

TRADITIONAL CONFECTIONARY INDUSTRY PROSPECT AND LOGISTIC CHALLENGES

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ABSTRACT – The traditional confectionery industry has been around for centuries and remains a popular industry with a promising future. According to Statista market insight, revenue in the Confectionery market amounts to US\$2.63bn in 2023. The market is expected to grow annually by 11.84% (CAGR 2023-2028). This study aimed to explore the traditional confectionery industry in Sri Lanka to find out the impact of logistic and transport challenges of traditional confectionery industry. Such as supply chain disrupt decline production volume, shortages of raw materials, and difficulties in transporting goods due to high fuel cost, storage and warehousing challenges due to lack of resources with import barriers. Market ethnography was performed to investigate the typology of confectionary makers, status of marketing mix elements, consumer attitudes and behaviors on traditional confectionaries and logistic challenges. Quantitative literature analysis explored the prospects and logistic challenges facing the traditional confectionery industry. The findings indicate that the traditional confectionary industry in Sri Lanka has promising prospects due to increasing demand from both domestic and overseas ethnic markets. The industry faces several logistic challenges, including maintain safety and quality standards, packaging solutions, trained confectionary makers, access to ingredients, high cost of production, inadequate transportation infrastructure, lack of cold storage facilities, and poor retailer support. Positive consumer trend, health concerns, area wise consumer base and pricing strategies were identified as industry prospects. Product and process innovations and improvement was highlighted as an essential sector for the industry sustainability.

Keywords: Confectionary industry; Challenges; Logistics; Transport strategies

1. INTRODUCTION

The traditional confectionery industry in Sri Lanka has been a significant part of the country's food and beverage sector for centuries. This industry is known for producing a wide range of sweet treats, including traditional sweet meats, biscuits, candies, cakes, chocolates, doughnuts, cup cakes, cookies, puddings, brownies and other confectionery items that are enjoyed by locals and tourists alike (Gourmetpro, 2022). However, the industry has been facing various challenges in recent years, especially the impact of the current economic downturn (Meenakumari R, 2023). Moreover, the rise in production costs, particularly due to the increase in the cost of raw materials, has made it difficult for manufacturers to maintain profit margins (ecoursesonline, 2023). The increase in fuel prices, electricity tariffs, and transportation costs has also added to the challenges faced by the industry. Innovations in product and process development added extra value to the traditional industry. (sweetsandsnackworld, n.d.) The objectives of the research were to find the prospects and logistic challenges of the traditional confectionary industry. There is a potential research gap in the Sri Lankan confectionery industry was the lack of comprehensive studies on prospect and logistic challenges related to confectionary industry. This research gap could be addressed by market research to understand the challenges and purchase behaviors traditional confectionery industry of the country. Studying these areas is important to sustainably address these challenges in innovative way.

2. MATERIALS AND METHODS

Mixed-methods approach, combining both qualitative and quantitative data collection and analysis techniques. A comprehensive literature review was conducted to identify the current state of the traditional confectionary industry in Sri Lanka and the logistics challenges it faces. Primary data was collected through semi-structured interviews with stakeholders in the traditional confectionary industry, including 15 number of ingredient suppliers, producers, distributors, 30 number of retailers and 35 number of consumers as a sample. The interviews were conducted using a semi-structured questionnaire to ensure consistency in data collection. Conducted case studies of confectionary manufacturers and distributors to gain in-depth insights into their operations and logistic challenges.

3. RESULTS AND DISCUSSION

Case study was performed in Belihuloya area due to the financial and time constraints in one hand. On the other hand, the area is home to a large number of traditional confectionary producers. Analysis of marketing mix variables (Product, Price, Place, and Promotion) provides a framework to assess the marketing elements of the confectionary industry in Belihuloya area. Product is that, the confectionary industry offers products that cater to the preferences and tastes of the local population such as “Thala Kerali, Wandu, Peni Walalu, Aggala, Kokis, Peni Roti, Cake” and other bakery products. Some products like finger millet (Kurakkan) based confectionaries are available for health concern customers. Packaging has designed with low-cost materials such as polythene, banana leaves used newspapers. Setting the right pricing strategy is essential. Market place or distribution channel is grocery stores, village cooperatives, bakery sales outlets and mobile bakeries. Mobile retail units such as “Chuun Paan”, direct market approach producer to consumer are mostly available. Most common promotion method is that confectionary industry in this area is word-of-mouth marketing and posters. Rural area often suffers from underdeveloped transportation infrastructure, with poorly maintained roads as a rural area. This hampers the smooth movement of raw materials to production facilities and the delivery of confectionary products to retail outlets or consumers. Additionally, the scarcity of proper warehousing and storage facilities poses difficulties in maintaining adequate inventory levels and ensuring product freshness.

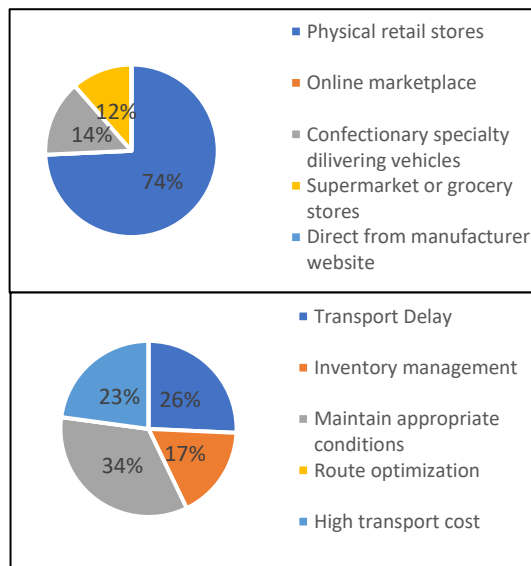


Figure 1 explains the preference of distribution channels. Confectionary makers are operating as family business or proprietor type business. Since most of confectionary makers are small in scale, logistic challenges are common. As a rural area most of peoples are willing to purchase confectionary from small retail shops and mobile bakeries.

Figure 2 presents the industry issues. More than 80% of customers are consumer confectionary product daily. One of the key logistic challenges faced by the traditional confectionary industry is transportation. The industry requires efficient transportation systems to move the products from the local producer to the retailers. However, transportation costs are significantly high due to fuel cost. An industry has to compete with other industries for transportation resources. Additionally, the transportation system needs to be reliable, as any delays can badly affect on quality of the products.

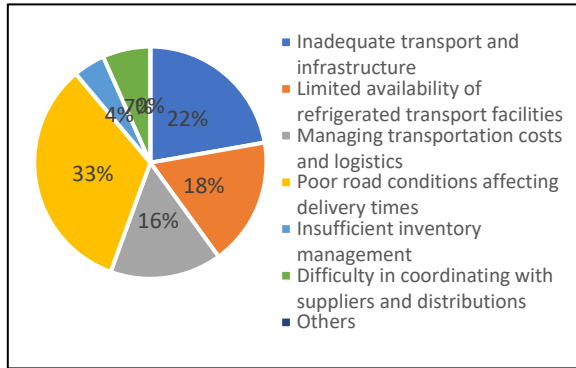


Figure 3, explain the logistic challenges. Logistic challenge of suppliers and retail shop workers inventory management, Confectionary products with limited shelf life, and manufacturers need to manage their inventory efficiently to ensure that the products are not wasted. This requires efficient warehouse management systems and supply chain management practices. Record keeping observed among countable number of places. The research findings also indicate that technology and innovation can play a significant role in addressing these issues. Fast-moving consumer items are moving more quickly than

ever while inventories are being cut. The supply chain needs to be more adaptable in light of this. Additionally, the use of automation, developed traditional methods such as use bee honey, drying methods in warehousing can help to improve inventory management and reduce the risk of spoilage. As an example, uses of imported wheat can reduce using jack fruit seed flour instant of wheat flour.

4. CONCLUSION

In rural areas like Belihuloya confectionery industry exhibits promising prospects amid changing consumer trends and economic conditions. The economic crisis and a growing preference for diverse confectionery products create opportunities for market expansion and innovation. Supply chain disruptions, high transportation costs, lack of facilities and insufficient inventory maintaining are major issues. Addressing these logistic issues and adopting sustainable practices will help to overcome these issues. By overcoming logistic challenges, the Sri Lankan confectionery sector can position itself for sustainable success in the market.

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