
Marketing Strategies for Agri Input Companies: A Case Study in North Gujarat

B Singh

Business Planning and Development Unit, Anand Agricultural University, Anand, India

Abstract

India is an agro based economy and about 60% of its population depends on agriculture directly or indirectly to make a living. The contribution of agriculture to Indian GDP is decreasing and today stands at around 15%. The growth rate of Indian Agriculture hovers around two percent per annum. To get the good quality of output, Indian farmers need good quality inputs at affordable rates. Moreover, at present varieties are being replaced slowly by hybrids particularly in vegetable crops, which are more input intensive and more input responsive. The agri inputs include, seeds, fertilizers, micronutrient mixtures (Multiplex), irrigation water, plant growth regulators, agrochemicals (insecticides, fungicides, bactericides etc.), agricultural equipments and machines. The agri input market is dominated by a few multinationals (eg. Monsanto, Du Pont, Bayer, Syngenta, Dow, BASF, Arysta, Sinochem, Willowood etc.) and a large number of small and medium sized Indian companies (eg. Biostadt, UPL, Mahyco, Tata Rallis etc). The advent of multinationals has increased considerably after opening up of the economy in 90s. The large number of players present in the agri input market has made the agri inputs business very competitive. Companies need to keep on devising innovative marketing strategies to remain in business as well as to increase their market share. This article highlights some of the tried and tested strategies for marketing of agri inputs in the Indian scenario.

Key words: Multiplex, Multinational, Innovative, Hybrid, Varieties

Introduction

In crop cultivation, agri inputs are a very crucial component apart from cultural practices and operations performed by the farmer, which decide the final yield and quality of the produce and hence ultimately, the income of the farmer (Richard and Joseph, 2009). Today, because of decades of cultivation, the soils have become deficient in nutrient elements which need to replenish regularly to harvest a good crop. Seed is the most important input in crop agriculture and slowly and slowly farmers are preferring hybrid seeds in place of varietal seeds, which need more inputs to realize their full potential. In the present scenario where the farmer has so many choices, he should be thoroughly convinced about the results of a product before he will buy it. Moreover the agri input business is done by the companies through a chain of dealers and distributors so as to reach the last of the last farmers. Dealers and distributors always keep on asking for more and more margins. Companies need to strike a balance between farmers' satisfaction by the product and his purchase decision and the margins given to the trade partners like dealers and distributors. Ideally a marketing strategy should contribute to overall objectives of the firm in terms of increase in sales volumes, profits and growth.

Materials and methods

The study was exploratory in nature. Both primary and secondary data has been collected. The in-depth surveys were carried out using questionnaires. The primary study had the following **Components**. Meeting with the field staff of Agri input companies (10 companies): The field staff like Market Development Officers, Market Ignition Officers, Distributor Publicity Staff etc were met either at dealers shop or farmers field. Questions from the questionnaire were read out to them and then translated in Hindi. On need basis, some support in local language was also given. The responses were recorded in appropriate columns and any additional information was also noted separately. Meeting with Agri input dealers: Agri input dealers shops (325 numbers) were visited during their working hours. However the care was taken that enumerator met him when there was minimal customer rush. After initial ice breaking, the purpose of the survey was briefed, questions from questionnaire were explained to them in Hindi and also in local language on need basis and answers were recorded.

Meeting with Agri input distributors: To meet the distributors, prior appointment was taken. Usually, the visits were made in evening hours when only few or no customers are present on the shop. In, case of too much noise and disturbance, private meeting with the distributor in his office was requested, to which most of them agreed. Again the purpose of survey was intimated and questions were explained to them in simple language, mainly a mix of Hindi, English and Gujarati. A total of 17 distributors were interviewed. The secondary data was collected from website of companies, published literature in books, journals and internet. To test the authenticity of the data certain facts were confirmed from more than one source.

Non probability judgmental sampling was adopted. The data was analyzed using MS Excel. In order to understanding the Standard Operating Procedure (SOP), the major activities done by the agri input companies' staff at field level with respect to marketing throughout the year were studied. Entire North Gujarat area covering seven districts of Banaskantha, Sabarkantha, Patan, Mehsana, Ahmedabad, Gandhinagar and Kheda area were covered in the study (www.aau.in, 2012).

Results and Discussion

A large number of innovative marketing strategies are being adopted by Agri input companies these days. It was found that most of the MNCs are very liberal in spending on marketing and promotional activities and spare as much as four percent of their revenue on such activities. Indian companies follow only a few of these strategies and their proportionate spending on marketing and promotion is also lower. A brief account of some of the important marketing strategies adopted by Agri input companies is presented here:

Campaigns: Pre season Jeep Campaigns or Krishi Rath campaigns are carried out by field sales staff. A campaigning vehicle goes through around ten villages covering a distance of 50-75 kms. It carries product literature, product samples for awareness, posters and accessories. A rath (a medium sized four wheeler vehicle like TATA 407) also carries a TV and a sound system. The TV powered by battery, displays product advertisements with its striking features. The sound

system also plays some folk songs only to assemble farmers at a central point in village. Product attributes are explained to the farmers and literature distributed. During the rath/jeep journey from one village to another postering is done by field staff with the help of 1-2 daily waged laborers. In the last village night meeting is done. Night meetings are grand success in dry states like Gujarat. A night meeting starts around 7:30 PM and lasts upto 9 PM.

Field Days and Field Visits: These activities are done on standing crop before the harvest, when the mature yield is visible. They are usually done on demonstration plot or on progressive farmers' fields. Field day is a bigger activity involving upto 100 farmers while a field visit is a smaller activity with 25-50 farmers. These are very useful because the farmer can see the live performance of the product. A major feature of such meetings is that the owner farmer of the field himself shares his experiences of using the product, particularly the management, costs, expected yields etc and also past year experiences if any.

Harvest Days: Harvest days are similar to field visits but the only difference being that it is done at the time of harvest of the crop. The total yield is measured and also compared with the other company products results. These are done on threshing yard or sometimes at farmers' homes also.

Demonstrations: In the beginning of season (seeds), the product samples are given to few progressive farmers. These are used under strict monitoring of field sales staff. The recommended package of practices is followed. A field day/field visit/dealer visit is conducted on this demonstration plot when the results are visible. Comparisons are also made with adjacent fields where competitor's products have been used. All the treatment details along with cost like fertilizers, pesticides, fungicides, nutrient supplements, irrigations with timings and intervals are strictly maintained. This also helps in finding out cost of cultivation with particular inputs use. Here also the progressive owner farmer shares his experiences with respect to cultural operations carried out during the cropping season. Demonstration plots are carefully selected which are touching the road so that

it is easy for farmers and company officers to visit the plot. The area under shady tree near the demonstration plot is used as sitting place for farmers after the demo visit for refreshments and queries clarification if any.

Advance booking and Cash Discount Schemes:

Various schemes are brought by the company particularly for dealers as they do the volume business. The scheme letter comes to the distributor, from where copies are made and distributed to the dealers. It should be ensured that scheme is properly understood by the dealers, then only they would be able to invest in it and take benefit of the scheme. The scheme may be advance booking scheme for a product or cash discount scheme or volume discount scheme. Schemes are generally offered in both cash and kind.

Posters: The field sales force also puts up posters on both sides of the road from villages to the market, usually in the sales (presowing) season. An inherent problem with posterage is that in no time these are covered by the posters of the other companies and hence the visibility is for a very short period. A good technique is to use a floor wiper with a long handle to put the posters very high on the walls so that other company people cannot reach at such great heights.

Results w.r.t. company personnel: 90% of the companies quoted campaign as the most effective marketing strategy. Out of these 30% companies said that during a campaign the quality of audio visuals was the most important factor determining its success. The chart (Fig 1) below shows the most important factors determining the success of a campaign.

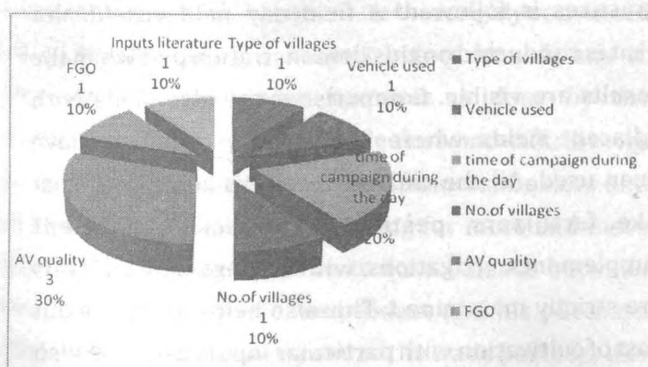


Fig. 1: Most important factors determining the success of a campaign as opined by company personnel

Results w.r.t. distributors: Maximum (seven) distributors opined that the best marketing strategy was Campaign and while doing a campaign and maximum (two) of them opined that content and delivery of the message was the most important factor determining the success of a campaign. The graph 2 shows the most important factor determining the success of a campaign as opined by distributors

Results w.r.t dealers: Out of the 325 dealers contacted maximum 133 opined that campaign was the best marketing strategy and the topmost factor determining the success of marketing strategy was content and delivery of the message (43) followed by literature (42), time of campaign (17), vehicle used (13), number of villages and audio visual quality (9 each). Fig 3 shows the most important factors determining the success of a marketing campaign

Conclusion

With the advent of MNCs particularly after the opening up of the economy in 90s, the agri input markets have become very dynamic and competitive. Agri input companies need to continuously innovate and devise new marketing strategies to remain in business as well as increase their market share. A few of the potential strategies being adopted successfully by agri input companies include, campaigns, field days, field visits, demonstrations on farmers fields. All the companies do the marketing campaigns at least in the pre peak sales season. However, Field Days, Field Visits and Harvest Days are only done by the seed companies and not by the Agrochemical companies. From the study it

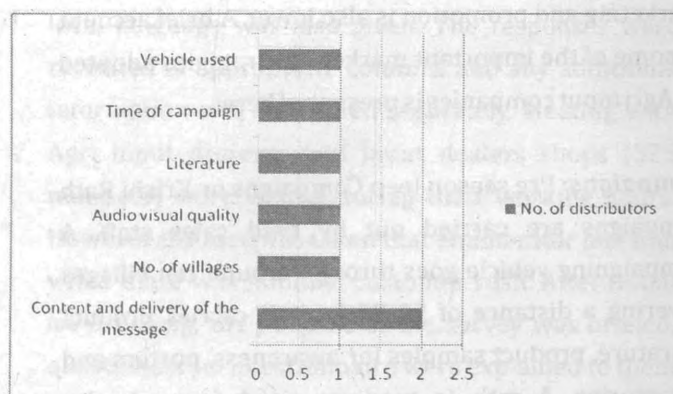


Fig. 2: Important factors determining the success of a marketing campaign

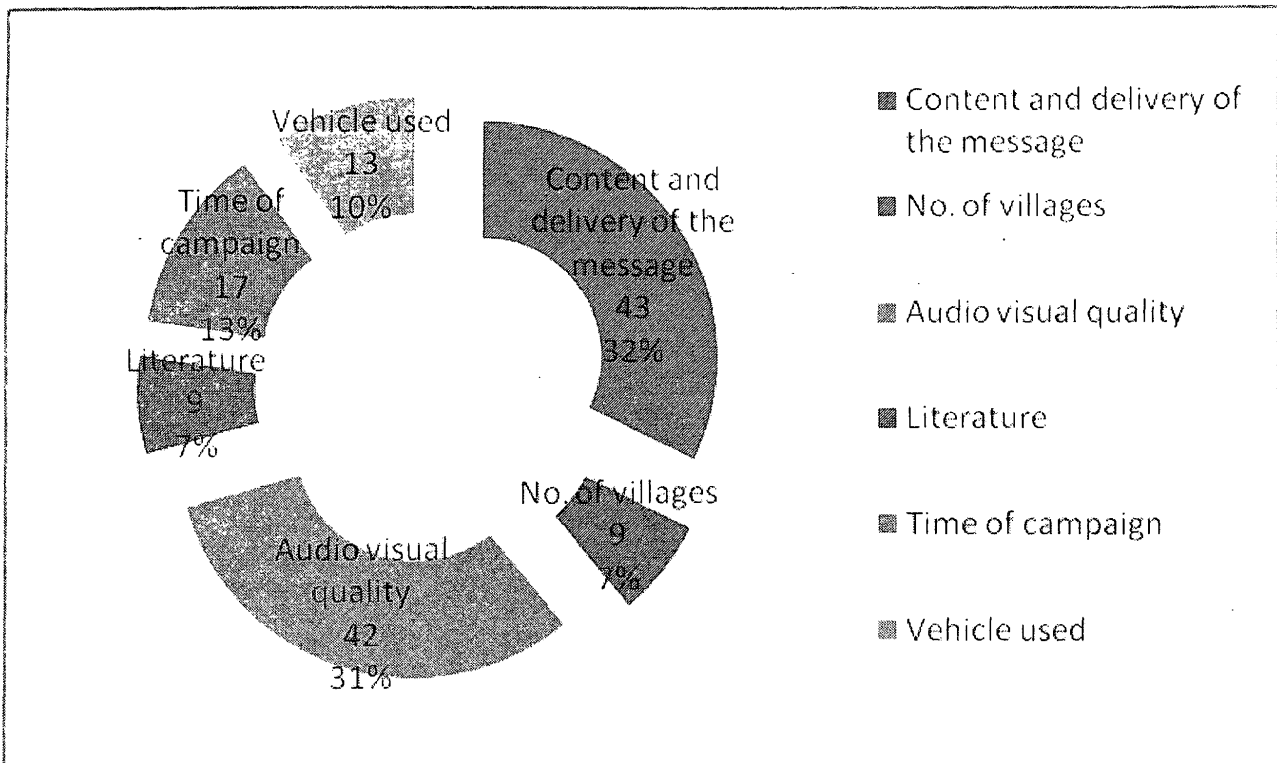


Fig. 3: Most important factors determining the success of a marketing campaign as opined by dealers

may be concluded that the most effective marketing strategy is campaign. Also content and delivery of the message is the topmost factor deterring the success of marketing campaign. Hence, the companies should plan the content of marketing campaign very carefully.

References

Richard LK, Joseph NU 2009 Marketing of Agricultural Products, Agricultural Production Marketing, Prentice Hall of India Learning Private Limited, New Delhi, India www.aau.in Dt.8.9.12