

Marketing Afghan Saffron

Washington State University
International Research and Development

April 2007

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April 2007



Photo 1. *Crocus sativa* blooms



Photo 2. Saffron

Introduction: The Attraction of Saffron

Saffron is a high priced spice used in cooking for color and delicate flavoring. It comes from the red stigmas of a flower, *Crocus sativa*, a perennial that grows from a bulb or, more properly, a corm. (The flower is pictured above left; the yellow stamens are not saffron and have no value.) It is worth \$250 per kilogram and more at the farm level, and because its production is well suited to conditions in eastern Afghanistan it is seen as an excellent potential income source for small farmers.³ There is only a very limited demand for saffron within Afghanistan, so the market for the crop is almost all in other countries, but because the product is light and has a high value per kilo it can easily and economically be transported to from the villages to town and on by air to India, Europe and the United States where the consumers are.

The reason why saffron has such a high value is that a vast amount of labor is required in harvesting and on-farm processing. The flowers are taken from the field in the early morning, as soon as they open and transported to a farm house or other place where the stigmas are separated from the blossoms. It takes some 450,000 stigmas to make up a kilogram of saffron, and as a flower has only three stigmas workers must process 150,000 blossoms to produce that amount. Stigmas are attached to the flowers by yellow filaments called styles (visible in the photo on the right). They, like the stamens, are worthless spice and many merchants prefer to buy only pure saffron, requiring that the stigmas be separated from the styles, which has also to be done by hand. Finally the saffron is dried, with careful attention to preserving quality and cleanliness. All this work makes the saffron expensive, and also means that a large number of people, especially women, can find employment in its production. Fortunately, harvesting and processing take place in late autumn and early

¹ The research that provides the basis for this report was funded by the United Kingdom Department for International Development through its Research in Alternative Livelihoods Fund (RALF) and the International Center for Research in Dry Areas (ICARDA). DACAAR (Danish Committee for Aid to Afghan Refugees) managed a project under RALF to promote saffron production in Herat province, and this report is one of the outputs of that project. None of the entities mentioned here necessarily subscribes to the analysis or conclusions of this report, for which the author alone is responsible.

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³ The original impetus was a desire to find viable alternatives to opium poppy, and this certainly remains an interest, but this report will look at saffron production and marketing as an enterprise in its own right.

winter, so saffron production does not have to compete for labor with many other farm activities. The plants also require irrigating but, again, late in the year when other crops have little or no need of it and there is no competition with saffron for the water.

In spite of saffron's suitability to eastern Afghanistan, and the example of farmers just across the border in Iran who produce most of the world's supply, the spice is new to Afghanistan and both production and marketing have had to begin almost from scratch, training farmers in each. The aim of this report is to outline a strategy for promoting the marketing of saffron. The next section will present data on the markets in Europe and the United States, providing background to the subsequent sections, which will follow the traditional but very practical marketing management approach and classify strategic considerations under four headings: the product itself, its distribution, pricing and promotion.

The World Saffron Market

At present a widespread misapprehension drives the world saffron market and, as will be explained shortly, it is one that has implications for how Afghan saffron might best be promoted. The misunderstanding is that, while Iran is by far the world's largest producer, with production between 200 and 300 metric tons in a normal year, the country that is most closely associated with the spice is Spain – in fact, a particular region of Spain, La Mancha, and a casual purchaser of saffron on the internet will find Spain and La Mancha mentioned far more often than Iran. The impression is one that suppliers deliberately foster by routing saffron from Iran through Spain. Other countries where saffron has been produced for a long time are India (in Kashmir), Greece, Italy, France, and Morocco, and China is now developing saffron production. I have not found data on quantities produced in these places, though amounts are likely to be small by comparison with Iran.

The following are observations on the saffron market based on data from the EU and the US.

- ***In Spain area planted to saffron and production have fallen considerably since 1991*** (Figure 1). Production was 21.8 metric tons in 1990 and just 3.4 metric tons in 2003 which is between 1% and 2% of total world production. Yield has increased so production has fallen less than area planted. (Data are from Spain's Ministry of Agriculture, Fisheries and Food, or MAFF. See also Annex A.)
- ***In spite of the decline in Spanish production, Spanish exports have risen rather than declined, made possible by imports, which have increased correspondingly.*** (Figures 2, 3 and 4. In Figure 2 the difference between exports and imports is greater than the volume of production. All three sets of data in this chart are from the Spanish MAFF, so the discrepancy is puzzling. Data in Figures 3 and 4 are from the EU. Note that EU data go up to 2006 whereas Spanish data stop in 2003.)
- ***Nearly all Spanish imports come from Iran*** (Figures 3 and 4). Since 1999 the proportion has been over 90%. (Data from the EU.)
- ***Spain accounts for a very much larger percentage of EU saffron exports as measured in value than in measured in tons*** (Figures 5 & 6). Over the period 1995 to 2006 Italy, Greece and France combined accounted for 33% of EU exports of saffron in terms of tonnage but only 15% in terms of value, while Spain exported just 26% of the EU's volume of saffron but 80% of the total value. Per kilogram, Spain's exports are clearly especially valuable, either because quality is higher or its reputation is worth more, or both. Either way these relationships are worth bearing in mind when devising an export strategy for Afghanistan.

- ***Spain exports much more saffron to the United States than any other country.*** From 1995-2001 the top three destinations for Spanish saffron exports were the US, Saudi Arabia and Taiwan. Over the next seven years they were the US, Italy and Taiwan (Figures 7 and 8). Quite likely Saudi Arabia did not so much reduce saffron consumption as switch its source to the United Arab Emirates, or UAE, whose share was also up in the later period.) ***US data show higher figures for quantities imported than EU data, but the pattern of year-to-year variation is similar and there is a perceptible upward trend in each.*** (Figure 9, data from the US Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics.
- ***The US market is as good or better as that in other countries in terms of price as well as volume, as the value per kilo of Spanish exports to the US is as high as or better than the average value per kilo of Spanish exports to other countries.*** The proportion of average value is more consistent than average tonnage (Figure 10).
- ***The average value per kilo for saffron imports to the US has been between \$350 and \$450 in most years according to US data.*** EU data show rather higher average values, from \$600 to \$1,000 in most years since 1999. (Figure 11. Dollar to euro exchange rates are not available before 1999.)

The Current Production and Marketing Situation

A handful of Afghan farmers who spent some time in Iran as refugees were the first to plant the crop when they came back to their homes in the western part of the country. Since then a number of NGOs such as DACAAR (Danish Committee for Aid to Afghan Refugees) and CRS (Catholic Relief Services) and the government of Afghanistan have begun to promote saffron, also chiefly in Herat province in the west. DACAAR has probably worked with the largest number of producers. In 2005 it helped establish a saffron producers' association with 102 members and provided 53 of them with corm, resulting in 6.5 jeribs of land being planted. (A jerib is one fifth of a hectare or about half an acre.) Ninety-nine more farmers joined the association in 2006 and it split into three along geographical lines. DACAAR provided corm to 119 farmers that year and they planted a 28.2 jeribs.

A good yield from a jerib of land once the plants are well established is about 2 kg per jerib, though in the first year yields can be expected to be less and, because many fields are new and total area planted to saffron is still low, total production is still very modest, around 20 Kg in 2006. However, prices in 2006 were much higher than normal because yields even in older fields were lower than they normally are, not only in Afghanistan but also in Iran. Farmers earned \$400 to \$450 per kg as opposed to about \$300 per kg in 2005. This is certainly encouraging to farmers and there are now, in 2007, some 250 of them in the three producers' groups that DACAAR advises.

Although saffron production is new to Afghanistan and the market is nearly all outside the country, simply selling the product is not a problem. With the world's largest producer across just across the border, merchants in Herat city can buy from Afghan farmers and then sell in Iran. By this route, Afghan saffron reaches world markets as Iranian saffron and, as the volume of production in Afghanistan is currently insignificant compared that in Iran, this channel can easily absorb any amount of saffron that Afghanistan can produce in the foreseeable future. However, Afghan producers could obtain a higher price if they could establish their own links with the world market. The next sections consider marketing strategy under four headings: the product itself, pricing, distribution and promotion. Throughout the general concept applies on which all marketing strategies are based: find out what the customers want and provide it more effectively than competitors do.

Marketing Strategy - Overview

There are two main elements to the strategy outlined here to give Afghan saffron producers the possibility of earning the highest possible prices. The first is to establish a separate identity for Afghan saffron, one that is entirely separate from saffron from Iran or any other country, coupling it with a reputation for high quality. At the moment, in economic terms, Afghan saffron is simply an unbranded commodity and, because buyers⁴ have no particular reason to purchase it in preference to saffron from anywhere else, producers have very little scope for negotiating prices. If Afghan saffron were recognized as special because of its quality, producers could ask for more than buyers pay for saffron from other countries. Afghan saffron is largely unknown at the moment and if producers take care to export only good quality spice buyers will learn to appreciate it.

The second element in the strategy is to put producers or, more specifically, their representatives, in direct touch with buyers overseas. Producers would then understand clearly what world market conditions are, will know who is offering the best prices and how to sell to them. At present producers sell to local traders and have to trust what they are told, putting themselves in a poor negotiating position. This is not to suggest that each producer should have his own contacts with foreign buyers which would be quite impractical, but producer groups are already organized and a few members with an aptitude for marketing could be given training in how the market operates and how to make contact with buyers. As an ability to communicate in English or some other European language will be necessary, the producers are likely to have to work still with some kind of intermediary, but if the producers know the market themselves they will be able to ensure that those intermediaries are working for the producers' benefit and not their own.

Marketing Strategy: The Product and Product Packaging

Saffron is apparently a simple product, being a single part of a single plant. However, quality can vary considerably and so can prices. In practice, high prices do not always mean high quality but the aim of the strategy presented in this report is that it should for farmers in Herat. Certainly the most knowledgeable buyers will seek out high quality saffron and be willing to pay a good price for it. Further, producers who grow only medium or poor quality saffron will generally have to look harder for good prices, except perhaps in years when production is unusually low. On the other hand, though the product is simple and its processing involves only drying and the separation of stigmas from styles, pursuing quality is requires taking account of several points:

1. Saffron is a delicate spice and its most crucial characteristics of color, taste and aroma can only be objectively measured through testing in laboratories by trained technicians.
2. Although producing saffron is not inherently complicated a good quality output requires close attention to detail in growing and post-harvest processing.
3. Many consumers and even some buyers do not fully understand what makes for good quality, and in particular they do not know that the styles are useless.
4. As something that is eaten, quality includes food safety considerations to do with cleanliness. The cleanliness issue is, fortunately, minimized by the fact that saffron is

⁴ In this report the term "buyer" generally refers to those who would buy directly from Afghan producers, i.e. importers, wholesalers, retailers and chefs in restaurants. When I mean to indicate people who buy small amounts from stores or on the internet I will refer to final consumers.

only consumed when cooked, but it cannot be ignored and ensuring safety can be turned into a selling point.

5. Some consumers are particularly interested in organically produced saffron. Others are willing to pay more for “fair-traded” produce, which certifies that the producers are receiving a fair price for what they grow. Afghan farmers, as they are just beginning to produce saffron, are well positioned to grow it organically and, because they are organized in producers’ groups probably also fulfill the criteria to qualify as fair traded, but both designations require certification processes that might not be easy to organize.

The next sections will look now at how each of these concerns might be addressed, except for the second, on consumer understanding, which I will deal with later under the heading of Marketing Strategy – Promotion. This section on marketing strategy as it applies to product will end with a few observations on packaging, including labeling.

Saffron’s characteristics

It does not take a lot of practice to discern good quality saffron and producers groups will soon learn which of their members produce high quality spice and which do not. The important question is how producers can best convince buyers that the saffron coming from Afghanistan is high quality. There are two ways to do this: one is to send samples to prospective buyers and the other is to have the saffron objectively tested. Some buyers want to have test results while others are most concerned to see the saffron for themselves, so it is necessary to pursue both methods.

Little needs to be said about sending samples. The amounts do not have to be large – generally a few grams. There are three points to make: (1) find out from the buyer what minimum sample size they will accept; (2) do not charge for the sample or shipping – the small cost involved is an investment and part of the cost of doing business; (3) ensure that when a buyer agrees to purchase on the basis of a sample that the follow-up shipment of saffron is of at least as good quality. Good business relations depend on trust and when buyers find that the quality of a shipment is not as good as the quality of the sample they received they are not likely to buy from that source ever again.

Testing needs more explanation. Some governments of saffron producing countries (e.g. Spain, Iran) have defined standards. While they may be helpful to those governments themselves, for example if they have programs to support saffron producers through buying saffron when prices fall below minimum levels, they are unnecessary for marketing purposes. International standards already exist that are widely accepted and it would take time for buyers to learn that they can trust a different set of government standards. (Standards defined by producer groups may be helpful and are mentioned below.) Where the government of the importing country has regulations these will certainly have to be respected by producers who export, and if there is a conflict between the regulations in the home country and regulations in the importing country it is the latter that are the more important. Where the United States is concerned the regulations that affect saffron are, fortunately, very few, touching on organic produce, labeling, and import procedures, and I will describe them briefly later.

There are two sets of international standards that producer groups need to be aware of: ISO 3632 and HACCP. I will describe HACCP standards later under the heading of food safety. ISO 3632 refers to standards specifically for saffron that are set by the International Standards Office in Switzerland and can be downloaded, after payment, from the ISO web site, www.iso.org. (Prices are denominated in Swiss francs: CHF 56 for specifications and CHF 126 for test methods. As of the time of writing, May 2007, CHF 1 = US\$ 1.) In the

United States some wholesalers and retailers are interested in ISO-defined measurements but many are not. Several of the American wholesale or retail buyers I spoke to were not even aware of ISO standards.

ISO standards can be handled in one of two ways. One is actually to obtain certification by the ISO that the organizations standards are being met by producers. The other is simply to adhere to those standards that are most important without actually getting the certification. For the US market the latter is likely to be all that is necessary. The European market might be more demanding but I recommend that producers confirm this before working to obtain certification, because the process is time consuming and expensive. Otherwise it is very much cheaper and easier to have some tests run to find out how the saffron being sold compares with ISO standards and let prospective buyers know what the results are.

With this latter approach in mind, samples of saffron from a major Herat producer was sent for testing to the Food Science and Human Nutrition Department at Washington State University. Two tests were run, one with styles and one without. The focus here is on those characteristics that determine color, taste and aroma, but the ISO also defines standards with regard to moisture, floral waste and foreign matter. The test results are shown in Table 1. Category I is the highest of the three different grades of saffron that ISO 3632 defines. Differences between the two sets of results illustrate how much the inclusion of the styles brings down quality. The results for the tests on almost pure stigmas indicate that the saffron is very high quality.

Table 1. ISO criteria for Category I (best) saffron and test results* for a saffron sample from Herat

	ISO 3632 Category I	With styles	Stigmas only
Picrocrocine (flavor - bitterness)	70	60.05	88.67
Safranal (aroma)	20-50	25.42	35.03
Crocines (color)	190	141.12	244.195

* Figures show light absorbance at specified wave lengths.

It is not likely that all Afghan saffron will be this good and it will improve the trust that prospective buyers have for Afghan production if producers offer lower grades at lower prices. To define their grades, producers' groups can use the three ISO categories. This is where producer defined grades might come in. Because lab tests are needed to get information on all the characteristics above, strict adherence to ISO standards can be a burden. A practical alternative would be for producers' groups to introduce a grading system that uses the ISO criteria as a basis but allows visual sorting. Out of the three characteristics in Table 1 the one that would allow this is color and this could be handled with a template that any farmer or member of his family could use with a little training. As the test results above show the saffron to be a long way above the minimum standard for ISO's category 1, it may do the best Afghan saffron more justice to add a grade above that with perhaps a color rating of 230, and calling it, for example, "premium grade". Laboratory tests would have to be carried out from time to time to ensure that the visual grading system is maintaining reasonable consistency with ISO standards. Below it is suggested that the Ministry of Agriculture research station in Herat or the Faculty of Agriculture in the University of Herat should have this facility if funds can be found for it.

Growing and processing

As I am not an expert on production I will treat this topic briefly here, but producing well is an important element in any marketing strategy and this is no exception. The following are general guidelines. Organic production raises additional points which I describe briefly later.

- Begin with good corm. This is important not only for producing good stigmas but also for efficiency reasons. Good corms can produce 5 flowers each, poor corm less or none, and when yields per corm are poor so are yields per jerib and per investment in fertilizer and the labor in cultivation. Good corms also generate new corms of good quality, and farmers can profitably sell surplus corms if they are good but should feed them to livestock if they are not.
- Adhere to growing recommendations such as:
 - Planting at proper depth and spacing (e.g. 15-20 cm deep and 15 x20 cm spacing).
 - Adequate irrigation (testing needed to find methods best adapted to Afghanistan.)
 - Ridges or raised beds for good drainage
 - Proper fertilizing
 - Mulching to keep down weeds.
- Harvest flowers in a timely manner, which means before 9:00 in the morning on the first day they open. Quality deteriorates in the sun, and, when the crocuses are open they expose the stigmas to dust.
- Separate stigmas from flowers in a clean environment.
 - The place where stigmas are separated from flowers should be as free from dust as possible.
 - The people who do this work keep their hands clean at all times, washing thoroughly with antibacterial soap or, if water is scarce, using antiseptic gel. (Keeping hands clean is probably more realistic and effective in rural Afghanistan than wearing latex gloves which have to be ordered from a long way off and may not be changed as often as they should be.)
- Separate the stigmas from the styles, unless buyers do not want it. There are some wholesalers and retailers who prefer the styles to be included when they are not well mixed with the stigmas and are easy to separate out. (See Photo 2, for example, at the beginning of the report). Because saffron is so expensive some suppliers are tempted to adulterate it with cheaper material and dye it all red to pass it off as pure. If buyers can see the styles they know this is less likely to have happened. They can then separate the styles from the stigmas themselves and sell the saffron under their own labels confident that it is pure. Some saffron is tied in small bunches by the producers for presentation purposes, which is attractive but takes a lot of labor that may or may not be covered in a higher price (see Photo 3).
- Drying is best done with artificial heat. In Afghanistan most saffron is currently air dried which takes days and almost inevitably results in contamination by dust. Artificial drying takes minutes rather than days and make it easier to control the moisture level in the saffron. Too moist and it will deteriorate; too dry and it will break and reduce weight below what it has to be, losing farmers money. Electric driers or microwave ovens can be used and, where there are no funds for these or electricity is not available, simple driers heated with propane and especially made for saffron are available.



Photo 3. Saffron bunches

- Store the saffron in tightly sealed tins. Plastic bags, commonly used now, are not good because the aroma seeps through them and the saffron can too easily be exposed to light.

Food safety

That saffron should be safe to eat is an aspect of quality. The chief concern is that Afghan saffron not carry disease. In practice consumers are not likely to become ill from saffron because it is used in cooking rather than eaten raw, but there is always the possibility that someone will think it can be eaten raw or that a child will get hold of it and eat it. Again there is a set of international standards. They are referred to as HACCP principles (Hazard Analysis and Critical Control Points) and they apply to all food processing. There are seven such principles and together they essentially outline a set of procedures which, when followed, simply indicate first, that the producer is aware of critical points in the course of processing operations where foreign matter could dangerously contaminate the food, second, that steps are taken to monitor processing at those points, and third that actions have been specified ahead of time to deal with contamination if it arises.⁵

HACCP principles are very simple and practical and are recognized and incorporated into their own standards by a number of government bodies and international organizations including the ISO, United States Food and Drug Administration (FDA), and the Codex Alimentarius of the United Nations Food and Agriculture Organization, and the World Health Organization. Many government bodies certify food processing operations, including those in other countries that export to them, but in the case of the United States such certification is not required for products such as saffron. Nevertheless, it would be prudent for Afghan producers to follow the HACCP principles and document the fact to ensure that their saffron really is safe. As food producers around the world have found, an outbreak of illness resulting from contaminated food results in extremely expensive losses. In the case of Afghan saffron the chief concern is contamination from fecal matter. Certainly the application of nightsoil, which farmers in Afghanistan often use as fertilizer, should be absolutely ruled out. However, manure from livestock, which farmers also use and is permissible, can also carry disease. Experts on food safety could train the producers' groups to apply the HACCP principles and take reasonable precautions.

Organic and fair-trade saffron

Organic. There is increasing interest in organic produce, including saffron and those farmers in Afghanistan who have not used fertilizer and pesticides for some years are in a good position to take advantage of this fact. In the United States the Department of Agriculture has regulations under the National Organic Program (NOP) that define what food can be marketed as organic. These can be downloaded without cost from www.ams.usda.gov/NOP. While the standards are set by the USDA certification itself is carried out by state, non-profit and private for-profit entities that the USDA licenses. Key aspects of the standards are:

- No synthetic fertilizer or pesticide (except for approved list) to be applied now and for three years before current crop.
- No animal manure to be applied within 90 days of harvest where the product to be consumed is not incorporated into the soil (as saffron is not).

⁵ The seven HACCP principles are. 1: Conduct a hazard analysis. 2: Determine the critical control points. 3: Establish critical limits. 4: Establish monitoring procedures. 5: Establish corrective actions. 6: Establish verification procedures. Principle 7: Establish record-keeping and documentation procedures.

- Seed (including corm) must also be organically produced
- Crop rotation is required. (The corms from which the crocus grows should be dug up and replanted at least every 5 to 7 years anyway. This requirement means that they should be replanted where saffron has not been grown for at least one year.)

These requirements are not complicated but they are also not flexible. One concern is that current guidelines for growing saffron in Afghanistan do not include pesticides but they do call for the application of chemical fertilizer, and where producers plan to be able export organic produce they will have to stop doing this and wait three years before being in compliance with the regulations. Another concern is to do with the practice of applying animal manure. The rule about not applying it for at least 90 days must be observed to reduce the chance that the saffron will be contaminated with disease carrying fecal matter. A number of bodies associated with IFOAM (International Federation of Organic Agriculture Movements, www.ifoam.org) can conduct the certification. (The inspectors' expenses would have to be paid.)

Fair trade. The aim of fair trade standards is to ensure that farmers receive a fair price for their produce. Typically they must receive at least a specified minimum price and where they are members of a cooperative or producers group it must be democratically run. In addition to this protection of workers certification usually also requires adherence to certain standards to do with sustainable agriculture. Often a great deal of documentation is needed. Certification is granted not by governments but non-governmental organizations (NGOs). There are many of these, grouped into a number of umbrella associations of which perhaps the best known is Fair Trade Labeling Organizations International, commonly known as FLO, based in Germany (www.fairtrade.net). TransFair USA, the only certifier of fair trade products in the United States is a member (www.transfairusa.org). FLO has both generic and product criteria that must be met. Herbs and spices are among the products for which there are specific criteria, but saffron and Afghanistan are not yet among the spices and countries for which there minimum prices are set.

Certification by the producer groups. Certification of organic production or fair trade by producer groups in Afghanistan will not be enough to convince some, or perhaps many buyers that Afghan saffron merits these designations. However, if it proves difficult to organize the process of certification, either because the certifying entities do not want to be responsible for certification in Afghanistan or, in the case of fair trade, because saffron is not a product that the entities cover, the producer groups in Afghanistan could still take useful steps toward gaining respect in these areas. For organic production, as in the case of the HACCP principles and grading with ISO standards in mind, the producer groups could follow an informal but rigorous monitoring of organic practices that are consistent with the regulations that they wish eventually to be certified by and then publicize what they are doing on a web site (the web site being part of promotion discussed below). Not all production need be organic and farmers should decide for themselves whether they wish to produce organically or not. Similarly the web site should explain how the saffron is marketed and farmers are paid, thus indicating that the saffron is fair-traded in practical terms even if it has not been certified.

Researching and developing quality

The sections above might seem to suggest that everything is known about how best to grow and process saffron. Certainly much is known and people who are experts have much to teach producers. However, there is room for improving our knowledge. For example, assertions are made that corms available in Afghanistan are of inferior quality and better

corms should be imported to improve yields and quality. Counter-assertions are made that this is not so. There may also be differences of opinion regarding the best planting date, how often corms should be dug up and replanted, and what precautions, that are suitable to the resources of Afghan farmers, best promote food safety. These and many other questions are best researched in conditions that saffron most growers in Afghanistan would recognize and currently this means Herat province. The Faculty of Agriculture of the University of Herat and the Ministry of Agriculture in Herat province each have research facilities and are the obvious institutions to carry out this work. One or both of them could also have the equipment and training necessary to conduct tests according to ISO standards. Both would have to be funded and proposals to promote saffron development in Afghanistan should include provisions for it.

Packaging and labeling

Ideally saffron should be packed in containers that are sealed and will keep out light. Tins and dark glass are both good, but tins are lighter to ship. Because saffron is pleasing to the eye, and some assessment of quality can be made visually, retailers often market it in clear glass containers. This is acceptable if the containers are stored in the dark until sold, but consumers who purchase it should be told that they should keep it away from the light or it will deteriorate. Most plastic bags and solid plastic containers are highly unsuitable. Even when they are apparently sealed, you can smell the saffron through them, indicating that the spice is losing its aroma.

When foods are packaged, government regulations state what information must be on the labels, and these regulations vary from country to country. In the US they are not very onerous for spices. The labels should specify:

- The package contents (saffron and its quality classification)
- Any additives (presumably none in the case of saffron)
- Net weight of contents
- Name, address, telephone, e-mail of importer (i.e. who to contact if there is a problem with the saffron)
- A lot number to identify the source of the saffron, as close to origin as possible (to trace the cause of any problem).

In the United States some importers like to receive saffron in bulk and package it themselves in their own containers with their own labels. Others prefer to receive the saffron already packaged so that they do not have to be registered as a packing plant and go through the trouble and expense that that registration entails. The easiest way to accommodate both is to have a logo or emblem that designates the saffron as coming from Afghanistan and from Herat. This could then be incorporated in the importer's label or put on a separate label on the container. Which approach is taken will depend on negotiation with the importers.

Other saffron products. Make these with broken stigmas.

Marketing lower quality saffron products

Not all the saffron produced by Afghan farmers will be up to the standards of the top quality grades. There are three ways of selling it:

1. Through those traders that buy Afghan saffron now and sell it through Iran. In this case the traders will have to be trusted not to market the product themselves while

Afghan identity to it that will harm the reputation of the country's high quality product.

2. Directly to foreign buyers as low quality but pure saffron, again without the Afghan identity or logo attached, and again these buyers will have to be trusted not to associate it with high quality product.
3. To companies who do not sell spices but products that incorporate saffron in them, such as packaged cooked foods, dyed textiles, and cosmetics.

This latter is probably the safest but may require amounts that will not be available for some years.

Marketing Strategy – Price

The prices that farmers receive are determined in negotiations that they have with the traders they sell to. This is a good system, as long as the farmers or their representatives have a clear strategy in mind and are well informed about market conditions. The best strategy is probably to set prices slightly below the top of the range applicable to the grades that the Afghan farmers are selling. This is just one of three possibilities:

1. Prestige pricing: Set the price at the top end or above to indicate luxury quality.
2. Value pricing: Provide good quality and set the price to cover costs and make a good profit, but low enough so that customers feel they are getting good value for their money. This is the alternative being suggested here.
3. Penetration pricing: Set price low to attract customers by making the product cheap. Product quality is a secondary consideration.

Prestige pricing is a possibility. It works where volume is small (as it is at present in the case of Afghan saffron) and it brings good profits, but before it is feasible a reputation has to be established for the brand as much as the product, and Afghan saffron does not have that yet. Penetration pricing is profitable only when producers have large volumes of their good to sell, and that is certainly not the case here.

Table 2. Saffron Prices: U.S. sources on the internet
(\$/gram. Shipping, packaging and quality sometimes vary)

	Oct- Nov 2006	May 2005	Unit sold*	Supplier location	Saffron source
www.saffron.com	\$ 1.02	\$ 1.27	1 oz	San Francisco, CA	Iran.
www.tienda.com	\$ 2.05	\$ 1.57	1 oz	Williamsburg, VA	Spain.
www.butcher-packer.com	\$ 1.23	\$ 1.23	1 oz	Detroit, MI	Spain.
www.sfherb.com	\$ 2.40	\$ 2.05	1g	San Francisco, CA	Spain.
	\$ 1.17	\$ 1.01	1 oz		
www.bulkfoods.com	\$ 1.30	\$ 1.30	Oz	Toledo, OH	
	\$ 1.17	\$ 1.17	Lb		
www.amazon.com	\$ 9.95	\$ 1.57	1 g	Seattle, WA	Spain
www.penzeys.com	\$ 8.46	\$ 8.18	¼ oz	Brookfield, WI	Kashmir
	\$ 4.80	\$ 4.79	¼ oz		Spain
	\$ 6.18	\$ 5.92	¼ oz		
www.purespice.com	\$ 5.15	\$ 5.15	1g	USA	Spain

* 1oz = 28.35 g, 1lb = 435.6g Data collected by the author.

The only real difficulty with the value pricing approach in the case of saffron is knowing what the relevant price range is, and this is where understanding the market becomes important as saffron prices appear to be somewhat erratic. The following three tables illustrate this. Table 2 shows prices collected on the internet for saffron being sold by

vendors in the United States. It is difficult to make close comparisons between the prices because there are variations in whether shipping is included, what the packaging is, and saffron quality. However, close comparisons are not needed because, even allowing for these factors, there is a considerable difference between the prices.

Table 3, which refers to prices gathered in Dubai's "Gold Souq" which is well known for its saffron traders, tells a similar story, though the general level of prices is clearly lower than in the US. Generally there was no packaging. Here (with one exception) we were able to inspect the quality, which depends here chiefly on whether on the quantity of styles mixed in with the stigmas and the uncertainty in making comparisons was due to the fact that buyers and sellers bargain before settling on a price. We tried to elicit a realistic price by explaining our research objective but there is no way of knowing if we were always successful. As in the case of the US prices, there appeared to be a large random element in the pattern. Price should be lower the greater the proportion of styles but any relation between price and quality appeared to us to be very rough.

Table 3. Saffron Prices: retail boutiques in "Gold Souq", Dubai
(UAE Dirhams & US \$ per gram. Prices are negotiable. Taken Nov. 15, 2005)

	Description	DH/1g	US\$/1g*	Source
Shop 1	Red, whole	DH 3.0	\$ 0.82	Iran
Shop 2	crushed red	DH 1.0	\$ 0.27	Iran
	Mixed red, yellow	DH 5.0	\$ 1.37	Iran
	Red, whole (Khorasan)	DH 3.0	\$ 0.82	Iran
	"Best" (with styles)	DH 6.0	\$ 1.64	Iran
Shop 3	Red, whole	DH 3.5	\$ 0.96	Iran
	"Second quality"	DH 2.0	\$ 0.55	Spain
Shop 4	SAFINTER (sealed box)	DH 4.0	\$ 1.10	Spain
	red, whole	DH 1.9	\$ 0.52	Iran
Shop 5	red, whole (Badiee, Zabihi)	DH 1.4	\$ 0.38	Iran
Shop 6	red, whole	DH 1.5	\$ 0.41	Iran
	Mixed red, yellow	DH 1.3	\$ 0.36	Iran

* DH/US\$ = 3.65 Data collected by Ali Gohar, then of DACAAR, and the author

Table 4 shows the data behind some of the charts shown earlier: average values per kilogram of saffron imported into the EU 15, three EU members and the United States. As noted when those charts were discussed, the value of Spanish imports is higher than the average value of imports for the EU 15 as a whole, the value per kilo of Italian imports is even higher and the value of French imports below the average for the EU 15.

Table 4. Value per kilogram of US and some EU saffron imports
(euros and US dollars per kilogram)

	EU 15	Spain	Italy	France	US (EU data)	US (US data)	US (EU data)
	€	€	€	€	€	\$	\$
1995	35	184	559	27	387	289	
1996	136	320	676	47	859	373	
1997	148	491	912	86	839	426	
1998	182	530	635	150	1,037	450	
1999	102	466	616	149	983	502	1,048
2000	92	423	543	131	675	409	624
2001	138	397	537	115	638	346	572
2002	177	412	536	90	825	389	781
2003	105	272	407	39	829	398	938
2004	98	244	425	64	499	348	620
2005	54	243	306	127	522	326	649
2006	61	271	236	159	595	418	747

US data from the Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics
EU 15 data from European Community "Eurostat".

Two conclusions follow from the examination of this data:

- Given the kind of variation that exists in retail prices there are no doubt similar differences in the prices that farmers are able to get from the buyers they sell to. This means that high quality and a good reputation will not automatically lead to higher prices for Afghan farmers. They must be negotiated by people who understand the market well.
- Notwithstanding the variations just referred to, it seems likely that selling saffron in some countries will bring higher prices than selling in other countries. For farmers to benefit from this fact it will be good for them and their representatives to know which countries offer the best prospects so that they can focus on those.

These points have implications for how producers and distribution are organized, which is the topic of the next section

Marketing Strategy - Distribution

Distribution refers to the channels made up of traders of various kinds, exporters, importers, wholesalers and retailers, along which saffron is passed by buying and selling until it reaches the final consumer. For farmers to earn the most that they possibly can from their saffron, the distribution channel should be short, meaning there should be as few of those middlemen just mentioned as possible. In addition, farmers should be able to control as much of the chain themselves as they can. Saffron is exported and they cannot realistically expect to control distribution channels outside of Afghanistan, but there is no reason why they should not control that part of the distribution channel within the country. At present, because they have no communication themselves with buyers in other countries, they have to sell to traders who do. When demand is good and supply short, those traders have an incentive to keep this information from farmers rather than pass it on to them and, even when farmers are able to learn that conditions are favorable to them, their ability to negotiate is limited because they have not been able to get around the local traders and sell directly overseas.

It has already been pointed out that it would be hardly practical for all producers to have their own foreign contacts. It is not even necessary for each producers' group to have its own contacts. Producers' groups could form an association at the provincial level with leaders elected by the producers' groups so that they are as much in tune as possible with farmers' interests. If donor funding can be found, these leaders could receive training in marketing and, with sufficient funds, visit markets in other countries. Saffron from Herat could be associated with this association, who could register a brand and a logo or emblem that would identify it on saffron containers. The association would assist producers' groups to oversee quality and grading issues.

The provincial association could earn income from fees charged for drying, grading and packing. It need not take ownership itself of the saffron and earn revenue from buying and selling, but could instead act as a broker, putting producers, through their groups, in touch with potential buyers it has found. For this it could earn a commission. Leaving the final sales decisions at the producer level would help build producers' trust in the association. Also, to avoid any perception of coercion, the project should leave producers free to sell their saffron to whomever they like, bypassing the whole system and going straight to merchants in Herat if they prefer. Producers should voluntarily choose to make use of the provincial association's services because that is the way to earn the highest returns.

While all of this may seem a rather elaborate vision, it is one that can be approached step by step. However, there is one very important decision that can be made and adhered to from

the outset at no cost, and that is for farmers to maintain control of their saffron for themselves. There are likely to be, if there have not already been suggestions that one trader or another should have exclusive rights of some kind, such as exporting from Afghanistan or importing to the United States, Europe or some other market. Superficially attractive inducements might be offered, such as a guaranteed price or a guaranteed minimum purchase every year. However, *all offers, suggestions or inducements, from any source, for exclusive rights at any point along the distribution chain, should be refused.* Wherever the suggestion comes from, while the person or entity making the offer may genuinely be interested in benefiting the saffron growers, their own interests will nevertheless come first. No one will have as strong an incentive to look after the interests of saffron growers as they themselves.

Marketing Strategy – Promotion

The most important aspect of the promotional strategy is already clear from what has already been said: develop a quality product and offer it at a price that gives value for money. This section focuses on getting the word out that Afghan saffron is available and informing people of its characteristics and appeal.

There are several approaches to getting the word out:

- A good web site with information about saffron from the Afghan producers' association. (More on this below.)
- Visits to the retailers in Dubai's Gold Souq where saffron is sold. An alternative would be to establish an outlet that sells a variety of goods from Afghanistan, including saffron, spreading the cost of maintaining the outlet and increasing the total benefit generated for the country.
- Telephone calls to potential buyers. (E-mails will often be ignored.)
- A brochure with some of the same information that is on the web site, including how to order Afghan saffron, that can be left on visits with retailers or sent to people who are telephoned.
- Exhibits at food fairs such as the Fancy Food Fairs in New York, San Francisco and Chicago **and their European equivalent.** This is an expensive operation and probably not worthwhile until the volume of Afghan saffron production is much larger than it is now.

Consumer understanding of saffron quality

This mentioned earlier, when product quality was mentioned. There are two main points for buyers and consumers to understand:

1. Although the impression is commonly given that nearly all saffron, especially good saffron is grown in Spain, most saffron comes from elsewhere. Furthermore, climate and soil conditions for it are excellent in Afghanistan and Afghan farmers grow it well.
2. The spice is in the red stigmas, not the yellow stiles.

The better informed consumers and buyers are on these matters the more willing they will be to pay well for good quality. The quickest and cheapest way to begin to get the word out is to establish a good web site. At present there are at least two web sites for Afghan saffron that have been set up by traders, but the proposal here is for a web site that is for the producers' groups and promotes their saffron in particular. It should have graphics and a user interface

of high quality to reflect the high quality of the saffron. Good promotional information would include:

- How to tell good from poor quality saffron.
- What is done to ensure that Afghan saffron is among the best.
- The area of Afghanistan where the producers are located.
- A few facts about the producers' groups and how they are run, indicating to prospective buyers interested in fair trade that this saffron comes from organizations that they would want to support.
- A few facts about the producers themselves, with photographs of the fields and some of the producers.
- How the saffron can be ordered in wholesale quantities from Afghanistan and which retail outlets on the internet and in Dubai sell it in retail quantities.

As far as quality goes, the issue on which consumers, and some buyers, might be most confused concerns the impact on value of including the styles. As I mentioned under the heading of prices, styles are sometimes simply mixed in with the stigmas. This should lower the price of the saffron, but it does not always do so because some buyers do not realize that the styles are no use and the retailers are sometimes happy not to tell them. The lack of value of styles is one of the facts about which a web site can inform consumers.

Conclusions and Implications

The two main elements of the strategy outlined here are to establish an identity for Afghan saffron based on quality and to ensure that the farmers who produce the saffron are well informed about market prices and control sales and distribution themselves. Both of these are consistent with the fundamental marketing concept of finding what consumers want and providing it more efficiently than competitors. In the saffron market prices are apparently somewhat erratic, so high quality may not always bring high prices, but if farmers are well informed about market conditions and in direct contact with buyers in other countries they will be able to look after their own interests effectively. The following are implications of these general points:

- Produce good quality saffron following expert recommendations on growing and processing.
- Train farmers in ISO 3632 standards and food safety (HACCP) principles and establish a system through producer groups for monitoring and encouraging adherence to them. Adherence to these standards and principles and using this fact as a selling point will strengthen farmers' position when negotiating for prices even before actual certification, which can be expensive, is obtained.
- The most effective way to encourage adherence to quality guidelines is to pay more for good quality saffron. Producer groups can establish a grading system consistent with ISO standards. Higher prices can be negotiated with buyers for higher grades and farmers paid accordingly.
- Begin to establish contact between producers and overseas buyers as soon as possible. Contact information for three in the United States who are definitely interested in Afghan saffron is provided in Annex B.

- Because negotiating with foreign buyers requires a good understanding of market conditions and it is not practical for all farmers to be involved, they could delegate the responsibility to a few from among their own number whom they trust. A good practical approach would be for the existing producer groups to form a provincial association that would act on their behalf . This association could be financed through a small commission or levy taken on export sales.
- Individual farmers should continue to be permitted to sell to whomever they want. That is, they should not be required to sell through their producer group or the provincial association. This will help maintain their trust in the producer groups and the association.
- Producing and organizing the producer groups in a manner consistent with organic and fair trade principles may increase the appeal of Afghan saffron. As in the case of ISO and HACCP principles, operating in compliance with these from the outset, and publicizing the fact, is worthwhile even if it takes some time to obtain actual certification. Not all production need be organic and each farmer can decide individually whether to produce organically or not.
- Farmers should store their saffron in proper air-tight containers that protect the saffron from direct light.
- A label and emblem or logo should be developed for Afghan saffron that are registered in the name of the provincial association.
- A web site with a good user interface and quality graphics would be a very effective promotional tool for the provincial association and Afghan saffron. It could provide information on identifying quality saffron, explain how Afghan farmers produce and process it to ensure quality, offer interesting facts about the areas in Afghanistan where the saffron is grown, the farmers who grow it and the producers' groups and provincial association. It could also provide links to places on the internet where Afghan saffron can be bought and information on how to order from the provincial association.

Some steps, such as obtaining ISO, organic and fair trade certification are demanding of time and money. Setting up a web site is much more easily, cheaply and quickly done. Making direct contact with foreign buyers is easier still and should begin as soon as farmers have planted enough saffron to have significant quantities to sell.

Annex A. Importing into the United States

Importing saffron into the United States is not complicated. There are just three sets of regulations that must be met, both with the US Food and Drug Administration (FDA):

1. Register processing and storage facilities in both Afghanistan and the United States.
2. Provide prior warning of each shipment of saffron to the United States.
3. When the saffron is sent from Afghanistan in packages that will be sold to consumers they must provide the information mentioned above in the section on packaging and labeling.

Both of the first two procedures should be done online. Advice as well as the necessary forms are available from the FDA web site. (There are three booklets available, one on registration, one on keeping records, and one on prior notice. The web site is www.cfsan.fda.gov/~dms/fsbtbook.html. Click on “Registration and Prior Notice”. The forms that have to be submitted are there too.) These are recent regulations designed to provide information that will make it harder to export deliberately contaminated food to the US.

Regarding the registering facilities:

- Register all processing and storage facilities in Afghanistan from which saffron is shipped to the US. (If grading takes place on multiple farms but is all shipped from a central facility in Herat, only the latter must register.) The information requested is straightforward:
 - Name, address(es) (physical location & mailing), telephone of the foreign facility.
 - Name, address, telephone of foreign facility’s owner.
 - Trade names (“doing business as ...”)
 - Name, address, telephone of the U.S. agent
 - Activity carried out at the facility (“warehouse”, “labeler”, “packer”)
 - Food product category (“29. Spices, flavors, and salts”)
- Register all facilities in the US to which saffron is shipped, providing similar information. US facilities are probably already registered and their registration number may be needed for prior notice of saffron shipments.

To provide prior notice of imported food:

- Send notice of shipment from 5 days to 4 hours (if by air) before arrival in the U.S. with the following information:
 - Name, address, etc. of shipper and importer
 - Identity of product, quantity, lot number
 - Country(ies) of production and shipment.
 - Shipment information (carrier, arrival time, etc.)

Annex B. Contact Information for Selected US Buyers

Among the saffron buyers I contacted those who expressed the most interest in Afghan saffron were the following, in alphabetical order by last name.

Buddy Born

Bacstrom Import Co. (www.bacstrom.com)

P.O. Box 1047

El Cerrito, CA 94530

USA

Tel. +1 (510) 236-2131

Fax +1 (510) 236-6402

e-mail info@bacstrom.com

Jonathan Hoffman

Direct Aid International (www.directaidinternational.org),

PO Box 394,

Northfield VT 05663

USA

e-mail: hoffman@directaidinternational.org

Juan San Mames

Vanilla, Saffron Imports (www.saffron.com)

949 Valencia St.

San Francisco, CA. 94110

USA

Tel. (415) 648-8990

Fax (415) 648-2240

e-mail: saffron@saffron.com