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**Quality certification as a product diversification strategy to increase profits from the Ceylon tea industry**

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A strategic focus that addresses different consumer preferences is essential for Ceylon tea to remain competitive among the global tea exporters. The objective of the study was to examine the possibilities of increasing the profits of the Ceylon tea industry through appropriate application of quality certification as a vertical diversification strategy. Forty-five tea exporters categorized according to average export volume by the Sri Lanka Tea Board were selected using the stratified random sampling method. Data were collected using a questionnaire based survey. Descriptive statistics and Chi square test were used to analyze data.

According to the findings 55%, 72% and 11% of the sample firms had achieved the GMP certification, TQM and HACCP certificate respectively. 42% and 47% of the firms had achieved ISO 9000 and ISO 22000 certification respectively. However, only 12% of the firms have their tea products BRC certified. 33% of the firms reported that their tea products are certified as organic. The study revealed that only 8% of the firms were rain forest certified and 17% had fair trade certification. Large scale exporters have achieved on average, five certificates while it was three for medium scale exporters. In contrast small-scale exporters have reported on average two certificates. Organic certification ( $X^2 = 8.576$ ,  $p = 0.003$ ) and fair trade certification ( $X^2 = 7.409$ ,  $p = 0.006$ ) are significantly associated with profit.

As the fair trade certification and organic certification significantly influence profits, adopting this practice would bring benefits to the industry in the long run. In order to increase profits, exporters must be encouraged to add value to their products by quality certification rather than marketing on the unique taste and aroma of "Pure Ceylon Tea" that it receives by its origin.