995:556), Orient Amnion (1970: 263-293), Verner Lange (1980:8), Bieber (1920), Gemes Bruce (1769-1772) and Alexander Bulatovich (2005) are among the known historians and researchers with immense evidences proving Kaffa as birth place of coffee. Additionally, Elisabeth Hildebrand, Steven Brandt and Josephine Lesur (2010) on their Archaeological paper entitled “The Holocene Archaeology of Southwest Ethiopia: New insights from the Kaffa Archaeological project” clearly proved that Kaffa is the birth place of Coffee on the world. According to Lange (1982), Before 200 years Kaffa as a Nation had annual capacity of exporting 350,000 Kg coffee to different countries.

II. RESEARCH GAP

Kaffa used to export 350,000kg of coffee annually before 200 years (Lange, 1982), and appeared to be the main source of Ethiopia’s economy (Orient, 1960). But currently the coffee produced and delivered to the central market or Ethiopian commodity exchange (ECX) from kaffa is reduced (daily report of ECX).

Additionally, Kaffa is not the only birth place of coffee but also the main coffee producing area in the country, though the benefits associated with the origin of coffee in the country are not witnessed (Bekele, 2009).

Not only this but also kaffa coffee is graded as low grade coffee, priced at lower price by ECX when compared with other coffees of Ethiopia and the people of kaffa who are the producer of coffee faced a great difficulty to change their life from marketing of coffee or income from coffee (Bunoo, 2010). Above all, it is possible to say no researches have been conducted in Coffee marketing specifically in Kaffa, Ethiopia.

Against this backdrop, this study attempted to identify the determinants of marketability of kaffa coffee.

More specifically this study tried to answer the following questions

- ✓ What are the factors affecting the marketability of kaffa coffee?
- ✓ Is destination branding of kaffa being origin of coffee, is effectively done?
- ✓ Is kaffa beneficiary of destination branding and area of origin?
- ✓ How should kaffa handle the challenges to improve coffee marketability?

III. OBJECTIVE OF THE STUDY

General objective of this study is to examine the determinants of marketability of kaffa coffee.

The specific objectives

- ✓ To categorize the factors affecting marketability of kaffa coffee.
- ✓ To examine the relevance of destination branding associated with kaffa coffee.
- ✓ To identify the ways or methods of tackling factors affecting marketability of kaffa coffee.

IV. SIGNIFICANCE OF THE STUDY

This study would have paramount benefit for Kaffa zone, by examining and identifying the factor affecting marketing competence of Kaffa coffee.

It helps to design the appropriate strategies to tackle the identified factors, to increase the level of coffee marketability, to effectively use benefit of destination branding.

Additionally, this study can be used for reference or source to conduct deep and professional research on the area and researchers to focus on the areas where researches are rarely conducted but highly research seeking.

V. DELIMITATION OF THE STUDY

The scope or the delimitation of the study comprises identifying the determinants of marketability of coffee specific to Kaffa zone only.

VI. LIMITATION OF THE STUDY

The researcher has taken small sample size and had focused on specific variables; this may affect the generalization of the finding.

VII. RESEARCH METHODOLOGY

7.1 Research procedure

The researcher had conducted the study through collecting the necessary data from target respondent by questionnaires, in-depth interview and observation. These collected data were screened, edited and classified. Then after these data were analyzed with the help of SPSS and detail qualitative description. And finally analyzed data were concluded and the researcher had suggested recommendations.

7.2 Research Design

The research type is descriptive and explanatory research type in nature. The reason why the researcher choose descriptive type is to clearly describe the factors or determinants of marketability of Kaffa coffee and explanatory is used to explain briefly the effect of different factors on marketability.

7.3 Research Participants

The participants of this study were ECX (Ethiopian Commodity Exchange), Kaffa zone, NABU (Nature and Biosphere conservation Union), Coffee traders and Green Coffee Agro industry.

7.4 Sample Size and Sampling Technique

The researcher had taken the sample from each unit of research participants. Accordingly, from ECX 6 respondents, from kaffa zone agriculture and coffee production center 15 respondents, from coffee cooperative union of kaffa 17 respondents, from Kaffa coffee quality testing center 6 respondents, from NABU 10 respondents, from trader 10 respondent, form Green coffee Agro industry 26 respondents, from Kaffa zone farmers 11 participants from Kaffa zone administrator 1 respondent, from Kaffa communication center 1 respondent. The researcher had taken a total sample of 103 through purposive sampling technique.

This technique helped the researcher to collect data from the responsible and the right group of individuals purposefully.

7.5 Method of Data Collection

The researcher had collected data through in-depth interview with respondents of ECX, kaffa zone administrator, kaffa zone communication center, Trader, NABU head and Cooperative union head.

The questionnaires were distributed for the rest of respondents and observation had taken on areas of quality testing and farmers culture of coffee production.

7.6 Source of Data

The researcher had used both primary and secondary data sources. For primary sources the researcher focused on interview, questionnaires and observation. For secondary sources, focus was on books, internets, articles, dissertations, journals and different written documents of kaffa zone related with coffee marketing.

7.7 Plan of Data Analysis

The researcher analyzed the collected data in 2 ways. The data collected through interview was analyzed by detail content analysis. The data collected through questioner which are quantitative were analyzed through linear regression analysis.

VIII. RESULTS AND DISCUSSION

8.1 Results

Based on the proposed methodology, the researcher collected the necessary quantitative data and analyzed by linear regression analysis.

Regarding reliability test, the total items internal consistency was computed and the result of Cronbach Alpha shows 0.795.

Therefore, the alpha value greater than 0.7 is considered as good internal consistency measurement. Based on this, alpha value of 0.795 shows all items internal consistency is good and confirmed that the instrument as reliable for this study.

8.2 Regression Analysis

Regression fit a predictive model to data and use that model to predict the values of dependent variable from one or more independent variables (Andy, 2005).

Linear regression estimates the coefficients of the linear equation involving one or more independent variables that best predict the value of dependent variable.

In linear regression we use an equation $Y_i = (b_i + b_1x_1 + b_2x_2 + \dots + b_nx_n)$

Where y = the outcome variable b_i = the coefficient of constant predictor(x_i)

b_1 = the coefficient of first predictor(x_1) b_2 = the coefficient of 2ⁿ predictor(x_2) b_n = the coefficient of nth predictor(x_n)

Therefore, in this study:

$$Y = b_i + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 \quad Y = .957 + .334x_1 + .322x_2 + .281x_3 + .187x_4 + .118x_5$$

Where

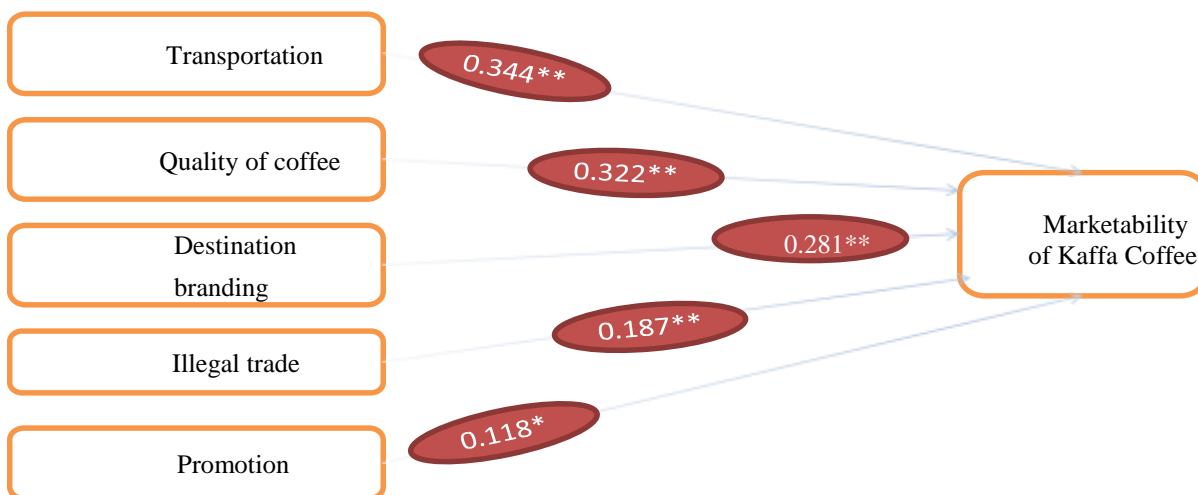
y = marketability of kaffa coffee x_1 = transportation x_2 = quality x_3 = destination branding

x_4 = illegal trade x_5 = promotion

Note: dependent variable Marketability of kaffa coffee

Table 8.1 Regression Analysis

Model	Unstandardized coefficients		Standardized coefficients		
	B	Std. error	Beta	t	Sig.
(Constant)	.957	.893		1.071	.292
Quality	.273	.098	.322	2.768	.009
Ware housing	-.31	.147	-.027	-.214	.832
Transportation	.354	.109	.334	1.216	.000
Promotion	.086	.090	.118	1.952	.028
Destination branding	.348	.100	.281	2.473	.001
Illegal trade	.184	.136	.187	1.357	.000
Distributors	.116	.115	.135	1.015	.318



Note: * - significant at 0.05 level

** - significant at 0.01 level

Fig 8.1. Regression Model for Marketability of Kaffa Coffee

8.3 Discussion

Based on the table 8.1 and Fig 8.1, Transportation ($\beta=.334$, $p<0.01$), quality ($\beta=.322$, $p<0.01$), destination branding ($\beta=.281$, $p<0.01$), illegal trade ($\beta=.187$, $p<0.01$), and promotion ($\beta=.118$, $p<0.05$) have all significant effect on marketability of Kaffa coffee. This means transportation, quality, destination branding, illegal trade and promotion determines marketability of Kaffa coffee.

8.4 Results of interview

Based on the interviews conducted with NABU, Kaffa forest coffee cooperative manager, Kaffa zone administrator and traders the following are the main problems or factors affecting the marketability of Kaffa coffee:

Transportation problem like lack of road access and modern transportation in coffee producing woredas or districts.

Illegal trade between boarder line coffee producers and traders from other zones creating brand confusion.

Since most of Kaffa coffee is dominated by forest coffee, the coffee quality is being affected at pre harvest stage due to insects, at harvest stage due to collecting immature coffee and at post-harvest stage due to lack of modern drying facilities. Absence of quality-based pricing is also other problem related with quality problem of coffee. Even though the genetic quality of Kaffa coffee is high, its cup quality is low.

The problem of tour operators and lack of modern transportation access for tourists are reasons contributing Kaffa not to be beneficiary from destination branding.

For branding Kaffa coffee there are two main problems; these are: Quality and production level of Kaffa coffee is low and ECX is not willing to accept coffee from kaffa by its name.

Even though Kaffa zone is engaged in promoting Kaffa and its coffee, the promotion effectiveness is low.

IX. CONCLUSION

Even though kaffa is the origin of coffee in Ethiopia and known for coffee producing, the area is not cultivating the benefit or advantage from coffee.

Therefore, this study attempted in identifying the determinants of marketability of kaffa coffee. Based on the data analysis and finding the following conclusions are drawn.

The problem related with transportation holds the great share or transportation is the dominant factor contributing for the low marketability of kaffa coffee.

Because lack of road access in remotest coffee producing areas of kaffa, lack of modern transportation system and lack of trusted transporters in the area.

Quality of coffee is another determinant factor for marketability of kaffa coffee. Since kaffa coffee is dominated by the forest coffee, its quality is affected at its pre harvest stage by birds, pests, insects; at its harvest stage collection of coffee at its immature stage and at its post-harvest stage lack of quality drying materials for coffee.

Destination branding is another determinant factor for marketability of kaffa coffee. Lack of known tour operators, problem of transportation access, low promotion effort in building good image about origin of coffee leads kaffa to not beneficiary from destination branding.

Illegal trade affects marketability of kaffa coffee in the way that buyers and illegal merchants from another area buy coffee from remotest coffee producing areas of kaffa and sale the coffee by the name of their own area.

Promotion is also another determinant of marketability of kaffa coffee which means the promotion effort done on coffee and kaffa is not satisfactory, kaffa has no brand for coffee for easy promotion.

Although coffee marketing in the Ethiopia is regulated, the absence of some actors in coffee marketing like collectors may leads to illegal trade and coffee quality problem.

X. RECOMMENDATION

Although kaffa has enough forest and domestic coffee resources, there is a shortage of transportation to deliver coffee to the target market. Therefore, the responsible bodies like zonal, regional, federal government should pay a great attention in constructing roads and adjusting modern transportation system. Additionally, investors from kaffa and other area should invest on transportation service to be profitable and to make society beneficiary from coffee marketing.

In order to make kaffa beneficiary from destination branding the promotional effort must increase from zonal government, the tour operators should look towards such historical areas, kaffa should train its own tour operators and kaffa zone should adjust different infrastructure for tourists.

To tackle illegal trade kaffa zone should legally control traders of other area who buy coffee from remotest area and should give training for producers on illegal trade and its effect.

Since kaffa coffee is majorly forest coffee, kaffa zone should give training in quality issues when collecting coffee, forest coffee should be owned and controlled by kaffa zone in order to take measurements for birds, insects, pests, disease to control quality at pre harvest stage, to collect coffee at its mature stage and to deliver quality coffee drying materials. Additionally, traders, cooperative union and kaffa zone should apply quality based pricing. Increasing promotional effort, branding kaffa coffee for easy promotion are necessary.

Finally, all responsible bodies like federal and regional government, kaffa zone, traders, investors, ECX, NGOs etc. should work together in order to make the society beneficiary from marketing of kaffa coffee.

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