

# Essentials of modern marketing management & supply chain systems for vegetable seed companies

Germain N. Pichop and Hassan S. Mndiga



**AVRDC**

**The World Vegetable Center**



# **Essentials of modern marketing management & supply chain systems for vegetable seed companies**

Germain N. Pichop and Hassan S. Mndiga





AVRDC—The World Vegetable Center is an international not-for-profit organization committed to alleviating poverty and malnutrition through research, development, and training.

---



## **AVRDC**

---

### **The World Vegetable Center**

AVRDC—The World Vegetable Center  
P.O. Box 42, Shanhua, Tainan, Taiwan 741, ROC  
tel: +886-6-583-7801  
fax: +886-6-583-0009  
e-mail: [avrddbox@avrdd.org](mailto:avrddbox@avrdd.org)  
web: [www.avrdd.org](http://www.avrdd.org)

© 2007 AVRDC—The World Vegetable Center  
ISBN 92-9058-163-8

cover design and layout: Kris Vanhoutte  
photos AVDRC

Citation: Pichop, G.N. and H. S. Mndiga. (2007). Essentials of Modern Marketing Management and Supply Chain Systems for Vegetable Seed Companies. Technical Bulletin no. 39. AVRDC- The World Vegetable Center, Shanhua, Taiwan. AVRDC. 58pp.

Articles appearing in this publication may be quoted or reproduced without charge, provided the source is acknowledged.

All images remain the sole property of their source and may not be used for any purpose without written permission of the source.

The views expressed in this publication are those of the author(s) and not necessarily those of the World Vegetable Center.

# Acknowledgements

We would like to thank all those who contributed to the elaboration of this manual. Our appreciation goes out to the staff of AVRDC – The World Vegetable Center, Regional Center for Africa, especially Dr. Detlef Virchow, Dr. Mel Oluoch, Mr. Stefan Pletziger and Dr. Shilpi Saxena whose suggestions helped refine this manual. Many thanks also to Mr. Morrison Lin, Marketing Manager for Known-You Seed Company (Taiwan) and Mr. Surendra Bakshi, Marketing and Sales Manager for East African Seed Company, Dr. Rémi Nono-Wondim, Director of the Research and Development Center at Technisem-Tropicasem, Rex L. Navarro, consultant, who helped develop the original Social Technology Component of the Vegetable Production training Course at AVRDC-RCA and all the participants of the Regional Seed Production and Marketing Training Course for their valuable inputs.

# Contents

<b>Introduction</b>	<b>1</b>
<b>SECTION 1 - Marketing Principles</b>	<b>2</b>
1.1 The Market	2
1.2 What is marketing?	2
1.3 Implementation of the Marketing Mix	5
<b>SECTION 2 - The Marketing Planning Process</b>	<b>11</b>
2.1 Market Research	11
2.2 Marketing Strategy	11
2.3 Marketing Strategy Components	12
2.4 Developing a Marketing Plan	13
<b>SECTION 3 - Sales</b>	<b>31</b>
3.1 Duties of the Salesperson	31
3.2 Qualities of a Good Salesperson	32
3.3 Support for Salespeople	32
<b>SECTION 4 - The Social Marketing Approach</b>	<b>34</b>
4.1 Nature and Tasks of Social Marketing	34
4.2 Analyzing the Social Marketing Environment	40
4.3 Researching the Target-Adopter Population	41
4.4 Designing Social Marketing Objectives and Strategies	41
<b>SECTION 5 - Extension Strategies: Education</b>	<b>45</b>
5.1 Extension Education Approaches	45
5.2 Marketing Techniques for Extension Agents	50
5.3 Identification of Problems and Opportunities	52
<b>SECTION 6 - Seed Supply Systems</b>	<b>54</b>
6.1 Local Seed Supply System	54
6.2 Formal Seed Supply System	54
6.3 Integrated Seed Supply System	55

<b>SECTION 7 - Role of Government in Seed Marketing and Research</b>	<b>56</b>
<b>References</b>	<b>57</b>
<b>Further reading</b>	<b>58</b>

# List of Tables

<b>Table 1.</b> <i>The Marketing Mix Model</i>	4
<b>Table 2.</b> <i>Comparison of barrier properties of some common packaging materials</i>	7
<b>Table 3.</b> <i>Example of SWOT analysis diagram</i>	14
<b>Table 4.</b> <i>Assessing Internal Strengths and Weaknesses</i>	15
<b>Table 5.</b> <i>Determinants of seed adoption</i>	20
<b>Table 6.</b> <i>Description of distribution systems</i>	26
<b>Table 7.</b> <i>Analysis of constraints and opportunities in marketing extension</i>	52

# List of Figures

<b>Figure 1.</b> <i>Marketing Strategic Planning Process.</i>	16
<b>Figure 2.</b> <i>Product Life Cycle.</i>	17
<b>Figure 3.</b> <i>The BCG Matrix.</i>	19
<b>Figure 4.</b> <i>New Product Adoption Curve.</i>	21
<b>Figure 5.</b> <i>Upper and Lower Limits on Pricing.</i>	22
<b>Figure 6.</b> <i>Major Seed Distribution Channels.</i>	26
<b>Figure 7.</b> <i>The Communication Strategy process.</i>	28
<b>Figure 8.</b> <i>The Promotion Pyramid.</i>	28
<b>Figure 9.</b> <i>Social Marketing Products.</i>	35

# Introduction

The importance of seed as a carrier of known important characteristics for crop production was recognized since the earliest days of agriculture. Louwaars and Marrewijk (1998) indicated that in the past ten thousand years, harvesting of seed from preferred plants has been the basis of crop domestication, and consequently, that of present day agriculture.

Vegetable seed production is a highly technical and skillful operation. To a larger extent, particularly in developing countries, its production follows specific micro-climatic conditions, therefore making seed production of all vegetables impossible in one location.

Vegetable seed production and marketing is crucial in our battle for poverty alleviation and food security in sub-Saharan Africa. Small scale private seed companies are called upon to play a vital role in this battle by providing seed of high quality that is adapted to farmers needs, and to where and when they actually need it.

Marketing of vegetable seed is therefore very important to make seed available to areas where there is no comparative advantage. Consequently, this requires the supply systems that are in operation to be understood and analyzed for meaningful marketing of seed. The marketing could also involve the establishment of a strategy that facilitates easy market communication, pricing, distribution and selling of vegetable seed.

This manual's objective is to give small and medium size seed companies in sub-Saharan Africa an understanding of marketing management principles and their application to their overall business enterprises.

The manual is composed of seven main parts. The first part examines the basic principle of marketing, and more precisely the definition of marketing, the analysis of the concept of the Marketing Mix, and the various functions performed by the marketing system. The second part covers the strategic marketing planning process. Basic techniques and concepts of strategic marketing planning are provided to allow seed company managers to design their own marketing plans. A marketing plan is only as good as the sales it generates. For this reason, sales and the sale process are discussed in Section three.

Marketing concepts alone are sometimes insufficient to induce product adoption, especially in cases where social life is community oriented. This is why Section four discusses the social marketing approach of inducing product adoption. This concept is taken a step further by introducing basic extension techniques for penetrating target markets in Section five. Informal and formal seed supply systems are described in Section six, while Section seven briefly investigates the role of the government in seed marketing and research.

# SECTION 1 - Marketing Principles

## 1.1 The Market

A market is an arrangement between a seller and a buyer in which:

- The seller agrees to supply the goods or the service, while
- The buyer agrees to pay the price.

Defined this way, the market is not necessarily a geographical location. Products and services are purchased over the phone, through mail and electronic mail, as well as online through the internet.

The **market share** for a company or a product is the value of the total sales for that product or the company divided by the total sales in the market. It represents the proportion of the total market sales claimed by the product or the company.

**Example:** Kibo Seeds has total tomato seed sales of Tanzanian Shillings (TSH) 5,000,000; the overall total market sales is TSH 40,000,0000. Kibo Seeds' market share for tomato seed is  $(5,000,000/40,000,000) \times 100 = 12.5\%$

## 1.2 What is marketing?

Marketing can be defined as the process of anticipating the needs of targeted customers and finding ways to meet those needs profitably. The key ideas here are:

**Anticipation:** Good marketers are always working to anticipate what their customer needs will be in the future.

**The Target Market:** It is the group of potential customers to whom the company has chosen to market its products. The "one size fits all" is not always a good approach for marketing seed and agricultural products. Good marketers will understand this and focus their efforts on the unique needs of specific target customers or market segments. It is crucial for the firm to determine what its target market is. After the target market is determined, the manager(s) need to define a position for the firm. What do you want your firm to be known for? Positioning is one of the most important factors of success for small businesses. It is usually expressed clearly via a slogan projecting a positive image of the firm.

### **Example: "Plant the Leader" – Pioneer Hi-Bred International**

Marketing is also the performance of all business activities involved in facilitating the flow of goods and services (vegetable seed and the various services associated with marketing vegetable seed) from the point of initial production until they are in the hands of the final consumer, and specifically how you:

- Define your product
- Promote your product
- Distribute your product, and
- Maintain a relationship with your customers.

There are two types of marketing: production oriented (or product driven) marketing and market oriented marketing (or market driven). Traditionally, marketing was viewed as “**selling what you have**” and some managers still approach marketing this way. This is the typical case of **production oriented marketing**. These managers believe that “a good product will always sell itself.” All company’s efforts and resources are geared towards product development, research, engineering and operations. This approach has shown its limits.

**Market driven** organizations invest in market research to better understand customers, then use the information generated to guide decision making. “The customer is King” and “getting close the customer” are slogans often encountered in this type of organization. There has been a shift from a production oriented mindset to a market oriented mindset. “Produce and they will buy” is no longer a valid argument in today’s context. This shift has changed the way products are conceived, developed and marketed. This is particularly true for a seed company.

The market success of the seed depends not only on farmers’ preferred traits such as germination rates, yield, easy cropping or cultivation, easy harvest, resistance to pests, diseases and environmental stress, but also on the acceptance of the final produce by the end consumer. In fact, the consumer’s preference of the end product are different and a lot more important, because all the farmer’s preferences will be useless if the said farmer cannot sell his/her end produce.

After the management of the firm has defined a target market and identified the position for its product/services on the market, it must translate that position into a product/service/information bundle that serves the customer needs, while communicating the desired image at the same time. All this is done through a set of activities known as **Marketing Mix**. The Marketing Mix is perhaps the most famous expression in marketing, and constitutes the unique blend of tactics that will allow the company to achieve its objectives.

The Marketing Mix (Table 1) is made of four elements also known as the **4 Ps**: the **product**, the **price**, the **place** and the **promotion**. Just like the ingredients for a chef, or the colors on the palette for a painter, each element of the 4 Ps contributes to the final objective, increasing the company’s sales. This concept has recently been extended to 5, 6 or even 7 Ps, with **people**, **process** and **physical evidence** being the added elements to the mix. It is important to understand that the elements of the Marketing Mix are controllable variables. They can be adjusted frequently to accommodate changing environments and other dynamics of the target market.

Table 1. The Marketing Mix Model

Elements	Description	Key Factors
Product	Full range of products and service attributes. Initially, the thought process was that “a good product will always sell itself.” Now the product characteristics must be defined in such a way that they meet the needs of the customers.	Functionality, Appearance, Packaging, Brand, Service, Support, Warranty.
Price	What you charge for your products and services. The price also includes discounts, credit payment terms, credit card acceptance and any formal and informal subsidies the company might benefit from.	List Price, Discounts, Financing, Leasing, Allowances, etc.
Place	Distribution channels or methods to make your product available to the potential buyer. Is your product available at the right place, at the right time and in the right quantities?	Locations, Logistics, Channel Members, Channel Motivation, Market Coverage, Service Levels, Internet, Mobile.
Promotion	Are the people in the target market informed or educated about the company and its products? Promotion has become the most important P in the Marketing Mix to focus on.	Advertising, Public Relations, Message, Direct Sales, Sales, Media, Budget.
People (Personnel)	All people directly or indirectly involved in the consumption of a service and are an important element of the extended marketing mix.	Knowledge Workers, Employees, Management, Consumers.
Process	Procedures, mechanisms and flow of activities by which services are consumed are an essential element of the marketing strategy.	Procedures, Customer Management Processes, Customer Services etc.
Physical Evidence	The ability and environment in which the product is delivered; both tangibles goods that help communicate and perform the service and intangible experiences of existing customers and the ability of the business to relay that customer satisfaction to potential buyers.	Market Environment, Customers Experiences, Feedback.

Adapted from <http://valuebasedmanagement.net>

### 1.3 Implementation of the Marketing Mix

To implement the marketing mix, the firm should engage in a marketing planning process. This process will allow the managers to define how elements of the marketing mix should be handled in relation to the eight (8) basic marketing functions. It is also known that consumers buy products that give them satisfaction. It is therefore imperative that the production and/or marketing system for vegetable seed, supplies the product that provides satisfaction in terms of quality features, condition of the product and convenience for the customers. The product and/or the marketing system must provide this satisfaction at a price that the final buyer of a seed is willing to pay for.

There are three general types of satisfaction that must be provided by the production and/or marketing system:

- Time utility - Supplying vegetable seed to final buyers at the right time. For example, farmers want to have green bean seed available on a year-round basis; that is to have green bean seed that is properly packed and is available beyond the harvest season.
- Place utility – Supplying vegetable seed at the right place i.e. farmers want vegetable seed provided in rural areas where farms are located.
- Form utility - Supplying vegetable seed to the farmers in the right form, condition, quantity and quality.

#### 1.3.1 Marketing Functions

Marketing is done through the performance of eight basic “**Marketing Functions**”, divided into three main groups: exchange functions, physical functions and facilitating functions.

##### *A. Exchange Function*

This involves price negotiations and transferring of vegetable seed ownership through buying and selling activities.

##### **Marketing Function Number 1: Buying**

The buying activity involves the attempt to secure needed vegetable seed at optimal conditions of sale i.e. top quality at the lowest possible price. At this stage, buyers are usually selective and discriminatory.

##### **Marketing Function Number 2: Selling**

This involves an attempt to persuade the potential buyer to buy vegetable seed at a reasonable price from the seller. It involves activities like the display of the product, promotion and selected pricing techniques. At this stage, sellers are usually aggressive and possess a driving character.

### B. Physical Functions

Physical functions involve handling and physical movement of vegetable seed. They include the following activities:

#### Marketing Function Number 3: Transportation

Transportation provides desired changes in location. It permits the growing of vegetable seed in areas specially adapted to their production and then moving the products to the buyers. However, the long distances over which vegetable seed are transported often results in relatively high shipping costs, and potentially lower quality, due to the damage during shipment if the products are not packed properly.

**Packaging:** In order for the product to be transported, it must be packaged properly. Packaging is carried out in order to accomplish the following:

- preserve the product and protect it from contamination;
- preserve the moisture level of the product;
- facilitate handling of the product;
- make the final product more attractive to the buyer;
- gives instructions on how to handle, store and use the seed.

The material used for packaging is a major factor in regulating the moisture content of stored seed. The selection of the packaging material is therefore crucial to preserve the humidity level, and thus the viability of the seed. Seed packaging material should be strong, durable and well labeled. In many cases, it also has to be a barrier to external moisture. Many different materials are generally used for seed packaging. Selection of the most appropriate material and size for seed packaging is crucial and differs according to type of storage and handling, distribution and commercialization needs (Table 2):



Some packaged seeds in tins and aluminum foil packets.



Seed packaging using a sealing machine.

- Jute, woven polypropylene and multilayer paper for bulky seed
- Plastic, tins and aluminum-laminated packets for vegetable seeds

Air-proof containers provide effective protection against insect damage, and fungi. The thickness of the packaging and their uniformity determine their permeability to moisture.

The seed package must display the product's name, the product's description and whenever possible, a technical guide on how to handle and use the product. Basic production guides come in handy when farmers are faced with doubt and questions. It is important for the product's name to be more descriptive and less

*Table 2. Comparison of barrier properties of some common packaging materials*

Material	Property (resistance to)			
	Water vapor	Gas transmission	Water	Oil grease
Kraft paper	0	0	2	0
Sulphine paper	0	0	2	0
Glassine paper	0	3	3	4
Waxed glassine paper	4	5	5	6
Cellulose	0	6	5	10
Cellulose acetate	1	2	6	6
Polyvinylchloride (PVC)	2	5	10	8
Mylar	4	6	10	8
Polyethylene (PE)	7	3	10	5
Polyvinyl dichloride (PVDC)	9	8	10	8
PE Coated paper	7	3	6	8
PVDC coated paper	8	8	6	8
PE coated Cellulose	8	8	6	6
Aluminum foil (9 micron)	10	10	10	10

Source: Klaassen 1983. Qualities are graded from 0-10, with 10 being the highest quality and 0 meaning the quality is nonexistent.



Seed packaged in tins and coated paper.

complex than creative. Descriptive names tend to stick in customer's mind more than creative ones. It is easier for customers to remember "Snow-White" or "Sweet Beauty" than "ACH-341" for example. A creative name might have a positive connotation for the product developers but a negative one to the potential customers. Finally, the package should display an enticing and high quality picture of the final produce instead of the actual seed.

**Assembly:** The assembly activity is designed to bring together vegetable seed produced from a large number of farms scattered around the countryside to a central point where they can be gathered in large lots, sorted, graded and packaged according to desired specifications in quantity ready for the market.

#### Marketing Function Number 4: Storage

**Moisture:** Seed storage is very delicate, as specific temperature and proper packaging must be observed to maintain the desired humidity level. The humidity of the air surrounding the seed affects its equilibrium moisture content. Storage requirements are different depending on the seed form (packaged or loose) and storage type (long term or short term).

Without proper storage, seeds lose their germination qualities. Poor quality seed from seed companies generally results from poor drying and poor storage facilities. This affects the marketability of the seed as farmers will not engage in repeat buying behaviors following low germination results.

The seed continues to produce moisture through respiration, unless severe drying reduces this process to a minimum. Storage therefore has to avoid access to moisture from outside.

Some people believe in storing seeds in refrigerators. This is not advised because not only do refrigerators tend to accumulate moisture but are susceptible to high temperature fluctuations in cases of frequent power failure. In addition, a seed company will need multiple high priced refrigerators to store a marketable quantity of seed. The cost of these refrigerators and their maintenance, makes them an inefficient alternative for storage. Walk-in cold stores are a better option for seed storage, both for short and long-term storage. The drawback of this option might be the initial investment, which can be high. The less costly alternative is the construction of an air-conditioned storage facility equipped with dehumidifiers.

#### Rule-of-Thumb:

The life of the seed is doubled by a 1% reduction of the seed moisture content (Harrington, 1960).

**Temperature:** Long-term storage of seed (gene banks, breeder seed) can be done best in sealed containers, with the addition of silica gel for extra dehumidification at reduced temperatures. For many vegetables (e.g. okra) dry and warm temperatures result in “hard seeds” with retarded germination. This is an advantage for species survival, but a disadvantage for cultivation.

Storage also facilitates the adjustment of seed supplies to its demand; the seed is kept until a later time rather than simply being consumed entirely at harvest. Storage reduces price fluctuations during the year because it is designed to even out the quantity of the product going to the consumers throughout the marketing season. The farmers therefore could have access to the seed on a year round basis.

#### Guidelines for building a seed storage facility

Storage structures should be equipped with:

- Proper roof
- A layer of sealant (e.g. bitumen paper) built into the floor
- Over-hanging eaves to protect the walls from rain
- Sufficient room for ventilation
- Air-conditioned stores equipped with dehumidifiers are suitable for high-value vegetable seed
- Seeds should be stacked on small sized pallets with space between pallets and the wall.

### C. Facilitating Functions

Facilitating functions allow efficient performance of the exchange function and the physical function. It includes the following activities:

#### Marketing Function Number 5: Product Quantity and Quality

The company may carry quantities of product with varying degrees of quality. Your marketing plan will help you to determine how much of each product will be kept on hand and in what quantity.

**Standardization and Grading:** Standardization and grading help to achieve uniformity in quality, size and unit of weight of vegetable seed entering the market system, and meeting the government certification requirements. Grades and standards assist buyers and sellers to determine the price because both of them will know specifically what type of product they are dealing with under a grading and certification system. Grading is important when the buyers demand products that meet specific standards and/or when producers want to be paid according to the quality of their products. In general, the seed company should observe certification standards that are well above the official minimum requirements. Companies should invest in proper cleaning, sorting, dressing and grading equipment in order to meet these requirements.

### **Marketing Function Number 6: Financing**

Financing is important in the marketing process because the value of the volume of vegetable seed handled, usually far exceeds the asset value of the marketing institution. **Agents** must incur the cost of storage as well as transport, packaging, grading and so forth before they receive payment for the product.

Financial arrangements with suppliers will affect marketing by increasing or decreasing the product price. Volume discounts or extended terms that affect pricing will, in turn affect your advertising and marketing budget.

### **Marketing Function Number 7: Risk Bearing**

Owners of products, particularly perishable products like vegetable seed, run risks of loss. Some of the risks are assumed through the ownership of vegetable seed and these risks include:

- Natural factors such as fire, floods, disease, spoilage and improper handling,
- Market factors such as price changes, cost changes, credit risk, demand, and
- Changes in competitive situations (your product may become obsolete due to the arrival of new products on the market).

### **Marketing Function Number 8: Market Information**

The fast changing environment in which the company evolves dictates that managers keep abreast of technological advances and changes in the competitive environment. The managers must be prepared to change their messages as news or changes in market information become available.

Each of the marketing functions can have a positive or a negative effect on various parts of the company. Each will affect the business in different ways. If the functions are all carried out in a unified, coordinated manner, they will result in an effective and efficient vegetable seed marketing system.

# SECTION 2 - The Marketing Planning Process

## 2.1 Market Research

The marketing planning process always starts with the assessment of the internal strengths and weaknesses as well as the external opportunities and threats (SWOT) of the firm.

Market research is important for analyzing the company resources and the prospective market for potential customers and competitors in terms of:

- who they are, their whereabouts;
- their varietal requirements, and
- the quantities they are likely to buy.

In addition, the use of market research data for SWOT analysis and forecasts help in production and distribution planning, preparation of cash flow, general budgets and the assessment of possible necessary price adjustment.

Seed market research also has to monitor the performance of seed varieties. For example, a build-up of a disease in a variety may have a dramatic effect on the demand for seed of that variety and its alternatives.

## 2.2 Marketing Strategy

A strategic marketing plan integrates all business activities and resources logically to meet customers' needs and to generate profit. It involves a set of marketing activities and decisions that must fit together in a consistent fashion:

- Assess the market situation
  - Market assessment with data collected during market research;
  - Conduct a SWOT analysis.
- Set goals
- Craft a marketing strategy
  - Choose a target market;
  - Choose a position/ image on the target market;
  - Develop the appropriate marketing mix.
- Implement the marketing strategy
  - Implement the marketing mix;
  - Evaluate results and refine the marketing mix.

## 2.3 Marketing Strategy Components

Seed marketing components consist of the producer, the product, the customer and the competitor. The market has to optimize all of these variables in order to achieve the objectives set for marketing of vegetable seeds.

### 2.3.1 The Producer

The marketing manager should take into account the limitations of the producer's own seed production organization in terms of time required to breed new varieties that fit in the market, and time required to bulk sufficient quantities of Certified Seeds, among other things.

### 2.3.2 The Product

It is well known that seed is a living material and therefore it is delicate. During transport and storage, vegetable seed are vulnerable to damage by temperature, moisture, chemicals and biotic factors. Their value is determined by various quality factors such as the management of the farmer with respect to land preparation, timeliness of planting and weeding, and the use of other inputs such as fertilizer.

The value of seed cannot be assessed only by sight, smell or touch; the consumer therefore, has to put a great deal of trust in the supplier and the dealer. Consumers' preferable traits for the final produce should be taken into account during the product development stage (breeding and evaluation trials). It should be noted that the market share that the seed variety gains and the period during which it maintains that share largely depend on biotic factors such as diseases and on the relative research capacities of the competitors and the parent organization.

### 2.3.3 The Customer

It is important to understand the behaviors of the farmer, who is the customer for the seed produced. Behavior with regard to adoption of technologies is very important as well as constraints that the farmer faces in the production of his crops. Along with these technical aspects, the role of beliefs, notions, customs, and the influence of the community on the farmers' thinking should be understood. One of the main issues in seed marketing is the geographical spread coupled to the often very limited mobility of the target group. Both promotional activities and the seed have to be located within the zone of mobility of the farmer.

### 2.3.4 The Competition

A thorough understanding of the competition is an important part of formulating a good marketing strategy. It is unwise to simply react to competition and even more so to simply ignore your competitors. Firms have a tendency to become complacent with their success, perpetuating the way of doing business that made them successful, and in the process, losing the edge that helped them get there. This is the case of most seed companies in sub-Saharan Africa, since a competitive

market situation with other seed producers is rare in most countries. Thus, the National Seed Organizations have enjoyed a virtual monopoly for a long time.

Recently, competition from larger multinational seed companies has increased. These giant international seed companies command a larger share of the seed market, often supplying products that are unfit for local conditions. This gives a potential competitive advantage to smaller local seed companies, as long as they can produce seeds that are adapted to local conditions.

The small seed company's stiffest competition is therefore the farm-saved and locally bartered seed. The local seed company has to offer seed of a higher quality at the right place and time, in the right quantity and at an acceptable price to beat this competition.

A good analysis of the competition in the market is required for any successful strategic planning process. This analysis should be similar to the analysis of your own firm. The strengths and weaknesses framework is a good tool for analyzing the competition.

## 2.4 Developing a Marketing Plan

### 2.4.1 SWOT Analysis

Using data gathered during the market research phase, the design of a marketing strategy should start with a SWOT analysis (Table 3). This is an instrumental framework for identifying strengths, weaknesses, opportunities and threats of the firm. It is also called **market assessment**.

Strengths and weaknesses are internal values creating (or destroying) factors such as assets, skills or resources that a company has at its disposal, relative to its competitors. They can be measured using either external or internal benchmarking.

Opportunities and threats are external values creating (or destroying) factors a company has no control over, but emerge from either the competitive dynamics of the industry/market or from demographic, economic, political, technical, social, legal or cultural factors.

Any organization must try to create a fit with its external environment. Even though the SWOT diagram is a very good tool for analyzing the internal strengths and weaknesses of a corporation and its external opportunities and threats (Table 4), this analysis is just the first step of the process. Actually creating alignment can become a hazardous job, because the two sides of the SWOT analysis often point in opposite directions, leaving strategists with the paradox of creating alignment either from the outside-in (market driven strategy where the firm has to reconfigure its resources in order to develop market products in demand) or from the inside-out (resource driven strategy where the firm tries to maximize the use of its current resources and products to conquer an existing market).

Table 3. Example of SWOT analysis diagram

Strengths	Weaknesses
- strong marketing expertise	- lack of marketing expertise
- exclusive access to natural resources (land, water for irrigation, etc.)	- undifferentiated seed products and services (i.e. in relation to your competitors)
- patents	- location of your business
- new innovative seed product or service	- weak breeding unit
- location of your business	- competitors have superior access to distribution channels
- cost advantage through proprietary know- how	- poor quality seed varieties or services
- quality process	- damaged reputation
- strong breeding unit	
- strong brand reputation	
Opportunities	Threats
- growing or expanding market	- a new competitor in your home market
- mergers, joint ventures, strategic alliances or partnership	- price war
- moving into new attractive market segments	- competitor has a new, innovative substitute product or service
- a new international market	- new regulations
- loosening of regulations	- increased trade barriers
- removal of international trade barriers	- taxation may be introduced on your product or service
- a market led by a weak competitor	

Adapted from <http://valuebasedmanagement.net>

Market research is vital in order to gather the data necessary for building the SWOT diagram. Designing an effective marketing plan requires the manager to pick a strategy for each element of the marketing mix components (Figure 1).

Detailed aspects of seed marketing strategy include:

- 1) Methods of obtaining information for production planning (market research)
- 2) Main features of the distribution (supply) chain (market communication) such as:

- company owned store;
  - private wholesalers;
  - retailer networks; and
  - company or hired transportation.
- 3) Price policy
- differential price structures within the distribution chain; and
  - choice between controlled or free prices at retail levels.
- 4) The percentage of sales revenue used for marketing and promotional activities (advertisement).

*Table 4. Assessing Internal Strengths and Weaknesses*

<b>Marketing</b>
<p>How effective are our products development activities?            How do our prices compare with the competition?            How much do we spend on advertising and promotion compared to the competition?            How satisfied are our costumers?            How does our sales force compare to the best sales force in our industry?</p>
<b>Finance</b>
<p>How profitable is our organization?            What is our debt position?            Do we use our investment in current assets and receivables effectively?            How well do we manage cash flow during the seasonal swings in our business?            Do we do an effective job of investing in new technology and replacing old equipment?</p>
<b>Operation Logistics</b>
<p>Do we deliver to customers on time and accurately?            How well do we manage quality through our production process?            How well do we manage our investment in inventory?            What are our transportation and storage costs relative to those of our competitors?            Have we efficiently managed the risks in our supply chain – both to our employees and our customers?</p>
<b>Human Resources</b>
<p>How does our training program compare to those of the best firms in the market?            Do we have an effective compensation program?            What do our turnover rates look like relative to industry standards?            Do we provide advancement opportunities for employees?            Do we have an effective work environment – do employees enjoy working here?</p>

Adapted from Erickson, et al. (2002).

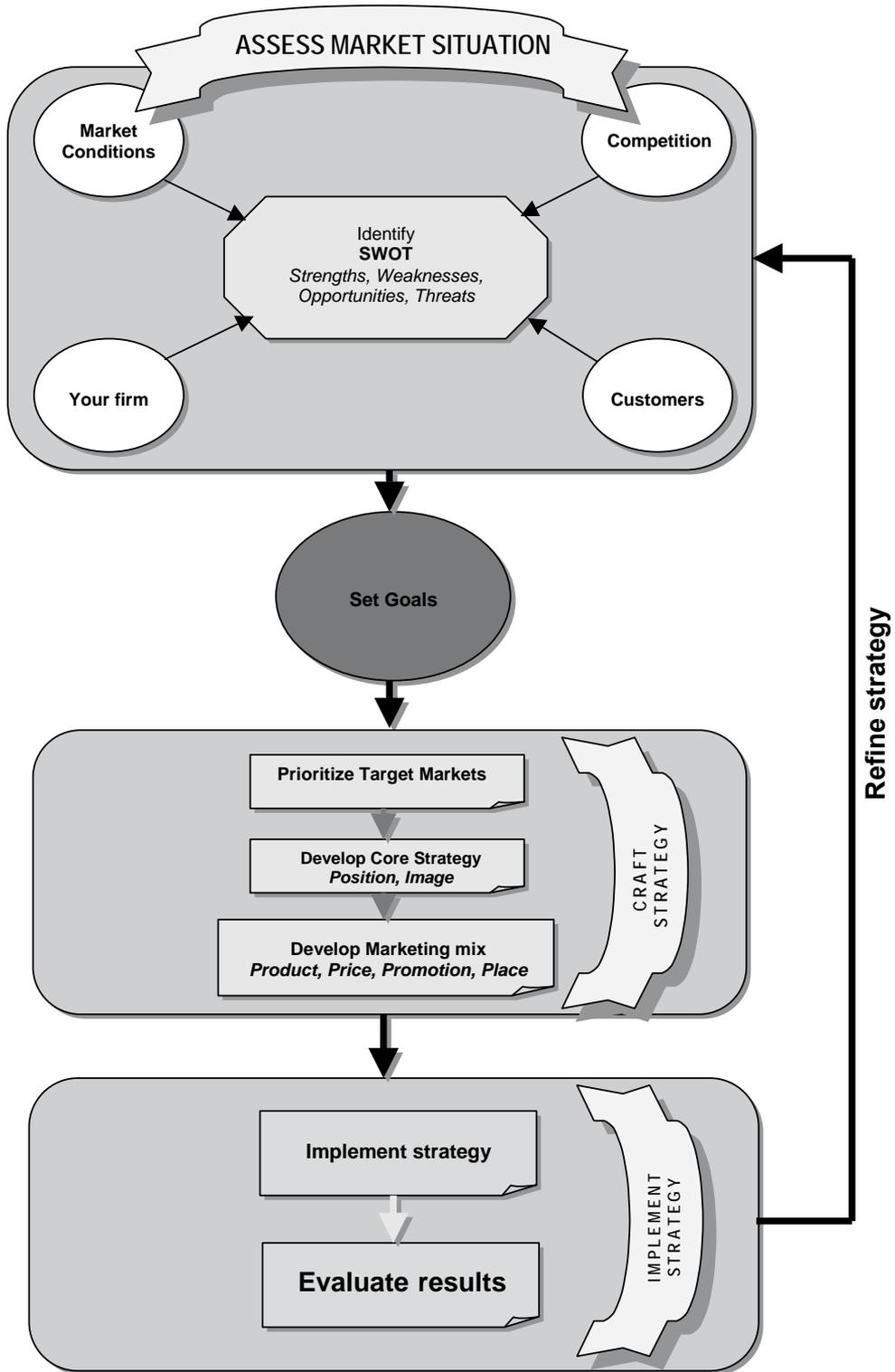


Figure 1. Marketing Strategic Planning Process.

## 2.4.2 Product Strategy

The product mix is the portfolio of products and services offered by the company. In the case of the seed companies, it is the total number of species and varieties offered by the seed company. In this regard, each variety put on the market by the company constitutes an element of the product portfolio, or the product mix. The number of varieties that can be produced economically by a seed company is limited. The product Life Cycle model (Figure 2) can help in analyzing products and industry maturing stages.

The concept of product life cycle stages has a significant impact upon business strategy and performance. Businesses are constantly seeking ways to increase future Cash Flows by maximizing revenue from the sale of products and services. Cash flows allow a company to maintain viability, invest in new product development and improve its workforce. A consistent and sustainable cash flow stream from product sales is key to any long-term investment, and the best way to attain a stable revenue stream is a **Cash Cow** (leading) product that commands a large market share in mature markets.

The product life cycle method identifies the distinct stages affecting sales of a product, from the product inception until its retirement.

During the **introduction stage**, the product is introduced to the market through a focused and intense marketing effort designed to establish a clear identity and promote maximum awareness. Many trial or impulse purchases will occur at this stage.

Next, consumer interest will bring about the **growth stage**, distinguished by increasing sales and the emergence of competitors. The growth stage is also characterized by sustaining marketing activities on the vendor side, with customers engaged in repeat purchase behavior patterns.

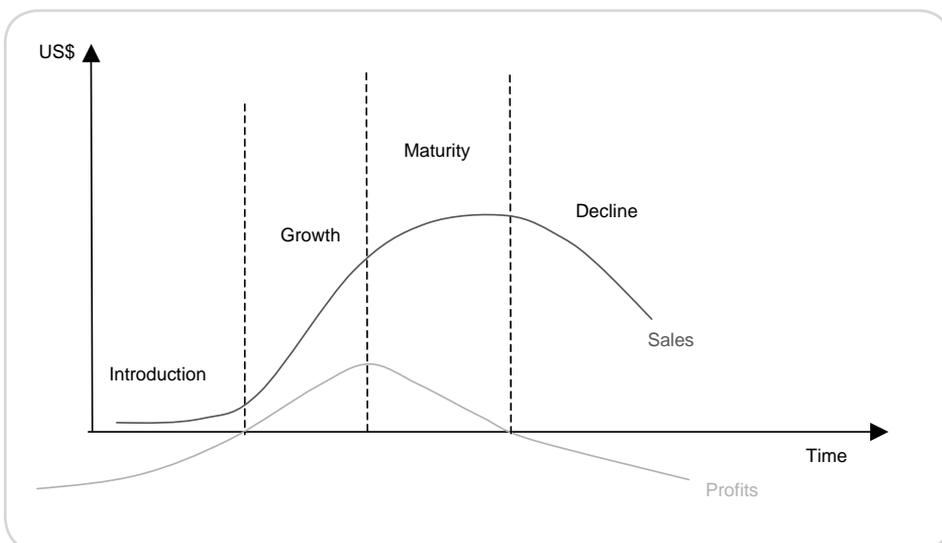


Figure 2. Product Life Cycle.

The sales of a new variety rise at a rate that is determined by the appropriateness of the variety and the promotional activities.

Arrival of the product **maturity stage** is evident when competitors begin to leave the market, sales velocity is dramatically reduced and sales volume reaches a steady state. At this point in time, mostly loyal customers purchase the product. Sales reach a peak, the dimensions of which depends on the size of the potential market. Continuous decline in sales signals entry to the decline stage.

During the **decline stage**, the lingering effect of competition, unfavorable market conditions, new farming trends/techniques/technologies, change in consumer preferences, etc, often explain the decline in sales.

At this stage, market saturation occurs, followed by a decline determined by the speed of introduction and the relative value of newer varieties and declining old varieties due to broken resistances or changing farming techniques.

Several variations of the product life cycle model have been developed to address the development of the product, market, and/or industry. Although the models are similar, they differ as to the number and names of the stages.

- **Fox (1973)**: Pre-commercialization – introduction – growth – maturity – decline
- **Wasson (1974)**: Market Development – rapid growth – competitive turbulence – saturation/maturity – decline
- **Anderson & Zeithaml (1984)**: Introduction – growth – maturity – decline
- **Hill and Jones (1998)**: embryonic – growth – shakeout – maturity – decline

Using the product life cycle framework, the company managers can determine which priorities should be given to each product in the company's portfolio.

The products in a company's portfolio can be classified in four (4) categories.

**1-Stars**: These product experience high growth rate and high market share; they use a large amount of cash, are leaders in their respective markets and should generate a large amount of cash. They will eventually become cash cows if the company can maintain its market share.

**2-Cash Cows**: Profit and cash are high, and because of low growth, investments are low. This is the foundation of the company.

**3-Dogs**: These products have a low growth rate and a low market share. The key is to minimize the number of dogs in a company. Make sure they keep delivering cash, otherwise they should be discontinued.

**4-Questions Marks**: These products experience a high growth rate, but a very low market share (high demand and low returns due to low market share). If the market share does not grow, the question mark becomes a Dog. If market share rises extensively, the Question Mark becomes a Star.

To choose the best strategy for the company portfolio of a product, the Boston Consulting Group (BCG) matrix portfolio model (Figure 3) can be used.

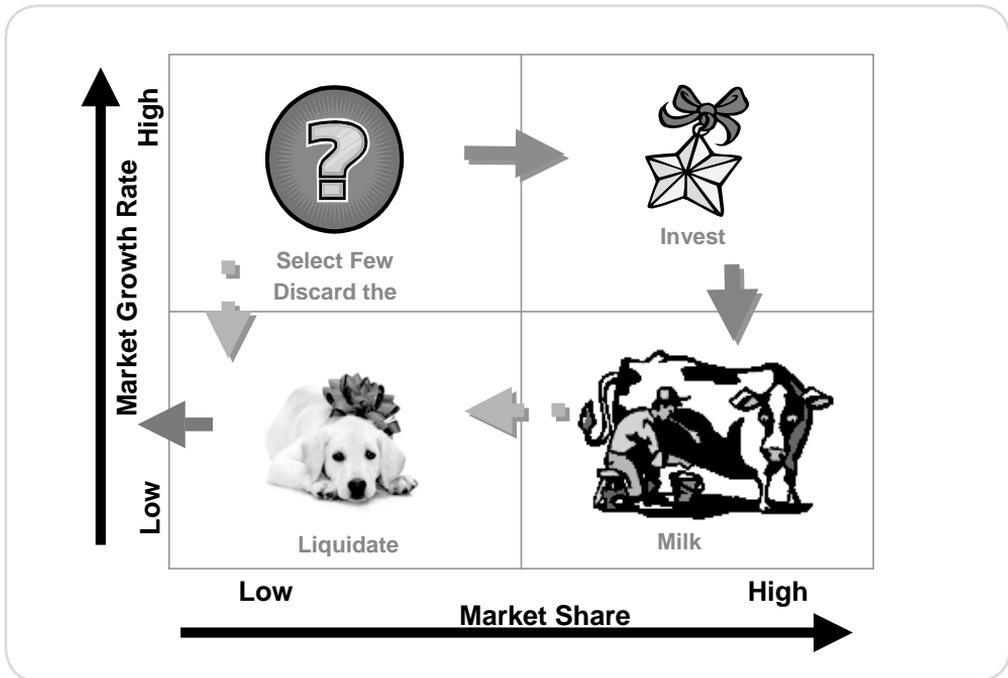


Figure 3. The BCG Matrix.

The BCG matrix can be applied both to products or a business unit for companies with multiple units or branches.

#### Limitations:

- High market share is the only success factor
- Market growth is not the only indicator for market attractiveness
- It is possible for Dogs to earn more cash than Cash Cows.

#### Product Adoption and Diffusion

The manner in which customers adopt a new technology/product/service is another important part of the product strategy. The adoption process is closely related to the life cycle and suggests how new products should be introduced into the market. New seed should be introduced and diffused through the market in systematic stages:

1. **Awareness.** At this stage, people have heard about the product, but lack sufficient information to make a purchasing decision. Awareness for the new product should be created.
2. **Interest.** A potential customer becomes interested enough to learn more about the product. The interest of potential customers should be aroused.
3. **Evaluation.** The customer decides whether or not to try the product.
4. **Trial.** The customer samples the product.
5. **Adoption.** The customer integrated the product into a regular-use pattern.

Farmers will definitely adopt the seed if they are satisfied with the end produce and the sale is profitable. Satisfaction is determined by the ease of production of the crop and its total cost, the acceptance of the end produce by the consumer and the profitability of the operation. Table 5 shows various scenarios that may determine seed adoption by the farmer. This table does not contain the exhaustive list of possible scenarios, it is merely an example that analyses the potential determinants for seed adoption.

Individuals that adopt products more quickly than others tend to be opinion leaders. These individuals are watched, and then followed by other farmers. When a product is released on the market, only a tiny percentage of potential customers (about 2.5%) are willing to try a new product. They are called **innovators** (Figure 4). Innovators are venturesome individuals, people who enjoy trying new ideas, products or like being the first to try new products, concepts. The second wave of customers willing to try the product are called **early adopters**. Early adopters are individuals that adopt new products quickly, but with some caution, after observing the experience of innovators. They constitute about 13.5% of the

Table 5. Determinants of seed adoption

Scenario	Crop					Farmer's Decision
	Seed price	Yield	Cost of production	Sales Prices	Profit	
1	↑	↑	↑	↑	↑	Adopt
2	↑	↓	↓	↑	↑	Adopt
3	↑	↓	↓	↓	↓	Reject
4	↑	↓	↓	↓	↑	Adopt
5	↓	↑	↓	↔	↑	Adopt
6	↓	↓	↓	↑	↑	Adopt
7	↔	↑	↔	↔	↑	Adopt
8	↔	↔	↓	↑	↑	Adopt
9	↔	↔	↔	↔	↔	????
10	↓	↓	↓	↓	↓	Reject

↑ Increase    ↓ Decrease    ↔ Remain the same

market. Next, we have the **early majority** (34%). Individuals in the early majority see themselves as progressives, but generally not as leaders. We then have the **late majority** (34%). People in the late majority wave only adopt after its success has been proven. They are highly skeptical individuals. Finally, the last wave to adopt the product is the **laggards'** group (16%). The laggards are conservative and tradition-bound people who take so long to adopt new ideas that by the time it happens, the products are no longer new.

### 2.4.3 Seed Pricing Strategy

Pricing is a critical marketing decision because it has such a great influence on the revenue generated by an agribusiness:

- Price impact revenue as a component of the revenue equation:

$$\text{Revenue} = \text{Price} \times \text{Quantity Sold}$$

- The price level itself greatly affects the quantity sold through its effect on demand relationships for the product or service.

Some pricing decisions involve highly complex mathematical methods, while others depend on simple rules of thumb or intuitive judgments. The type of product, customer demand, competitive environment, product life cycle stage, and product mix are some of the factors to be considered in price determination.

#### The law of demand

The higher the price, the lower the quantity sold and the lower the price, the higher the quantity sold.

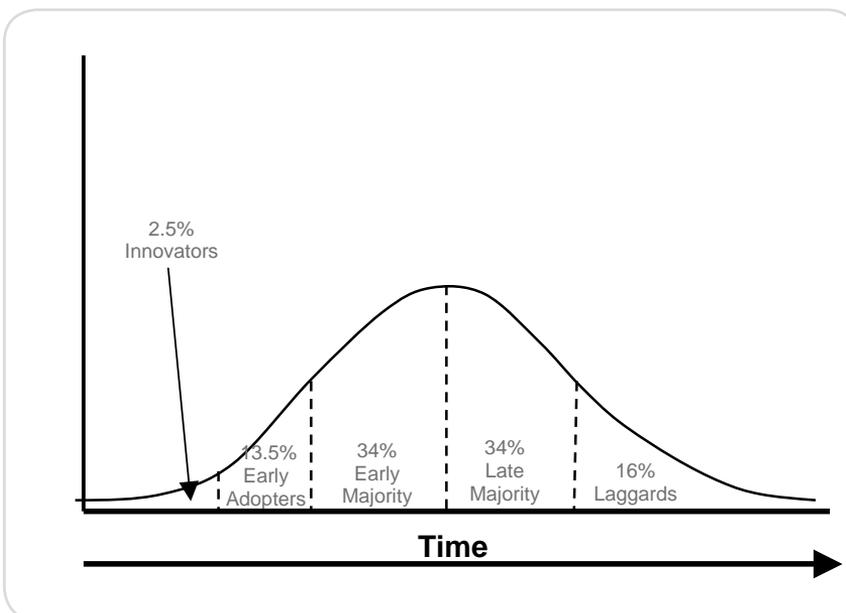


Figure 4. New Product Adoption Curve.

Managers should always remember that a successful pricing strategy is made after giving careful consideration to the value delivered, the cost of the product/service/information/image bundle, and the goal of the pricing strategies of competitors. The perceived value becomes a ceiling price charged by the company.

**Perceived Value** = Product Cost (Expenses + Profit Markup) + Service + Information + Image

Pricing strategy should follow these steps:

1. Determine your pricing objectives (i.e. increasing (buying) market shares, or maximizing profit) This objective should be consistent with your overall business objective.
2. Establish your price range (Figure 5). The price should be at least enough to cover all your explicit costs.
3. Choose a flexible pricing strategy.

Pricing is inherently strategic, especially for small businesses. Some simple pricing strategies include:

#### A. Skimming Pricing

The company sets high prices to skim the revenue from the market.

- This strategy works when quality supports high prices;
- There are enough buyers willing to purchase the product at the high price;
- The cost of producing low volumes is not high;
- Competitors are able to enter the market.

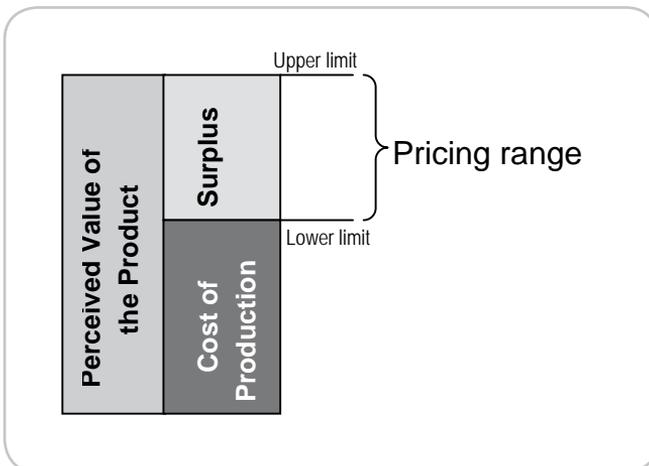


Figure 5. Upper and Lower Limits on Pricing.

### B. Market Penetration Pricing

The company sets low prices in order to penetrate the market quickly and deeply, and by doing so, wins market shares. This strategy works best when:

- The market is highly price sensitive;
- Production and distribution costs fall as volume increase (economies of scale);
- Low prices can help keep out the competition.

### C. Full Cost Pricing (full production cost plus markup)

#### Hypothetical example:

- 1) Cost of producing the seed: 5,000 USD/Kg
- 2) Markup 30%
- 3) Selling Price =  $5,000 \times 1.30 = 6,500$  USD/Kg

### D. Value-Based Pricing

It involves pricing the product at a level just lower than the estimated perceived value of the product/service bundle. If the customer is aware that the product costs less than its' perceived economic value, the product will receive a favorable response.



#### Hypothetical example:

(suppose the farmer uses one packet of seed for one acre of land).

Cost of the seed	20	USD/packet
Saving from low pesticide use	20	USD/packet
Perceived value from easier harvest	20	USD/packet
Perceived value of environmental safety		Unknown
<b>Total Economic Value</b>	<b>60</b>	<b>USD/packet</b>
<b>Actual Price of the seed</b>	<b>50</b>	<b>USD/packet</b>
<b>Estimated savings</b>	<b>10</b>	<b>USD/packet</b>

### *E. Discount Pricing*

This strategy involves offering a reduction from the published or list price for some specific reason. It includes (volume discounts, cash discounts, early-order discounts etc.)

**Example:** 10% off the list price

Always make the list price known, along with the discount percentage, and the actual price the customer will pay. This is the only way the customer can visualize the savings they are about to make.

### *F. Competitive Pricing*

This is a price leadership approach where the business is constantly following an established leader's pricing strategy on the market.

### *G. Loss-Leader Pricing*

This strategy involves offering one or more products in a product mix at a specially reduced price for a limited time. The idea is to encourage long-term adoption of that particular product.

### *H. Psychological Pricing*

This strategy involves establishing prices that are emotionally satisfying because they sound a bit lower than some similarly equivalent ones.

**Example:** Two bags of seeds for 199 USD, instead of 200 USD

High quality seed is valuable and should be priced accordingly. Produce-to-seed price ratios of 1:1.8 (for self fertilizing cereals and legumes), 1:4 or 1:6 for open-pollinated varieties of crops like maize and sunflower, and 1:10 to 1:20 for vegetable seeds can be attained. When optimal production conditions for quality produce are respected the farmer will get more than sufficient returns on his/her investment. If farmer-saved seed is the main competitor, the maximum market price of Certified Seed will depend on the following:

- Mating system of the crop: Competition is higher for self-fertilizing and vegetatively propagated crops and lower for cross-fertilized crops e.g. hybrids;
- The multiplication factor of the crop: Seed prices are much higher for crops with multiplication factors;
- The level of market orientation of the crop production;
- Crop specific factors such as difficulty to store seeds as well as high incidence of seed transmitted diseases; and
- Agronomic/ horticultural traits of the variety (resistance/tolerance to biotic and abiotic factors).

#### 2.4.4 Logistics and Distribution Strategy

Every seed company must decide on how to move products to its customers. Marketing channels are systematic ways of transferring both the physical product and the ownership to the customer as efficiently as possible. The channel is a communication system linking the seed company to the customer (farmer).

Consumer demand signals flow through the distribution system to the seed company, while supply and availability signals in the form of prices and costs flow to consumers. In many cases, independent businesses such as wholesalers or distributors facilitate the transfer of ownership and physical product. In other cases, manufacturers find it more efficient to sell directly to the customer, handling these distribution functions inside the organization.

**Channel Management:** Channel management is concerned with who owns and controls the product on its journey to the customer (Figure 6). These decisions have important implications for how the marketing functions will be carried out and who will carry them out. The market channel chosen is closely tied to the physical distribution problem. Contracts with local transporters could be made early to avoid distribution problems. The use of distributors (wholesalers) between the company and retailers may be necessary.

There are three basic systems used by most agribusiness firms (Table 6). Each system differs in the extent and type of involvement of the middleman. In each system, all marketing functions are performed: products are owned, transported, financed, and stored. However, they are performed differently by each party. It should be noted that many companies in sub-Saharan Africa find it more convenient to integrate all three types of channels depending on the environment and/ or the situation in which they operate.



Seed containers on shelves at a seed company outlet.

Table 6. Description of distribution systems

System	Characteristics	Advantages	Disadvantages
<b>Manufacturer-Direct Distribution System</b>			
	The producer (seed company) sells directly to the farmer; The original producer owns and controls the product until farmers purchase it, performing all the marketing functions.	The product is priced, promoted and sold in ways that are acceptable to the producer; Works well when farmers are concentrated; High returns.	Difficult to manage when farmers are widely spread out with different characteristics
<b>Dealer-Distribution System</b>			
	Producers sell their product through dealers.	Dealers are more in touch with the needs of local farmers and can maintain the flexibility of serving both the needs of producers and farmers efficiently; Independent dealers are more highly motivated to serve the local farmers' needs than would the company employee.	The producers lose some control over the selling process, pricing and promotion ( this gives rise to contractual agreements such as exclusive distributorship or franchise to spell out the obligations of the producer and distributor).
<b>Distributor System</b>			
	Uses both distributors or wholesalers, and dealers to market the seed to farmers.	Independent distributors may already have their own well-developed network of transportation.	The producers have very little control over the selling, pricing and promotion of the product.

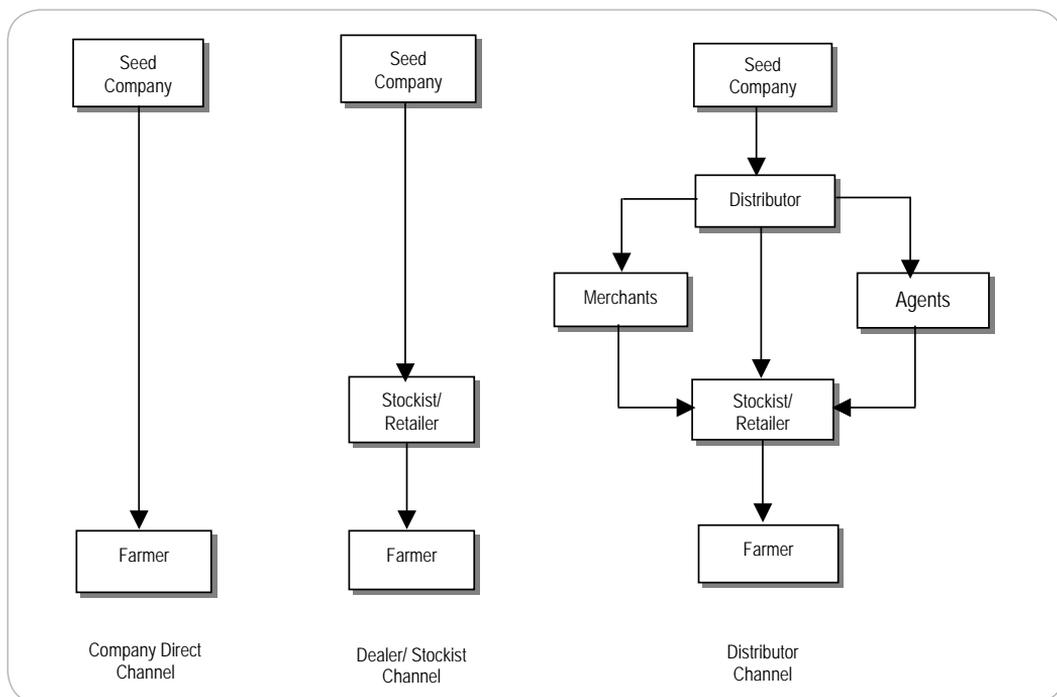


Figure 6. Major Seed Distribution Channels.

### 2.4.5 Seed Supply Chain Organization

A formal seed chain can be organized in various ways. The common way of organizing seed marketing is by using the objectives, the ownership and competition.

#### *Objectives*

The objectives refer to the reasons for producing seeds. In this way production can be seen as a way to:

- 1) Increase yields and thus increase rural incomes and national food security;
- 2) Supply a good quality seed; and
- 3) Subsidized supply of seeds to farmers.

It should be noted that, non-commercial seed organizations are normally production driven while the commercial seed organizations are demand driven.

#### *Ownership*

The ownership of the seed marketing can be either of the following:

- Public enterprise — run fully on government investment;
- Cooperatives — run by members who are either seed growers or farmer seed users;
- Public and or Private joint venture companies — run by a limited number of shareholders;
- Private seed companies — they are privately owned without shares and in which the owners have either full or limited responsibility.

#### *Competition*

The need for competition is very well known for the efficient operation of the market. However, the scope and the need for competition are virtually absent when the objectives relate to national food production. In most cases, where this is the objective, a single national public organization is generally involved in seed production.

When the major aim lays on fulfilment of the company's economic efficiency and seed production becomes a business, competition is necessary to protect the farmers. Competition puts pressure on producers to provide high quality seed at reasonable prices.

### 2.4.5 Market Communication Strategy

Communication and promotional activities are designed to communicate the value of the agribusiness firm products and services. Any marketing strategy incorporates a variety of methods to inform customers of this value. This part of

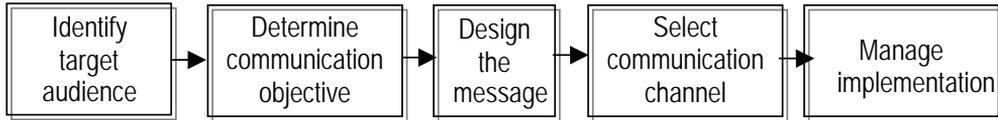


Figure 7. The Communication Strategy process.

the marketing strategy is basically a communication process intended to modify customer behavior and encourage a positive buying decision. Figure 7 depicts the process followed by a company's communication strategy.

Market communication mix is typically a combination of advertising, sales promotion, personal selling, public relations activities, sales support programs and positioning strategy. Positioning is the single most important success factor for small businesses. Defining and establishing a niche market and focusing on satisfying your customers' needs will help differentiate your business from other businesses.

Before a communication and advertising plan is put in place the company should determine where it is on the **Promotion Pyramid** (Figure 8). The promotion pyramid describes the market as it relates to your company. It is worth noticing that those who ignore the existence of your company always make up the majority at the base of the pyramid. The number of people having knowledge of your company's existence, products and services narrows as this knowledge becomes more precise. Those who will ultimately buy your product are the smallest group on the tip of the pyramid.

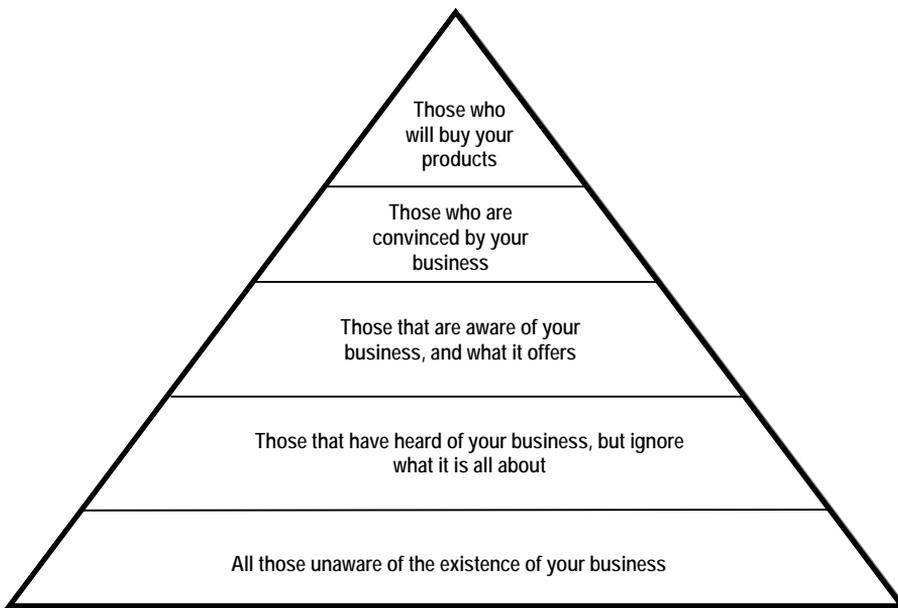


Figure 8. The Promotion Pyramid.

Adapted from Bangs, D.H. (1998).

Good communication links with the farmers is required in order to inform them of the availability of seed, the quality characteristics of the seed and create the desire and willingness to buy the seed.

Gregg (1983) summarized the information above in a concept conveniently named **AID ME**, which related to the product adoption process.

Farmers should be made **Aware** of the existence of the improved seed; **Interest** should be aroused and the potential should be **Demonstrated**; then farmers should be **Motivated** to try the improved seed, and should be **Educated** regarding how to combine it with other inputs and how to obtain the necessary credit.

Communication and promotional activities should create transparency in the market. Messages should be realistic and farmers should be able to confirm the promises made. Official variety performance test results can be a great asset to a seed company.

Targeting different types of farmers with different type of seeds is necessary, which is called market segmentation.

**Market segmentation** involves grouping customers into segments or categories according to a set of characteristics and/or criteria. Appropriate media should then be selected for each target population. For example, a TV advertisement will not be as efficient if the target population live in a rural area with unreliable or unavailable TV coverage. Good communication channels/media include:

- Radio stations: sub-Saharan Africa is witnessing an unprecedented growth of FM radio stations. These radios could be efficiently used to pass on the message, through the creation and participation to agricultural programs;
- Many commercial farmers can be reached via TV, newspaper and public relation campaigns;
- Seed catalogs and posters of new varieties are very effective ways of promoting the products;
- Public relations includes: press releases, news stories that create a positive image

#### Examples of Marketing Segmentation Criteria

- Subsistence versus commercial farming
- Agro-ecological zone
- Soil fertility parameters
- Climate and weather conditions
- Type of crop management systems
- Consumption preferences of the target area's population
- Farming habits and motives
- Level of education of targeted farmers.

for the firm, lobbying and working with legislators and local governments to encourage laws and regulations favorable to the firm and its products;

- Demonstration plots are very effective means of getting the message across to the prospective customer, but they tend to be very expensive:
  - o Local fairs are excellent places for sales promotion and demonstration plots;
  - o Invitation of potential farmer-customers and market influencers to visit the company's breeding and experimentation units is a good idea;
- Social communication through agricultural extension agents is an indirect way to increase or support the company's promotional effort.
- Company message stickers can be very effectively used on public transportation vehicles (Matatu, Dala-dala or inter-city shuttle buses);
- SMS messages can be sent to the mobile phones of past and potential farmer-customers, to inform of product availability and/or any ongoing promotional effort. New improved seed varieties can also be introduced using this tool;
- It is a good idea for a firm to maintain a web presence. A website gives the company another point of contact. It extends the physical presence and adds visibility to the company. Most potential customers will develop their first impression of your company after visiting your website. Appealing visuals, useful content, clearly defined products and services will leave the visitor with a positive impression, and a desire to return. The more visitors that return to your website, the higher the number of people that will like make a purchase from your business. Inversely, a poorly built website can be damaging for your brand image and seriousness. A manager that decides on having a web presence has to make sure the website is professionally built with appealing visual, clearly defined products and services and a useful content.

## SECTION 3 - Sales

Selling is the act of transferring ownership of goods and services. It involves trading the seed for money or business income. Selling, pricing policy and firm profitability are closely related. Profit may begin with sales, but sales begin with activity. Marketing strategies are a host of tools used by agribusiness firms to generate sales.

It is important to realize that selling does not create needs among customers. Rather, it focuses customer's awareness of existing needs and then shows them how these needs can be met with the firm's product. Professional salespeople always work with the customer's best interest in mind.

### 3.1 Duties of the Salesperson

Selling farm input involves a great deal of close contact with farmers in a local area, and in general entails on-the-farm sales calls and visits. Professional selling is often focused on building a long-term business relationship that is based on a high level of technical ability. The agribusiness salesperson is responsible not only for generating revenue through sales, but also for providing the mainstay of a successful long-term relationship with customers, and for representing the company in the market area.

Sales responsibility may include:

- **Direct selling:** this process includes prospecting for new customers, planning, getting the customer's attention and interest, making presentations, handling objections, closing the sale, and servicing the account.
- **Indirect Selling** includes the following service functions and follow up activities:
  - o *Market Intelligence:* the salesperson is expected to keep the company informed about competitors' actions, market prices, product performances, the mood of customers, weather and crop conditions, key customer trends,



Display at a seed retail outlet

and product inventory levels.

- o *Technical and Product Information:* This is a fundamental part of a salesperson's job. Customers expect professional salespeople to be fully knowledgeable about the firm's products and services. The salesperson must become an expert of the company's products.
- o *Handling Customers' Complaints:*
- o *Collections:* Collecting account receivables is an important part of the salesperson's duties. The sale is not complete until the product is delivered, the price is paid and the customer is satisfied.
- o *Trade and Public Relations:* How the general public and potential customers perceive the company is often very much a function of how the salesperson represents the company.
- o *Recordkeeping:* Recordkeeping, budgeting, and administrative duties are a part of most professional salespeople's job responsibilities. Keeping good records will help with report writing, auditing, goal setting, monitoring and evaluation.
- o *Public Agency Contacts:* It is important to maintain contact with extension officers, university researchers and other public agency representatives. Salespeople are usually the ones to carry out this duty.

### **3.2 Qualities of a Good Salesperson**

- *Determination and desire*
- *Self motivation*
- *Enthusiasm*
- *Ability to work with people*
- *Self-improvement*
- *Sensitivity to people*
- *Intelligence*
- *Honesty*
- *Ability to communicate*
- *Neat appearance.*

### 3.3 Support for Salespeople

Support for salespeople include:

- *The Supervisor*

The supervisor is often the most valuable support person to the salesperson. They are ultimately accountable for all sales in their area of responsibility. They have great interest in the success of their sales agent and pass along a great deal of information that might help close deals or establish contacts. They also know all the procedures necessary to successfully accomplish the job.

- *Training Program*

Salespeople need to be properly trained to successfully carry out their activities. Selling skills are acquired through training that could be accomplished through self-study of training material or formal organized training. Sessions should be organized regularly both to train new salespeople and/or to re-tool experienced agents.

- *Technical Support*

Technical experts should be available at all times to offer troubleshooting services to the sales force.

- *Marketing Department*

The marketing department usually develops promotions that support the activities of salespeople and special incentives that they can use as enticement to attract customers. For example, price incentives, advertising campaigns and in-store display and activities all make the job of a salesperson easier.

- *Research and Development*

Research and development finds and develops the product that will meet the customer's need in the most convenient way, thus making the job of the salesperson easier. The better the product, the easier it is to sell.

- *Credit Department*

The successful salesperson understands that the job of selling is not done properly until the customer is satisfied and the bill is paid. The credit department helps the sales force by establishing policies and procedures that will keep them on solid ground financially.

# SECTION 4 - The Social Marketing Approach

## 4.1 Nature and Tasks of Social Marketing

Social marketing is a strategy of changing behavior. It combines the best elements of the traditional approaches to social change in an integral planning and action framework and utilizes advances in communication technology and marketing skills.

The term “social marketing” was first introduced in 1971 to describe the use of marketing principles and techniques to advance a social cause, idea, or behavior. Since then, the term has come to mean a social-change management technology involving the design, implementation, and control of programs aimed at increasing the acceptability of a social idea or practice in one or more groups of target adopters.

Social marketing utilizes concepts of market segmentation, consumer research, product concept development and testing, directed communication, facilitation, incentives, and exchange theory to maximize the target adopters’ response. The sponsoring agency pursues the change goals in the belief that they will contribute to the individual’s or societies best interests.

What is meant by (1) a social idea or practice, (2) one or more groups of target adopters, and (3) a social-change management technology?

### 4.1.1 Social Product: Ideas and Practices

Change from an adverse idea or behavior or adoption of new ideas and behaviors is the goal of social marketing. Ideas and behaviors are the “product” to be marketed. Three types of social products are shown in Figure 9.

One type of social product is a **social idea** that may take the form of a belief, attitude or value. It may be a belief, as in the theme “Cancer can be cured if detected early enough,” which is used in cancer-detection campaigns, or in “Cigarette smoking is hazardous to one’s health,” which is an anti-cigarette smoking campaign. A belief is a perception that is held about a factual matter; it does not include evaluation.

The social idea to be marketed may be an attitude, as exemplified in the expression used in family planning programs, “Planned babies are better cared for than babies from accidental pregnancies.” Attitudes are positive or negative evaluations of people, objects, ideas, or events.

The social idea also may be a value, such as “Human Rights,” which is promoted by the many projects of Amnesty International. Values are overall ideas of what is right and wrong. A person usually has many beliefs, some attitudes, and few values.

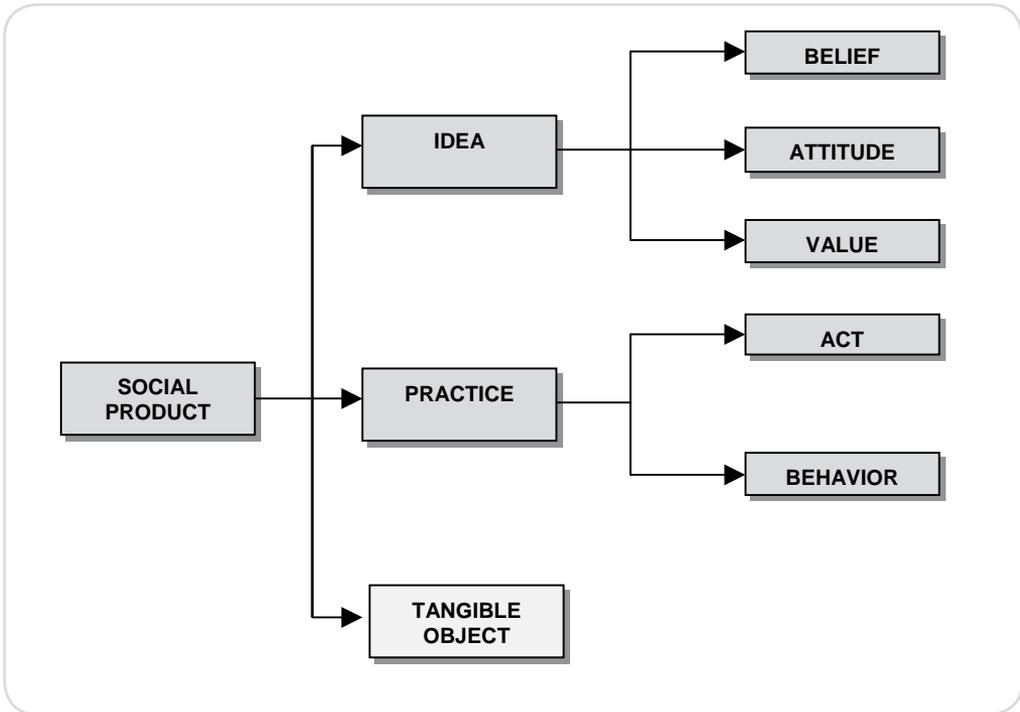


Figure 9. Social Marketing Products.

The second type of social product is a **social practice**. It may be the occurrence of a single act, such as showing up for a vaccination or turning out for a vote. Or it may be the establishment of an altered pattern of behavior, such as quitting smoking or using condoms for birth control.

The third type of social product is a **tangible object**, such as a contraceptive pill, condom, or foam that is distributed in family planning campaigns or the safety belt for marketing defensive-driving practices. But it should be understood that the main product is not the contraceptive pill, condom, foam, or safety belt; these are tools to accomplish a social practice, which in this case is the practice of family planning or the practice of defensive driving. The tangible-product base refers to physical products that may accompany a campaign.

Social marketers promote ideas as well as social practices; their ultimate aim is to change behavior. Thus, the purpose of a nutrition campaign is not simply to help consumers know about the desired better nutrient, but to change their eating habits. Social advertisers maybe content to work at the informational or attitudinal level. Social marketers aim to bring about “purchase and use” and to “close the sale.”

The claim was made earlier that social marketing represents an advance over traditional social change strategies. Many of these traditional strategies

employed advertising exclusively, rather than probing the needs of clients and consumers or design campaigns that fit them. Social marketing is built around the knowledge gained from business practices: the setting of measurable objectives, research on human needs, targeting products to specialized groups of consumers, the technology of positioning products to fit human needs and wants, and effectively communicating their benefits, the constant vigilance to changes in the environment, and the ability to adapt to change.

### 4.1.2 Target Adopters

Social marketing aims to target one or more groups of target adopters. Consider, for example, a family planning program that wants to distribute contraceptive devices. There are numerous groups that are definable in various ways, such as by age, socio-economic status, family size, or geographic location. Since each target-adopter group has a particular set of beliefs, attitudes, and values, social marketing programs are tailored and structured around the needs of each particular segment of a target population.

Social marketing requires knowledge of each target-adopter group, including its:

- socio-demographic characteristics (external attributes of social class, income, education, age, family size, and so forth);
- psychological profile (internal attributes, such as attitudes, values, motivation, and personality); and
- behavioral characteristics (patterns of behavior, buying habits, and decision-making characteristics).

To know the target adopters in these three related ways enables the social marketer to make more accurate predictions. Predictions, in turn, are prerequisites to the ability to influence outcomes.

In addition to differentiating among the selecting target-adopter groups, the social marketer will identify influence-holding groups, or influencers, who can affect a program's success. For instance, religious groups may oppose the program, physicians may have to be recruited, funding agencies may have to be solicited, and legislators may have to be apprised of the agency's activities. The aim is to neutralize the opposition and gain the support of influencers for the program. These groups can be classified as follows:

- **Permission-granting groups**, such as regulatory bodies whose permission or legal authorization may be required for the distribution program to get set up or started.
- **Support groups**, such as the physicians and other medical staff whose participation or active support is needed for the delivery of services in a clinical contraceptive distribution program.
- **Opposition groups**, such as the religious community whose non-opposition or tolerance of the distribution program may be called for.

- **Evaluation groups**, such as legislative committees whose post-evaluation may have beneficial or adverse effects on the distribution program.

An effective social marketing program requires knowledge of the characteristics of each influence-holding group and the ability to address the needs of each group with an appropriate “mega marketing” strategy.

#### 4.1.3 Defining the Product - Market Fit

The first requirement of success in social marketing is either to create a new social product to meet a need that is not being satisfied or to design a better product than those that are available. It is the very essence of what the marketing literature calls “the marketing concept.”

The marketing concept holds that the key to achieving organizational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors (Kotler, 1989). It follows that the degree of product-market

fit determines the value to the target adopters of what the social marketer is offering. Therefore, the fit affects the perception, attitude, and motivation of the target-adopter group. The wrong fit results in an inadequate or contrary response by target adopters.

The social marketer must research how and why a target-adopter group views a situation in which the social marketer wishes to intervene. Typically, the research will reveal that the target-adopter group either has a problem it wants to solve or an objective (a need or a want) that it seeks to achieve.

Many causes and social change campaigns fail because their target-adopter group does not perceive a problem, want, or need. Anti-smoking campaigns are a case in point. Although smokers acknowledge that smoking is a health hazard, many do not see a problem or do not feel any want or need to do anything about the risk. A parallel to this example is a farmer experiencing low yields. Even though low yield is recognized as a problem, the farmer may not establish a clear link between low yields and the seed variety and quality he/she is using and thus fail to understand why a company would produce and market the same seed he/she can save from his/her farm.

In the case of economic development campaigns in developing countries, particular groups may not want or need economic development. Economic problems cannot be solved, however, unless citizens first recognize the product-market fit. The process then becomes one of raising the salience of a cause or social need, and inducing the target-adopter group to perceive its value as a

**Question:**

How does the social marketer choose the right fit?

**Answer:**

By knowing the target group inside-out...

solution to problem, or as a satisfier of a need or want that was overlooked or avoided in the past.

The possibility of a better life through changes in social ideas and processes is not widely perceived in many parts of the world; rather, resignation to the existing order — a fatalistic attitude — prevails. For this reason, social change campaigns and social marketing are not simply a set of tools to accomplish social change. They represent a new ideology or mindset, the assimilation of which can prepare the ground for widespread and more effective social change.

### 4.1.4 Designing the Product - Market Fit

The social marketer's next task is to present the solution effectively to the target-adopter group. Three marketing inputs are needed for this purpose. The social marketer must (1) translate the fit into the corresponding positioning of the social idea or practice, then (2) dress it up to reinforce the chosen positioning, and then (3) develop a reinforcing image for the cause that is consistent with the nature of the cause.

Marketing a cause with a tangible-product base requires the additional stages of positioning and dressing up. At the positioning stage, the tangible-product base must also be positioned. Consider the example of oral re-hydration therapy.

A major cause of infant mortality in the Third World is dehydration resulting from diarrhea. Death occurs largely because of ignorance. Children in Third-World countries usually have diarrhea several times a year. When a case gets more severe than usual, a rural mother usually purges the suffering child and stops feeding because she believes this practice will relieve the child. She does not know that the problem is the dehydration that the diarrhea is causing. Soon the child loses appetite and the capacity to absorb liquids through the gut.

Suppose the social marketer has positioned the therapy as something used by loving and caring mothers. The tangible product — the oral re-hydration powder — should then be positioned to reinforce this theme. To position the powder as “a convenient homemade remedy against the Number One killer of infants in the country” may not be as effective as to position it as “a convenient easy-to-follow means that any responsible, loving mother can resort to when her baby has diarrhea.”

In a similar logic, one could say farmers use low quality seeds due to ignorance. Some farmers save seeds from disease ridden plants whose produce was deemed unfit for commercial purposes. They harvest the best looking produce for the market and home consumption. The leftovers are then saved for seeds. In these conditions, it will be normal that future yields are low compared to previous ones.

Farmers should be encouraged to buy seeds from seed providers, especially seed companies. In the event they want to save their own seeds, they should be trained to keep seeds from the best plants on their farms. Eventually, the temptation of quick returns from fresh produce will discourage them from trying to save their own seeds.

Another stage involves dressing up the tangible product. The tangible product has to be given a brand name and symbolically packaged; it also has to be physically packaged in a consistent and reinforcing way.

#### 4.1.5 Delivering the Product - Market Fit

The social marketer now is ready to deliver the desired social practice to the target-adopter group. The required steps are a function of two factors: (1) whether there is a tangible-product base and (2) whether the start and maintenance of the target adopter's acceptance of the social idea or practice requires personal service. Let us trace the effects of each factor on the delivery process.

In the case of a tangible product, the social marketer will arrange with outlets to store, display, and distribute the tangible product. The tangible product may also require a personal presentation and demonstration. A personal presentation/demonstration may also be required even when a tangible product is not involved. For example, trainers are necessary to teach literacy skills to a target-adopter group. The seed company needs to present and demonstrate the usage of the product (seed). Demonstration plots on the company premises, and at agricultural fairs along with visually appealing posters showing photographs of healthy people consuming or trading the final produce are powerful tools that can be used for this purpose.

There is one further step in the delivery process, namely adoption triggering, or getting the target-adopter group to try to adopt the product. The social marketer will initiate activities that motivate the target-adopter population to act now, rather than later. In sales language, this is called "closing the sale." Such activities include special events, incentives, gatherings, rallies, and other efforts that pull the target adopter into the delivery outlet to try the product. When a campaign requires a presentation/demonstration, three "P" elements must be managed:



Field days: a powerful marketing tool.

- the delivery personnel
- the delivery presentation
- the delivery process

The presentation/demonstration step must be correctly performed if the target adopter is to be satisfied and motivated to accept the product and advertise it to others.

### 4.1.6 Defending the Product - Market Fit

The final task is to sustain or change the product-market fit to respond to relevant changes in the environment and in the target-adopter population. There are three steps in this stage of a marketing campaign. **First**, the target group's condition must be researched and monitored. The **second** step is the utilization of research. In the **third** step, the social marketer makes the needed adjustments and changes in the marketing plan. Social marketing requires continuous tinkering, or adjustment of fit, as circumstances change. For this reason social marketing can be viewed as a management process that requires vigilant, active management as well as planning.

## 4.2 Analyzing the Social Marketing Environment

The first step in the social-marketing management process is to analyze the environment immediately surrounding the particular social campaign. In the case of the Condom Social Marketing Program (CSMP) in the Philippines, the management first looked into the target-adopter population's situation with regard to contraceptives. This review indicated many couples wanted to plan their family and practice contraception. The problem, however, was their lack of access to available and inexpensive contraceptive methods.

In the same line of thought, it can be beneficial to investigate the reasons why farmers grow vegetables in the potential market (target region). Farmers growing vegetables for subsistence are less likely to be as receptive as farmers growing them for commercial purposes.

The next step was to review the sponsoring organization's ability to distribute contraceptives. This review concluded that (1) the sponsoring organization's distribution capability was extremely inadequate and (2) the private sector had superior size and reach but was suitable only for the distribution of contraceptives that do not require clinical treatment, for example, condoms and spermicides, rather than pills and IUDs.

This analysis led to the following conclusion: the best way to reach the target-adopter group was a campaign restricted to non-clinical contraceptives using the distribution capabilities of the private sector.

### 4.3 Researching the Target-Adopter Population

Social marketers need to achieve a thorough understanding of the target-adopter group and its needs. Adopter segmentation is the task of breaking the total target-adopter population into segments that have common characteristics in response to the social campaign. Social marketers can perform this task in a number of ways.

The CSMP management team, for example, could cement the “favorably predisposed population of couples” by (1) the non-clinical contraceptive methods they want or prefer and by (2) their socioeconomic status. The available non-clinical methods include condoms and spermicides, such as jellies, creams and foams. Available measures of socioeconomic status were divided into Class A and B (the upper class), Class C (the middle class), and Class D and E (the lower class). The CSMP management could then estimate which of these segments has the most need for contraception and is the most reachable by the program.

Suppose the neediest and most reachable segment is the “condom-predisposed lower-class.” Since this segment may be larger than the program organization can serve, the CSMP management might need to divide up the group further by, say, geographic areas.

The program would then need to develop a positioning strategy for this segment. The aim of positioning is to satisfy the target-adopter segment’s need and to do so better than other providers.

The key task is to identify the competition. The competition, however, is not other brands of condoms and other non-clinical contraceptives. The CSMP social marketers are committed to encouraging the practice of contraception, whatever the form. Thus, the competition is the non-practice of contraceptive behavior. For the seed company, the most dangerous and the stiffest competitor is not the multinational or the giant seed company, but the farmer him/herself. Farmers produce their own seed, are resistant to change, and believe generic seeds from the local market are as good as commercially produced and packaged ones.

The need for target adopters now becomes more specific and strategic. What, for example, does drug use satisfy? Only when the social marketers find a satisfactory answer to this question can they find a satisfactory “positioning” for their program. What benefit does the farmer get from using the marketed seed? If the seed company marketing managers can answer this question, they will certainly find a positioning for their seeds.

### 4.4 Designing Social Marketing Objectives and Strategies

The social marketing strategy specifies the game plan for achieving the objectives of the social marketing campaign. It defines the broad principles by which the social organization expects to attain its objectives in a target-adopter segment. It consists of basic decisions on the total marketing expenditures, marketing mix and marketing allocation.

Social marketers must first set specific, measurable, and attainable social marketing objectives. This may sound easy to do, but it is not. Consider the criteria of “specific” and “measurable” objectives. Social organizations tend to state their programs’ objectives in broad terms like “raising the quality of life,” “raising children’s social competence,” “empowering people,” “conserving energy,” “preventing crimes,” and so on. Because these objectives are non-specific, they are also non-measurable.

Social marketers designate measurable objectives by starting with broadly stated objectives, and then identify the specific behavior and actions of target adopters that manifest these broadly stated objectives.

The measurement of the more specific actions of target adopters will typically require the collection of primary data. For this, social marketers must undertake social marketing research. Program objectives may be called “goals.”

What about the criterion of attainability? This criterion considers the motivational and control aspects of objectives. Objectives should not be set so high that they cannot be attained with the available resources or too low as to be unchallenging. Setting too high objectives will result in people in the organization losing the motivation to achieve them.

Having set the objectives of the program, social marketers must now decide what level of social marketing expenditures is needed for their achievement. This step calls for some budgeting effort. The conventional marketing approach is by “target setting,” using some acceptable expenditure-to-goal ratio. For example, suppose a similar program a few years ago cost \$10 per target adopter reached. Assume that the cost per target adopter has risen 10 percent, to \$11. If the current target is 1,000 adopters, the marketing expenditure is \$11,000 ( $\$ 11 \times 1,000$ ).

As social marketers gain budgeting experience, they find that it makes better sense to analyze the marketing expenditures required to reach various numbers of target adopters. To do so, they must predict how many adopters would respond to alternative levels of marketing expenditure — the adoption-response function.

### 4.4.1 The Ps of Social Marketing

Social marketers must next decided how to allocate the budget to the several tools in the social-marketing mix that the social organization will use to pursue its objectives in the target-adopter segment or segments. These tools, known as the four Ps (product, price, place, promotion) are identical to the Ps of Marketing Mix that we have covered extensively in section 1.

The important point is that the social-marketing mix consists of many specific tools, regardless of their overall classification. The considerable number of tools gives rise to many possible marketing strategies. The social agency must formulate a social-marketing mix not only for the target adopters but for the distribution outlets.

The next step is to allocate the budget to the various elements of the social-marketing mix. How much should go to: Direct non-personal versus direct personal communication? Promote incentives versus better service delivery? If social marketers knew how the adoption of the product would be affected by each possible allocation, then the answers would be affected by each possible allocation, and be readily apparent. If social marketers could anticipate the acceptance levels of the target-adopter groups, then the allocation problem would be rationally solvable.

#### 4.4.2 Planning Social Marketing Programs

After the broad strategy is formulated, the management of more detailed social-marketing mix programs must be prepared. Consider the CSMP's marketing project once again. The first element of the social-marketing mix to be formulated is the social product. The tactical program for the social product included determining the following:

- How condoms were to be positioned, on the basis of research into target adopters' perceptions, attitudes, and motivations about the use of contraceptives and condoms.
- The suitable "brand" name that would reinforce the product's positioning.
- Suitable packaging, including the material, size, shape, label, color, and wording on the package.

The marketing-mix elements of mass and selective communication must then be turned into tactical programs. For CSMP this step encompassed these actions:

- carefully choosing the advertising agency,
- designing and presenting the advertisements,
- selecting the right media and timing.

Tactical programs must also be developed for distribution and direct personal communication. In CSMP's case, careful tactical programming for these two revealed serious problems. Although the commercial sector distribution capabilities were far superior to the governments, they were not geared toward marketing social products. Selling social products demands different skills and attitudes than the marketing sales force of a business normally exhibits. These problems were not evident at the higher level of strategy formulation.

Pricing is another marketing tool that requires its own tactical program. It must also take other target-adopter costs into consideration.

The target-adopter promotion program aims to present target adopters with inducements to act now. The appropriate tactical measures to accomplish this vary from one social product to another.

Finally, social marketers must work out the tactical program for delivering

services. The social product determines the appropriate type of delivery. For example, the type of service delivery system needed by the CSMP, a tangible product-based campaign dealing with the distribution of condoms, would be different from that needed by the Action on Drug Abuse campaign, a heavily service-based campaign.

### 4.4.3 Organizing, Implementing, Controlling and Evaluating the Social Marketing Effort

In the social marketing management process, the final step is to organize the marketing resources, implement the social-marketing mix programs, control the performance of the programs, and evaluate the results (the social and ethical impact) of that implementation. A well-known management principle stresses that even the best and most carefully drawn plan gets nowhere until it is effectively implemented and controlled. Effective control and evaluation require data about the target-adopter group's responses to the implemented social program, which are generated by social marketing research.

## SECTION 5 - Extension Strategies: Education

Agricultural extension strategies can be used to effectively complement the traditional marketing approach. Companies can hire their own extension staff or partner with existing extension personnel from the government or non governmental organizations (NGOs). Extension agents can serve as after-sales service for seed companies by assisting farmers on how to best use the product they have just acquired.

Most of the strategies utilized in agricultural extension are adopted from extension education. Their use, however, depends on the organizational structure of the extension system, availability of resources, program objectives, and leadership style in the extension organization. Their use varies from place to place and from technology to technology.

No single extension education approach can be considered as the best. Whether this can influence people to utilize any technology or information depends on the persons using them, the nature of such technology and the context in which they will be applied. What is applicable in one area may not work at all in another. Hence, the choice of extension education approach needs to consider the context and conditions in the area.

In this bulletin, only the more commonly-used extension education approaches will be discussed in relation to horticultural extension marketing. These are: commodity approach, farming systems approach, project approach and participatory approach.

### 5.1 Extension Education Approaches

#### 5.1.1 The Commodity or Scheme Approach

This extension approach is highly specialized since it focuses on an export crop such as coffee, sugar, tobacco, cotton etc. It assumes that the only way to increase production is to concentrate on a particular crop. Examples of this are the boards of different crops in many countries

The purpose of the commodity approach is to increase production of a particular crop and improve its quality. It also aims to maximize the utilization of specific inputs.

This approach is controlled by the organization implementing a particular extension program. Such control covers the setting of program goals, extension messages, time frame for activities, people participating in the program and extension staff. Implementation is based on the instructions of the organization.

Techniques used in this approach are face-to-face interactions, group meetings, print media and demonstration farms where appropriate. If farmers do not follow

the instructions, then sanctions are applied by the organization (low prices or non-provision of inputs).

The extension organization provides resources, trains technicians and provides support services such as on-location farm management accounting or on-the-spot soil tests when necessary. Success is measured based on total production of the particular crop.

Advantages of this approach are:

- The technology is appropriate to the production process, and there is coordination of research and marketing.
- There is a concentrated range of technical concern.
- There are better incentives for trained personnel, and closer management and supervision.
- There are fewer farmers for each extension worker to handle, thus, it is easier to monitor and evaluate.
- It is cost-effective.

The disadvantages of this approach are:

- Less priority is given to farmers' interests.
- It does not offer advice to farmers raising other crops not covered by the program.

### 5.1.2 The Farming Systems Development Approach

This approach assumes that technology which fits the needs of small farmers is not available; hence this has to be generated locally. Its purpose is to provide extension personnel (and farmers in the end) with research results appropriate to the needs and interests of local farm conditions.

The farming systems approach is holistic. Thus, control of the program is shared jointly by men and women in the locality, extension workers and researchers.

In each locality, the program "fits" the needs and interests of its end-users. Over time, they are likely to participate, adopt the recommended practices and support the continuity of extension education. There is a partnership of research and extension personnel and with local farmers.

This approach involves analysis and field trials in the fields and homes. This is coupled with such techniques as meetings, tours and demonstrations. It also requires research personnel to go out to the project sites to listen to men and women with the extension personnel, to try to understand the farm as a system.

This approach:

- Encourages active participation of the target group.
- Utilizes the existing organization.

- Is conservation-based.
- Views the family/household as an integral part of the farming system.
- Is dependent on the availability of support services.
- Is enhanced when farming system research activities exist.
- Has effective mechanisms for extending identified technologies and emphasizes the need for networking.
- Provides for substantial and continuous training.
- It aims for sustainability.

Success using this approach is measured in terms of adoption of technologies developed and their continuous use over time.

Advantages of the approach are:

- Relevance and “fit” of the messages generated.
- Availability of messages to be shared with end-users.
- Linkages between extension and extension systems.
- Commitment of farmers to use the technologies.

The disadvantages, however, are:

- Cost is very high to bring the team to the field.
- This approach may be too slow.
- Heavy specialization.
- Reporting and administrative control are difficult.

### 5.1.3 The Project Approach

The extension officer’s role is then to support the individual, to coordinate the activities of the different parties involved and to chase up the progress of the project.

A planned project approach to horticultural marketing development will increase the chances of genuine improvements being made. It is important for the extension officer to have a clear mental image of the desired outcome and successfully communicate that objective. The project must be understood by all parties if they are going to be able to work effectively together.

Business management experience has shown that targets, such as tonnages to be shipped or selling prices, are important too, as they provide challenges to the parties involved and can be used to monitor the progress of the project. This technique is called “management by objectives.”

However, no matter how good the preliminary work has been, when a plan is put into action the unexpected will happen. Allowances for the unexpected should be made. It is advisable to start the project with a pilot stage so that mistakes can be made on a small scale and learned from. Furthermore, the project must be flexible so that changes can be made in the light of these lessons. Inevitably, the project's critics will try to emphasize any problems; most successful projects will have had to face problems, particularly in the early phases, and their success is often a measure of their ability to learn from and overcome difficulties.

The project approach is generally supported by foreign funds or by organizations collaborating with government. Implementation, however, is done by project staff and other personnel employed on a temporary basis.

The measures of success in this approach are usually the short-range changes that have taken place at the project site based on the objectives of the project.

Advantages of this approach are:

- It is focused and hence, evaluation of effectiveness can easily be undertaken.
- Novel techniques and methods can be tested and experimented.
- Lessons learned from such can have lasting values in extension education.

There are disadvantages however, which are:

- Time frame is too short.
- Funds provided may be more than is appropriate.
- A flow of "good ideas," or the "spread effect," to other areas is limited.
- Unwarranted continuity after the project is over.
- Double standard for personnel (within and outside the project) is evident. This becomes a problem after the life of the project.

#### 5.1.4 The Participatory Approach

It is a community-based development approach which focuses on the involvement of the very people who are the actors and targets of development. The assumption is that people's creative attributes and potentials can be tapped for development endeavours.

Considering that people have their own resources, they should be involved in all phases of the program management. It is important that awareness is created and that they are empowered to take control of their own lives and fulfill their own needs and aspirations. In so doing, they will enhance and use their potential to improve not only themselves, but their community as well. Hence, they can be self-reliant and, thus, enhance their human dignity (self-worth).

An example of the participatory approach is participatory breeding. Participatory breeding is widely used during the development phase on new varieties.

Participatory breeding ensures that the seed that is developed meets not only the technical requirements and objectives set forth by the breeder, but also results in a product that is accepted by the end user.

The purpose of a participatory extension approach is to increase production and income and enhance human dignity and quality of life of the beneficiaries. Such an approach involves:

- **Social preparation.** This consists of selection of beneficiaries, their orientation and awareness creation to prepare them for the planning and implementation of the program/project.
- **Training of those involved in the program.** To enhance the capability of the participants in participatory extension education, a training program is necessary for them to understand the methodology, values and technical know-how in the implementation of such an approach.
- **Diagnosis of the study site.** This is undertaken by the participant-beneficiaries to determine the socio-economic, cultural, political and ecological aspects of the community. Participatory Rapid Appraisal (PRA) is used to get the baseline data which will be the basis for determining the changes later on that have taken place in the community. The PRA will help determine the problems, needs, potentials and capabilities of the local people in the area which will be the starting point for development.
- **Planning process.** With the active participation of end-users and implementers (agencies, Governmental Organizations (GO) and NGOs) involved in the program, the group evolves a development plan for the targeted area. This plan includes the why, what, when, where and for whom, with whom and how the plan will be carried out. It will take into consideration the interventions that will be introduced, the inputs, process, output and outcome of the program/project.
- **Implementation of the plan.** All sectors in the community will be harnessed and mobilized for the execution of the plan. Linkages within and outside the community will be established classifying the roles/functions played by the different agencies/organizations and coordinating such activities with local leaders participating actively. This phase will consider the timeliness of inputs, synchronization of the processes/activities and the monitoring of the outputs and outcomes and aligning the same to the program/project objectives.
- **Monitoring and evaluation.** At each phase of the approach, monitoring will have to be undertaken to evaluate the processes that are taking place to find out whether the project is on the right track and whether redirections are necessary. This phase will also determine the pace of the implementation for a formative evaluation of the approach. Moreover, the process as well as the impact of the approach should also be assessed.

The purpose of this approach is to find out whether the needs and problems of the people are taken into consideration, and which goals are achieved. In the end, there is also the sustainability of the program and the self-reliance of people themselves.

The advantages of this approach are:

- Relevance or “fit” of the program.
- Mutually supportive relationships are developed among participants (researchers, extension specialists and local people) including those who provide support services.
- It stimulates increased confidence, awareness, and participation among end-users.

On the other hand, the disadvantages are:

- Lack of control of the program from the government’s point of view.
- There is difficulty in reporting and accounting of the participatory approach.
- Pressure is applied to research and extension systems by the local people.
- Local people may exert pressure on personnel management decisions (choice, assignments and upward mobility of extension workers) on the central government.

## **5.2 Marketing Techniques for Extension Agents**

Credibility can be a serious problem for extension officers. Farmers will often be skeptical of advice from someone they consider being inexperienced in practical matters. Growers may be suspicious of the motives for providing free advice. They are understandably reluctant to accept untried advice, particularly when they will suffer financially if it proves to be wrong. Furthermore, it is often those who most need good advice who are the most difficult to contact. These are the small, poor farmers without transport who are usually the most conservative. Wealthy farmers will probably have the transport to visit extension officers and are often more appreciative of extension advice. They are, however, those that least need assistance.

The challenge to the extension officer with special responsibility for marketing is firstly to decide how the marketing problems of the area can be solved. Secondly, he or she needs to think through the best way to get advice or plans across to the maximum number of target farmers. Finally, the agreement and the commitment of those that will be involved in any coordinated production program in the area must be obtained.

The two chief functions of an extension officer are:

- to reduce the learning time for an individual farmer to accept a new idea or technique;
- to increase the number of farmers who understand the new ideas.

In some countries certain extension officers are given the responsibility of becoming subject matter specialists in marketing. It is then their task to train other extension officers and provide specialist marketing advice. By working through other extension officers their effectiveness is increased. Generally the marketing extension officer is based in the production area. He or she must make regular visits to the markets in order to maintain contacts and keep in touch with changes in price and demand. Sometimes, however, he is based away from the production areas. In this case he will have to return regularly to the production areas to maintain contact with growers regarding their problems and to provide relevant marketing advice.

Experience has shown that one of the most effective ways of working is to work with groups of farmers.

An extension technique, very much under-exploited, is helping farmers indirectly by providing guidance and advice to private-sector companies. For example, companies who either supply inputs or, more importantly, assist in the marketing and distribution of produce can often use timely and reasoned advice to put into motion a process which brings benefits to large numbers of growers.

### 5.2.1 Farmer Teaches Farmers

A successful farmer explains to a group of other farmers his production and marketing practices. The meeting is most effective on the farmer's own farm. This concept is similar to the concept of **Farmers Field School**, where trained farmers will in turn train their peers for an optimal diffusion of knowledge and new or improved technology.

### 5.2.2 Demonstrations

Practical demonstrations of techniques such as harvesting, cleaning, grading and packing, preferably taking place on a farm are useful. Prepared samples, which demonstrate the differences overtime of different handling practices, can be effective, as are samples of competing produce and photographs.

### 5.2.3 Talks and Seminars

Possible topics include: market possibilities successful case studies, post harvest techniques, market-oriented production techniques. Buyers and middlemen should be involved to talk.

#### 5.2.4 Problem-solving Techniques

The farmer group is encouraged to identify its own major problems. The problem solving can be tackled systematically, by calling in specialists individually to advise the group or by forming a panel to answer farmers' questions. Alternatively, the group might be encouraged to decide on their own solutions, which they can then implement themselves collectively.

#### 5.2.5 Study Tours

Farmers are taken on a study tour to make their own contacts and to see the market for themselves, visit processing centers and observe how their produce withstands transportation. Farmers visit farmers in another area to exchange experiences and see new techniques. This experience alone can transform a grower's views on production and marketing.

#### 5.2.6 Written Information / Protocols

Fact sheets are prepared and distributed. These can identify potential trading partners or provide technical information on production and post-harvest techniques.

#### 5.2.7 Market News Services

Establish a market news service which provides regular, reliable, relevant and timely information. This may be in the form of a news sheet or a radio bulletin.

### 5.3 Identification of Problems and Opportunities

The ways in which problems can be solved and opportunities exploited will change from area to area. To help the extension officer have a clear overview of the area, he or she will need to identify what stage in horticultural development the region has reached. Normally the aim will be to try to introduce the next steps in the horticultural progress (Table 7).

*Table 7. Analysis of constraints and opportunities in marketing extension*

<b>Constraints</b>	<b>Opportunities</b>
Problems	Advantages
No local market Poor transport services	Capable of early crop production
Solutions	Actions
Organize local farmers' market Encourage buyers with own transport	Encourage growing early crops and develop production techniques for earlier crops

### 5.3.1 Agreeing on an Action Plan

- **Giving advice to individuals**

The first involves giving advice to an individual farmer. This should be a low priority as it is an inefficient use of time, where advice is given to individuals, larger-scale farmers obtain the most benefits.

- **Providing marketing advice to groups**

The second involves providing marketing advice to farmer groups, particularly through the methods of mass extension. This has the advantage of reaching a large number of growers and allows coordination of farmers' activities and cooperation in marketing.

- **Providing information**

The third technique involves providing advice or information to critical individuals, organizations or private-sector companies in the marketing chain whose actions can have a beneficial effect on marketing.

Finally, and perhaps most ambitiously, an extension officer may decide whether it is necessary to attempt a project approach to develop horticultural marketing. Marketing is normally achieved by a series of interlinking stages and coordination between the stages is essential. A project approach is one which involves coordinating the activities of a number of different intermediaries in a marketing chain. It may involve a group of farmers assembling their produce at one point so that it can be transported in bulk to the market.

More complex schemes could involve ensuring a supply of inputs, providing growers with production advice and negotiating contract terms with a buyer, be he/she a food processor or exporter.

## SECTION 6 - Seed Supply Systems

Improved seed is one of the most important factors relating to increasing productivity in agriculture. For this reason, governments with the help of donors established large public and semi-public seed production and distribution facilities in sub-Saharan African countries in the 70s. However, these companies could only serve a small part of the market.

A fully functional seed supply system through which improved seeds are made available to farmers is crucial for sustained vegetable production. Most farmers still do not have access to quality seed, and normally obtain their vegetable seeds from local sources. This is usually in the form of own crop, neighbors, relatives or from local markets. In some areas and for some crops, seed from the formal seed supply sector is used.

A well organized seed supply system uses a combination of formal, informal, market and non-market channels to stimulate and efficiently meet farmers' ever changing demand for quality seed. There are three main seed supply systems: the local seed supply system, the formal seed supply system, and the integrated seed supply system.

### 6.1 Local Seed Supply System

This is mainly a traditional, informal system operating at the community level through barter exchange mechanisms. It is the traditional seed sector where selections of the seed from the farmers own crop is widespread. This system is predominant at the initial stage of the seed system. The rate of new varietal development/adoption is low.

The common external sources of seed in this sector include:

- Relatives, friends and neighbors from farm saved seed and it involves no cash transaction;
- Local seed farmers in the community who are known as good seed suppliers;
- Seed areas with specific comparative advantage for seed production;
- Local fresh vegetable markets.

### 6.2 Formal Seed Supply System

The formal seed supply system covers the seed production mechanisms that have defined methodologies and controlled stages of multiplication. The national legislation and international standardization are backing the system in organizing its activities. It involves cash transactions and large uniform quantities.

The formal seed system is referred to as the Conventional Seed Sector, Organized Seed Sector or Institutional Seed Sector.

The formal seed sector is influenced by a large number of policies in agriculture, trade, economics and legislation. Such influences may affect the seed chain directly or may have a significant impact on the organizational framework within which the seed chain operates. Each link of the chain is of equal importance. Research policies, agricultural price policies and general business policies all affect the whole seed chain.

### **6.3 Integrated Seed Supply System**

Introduced for the first time by Louwaars in 1994, the integrated seed supply systems combines the most effective elements from both the formal and local seed systems. The integrated seed system aims to supply new varieties and seeds to farmers. Many integrated seed systems may exist at the same place and time. A distinction can be seen between the two integrated seed systems:

1. The research-based integrated seed supply system, which borrows the scientific plant breeding from the formal system and uses the local production and diffusion techniques to make the new varieties available to the farmers.
2. The integrated system for industry development, which uses the formal sector for the production and diffusion of either local or improved varieties. The objective of this system is to establish a sustainable seed production and distribution system in order to provide a secure supply of seeds to farmers.

Many vegetable farmers in urban and peri-urban areas purchase seeds from retail outlets, as their activities are generally more commercial in nature. However, rural farmers still save their own seeds or obtain them through the local seed system. Overall, less than 10% of seeds planted in Africa is obtained through the formal seed system (Rohrbach et al., 2003). Farmers will purchase seeds if they are convinced of their quality and satisfied with the returns they generates. They will even share their positive experiences with their neighbors by encouraging them to try their newly found gems.

## SECTION 7 - Role of Government in Seed Marketing and Research

The development of the seed industry depends on how much emphasis is placed on agricultural production as well as on the recognition that seed is an effective means of increasing agricultural output.

Bearing in mind that most developing nations depend on agriculture for their living, the governments of these countries have a big role to play in the development of the seed industry. Governments should create conditions that ensure the supply of quality seeds. Specifically, the government should do the following:

- Appropriate funding of formal research through national government and international donor agencies. This would be attained by extending investments and create favorable conditions for credit acquisition by institutions involved in the seed sector for the development of improved varieties.
- Using rigorous interventions to promote private investment in the sector through legislations.
- Improve the viability of the economy in general and the business environment in particular in order to encourage private involvement in the seed sector by acting on the legal atmosphere of business such as:
  - o tax structure,
  - o trade and exchange controls,
  - o genetic material exchange and quarantines procedures,
  - o seed certification and release procedures,
  - o price controls for agricultural input and output, etc.
- Support seed marketing through:
  - o promotions,
  - o demonstrations,
  - o establishing a recommended variety list,
  - o create general awareness on the importance of quality controlled seed,
  - o conduct agricultural shows,
  - o print pamphlets concerning crop production recommendations.
- Effective support services for the system, designed to create a climate conducive to efficient and effective operation of a marketing system. The specific support services include research, extension, market intelligence and information, market regulations and financing.

- Adequate and efficient market infrastructure to influence the flow and the interrelationships within the marketing system. It includes the transportation facilities, marketing institutions and premises that influence the performance of marketing functions.
- Adequate and effective policy framework for the regulation and incentive programs required by the seed supply system.

## References

- Anderson, C. R. and Zeithaml, C. P. (1984). Stages of the Product Life Cycle, Business Strategy and Business Performance. *Academy of Management Journal*, 27: 5-24.
- Bangs, D. H. (1998). *The Business Planning Guide: Creating a Plan for Success in Your Own Business*. 8th Edition, Upstart.
- Erickson, P. E., Jay T. Akridge, Freddie L. Barnard, W. David Downey. (2002). *Agribusiness Management*. 3rd Edition, Mc Graw Hill.
- FAO. (1989). *Horticultural Marketing – a resource and training manual for extension officers*. FAO Agricultural Services. Bulletin 76, FAO, Rome.
- Fox, H. (1973). PLC: Pattern for purchasing. *Purchasing* 74 (June, 1973): pp.57, 59-60.
- Gort, M. and Kleppe, S. Time paths in the diffusion of Product innovations. *Economics Journal*, Vol. 92 (367) 630-653.
- Gregg, B. R. (1983): Tropical Seed Marketing. *Seed Science and Technology* 11: 129 – 148.
- Harrington, J. F. (1960). Thumb Rules on Drying Seeds. *Crops & Soils* 13:16-17.
- Harrington, J. F. (1972). *Seed Storage and longevity*. Seedbiology Academic Press, New York – London.
- Hill, C. W. L., and Jones, R. G. (1998). *Strategic Management theory: An integrated approach*, 4th ed. Houghton Mifflin Company, Boston.
- Klaassen, G. (1983). *Packaging of Seed*. Mimeographed handout, International Course on Seed Technology for Vegetable Crops. U.P Los Baños, Philippines.
- Kotler, P. and Eduardo E. Roberto (1989). *Social Marketing Strategies for Changing Public Behavior*. Free Press.
- Louwaars, N. P. (1994). *Integrated Seed Supply: a flexible approach*. Paper presented during the 4th Research planning workshop, Seed Unit, ILCA, Addis Ababa, 12-15 June, 1994.

- Louwaars, N. P. and G. A. M Marrewijk. (1998). Seed Supply Systems in Developing Countries. CTA, Wageningen, the Netherlands.
- Rohrbach, D. D., Minde, I. J. and Howard, J. (2003). Looking beyond national boundaries: regional harmonization of seed policies, laws and regulations. *Food Policy*. 28 (4): 317-333.
- Wasson, C. R. (1974). *Dynamic Competitive Strategy & Product Cycles*. Challenge Books, St Charles, Illinois.

## Further Reading

- Abbot, J.C and Makeham, J. P. (1990). *Agricultural Economics and Marketing in the Tropics*, Longman, London.
- AVRDC. *Vegetable Production Training Manual*. (1992). Asian Vegetable Research and Development Center, Shanhua, Tainan, Taiwan. 447 p. Reprinted.
- FAO. (1990). *Farming Systems Development Guidelines for the Conduct of a Training Course in Farming Systems Development*. Food and Agriculture Organization of the United Nations, Rome.
- FAO. (1984). *Agricultural Extension. A Reference Manual (Second edition)* Edited By Burton E Swanson Food and Agriculture Organization of the United Nations, Rome.
- Ferguson, M. and Abas, A. (1989). *Promoting a Sustainable Future. An Introduction to Community Based Social Marketing*.
- Hubbard, R. G. and O'Brien, A. H. (2006). *Microeconomics*. 1st Ed. Pearson, Prentice Hall.
- Kotler, P. (2002). *Marketing Management*. 11th Edition, Prentice Hall.
- Kotler P., Ned Roberto and Nancy R. Lee (2002). *Social Marketing: Improving the Quality of Life*. 2nd Edition, Sage Publications, Inc.
- Makeham, J. P. and Malcom, L. R. (1986): *The economics of Tropical farm management*, Cambridge University Press, Great Britain.
- Sargent, M. J. (1973). *Economics in Agriculture*. The Macmillan Press, London.
- Tomek W. G. Kenneth L. Robinson. (1990). *Agricultural Product Prices*. 3rd Edition, Cornell University Press.
- Wandara, J. Dixon (2001). *Farming Systems Approach to technology Development and Transfer. A Source Book*. Farmesa, Harare, Zimbabwe.
- Weinberger, K. and J. Msuya. (2004). *Indigenous Vegetables in Tanzania – Significance and Prospects*. Shanhua, Taiwan: AVRDC-The World Vegetable Center, Technical Bulletin No. 31, AVRDC Publication 04-600, 70 pp.
- Weinreich, N. K. (1999). *Hands-On Social marketing: A Step-by-Step Guide*. Sage Publications, Inc.



[www.avrdc.org](http://www.avrdc.org)



AVRDC—The World Vegetable Center  
P.O. Box 42, Shanhua, Tainan, Taiwan 741, ROC  
tel: +886-6-583-7801 • fax: +886-6-583-0009  
e-mail: [avrdcbox@avrdc.org](mailto:avrdcbox@avrdc.org)