

## **Marketing of Spice Powder in Dhaka City** **A Case Study on Square Consumer Product Ltd.**

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# Marketing of Spice Powder in Dhaka City

## A Case Study on Square Consumer Product Ltd.

**Abstract:** *The objective of this paper is to examine the marketing pattern of a leading powder spice 'Radhuni' offered by Square Consumer Products Ltd. (SCPL) in Dhaka city. The research focuses on procurement of raw materials, distribution channel, pricing, promotion activities and customer opinion regarding 'Radhuni' powder spices. The study revealed that SCPL market their product at premium price due to the quality features of 'Radhuni'. 56 percent of consumers opined that Radhuni spices powders are very good in quality. The study suggests that SCPL should consider value based pricing instead of cost based pricing and SCPL should go for field survey to find out consumer's opinion which in turn help them to maintain leadership position in spice powder market of Bangladesh.*

**Key Words:** SCPL (Square Consumer Product Ltd.), 'Radhuni' spices powder, Consumers' Opinion, Marketing Pattern and practice, Product quality.

### 1.0 Introduction

The use of spices in cooking foods is a primitive event. Spices not only bring aroma and good taste to the cooked foods but also possess some food value. Bangladesh has a fertile land and favorable climate for the cultivation of chili, turmeric, cumin, onion, ginger and coriander. The area & production of spices during 2005-06 were about 1,43,764 hectare area & 3,15,830 metric tons respectively . Since Bangladesh has comparative advantage in agricultural activities, it can achieve economic prosperity through agri & agro business. Traditionally these crops are crushed to prepare grinded spices, but the complex socio-economic condition leads to the popularity of ready made spices. As the women of today are busy with their carriers, the demand of branded spices powder is increasing day by day. Recently availability of spice brands implies that market for spices product in Bangladesh is increasingly gaining momentum. Until recently no major research work has been done on the marketing practices of powder spice in Bangladesh. Before 2000, even there was no local brand of spice powder in the market that can satisfy the needs and wants of the consumers of Dhaka city.

Square Consumer Products Ltd. (SCPL), a sister concern of Square Group, is one of the largest manufacturers and marketing concerns in the powder spice arena in Bangladesh. After finding the market demand of quality spices until 2001, SCPL started its challenging journey with branded turmeric powder under the brand name **Radhuni**. A prudent analysis of market opportunities, customers demand, and competition provoked SCPL to introduce new products under the same brand in the market for a phenomenon growth within a very short period. More importantly SCPL correctly identified that only a few number of packed spices powder were in the market which did not satisfy its customers because of poor quality. At that time SCPL came to market with a promise to deliver quality spice. Their spices powder is made from selected variety of crops & seeds. All essential oils of the spices are kept intact with the fully equipped German grinding technology. Actually, the value of spice increases due to the presence of aroma & the essential oil. It has been playing "market leader" role in producing & marketing of spice product in the whole Bangladesh.

### 2.0 Research Objectives

The primary objective of this study is to analyze the marketing practices and patterns of Radhuni spice powder, marketed by Square Consumer Products Ltd. (SCPL) in Dhaka city. More specifically the objectives are:

- To analyze the marketing practices of Radhuni spices powder.
- To analyze the consumer's opinion and expectation regarding Radhuni spice powder in Dhaka city.

- To identify the gaps between the customers' expectations and existing marketing practices of Radhuni Spice powder.

### **3.0 Research Methodology**

The research is exploratory in nature and is confined to Dhaka City. Both primary and secondary data were used for this study. Researchers collected data from different shops of different areas of Dhaka city. These shops and areas were selected purposively. Primary data were collected from 150 consumers living in different parts of Dhaka city by using non random convenience sampling technique. The interviews were carried out with a pre-designed structured questionnaire. Among the respondents 35% are housewives, 50% are service holders & the rest 15% are students. Age of 12% of the respondents are ranged between 15-25 years, 28% belongs to the age group 26-35 years, 34% belongs to the age group 36-45 years & the rest of the respondents are above 45 years of age; of the total respondents 65% are female as it is a household product & the rest of the 35% are male. Utmost care was taken to ensure the inclusion of people with various demographic characteristics like – age, income, occupation, education, sex & marital status. A set of structured questionnaire having 20 different types of questions was used to obtain factual information & opinion. As descriptive method is used to analyze the data, no rigorous statistical tools were used. Secondary data were collected from company website, reports, newspaper, electronic databases & magazines. Besides, informal conversations were also made with the executives of SCPL.

### **4.0 Limitations of the Research**

The prime limitation of the research is the absence of formal study on marketing of spices powder in Bangladesh. Though there were various competing brands available in the market, consumer's attitude has been considered only on Radhuni powder spices. The study was confined only in Dhaka city, so there is scope of further research to carry out in other parts of the country.

### **5.0 Literature Review**

A spice is obtained from the dried fruiting body of a plant. In addition the roots and bark of plants in their dried form are also considered as spices. Thus turmeric and wasabi are sices (both derived from roots), as is cinnamon (a bark). Spices and aromatics-the powerful, pleasurable, sensual ingredients used in foods, drinks, scented oils, perfumes, cosmetics, and drugs-have long been some of the most sought-after substances in the course of human history (Retrieved from : [www.theepicentre.com](http://www.theepicentre.com) ).

The great value put on spices is best reflected by economic developments that began before 2000 bc in the Middle East, in the form of lucrative commerce in cinnamon, cassia (Crosby, M. R. (2008). "Senna," Microsoft® Encarta® Online Encyclopedia 2008). Indeed, the history of commerce and trade is the history of spices and it's no exaggeration to say that America would not have been discovered if it were not for the European desire to break the Arab traders' monopoly on spices. But to understand the spice trade we need to go back to its origins, which can actually be traced back five thousand years in the historical records (Retrieved from: <http://www.celt.net.org.uk/recipes/roman.html?PHPSESSID=26caf3bc35486152e548b7b2dc0eb0bd> ).

Besides their long use in preserving foods and enhancing food flavor, spices and herbs played important, sometimes magical, roles in medicine. Before the advent of industrially prepared medicines, herbal remedies were commonly prescribed and were often effective, as some practitioners are now rediscovering ("Spices," Microsoft® Encarta® Online Encyclopedia

2008). The American Institute for Cancer Research, Washington, D.C., suggests that herbs and spices should be used as flavor enhancers because of their health-protective phytochemicals, which can help fight cancer and other diseases (Retrieved from: <http://www.foodproductdesign.com/articles/herbs-and-spices.html> ). Other studies have shown the benefits of using some common spice, as *Turmeric* is an ancient spice, a native of South East Asia, used from antiquity as dye and a condiment. Turmeric is a mild digestive, being aromatic, a stimulant and a carminative. It also has some antiseptic properties. In some countries it is used to impart a golden glow to the complexion. *Coriander* is the seed of a small plant. Coriander seed is generally used coarsely ground or more finely powdered, depending on the texture desired. It is generally beneficial to the nervous system. Cumin is the seed of a small umbelliferous plant. It is valuable in dyspepsia diarrhoea and hoarseness, and may relieve flatulence and colic. It is supposed to increase lactation and reduce nausea in pregnancy. Ginger is native to India and China, which has been important in Chinese medicine for many centuries, and is mentioned in the writings of Confucius. Powdered ginger is the buff-colored ground spice made from dried root. Ginger is most commonly known for its effectiveness as a digestive aid. By increasing the production of digestive fluids and saliva, Ginger helps relieve indigestion, gas pains, diarrhea and stomach cramping.

However, no major work has so far been done in Bangladesh on marketing of spices. So there is a dearth of literature in this field. The present study tries to analyze the marketing pattern of Radhuni spice powder offered by Square Consumer Products Ltd. (SCPL) in Dhaka city.

## **6.0 Analysis and Findings of the study**

### **6.1 Product Policy:**

SCPL manufacture and pack all the products from its factory located in Pabna, a northern district of Bangladesh. For the raw materials SCPL usually depends on the local selected crops and seeds and collects these during the peak season of harvest. In every step from selection of raw materials to the finished products SCPL complies with strict international quality standards. Automated process in every step complied with a well defined quality policy the 'Radhuni' brand comes in the market without having a single human touch during the production. To create a reputed impression in the customers' mind regarding the quality, SCPL adopted ISO 9001:2000 and approved all its products from BSTI. Not only in the beginning and finished product but also during the production stage, different tests are being carried out in the lab to ensure the best quality product from SCPL.

For the purpose of this study a consumer survey was conducted to know the consumers opinion about the "Radhuni" spice products & different aspects of its marketing practices. According to this study, quality of the spice powder is the most important parameter among all for the consumers while choosing any particular brand. 56% and 38% of the respondents are highly sensitive regarding the quality and give very high and high level of preference respectively (Annexure 2).

### **6.2 Pricing Policy:**

Even maintaining the high standards, SCPL offers its products with a competitive price in the market. A blend of cost-based pricing and competitor-based pricing strategy adopted by SCPL for its Radhuni brand. Different other factors may also play critical role in determining final price of the product. These include COG, government taxes and duties, cost of distribution, marketing cost, retailers/agents commission etc.

For international market SCPL uses different pricing strategy for Radhuni spice powder, such as FOB, CRF pricing method. The prime goal of SCPL is to maximize profit and to be

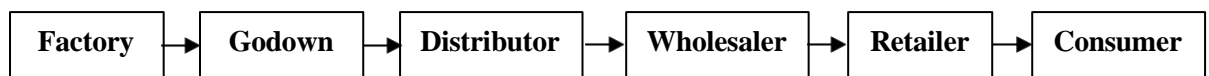
competitive in the market, so they offer Radhuni spice powder at premium price, which also match with its brand image.

From Annexure 3 it is observed that majority of the consumers (52%) considered the price of Radhuni powder spices are reasonable, while still 44% of the respondents believed that the price of Radhuni is high. But 65% of the respondents opined that even in the slight increase in price they will not change the brand (Annexure 4).

### 6.3 Channels of Distribution

SCPL provides significant effort in planning an effective marketing channel as it is a major decision point to develop an overall marketing strategy. For Radhuni powder spices, distribution accounts for about 25% of their product's retail price of which 25% is incurred for transportation, 40% for inventory carrying, and 35% for order processing and customer service. SCPL owns heavy trucks by which they distribute products to the depots. Distributors through their own vehicles send products to the wholesalers without charging extra fare. At present SCPL has 160 distributors all over the country. Distributors are selected district wise i.e. one distributor per district. But in large districts, for example in Dhaka, Khulna, Chittagong more than five distributors are employed. SCPL provides commission to its dealers based on their sales. Goods are supplied all over the country at a uniform price. Besides ultimate consumer, the company also has some institutional customers like Meenabazar, Agora, Hotel Sheraton, Hotel Radisson etc. Moreover, the company is now regularly exporting to 20 countries of the 6 continents all over the globe.

Distribution pattern of SCPL for Radhuni spice powder are shown in figure 1.



**Figure 1: Distribution pattern of Square Consumer Products Ltd.**

The company's strategy is to make the products available all over the country and to inform the consumers through aggressive campaign. From this research it is observed that Radhuni powder spices are widely distributed in Dhaka city as 73% of the respondents give their level of preference high in this issue (Annexure: 5).

### 6.4 Promotion Mix

A company's total promotion mix – also called its marketing communication mix- consists of advertising, sales promotion, personal selling, public relations and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationships. To promote Radhuni Spice Powder SCPL adopts different promotional tools giving special emphasis on advertising, sales promotion, personal selling etc.

Advertising is considered to be the best tool to stimulate demand of the 'Radhuni' spices powder in domestic market, as well as in foreign market. The company uses all the available media for the advertisement of its products. The media includes- TV, Radio, Newspaper, Magazine, billboard, Neon sign, Display and others. For introducing any new product of Radhuni brand they use informative advertising, while for established products they go for reminder advertising. SCPL combinedly uses rational and emotional advertising appeal to attract the attention of their customers and to influence their feelings toward the brand 'Radhuni'. To present this advertising appeal, SCPL uses slice-of-life ad execution style, which portrays a problem or conflict that consumers might face in their daily lives and how

the 'Rahduni' spices powder can resolve the problem. According to consumers' opinion, it is observed that 66% of the respondents considered the promotional activities of Radhuni as exceptional and uncommon. But 32% of the respondents believed that these activities are usual (Annexure 6).

SCPL offers different types of the sales promotion tools to encourage the sale of its 'Rahduni' spices powder such as- consumer promotion, trade promotion and business promotion tools. As consumer promotion, SCPL offers following promotional campaign shown in table 1.

**Table 1: Consumer Promotion Conducted for Radhuni**

<b>Year</b>	<b>Consumer Promotion Offer</b>
2005	20% extra of every 200g pack of Basic Spices
2006	Tk. 2 off on every 200g pack of Chilli & Turmeric
2007	A question was asked to the consumers through different media. Consumers wrote down the answer and send it along with the symbol "Cholo Radhunir Ghor Sazai" cutting from the packs. Answer was marked by a jury board and winners were selected from the sorted respondents on weekly basis. Five winners were drawn for gift in a week. Thus, 40 winners were selected in 8 weeks.

As trade promotion, SCPL offers an allowance in return for the retailers' agreement to feature their spices brand in some way. As business promotion tools SCPL participates in different fairs and exhibitions in locally and internationally to promote their 'Rahduni' spices powder. The company sales people maintain a good relationship with the dealers, distributors and wholesaler. SCPL has approximately 350 sales people, who are engaged in and responsible for distributing the goods among the dealers, distributors and wholesalers. A group of sales representatives is assigned in an exclusive territory to represent the 'Rahduni' spices powder through out the country. They visit different markets regularly and meet the wholesalers, retailers and also the customs and prospects. In this way they try to increase the sales. The company has an assurance of a quick transport arrangement to send the products towards respective buyers. It provides e-commerce facility by web site for instant communication to attract the buyers.

The researchers found that in case of media preference 48% of the respondents prefer mass media, like TV, Radio etc. The study also revealed that the consumers also gave high preference (40%) on word of mouth regarding this issue (Annexure 7). It is also observed that Radhuni has a very strong brand image among the respondents, as 73% of them give very high level of preference in case of brand image of Radhuni; while only 2% opined that it has a low brand image (Annexure 8).

## **6.5 Packaging**

SCPL uses different packaging for its different products. For the basic spices, the company uses primary packaging which is made from three grade aluminum foil packaging. For mixed spices, it also uses a secondary package box. The international standard is maintained in packaging and labeling which include product name, ingredients, net weight, batch no,

maximum retail price, manufacturing and expiry date, company name and address, company website, ISO certification, use etc.

The packaging is 100% protected from germs and other pollutions by flashing nitrogen before pouring spices. SCPL has its own quality control laboratory by which it can maintain the quality and standard of their package. The cost of packaging is generally 23% of the production cost. The packaging design is done by the company's marketing people in such a way that attracts attention of the consumers, describes product features, arouses consumer loyalty and also increases company brand image. The company makes some pre-testing to make the package effective and attractive. According to the opinion of consumers, 58% of the respondent opined that packaging of Radhuni powder spices is fair. Whereas 34% believed that the packaging is good. (Annexure 9).

From annexure 10, it is observed that consumer has given their level of preference on different aspects of Radhuni spice powder offered by SCPL. 94% of the respondents believed that quality should be the prime concern for choosing Radhuni. Availability and brand image stand second of all parameters and 73% respondents gave high level of preference in these two issues. Promotional activities also attained importance and 66% respondents gave high preference in this issue. 58% respondents thought that packaging should get the high preference. But the study revealed those only 44% respondents were giving high preference on the price issue of spice powder.

## **7.0 Recommendations and Conclusion**

There are a good number of brands coming with the same proposition of good quality, so SCPL is heading towards an immense competition in near future. In the backdrop of the above findings the following recommendations can be made:

1. Majority consumers believed that the price of Radhuni is high mainly because of its quality. SCPL should consider value based pricing instead of competitive and cost based pricing.
2. To increase the efficiency of the dealers SCPL can offer special trade promotions such as incentive, bonus, foreign tours etc. for the best performers.
3. The promotional effort of SCPL is satisfactory and it should be continued. At the same time they can adopt creative advertising to differentiate their products from others.
4. To hold and create new customers of Radhuni spice powders SCPL should consider:
  - a. More frequent customer survey
  - b. New user group
  - c. Launching new mixed spice powder
  - d. Identifying new overseas market for further increase in export

SCPL is holding the maximum market share with Radhuni spice powder. It maintains its leadership through well planned action program, motivated and trained personnel and by projecting a favorable company image among the customers. Under intensifying competition in the market and changing attitudes towards the branded spice powder, SCPL should consider the above recommendations made by the researchers.

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## Annexure

### Annexure1: Finished products and Price of different Radhuni powder spices

Product	Pack Size	Variant	Trade Price	Maximum Retail Price
<b>Radhuni Turmeric Powder</b>	15 gm	<b>Basic Spice</b>	2.50	3.00
	50 gm		7.00	8.00
	100 gm		13.00	15.00
	200 gm		26.00	30.00
	500 gm		58.50	66.00
	1000 gm		110.00	125.00
<b>Radhuni Chilli Powder</b>	15 gm	<b>Basic Spice</b>	4.40	
	50 gm		13.25	15.00
	100 gm		26.00	29.00
	200 gm		50.00	56.00
	500 gm		120.00	130.00
	1000 gm		230.00	248.00
<b>Radhuni Coriander Powder</b>	15 gm	<b>Basic Spice</b>	2.50	3.00
	50 gm		7.00	8.00
	100 gm		13.00	15.00
	200 gm		26.00	30.00
	500 gm		61.00	66.00
	1000 gm		116.00	125.00
<b>Radhuni Cumin Powder</b>	15 gm	<b>Basic Spice</b>	10.25	12.00
	50 gm		31.00	35.00
	100 gm		60.00	68.00
	200 gm		116.00	130.00
	500 gm		285.00	315.00
<b>Radhuni Ginger Powder</b>	35 gm	<b>Basic Spice</b>	30.00	35.00
<b>Radhuni Panchforan</b>	15 gm	<b>Mixed Spice</b>	3.50	4
	50 gm		12.50	14.00
<b>Radhuni Garam Masala</b>	15 gm	<b>Mixed Spice</b>	10.50	12.00
	40 gm		28.00	32.00
<b>Radhuni Chatpati Masala</b>	15 gm	<b>Mixed Spice</b>	5.50	7.00
	50 gm		16.00	20.00

<b>Radhuni Kabab Masala</b>	50 gm	<b>Mixed Spice</b>	40.00	46.00
<b>Radhuni Biryani Masala</b>	55 gm	<b>Mixed Spice</b>	43.00	48.00
<b>Radhuni Borhani Masala</b>	50 gm	<b>Mixed Spice</b>	23.00	27.00
<b>Radhuni Curry Powder</b>	50 gm	<b>Mixed Spice</b>	23.00	27.00
<b>Radhuni Vegetable Masala</b>	50 gm	<b>Mixed Spice</b>	26.00	30.00
<b>Radhuni Meat Curry Masala</b>	20 gm	<b>Mixed Spice</b>	7.00	8.00
	100 gm		33.00	38.00
<b>Radhuni Fish Curry Masala</b>	20 gm	<b>Mixed Spice</b>	6.00	7.00
	100 gm		25.00	30.00

Source: Company Price List, SCPL

### Annexure 2: Consumer quality preference of Radhuni spice powder

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
Very high	84	56
High	57	38
Moderately high	6	4
No comment	3	2
<b>Total</b>	<b>150</b>	<b>100</b>

### Annexure 3: Consumer price preference for Radhuni Spice Powder

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
High	66	44
Reasonable	78	52
No comment	6	4
<b>Total</b>	<b>150</b>	<b>100</b>

### Annexure 4: Change in consumer preference due to increase in price for Radhuni spice powder

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
Will not change	98	65
May change	45	30
No comment	7	5
<b>Total</b>	<b>150</b>	<b>100</b>

### Annexure 5: Consumer preference towards availability of Radhuni spice powder

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
High	110	73
Moderately high	37	25
Low	3	2
<b>Total</b>	<b>150</b>	<b>100</b>

**Annexure 6: Consumer response towards promotional activities of Radhuni spice powder**

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
Exceptional	99	66
Usual	48	32
No comment	3	2
<b>Total</b>	<b>150</b>	<b>100</b>

**Annexure 7: Consumer media preference for Radhuni Powder Spice**

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
Mass media (TV, Radio)	72	48
Print media (Newspaper, Magazine)	18	12
Word of mouth	60	40
<b>Total</b>	<b>150</b>	<b>100</b>

**Annexure 8: Brand image among the consumers for Radhuni spice powder**

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
High	110	73
Moderately high	37	25
Low	3	2
<b>Total</b>	<b>150</b>	<b>100</b>

**Annexure 9: Consumer packaging preference for Radhuni Spice Powder**

<b>Level of Preference</b>	<b>Frequenc</b>	<b>Percent</b>
Fair	87	58
Good	51	34
No comment	12	8
<b>Total</b>	<b>150</b>	<b>100</b>

**Annexure 10: Consumer's Preference to Different Aspects of Radhuni Spice Powder**

<b>evaluating factors for Radhuni</b>	<b>Preference level (%)</b>
Quality	94
Price	44
Packaging	58
Promotional activities	66
Availability	73
Brand image	73
Word of mouth	38