

# GREAT POTENTIAL

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Sri Lanka is an island filled with many resources and through value addition many new opportunities have emerged for the island. Amidst a society dedicated towards healthier lifestyles, Ceylon Cinnamon has become a superfood enabling many opportunities for the industry. Nihal De Silva, Chairman and Upuli De Silva, Managing Director of Cinnamon Legends enhanced their export of Ceylon Cinnamon by creating innovative valueadded products. This has created new opportunities for the industry. At present, they are also dedicated towards elevating the life of Cinnamon peelers and enabling more recognition for the industry as a whole. Nihal De Silva and Upuli De Silva spoke about their journey and the potential new ideas add to Sri Lankan industries.

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### **Could you tell us about the beginnings of Cinnamon Legends?**

Nihal De Silva (Nihal) - The mother company is G P de Silva and Sons, which specializes in the bulk export of Ceylon Cinnamon to countries such as USA, Mexico and Europe. It was while we continued on this business concept, that Upuli realized that we must add value and she tried to convince me for many

years. After a while, I too realized that it is something we should attempt. Together, we researched and gathered equipment to ascertain how to proceed. It is an incredible feat to have value addition and extension of a factory started by my father in 1955

Upuli De Silva (Upuli) - My background is in value addition and my family background is in exports. As a result, I had witnessed how fabric becomes a garment or finished product. Therefore, whenever I looked at Ceylon Cinnamon, I saw beyond it. I wondered why much of Sri Lanka's production was merely raw exports. Even at award ceremonies, we were unable to proceed beyond the Gold Award to a Platinum Award because there was no value addition. Innovation is a gift I received from my parents. It is in my blood. Therefore, I did not see Cinnamon merely as it was. I had a keen interest in essential oils even during 1991, around the time I got married, however at that time these oils were not available in the country. Sri Lankans were not aware of essential oils; however, I had started diffusing the oils at home to create a pleasant environment. I would add a drop of essential oil to candles to create an enhanced fragrance. Even my husband was soon attracted to the fragrance. However, when I first suggested the idea to my husband, he was not too interested as the focus was on exporting bulk Cinnamon. With great difficulty, I convinced my husband and we took a huge risk. In the beginning we had around 50 products, and today we have over 120 products. Most of what we have created is through essential oils and to do so, one must know the value of essential oils and Ceylon spices. I had already gathered knowledge in this respect, especially in terms of oil blending and I had worked with these elements before

All products are manufactured in Sri Lanka. For example, when you visit France, they do many innovations with lavender. Therefore, we thought why cannot we do more than merely export a Cinnamon stick. This was the concept on which we established Cinnamon Legends. Even when we were deciding on the name for the initiative, I realized that it needed to be unique and special as this was a legacy. It was my conviction that we must start something of quality and at a certain standard. In the past, value addition for Cinnamon had merely been with regards to packaging. However, we have introduced value addition to Ceylon Cinnamon at a new level and have extended on this to the maximum to other spices such as black pepper, cloves, nutmeg and cardamom

**Was the target market Sri Lanka or international?**

Nihal - Our main focus is the international market. We are currently in the process of introducing the product to shelves at leading supermarkets in Sri Lanka. Moreover, many people are aware of the name Cinnamon Legends and there is a quality and trust associated with the brand. The products are available at many outlets and we have our own stores as well. Anushka Vidanapathirana, our CEO is the key strength of Cinnamon Legends, creating an impact nationally and internationally.

Upuli - We have a personal care range. We also had a selection of teas from the beginning.

We have specific formulas that were first developed by me, before they become a part of our selection. We ensured they were of a high-quality standard. The range is also organic. At present, we export to European countries, Japan, Middle East, Far East, USA, Canada, and Australia that make up 32 countries. When we started Cinnamon Legends, we created products to target international markets. Within a short period we have witnessed a good growth and that is mainly attributed to our high quality products. Moreover, the products consist of an organic compound, therefore when we exported the products overseas we did not face many problems. We are an ISO 9001, 22000, Organic USDA, JAS and EU certified company.

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**What were the challenges that you faced when your diversified the exports with a value added portfolio?**

Nihal - We faced many challenges. A significant challenge was creating brand awareness and recognition when we first launched Cinnamon Legends to the market. The market needed time to experience the standard of the product. Today we feel that many have experienced the standard of our product. Recently, we met with a delegation from Japan. They had used the products, and they were happy to announce that these products are now available in Japan. This is how we are entering new foreign markets. Moreover, we also attend trade fairs through the Export Development Board and Primary Industries to find new markets. This does not mean sending many containers of products overseas, it is not like the

export of bulk Cinnamon. It is more to do with the palette, and being able to send several palettes is a significant achievement when considering the export of value added products. This indicates that Sri Lanka has opportunity to export Cinnamon and other spice products, however it takes some time to capture interest in these markets. There are many procedures, protocols and approvals that are required before a country allows foreign products, and we need to obtain these approvals. Even with our shipments to India, we had to follow many protocols. We have received the necessary approvals in many countries. We can now export our products to Australia as well

### **What needs to be done to raise the profile and awareness of Ceylon Cinnamon across the globe?**

Nihal - Ceylon Cinnamon has a significant place overseas, similar to Ceylon Tea. That name has carried a lot of value, and we have seen foreign products in overseas markets bearing the name Ceylon Cinnamon. There is an appeal for Ceylon Cinnamon, however a problem arises in terms of pricing. But because people know the value of Ceylon Cinnamon there is a demand for it. Cinnamon powder and Cinnamon sticks have a huge demand in the international market. Also black pepper and cloves.

There are accepted grades of Cinnamon such as Alba, C5 Special, C5 C4, M5, M4, and H1, H2, and Quillings. Cinnamon is mainly exported to countries in the form of bails. Mexico and South America uses at least 50 percent. European countries mainly use Alba Special and C4. It depends on the number of quilling and fillings. The price changes based on the diameter of the Cinnamon quill.

There is huge market potential for Ceylon Cinnamon and other spices. We must maximize on it. An emerging challenge in the face of increasing demand is that markets are turning to lower quality substitutes. The world is aware of the standard of Ceylon Cinnamon and that it would not change. Those who are aware of this quality, especially considering the medicinal value of Cinnamon, will seek only Ceylon Cinnamon. There are many health benefits of Cinnamon as it has been proven to assist with reducing cholesterol, inhibit the development of cancer cells, and to reduce blood sugar.

### **What are your plans for future expansion?**

Nihal - We have created the brand Cinnamon Legends to move beyond merely

retailing packaged Ceylon Cinnamon, food, beverages, essential oils and beauty care. Our range includes Cinnamon skincare products made with Cinnamon bark oils, individual and corporate gifts. We have introduced significant innovation with Cinnamon and we will continue to do so as well. However, the Government needs to conduct conclusive research on Ceylon Cinnamon and create an advertising campaign to spread the message across the world. The world is aware of the benefits of Ceylon Cinnamon. It is important to capitalize on these opportunities to take Ceylon Cinnamon to greater heights, especially as Ceylon Cinnamon can only be obtained from Sri Lanka.

### **Is the design element of the packaging done in house?**

Upuli - The entire design aspect of the packaging and products is done by us. I take the initiative and lead the team in that regard. We had knowledge on how to create an attractive brand. In terms of quality, as someone who's parents were involved in exports, I knew what needed to be done to make a quality product. We did not receive any negative feedback when we entered the international market. Although, I was hoping for some constructive criticism as there may have been elements that we had overlooked. There were some changes that we needed to make based on the target market. For example, there have been changes to the colours in the packaging of products for the Japanese market. We have a strong marketing team who are well qualified to meet the challenges in the industry.

*We Always Had The Passion To Go The Extra Mile To Achieve. We Were Not Afraid To Take Risks. That Has Given Us The Strength To Persevere, And There Is More That Needs To Be Done. We Have Plans For The Future.*

### **Has there been any support from the Government for the industry?**

Upuli - Yes. Primary Industries and Export Development Board provide good support. However, more needs to be done, especially on the research side of things. There has not been any conclusive research conducted through universities as it requires a significant investment. The research we refer to has been conducted by external parties. Moreover, there are certain consumers in the international market who use and consume Cassia. They are not aware of the difference between Cinnamon and Cassia

## **You have made significant personal investments to elevate Ceylon Cinnamon. Can you elaborate on this?**

Upuli - We always had the passion to go the extra mile to achieve. We were not afraid to take risks. That has given us the strength to persevere, and there is more that needs to be done. We have plans for the future, however, considering the current industry landscape these will be revealed in time. We have not built on another person's ideas. It is something that has come from within us, and something that we worked to build. I equate this industry to the lavender industry in France. When compared with Cinnamon, lavender has a more attractive color because it is after all a flower. Initially, when we introduced Ceylon Cinnamon based products to Sri Lankans supermarkets, there was little enthusiasm and many complained about how strong the fragrance of Cinnamon was. However, we never received this feedback from foreign customers. Today, we have seen an increase in how the Sri Lankan customers are accepting Cinnamon based products. We are expanding our range with products such as Cinnamon green tea and we have elevated the status of the Cinnamon fragrance. We have developed our packing so that it appeals to the customer as well. The products are now available in our exclusive showrooms in Colombo and Mount Lavinia, department stores, ODEL, Marino Mall, Pearl of Asia, Glomark, SPAR Arpico, Keells, Cargills, five star hotels, leading spas and gymnasiums

Nihal - We took the risk because we understood that this would be beneficial on many levels. Cinnamon Legends has a portfolio of over 100 products and there is no other company that has a similar selection. When developing a product, we work towards perfecting the desired quality. As a result, many have an understanding of our products. We are advertising only with the Explore Sri Lanka magazine, and we received significant feedback. In fact, a foreign customer walked into our Lotus Road store with the advertisement and pointed out the products that he wanted.

## **What support could the Government provide the Cinnamon growers?**

Nihal - The Government has launched a training academy. There are many who cultivate Cinnamon, however, there was a shortage in Cinnamon peelers. Now they are being trained in Cinnamon peeling at this academy and receive a certificate of training. This is good as it helps elevate the recognition of Cinnamon peelers. I believe that is a positive initiative and a grant scheme has been initiated

by the Ministry of Primary Industries

Upuli - In the past, Cinnamon cultivation and peeling was a trade passed down within families. Therefore, the standard of the product was high and large volumes in the Alba grade were produced. Not everyone can peel to an Alba grade. As the trade is no longer passed down generations and because there was no recognition for the Cinnamon peeler there has been a decline in product harvesting. There is no point in increasing the cultivation of Cinnamon if we do not have enough Cinnamon peelers. It is imperative for the Cinnamon bark to be peeled at the right time, before the Cinnamon tree has matured. Or else it would be too difficult to harvest the Cinnamon. The industry depends on Cinnamon peelers. Therefore, we have focused on enhancing the lives of Cinnamon peelers in our future projects. The export market is also focused on organic Cinnamon; however, the current supply of organic Cinnamon does not meet the demand

We need to provide the market what it requires and cannot merely export blends. Hence, there is a need for land to be allocated for farming organic Cinnamon. Then we would be able to tap into greater markets.

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Nihal - Growers who have purchased lands for organic farming have received organic certification. This is beneficial, especially when exporting to foreign markets as there is a higher demand for organic Cinnamon. Moreover, it helps increase the value of the land. Most of the Cinnamon hails from the Southern province in Sri Lanka and Ratnapura. From the beginning there needed to be significant investment and we invested in organic farms, and we have been experiencing positive results from this investment. As a result, we are able to export spices and fruits grown in these lands as organic and there is a demand for these exports. In addition to our value-added products line, we also continue to build on our bulk exports business. This is especially because there was significant investment made for value addition and a return for this cannot be expected in a mere matter of three years. This is why we continue to build on the prospects of our bulk export business.



Nihal - Cinnamon bark oil has grown in importance as it is now being used to make fragrances. Moreover, it is also used for medicinal reasons. The Cinnamon leaf oil is also utilized. We supply essential oils overseas, and they are mainly purchased for perfumes and to make certain food flavorings. There is a huge value for Cinnamon bark oil with a kilogramme of bark oil trading at around 50,000 rupees and Cinnamon leaf oil is around 3,000 to 4,000 rupees. There is potential and through research this must be realized.

Upuli - We were the first in Sri Lanka to commence infusing toothpicks with Cinnamon bark essential oils. The pack includes Cardamom, Cloves and Cinnamon bark. This gift pack has a good appeal to the foreign market. There is a huge demand in the foreign market. We have done our maximum, and now it is the Government's turn to conduct research to further enhance the potential of the industry.

### **How did your father start this business?**

Nihal - My father would always relate the story. At the time, the price of Cinnamon was a few cents. My father lost his family when he was young and lived with relatives. They had provided him funds to start a business. They did not expect him to pay it back, however after achieving success in the business he was able to do so. As this progressed, my father took the risk and was able to attract the Cinnamon market. He started Cinnamon production in 1955. The Cinnamon harvesters would collect the Cinnamon and provide it to my father. We would then take it back to Colombo.

My brothers also joined the business. Eventually, I helped my father and after my studies I continued to work in the business. Moreover, Colombo Exporters approached my father for products to be exported. My father and brothers then worked together to develop the export business. For over ten years we received national level awards. This has been a significant achievement.

*The Best Cinnamon In The World Hails From Sri Lanka. Therefore, It Is Imperative That The Government Take The Initiative To Ensure The Entire World Can Experience Ceylon Cinnamon And Its Benefits.*

### **Do you have confidence in Sri Lanka and a plan for the future?**

Nihal - We require a plan. We cannot stop mid way. We have reached this far on our journey because we are confident of the future.

Upuli - Although I had the idea to make value-added products, it has been my husband who took the risk. It is his business acumen that has brought us this far. I merely created the products, however it would have been futile unless the product could be seen and experienced by the world

Nihal - The best Cinnamon in the world hails from Sri Lanka. Therefore, it is imperative that the Government take the initiative to ensure the entire world can experience Ceylon Cinnamon and its benefits. It will require a considerable investment however; it is the responsibility of the Government to do so. Moreover, there needs to be Cinnamon cultivation focused on the higher grades. The Government needs to look into maintaining the quality of Ceylon Cinnamon. Better quality Cinnamon production will lead to increased prices for Ceylon Cinnamon. If the quality drops, then we would lose demand

Upuli - We must pay attention to the needs of the Cinnamon peelers. In the stories that we have written on the packaging, we have made it a point to highlight them and their importance to the industry. We want to elevate their lifestyles. We do not know the extent to which we will achieve this, however, we are dedicated to this mission. The present hectares of Cinnamon production in Sri Lanka are not adequate and we need to increase this number. In the past, mass Cinnamon cultivation took place in Negombo, although today that is not the case. Moreover, Cinnamon Gardens in Colombo was named as such due to the number of Cinnamon trees in the area. Similar to Ceylon Tea, Ceylon Cinnamon cultivation can add beauty and value to Sri Lanka.