



UNIVERSITY OF NAIROBI
SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIs) SHORT COURSES

2015 SERIES OF LECTURES, PRACTICALS AND FIELD TOURS

1. Seed Production
2. Seed Drying, Processing and Storage
3. Seed Business
4. Seed Marketing
5. National Plant Protection Organizations (NPPOs) and Seed Quality Regulators
6. Seed Production Field Diagnostics
7. Seed Quality Assurance and Seed Quality Management

Compiled By:

Mwang'ombe, A. W., Olubayo, F. M., Njoroge, K., Wasonga, D., Abook, B., Miringu, T. K., Kiwunja, F. and Amateshe, L.

SEMIs, Department of Plant Science and Crop Protection

Email: info@semis-africa.org

Telephone: +254 20 35927361, +254 722382300

Acknowledgements:

School of Business, University of Nairobi

Seed Centre, Iowa State University

CYMMIT, Zimbabwe

International Consultants – Aline, F. O'Connor, Dilip Gokhale

KALRO

KEPHIS

Seed Companies: Kenya Seed, Leldet, Drylands Seed

University of Nairobi Library – Mugo, H. and Mioru, G.

SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIS)

OVERVIEW OF SEMIS TRAINING MODULES

Mwang'ombe, A. W., Olubayo, F. M., Njoroge, K.



IOWA STATE UNIVERSITY



Project Implementation

Alliance for a Green Revolution in Africa-AGRA

Total funding:4,495,432.00 USD

Phase 1: 3 years (2010-2013),Phase 2-2014-2016

Institutions

University of Nairobi

PI: Prof. A.W. Mwang'ombe

Management: Prof. F. Olubayo, Prof. Kiarie Njoroge

Daniel Wasonga –Project Manager, Florence Kiwunja-Admin. Asst.,

Francis Maina, Caroline Ndumi, B. Kirangu -Field Assts

CIMMYT:

Dr. John MacRobert
(Author-Seed
Business Mgt In
Africa)

KEPHIS:

DR. Esther
Kimani-Director
KEPHIS
Mr. Kibet

KARI:

Dr. Riungu and
Dr. Ragwa

Consultants

Aline O'Connor
Funk
Paul Seaward
Paul Okete

ISU

Dr. Misra
Dr. Y. Shyy
Dr. Joe Cortes
Dr. Mike Stahr

SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIs)

Overall Goal

- Eradication of food and nutrition insecurity through capacity building of seed actors .
 - quality seed
 - affordable seed

Objectives:

1. To produce seed production and marketing management expertise in SSA region
2. To train seed industry practitioners on the best practices to efficiently produce adequate high quality seed for farmers.



- 3.To enhance production of seed of improved varieties for the SSA
 - Efficient production
 - Marketing
 - Good distribution

4. To strengthen the capacity of the SSA region to train on seed production and marketing management strategies
 - Enhanced technology

- 5.To develop a regional capacity to facilitate information sharing on seed issues and related disciplines in SSA.

Growing the Seed Industry in Africa

SEMI's PARTNERSHIPS



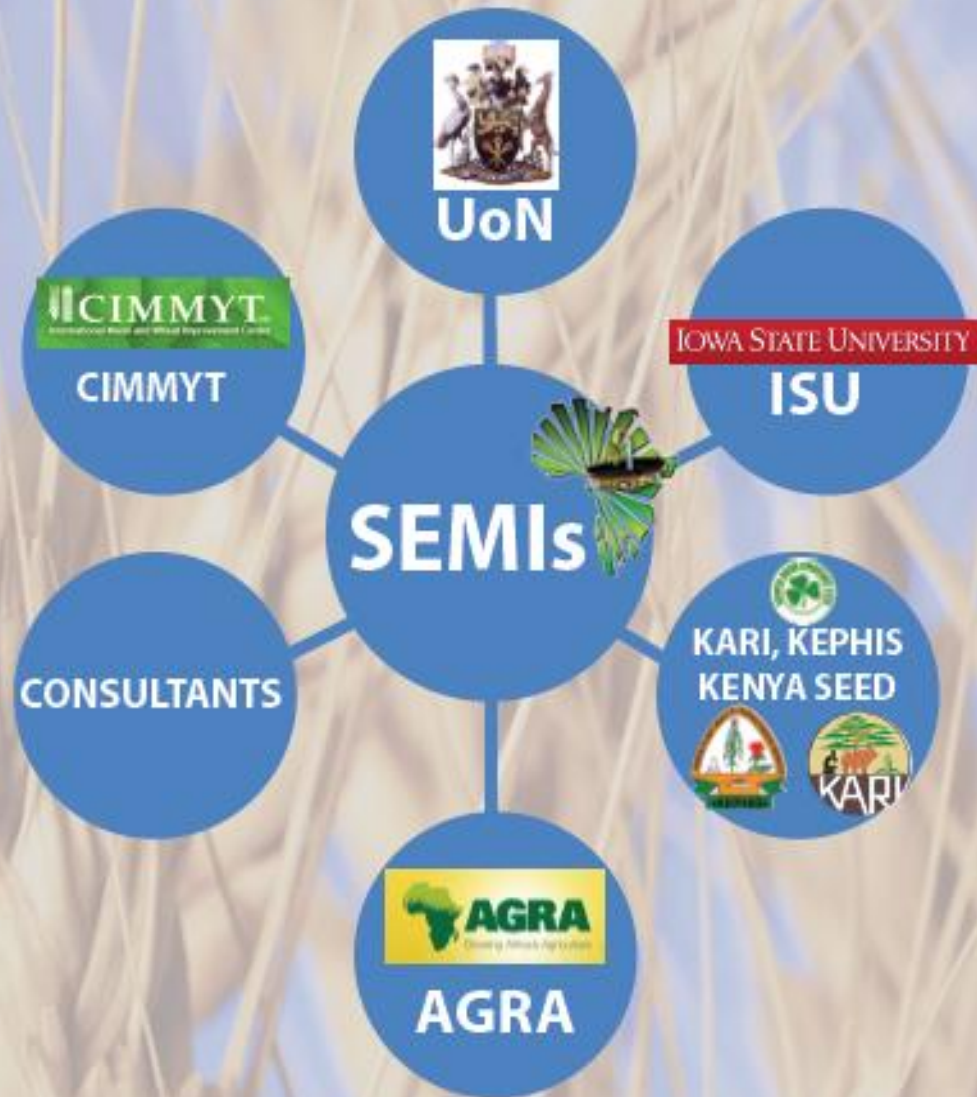
agra-alliance.org



cimmyt.org



kephis.org



uonbi.ac.ke



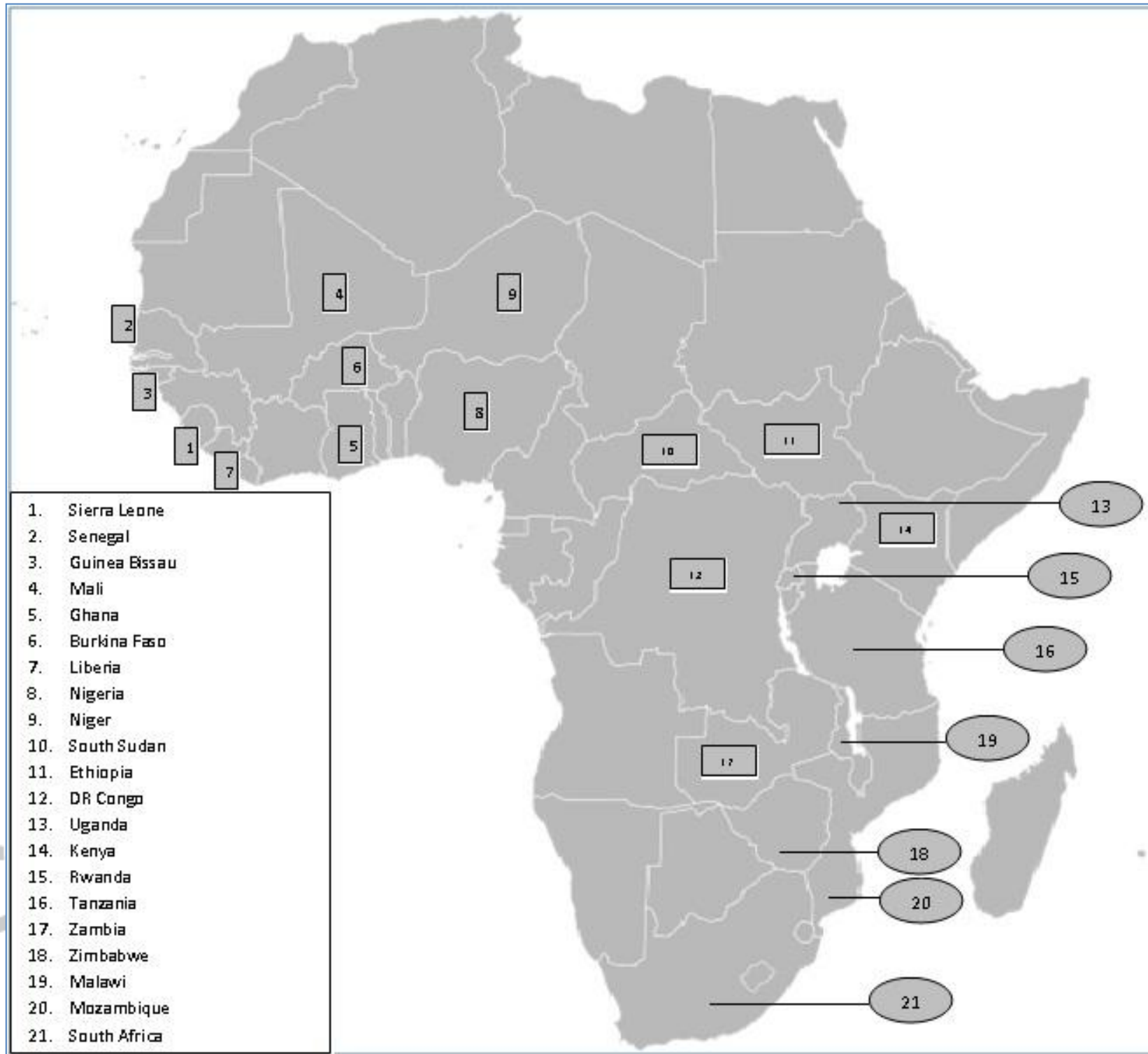
iastate.edu



kenyaseed.com

GROWING THE SEED INDUSTRY IN AFRICA

SEMs in 21 African Countries!!!





SEMIs COURSES AT UON:



Course	Collaborators	Coordinators
Seed production	UoN, CIMMYT, KEPHIS, KALRO, Leldet seed co.	Prof. Kiarie Njoroge/ Prof. Olubayo
Seed drying processing and storage	UoN, ISU, KEPHIS, KALRO, Kenya seed Co.	Dr. Onyango Mbunge, Prof. Kiarie Njoroge, Prof. Olubayo
Seed marketing	UoN (sch of Bus), Aline O'Connor, Kenya seed Co.	Dr. Justus Munyoki, Prof. Kiarie ,
Seed Business Mgt.	UoN (Sch. Of Bus.) Aline O'Connor, Kenya seed Co.	Prof. Evans Aosa, Prof. Olubayo, Mr. Herick ondingo
Seed Quality assurance and Seed Enterprise Quality Management	UoN, ISU, KEPHIS, KALRO, Kenya Seed Co.	Prof. Olubayo, Prof. Muthomi, Prof. RD. Narla,
Seed Production Field Diagnostics	UoN, KEPHIS, KALRO, Kenya Seed Co.	Prof. Olubayo, Prof. Muthomi/Prof. Narla/Prof Mwang'ombe
National Plant Protection Organizations (NPPO)	UoN, KEPHIS, KALRO, Kenya Seed Co.	Prof. Kiarie, Prof. Olubayo

SUMMARY OF TRAINED PERSONNEL IN PHASE I – 2010-2013

Course	2010	2011	2012	2013	Total Per Course
Seed Production	29	27	30	0	86
Seed Drying Processing and Storage	31	28	30	0	89
Seed Business Management	29	26	29	25	109
Seed Marketing	28	25	30	27	110
Seed Quality Assurance	30				30
Seed Legislation and Accreditation	25				25
Seed Quality Assurance and seed Enterprise Quality Management		26	29	0	55
Total(Yearly)	172	132	148	52	504

SUMMARY OF TRAINED PERSONNEL IN PHASE II – 2014-2016

Course	2014	2015
Seed Production	23	26
Seed Drying Processing and Storage	23	25
Seed Business Management	19	30
Seed Marketing	20	31
Seed Quality Assurance and seed Enterprise Quality Management	19	30
National Plant Protection Organizations and Seed Quality Regulators	21	24
Seed Production Field Diagnostics	18	24
Total(Yearly)	143	190



Seed processing and drying



Seed production

Seed Marketing



Long Term courses in Seed Technology and Business:

Curriculum already in place for:

- I. Certificate-Seed Technology and Business
- II. Diploma -Seed Technology and Business
- III. Post-graduate Diploma-Seed Technology and Business
- IV. MSc.-Seed Technology and Business

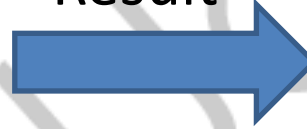


15 Students have enrolled for the MSc. Seed Technology and Business program

SEMI's Curricula

- Involvement of stakeholders in the development;
- ISU, Consultants, CIMMYT, UON, KARI, Seed Companies
- Annual Review every year to keep abreast on seed Issues and changing trends in the seed industry

Result



One of the best “thought-through” and relevant curricula in Africa focused on seed



World Class Facilitators:



John MacRobert-CIMMYT



Kiarie Njoroge-UON CAVS



Jenny Leakey-Leldet



Dr. Yuan Shyy-ISU



Aline O'Connor –Seed Business mgt



Dr. Joe Cortes-ISU



KEPHIS

TRAINED PERSONNEL ARE A GREAT ASSET FOR SEED COMPANIES:

The training at SEMIs is helping Scaling up production of high quality seed for farmers around Africa



Dry Land Seed co.

So far over 100 seed companies from 21 African Countries have benefited from training at SEMIs

Other Activities at SEMIs:

Foundation seed production at CAVS:

Varieties:

- Meizi mbili
- Kenya Wonder
- Kenya Red Kidney
- Kabete Super
- Kenya Sugar Bean
- Super Rosecocco



Provision of foundation seed for seed co.

White label seed produced at SEMIs

Year	Tonnage	Variety
2013	1.76 tonnes	Kenya Red Kidney, Meizi Mbili
2014	4.3 tonnes	Kenya Red Kidney, Kabete Super, Miezi Mbili



“Seed companies all over Africa indicate foundation seed availability and access as a major contributor to low seed production”

Presentation of White label breeder seed to Kenya seed company CEO. Mr. Soi at a ceremony at CAVS

SEMIs INFRASTRUCTURE DVPT

Modern Seed laboratory and Seed Processing facility being constructed at CAVS with SEMI funds

Phase 1: Seed Processing Unit.

- Seed from UNISEED and other seed companies to be processed

Phase 2: Modern Seed Laboratory for Seed Quality Assurance

- Seed Quality Laboratory



Phase 1: Seed Processing Unit

Construction of Seed processing factory is complete. The factory to process over 5000 MT of seed



- Installation of seed processing machines ongoing.
- Expected handover date- Early August 2015





PHASE II: LABORATORY CONSTRUCTION

- Construction of seed laboratories is ongoing- 90% is complete
- Painting works and fittings ongoing with expected handover – End September, 2015



Participation in National and Regional Workshops and Meetings on Seed Issues



Agricultural Sector Development forum-Kibaki in attendance



Kenya-Agricultural transformation Day in Nairobi

Other meetings	Year
FARA Meeting	2011
KARI congress	2012
STAK congress	2013
ASK Show	2014



H.E. Mohamed Shein Pres. Of Zanzibar at the AFSTA-Congress Zanzibar

SEMIs at the ASK show in Nairobi



Rosebenna from SEMIs talks to farmers on the New Bean Varieties

SEMI is a point of call for seed companies:



- Agricultural /Seed Institutions are using SEMI as a port of call during meetings and visits

- Point of reference for seed trends.
- Need to platform this to become the leading seed reference point in Africa

Seed company personnel with STAK officials call in at SEMI

Highlights ..



Experiential training-Visit to the seed industry



Training on Finance and capital Acquisition:
-Root capital and ASIF funding Experts at SEMIs

Collaboration with Stakeholders and Experts:



Dr. Julius Kipng'etich-Director, Kenya Wildlife Services (KWS)

Guest lecture at the seed business module course

Observed Changing trends in the Seed Industry in Africa.....

“as I move across Africa, I see African Farmers have changed their strategy to improved seed”

Dr. Joe DeVries-Director, PASS



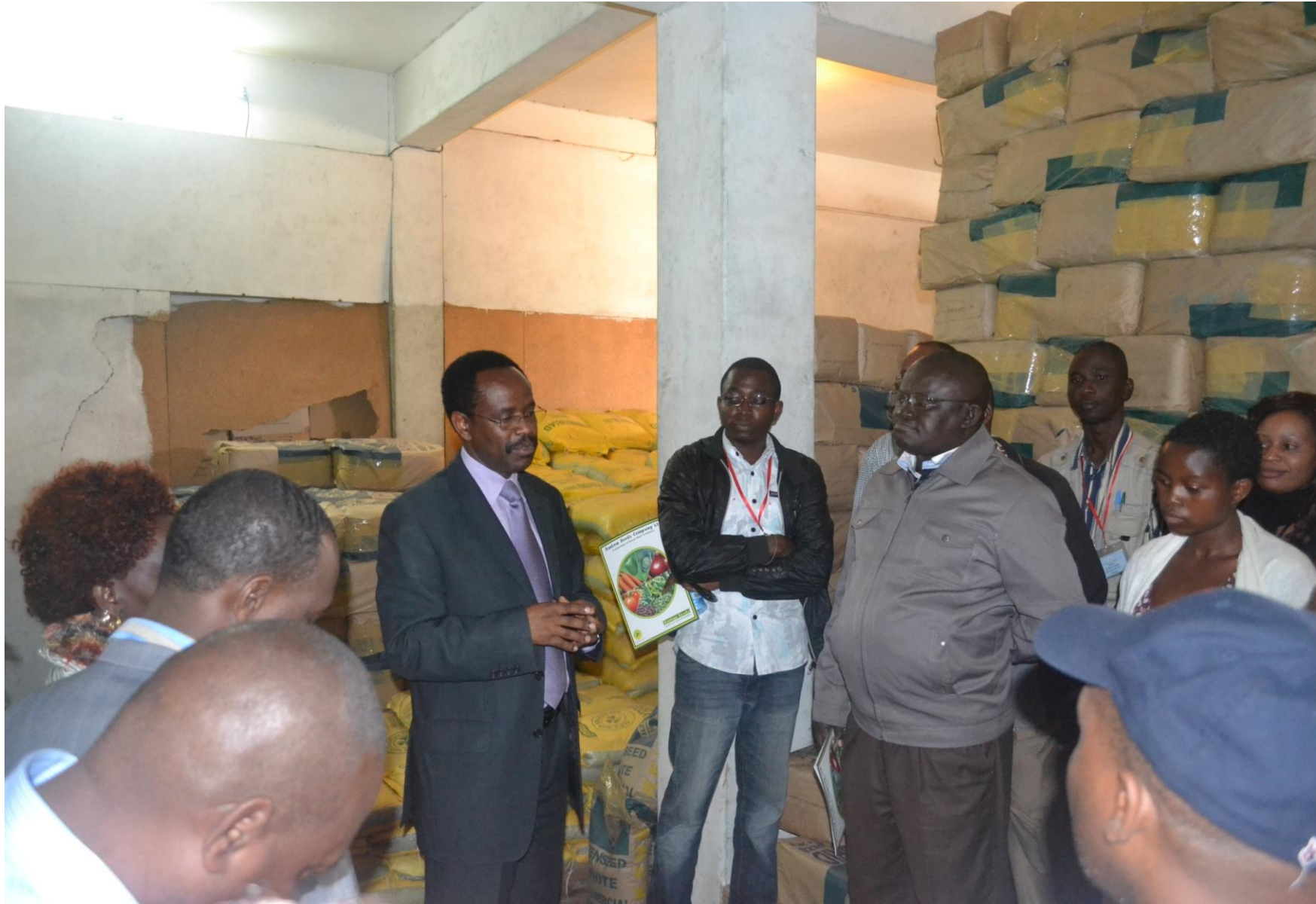
Highlights contd:

Seed Production May 2012:

Visit to KARI Wheat Rust Resistance Breeding Station-Njoro



Seed Marketing Course-July 2012



Participants with the MD-Simlaw Seed company Mr. Soi

Seed Business Management-2013



Visit to Dry land Seed company seed store in Machakos

Seed Processing Course 2014



Familiarization with Certified seed packaging at a seed company in Kenya

Working with consultants to enhance capacity Building



Seed Business Class with Dilip Gokhale

Graduation –Certificate presentations:



Joe DeVries-Director Pass presents certificate and books to participants



Prof. Mwang'ombe-SEMIs PI presenting a certificate to Janet Gyima from Ghana

Rewarding our Participants with certificates at the end of each course motivates them to be better “seed men”

Comments from Participants:

*“I like every topic we did in this course especially seed certification and de-taselling “
Anonymous .*



*“The knowledge I have acquired through the course will be highly valued not only in our seed company but in the whole of Zambia”
Dorica Banda
Indigenous seed company Zambia*



*“Previously I did not know how to project seed requirements and co-ordinate backwards for procurement of basic, pre-basic seed...” Now I know”
Mr Omari Mduruma-Aminata
seed company Tanzania*

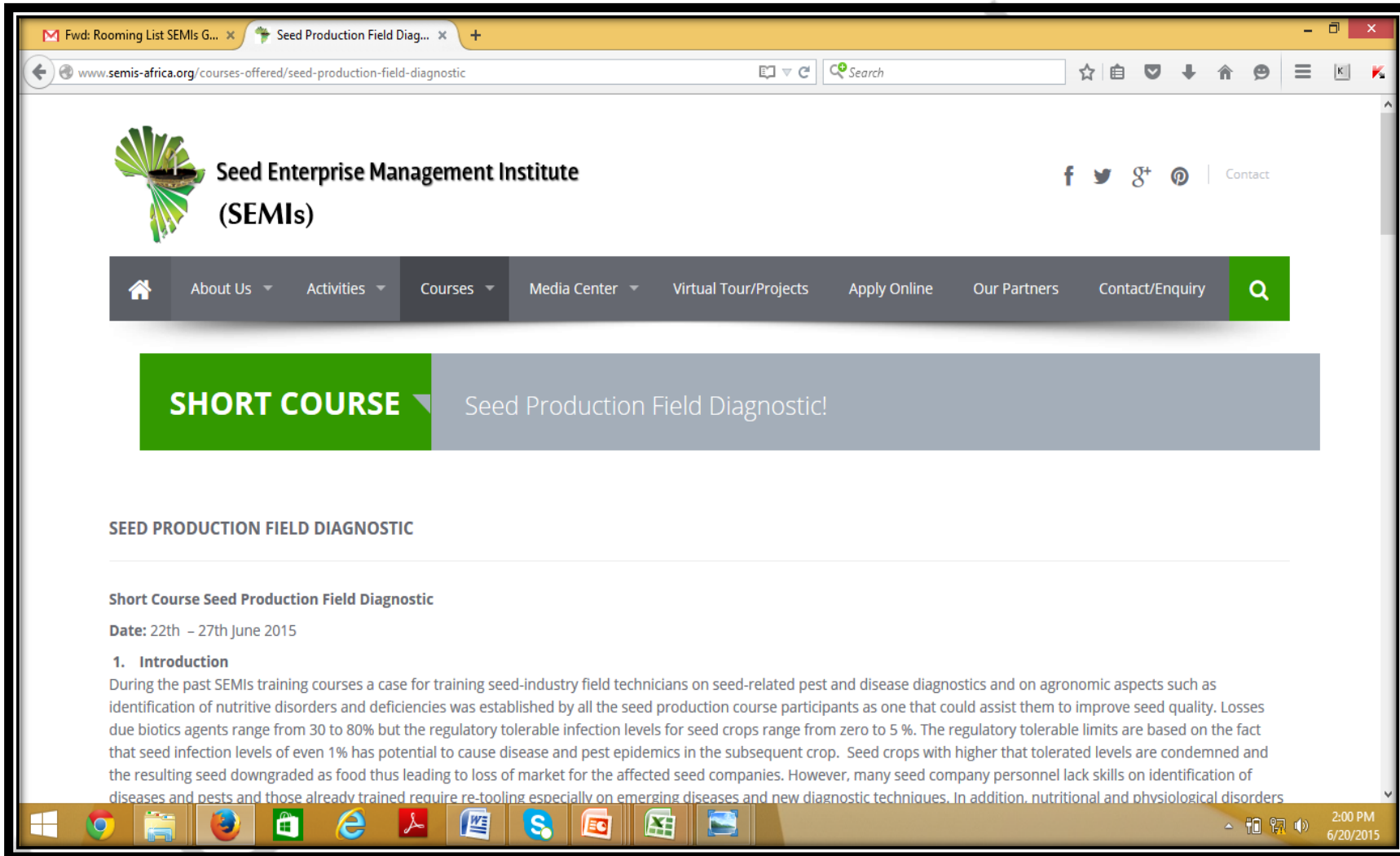
Monitoring and Evaluation:

A monitoring and Evaluation team from AGRA visited SEMIs on 19th February 2012 to assess the project



SEMIs Website:

www.semis-africa.org



The screenshot shows a web browser window displaying the SEMIs website. The browser's address bar shows the URL www.semis-africa.org/courses-offered/seed-production-field-diagnostic. The website header features the SEMIs logo, the text "Seed Enterprise Management Institute (SEMIs)", and social media icons for Facebook, Twitter, Google+, and Pinterest, along with a "Contact" link. A navigation menu includes "Home", "About Us", "Activities", "Courses", "Media Center", "Virtual Tour/Projects", "Apply Online", "Our Partners", and "Contact/Enquiry". A prominent green banner reads "SHORT COURSE" followed by "Seed Production Field Diagnostic!". Below this, the page title is "SEED PRODUCTION FIELD DIAGNOSTIC". The main content area is titled "Short Course Seed Production Field Diagnostic" with a date of "Date: 22th - 27th June 2015". Under the heading "1. Introduction", the text describes the need for training seed-industry field technicians on seed-related pest and disease diagnostics and agronomic aspects, noting that losses due to biotic agents range from 30 to 80% and regulatory tolerable infection levels range from zero to 5%.

- Sharing information on seed issues, current happenings in the seed industry in Africa
- Staying in touch with SEMIs participants
- Online registration of Students



**Thank you for
your attention**



SEED MARKETING

SEMS - UON

- By A. V. Monayo

SEMIS - UON

Contents

1. Demand Forecasting G.M.O.'S And Their Impact In Seed Marketing
2. Choosing Agro Dealers And Retail Management

SEMINARS -

UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

BUSINESS ADMINISTRATION DEPARTMENT

SEED ENTERPRISE MANAGEMENT INSTITUTE (TRAINING 20 – 25 JULY 2015)

**A.V. MONAYO – LECTURER SCHOOL OF BUSINESS TOPIC: DEMAND FORECASTING G.M.O.'s AND THEIR IMPACT
IN SEED MARKETING**

“A good data base and detailed market surveillance are crucial to good forecasting.”

A.Wilson

- ∞ Marketing has been defined as “Management process responsible for identifying anticipating and satisfying customer requirements profitably” (Philip Kotler)
- ∞ Demand forecasting is an estimate of sales in monetary or physical units for a specified future period under a proposed market plan or programme and under assumed set of circumstances. (Economic and other forces outside the unit for which the forecast is made, the forecast can be for a specified item or merchandise or entire line. (American Marketing Association)
- ∞ According to Philip Kotler, “The company sales forecast is the expected level of company sales based on a chosen marketing plan and assumed environmental conditions”.
- ∞ Cundiff and still states that sales forecasts is an estimate of sales during a specified future period which is tied to a proposed marketing plan and which assumes particular set of uncontrollable and competitive forces.”

Note: Sales forecasting is an estimate of future sales from the company(s) point of view sales forecasting means deciding in advance its share in the total market demand. The estimate is made considering different factors, controllable and non controllable, and present and anticipated market conditions.

Importance of demand forecasting

- ∉ Essential to enable firm produce required quantities at a right time and organize in advance other various factors of production (enable for establishment of suitable production policy.)
- ∉ Provide guideline for demand forecasting for related industries. (Demand for seeds vs. demand for packaging materials.)
- ∉ Maximize profits can produce on basis of demand (avoidance of over and under production)
- ∉ Demand forecast enables the government to outline its policy and related decisions like provision of export incentive for any surplus. Hence demand forecasting is critical to the government, the company and the industry.

General approaches to demand forecasting

The following issues need to be noted while undertaking a demand forecasting exercise.

- i. Use of survey or data if already available.
- ii. Select an appropriate method of forecasting.

Factors dictating methodology of forecasting

- ∉ The degree of accuracy required and risk and associated.
- ∉ The availability of data and information.
- ∉ The time horizon required which will affect the approach.
- ∉ The position of product life cycle which will influence the time horizon sought and types of data and information available.

Nature of objectives of the forecast – short term, long term; marketing share, industry wise.

- iii.
- iv. Identify variables affecting the demand for the seed and express them in an appropriate manner.
- v. Prepare the forecast and interpret the results.
- vi. Statistically determine the relationship between the dependent and independent variables.

Managerial view points of seed demand forecasting.

- ∉ Failure to adequately estimate demand may lead to overproduction / underproduction both which have serious financial consequences for the seed company. Too much

carryover and stock write-offs will be expensive and lack of the seed means lost revenue, dissatisfied customers, frustration of the sales force and dealer networks.

€ **Special elements / issues in the seed industry make accurate assessment of demand critical. It is issues are as follows:-**

- Production subject to variables like climate which is uncontrollable variables.
- Seasonality of production.
- High volume – low value ration of same seed crops like cereals make long distance transport and long term storage unattractive.
- Statutory controls and quality standards.
- Long lead times for the development of new products from breeding programmes.
- Existence of generation systems whereby the production in one year is a progenitor of the next.
- Limited shelf life and loss of germination.

€ The first step in demand forecasting is to calculate the existing *requirement x percent bought seed*) is the amount of commercial seed that is purchased by farmers.

€ In calculating seed requirement, seed application rates must be taken into account, i.e. the difference between a crop grown for grain or forage, the difference between irrigated and dry land, the difference between a crop which is sown directly or transplanted. It is also important to define the various categories of seed that exists in the market, as an understanding of these segments will assist in the assessment of demand. Seed can be categorized as being:

- ✓ Grain retained on farm and used as seed;
- ✓ Grain bartered for seed at village or neighbor level;
- ✓ Grain sold as unlabelled seed bought from a market or trader;
- ✓ Certified or labeled seed bought from the distribution system.

€ Local custom and practice may be such that grain is retained on farm for use as seed. Alternatively, farmers may replace seed every three to five years. Recognizing that grain or inbred crops will be retained by farmers for use as seed if it is possible to do so, the challenge for the seed industry is to convert as much as possible of the unofficially traded seed to certified or labeled seed sales.

The factors which affect seed demand

Demand, to the seed seller, is the quantity that buyers are willing and able to purchase at a particular price. This is called effective demand and is not the same as the seed requirement. It is important to distinguish between the amount of seed farmers will actually buy and how much they would like to buy, or indeed how much the government would like them to buy. The total amount of certified or labeled seed sold may be quite a small proportion of the total requirement.

Many factors have to be considered when assessing and forecasting demand. Some of these are:

a. *Cropping pattern and intensity*

Extension of irrigation areas; development of double cropping systems and multiple cropping of intensively grown crops; competing crops; new crops; rotations

b. *Seed use*

Type of seed used, i.e. non-hybrid or hybrid; variations under different farming systems, such as irrigated or dry land, and grade of seed used, e.g. if seed is graded and mechanically sown

c. *Climate*

Rainfall and temperature patterns

d. *Demand for crop products*

Commodity demand; export demand; agro-industrial development.

e. *Market situation*

Commodity prices; yield levels; prices of seed and other inputs and farm costs; cost of growing competing crops

f. *Disposable Farm Income*

Levels of farm income; what a farmer will spend on seed; availability of credit

g. *Rate or level of adoption of new technology*

Farming techniques; mechanization (precision drills use less seed); hybrids replacing non-hybrid varieties; adoption of new varieties and certified seed

h. *Government policy*

Subsidies and other inducements such as price support and credit; privatization; extension programmes; import or export policy and duty levels

i. Crop cycles

Frequency of good years and poor years; occurrence of natural disasters

j. Habits and traditions

Socio-economic factors

k. Product performance

Comparison with *e* alternative varieties

l. Competitiveness

The choice the farmer has of using alternative varieties and suppliers; how do the suppliers compare in terms of image, convenience of supply, customer support'?

m. Price

How prices compare with alternative sources?

n. Promotion

Special promotion campaigns being planned

When an individual company or organization is estimating the market share which may be gained by its own products, product performance, competitive positioning, price and promotion are the most important factors which need to be taken into account. This will form the basis of sales' forecasting and production planning.

The effect of price and farm income on demand

- ∉ In general, 'the higher the price the lower the quantity purchased', especially where there are substitutes available. In the case of seed, farmers can retain the grain of non-hybrid crops, switch from hybrids to non-hybrids or grow different crops.
- ∉ In addition to price, farm income is the major limiting factor affecting what a farmer will spend on inputs. The farmer will have to balance the cost versus the benefit before being persuaded to spend money on inputs such as seed and fertilizers. Unfortunately, seed is often the one item that the farmer believes it is possible to save money on, even though less is usually spent on seed than on any other input. He will ask the questions: "What

are the chances of getting a return on my investment?"- "Will the rains come?"- "What will the market be like for the produce?" It must be recognized that there are conflicting demands on farm income and the supplier of inputs is competing for that income.

- € Marketing and promotional campaigns are designed to persuade farmers that seed represents good value. Farmers often do not attribute value to seed since, in the case of grain, they think they are producing the very product which they are being sold. Thus it would seem to many farmers that they could just as easily replant their own grain.

Demand forecasting techniques

Forecasting is the process of making projections of demand for products by examining past and present performance levels, combined with an assessment of available products and markets. This may be carried out within the government service or by individual companies in a purely commercial context. The following approaches can be used:

- i. Target setting;
- ii. Growth trends; ;
- iii. Growth rates adjusted for new technology adoption;
- iv. Sampling.

- € **Target setting.** This method is commonly used in developing countries where government is directly involved in planning and seed supply. In a centrally managed economy, targets are likely to be set at a national level and production plans fixed for each region.

India is an example of a more open economy where both the public and private sectors coexist in a well-developed seed industry, but where the government retains a coordinating function and has the ultimate responsibility for the security of seed supply. The Ministry of Agriculture sets the targets and organizes meetings to establish the supply situation and production plans of the various organizations involved.

Companies may opt to set a target for an ideal sales level while, at the same time, recognizing that this is unlikely to be achieved and budgeting for a more achievable situation.

- € **Growth trends.** This approach is based on the assumption that the rate of growth of seed demand as seen in past years will continue. This may give unrealistically high forecasts

and will depend on the stage of market development for improved seeds. Small increases in volume in the early stages of improved seed use will represent a large increase in percentage terms, which may not be possible to sustain.

€ ***Growth rates adjusted for new technology adoption.*** Using this approach a given region is considered on the basis of degrees of new technology uptake and the likely speed of change. Each part of the region can then be categorized as 'low' to 'medium' or 'high' growth, better reflecting the overall situation.

€ ***Sampling.*** The accuracy of the above approaches can be improved if sample groups of farmers are questioned to gauge their anticipated demand for seed. This exercise is more reliable where there is a reasonable awareness of the benefits of using improved seeds.

Growth trends used in a commercial context

Historical sales can be examined to develop trend lines but the resulting projections must always be reviewed with the benefit of judgment and experience. Seasonal patterns and the variance between years need to be explained. Sales data from previous years are examined by preparing a graph of monthly and cumulative sales and comparing the different years. A graph of successive years gives the overall trend and should answer the following questions:

- ✓ Is the market expanding or contracting?
 - ✓ If company sales are to be expanded in existing markets, shares will be taken from which competitors?
 - ✓ Are increased sales going to come from existing customers or from new ones? What products are being launched or phased out?
- € The sales forecast for each crop group is the total of individual variety forecasts. Thus each variety has to be considered as a different product line at different stages in its life cycle.
- € When forecasting demand, a certain percentage should not just be added to the previous year's figures as the previous year may not have been typical. It is necessary to create a market-based forecast involving people in the company, as well as those in the distribution chain. If a company expects to increase its sales by ten percent the dealers will need to plan accordingly. Demand forecasts prepared by dealers need to be discussed with them if they do not correspond to the company's forecasts. For instance, it is possible that a dealer was left with carryover stock as a result of a late delivery in the

previous season. Alternatively, local conditions may not correspond to the wider picture in the company's area.

The following is an example of a process adopted by an international company operating in a developing seed market:

1. The company holds a planning meeting involving the entire sales and marketing team. The individual sales representatives have collected market intelligence during the season and the sales manager has prepared an analysis of the sales for the current and previous years. Figures are recorded on a large board and refined as the discussion progresses.
2. The size and segmentation of the market is first established for the product group under discussion with any changes, trends or special factors being noted.
3. The market volume in the current year is allocated to each competitor noting shares of particular varieties. As much information as possible has been collected about production and farmers' reactions to competing varieties. Information should also be available about the level of seed imports.
4. The forecast demand for individual varieties in the company's portfolio is then considering in the light of pricing, the dealers' comments on whether the varieties are 'as good as' or 'better than' the competition, the dealers' commission structure and planned promotional activities.

THE COLLECTION OF DATA FOR FORECASTING

- € Seed marketing firms have various options when it comes to data collection; they can utilize primary data or secondary data for their respective decision making processes.
- € **Marketing information relevant for seed demand forecasting.**
Relevant and detailed information's required when it comes to making marketing decisions touched on the seed factor. The information should indicate the extent of the market in terms of size and the kind of factors influencing farmers in their buying of seeds and particular varieties they choose such information can be either quantitative.
- € Quantitative data involves data which is factual and considers how big a market is in terms of volume, value and the percentage of farmers buying seeds and the kind of variety chosen. This helps in the planning seed production and market development activities.

€ Qualitative data is all about opinions and attitudes reflecting issues like why farmers buy the seed and how they select the variety. This helps production, planning in marketing.

Specific marketing information (forecasting purposes)

- ✓ The market place
- ✓ The company and its products
- ✓ The political / economical / social / technological
- ✓ The competition
- ✓ The distributors
- ✓ The farmers
- ✓ The traders and industrial users who buy farm produce.

The political / economical / social / technological environment contains the following information:-

- The agricultural policy
- The seed sector policy, seed legislation
- Infrastructure development
- Crop and regional development assistance
- Industrial development in the food sector
- The national economic performance and political indicators
- Seed legislation

Note:- These information is very critical for long range planning and company investment programmes.

€ **The following information is paramount about the market place:-**

- Size, volume value of seed required.
- Structure, farm size and type of regional differences.
- Trends, changes taking place in the market.
- Seed supply, volume of seed certified, imports
- Transport
- Geographic and climatic factors
- Import regulations and duty payable.

Note: This kind of information is critical in sales and seed production and purchasing decisions, this basic data is also needed when considering is being given to new seeds (products and new markets).

€ **Information required by managers on their company and products include:-**

- The image and reputation of the company among distributors and farmers.
- Satisfaction of the dealers and their customers with the company products / services.
- The responsiveness of the organization to customers' needs and changes in the market.
- The reasons why farmers choose company products e.g. for cost benefits, technical benefits, superior fields.
- New products in the pipeline.
- Progress reports on production and processing and stock available for distribution.
- The company products representation and services which should be improved.

Note: All the above types of information is qualitative in nature, collected through asking farmers questions, this will help in organization, re-organization and promotional campaigns, also information management requires for day to day basis operations.

Information required about competitor companies includes

- € Ownership and organizational details.
- € Market shares by variety, breeder, distributor; new varieties undergoing official trials;
- € Distribution systems used, number and location of outlets; pricing to distributors and farmers, price history, margins and commission, terms of
- € Trade;
- € Promotional activities, extension, product and market support, advertising, packaging;
- € Number and location of sales representatives and their areas of operation;
- € Dealers shared with other suppliers and how much they sell from each company;
- € Responsiveness of competitors to customers' needs and changes in the market.

In a market economy seeds of the same or similar varieties will be available from various sources, allowing customers to choose between different brands. It is therefore important to know as much about the¹⁰ competition as possible since choice is based on many factors, not just product performance.

Seed companies will also require the following information on their distributors:

- ∕ The company's distributors and their location
- ∕ Methods of communication with the distributors;
- ∕ Their purchasing pattern and history;
- ∕ The level of support they need;
- ∕ The factors limiting their purchases of the company's products;
- ∕ Their financial soundness;
- ∕ Alternative channels of distribution.

Note: This is operational information that is used to manage and control the channels of distribution and to evaluate alternative methods.

Information needed regarding farmers include:-

- ∕ Factors which limit or influence their demand for seeds.
- ∕ Land ownership and who makes the buying decisions
- ∕ Banking and credit sources to which farmers have access
- ∕ Agronomic problems such as pests, diseases and weeds
- ∕ The leading farmers in the area
- ∕ Literacy level
- ∕ Availability of transport and in what form
- ∕ Sources of information used by farmers

Note: Customers information of this type help in market planning and focusing the target of sales and promotion efforts. Such information is also useful to distributors and dealers. In deed distributors and dealers may be used to collect information on farmers.

Finally, information is required from the buyers if farm produce grown from the company's seeds. This information includes:-

- ∕ Marketing arrangements that exist for farm produce
- ∕ The uses to which the product is put
- ∕ Quality requirements
- ∕ Quality premium available to the farmer
- ∕ Contract growing systems and whether seeds are supplied or varieties specified.
- ∕ Development in the commodity and final products markets, including demand, price and replacement by substitutes.

This will indicate the extent to which the buyer or industrial user influences the farmer's decision to buy a particular seed. Often industrial users provide seed as part of a buy-back contract. Research gives an indication of the strength of the market for farm produce and, therefore, future demand for seed. There are also quality factors which should be understood and incorporated into plant breeding objectives. Examples are barley used for making malt, wheat used for bread making and cotton used for high quality yarn.

Sources of information

€ Internal information

Much of the information required by management can be found within the company so that is the best place to start. Often, extensive records are kept but the data is not made available in a form that can be readily used by management. All organizations collect information in the course of their everyday operations. For example, orders are received and delivered, costs are recorded, activity reports are submitted and invoices are sent out. As an example, the information that can be derived from invoices includes:

- Sales by territory;
- Sales by customer type (if they are classified);
- Average order size by customer type and area;
- Sales by product type and variety, package type and size;
- Average sales by the personnel responsible;
- Frequency and seasonality of orders;
- Sales incentive or promotion programmes;
- Payments outstanding.

Such information helps managers analyze sales performance, target the sales and promotion effort, evaluate distribution channels and dealer performance, and follow up late payments when credit is given.

External information:- There are many sources, depending on the particular type of information required". Some of these sources are listed below, with examples of the kind of information available.

- ***Dealer network***
Variety and types of seed grown, buying habits, competitors' products and prices, stocks
- ***Farmers and farmers' organizations***
Consumer profiles, factors affecting seed purchasing, level of input use
- ***government agricultural and trade statistics***
Crop area, yield and farm size and number, imports and exports
- ***Provincial and regional government offices***
Precise statistical data and local knowledge, support programmes
- ***Government organizations breeding institutes, certification and extension services***
Crop agronomy and variety, information, seed certification tonnages
- ***International agencies***
Statistics, special studies, crop and commodity reports
- ***Seed associations and other trade organizations seed***
Company listings and details, seed production and supply data
- ***Product catalogues***
Competitor product range, treatments, prices, terms of trade, sales organization
- ***Trade directories***
Company listings, product details
- ***Related industries***
Agrochemical, fertilizer and machinery companies
- ***Agricultural Banks***
Economic data, credit and loan facilities, linkage with development programmes
- ***Universities and other tea clung establishment***
Library facilities, technical and research data, studies and specialist knowledge
- ***Journals and publications***
Technical articles and special features, product and market reviews

Attention must be given to the accuracy and reliability of the source and attempts made to cross-reference and double check. Data must be treated with care. Seed import, export and production figures, for example, may not distinguish between seed used for sowing and oil seed for crushing.

Commissioned market research projects

There will be occasions when it is desirable to commission work from professional market research organizations. In order to get exactly the right kind of information from a commissioned study, it is important to adequately brief and agree on Terms of Reference with the company selected to carry out the research. This involves defining with care exactly the sort of information that is required.

If the research is conducted by means of a questionnaire, the market research company will begin by preparing the questionnaire and running a set of pilot interviews. The company should then report back to the client before undertaking the survey proper to ensure that the questions have been formulated appropriately, and make any necessary recommendations.

Although commissioned market research is expensive and will be beyond the means of many small seed companies, serious consideration should, nevertheless, be given to seeking professional help when the consequences of making business decisions based on insufficient or inaccurate data can be costly.

Gathering information

The main techniques for gathering data are through:

- € Desk research
- € Personal interviews
- € Group discussions
- € Telephone interviews
- € Postal surveys

Desk research is the term given to making use of data that already exists or publishes data which can be accessed. This is always the starting point of any market research project but

the information may not provide sufficient details or may be out of date, thus making it necessary to undertake field research to generate new information.

- ∄ Government statistics provide information on a regional basis such as crop areas, yield, number and size of holdings. These can be used to determine total seed demand and give information about the farmers and the quantity of seed they will be likely to use. Fertilizer distributors will have records which will indicate the general level of inputs used. The seed certification service will know the quantity of seed that has been certified and the extension service will be familiar with the use of the different categories of seed, e.g. seed retained on farm, unlabelled and certified seed, information needs to be collected in such a way that the respondent has little opportunity for an opinion to be expressed. For example, questions might be phrased as follows, " *What variety of rice did you grow last year?*" - " *What area did you plant?*"
 - ∄ Conversely, qualitative information may require a more discursive approach so that farmers are given the opportunity to express their opinions with questions like, " *Variety A, B and C are similar.* " - " *Why did you choose variety B. ?*" Thus, the researcher needs to consider the type and quantity of information required in choosing the method of communication.
 - ∄ Face-to-face interviewing is the best form of contact as it involves two-way communication, providing instant response and reaction. The information is usually immediate and the closer personal approach is frequently a good way of getting detailed and accurate information. However the process can be time consuming and expensive if travel is involved
 - ∄ This form of contact and information gathering happens all the time on an informal level, but for a formal study it requires a very structured approach and the use of a questionnaire.
 - ∄ Group discussions bring a group of people together to judge their opinions and can be used to test new ideas and concepts. But the presence of a professional is needed to ensure that the exercise is effective.
-

≠ Questionnaires are often used as a way of collecting both quantitative and qualitative information through face-to-face interviews, by post or over the telephone. Some principles of questionnaire design are:

- The questionnaire must suit the contact method, to be used;
- Questions should be unambiguous and unbiased;
- Questions should be asked one at a time;
- Questions should be clearly related to the objectives of the study.

Questions are of three basic types

1. Single choice, yes / no, for example,

“Do you buy rice seed?”

2. Multiple choice, for example,

“How often do you buy rice seed?” Every year?...

....Every second, third, fourth year?”

3. Open – minded, for example,

“Why do you not buy seed each year?”

Using these three types of questions the questionnaire can be:

- Structured using all single – or multiple – choice questions;
 - Semi – structured using a combination of the above with open – ended questions;
 - Unstructured using open – ended questions determined by the interviewer.
-

CHOOSING AGRO DEALERS AND RETAIL MANAGEMENT

- ∄ Retailing is defined as a set of activities that markets products or services to the final customer for their own personal or household use; it does so by organizing the availability of goods and then supplying them to consumers on relatively small scale (Newman & Cullen 2002)
- ∄ Retailing is also defined as all activities involved in selling goods or services directly to final consumers for their personal non business use Kotler (1988).
- ∄ Retail store – a place where exchange of goods takes place with the customer is defined by Philip Kotler as “any business enterprise whose sale volume comes primarily from retailing.”
- ∄ Retail mix is the mix of variables including price, location, communication, merchandize, physical attributes, service and personnel. These components form the overall strategic marketing components of retailing.

STRATEGIES FOR RETAIL CHANNEL MANAGEMENT

- ∄ Retailers are the closest point to purchase and have a wealth of information on consumer shopping behaviour. Retailers have unique advantages for managing brands such as continuous and actionable dialogue with customers; control over brand presentation at point of sale, control over shopping environment, display location / adjacencies and signage. They have these advantages with tremendous success.
- ∄ Rural / urban consumers interact with retail sales person who has a strong conviction power and whose recommendation comes with weight. The retailer's relation with the customers is based on the understanding of their needs and buying habits and is cemented by retailers extending credit.
- ∄ Seed marketers should understand the rural retailing environment to enable them develop strategies which will be based on facts and bear the inclination of rural mindset.

STRATEGIC OPTIONS AVAILABLE FOR ORGANIZATION TO MANAGE THE RURAL RETAIL CHANNELS

- Understand retailers behaviour
- Ensure availability
- Provision of credit

- Provision of quality based discount for the distributors.
- Provision of van subsidy for rural distribution
- Placement of company staff with the distribution
- Appointing rural sub-stockiest
- Exclusive distribution for rural sector.

Selection of seed dealers

The number and distribution of sales' points and dealers is influenced by the cover required to adequately service the market. A judgment will have to be made on how best to service the farmers in a region and achieve the sales and financial objectives of the organization. As a guide for selecting dealers a check list is provided in Figure 10.

A guide for selecting dealers

- a. The location in relation to the convenience of seed consumers and to the seed company in supplying the dealer.
- b. The general appearance of the building and surrounding area.
- c. The suitability of the available storage area and space.
- d. The existing product range and representation agreements held by the: dealer for competing or complementary products.
- e. The terms of existing agreements and exclusive arrangements.
- f. The size of the dealer's existing business in terms of volume and value, best selling products, customer profile, cash or credit sales.
- g. The dealer's general commercial activity rating based on the display of products and point of sale material, quality of service and level of customer contact.
- h. The number and quality of staff.
- i. The dealer's financial security and record, bank references and credit rating.
- j. Ownership, including details of partners or associates.
- k. Whether it is a single retail outlet or part of a network.
- l. Communications available, e.g. telephone and fax facilities.
- m. The development potential

Elements of a representation agreement (Ref item 4 above)

1. The parties involved, e.g. the supplier and the distributor or dealer.
 2. The products covered, e.g. the variety, the brand, product range.
 3. The period of the agreement, e.g. one year, two years, and whether renewable.
 4. Obligations of the supplier, e.g. to supply seed of a given standard, to advertise the product, to supply promotional material, to offer product training.
 5. Obligations of the distributor or dealer, e.g. to display and promote the product, to achieve agreed targets, to store the seeds correctly, to provide the required information.
 6. Marketing territory, e.g. a district defined by a local administrative boundary.
 7. Terms of trading, e.g. exclusive or non-exclusive, limitations to trade, discount or margin allowed plus any standard volume-linked discounts on published prices; payment
 8. Performance clauses, e.g. minimum levels of trade, company reward schemes.
 9. Termination, e.g. acts detrimental to the interests of the supplier, non achievement of minimum levels of trade, notice period for both parties, procedure in case of dispute, legal jurisdiction.
 10. Date and signatories.
- ∅ These agreements should be simple and easy to understand and, if necessary, reproduced in the local language.
- ∅ It is important to make an assessment of the general activity of the dealer since, as well as selling seed, the dealer is the primary contact point with the market. There is no point in a company servicing inactive dealers. Once selected they should agree to minimum targets for a mix of products. The dealership should be worth holding so the dealer will work to achieve targets rather than risk losing his dealership.
- ∅ It is recommended practice to sign representation agreements with distributors and dealers. Elements to be included in a dealer representation agreement are shown in Figure 11.
- ∅ It is important that the dealer be willing to participate in company training programmes. The dealer should be trained, not only in the technical and agronomic aspects of the product range, but in product presentation, selling and storage. There will also be a requirement for the dealer to follow various administrative and record-keeping procedures.
- ∅ The farmer may need a credit before being able to buy inputs. Credit can come from several sources but competition between seed companies may lead to credit being extended to farmers through the dealers. Dealers may therefore be required to operate a credit system supported by the seed company.

SEED MARKETING AND BRANDING PRACTICES

- € Def. A brand is a distinguishing name and / or symbol such as logo, trademark, package design, or a combination of those intended to identify and differentiate goods or services of either one seller or group of seller (AMA).
- € A brand signifies to the customer the source of the product.
- € Protects both the producer from the competitors who attempt to provide products that appear to be identical.
- € A product is just a small component of a brand.
- € Brands add value of the product through its propositions and customer valuation.
- € Brands have become a major player in modern society.
- € Brands penetrate all spheres of our life, economic, social, cultural, sporting and even religion.

CHOICES OF BRAND ELEMENTS TO BUILD EQUITY

- € Brand elements' sometimes referred as brand identities are those trademarks devices that serve to identify and differentiate the brand – notable examples include spokes people, slogans, packages, and signage.
- € Marketers should choose brand elements to enhance brand awareness; facilitate the formation of strong, favourable and unique brand associations; or elicit positive brand judgments and feelings.
- € Well managed brand elements elicit positive customer responses whenever options exist in terms of choice.

Criteria for choosing brand elements.

- € Memorable – Easily recognizes & recalled.
- € Meaningful – Descriptive, persuasive.
- € Likable – Fun and interesting, rich visual and verbal imagery, aesthetically pleasing.
- € Transferable – Across geographical boundaries within and across products categories.
- € Adaptable – Flexible, updatable.
- € Protectable – Legally, Competitively.

BRANDING CHALLENGES AND OPPORTUNITIES

Brand management is important to the firm however challenges always around:- under listed in some of the challenges.

- € Savvy customers

- € More complex brand families and portfolios.
- € Maturing markets.
- € Sophisticated and increasing competition.
- € Difficulty in differentiating.
- € Decreasing brand loyalty in many categories.
- € Growing of own labels.
- € Increasing trade power.
- € Erosion of effectiveness of traditional / media.
- € Increasing promotional expenditure.
- € Increasing cost of product introduction and support.
- € Short term performance orientation.
- € Increasing job turnover.

STRATEGIC BRAND MANAGEMENT PROCESS

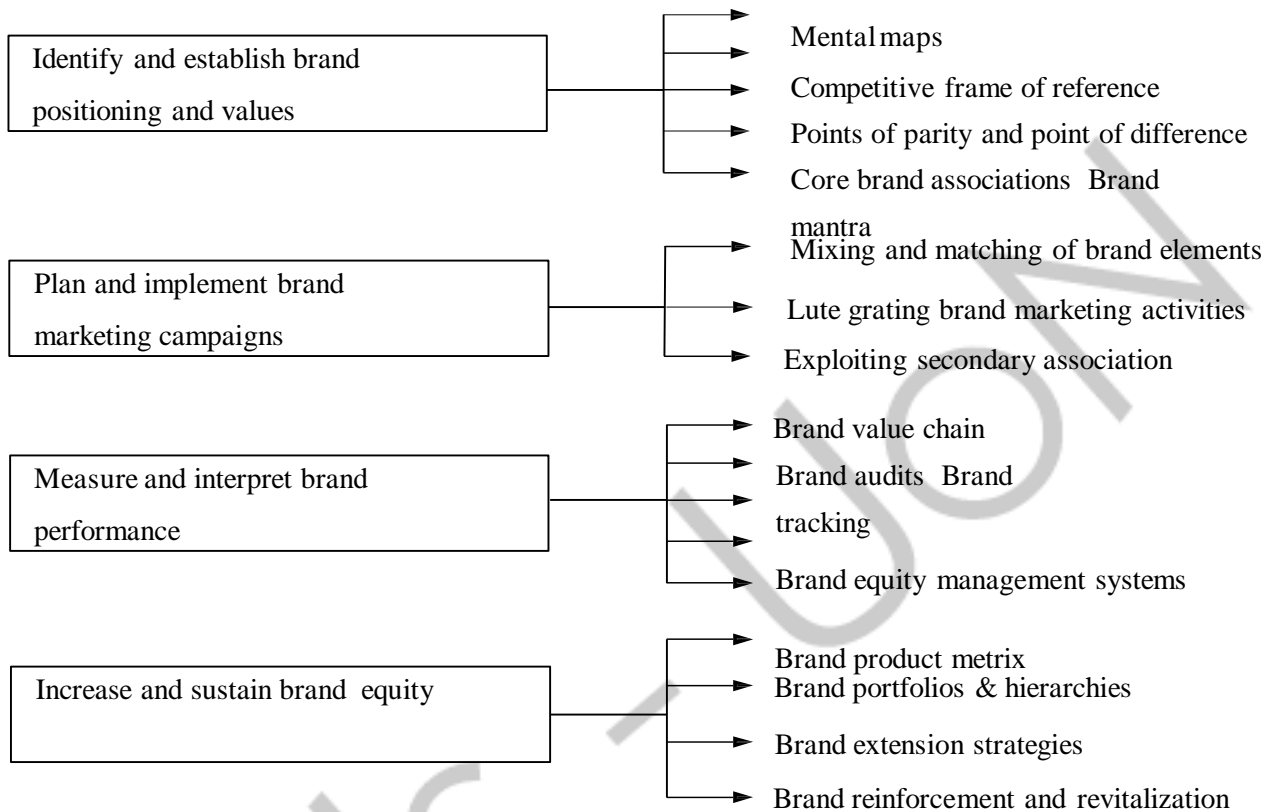
Strategic brand management involves the design and implementation of marketing activities to build, measure and manage brand equity.

FOUR STEPS

1. Identification and establishment of brand positioning.
2. Plan and implement brand marketing campaigns.
3. Measure and interpret brand performance.
4. Growing and sustaining brand equity.

Steps

Concepts



INTEGRATION OF MARKETING COMMUNICATION IN BUILDING BRAND EQUITY

- € Marketing communications are means by which seed firms utilize to inform, persuade, remind farmers and other stakeholders, directly or indirectly about brands that they are selling.
- € Marketing is the voice of brands and a means by which the brand can establish a dialogue and build relationships with farmers (consumers)
- € Marketing communication can contribute to brand equity by creating awareness of brand; linking points of parity and points of difference associations to the brand in consumers' memory; eliciting positive brand judgments or feelings and establishing a stronger consumer brand connection and brand resonance.

Marketing communications media options

- Media advertising – TV, Radio, News Paper, Magazines.
- Direct response advertising – Mail, Telephone.
- Broadcast media – Print media, computer related, and media related.
- Online advertising – Websites, interactive.
- Place advertising – Billboards & posters, Cinema, Airlines, Product placement, point of sale, point of sale.
- Point of sale advertising – shelf displays, shopping trolleys.
- Trade promotion - Trade deals & buyer allowances, point of display allowances; trade shows, point of sale allowances, cooperative advertising.
- Consumer promotions – Samples, coupons, premiums, refund rebates, contests, bonus packs, contests & sweepstakes.
- Event marketing and sponsorship – Sport, arts, entertainment, tours and festivals, cause – related.
- Publicity and public relations.
- Personal selling.

- By Aline O'Connor

Contents

1. Marketing and Sales Overview
 2. Key Things to Understand About Your Customers
 3. Elements of a Successful Sales Collection Process
 4. Marketing and Distribution Calendars
 5. Conversion Funnel
 6. Business Economics - Illustrative
-

Marketing and Sales Overview

Aline O'Connor

Consultant, Agri Experience Limited

SEMIs

What are you marketing and selling?

SEMS - UON

Agenda

1. What is marketing?
 2. What is selling and how does it differ from marketing?
 3. What are the key elements of marketing?
-

“Marketing is the strategies and tactics used to create and maintain satisfying relationships with customers that result in value for both the customer and the marketer.”

From the Web site www.knowthis.com

SEMIS - UON

An even simpler way to look at marketing is to think of it as ***working to solve customers' problems*** and doing it ***profitably for both the customer and the firm supplying the product***. That is, both the company and the customer benefit from the solution.

Business should always be about customers and solving their problems. If you and your team always keep this in mind as you build your business, you will be on the road to creating a very successful seed company.

The 5 P's of Marketing

- ✓ Product
- ✓ Packaging
- ✓ Pricing
- ✓ Promotion
- ✓ Place

These are called your “marketing mix”

Marketing activities are planned and implemented year-round, to meet a strategic schedule.

Most of them will be implemented prior to the onset of the selling season.

Marketing decisions must be made with a strong knowledge of the competition, customer needs and desires, and product value.

Agenda

1. What is marketing?
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Selling vs Marketing

Selling is the process of initiating and completing a sales and purchase transaction between the company and a customer.

Selling can include “pre-selling” activities, which differ from marketing activities because they are targeted towards specific customers, with the goal of later completing a successful transaction.

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Selling decisions must be made with a strong knowledge of the competition, distributor needs and desires, and product availability and profitability.

Selling Activities

Include, but are not limited to:

- Sales calls and visits
 - Taking orders
 - Designing and using sales reports and record-keeping systems
 - Ensuring product distribution
 - Collecting the revenue
 - Developing and maintaining relationships with agrodealers and other distributors
 - Dealing with customer and distributor complaints
-

Toolbox Marketing Tools

SECTION 2: YOUR CUSTOMERS

17. HOW TO PROFILE AND TARGET CUSTOMERS
 18. KEY THINGS TO UNDERSTAND ABOUT YOUR CUSTOMERS
 19. MARKETING: WHAT IT IS AND WHY YOU NEED IT
 20. THE VALUE OF VISUAL REFERENCES
 21. SET UP A GOOD DEMONSTRATION PLOT
 22. PLAN A SUCCESSFUL FIELD DAY
 23. PROMOTIONAL BROCHURES THAT SELL
 24. RADIO ADVERTISING: WORTH IT OR NOT?
 25. DISTRIBUTION PLANNING TIPS AND TOOLS
 26. VITAL SALES TRACKING TOOLS
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The 5 P's of Marketing

- ✓ Product
- ✓ Packaging
- ✓ Pricing
- ✓ Promotion
- ✓ Place

These are called your “marketing mix”

And a 6th P for seed companies!

- ✓ Positioning!
- ✓ (and some companies like to add People)

SEMS - UON

Marketing and Sales Concepts

1. Brand
2. Brand promise
3. Value
4. Target customer
5. Customer loyalty
6. Trust



Marketing and Sales Overview

Aline O'Connor
Consultant, Agri Experience Limited

SEMIs



What are you marketing and selling?

Seed, but in reality much more than seed. You are really selling much more. You are selling:

SEWMS - UON



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From the Web site www.knowthis.com

SEMINARS - BOOKS



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Business should always be about customers and solving their problems. If you and your team always keep this in mind as you build your business, you will be on the road to creating a very successful seed company.



The 4 (5 or 6!) P's of Marketing

- ✓ Product
- ✓ Packaging
- ✓ Pricing
- ✓ Promotion
- ✓ Place

These are called your “marketing mix”



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The 4 (5 or 6!) P's of Marketing

- ✓ Product
- ✓ Packaging
- ✓ Pricing
- ✓ Promotion
- ✓ Place

These are called your “marketing mix”



And a 6th P for seed companies!

✓ Positioning!

Seed performance is highly dependent upon geographic or agroecology positioning

“GOOD SEED IN THE WRONG PLACE IS NO LONGER GOOD SEED”



Marketing and Sales Concepts

1. Brand
2. Brand promise
3. Value
4. Target customer
5. Customer loyalty
6. Trust



TRUTHFUL LABEL

Physical Purity : 98% (Min)	Kind : BEET ROOT
Genetic Purity : 95% (Min)	Variety : BIKORES
Germination : 70% (Min)	Date of Testing : 03' APR - 2009
Net Wt. : 250g.	Date of Packing : 10' APR - 2009
Lot No : 84274	Date of Expiry : 02' DEC - 2009
Label No : 8001533	Max. Retail Price : Rs. 360/- (inclusive of all taxes)

Caution : Treated with poison..(Thiram)
Do not use for food, feed & oil purpose.



PRODUCED & MARKETED BY
bejo sheetal seeds pvt. Ltd.

Customer care no. 02482-244000
email id bejosheetalsales@gmail.com

Date of packing :

Valid up to :

Max. Retail Price Rs. :
(Inclusive of all taxes)

Produced & Marketed by:
Bejo Sheetal Seeds Pvt. Ltd.

P. O. Box 77, Bejo Sheetal Corner,
Mantha Road, JALNA - 431 203 (INDIA)



Tel.: +226 70 00 06 96 • Email: jonasyogo@yahoo.fr • BURKINA FASO

SEMENCE CERTIFIEE

Espèce :

Variété :

Catégorie : R1

Lot n° :

Cycle :

Date du test :

Germination : $\geq 90\%$

Humidité : $\leq 12\%$

Pureté : $\geq 98\%$

Validité :

Poids (KG) :

**Attention : Produit traité à ne pas consommer
ni donner aux animaux**

New, post-training, seed bag label for
Burkina Faso seed company





FASO KABA

PRODUCTION DE SEMENCES

Espèce : **RIZ** / Variété : **NERICA4**

Date de semis : **2.4/06** / Cycle : **100J**
08

Tél : **220 06 79 / 628 24 76**







SEA





SALEABLE SEED
IN PACKAGE

87%



13%



CRACKED
11%



VIAble
23%



INSECT
13%



Abnormal
5%



DISEASED
42%
HEATED

DISCARD
SEED

NAFASO INEMA AGRICOLE DU FASO - IATE
Burkina Faso **INERA**

PRODUCTION DE SEMENCES DE BASE DE RIZ
CAMPAGNE 2009 / 2010
VARIETES : FKR 43;45 N; 47 N; 49 N
SITE DE SAMANDENI







Société AGRO-PRODUCTIONS
Parcelle No : 2
Superficie : 4 ha
culture : MAÏS
Variété : MASSANGA
cycle : 30-105 J
Date de Semis : 31/7/09





Milraz®

Answering your questions about Folate Issues

Introducing...

COLE PEAS

Col. Pea

DLC-1 Nuri for Sale

Farmphoska LIQUID FERTILIZER 12-10-7

Indup



SEA











14-7-2008 FIPS AFRICA FOOD CROP PRODUCTION
 BASELINE SURVEY, MEMBERS FROM EMATI BIRD AREA
 HOST FARMER
 WILLIAM O. WASHIPURE
 TEL 0724124888

	Distances Region	CASSAVA	POTATOES	MAIZE	GROUND NUTS	CON PEAS	BEANS	Sorghum	PIGFEED PEAS	SOY A Beans
1. WILLIAM WASHIPURE	✓	50	100	9kg	4kg	1kg	4kg	1kg	4kg	4kg
2. ESAN OMUKUNDA	✓	100	100	20kg	1kg	1kg	6kg	1kg	6kg	2kg
3. FRANCIS A. AMBUKO	✓	50	50	2kg	1kg	1kg	2kg	1kg	2kg	2kg
4. WILCLIFE AMAKOBE	✓	400	200	20kg	6kg	2kg	8kg	1kg	8kg	8kg
5. JOSEPH LUMUMBA	✓	100	100	6kg	2kg	2kg	2kg	1kg	2kg	2kg
6. ELIZABETH AMAMETE	✓	50	50	5kg	4kg	1kg	4kg	1kg	4kg	4kg
7. MOSES OMUKUNDA	✓	20	20	2kg	1kg	1kg	2kg	1kg	2kg	2kg
8. ALFANO WANZY	✓	20	10	5kg	2kg	1kg	8kg	1kg	8kg	1kg
9. PAUL NAMUKALO	✓	30	40	2kg	2kg	1kg	2kg	1kg	2kg	1kg
10. PETER LUCHERA	✓	50	50	2kg	2kg	1kg	3kg	1kg	3kg	2kg
11. ROSEMARY NIVIS	✓	50	50	2kg	1kg	1kg	4kg	1kg	4kg	3kg
12. LORNA ONGERI	✓	50	50	2kg	1kg	1kg	4kg	1kg	4kg	3kg
13. EVELINE OMUKAKO	✓	50	50	2kg	4kg	1kg	8kg	1kg	8kg	4kg
14. ALICE KIWANI	✓	50	50	2kg	4kg	1kg	8kg	1kg	8kg	4kg
15. MARY MAKOKHA	✓	50	50	2kg	4kg	1kg	2kg	1kg	2kg	1kg
16. MARGRETI ATUMBA	✓	20	20	2kg	1kg	1kg	2kg	1kg	2kg	1kg
17. HASAN MULEWA	✓	20	20	5kg	2kg	1kg	2kg	1kg	2kg	1kg
18. NATHAN MAKACHA	✓	20	20	6kg	2kg	1kg	2kg	1kg	2kg	2kg
19. RUTH AMIETA	✓	10	10	6kg	1kg	1kg	2kg	1kg	2kg	3kg
20. LEONIDA OMUKHUYU	✓	50	50	8kg	1kg	1kg	2kg	1kg	2kg	1kg
21. EVELINE ONGOMA	✓	100	100	8kg	10kg	1kg	1kg	1kg	1kg	1kg
22. GLADYS ASEKA	✓	50	50	2kg	8kg	1kg	6kg	1kg	6kg	1kg
23. RODA NABANJI	✓	50	50	2kg	4kg	1kg	4kg	1kg	4kg	1kg
24. RODA WANENGYA	✓	30	30	2kg	5kg	1kg	3kg	1kg	3kg	2kg
25. ROSE BONYANGA	✓	20	20	4kg	3kg	3kg	2kg	1kg	2kg	1kg
26. SELA WESA	✓	20	20	4kg	2kg	1kg	2kg	1kg	2kg	3kg
27. ALBERTINAMUKO	✓	40	40	2kg	1kg	1kg	2kg	1kg	2kg	4kg
28. ISAK SHISAMBA	✓	20	20	2kg	1kg	1kg	2kg	1kg	2kg	4kg
29. THOMAS OMUSULA	✓	50	50	2kg	2kg	2kg	2kg	1kg	2kg	2kg
30. SAMUEL ANDIKA	✓	20	20	8kg	4kg	1kg	2kg	1kg	2kg	1kg
31. JOYCE ABIKON	✓	20	20	8kg	6kg	1kg	2kg	1kg	2kg	2kg
32. SKLOME MBATI	✓	20	20	8kg	8kg	1kg	2kg	1kg	2kg	2kg

SEA







New smallpack/truckbed seed marketing approach, market day, Kenya





Key Things to Understand About Your Customers

Aline O'Connor

SEMs Marketing Module

Can you be a successful company
without understanding your
customers?

SEMS -

Can you be a successful company without understanding your customers?

Apple Computers

Cell phone companies in Africa

Exactly WHO is the customer for improved seed?

SEMS - UO

Exactly WHO is the customer for improved seed?

Government?

Global Organizations, e.g. FAO?

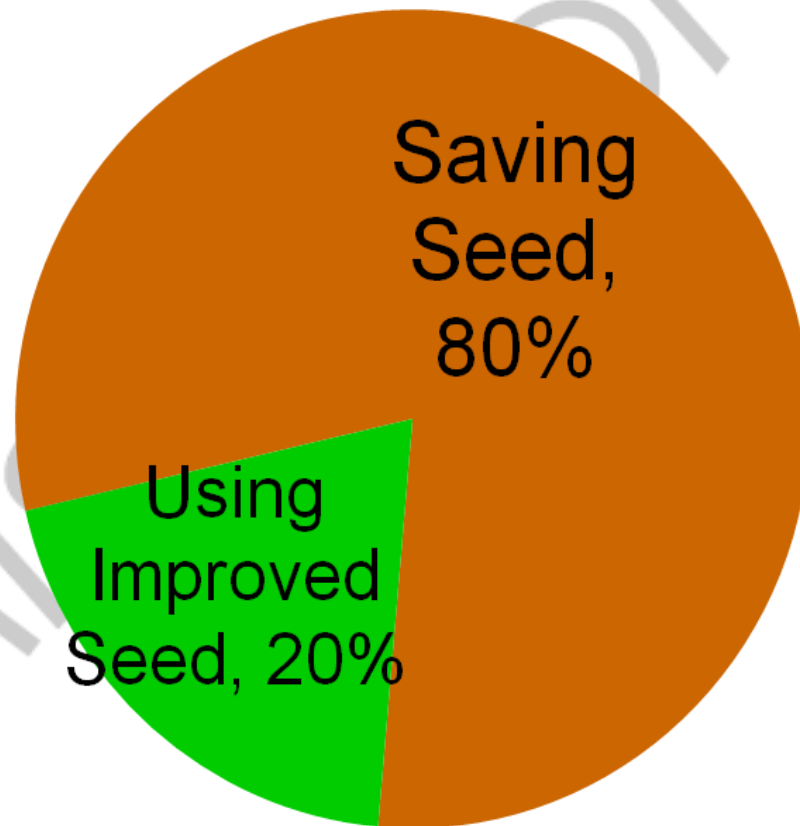
NGOs?

Agrodealers?

“Seed-Only” Dealers?

Farmers?

Estimated Usage of Improved Seed In SSA (excluding RSA)



CUSTOMER

"A customer is the most important visitor on our Premises. He is not dependent on us. We are dependent on him. He is not an interruption on work, he is the purpose of it. He is not an outsider on our business, but he is a part of it. We are not doing him a favour by serving him, he is doing a favour by giving us an opportunity to do so.



Mahatma Gandhi

PROJECTS & SERV



Design, Supply &

Greenhouse

Irrigation

1. TRUST

Trust is the most critical element of a farmer's relationship with a seed company.



2. CONVENIENCE

The convenience of making the purchase is a big factor for customers.

What determines convenience?

3. RELIABILITY

From season to season, customers want their supplier to be reliable and consistent. They will be loyal to those brands that become reliable suppliers of high-quality seed.

What do farmers do if they do not have a reliable source of supply?

How do NGOs fit into this picture?

4. FAIR DEAL

Customers want a fair deal. They do not want to feel like they are being overcharged, nor do they want to hear that another farmer got a better deal than they did.

14-7-2008 FIRS AFRICA FOOD CROP PRODUCTION
 HOST FARMER
 WILLIAM O. WASHIPORO
 TEL 0724124888

RESERVE SURVEY MEMBERS FROM EMATURARA ARE

	SEEDING	CASSAVA	POTATOES	MAIZE	GROUND NUTS	CON PEAS	BEANS	SOYBEANS	PEAS	500g
1. WILLIAM WASHIPORO	V	50	100	4kg	4kg	4kg	4kg	4kg	4kg	4kg
2. ELAH OMUKUNDA	V	50	100	2kg	1kg	1kg	6kg	2kg	2kg	2kg
3. FRANCIS A. AMBOKO	V	50	50	2kg	1kg	1kg	6kg	2kg	2kg	2kg
4. WILCLIFE AMBOKO	V	50	50	2kg	1kg	1kg	6kg	2kg	2kg	2kg
5. JOSEPH AMBOKO	V	50	50	2kg	1kg	1kg	6kg	2kg	2kg	2kg
6. ELIZABETH LUMUMBO	V	400	200	2kg	6kg	2kg	2kg	2kg	2kg	2kg
7. MOSES AMUMETE	V	100	100	6kg	2kg	1kg	4kg	2kg	2kg	2kg
8. MOSES OMULINDO	V	50	50	5kg	4kg	2kg	2kg	2kg	2kg	2kg
9. ALFARO WANZY	V	20	20	2kg	1kg	1kg	2kg	2kg	2kg	2kg
10. PAUL NAMWALO	V	20	10	5kg	2kg	2kg	2kg	2kg	2kg	2kg
11. PETER LUCHERA	V	30	40	2kg	2kg	2kg	2kg	2kg	2kg	2kg
12. ROSEMARY NIVIS	V	50	50	2kg	2kg	1kg	3kg	2kg	2kg	2kg
13. LORNA ONGIERI	V	50	50	2kg	1kg	2kg	4kg	2kg	2kg	2kg
14. EVELINE OMUHAKO	V	50	50	2kg	1kg	2kg	4kg	2kg	2kg	2kg
15. ALICE KIWANI	V	50	50	2kg	4kg	2kg	2kg	2kg	2kg	2kg
16. MARY MAKOKHA	V	50	50	2kg	4kg	2kg	2kg	2kg	2kg	2kg
17. MARGRET ATUMA	V	20	20	2kg	1kg	2kg	2kg	2kg	2kg	2kg
18. HASAN MULEWA	V	20	20	5kg	2kg	2kg	2kg	2kg	2kg	2kg
19. NATHAN MAKACHA	V	10	10	6kg	1kg	2kg	2kg	2kg	2kg	2kg
20. RUTH AMIETA	V	50	50	8kg	1kg	1kg	2kg	2kg	2kg	2kg
21. LEONIDA OMUKHUU	V	100	100	8kg	10kg	1kg	1kg	2kg	2kg	2kg
22. EVELINE ONGOMA	V	50	50	2kg	2kg	1kg	10kg	2kg	2kg	2kg
23. GLANDR ASEKA	V	50	50	2kg	8kg	1kg	6kg	2kg	2kg	2kg
24. RODA NZABANTI	V	50	50	2kg	4kg	1kg	4kg	2kg	2kg	2kg
25. RODA WANBUKA	V	30	30	2kg	5kg	1kg	3kg	2kg	2kg	2kg
26. ROSE BANYASA	V	20	20	4kg	3kg	3kg	2kg	2kg	2kg	2kg
27. SELA WESA	V	20	20	4kg	2kg	2kg	2kg	2kg	2kg	2kg
28. ALBERINA MWILO	V	40	40	2kg	1kg	2kg	2kg	2kg	2kg	2kg
29. ISACK SHISAMBA	V	20	20	2kg	1kg	1kg	2kg	2kg	2kg	2kg
30. SIMON OMUSHA	V	50	50	2kg	2kg	2kg	2kg	2kg	2kg	2kg
31. SAMUEL ANDIKA	V	20	20	8kg	4kg	2kg	2kg	2kg	2kg	2kg
32. JOICE ABIGON	V	20	20	8kg	6kg	2kg	2kg	2kg	2kg	2kg
33. SALOME MBATI	V	20	20	8kg	8kg	1kg	2kg	2kg	2kg	2kg

5. PURCHASING PATTERN

Customers can be characterized by their purchasing patterns. For example:

- Do your customers want to buy all their seed at once, in one large package?
- Or do they prefer to make several smaller purchases?
- How will they transport the seed, and how does your packaging size relate to this?

6. FARMERS ARE VISUAL!

Farmers are extremely VISUAL! Your marketing efforts will improve significantly if you always add strong visual elements to any interaction you have with farmers. (See tool #20, the Value of Visual References.)



7. APPRECIATION

Appreciation is the forgotten element in most customer relationships. Customers have choices, so good companies demonstrate their appreciation to loyal customers, especially if they are satisfied and spread good news about your company. Don't take them for granted!

8. EDUCATION

You are the seed expert. Your customers both need and expect good education from you. Whether it is a talk at a field day or thoughtful instructions on your bag, education is important to your customers.



9. CONSERVATIVE NATURE

Farmers are conservative risk managers. They will probably want to see your product perform for at least one season and possibly two before trying it for themselves. Keep this in mind in setting up both your demos and your expansion plans.



10. WORD OF MOUTH

If a farmer has a good experience with your seed, most likely he or she will tell approximately 10 people. But if that same farmer has a bad experience with your seed, he or she will likely tell 50 people! This is just human nature, but it is a great incentive to pay attention to quality.

11. SMART!

Farmers make
smart decisions!



The more successful you are at looking at the seed purchasing decision through their eyes, the more you will be able to understand how to educate them and market to them.

Let's Get Practical!

- How do you come to understand your customers?
 - Market Analysis?
 - Formal Data Surveys?
 - What Your Family Tells You?
 - Anecdotes?
 - Staying Close To Your Customer?

Let's Get Practical!

Given what you now understand about customers, what kind of company do you want to be? What actions must you take?

Trustworthy?

Reliable and consistent?

Understanding?

Visual?

“Opportunities are usually disguised as hard work, so most people don’t recognize them.”

Ann Landers

Elements of a Successful Sales Collection Process

Aline O'Connor

SEMIs Marketing Module

Seed Marketing Notes By Aline

- Business Economics – Illustrative
- Marketing and Distribution Calendars
- Collection Process

SEMINIS - UOJ

Key Elements of a Good Collections Process:

1. Accurate, timely record-keeping
2. Clear, advance communication of expectations *and company policy, including credit limits*
3. Disciplined follow-up by the seed company

Tool # 29, Section 2

Additional Terms to Know and Use

- Credit limit
- Aging of accounts
- Credit watch list
- Credit review

Looking at real numbers

SEMI's Student Seed Co (SSS Co) distributes seed worth the following in 2012:

Rice seed	\$290,000 USD
Sorghum seed	\$ 75,000 USD
Millet seed	\$ 42,000 USD
Maize seed	\$173,000 USD

5% of the seed is returned after the planting season.

Dealer A does not pay for 11,000, Dealer E does not pay for 24,000, Dealer G does not pay for 5,000, and Dealers K, M and P do not pay for 1,000 each.

What is the uncollected accounts ratio?

Looking at real numbers

One of SSS Co's biggest distributors is Alice's Agrodealer Shop (AA). SSS Co's assigned credit limit to AA is \$4,000 USD.

Seed sales are brisk. At the beginning of each week, AA restocks with \$2,000 USD of seed from SSS Co. She makes payments as follows:

Day 9 after delivery	\$1,000
Day 16 after delivery	\$1,200
Day 25 after delivery	\$800

Did Alice's Agrodealer Shop exceed her credit limit? If so, when?

Looking at real numbers

	<u>Entries</u>	<u>Cumulative Total</u>
Day 1 delivery	(\$2,000)	(\$2,000)
Day 8 delivery	(\$2,000)	(\$4,000)
Day 9 payment	\$1,000	(\$3,000)
Day 14 delivery	(\$2,000)	(\$5,000)
Day 16 payment	\$1,200	(\$3,800)
Day 21 delivery	(\$2,000)	(\$5,800)
Day 25 payment	\$800	(\$5,000)
Day 29 delivery	(\$2,000)	(\$7,000)

Looking at real numbers

At the end of the calendar year, SSS Co is owed \$42,000 USD

\$14,000 has been owed for the last year

\$ 7,000 has been owed for 6 months

\$21,000 has been owed for 3 months

What is the average age of SSS Co's receivables?

Looking at real numbers

At the end of the calendar year, SSS Co is owed \$42,000 USD

\$14,000 has been owed for the last year

\$ 7,000 has been owed for 6 months

\$21,000 has been owed for 3 months

What is the average age of SSS Co's receivables?

$$(14,000 * 12 + 7,000 * 6 + 21,000 * 3) / 42,000 =$$

6.5 months

This is called Aging of Accounts Receivable

Looking at real numbers

In prior years, AA has always paid about 1 month after the seed is delivered. This year AA has been selling seed very well, but after several months the bookkeeper notices that payments are much slower than usual.

What should the GM do?

**A
CUSTOMER
IS MY
BOSS,
BUT PAY
ME FAST**



Association

- Not engage in an association. Exp engaged in ill practice
- Never ask for o
- Promote the pr
- Treat all memb access to men political affiliat
- Preserve the independent political affiliat

Premises

- Separate prem from the anim
- Use a recom

SECRET

How do YOU collect money?

SEMS - UON

Marketing and Distribution Calendars

SEMI's Marketing Module

Aline O'Connor

Example: Marketing and Distribution Main Calendar

Mar & Apr	May	June & July	Aug & Sept	Oct
<ul style="list-style-type: none"> •Select demo sites •Review sales plans w/agrodealers (ADs) •Ship product to ADs •Deliver marketing materials to ADs 	<p>(Planting season)</p> <ul style="list-style-type: none"> •Regularly review stock requests with ADs •Manage inventory •Restock key ADs •Monitor credit and payments •Oversee demo planting 	<ul style="list-style-type: none"> •Monitor demos; coach demo farmers •Contact ADs re: leftover stock •Collect leftover stock (if it is your practice) •Collect feedback from ADs •Plan for field day activities 	<ul style="list-style-type: none"> •Hold field day activities •Monitor customer perceptions (germination, etc.) •Meet with key ADs to review their sales season •Collect all monies from ADs •Hold some field days 	<p>(Harvest season)</p> <ul style="list-style-type: none"> •Hold more field days •Take photos of customers with crops for use next year •Collect customer feedback

Example: Marketing and Distribution Main Calendar

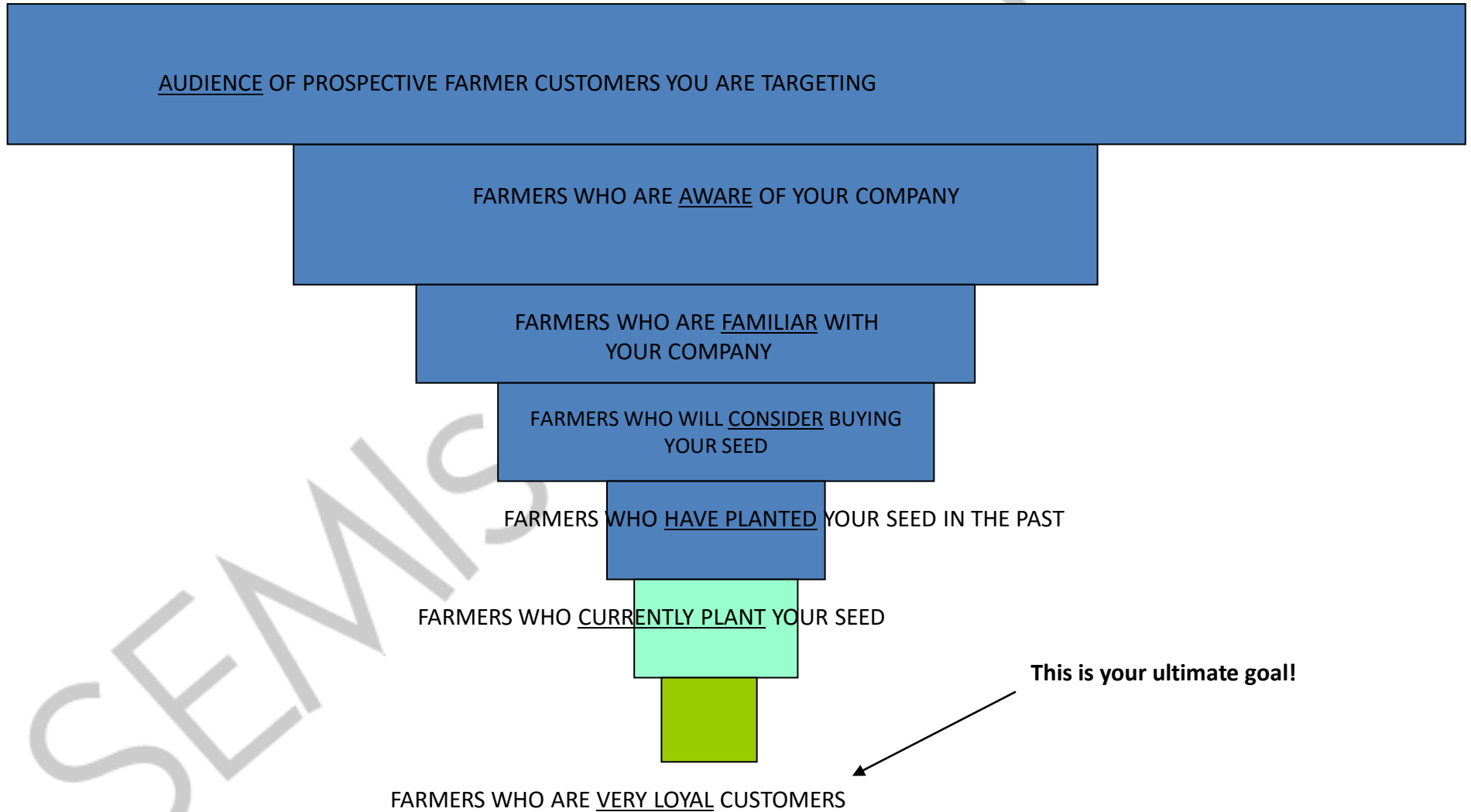
Oct	Nov & Dec	Jan & Feb	
<p>(Harvest season)</p> <ul style="list-style-type: none">•Hold more field days•Take photos of customers with crops for use next year•Collect customer feedback•Radio testimonials, “expert” radio programs	<ul style="list-style-type: none">•Hold post-season planning meeting (review what worked, what didn’t work)•Develop appreciation plans•Hold customer feedback meetings (ADs and farmers)•Develop input for production department	<ul style="list-style-type: none">•Develop marketing plan for coming year•Develop marketing materials for next year•Review AD performance•Determine distribution goals and plans for coming year•Review staffing needs, hire if necessary	

Example: Sub-Plan (or Detailed Plan)

Field Day Detailed Plan

Task	Date	Comment	Person
Select site	Xx/xx	Improve on last year	EA
Lay out site, identify farmers,	Xx/xx	Mr. Mapani would be good	EA
Select date(s)	Xx/xx	Two days, back to back	EA
Identify “what you want to prove to farmers who attend”	Xx/xx	Include Duma, Pannar, landrace. Treat all entries equally. Taste, poundability, storage demos.	EA and RK
Identify groups to attend	Xx/xx	Invite 700 to get 600	RK
Plan publicity campaign	Xx/xx	Send notices, tape testimonials	MW
Plan program for the day	Xx/xx	Review feedback from last year	EA
Select technical support guests and entertainers	Xx/xx	Invite local extension team, NARS breeders, fertilizer specialist	RK
Invite groups	Xx/xx	Track responses	RK
Notify press & radio, ETC	Xx/xx	Invite, and deliver press releases	MW

Farmer Conversion Funnel



Business Economics -- Illustrative

	Company		
	A	B	C
Total Sales Revenue	100%	100%	100%
Cost of Goods Sold	43%	51%	64%
Selling Expense	22%	18%	16%
Research & Dev'ment	8%	13%	4%
Gen'l & Administrative	<u>7%</u>	<u>8%</u>	<u>17%</u>
Operating Income	20%	10%	-1%

- By Dr. Rose A. Nyikal

Contents

1. Approaches In Analyzing The Marketing Sector
2. Key Characteristics Of Firms That Attract And/Or Retain Customers



SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIs)

Approaches in analyzing the marketing
sector

Dr R A Nyikal



The concept of *marketing* revisited



The process of **profitably** bringing goods and services from **producers to consumers**, in the **right form**, and at the right **time** and **place**:

- * Seed, not seed-like, in the right packaging, volume and weight, where consumers easily have access, when needed



Three approaches in analyzing the marketing sector



- * The functional approach: basic activities to be performed
- * The systems or behavioral and institutional approach: number and kind of firms that perform the tasks (structure of the system: interrelations)
- * Commodity approach: functions and systems with respect to a particular commodity



Why the analysis?



For a *sustainable* and *competitive* business, it is necessary to analyze the marketing sector of the national (sometimes regional or county) economy



Functional approach



A marketing function is a fundamental or basic physical process or service required to give a product the **form, time, place and possession utility** consumers desire (Branson and Norvell 1983)

Utility: ability for a commodity to satisfy a need; its usefulness to the consumer



Functional approach (contd.)



Form utility

- * Maize produced for food (flour) to be used as seed?
- * 50kg package for a farmer with 1 ha, when the seed rate is 25kg per ha?

Place utility

- * The seed in EA Seed and Simlaws Seed Company shops along Kijabe Street, Nairobi, for use in Kisumu (350Km away)?



Functional approach (contd.)



Time utility

- * Seed available after onset of rains in SSA which majorly depends on rain-fed agriculture?

Possession utility

- * Seed is not a capital item to lend out ; ownership has to be transferred for it to be used

Various functions, *basic* and *facilitating*, must be performed at least once in the system, to create utility



Functional approach (contd.)



Basic functions of marketing (discuss wrt seed):

- * Assembling, grading and storing raw materials
- * Processing raw materials into finished products, and packaging the processed products
- * Storing processed products
- * Distributing products to wholesalers, retailers and consumers
- * Transporting products and commodities

Which utility does each create?



Functional approach (contd.)



Facilitating functions, for advanced societies

- * Market research: firms to keep abreast of consumer needs
- * Product research and development: improve existing and create new ones
- * Development of demand; for high output at lower costs
- * Exchange services: price and the process (who)
- * Finance and risk bearing: possession utility
- * Market information: to improve buying, selling and other decisions

Note: NOT without cost; cost could be spread in large firms



Systems approach



Qns:

- * What kind of firms provide the functions just described?
- * How are the firms organized within the industry?

Ans:

A marketing system: the sequential set of types or kinds of firms through which a product passes during the marketing process

- * Some systems are short and simple while some are long and complex (cf. the chain speech concert)



Systems approach (contd.)



Factors that determine the particular system (of seed marketing)
(Branson & Norvell)

- * The number of marketing functions required, and to what extent each can be specialized or combined with others, and performed at lower cost as separate business
- * The degree of concentration of raw materials
- * The degree of dispersion of buyers and their location



Systems approach (contd.)



- * Historical or institutional developments within an industry (maize – Kitale)
- * Control by one or a few companies under patented process
- * Stage of economic development
- * Two or three examples from participants on their countries' seed systems



Seed Marketing Notes By Dr.Nyikal



- * **Commodity approach**
- * **Key characteristics of firms that attract and/or retain customers**



Commodity approach



Factors affecting individual commodity systems:

- * The extent to which internal economies of size exist
- * The degree to which a commodity can be differentiated as to quality or appearance
- * Spatial isolation of producing areas
- * The degree to which a product may be changed in form during processing: product differentiation, brand identification, and emergence of firms



Commodity approach (contd.)

- * Volatile high price risks: vertical integration
- * The presence or lack of restraints on innovative organization and technology: some governments prohibit vertical integration
- * Non-governmental institutional forces
- * Technical innovations



Question



Which approach is desirable for seed marketing?





SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIs)

Key characteristics of firms that attract
and/or retain customers

Dr R A Nyikal



The business goal



Maximizing the long-term profits of a firm by profitably satisfying customer needs is central to a business success

The **firm** should present the **product** to **customers** in a way that **attracts** them and inspires them to **come back**



The business phenomenon



Recall “the concept of marketing”

The business would like to meet customer satisfaction as it generates profit. Three important elements in this are:

- * The product: what the customer wants is available, and the four types of utility
- * The customer: changing tastes and preferences in a dynamic world
- * **The firm:** and customer relationships



The business phenomenon (contd.)



The **firm** has to handle the product and the customers in a way to attract and / or retain the customers

- * The product: form, time, place and possession utility
- * The customer: profile, target and understand



Customer expectations



- * Trust, convenience, reliability and consistence, fairness, known purchasing pattern, VISUAL, appreciation, knowledge of the product and others, risk aversion (do own trials), quality, and farmers make smart decisions



The business phenomenon (contd.)



- * Some seven key characteristics of firms have been identified, that harmonize the firm, the product and the customer



Seven Key Characteristics of firms

- * Location
- * Appearance
- * Prices
- * Knowledge of the product
- * complementary and other products
- * Interaction / communication
- * Information: advertising



Location of a firm



- * Demographic area: exhibiting socioeconomic factors like age, sex, education level, income levels, religion, birth and death rates, occupation, family size, ...
- * Exact location, layout, size, right or left of street, neighbors, traffic jams



Appearance



- * First impression is a lasting one
- * Great prices but with unsightly premises are likely to discourage clients
- * The product should also be presentable (i.e. not in dirty packaging that has seen better days)



Prices



- * Profit is necessary for staying afloat, but competitiveness with respect to businesses of the same kind is also important
- * Price is a determinant of revenue in two different opposing ways:
 - revenue = price x quantity
 - when prices rise, demand falls for many commodities (elasticity)



Prices (contd.)



- * The price must be fair for both the seller and the buyer



Knowledge of the product



- * Employees need to have complete knowledge of the product(s) offered; take into account the utility aspects of the products also
- * Wrong information?
- * Come back tomorrow for information?



Complementary and other products



- * One -top shop is preferred
- * Find out what else shopper of seeds would normally take



Interaction / communication



- * Avoid rudeness and callousness when serving customers
- * Make suggestions without being overbearing (possible only with knowledge of the products)
- * Learn changing customer needs and wants



Advertising / information



- * In the right places
- * In different ways: newspapers, coupons, word of mouth (this can be devastating if things are wrong)
- * Two day sale



Key Thoughts



- * Does the customer need the product?
- * Does the customer like the product?
- * Can the customer afford the product?
- * Does the customer have access to the product?



The firm's Strategy



- * Match the customer and the product
- * Understand and compete with competition

The firm needs just these to attract and / or retain customers



Parting shots



- * A bird in hand is worth two in the bush (it is easier to sell to existing clients than to brand new ones)
- * Customer loyalty is earned; customers do not owe firms loyalty



☺ **Cheers!**



- By Dr. Owino Joseph

SEMS - UON

Contents

1. Choosing Agro-Dealers
2. Value of Visual References and Promotional Activities

SEED ENTERPRISE MANAGEMENT INSTITUTE

Choosing Agro-dealers

Presented By:

By

Dr. Owino Joseph

owinojoseph@gmail.com

Presentation Outline

- Introduction
- Marketing channel options
- Sources of seed available to farmers
- Selecting qualified dealers
- Establishment of dealership

Introduction

- The development of an orderly and responsive agro-supply dealer system within the private sector is crucial to the success of food security initiatives
- The dealer network is important in the marketing system especially in countries where farming is dominated (in terms of numbers) by small-scale producers
- In many developing countries, farm level education and extension activities are lacking and agro-dealers perform multiple roles including farmer education and, distribution and selling.
- In some cases, the roles extend to include financing/credit provision

Marketing Channel Options

- There are several options available to seed companies to deliver his products to the farmer/customer
- Seeds can either be delivered directly to customers (factory outlet shop); or they can establish and manage factory run agro-vets.
- The latter option can be expensive especially where the geographic scope of the market is vast
- Alternatively, the seed company can deliver their products indirectly through intermediaries such as wholesalers, farmer associations/cooperatives, or dealers/retailers or a combination of any of the three

Marketing Channel Options

- Seed companies may prefer to market their products through a network of intermediaries to reduce costs and improve accessibility of the products
- Intermediaries can better perform certain distribution and marketing functions and can provide local expertise, skill and experience in carrying out the services needed by the consumer
- The choice of an appropriate marketing channel is vital to the success of seed business since the channel would most likely be the only link between the manufacturer and the farmer

Marketing Channel Options

- While the marketing strategy of the supplier will have a major influence on the final choice of a marketing channel, the requirements of the market ultimately dictate the decision
- In countries where the majority of farming is performed by small-scale farmers, geographically dispersed with seasonal seed requirements of small lots, and where the farmers need farm-level education on improved crop production technology, the choice of a dealer type of marketing is appropriate
- Dealer network development is a decision requiring a long-term commitment

Marketing Channel Options

- In planning physical distribution a balance has to be struck between the need to provide good customer service and the need to minimize costs
- If a bag of seed does not get to the right place at the right time there is no sale and, as a consequence, the customer may be lost
- Farmers' demands are seasonal and they generally buy seed just before sowing time, rather than planning ahead, with the result that the transport and delivery system can be put under extreme pressure.

Marketing Channel Options

- Intermediate storage between the seed company's stores and the retailers will therefore need to be considered to make the system more responsive, but this will add to the cost
- Another approach is to encourage farmers to buy early so that stock can be moved to the dealers, thus easing the transport problem
- For this purpose a 'buy early' promotion campaign could be run.

Sources of seed available to farmers

1. Direct sales

The seed producer supplies the farmer directly from central seed stores and a network of his/her own supply points

2. farmer producers

farmers with seed production contracts are licensed to supply other farmers within their zone of influence

3. Cooperatives

cooperatives act as 'farmer producers' and/or as suppliers of inputs to members

Sources of seed available to farmers

4. farmer dealers

farmers act as dealers, supplying their neighbours; this can evolve into a highly developed system

5. commission agents

these work directly with the producer or his/her intermediaries, passing on orders from the farmers

6. Grain merchants

traders involved in the seed and grain business who are also licensed seed producers

Sources of seed available to farmers

7. *Crop buyers*

collectors and crop or commodity traders who provide a point of contact with farmers and can be used to market seed

8. *Retail store dealers*

town and village dealers who retail a range of agricultural inputs, with the larger operators possibly having sub-dealers

9. *Industrial processors*

processors interested in specific crops including oilseed crushers and vegetable canners, who may have an interest in supplying seed as part of a growing contract or integrated production system

Sources of seed available to farmers

10. Consumer outlets

garages, shops and supermarkets (are best suited to display small packets of seed)

11. Mail order

suitable for low volume high value products such as vegetables and flowers

Selecting Qualified Dealers

- Defining dealer selection and operating criteria for dealerships are first steps in establishing the dealer network
- The process must be carefully performed since the recruitment process is the core of the development program

Criteria for Dealer Selection

1. **Business experience:** involvement in business either as a profession or in actual business for at least 1 year
2. Adequate educational background
3. **Credit worthy:** good credit standing with financial institutions
4. **Full-time involvement:** willingness to devote full-time in dealership business
5. **Customer/stakeholder relations:** ability and willingness to maintain good relations with customers and other stakeholders
6. **Business capitalization:** sufficient capital for existing and potential business or anticipated market

Criteria for Dealer Selection

7. The size of the dealer's existing business in terms of volume and value, best selling products, customer profile, cash or credit sales
8. The dealer's general commercial activity rating based on the display of products and point of sale material, quality of service and level of customer contact
9. The number and quality of staff
10. Ownership, including details of partners or associates
11. Communications available, e.g. telephone and fax facilities

Criteria for Dealer Selection

12. **Store:** presentable store, strategically located and readily accessible
 13. **Storage/delivery facilities:** sufficient to handle the volume of business, especially during peak season
 14. **Product line:** complete line sufficient to supply the market requirement both for seed and applied products such as fertilizer, herbicides, pesticides etc.
 15. **Promotion/extension services:** perform agro-service activities for farm level education
- N/B: It is beneficial to assign a dealer a market area in which he is the principal supplier and responsible for its development. Secondly, targets must be set and agreed upon.**

Establishment of dealership

- A measure of dealer performance is necessary to determine effectiveness of requirements for improvement
- This requires formalized system for measuring performance followed by sustained training efforts and incentives
- Performance areas subjected to appraisal may cover: sales volume, market share, credit record, store presentation, extension services etc.

Finally, seed companies must create a culture that promotes building long lasting relations with dealers.

SEMS

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Thank you

SEED ENTERPRISE MANAGEMENT INSTITUTE

Value of Visual References and Promotional Activities

By

Dr. Owino Joseph

owinojoseph@gmail.com

0723625988

Presentation Outline

- Introduction
- Promotion planning
- Advertising
- Sales promotion
- Visual References

Introduction

- Resources invested in variety development and seed production will be wasted if farmers are not persuaded to use the improved varieties
- All promotional activities involve sending messages to the distributors and consumers in order to inform them about a company's products and help them to make their decision to buy a particular variety or brand of seed
- It is important to monitor how effective this communication is by ensuring feedback from both the dealers and the consumers

Introduction

● Such communication can be divided into two distinct types:

a) **Non-controllable methods**

- These are personal recommendations that reflect the consumers' overall perception of the product and service
- They are powerful messages and will influence buying decisions

Introduction

b) Controllable methods

- These are the marketing messages which are carefully designed and directed to achieve the objectives of an organization's promotional campaign
- Types of marketing messages which can be used include:
 - *advertisements*
messages sent via the media to inform and influence the farmer
 - *sales promotions*
specific techniques designed to increase sales of particular seeds

Introduction

- *personal selling*
the importance of salesmanship
- *publicity and public relations*
generalized communication which is designed to promote the company's image rather than that of specific seeds
- *extension*
taking the promotional activity out into the held

Promotion planning

- It should be recognized that educational and literacy standards will not always be high in rural communities
- The use of visual material will help to overcome some communication problems
- In all forms of communication, companies should always try to make the subject of seeds interesting and relevant to the consumer
- The communication and promotion process must be carefully thought out and the person responsible must be very clear about the aims and objectives and anticipated effect

Promotion Planning

- These should all be timed for maximum effect and designed to reinforce each other
- When introducing a new variety, expenditure will be higher as awareness must be created
- As timing is very important a calendar of key events should be drawn up indicating the involvement of all those working on the campaign
- Individual responsibilities must be clearly defined and activities involving other services, such as extension, well coordinated

1. Advertising

- A company may use an advertising agency in order to benefit from its specialist skills
- The assistance provided by an advertising agency may range from the production of a simple poster to a whole series of events and activities linked to a product campaign.
- There will usually be one person who acts as a focal point with the advertising agency and who would ideally become familiar with the client's business and market
- Printed or broadcast media can be used for advertising. It is important to select the most appropriate.

2. The published print media

- This includes newspapers, periodicals, magazines, trade and professional journals
- Some advantages of the printed media are that:
 - good coverage can be obtained and, by using the local press and specialist papers, accurate targeting can also be achieved;
 - it is relatively cheap and immediate;
 - complex messages can be given in print; these last and can be read again and again;
 - reply and cut-out coupons with an exchange value can be used to encourage farmers to request further information and buy the product.

3. Television

🌐 Advantages of television are:

- the impact will be greater as both sound, colour and movement can be used to convey the message;
- massive coverage can be achieved and some local targeting may be possible

🌐 Some disadvantages of television are:

- it can be very expensive and is only suitable for simple messages;
- the exposure time is short and the advertisement may miss the target audience

3. Television

- TV reception may be poor and if local targeting is not possible the message will not be relevant to many viewers;
- there may not be any related interest programmes that will be viewed by the target audience;
- in many countries farmers cannot afford television, although televisions are often available in clubs, bars and other public places.

4. *Radio.*

 Some advantages of radio are:

- good coverage is achieved; this is not confined to the home as people listen to the radio everywhere, including when they are working on the farm;
- it is relatively cheap to broadcast on radio compared to television and advertisements are easier to prepare;
- the incidence of local broadcasting, in local languages, is greater than with television

5. Cinema

- In rural locations where cinema is the main entertainment a high proportion of the audience will be involved in farming so this medium could be considered for advertising
- Advertising slides are not expensive to prepare and these can be shown during the show.

6. The outdoor media

- Outdoor media include posters, signs and advertising on transport, bus shelters, walls and buildings
- These forms of advertising can be used to increase the visibility of the company and its products
- Outdoor advertising may have considerable and lasting impact at a low cost if it is well situated and if there is not too much competition for the available space
- Exclusive arrangements can always be made for the use of space.

- In addition to commercial advertising, retailers should be supplied with signs and crop boards
- It is important that good sites are chosen which are highly visible and strategically placed to ensure maximum exposure

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7. Packaging design

- Packaging is a form of advertising
- Clear printing, the use of colour, brand or company logo and well reproduced photographs or images are all important components of design

Sales Promotion

- Sales promotion is the term given to describe a variety of techniques designed to encourage customers to buy
- They complement advertising and other promotional activities
- They are tactical devices that provide incentives to 'buy now', thus sales promotion is short-term whereas advertising is a longer term communications process
- The techniques used to achieve these short-term effects can be divided into either selling to the market channel or selling out of the marketing channel.

a) Selling to the marketing channel

- These are the techniques which, by providing incentives and support, enhance sales to the trade and encourage the distributors and dealers to stock the product. Examples include:
 - ***Dealer 'loaders'***: These are ways of encouraging dealers to build up their stocks in sufficient time, so that inadequate supplies and last-minute transport problems are avoided.

a) Selling to the marketing channel

- *Point-of-sale materials*: These are materials supplied by the seed company to the sale points to support sales of their product range. They are used to display and attract attention to the product range as well as to provide information. This form of sales support encourages the dealer to order stocks

a) Selling to the marketing channel

- **Dealer competitions:** *The* larger seed companies can afford to offer significant prizes linked to dealer sales' performance
- **Dealer training:** Training dealers in the use and benefits of the product is a vital form of support. A dealer will attract customers and sell more if confident and knowledgeable about the product. Training should also cover product care in store and stock rotation as well as retail presentation.
- **Credit:** Credit can be used as an incentive to dealers where companies have to compete for shelf space

a) Selling to the marketing channel

- ***Sale or return:*** This is particularly relevant for the stocking of new products as it provides an element of risk-sharing. However, it can be costly to the supplying company. A return system is used to promote preferential stocking but simply stocking the dealer on a sale or return basis should be avoided as the dealer will have no commitment to sell.
- ***Promotional gifts:*** Small gifts (give-aways) can be given to dealers as added incentives. The seed company's name can be promoted on pens and calendars. These serve the purpose of keeping the company and its brand names in the dealer's mind.

b) Selling out of the marketing channel

These are the techniques which assist the retail trade in promoting and selling products to the final consumer.

Some examples include:

- ***Free samples:*** Dealers can give out samples of new varieties
- ***Seed exchange:*** Seed can be exchanged for farmers' grain to overcome initial resistance to buying and using improved seed
- ***Coupon offers:*** Refundable coupons can be used offering 'money off' the next purchase to encourage repeat orders or purchases of other products in the company's range.

b) Selling out of the marketing channel

- ***Price reductions:*** This will obviously be popular but the danger is that revenue will simply be reduced without significantly increasing sales so the technique needs to be used selectively
- ***Competitions:*** Competitions only create interest if they capture the imagination, e.g. a yield competition and membership to a 'yield club' for a certain achievement
- ***Field demonstrations and group discussions:*** These are both very effective ways of promoting seed products and supporting the local dealer

Visual References: Seed Demonstration

- Demonstrations create the value and benefit of using improved seeds and cultivation techniques.
- In a competitive market, each company will organize its own field demonstrations to promote its individual varieties and brands.
- Field Demonstration is potentially a very powerful promotional technique but good planning and execution are needed if it is to have the desired effect.

Visual References: Seed Demonstration

- Demonstrations can be used to:
 - promote the adoption of certified seed and improved farm management techniques;
 - conduct comparative variety yield trials;
 - launch a new variety or stimulate interest in existing varieties;
 - demonstrate single varieties in a larger block trial;
 - teach farmers how to grow crops to maximize variety benefits.

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Thank you

- By Mary Kinoti

Contents

1. Market segmentation, profiling and targeting customers
2. Seed Marketing In Developing Countries
3. Ethics in Marketing



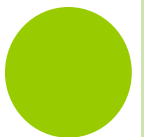
**MARKET SEGMENTATION,
PROFILING AND TARGETING
CUSTOMERS**



KEY TERMS

- Market segmentation
- Profiling customers
- Targeting customers

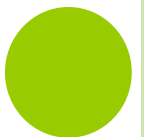
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MARKET SEGMENTATION

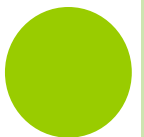
The three premises of segmenting a market are:

- ✓ People are similar in some ways.
- ✓ People are dissimilar in other ways.
- ✓ Homogenous groups (market segments) can be identified from a heterogeneous market.



MARKET AGGREGATION OR MASS MARKETING

- This is an approach whereby individual marketers or organizations assume that consumers have or show more or less identical demand, tastes and preferences for the products/commodities they offer to the market



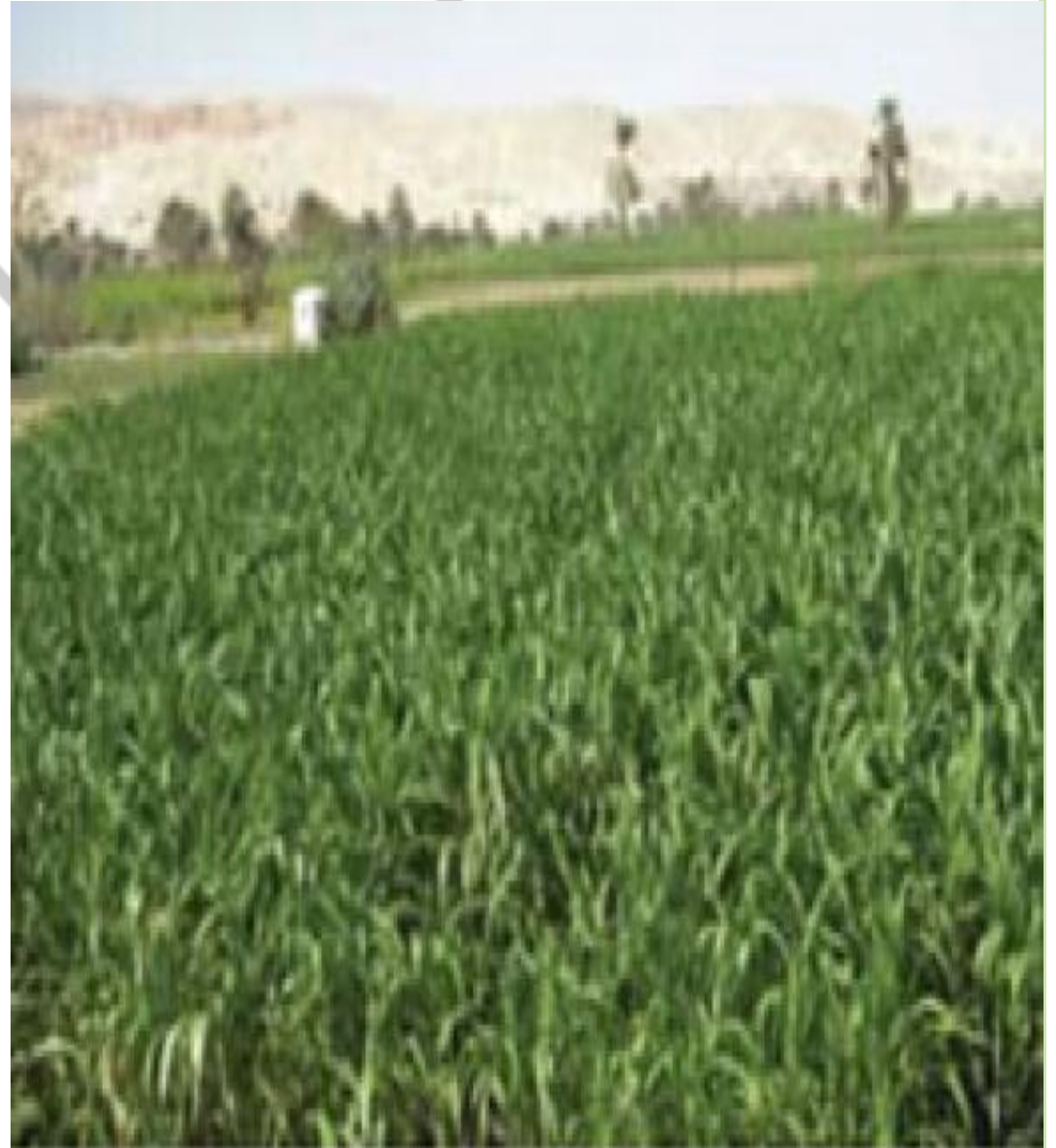
MARKET SEGMENTATION

- Process of dividing the mass heterogeneous market into homogeneous segments
- A market segment is a sub group of people who have more or less similar characteristics .



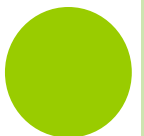
IDENTIFY SEVERAL MARKET SEGMENT FOR YOUR PRODUCTS

- Large scale farmers
- Medium scale farmers
- Small scale farmers



The main ways of defining segments are:

- ✓ Geographical area
- ✓ Industry or industry sub-sector
- ✓ Product
- ✓ Size of end-user
- ✓ Distribution channel
- ✓ Order size
- ✓ Order frequency

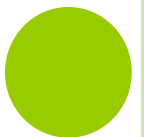


HOW IS MARKET SEGMENTATION DONE?

Using either or a combination of the following factors namely

Geographic factors

- country
- province
- Size of City, town,
- density



○ Behaviour factors of farmers

Purchase occasion

Rainy seasons

Benefit sought

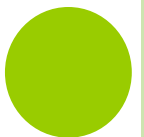
quality seed, high yielding, drought tolerant, diseases resistant

User status

regular users,
non users(those using saved seeds from previous season)

Usage rates

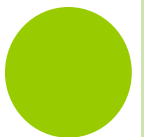
light, medium
and, heavy users



BENEFITS OF SEGMENTATION

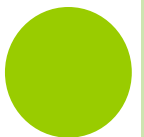
- Customer satisfaction
- Profitability of business.
- Customers needs focus

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REQUIREMENTS FOR EFFECTIVE SEGMENTATION

- Accessible
- Measurable
- Responsive to marketing effort
- Profitable
- substantial



WHAT IS A TARGET MARKET

- A specific market segment chosen by the seed company to serve/to market products.



Large scale farmland in Rift Valley region in Kenya

TARGETING OPTIONS

- Concentrate on one market segment with one product or different products
- Serve or target several market segments with differentiated products



CHOOSING A TARGET MARKET

Factors to consider

- Resources available
- Structural attractiveness
- Potential growth of the market segment

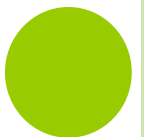


SEMS -

CUSTOMER PROFILING

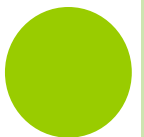
The main goal of Customer Profiling is to ;

- Categorize the traits and characteristics of current customers,
- Identify the primary characteristics of good and bad customers



BENEFITS

- Discover which customers are sales and profit contributors
- Identify customers who have profitable growth potential for the future
- Find out who are your unwanted (unprofitable) customers



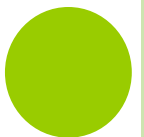
ABC PROFILING APPROACH

A” Customers

- Customers that are currently contributing the highest sales and profits
- OR offer the most growth opportunity for profit and sales contribution.

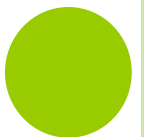
INVEST ON RETENTION OF THESE CUSTOMERS

- Quality customer care
- Loyalty programs
- Relationship marketing programs(End of the year parties where best performing farmers/customers are recognized



“B” Customers

- Group of customers with modest (or stable) growth potential
- Also in this group are New Potential Customers (targets) who match the business objectives but are not yet a significant part of the business

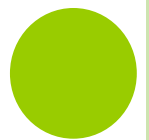


- **“C” Customers**

Are group of customers
with no growth (or
shrinking) potential

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Thank
you

• QUESTION & A
NSWERS





SEED MARKETING IN DEVELOPING COUNTRIES

Dr Mary Kinoti
School of business
University of Nairobi



SEMIS - UOW

Research



Seed producer



Farmer (seed consumer)

SEMIS

WORLD

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Introduction

Seed marketing in developing countries is characterized by the following challenges among others;

- Low market potential due to farmers over-reliance on rain-fed agriculture
- Low availability and access of quality declared seed

Introduction

- High marketing costs brought about by poor infra-structure
- Insect /pests and diseases

Introduction

- Fake seeds in the market
- Lack of cash or credit among farmers
- Long distance to seed retailers
- Unpredictable and unattractive grain prices (particularly immediately after harvest),

Introduction

- Lack of information on variety performance
- Seed availability are the main disincentives to use improved seed.

Introduction

- Customers are diverse, decentralized, and have a wide range of product requirements related to the highly variable socio-economic and biophysical environment of Africa.

Introduction

- seed marketing systems are often characterized by intermediaries and minimal distribution beyond commercial centres.

Introduction

- Yields of crops in Africa are generally low due to various biotic, abiotic and managerial constraints.
- Generally, grain markets are poorly developed in Africa, such that on a local scale, price fluctuations are highly influenced by available grain stocks.

Introduction

- Our main problem is the erratic rainfall. To handle this, we are shifting to irrigation since we have been depending only on rain-fed production.

Seed marketing challenges in Kenya

Seed shortage

Monday, 25 April 2011

[Willy Bett MD Kenya seed at Radio Jambo studios during interview yest-David Ndolo](#)

Why exactly is there a seed shortage?

“-----Lack of rains two years ago in most parts of the country is the major problem. We also recorded a high demand of seeds from farmers. Most farmers who were not using certified seeds before changed following education by Kenya Seed [Company] thereby pushing up demand by about 30 per cent-----”



Measures by Kenya seed to avert seed shortage in future



- Shifting to irrigation since we have been depending only on rain-fed production.
- Construction of a six-acre dam to collect water to be used in seed breeding in Kitale.
- Talking with the National Irrigation Board (NIB) to help us in producing maize seeds in places where they have projects like in Hola, Perkera and Yala.

Measures by Kenya seed to avert seed shortage in future



- Contracted more farmers both large and small scale farmers and we have increased the price of maize seeds so that we get more farmers.

Strategies for coping with seed marketing in developing countries

- positioning “wholesale” outlets in strategic rural centres, where small retailers from neighbouring districts may purchase seed stocks with cash.
- Encouraging farmers to form buying groups.

Strategies for coping with seed marketing in developing countries

- The appointment of farmers as rural consignment stockists
- Mobile seed shops

Strategies for coping with seed marketing in developing countries

- promotional activities to entice farmers to travel to rural centres to purchase seed

Strategies for coping with seed marketing in developing countries

- Seed companies may adopt a number of strategies to stimulate seed sales through increasing farmer productivity such as
 - The provision of improved varieties
 - providing crop management information on seed packaging
 - improved agronomic management (use of manure and fertilizer, timely planting, weed control and pest management)

Strategies for coping with seed marketing in developing countries

- A number of novel approaches have been advanced to improve the grain market stability in Africa these include;
 - Agricultural commodity exchanges,
 - Community grain banks,
 - Inventory credit programs
 - and the development of on-farm storage facilities, Where these have been implemented (e.g. in Kenya and Ghana) there has been a measure of success in market stabilization and consequent stimulation of improved seed demand.

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Mini-pack seeds
Affordable And Popular
In West Africa



India commodity market

SEWMS - UO
primary
part

SEEDS - UO



Seeds like these can save the world.

 Small seed This seed is tiny, but it's one of the most important seeds in the world.	 Large seed This seed is big, but it's one of the most important seeds in the world.
 Seed with husk This seed is big, but it's one of the most important seeds in the world.	 Seed with shell This seed is big, but it's one of the most important seeds in the world.

Will you help us save the seeds?



millennium
seed bank
appeal
kew



Ethics in Marketing

By

Mary Kinoti
School of Business
University of Nairobi

Ethical Issues in Marketing

- Ethics in marketing is taking center stage in today's business.
- Ethics are a collection of principles of right conduct that shape the decisions people or organizations make.

Discussion on Marketing Ethics in seed industry

1. Ethical issues on seed as a product
2. Ethical issues on distribution of seeds to the farmer
3. Ethical issues in packaging of seeds
4. ethical issues in pricing of seeds
5. Ethical issues in promotion of seeds

Ethical Criticisms of Marketing

- High prices
- Deceptive practices
- High-pressure selling
- Shoddy, harmful, or unsafe products
- Planned obsolescence
- Poor service to disadvantaged consumers

High Prices

- Caused by:
 - High costs of distribution
 - High advertising and promotion costs
 - Excessive markups
(greed & profit pressures)



Why do branded products cost more than generics (i.e. store brand)?

The cost of advertising?

Deceptive Practices

- Deceptive Pricing
 - Falsely advertising “factory”, “wholesale”, “clearance” or other seemingly large reductions from a phony high original retail (list) price.
- Deceptive Promotion
 - Overstating a product’s features or performance, running rigged or fraudulent contests.
 - “Bait-and-Switch” advertising
- Deceptive Packaging
 - Exaggerating package contents through slick design, misleading quantity or quality imagery and misleading labeling

High-Pressure Selling

- Salespeople are trained to deliver smooth, canned talks to entice purchase.
 - High-pressure selling persuades people to buy goods they neither need nor want.
 - Driven by compensation structures (i.e. high bonus potentials).
 - High-pressure selling ultimately destroys customer relationships and goodwill.

Shoddy or Unsafe Products

- Includes
 - Poorly made products
 - Products that do not perform well
 - Products that deliver little benefit
 - Harmful products (cause bodily harm, illness, even death)
- How it happens
 - Undue focus on profit, increased production complexity, poorly trained labor, and poor quality control
 - New products without safety track records
 - Outsourcing of production often leads to quality issues



**Russia suspends import and
use of American GMO Corn after
study revealed cancer risk.**

**-WALL STREET JOURNAL
SEPT 25, 2012**

Planned Obsolescence

- Refers to:
 - Products needing replacement before they should because they are obsolete. (computers and software)
 - Producers who change consumer concepts of acceptable styles. (clothing and fashion)
 - Intentionally holding back attractive or advanced functional features, and introducing them later to make the old model obsolete. (electronics)

How do consumers attempt to combat Planned Obsolescence?

Poor Treatment of Disadvantaged Consumers

- Examples
 - The poor are forced to shop in smaller stores where they pay more for inferior goods.
 - The poor receive worse service (or no service) at stores.

Marketing's Impact on Society as a Whole

- Marketing creates false wants and needs
- Marketing makes people materialistic
- Marketing promotes poor quality products



Cultural Pollution



Does constant exposure to advertisements assault our senses?

Buyers' Rights

- Buyers have the right to:
 1. not buy a product offered for sale.
 2. expect the product to be safe.
 3. expect the product to perform as claimed.
 4. be well informed about important aspects of the product.
 5. be protected against questionable products and marketing practices.
 6. influence products and marketing practices in ways that will improve their “quality of life.”

Consumerism

Consumerism is an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.

Ethical Issues in Marketing

- Ethical issues
 - i. Ethics and pricing

Ethical Issues related to pricing may affect competing firms they are discussed below

Ethical Issues in Marketing

i. Ethics and pricing

Predatory Pricing

(also **undercutting**) : is a pricing strategy where a product or service is set at a very low price, intending to drive competitors out of the market, or create barriers to entry for potential new competitors.

Ethical Issues in Marketing

- Ethical issues
 - i. Ethics and pricing

Price War- Price war is "commercial competition characterized by the repeated cutting of prices below those of competitors".

Ethical Issues in Marketing

- Ethical issues

- i. Ethics and pricing

Bid rigging is a form of fraud in which a commercial contract is promised to one party even though for the sake of appearance several other parties also present a bid.

Ethical Issues in Marketing

- Ethical issues
 - i. Ethics and pricing

Price fixing: is an agreement between participants on the same side in a market to buy or sell a product, service, or commodity only at a fixed price, exploit consumers

Ethical Issues in Marketing

- Ethical issues

- i. Ethics and pricing

Price Gouging-is selling of products at very high prices which are unreasonable or unfair altogether.

It occurs mostly where there is a sharp rise in demand or a sharp drop in supply.

Ethical Issues in Marketing

- Ethical issues
 - i. Ethics and pricing

Price skimming is when the price for a product is first sold at a very high price and then gradually lowered.

Ethical Issues in Marketing

- Ethical issues

- i. Ethics and pricing

Placing a product at a special offer price without making the consumer aware that there is a limited stock/availability

Falsely stating that the product will only be available for a limited time with a view to persuade consumers to make an immediate purchase of the product

Ethical Issues

- Ethical issues and distribution

- **Gray markets**
- Involves the selling of products through channels of distribution that are not authorized
- Slotting allowances demanded by distributors to carry new products

Ethical Issues

- **Shoddy or unsafe products in terms of**
 - i. **quality**
 - ii. **Benefits**

product recall: Recall involve return, repair by manufacture and or removal from sale of products in the distribution channels and with consumers because of some actual or perceived safety or quality problem or some legal infringement





Thank you



Q & A

- By Peter K. Mulwa

Contents

1. Excel Spreadsheets For Marketing & Vital Sales Tracking Tools - Pivot Tables

SEMIS - UOL

EXCEL SPREADSHEETS FOR MARKETING & VITAL SALES TRACKING TOOLS - PIVOT TABLES

By: Peter K. Mulwa

MSc (UoN), PGDE (KU), BSc (KU)

Email: Peter.kyalo@uonbi.ac.ke

Objectives

By the end of the session, participants should be able to:

- a) Identify Ms Excel tools manipulating seed marketing data
- b) Analyze seed sales trend using Pivot tables, what-if-analysis, etc
- c) Appreciate the application of these analysis tools in seed Marketing & Vital Sales Tracking

Ms Excel for Data Analysis

- Ms Excel provides powerful tools that for data analysis which include:
 - a) Sort:** Help to arrange data in either ascending or descending order. You can sort your data on one column or multiple columns
 - b) Filter:** This is a tool used to display records that meet a certain criteria
 - c) Conditional Formatting:** Conditional formatting enables one to highlight cells with a certain color, depending on the cell's value.

Ms Excel for Data Analysis

- d) **Charts:** Enables one to present data in graphical form
- e) **Pivot Tables:** A pivot table allows one to extract the significance from a large, detailed data set. It enables one to view data in summarized form which enable him/her to draw a meaning from the data
- f) **Tables:** Tables allow one to analyze data quickly and easily.

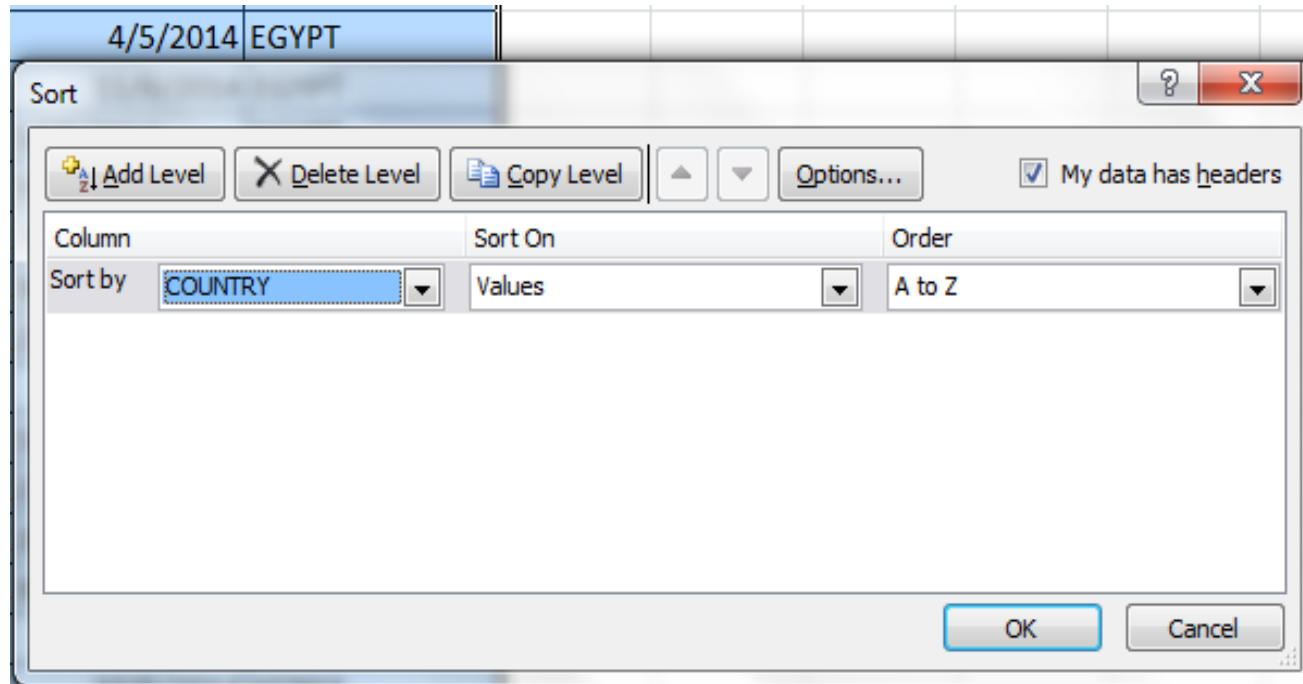
Ms Excel for Data Analysis

- g) **What-If Analysis:** What-If Analysis in allows one to try out different values (scenarios) for formulas and predict the possible outcomes based on different scenarios
- h) **Solver:** This tool uses techniques from the operations research to find optimal solutions for all kind of decision problems
- i) **Analysis ToolPak:** The Analysis ToolPak is an Excel add-in program that provides data analysis tools for financial, statistical and engineering data analysis.

Sort

- Steps:
 - i. With an open worksheet, click inside the data that you want to sort
 - ii. Click on data tab
 - iii. Click on sort from the data ribbon
 - iv. The sort dialog box below appear;

Sort



- v. Select the field to sort by
- vi. Select the order to sort by
- vii. Click Ok

Filter

- One can do simple filter or advanced filter
 - Steps for simple filter:
 - i. Click inside the data you want to filter
 - ii. Click on the data table
 - iii. Click on filter under sort & filter group
 - iv. Click on the drop arrow next to the field you want to filter by
 - v. Select the field to filter by
 - vi. Click Ok
- NB:** Click on filter under sort & filter group again to clear the filter arrows

Filter

	D	E	F	G
	AMOUNT	DATE	COUNTRY	
	\$ 7,5			
	\$ 4,8			
	\$ 6,5			
	\$ 7,5			
	\$ 6,5			
	\$ 2,0			
	\$ 4,6			
	\$ 4,5			
	\$ 8			
	\$ 2,5			
	\$ 2,5			
	\$ 6,5			
	\$ 6,5			
	\$ 4,5			
	\$ 4,5			
	\$ 5,8			
	\$ 9,0			
	\$ 5,000.00	17/6/2014	KENYA	
	\$ 7,540.00	23/6/2014	KENYA	
	\$ 5,260.00	29/6/2014	KENYA	
	\$ 3,000.00	25/5/2014	LIBERIA	

Sort A to Z
 Sort Z to A
 Sort by Color
 Clear Filter From "COUNTRY"
 Filter by Color
 Text Filters

Search

- (Select All)
- EGYPT
- GHANA
- KENYA
- LIBERIA
- NIGERIA
- SOUTH AFRICA
- TANZANIA
- TUNISIA
- UGANDA

OK Cancel

SE

Filter

Steps for Advanced filter:

- i. Set the criteria range in two cells on adjacent rows using a field name and the condition
- ii. Click inside the worksheet
- iii. Click on data tab
- iv. Click on advanced filter under sort & filter group to display the dialog box below;



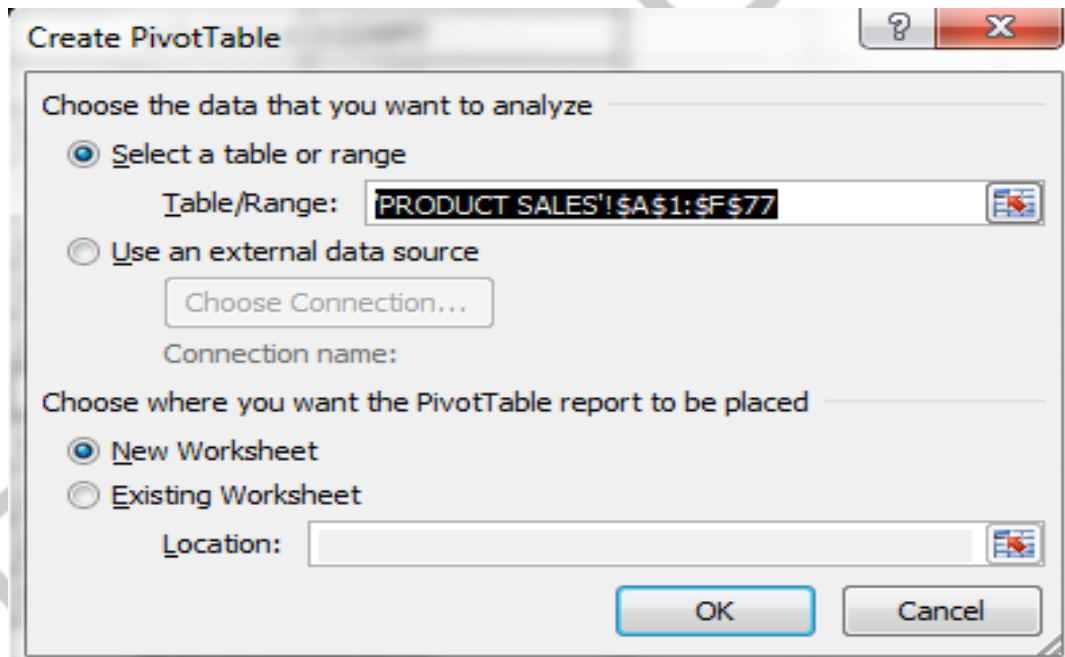
Filter

- v. Select the list range and the criteria range
- vi. You can copy the filtered data in another location within the same sheet or a different sheet by choosing the copy to another location option on the dialog box
- vii. Click Ok

PivotTables

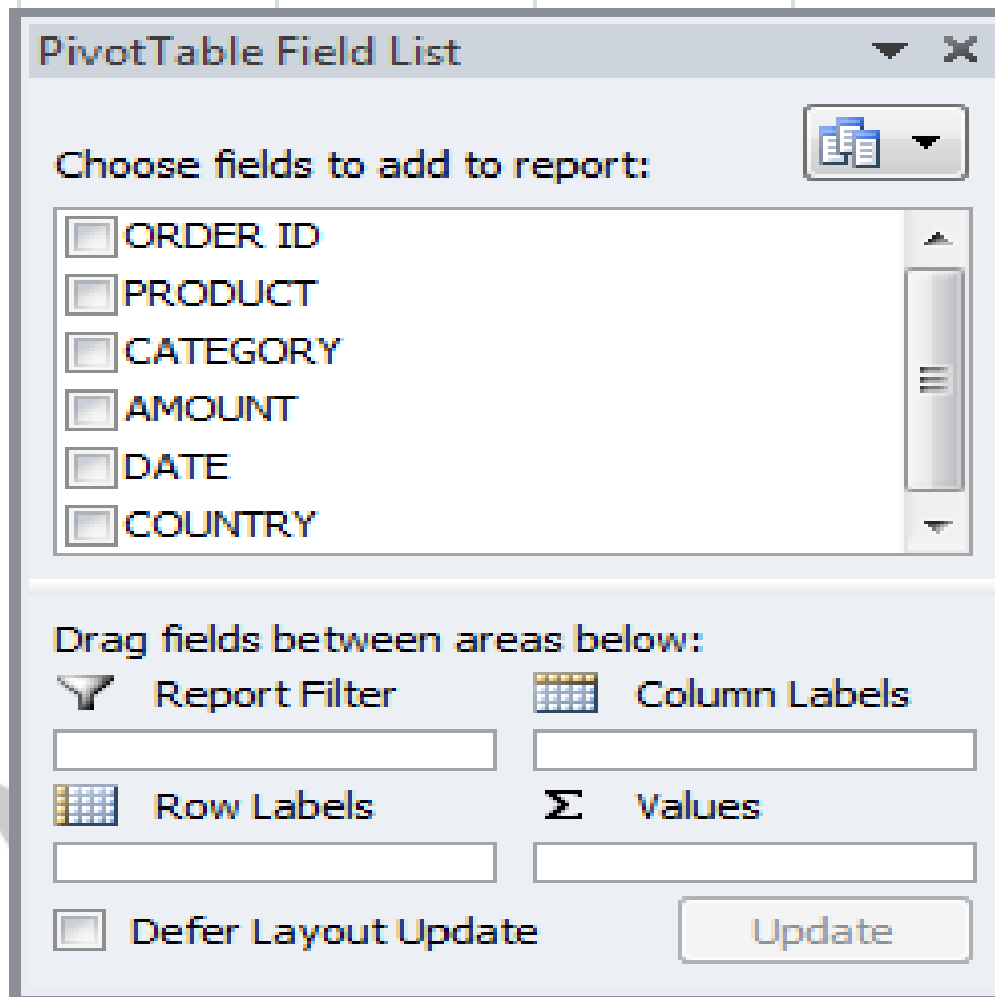
Steps:

- i. Click on insert tab
- ii. Click on pivot tables from the ribbon
- iii. The create PivotTable dialog box below appears;
- iv. Click Ok



PivotTables

- The PivotTable field list appears;



PivotTables

- In our sample data, to get the total amount exported for each product, drag the following fields to the different areas;
 1. Product Field to the Row Labels area
 2. Amount Field to the Values area
 3. Country Field to the Report Filter area
- A PivotTable as the one below appears and changes as you select different fields

PivotTables

The screenshot displays the Microsoft Excel interface with a PivotTable and the PivotTable Field List task pane. The PivotTable is located in the range A4:B16 and is titled "Row Labels". The data is summarized by product category and country.

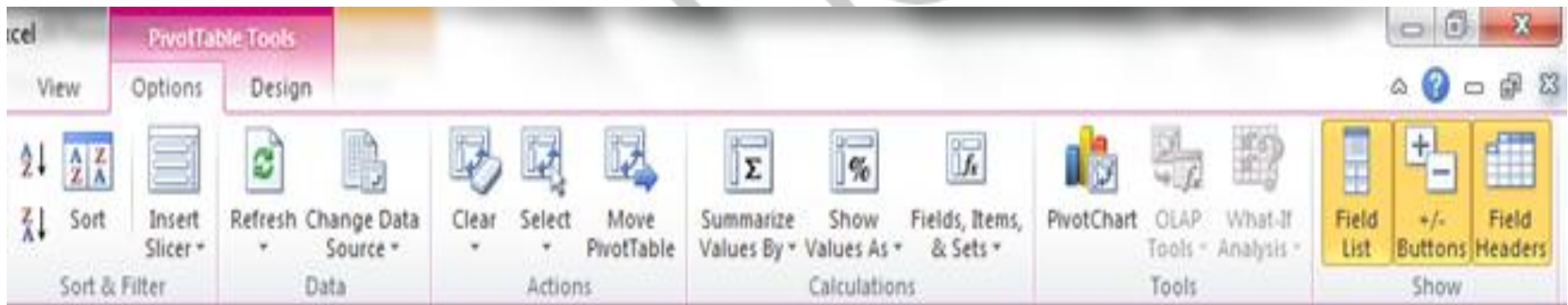
Row Labels	Sum of AMOUNT
APPLE	79784
BANANA	37915
BEANS	18600
BROCCOLI	25249
CABBAGE	29870
CARROTS	35470
LEMON	10812
MANGOS	26830
ONIONS	30150
ORANGE	26310
SUKUMAWIKI	49794
Grand Total	370784

The PivotTable Field List task pane is open, showing the following configuration:

- Choose fields to add to report:** PRODUCT, CATEGORY, AMOUNT, COUNTRY (checked); ORDER ID, DATE (unchecked).
- Report Filter:** CATEGORY, COUNTRY.
- Column Labels:** (Empty)
- Row Labels:** PRODUCT.
- Values:** Sum of AMOUNT.
- Defer Layout Update:** (unchecked).

PivotTables

- You can sort, filter and change the summary calculations using the options provided under the PivotTable tools shown below;



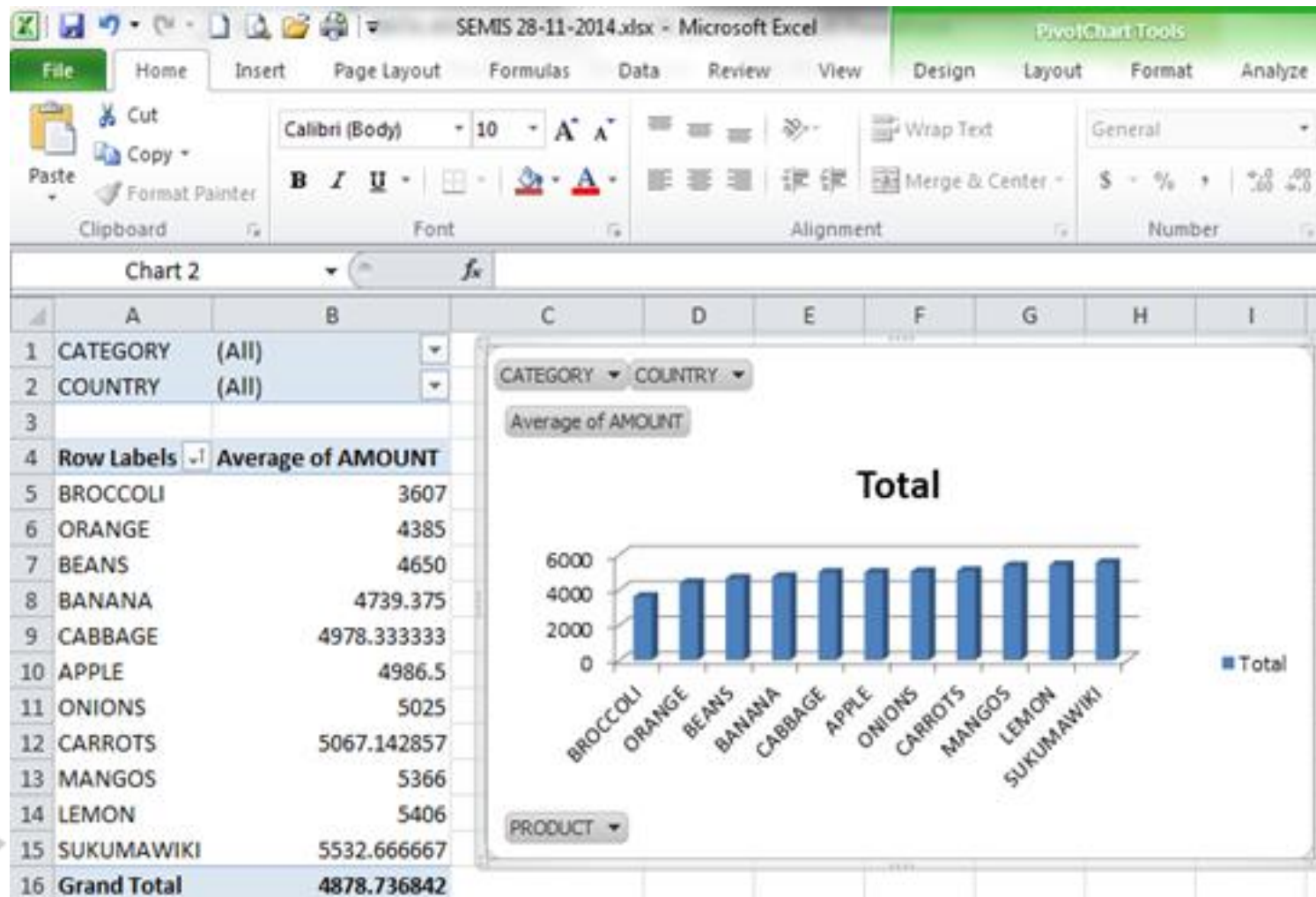
PivotChart

- Steps for inserting PivotChart
 - i. Click on the PivotTable
 - ii. Click on PivotTable tools
 - iii. Under options, click on PivotChart
 - iv. From the insert chart dialog box, select the type of the chart to use e.g. 3-D Clustered Column
 - v. Click Ok

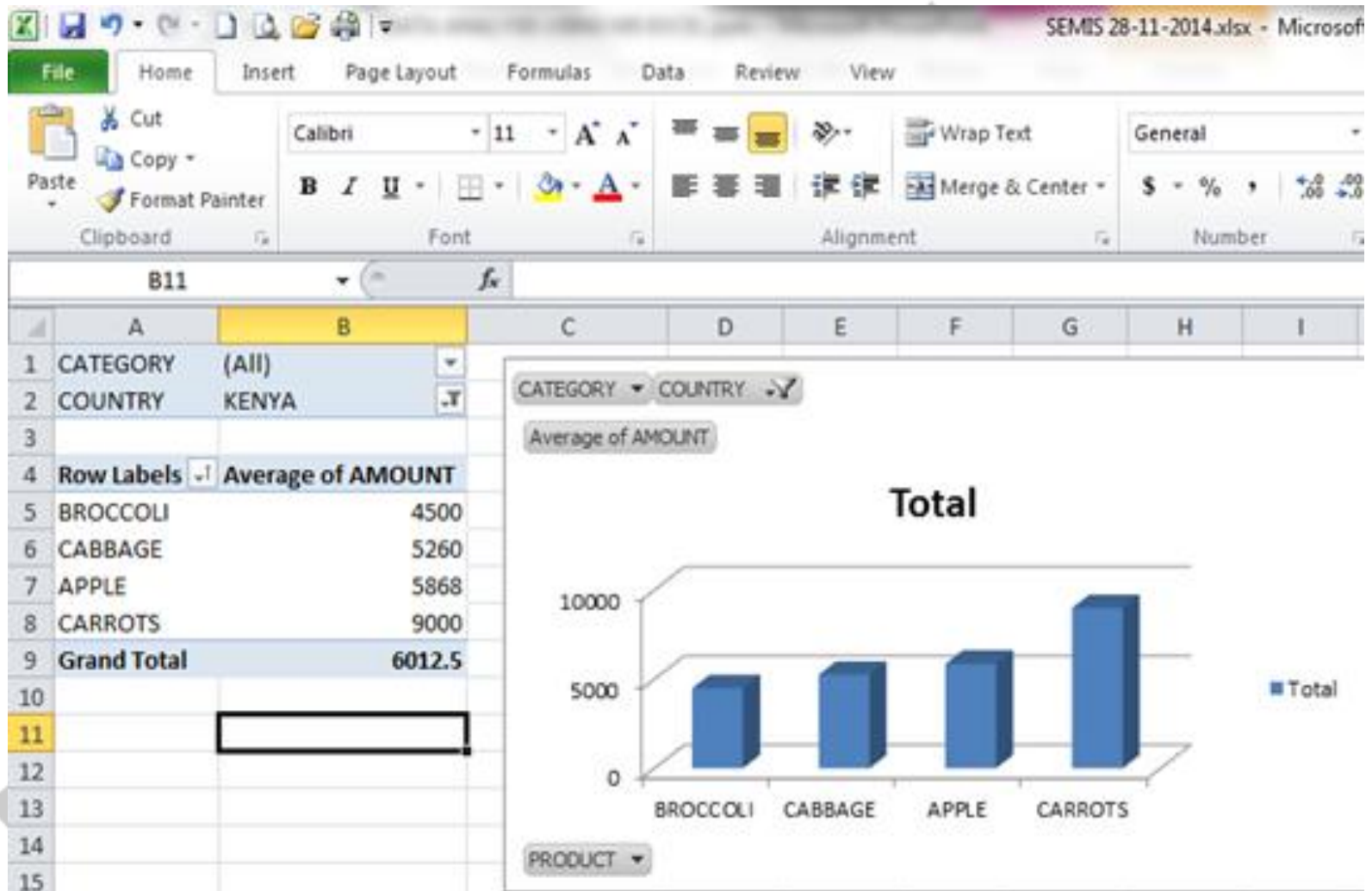
NB 1: Under PivotChart tools, you can change chart layout options as you want e.g. chart title, chart axis titles, etc

NB 2: The chart display changes as you change the filter criteria under the PivotTable e.g.

PivotChart with all data in the PivotTable



PivotChart with filtered data in the PivotTable



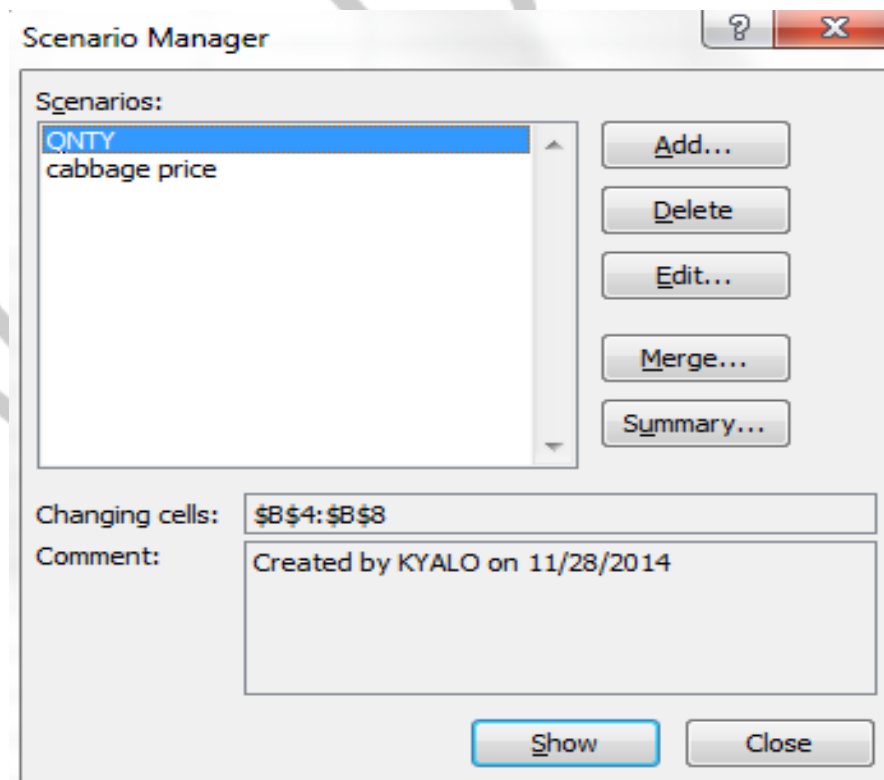
WHAT-IF ANALYSIS

- What-If Analysis allows one to try out different values (scenarios) for formulas and predict the possible outcomes based on different scenarios
- Steps
 - i. Click on your worksheet
 - ii. Click on data tab
 - iii. Click on What-if Analysis on the data ribbon
 - iv. Choose to use scenario manager or goal seek or table

WHAT-IF ANALYSIS

Using the Scenario Manager

- Click on Scenario Manager from What-if-Analysis drop down list
- The dialog box below appears;



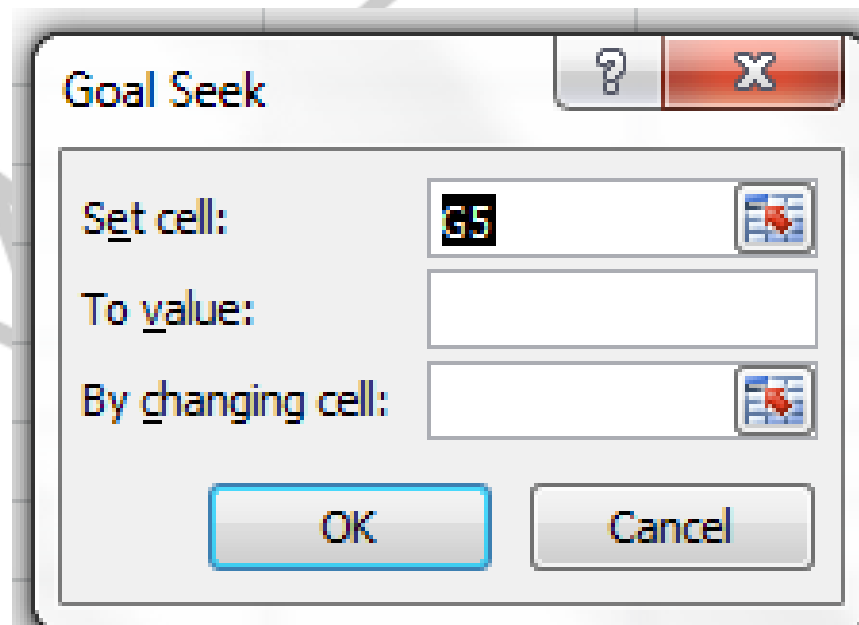
WHAT-IF ANALYSIS

- v. Click on add to add a Scenario
- vi. Type scenario name
- vii. Choose the changing cells e.g. Quantity
- viii. Enter new values for the changing cells
- ix. Click ok
- x. Then click show to view the changes in the calculated values

WHAT-IF ANALYSIS

- Using the Goal Seek
 - i. Select the cell containing the formula that will return the result you're seeking; in this example, cell G5
 - ii. On the Data tab, choose What-If Analysis→Goal Seek in the Data Tools group

NB: Dialog box below appears;

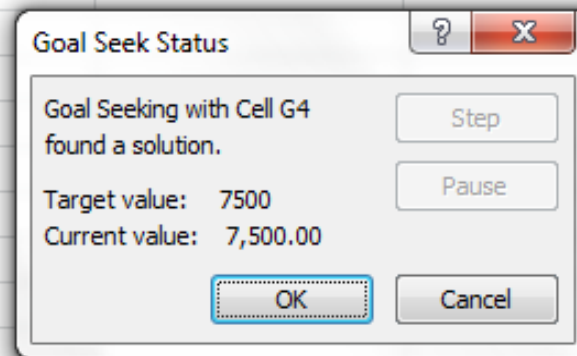


WHAT-IF ANALYSIS

- iii. **Select the To Value text box and enter the goal**
- iv. **Select the By Changing Cell text box and select the cell that you want to change**
- v. **Click OK**
- vi. **If you want to keep the values entered in the worksheet as a result of goal seeking, click OK as in the diagram below;**

WHAT-IF ANALYSIS

	A	B	C	D	E	F	G
1	WHAT IF ANALYSIS						
2							
3	PRODUCT	QUANTITY (KGS)	UNIT BUYING	TOTAL BUYING PRICE	UNIT SELLING PRICE	SELLING PRICE	PROFIT
4	BEANS	500.00	105.00	52,500.00	120.00	60,000.00	7,500.00
5	MAIZE	350.00	126.00	44,100.00	144.00	50,400.00	6,300.00
6	SOGHURM	250.00	89.00	22,250.00	101.71	25,428.57	3,178.57
7	MILLET	420.00	95.00	39,900.00	108.57	45,600.00	5,700.00
8	PEAS	600.00	98.00	58,800.00	112.00	67,200.00	8,400.00
9	TOTAL SALES			217,550.00		248,628.57	31,078.57
10							
11							
12		PROFIT MARGING			14%		
13							
14							
15							
16							
17							
18							
19							
20							
21							



SEMIS - UON

...END...

- By Prof. Justus Munyoki

Contents

1. Approaches In The Analysis Of Marketing
2. Product Strategy, Branding And Packaging
3. Promotional Strategies; Enhancing Competitiveness
4. Exercise S In Marketing And Sales Analysis
5. Marketing Strategies Goals And Market Analysis
6. Distribution Strategy And Planning
7. SEMIs Competitor Analysis
8. Case Analysis - Greenfield Seed Company (GSC)

APPROACHES IN THE ANALYSIS OF MARKETING

BY

Prof JUSTUS M MUNYOKI

WELCOME

2015



WHY ANALYZE MARKETS ?



- Understand my market – what is it
 - Place?
 - Product Vs Customer Cf Seller Vs Buyer
 - Region



- A market may be viewed as comprising of people with demand, that is, with both **ability** and **willingness** to buy, and is therefore the source of opportunity.



- Ability to buy – why would a willing customer not be able to buy ?



- being unable to access
- Financial ability
- Compatibility
- Package size
- .



Able?



- Willingness to buy – A state of mind , due to opinions, attitudes, experiences and lifestyles of the people.



Is he willing ?



- **Define your Market .**
- What is its composition in terms of the buyers (customers) in the market?





- Should be based on the needs of the customers, rather than on the basis of the product.



- Who are our competitors ?



- Understand the environmental trends – these provide opportunities and threats
- Do we know some of these?



Opportunities

- Willing and able consumers
- Modern technology
- A growing market
- Favourable economic environment
- Favourable political environment

- Threats
 - Intense competition
 - Obsolete technology
 - Unskilled personnel
 - Lack of facilities



- Trends in the market dynamics



The role of research as a basic tool for data gathering

Can I analyze a market without data?

What kind of data do we need?

Need for information



- Reliability of information
 - Can we rely on this?
- Credibility of information.
 - Who gave it?



- Relevance of information
- How current? Time dimension?
- Currency: how current?
- Accuracy : is it accurate?



What to analyze

- Customers
- Competitors
- Market trends
- The environment





- **Estimate market potential,**
- the total demand for the product category (primary demand) VS demand for particular brand (selective demand)

cf

- Demand for maize Vs demand for Hybrid 611

- Market potential can be estimated by:

1. **Direct derivation** –

considering factors in the market place that are associated with the product,

- Tilling land Vs purchase of Seed?

2 Market estimation – by estimating the number of buyers in the market and the quantity purchased per year.

$$D = n \cdot q \cdot p$$

where n = no. of buyers in the market, q = quantity purchased per year, p = price

- The number? What exactly does this mean?



Numbers matter



- quantity purchased per year?
What is the frequency of purchase?



- Is buying only once but very large volume better than many small purchases spread out across the year?



- Price
- What is the significance of price?





Remember

- The analysis of marketing could be on the basis of
- **functional approach.** The functions performed by organization



- **Institutional Approach** – focusing on the organization





- **Commodity approach** – considering the product itself



Bean seed



Maize seed





- Analysis involves consideration of key market characteristics such as
 - size of the market
 - structure of the market



- **Identifying Market Characteristics**
- Generally, a good market would be one in which:
 - There is good potential for market growth.
 - There are few barriers to entry
 - Has opportunity for competitive advantage



- There is stability in customer demand.
- No large capital material is required.
- There is good prospects for increased market share
- A high return on investment relative to other markets.



Demos in Ethiopia



Demos in Kenya



Southern Sudan



END



**PRODUCT STRATEGY,
BRANDING AND PACKAGING**

Prof JUSTUS M MUNYOKI

WELCOME

MEANING OF A PRODUCT

GOOD OR SERVICE

- **Product**: anything that can be offered in the market for attention, use or consumption to satisfy a need or a want.

Maize



SEMI











SA

- Product decisions are based on the customer product perceptions, which are at three levels.

- **Level 1: Benefits and satisfactions** that a particular product provides; e.g. Fridge may be just for prestige, storage or for preservation.

Preservation?



SEE

Storage?



Prestige?



- **Level 2:** Based on the **tangible attributes** such as quality, style packaging, branding etc.

- Quality seed, certified seed



- **Level 3: Extended** product which include promotion, company image, distribution

- Need to blend the levels in a systematic, synergetic manner in order to properly to create the customer's overall perception of the product meet the needs of the customer.

Do you know

- Product line?

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- **Product line:** Group of products that are in some way related e.g. Maize seed, onion seed
- beans



Maize as a product line



- Product mix?



- These are variations of the same product line. Shows depth of a product line

- Which is better

- Fewer lines but very deep?

OR

- Wide range of product lines, very shallow?

- Why?

Branding

The process of developing unique identifying features that help to market a company's product.

A brand is a name, design or symbol that identifies the products of a seller.

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SEA



SEMIS



Kenya Power

- The unique feature that helps to distinguish the product from others

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Elements

- **Brand name** – word, letter (number) group of words or letter (numbers) that can be spoken e.g Toyota, Philips, Compaq.



- **Brand mark** – Symbol, design or distinctive colouring or lettering
- e.g. Lion : Kenya Commercial Bank;
- Eagle for ?
- And the elephant?

- Think about this..
- Why did KCB not choose a cow? Or a dog?
- Why did BBK avoid a chicken?

- **Trade character** – These represent a special type of brand symbol, and takes on human or real life characteristics eg use of a person's name
- Which names?..mainly celebrities..

- Sample these
- Drogba, Kipchoge, Keino, Ronaldinho, Bekele, ...which others?

Know this one?



Who are these?



Who is this?





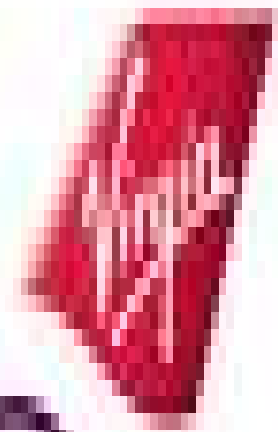
Which country does he come from?



- **Trade mark** – brand name, brand mark or trade character or combination of these, given legal protection. E.g. Blueband[®], Rexona[®], Mastercard[®]

-

virgin atlantic





Mercedes-Benz

- Need to protect brand names,
- Copyright
- Patents

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Branding is very important in marketing. Its benefits to the firm include

- Enhancing product identification
- Customers can be guaranteed of quality by reordering the same brand.

- Enabling the firm responsible for the brand to be known.
- Reducing price comparisons when customer's perceive distinct brands.
- Increasing product prestige.

- **PACKAGING**

- Packaging is the process of designing the container (s) for a product.

- A package is a product's physical container or label and may include cardboard box, glass, plastic can, paper bag etc.
- There are three levels of physical packaging:

- **Primary Package** – materials that envelope a product and hold it. E.g. a Coca Cola can.





SEMI -

Onion seed



Onions in container





SA

- **Secondary Package** – packaging that holds the primary package for transportation of a cardboard box for holding medicine bottles.

- **Tertiary packaging** – Bulk packaging to hold secondary packages for example, several boxes may be put in one big box for transportation.

- **Packaging Functions (strategy)**

- Aid new product strategy – some packaging is such an integral part of the product that it becomes a major part of new product strategies.

–Provide access to channels –
packaging can open up new
distribution channels

SEMS -

–Support pricing strategy –
Premium quality and design
packaging can contribute to being
able to ask premium price.

- Serves as part of promotion

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- Provide Protection and containment
- Provide information to customers

DISTRIBUTION STRATEGY AND PLANNING

- **Channels of Distribution**
- Link producers and consumers
- Many activities take place involving hours of information, products, negotiations, risks, money and people.
-

Number of Channel Levels

Channel Level - Each Layer of Marketing Intermediaries that Perform Some Work in Bringing the Product and its Ownership Closer to the Final Buyer.

0-level channel



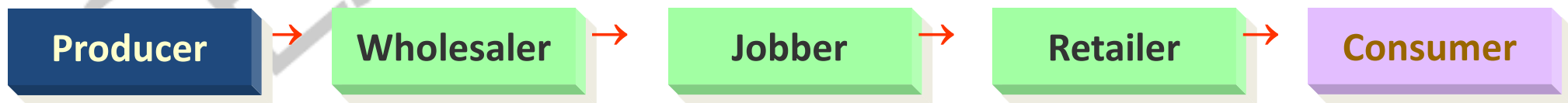
1-level channel



2-level channel



3-level channel



- **Market Intermediaries**
- link the and users of products to the producers.
- They may be classified as follows:
-

- **Retailers**

- buy and resell merchandise to end users. They usually buy from wholesalers or agents, but may also buy directly from the manufacturers.



- They usually
- take title of the goods.
- Retailers are the final link between
- manufacturers and consumers,.

- They usually buy from wholesalers and resell to consumers, although there are a few cases where large retailers buy directly from manufactures.

SEMS - UOL

- The main functions of retailers are:
 - Selling goods to consumers
 - Storage of goods
 - Transportation of goods from wholesalers to the retail outlet.

- **SMALL SCALE RETAILERS**

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Large scale retailers

- **Department Stores** – These are a number of single shops under one roof and under the same management, for example, the stores may have several units dealing with clothing, hardware, a bar and so on.

- **Supermarkets.** These are self-service stores which usually stock a circle variety of goods.
- Occupy 50,000 - 80,000 sq feet
- All the goods are put on open display with fixed prices indicated.

NAKUMATT



UCHUMI







- **Mail order shops.** Operated by manufactures, in which a list of their goods and prices is sent to prospective customers, who place an order through the post.
- Goods are also sent through the post..

- **Vending machines** – Automatic vending machines can be used to sell a variety of goods with a high convenience.
- Example are jukeboxes and electronic computer games, drinking tea, coffee and soda.
- They offer a 24 hour service to consumers.

- **Service Retailers:** These are retailers that offer services rather than physical goods, to consumer. They include doctors and lawyers.

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- **Wholesalers**
- Buy and resell merchandise to retailers or to institutional, industrial or commercial enterprises.
- Normally take title of goods they sell.

- Their functions include:
 - Purchase in bulks from producers,
 - Assume all the risk – transporting and storing goods.

- Provides storage and transportation services
- They sometimes offer credit facilities to retailers.
- They offer advisory services to retailers, for example, how to display, or promote products.

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Types of Wholesalers

- (i) Merchant Wholesalers** – These take title of goods, and are involved in buying of goods from manufacturers and selling them to retailers and internal users.

- (ii) **Agents and Brokers-** Agents do not take title to the goods, but only negotiate and arrange sales on behalf of other the sellers or the buyers, for a commission
- Their main function is to facilitate selling and buying.

- Brokers negotiate purchases or sale for a commission and do not therefore take title of the goods.
- Unlike agents who may handle the goods through not owning them, brokers only bring buyers and sellers together to negotiation the sale, but do not handle goods.

- Brokers are commonly found in the insurance industry, and in real estate (buying and selling of land and houses).

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(iii) Manufacturers' sales branches and offices .

Some manufacturers establish their own distribution offices with their own staff, who market products for the manufacturers.

They ensure total control by the seller in the marketing of his product.

- **Role of market intermediaries**
- **Contact** – market intermediaries establish contact between consumers and producers

SEMIIS -

- **Physical distribution –**
- **Storage.**

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- **Breaking the bulk**
- **Research-**

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- **Risks**
- **Logistical Support-** for example, facilitating payments between commenced producers, and banking services.



- **Channel Logistics**
- Efficiency and effectiveness of a distribution channel depends on there being a well coordinated physical movement of products,

- Includes such activities as production, scheduling, storage, inventory control, materials handling, purchasing order processing, transportation and plant/warehouse site selection.

Store layout



- **The Logistical Plan**
- Companies need to have a well coordinated logistical plan that takes into account the interdependence of the different distribution functions and provides an opportunity for cost saving.

- The logistic system has three broad categories:
- Stationary facilities
- Transportation network
- Location
-

- **Stationary facilities.** Any geographical location in which there is storage or transfer of goods from one mode which are located at some points between the company's plant and its customers.









- **The transportation network.** Includes all types of carriers – rail, water, highway, pipeline and air.
- The mode of transport varies according to circumstances and the nature of product.

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SA



Transport logistics



SV

- **Location.** The location of the sellers production and distribution facilities in relation to those of customers is an important factor in his ability to deal with the limitations of time and space.

- **System Operations**

- Concerned with the how much, when and where of product movement, and has five functions communication, scheduling, inventory control, materials handling and traffic.

-

- **Communication.** both external as well as internal communication.

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- **Scheduling.** Involves proper synchronization of all the operations and coordination between the marketing manager and production managers.

SEMS - UOL

- **Inventory Control**
- Very important in order to ensure the sufficient inventory is kept to match customer demand at the most economic terms.
- Maintain a buffer stock

- Considerations in selecting an appropriate channel of distribution:
 - Customer characteristics
 - Product characteristics
 - Company characteristics.
 - Environmental characteristics.
 - Intermediaries
 - Competitors

Selection of Middlemen

- Consider.
- Number of years in business
- Location:
- Potential for growth
- Other products handled by the middleman.
- Sales records.
- Financial Ability

- Modes of transport







**PROMOTIONAL STRATEGIES; ENHANCING
COMPETITIVENESS**

Prof JUSTUS M MUNYOKI

WELCOME

2015

PROMOTION DECISIONS

- Any form of communication used to inform, persuade, or remind people about an organization goods, services, image or ideas”.

- Customers need to be persuaded to buy a product
- Customers need to be reminded that you still exist

SEMIS - UOL

Promotion mix variables include

- Advertising,
- Sales promotion,
- Personal selling
- Publicity (public relations).

- **Advertising**

- This is one of the oldest forms of communication with records going back to Roman, Greek and biblical days.

- It is a paid, non-personal presentation and promotion of ideas, goods and services by an identified sponsor.

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- The leading media are newspapers, television, radios and direct mail. Bill boards are also commonly used.

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SELL

BURGER KING **WHOPPER**

ADVERTISEMENTS



ACTUAL BURGER

- MOST ATTRACTIVE ANGLE
- WITH CHEESE
- SLIGHTLY FLUFFED UP



© 2011 BUNGER KING





- Advantages
- Attracts a large and geographically dispersed market
- Low cost per customer or listener
- Uniform message is delivered to all people
- Sponsor has control over message content, graphics, and timing

SEMIS - UON

- Disadvantages
- Inflexible and not responsive to consumer questions since they are standardized
- May be wasteful to some audience that is not interested (Since message targets everyone)

Decisions:

- Determine message content . This includes colour, illustrations, size or length, and source.

- Specify the location of an ad in a broadcast program or print medium, eg in the cover page, sports pages or entertainment pages or at the back

SEMS - BOOK

- Outline a promotion schedule.

SEMI - WORK

- Choose how many variations of the basic message to utilize. This depends on the frequency of presentation and the quality of the ad

SEMIS - BOOK

- Identify the advertising target group. Select the media.
- Define the advertising budget

SEMIS - BOOK

- Before an advertising message can be communicated effectively, carry out some research and find answers to the following
- What are the product's selling points?
- What kind of people will buy it?
- What kind of media will reach the market most effectively?

- **Sales Promotion**

- seeks to achieve given objectives by adding extrinsic tangible value to a product or service.



SE



- involves communicating with an audience through various non-personal, non media vehicles such as free samples, gifts, games, concerts, tradeshows, trading stamps, signs and displays, sweepstakes are also part of sales promotion.

- **Advantages**

- SP schemes help to bring the manufacture and the customer closer together

- SP schemes can help to establish corporate identity by exploiting the logo style of packing and brand names

SEMI - UOL

- Can win the good will of customers who enjoy the benefits of the offers

SEMIS - UOI

- Can provoke quantity and repeat buying and so achieve high awareness of the product which is constantly in use or in the home, to the exclusion of rival brands.

-

- Lures customers to the product

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- **Negative aspects**
- Special promotional offer can appeal to the bargain seeking or greedy people, who will wait and only buy when a product is on special offer.

- Customers may buy the offer rather than the product and brand awareness may be minimal

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- Distributors may be reluctant to handle goods not on offer. As goods not on offer may not be as fast moving.

SEMS - UOL

- If the offer or scheme disappoint customers in any way, bad relations will be created which can be damaging to both the manufacture and the distributor

- May mislead customers into believing that discounts represent decline in quality

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- When used very frequently, consumer may learn to wait and stock only when there is promotion

SEMS - UOJ

- **Examples of sales promotion**
- **Games and competitions.** Company arranges for games in which winners are rewarded, or they win specific items, as is the case with beer promotion by Kenya breweries, Safaricom, Airtel etc

- **Free gifts.** The gift may be attached to the product, as a pair of socks with a ruler tied onto them

SEMS - UOL

- **Rebate schemes.** refund of cash to consumer who have bought a certain product on production of coupon (receipt) which specified that the item is on offer.

- **Demonstration, free samples.** For customers to taste, seeing is believing

-

SEMIS - UON



SEED





60%
OFF



SE

SHOES.
BUY ONE
GET ONE
FREE!



© Original Artist
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www.CartoonStock.com

search ID: gth0095

SEE

mid season madness
today* only:



15%



off everything

*offer is only valid on 21 October 2010. Offer applies to all (MSR) products sold with our promotional code 15% OFF.

SEE

- In developing the sales promotion programme, It is important to clearly establish such items as
 - Size of the incentive- provide a realistic incentive that will not eat too much into the sales returns;
 - Conditions of participation- specify who should participate.. Are company employees allowed?

- The duration of the promotion – it should not be too long or too short. Slogans like ‘ buy now while stock last are common ;
- timing – decide when the promotion should be done. Improper timing can be very bad

- **Personal Selling**

- An oral presentation in a conversation between one or more prospective buyers.

- involves communicating directly with an audience through paid personnel of the organization or its agents (sales people).

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- may include door to door selling where sales people move from door to door selling goods

SEMI - WORK

Also includes

- prospecting – Getting and maintaining new customers,
- Communicating -about the company's product

- selling – sales people play a crucial role in the selling process which involves creating awareness arousing interest, evaluation, trial and adoption (AIETA)

- Includes closing the sale by the customer finally buying the product and after-sale follow up.

SEMIS - UOJ

- Servicing their customers through advising, maintenance and technical assistance, and are supposed to gather relevant information from the field for the use in decision making by the firms.

- Effective personal selling depends on how well the sales force is managed.

SEMIS - UOI

Company should therefore deal with

- Recruitment and Selection -- Of the sales force personnel

- Motivation-- Of the sales force personnel

SEMS - UOI

- Compensation-- Of the sales force personnel

SEMIIS - UOI

- Training and development.. Of the sales force personnel

SEMS - UOI

- **Publicity and Public Relations**
- Publicity is the non-personal stimulation of demand for a good or service by placing commercially significant news about it in a published medium, or by making a presentation on television.

- Not paid for by an identified sponsor.

SEMIIS - UOI

- Good Aspects
- there are no costs for message time or space,

SEMS - UON

- reaches a mass audience, and within a short time new products or company policies are widely known.

SEMIS - UOJ

- Enhances credibility about message because they are reported in independent media

SEMS - UOL

- Limitations
- the firm has little control over messages, their timings, their placement or coverage
- the firm may not be able to plan publicity in advance because new worthy happenings take place quickly.

- PR is a continuous process, unlike advertising which may be seasonal.
- It goes on and on whether we like it or not, and every one in my organization is involved in public relation and is affected by it.

- The strength of public relations is its role in creating understanding.
- It is very crucial in converting negative image to positive image:

SEMMIS - UoA

- Hostility to Sympathy
(-VE) (+VE)

Why are customers hostile to us?

- Prejudice to Acceptance
(-VE) (+VE)
- Customers are very bitter with us, may be because of our past bad record..But we have since changed, yet they still hate us!

• Apathy to Interest

• (-VE)

(+VE)

SEMIIS - UON

- Ignorance to Knowledge
- Are customers knowledgeable? What is our role?

SEMS - UON



What are they saying ?





SE

- END

SEMS - UON



EXERCISE S IN MARKETING AND SALES ANALYSIS

BY

Prof JUSTUS M MUNYOKI

WELCOME

2015

SEMIS / UOI

□ **Exercise ONE**

□ **(in groups of 6 students)**

□ George retired from the civil service last year, and has opened a business where he is sells a variety of packaged seed .

□ He has very fixed opening hours (9 am to 5 Pm on Monday to Friday, and is closed on Saturdays and Sundays). These hours are very strictly observed and no customer is allowed in after closing hours

- George believes in making money and does not care a lot about his customers. On his shop is a writing.. “Cash only.. No credit”. His shop frequently experiences stock shortages and customers often complain of poor Services
- George has no long term plan for his business and believes in making as much sales as possible, regardless of whether customers are satisfied or not

- Margaret, on the other hand, runs a medium size Seed Company in Nairobi, She has long term expansion plan for the company, and is very mindful of her customers. Her business opens from daily from 8 and to 5pm (Monday to Friday), and 9am to 12 noon on Saturdays. However, Margaret is flexible and always listens to a customer who comes in late
- She has very flexible working hours and often stays on a little later than the closing hour. She also has credit facilities for her regular customers

-

□ QUESTIONS

- A) Who, between George and Margaret is
 - a marketer
 - A seller

(Justify your answer)

- B. Advise George on what he needs to do to increase customer satisfaction



- **EXERCISE TWO**

- Discuss

- Qualities of a good seed marketing manager

SEMINARS - UON

MARKETING STRATEGIES

GOALS AND MARKET ANALYSIS

Justus M. Munyoki, PhD

WHAT IS STRATEGY?

- ...series of **activities**
done to achieve a **goal**
(game plan)

A marketing strategy

➤ outlines the ***strategic directions*** and ***tactical plans*** that marketing teams must implement to support their company's overall business objectives, including:

■ ***Increasing revenue***

■ ***Growing profits***

■ ***Reducing costs***

A marketing strategy

...contains a number of important decisions about

- **product** offerings,
- ***pricing,***
- **communications**, and
- ***distribution*** channels.⁶⁰³

Marketing strategy could be:

1. Corporate, Long term:

Overall organization, resource allocation, highest risk

2. Business, mid term:

Divisional, resource utilization, competency, efficiency

3. Operational, short term: day to day operations, tactical

**Determining how
much marketing
strategy you need**

The level of detail and the effort associated with your marketing strategy depends on several factors, including:

- **Size** of your company.
- Where your company is in its **life cycle** (for example, starting up, growing, maturing, declining).
- Whether you are making **strategic decisions** about the company's entire product portfolio, a particular product line, or just one product.
- How much marketing strategy formulation you have done in the **past**.

Use A Structured Process

- Developing a marketing strategy is important, but it's difficult work.
- It takes **time** and **commitment** to create.
- A marketing strategy is often **developed by a committee** that is using information collected



The key to creating a usable marketing strategy is to

- follow a clear, structured, well-thought-out process.
- Doing so helps you keep the team focused, ensures the consistent use of information, and streamlines decision-making.
- A more structured process also involves some front-end preparation, but this process ultimately saves you time and money.
- This leads to the **Marketing Plan**

MARKETING PLANNING



The nature and Contents of a Marketing Plan

Introduction

- Each product level (product line, brand) must develop a marketing plan for achieving its goals.
- The marketing plan is the outputs of the marketing process.
- **Marketing plans** are becoming more **customer-** and **competitor-oriented** and better reasoned and more realistic than in the past.
- The plans draw more inputs from **all the functions and are team-developed.**

CONTENTS OF THE MARKETING PLAN

(1.) Table of contents & Executive summary :

- A table of contents
- Abstract:summary of the **main goals** and **recommendations**.
- Permits senior management to grasp the plan's major thrust.



(2). Current marketing situation

This section presents relevant **background data** on

- **sales,**
- **costs,**
- **profits,**
- **the market,**
- **competitors,**
- **channels, and**
- **the forces in the macro-environment.**
- Use this information to carry out a **SWOT** (strengths, weaknesses, opportunities, threats) **analysis.**

(3). Opportunity and issue analysis

- **Task:** Reviews the main **opportunities** found in the SWOT analysis and identify the **key issues** likely to affect the organization's attainment of its objectives.



(4). Marketing Objectives

The product manager outlines the plan's **major**

- **financial** and **marketing** goals.

Expressed in

- sales volume,
- market share,
- profit, and
- other relevant terms

(5). Marketing strategy

- Brand manager **defines** the
- Market **Segmentation**
- Market **Targeting** and
- Market **Positioning**

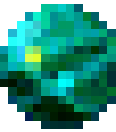


(5). Marketing strategy-Cont'd

- All this is done with **inputs** from other departments, to ensure that the company can provide proper **support** for effective **implementation.**



(6). Action programs

 **Specify** the **actual marketing programs**, derived from the marketing strategy, to be used in achieving the business objectives.

 **Marketing mix elements**

- Product
- Pricing
- Distribution
- Promotion

- Each marketing **strategy element** must be elaborated to **answer these questions:**
 - a) **What will be done?**
 - b) **When will it be done?**
 - c) **Who will do it?**
 - d) **How much will it cost?**
 - e) **How will progress be measured?**

(7). Financial projections

- Action plans allow the brand manager to build a supporting budget.

On the **revenue side**, this budget shows the forecasted

- ✓ sales volume in units and average price.

On the **expense side**, it shows the expected

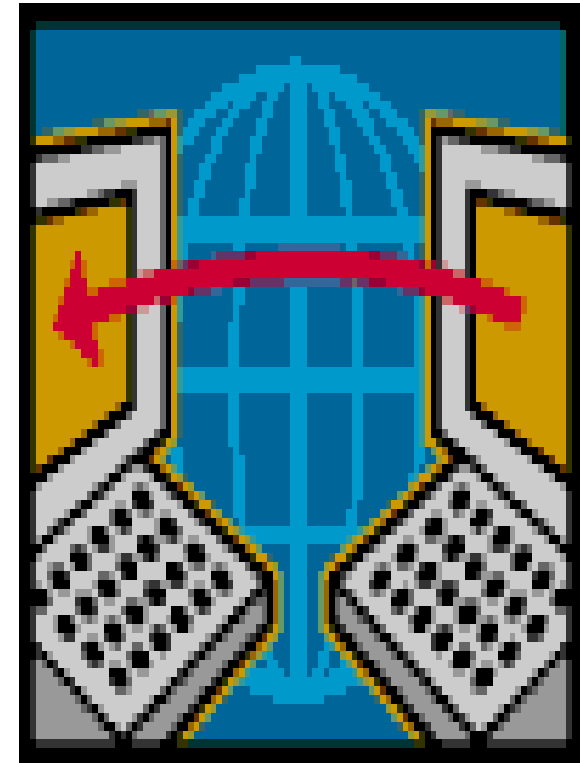
- costs of production,
- Marketing expenses.

The difference between revenues and sales is projected profit.

- Once approved, the budget is the basis for developing plans and schedules for material procurement, production scheduling, employee recruitment, and marketing operations.

(8). Controls

- Show the controls for **monitoring** and **adjusting implementation** of the plan.
- Typically, the goals and budget are spelled out for each month or quarter so management can review each period's results and take corrective action as needed.
- Some organizations include contingency plans outlining the steps management would take in response to specific environmental developments, such as price wars or strikes, etc.



(9). Implementation matrix

- Very important to implement the plan
- Shows
- Strategic objectives
- Strategies
- Activities
- Responsibilities
- Time frame
- Cost implication

- **Example;**
- **Strategic Issue 1. Resources and Governance**
- **Strategic Objective:** To manage the Company efficiently and effectively
- **Strategies:**
 - i. Review and strengthen governance practices at the company

- i. Institutionalize high performance culture in the company
- ii. Safeguard, upgrade and fully exploit the company's assets

-

END



SEMIIS - LION

DISTRIBUTION STRATEGY AND PLANNING

- Channels of Distribution
- Link producers and consumers
- Many activities take place involving hours of information, products, negotiations, risks, money and people.

Number of Channel

Levels

Channel Level - Each Layer of Marketing Intermediaries that Perform Some Work in Bringing the Product and its Ownership Closer to the Final Buyer.

0-level channel



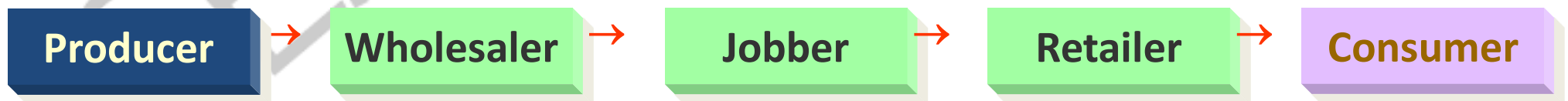
1-level channel



2-level channel



3-level channel



- **Market Intermediaries**
- link the and users of products to the producers.
- They may be classified as follows:
-

SEMS - UON

- **Retailers**

- buy and resell merchandise to end users. They usually buy from wholesalers or agents, but may also buy directly from the manufacturers.



- They usually
- take title of the goods.
- Retailers are the final link between
- manufacturers and consumers,.

- They usually buy from wholesalers and resell to consumers, although there are a few cases where large retailers buy directly from manufactures.

SEMS - BOOK

- The main functions of retailers are:
 - Selling goods to consumers
 - Storage of goods
 - Transportation of goods from wholesalers to the retail outlet.

-

- **SMALL SCALE RETAILERS**

SEMS - UON







Large scale retailers

- **Department Stores** – These are a number of single shops under one roof and under the same management, for example, the stores may have several units dealing with clothing, hardware, a bar and so on.

- **Supermarkets.** These are self-service stores which usually stock a circle variety of goods.
- Occupy 50,000 - 80,000 sq feet
- All the goods are put on open display with fixed prices indicated.

NAKUMATT



UCHUMI





SA



- **Mail order shops.** Operated by manufactures, in which a list of their goods and prices is sent to prospective customers, who place an order through the post.
- Goods are also sent through the post..

- **Vending machines** – Automatic vending machines can be used to sell a variety of goods with a high convenience.
- Example are jukeboxes and electronic computer games, drinking tea, coffee and soda.
- They offer a 24 hour service to consumers.

- **Service Retailers:** These are retailers that offer services rather than physical goods, to consumer. They include doctors and lawyers.

-

- **Wholesalers**
- Buy and resell merchandise to retailers or to institutional, industrial or commercial enterprises.
- Normally take title of goods they sell.

- Their functions include:
 - Purchase in bulks from producers,
 - Assume all the risk – transporting and storing goods.

- Provides storage and transportation services
- They sometimes offer credit facilities to retailers.
- They offer advisory services to retailers, for example, how to display, or promote products.

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Types of Wholesalers

- (i) Merchant Wholesalers** – These take title of goods, and are involved in buying of goods from manufacturers and selling them to retailers and internal users.

- (ii) **Agents and Brokers-** Agents do not take title to the goods, but only negotiate and arrange sales on behalf of other the sellers or the buyers, for a commission
- Their main function is to facilitate selling and buying.

- Brokers negotiate purchases or sale for a commission and do not therefore take title of the goods.
- Unlike agents who may handle the goods through not owning them, brokers only bring buyers and sellers together to negotiation the sale, but do not handle goods.

- Brokers are commonly found in the insurance industry, and in real estate (buying and selling of land and houses).

SEMS - UON

(iii) Manufacturers' sales branches and offices .

Some manufacturers establish their own distribution offices with their own staff, who market products for the manufacturers.

They ensure total control by the seller in the marketing of his product.

- **Role of market intermediaries**
- **Contact** – market intermediaries establish contact between consumers and producers

SEMIIS -

- **Physical distribution –**
- **Storage.**

SEMS - UON

- **Breaking the bulk**
- **Research-**

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- **Risks**
- **Logistical Support-** for example, facilitating payments between commenced producers, and banking services.



- **Channel Logistics**
- Efficiency and effectiveness of a distribution channel depends on there being a well coordinated physical movement of products,

- Includes such activities as production, scheduling, storage, inventory control, materials handling, purchasing order processing, transportation and plant/warehouse site selection.

Store layout



- **The Logistical Plan**
- Companies need to have a well coordinated logistical plan that takes into account the interdependence of the different distribution functions and provides an opportunity for cost saving.

- The logistic system has three broad categories:
- Stationary facilities
- Transportation network
- Location
-

- **Stationary facilities.** Any geographical location in which there is storage or transfer of goods from one mode which are located at some points between the company's plant and its customers.









- **The transportation network.** Includes all types of carriers – rail, water, highway, pipeline and air.
- The mode of transport varies according to circumstances and the nature of product.

SEMS -







Transport logidtics



SV

- **Location.** The location of the sellers production and distribution facilities in relation to those of customers is an important factor in his ability to deal with the limitations of time and space.

- **System Operations**

- Concerned with the how much, when and where of product movement, and has five functions communication, scheduling, inventory control, materials handling and traffic.

-

- **Communication.** both external as well as internal communication.

SEMS - UOL

- **Scheduling.** Involves proper synchronization of all the operations and coordination between the marketing manager and production managers.

SEMS - UOL

- **Inventory Control**
- Very important in order to ensure the sufficient inventory is kept to match customer demand at the most economic terms.
- Maintain a buffer stock

- Considerations in selecting an appropriate channel of distribution:
 - Customer characteristics
 - Product characteristics
 - Company characteristics.
 - Environmental characteristics.
 - Intermediaries
 - Competitors

Selection of Middlemen

- Consider.
- Number of years in business
- Location:
- Potential for growth
- Other products handled by the middleman.
- Sales records.
- Financial Ability

- Modes of transport







SEMIS Competitor Analysis

J.M. Munyoki, PhD

2015

Identifying The Company's Competitors



Company



What are the
should one
claim the
understand

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multinationals
- ownership, structure, location
products handled

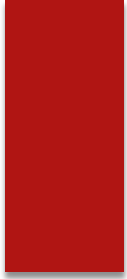




Competitive
and it is
competit
strategies

SEMIS - UON

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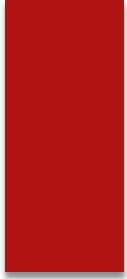




- ▶ they are not aware of the
and objectives of the
market share
exiting from

SEMI-SUON





lower
level of

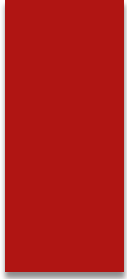
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▶ raise prices
others, such as
manufacturers
retail outlets
marketing or
brand name
with most
while they
rice and

SEAMS - UON

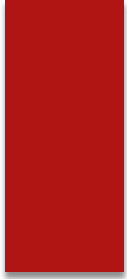




► companies that
open up their
in the same
business.

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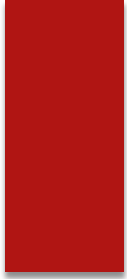


occurs
unprofitable
to achieve
market.

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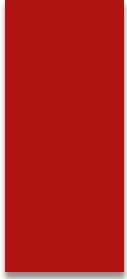


- ▶ These are the main types of the structure of the contract which may be used in the overall project. The contractor may adopt different types of structure of the contract.



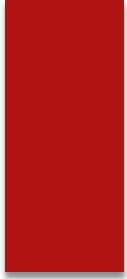
market
and reputation

SEMI-S - UON



existing company
through liquidation

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transformation
product
new products
reaching
cultivating
markets

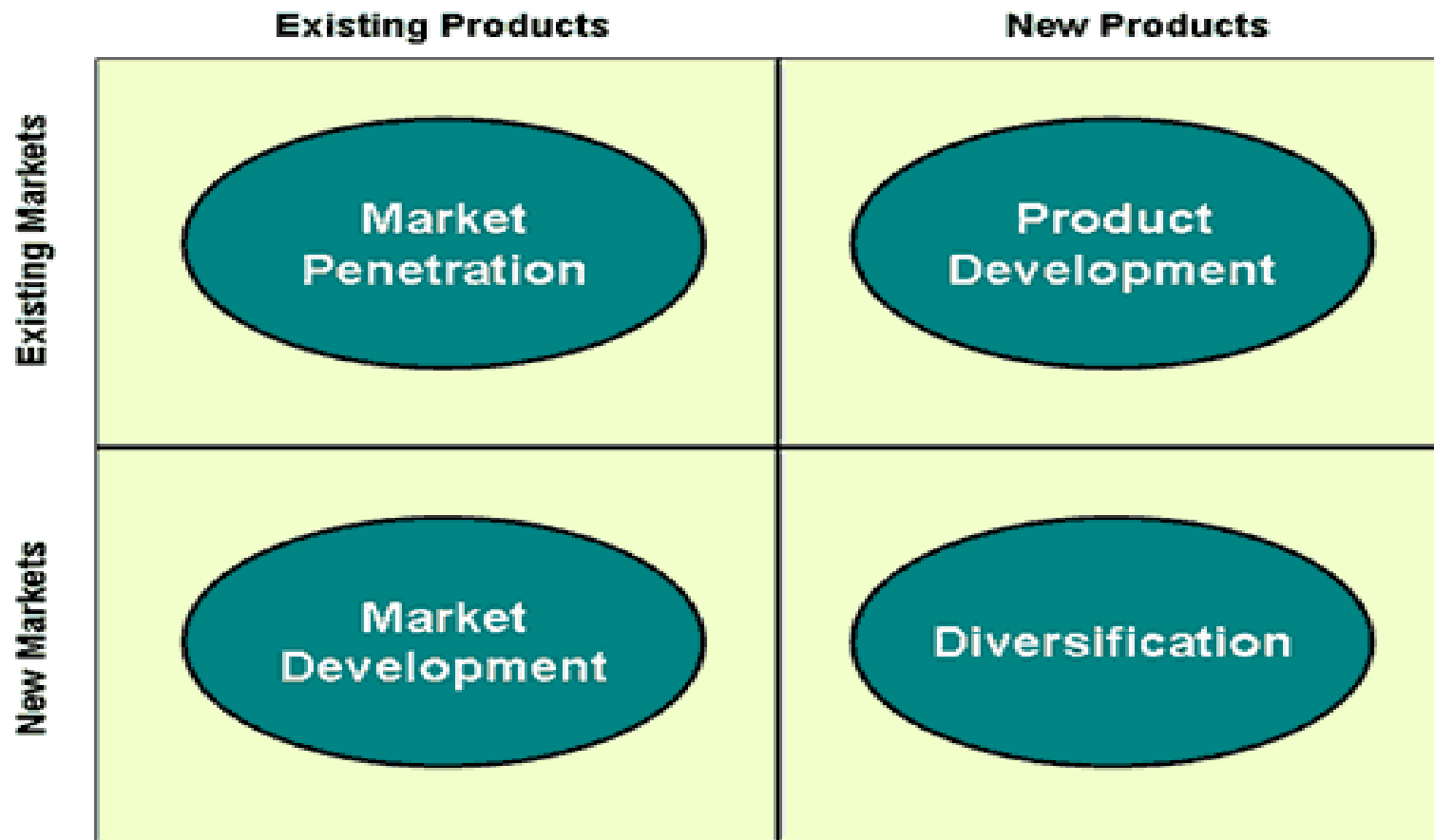
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(By...

- ▶ Market p...
- ▶ Market de...
- ▶ Product dev...
- ▶ Diversific...

SEANIS - UON



Market Penetration

existing
market

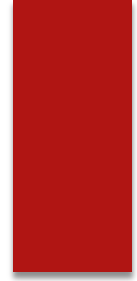
SEMI-S - UON

Market development

Organizations
in new

SEMI-S - UON

UON





Product development

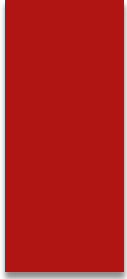
strongly
new or
existing

SEMSIS - UON

. Diversification

development of
new products in
new markets

- ▶ It can be horizontal, vertical or conglomerate, especially when it involves both new products and new markets



- ▶ To survive
- ▶ To deal with
- ▶ To grow
- ▶ To enter in
- ▶ To increase
- ▶ To gain
- ▶ To spread

UON



► In 1980, the firm got a new owner.

► PIONEER

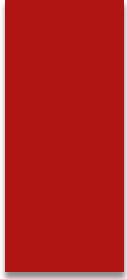
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▶ A Pioneer

▶ A Follower

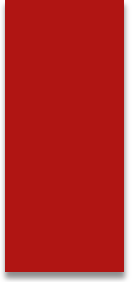
SEMIS - UNION



▶ **STRATEGIC MARKETING PROGRAMS FOR PIONEERS**

- ▶ Mass marketing
- ▶ Niche penetration
- ▶ Skimming and

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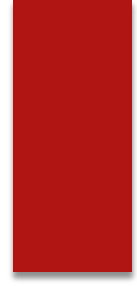


(E.g. *Fortification* and *Flankers*)

Fortification
strategies

Flankers

SEMI-SUON

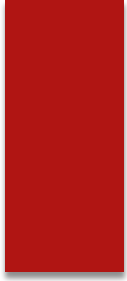




Ma
strate

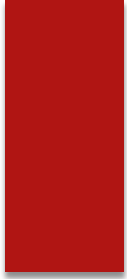
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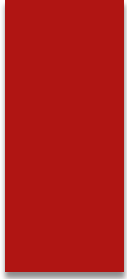
SEMS - UON



strongly
very strong
attack
competence

SEMIS - UON





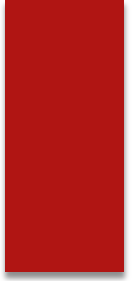
Development
(fighting
directly
challenge

SEMIS - UON

firm
compe
lower qu
designed
price seg

SEMS

UON



Eg: Alvaro: Kenya Breweries



Novida by Coca Cola to shield Coca Cola from



SEMI



Follow
strategy



Frontal attack



Leapfrog strategy



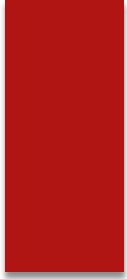
Flanking

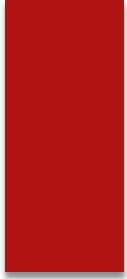


Encircle



Guerilla

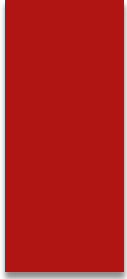




- ▶ always preferred

- ▶ .

SEMI-SUON



existing
of product
brands.

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market
by existing
has a strong

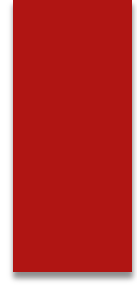
SEMIS - UNION





- Analyze customer data to identify untapped segments
- Develop targeted marketing campaigns tailored to specific customer preferences
- Offer personalized pricing and selective discounts

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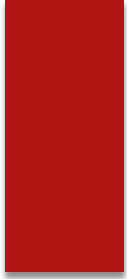


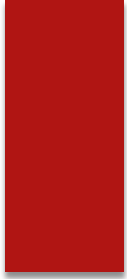


Involve
small units
the market

The ideas
leadership
offerings
peripheral

SEAMS / UONZ





more
competit
major seg

SEMIS - UNION

more
competit
major seg



SEMIS - UNION

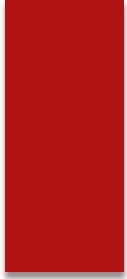


orders for
some of its



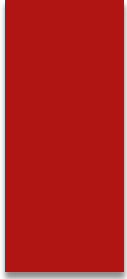
This may include
price cuts.

SEMI-SUON



▶ STRATEGIES FOR MATURE AND DECLINING MARKETS

- ▶ In the declining market, the firm may face the following challenges:
 - ▶ liquidate the assets
 - ▶ It may be profitable to invest in new products
 - ▶ It may be profitable to reduce R&D expenses
 - ▶ It may be profitable to reduce capital expenditures



company and its profits

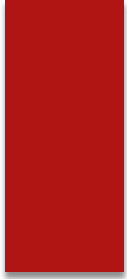
technical



SEMI-S - UNION

MARKETING STRATEGIES FOR MATURE MARKETS

- ▶ The marketing mix can be used
- ▶ Penetration
- ▶ Extended
- ▶ Market e



three strategic product lines



.

SEMIS - UNION





Reasons
be known
with a d

▶ **Exit barriers**

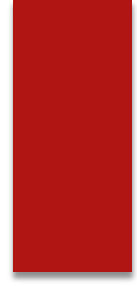
▶ **Intensity**

rivalry:
like?

SEMINARS - UON



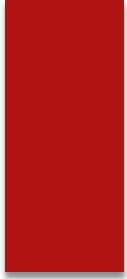
- ▶ DIVERSIFYING the business and the investment
- ▶ should be based on the buyers' and future directors' pattern in



SEWIS - UNION

can be
generally
maximized
relatively

SEMIS - UNION



attract

SEMIS - UNION

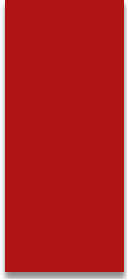


stronger than
others in the
market



Invests more
in exiting

SEWIS / UNION



Identify
segment
stable p
other secur

SEMI

UON





...
Competition
objective
market share
technological
satisfaction, e



SEMI-CON



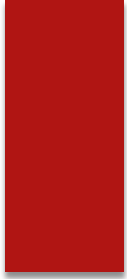
STRENGTH

- ▶ Do you have the strength to...

SEMINARS - WOMEN

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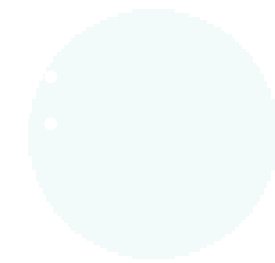
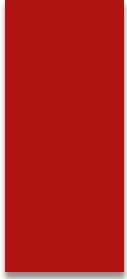




PATTERNS

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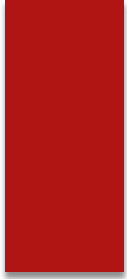


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assault



Such a
monitors
information
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kind of unpredictable
circumstances.

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- Very important
- Everyone needs to detect or competitively pass it or authority response

SEVERALS - UNION



What is it?

Having an intelligent system
enable you to
identify the data
it can act on
it should

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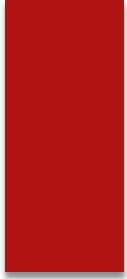


and why?
Why?

▶ Strong verbs

▶ Close verbs

▶



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cc



Weak
Compet



UNIVERSITY OF NAIROBI
SEED ENTERPRISE MANAGEMENT INSTITUTE (SEMIs)

SEMIs Seed Marketing

Case Analysis

GREENFIELD SEED COMPANY (GSC)

By J. Munyoki

Greenfield Seed Company (GSC) is a local seed company based in Nairobi, with branches in Kisumu and Mombasa. The company has been doing very well in the Kenyan market, and already has a sizeable share of the market. Management is realizing that the market in Kenya is becoming increasingly competitive, and feels that this is the time to come up with strategies to deal with the competition. The company has been experiencing low profits as a result of poor sales. It lacks financial resources to expand its productivity, and the staff are poorly paid. The company recently closed down its offices in Mombasa over huge unpaid rental and other operational expenses. Its staff do not seem to have enough information about the company's seed products and often give misleading information about the products. This has made some customers uncomfortable and a number of previously loyal customers have run away to competitors.

Last year, the company introduced a new maize variety, LH2000, which is meant for low altitude areas. The product has so far not peaked up, and most farmers do not seem to know about it. Distribution of the maize variety has been very poor and often reaches the stockiest long after the onset of the rains, when farmers have already bought other varieties.

Recently, the company held a three day workshop during which several options were explored. One of the most exciting presentations was made by James, a seed marketing consultant. James convinced the managers that in order to deal with competitors properly, the company must first understand them "you cannot compete with a competitor you do not know", He argued.

James explained that the company should collect information about its competitors, analyze it, and use it to come up with appropriate strategies. "But we already have most of the information we need about our competitors" exclaimed Joshua with a sigh of relief. "We know their names, their location, and their ownership" He went on to say. "That's very good, but there is a lot more we need to know about competitors" Interrupted James .

The company has resolved to have a follow up Workshop during which strategies to deal with competition will be discussed. Some managers are already of the view that the company should open up and expand within the region, particularly to areas where there is a big potential for growth. Southern Sudan and Rwanda are already being proposed as possible targets for expansion. It has also been resolved that the company should, over the next three weeks, collect information about its competitors using market intelligence.

Required

- a. How can the company carry out market intelligence?
- b. What more should a company know about competitors, as far as James is concerned?
- c. Do you support the idea of expanding to new regions? Explain
- d. How can GSC enhance the sales of LH2000 ?

- By Francis Kibera

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Contents

1. Marketing Process and Tracking

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Marketing Process and Tracking

by

Professor Francis N. Kibera PhD , CBS

School of Business

University of University

Telefax: 254-020-4443824

Cell phone: 254-722 513259

Email: profkibera@gmail.com

MARKETING PROCESS AND TRACKING

1. INTRODUCTION

1.1 Definitions:

- Marketing is the bridge between production and consumption of goods and services.
- Marketing forms the vital link between human needs and the means of satisfying them.

- **Marketing is about doing research to learn what people want; creating products that people want; pricing them competitively and making it easy for people to buy.**
- **Marketing is a series of activities that satisfies human needs through exchange processes.**

1.2 A Simple Marketing System

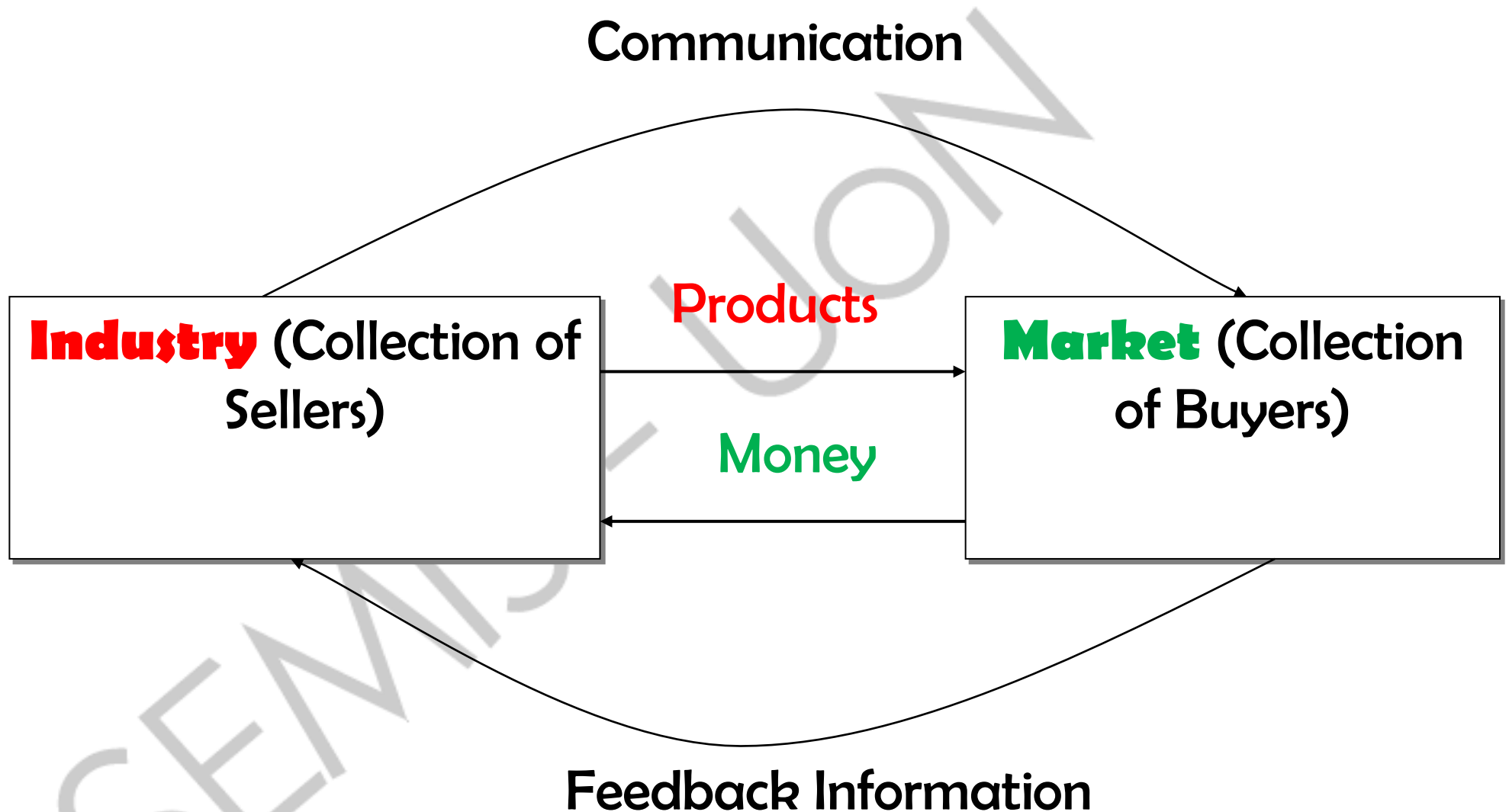
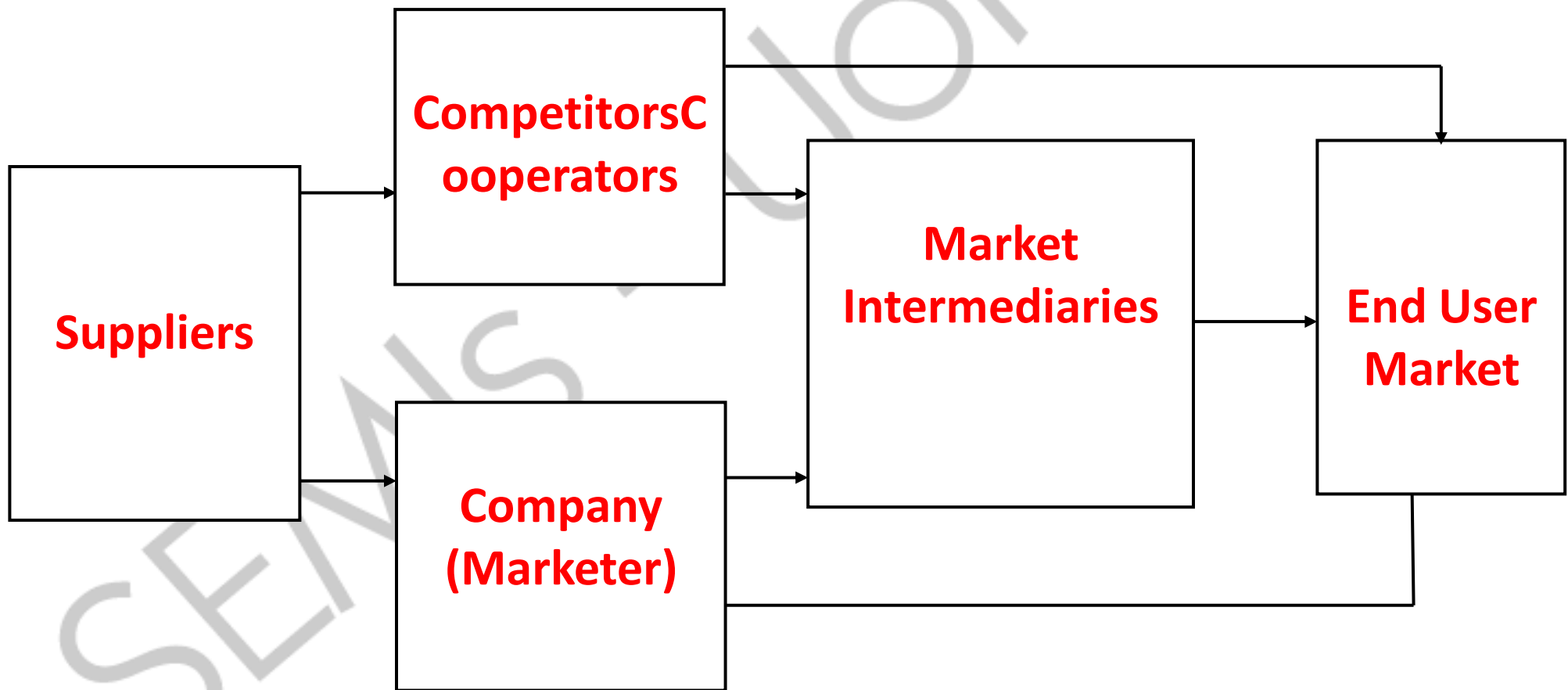


Figure 1: Simple Marketing System

1.3 Main Actors and Forces in a modern Marketing System



1.4 Marketing Commandments

- Know thy customers/markets.
- Know thy products/services.
- Know thy competitors/collaborators.
- Know the environment/context.

2. MARKETING PLANNING AND TRACKING

2.1 Introduction

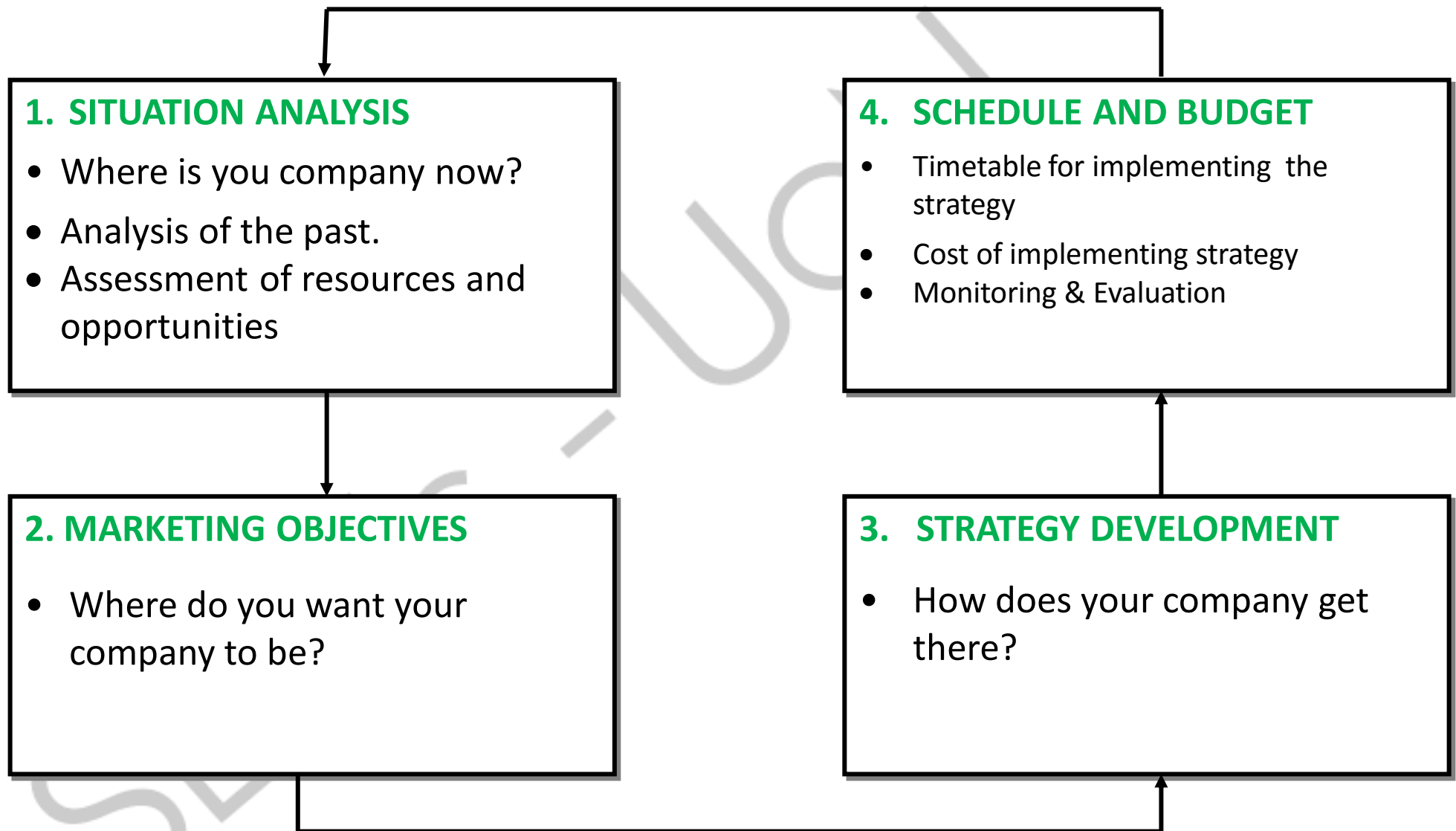
- Marketing planning can be defined as:
 - ✓ deciding in advance what to do,
 - ✓ how to do it, and
 - ✓ who is to do it.
- More, formally, it is defined as a systematic process that involves:
 - ✓ the assessment of **opportunities** and organizational **resources**,

- ✓ the determination of **marketing objectives** and of a **marketing strategy**, and
- ✓ the development of plan for **implementation** and **control**.

2.2 Steps of Marketing Planning

- Any organization that embarks on marketing planning should start by asking the following questions:
 - ✓ Where is your company now?
 - ✓ Where do you want your company to go?
 - ✓ How does your company get there?
 - ✓ How will you know whether you got there or not?
- These questions correspond to the major stages of the planning process as shown in Figure 2.

Figure 2: Marketing Planning Cycle



1. SITUATIONAL ANALYSIS

The situational analysis usually covers **Five** major areas:

A. Sales trends

- ✓ Analysis of actual sales results by territory, product, customer, size of order, distribution outlets.
- ✓ Each product's sales figures are examined over the previous several years.
- ✓ The planners compare these figures to similar ones for competing products.

B. Previous forecasts versus previous performance:

- ✓ A review of the **accuracy of past planning** is made in terms of both **sales** and **profits**.

C. Market situation and competitive environment:

I. Customer/Market Analysis

- A market is a group of people with:
 - ✓ a desire for a product;
 - ✓ willingness to buy it;
 - ✓ ability to pay for it; and
 - ✓ authority to buy it.

(a) Questions to guide you in conducting customer/ market analysis:

- ✓ Who are our customers?
- ✓ Where are they located?
- ✓ What do our customers see as important?
- ✓ What do they buy, from where and how?
- ✓ Why do they buy?
- ✓ Are all customers the same (80:20 rule)?

(b) Market Segmentation

(i) The three premises of segmenting a market are:

- ✓ People are similar in some ways.
- ✓ People are dissimilar in other ways.
- ✓ Homogenous groups (**market segments**) can be identified from a heterogeneous market.

(ii) The main ways of defining segments are:

- ✓ Geographical area
- ✓ Industry or industry sub-sector
- ✓ Product
- ✓ Application
- ✓ Size of end-user
- ✓ Distribution channel
- ✓ Order size
- ✓ Order frequency
- ✓ Type of decision maker

- The key to market segmentation is to let the marketplace segment itself because the individual segments exist independently of the company and its products.

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II. Competitor Analysis

- **Questions to guide you in performing competitor analysis:**
 - ✓ Who are your competitors?
 - ✓ How do they compare with your company in size?
 - ✓ Where are they located?
 - ✓ Do they operate in the same market sectors as you do ?
 - ✓ What products do they manufacture/sell?
 - ✓ How does their pricing compare with your own?
 - ✓ What sales/distribution channels do they use?
 - ✓ Have they recently introduced new products?

D. Planning assumptions and constraints

- ✓ An assessment is made of corporate, financial, personnel, and production strengths and weaknesses.
- ✓ External factors such as the state of the economy, government regulations, and broad social trends are taken into consideration.

E. SWOT Analysis

- ✓ SWOT Analysis stands for **Strengths** and **Weaknesses** as they relate to our **opportunities** and **threats** in the market place.
- ✓ Presentation of SWOT Analysis:

STRENGTHS

(Activities that we do well or resources we have plenty of)

WEAKNESSES/CONSTRAINTS

(Activities that we don't do well or resources that we lack)

OPPORTUNITIES

(Positive or favourable conditions existing in the market place)

THREATS/CHALLENGES

(Negative or unfavourable conditions existing in the market place).

2. MARKETING OBJECTIVES

- Objectives/goals are what we want to achieve.
- A marketing objective concerns the balance between products and their markets.
- It relates to which products we want to sell into which markets.

- In all plans, marketing objectives should be set for the following :
 - ✓ Sales turnover for the period of the plan by product and market segment;
 - ✓ Market share for the period of the plan by product and market segment;
 - ✓ Customer satisfaction, brand awareness, etc;
 - ✓ New product development;
 - ✓ Gross profit on sales, etc.

3. MARKETING STRATEGIES

- ✓ Marketing strategies are the means by which marketing objectives will be achieved.
- ✓ Strategies are the broad methods chosen to achieve specific objectives.
- ✓ Marketing strategies relate to general policies for the products, price, promotion, and distribution.
- ✓ A useful way of looking at the types of strategies that may be available is to use a product-market matrix (Figure 2).

Figure 2: Strategies based on Product-Market Matrix

		Low Risk	High Risk
		Present Product	New Product
Low Risk	Present Market	Expand existing market with existing product	Develop new products for existing strategies
High Risk	New Market	Sell present product in new markets	Develop or acquire new products to sell into new markets

4. SCHEDULE, BUDGET AND IMPLEMENTATION OF PLAN

- ✓ The actual implementation programs that are undertaken to carry out the company's strategies must be stated in greater detail.
- ✓ The action programs set priorities for the actual steps by which the strategies are to be put into practice, and they also situate the strategies in terms of specific schedules and budgets.

- ✓ **Schedule:** This is designed to show when specific activities and budget expenses occur.
- ✓ **Budget:** Budgeting is a critical step in the planning process because it commits the company's financial resources to a given strategy.

- Each action plan should include:
 - ✓ **Current position** – where you are now;
 - ✓ **Aims** – what to do/where do you want to go;
 - ✓ **Action** – what you need to do to get there;
 - ✓ **Person responsible** – who will do it;
 - ✓ **Start date**- when action will start
 - ✓ **Finish date** -when action will end
 - ✓ **Budgeted costs.**



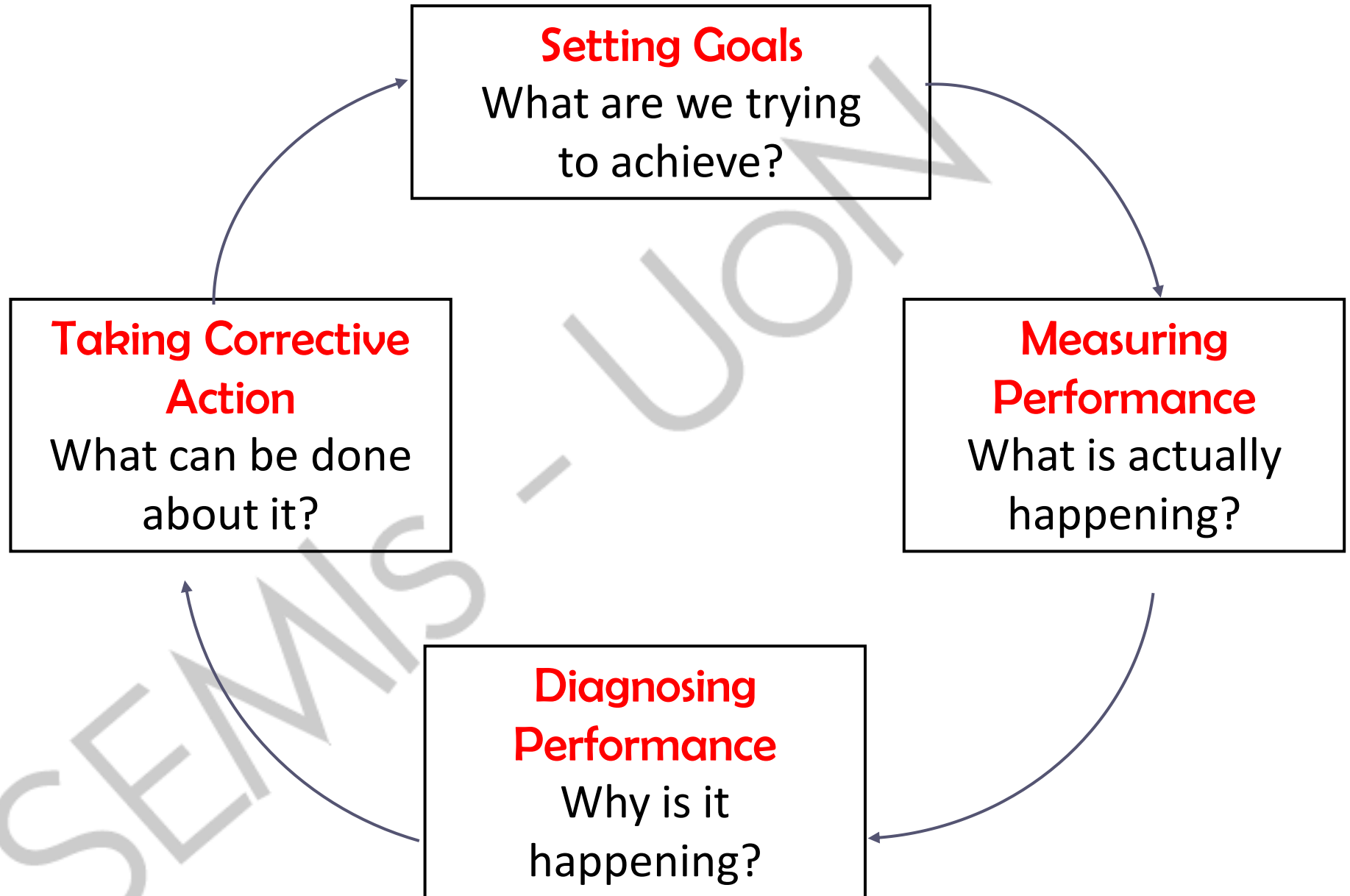
5. Monitoring and Evaluation of Performance (Tracking)

5.1 Introduction

- Establishing the criteria by which performance is to be evaluated is a fundamental management responsibility
- Performance ratios are very useful for monitoring performance.
- Ratios enable you to benchmark performance across different parts of the business, across teams within the business, or overtime across companies within a sector.

- Once trends have been highlighted that indicate a weakness in performance, management can investigate the causes and take corrective action.
- The control process is essentially a simple one (Figure 3).

Figure 3: The Control Process



5.2 Types of Marketing Control

a. Strategic Control

- The tool that is used to carry out strategic control is **marketing audit**.
- The three steps of carrying out marketing audit are:
 - **Marketing environment review:** markets, customers, competitors and microenvironment: present and future.
 - **Marketing system review:** organization objectives, programs, implementation and organizational structure
 - **Detailed marketing activity review** – review of 4p's; corrective action is recommended.

b. Annual Plan Control

- ✓ **Management by objectives** (results) is the key to annual plan control.
- ✓ Specific objectives for every actor in the company.
- ✓ **Each person's performance is checked by supervisor on weekly, monthly, or quarterly basis.**
- ✓ **Below normal performances trigger analyses of causes.** The findings lead to a corrective plan to performance.

Five (5) performance tools used to check the progress of the annual plan.

- ✓ **Sales analysis:** actual versus expected sales.
Sales variance analysis: customers, territories.
- ✓ **Market share analysis:** for the whole company; by product, territory, customer group, etc.
- ✓ **Expenses to sales-ratios:** gross profit to sales, etc
- ✓ **Other ratios:** revenue per employee, percentage of revenue from products introduced in the last three years, etc.
- ✓ **Attitude tracking:** Share of mind (awareness), Share of heart (preferences), Share of sales (sales volume versus those of competitors).

c. Profitability Control

- Periodic research is conducted to determine the actual profitability of different:
 - ✓ products,
 - ✓ territories,
 - ✓ customer groups,
 - ✓ trade channels, etc.

■ Marketing costs analysis is used to:

- ✓ evaluate profitability of products, etc;
- ✓ identify functional expenses;
- ✓ assign the expenses to marketing activities; and
- ✓ prepare a profit/loss statement for each marketing activity.

6. SUMMARY OF THE CONTENTS OF A MARKETING PLAN

- Most marketing plans, particularly product and brand plans, will have the following sections:
 - ✓ Executive summary
 - ✓ Current marketing situation
 - ✓ Opportunity and issue analysis
 - ✓ Marketing objectives
 - ✓ Marketing strategies
 - ✓ Action programs
 - ✓ Projected-profit-and-loss statement, and
 - ✓ Monitoring and Control Tools.

These sections and their purposes are as follows:

S/No	Description	Purpose
1	Executive Summary	A brief summary of the marketing plan.
2	Analysis of current marketing situation	An analysis of trends and changes in the marketing environment, the market situation, customers and competitors.
3	Assessment of opportunities and problems	The major opportunities and threats (both inside and outside the organization) facing the product for which the plan is being developed.

4	Marketing Objectives	The goals to be achieved through the marketing plan in such areas as customer satisfaction, sales volume, or market share.
5	Marketing strategies	The overall marketing strategy-market segmentation and product, price, promotion, and distribution activities-that will be used to achieve the objectives.
6	Action programs	Pinpoints who is responsible for the marketing activities and establishes budgets and timetables for executing the marketing strategies.
7	Projected profit and loss statements	This summarizes the expected financial pay off from the plan.
8	Monitoring and Control Tools	Details the procedures for monitoring the plan over time and for taking corrective action if needed.

Conclusion

- Effective implementation of the marketing plan will enable your company to:
 - ✓ **capitalize on** its strengths and overcome its weaknesses;
 - ✓ **take advantage** of emerging opportunities especially those related to technological advances; and
 - ✓ **address any challenges** posed by both national and global operating environments.
- This process will in turn propel your company to higher levels of performance and attainment of its vision and mission for the benefit of your key stakeholders.

END

- By Thoing'o Samuel Mungai

Contents

1. Real Life Marketing Challenges In Africa
And How To Overcome Them

**REAL LIFE MARKETING CHALLENGES IN
AFRICA AND HOW TO OVERCOME THEM**

BY
THIONG'O SAMUEL MUNGAI, SOB, UON

SEMIS - 2019

There is a big potential in Agro-Industry in Africa !



1. Africa hosts a huge spectrum of suitable agro-climatic conditions that allow a broad range of diverse agricultural production
2. Africa is still importing large quantities of agricultural and food products that may be produced within the continent.
3. For some products, large parts of production are simply not exploited due to lack of infrastructure for commercialization and processing.
4. Stability and economic growth is becoming a reality in the continent.
5. Market access is becoming an opportunity with the creation of trade areas at regional level and with preferential trade agreements with certain countries-regions.
6. Urbanization and subsequent food diversification is an opportunity for African processed staples

But there are key challenges to overcome!

KEY CHALLENGES IN AGRO-INDUSTRIAL DEVELOPMENT IN AFRICA

Low agricultural productivity and post-harvest losses (First constraints for agro-industry in Africa)



Low access to technology



Trade areas and agro-industry



Poor infrastructure (especially in rural areas)



Meeting market demands and certification schemes

EUREPGAP®



Low access to finance services and inadequate environment for attracting investors and private sector



Lack of capacity building in agro-industry and market linkages



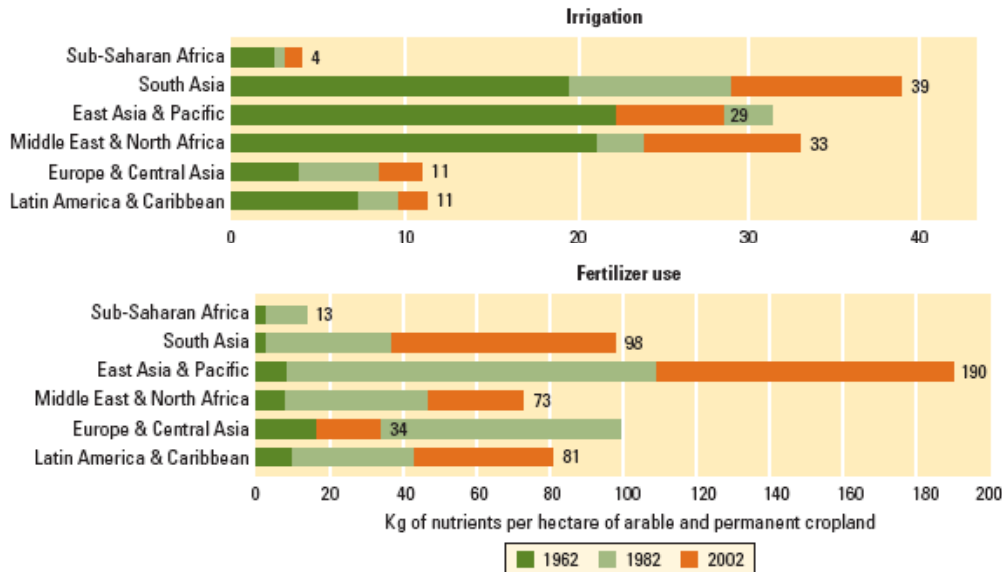
Development of farmer associations and cooperatives



New challenges: bio-energy



Production – Low and unstable



Sources: Evenson and Gollin 2003; FAO 2006a.

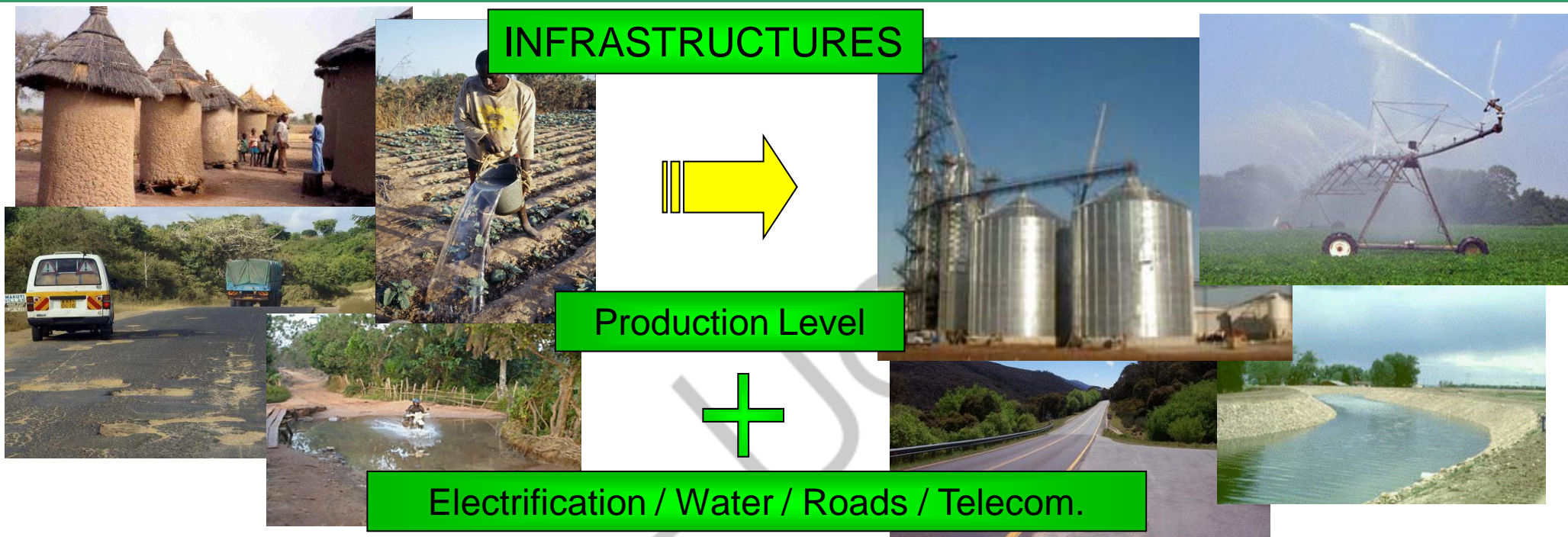
High Post-Harvest Losses

1. In sub-Saharan Africa, countries average post-harvest losses are estimated at over **40%** (up to 30% in cereals and up to 70% in some fruits and vegetables) – UNIDO 2007
2. In Uganda, approximately **27%** of all milk produced is lost: 6% is wasted at the farm level, while 11% and 10% of production is either lost to spillage or spoilage during transport or marketing, respectively – FAO 2004

1. **The growth and competitiveness of the agro-industry sector is directly linked to the competitiveness of the raw material suppliers.** Lack of inputs, appropriate technology, and infrastructure, in conjunction with high post-harvest losses drives the lack of competitiveness of many local raw produce in Africa, and therefore the competitiveness of local agro-processors too.
2. **Agro-industry in Africa cannot be understood without improving the first steps of the value chain**, such as storage, transportation, and basic grading-packaging that secure the quality, the preservation, and the first value addition of the produce.

Therefore, any strategy/action in the promotion of agro-industry in Africa must address these two first constraints of the value chain

POOR INFRASTRUCTURE – ESPECIALLY IN RURAL AREAS



1. **There is still a big gap in infrastructures in Africa, and especially at rural level where the raw produce is grown.** Appropriate infrastructures together with capacity building are the key pillars that can successfully decrease post-harvest losses, and serve as initial trigger for attracting private sector investments.
2. **Lack of storage capacity in conjunction with poor rural electrification and water access, insufficient road network, and difficult access to communication tools (telephone, e-mail...) constrains the successful development of agro-industry,** affecting the competitiveness of the final products in terms of cost, quality, and supply.
3. **Low and unstable agricultural productivity affects directly to the success of agro-industry. More infrastructures for production (irrigation schemes, dams...) are needed in Africa** in order to increase production, make it more cost effective, and fulfill the demand in volume and quality of agro-industry.

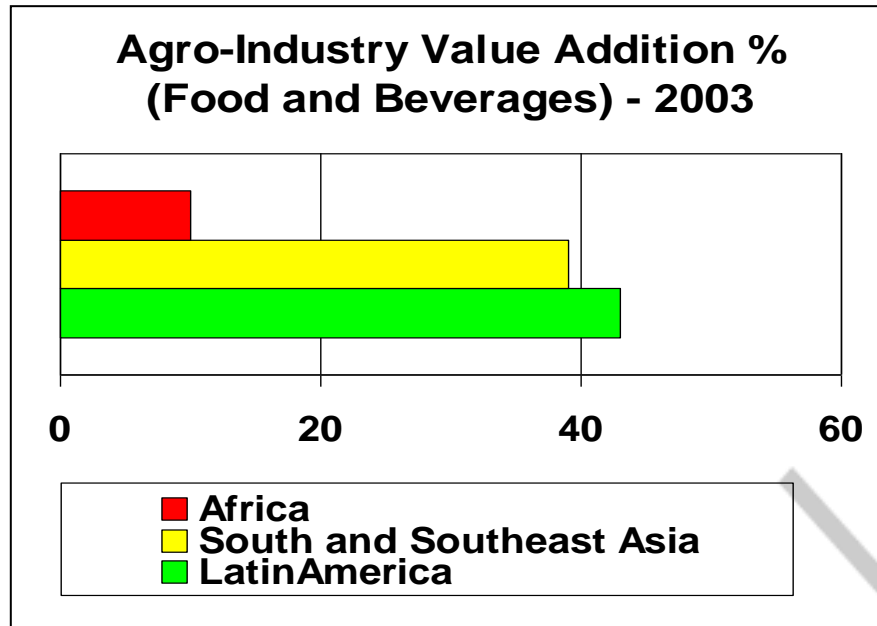
LACK OF CAPACITY BUILDING IN AGRO-INDUSTRY AND MARKET LINKAGES



- 1. The level of capacity building in agro-processing in Africa has been rather low so far; the focus has been basically on production extension.** This can explain partially the high percentage of post-harvest losses apart from the lack of appropriate logistics and storage capacity. Also public R&D has been focused on production, prioritizing investments in agriculture research extension but not in post-harvest and food technology.
- 2. Nowadays the entire value chain is being driven by markets and finally by consumers; besides, most ongoing agricultural operations in Africa (especially at small-medium farmer level) continue to be focused on production aspects with no forward linkages;** therefore, there is an urgent need of strengthening market intelligence and market linkages and make them sustainable especially in rural areas (e.g. oranges and tomatoes in Uganda are being broadly grown in some districts as raw produce without knowing the threshold and potential processing needs of the market / e.g. market web-based systems have been launched in many countries but because of lack of resources they become useless very soon)

Therefore, the EXTENSION-SUPPORT SERVICES need to be closer to a BUSINESS-DEVELOPMENT MODEL than just to the traditional agricultural-extension model, being able to cascade at farmer and small-medium agro-processor level the market and the value addition needs

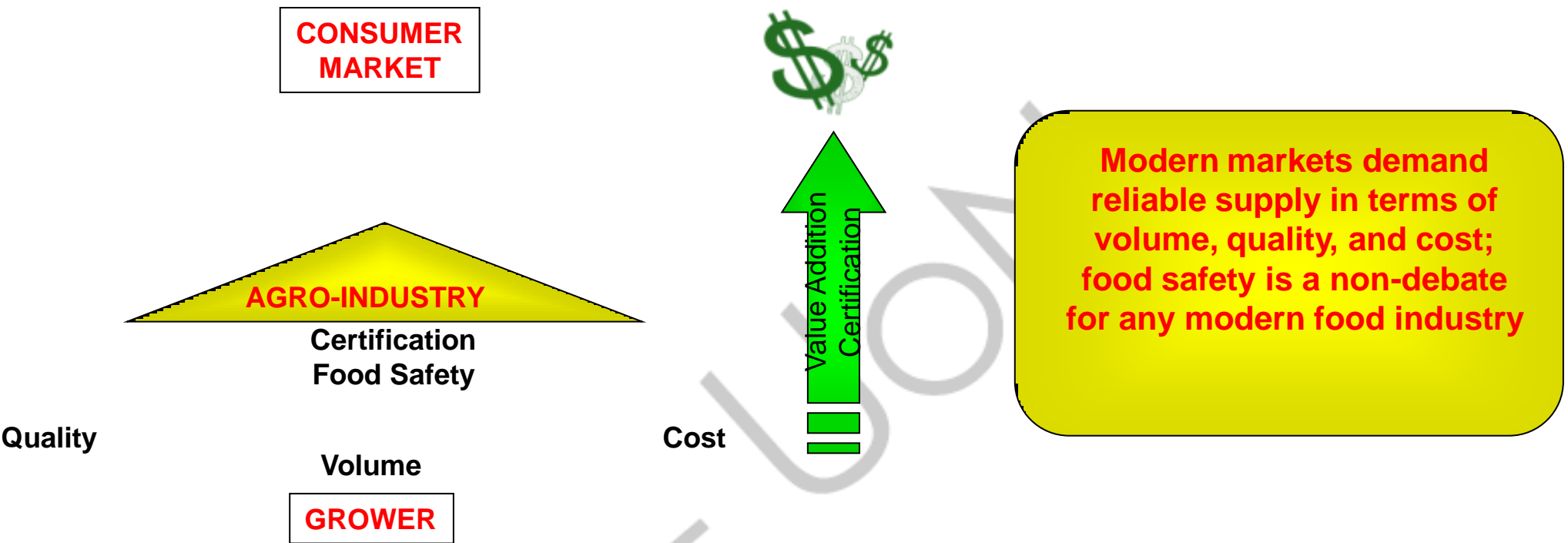
LOW ACCESS TO TECHNOLOGY



There is tremendous regional disparity among developing regions in the distribution of formal sector agro-industry value addition. For food and beverages, Latin American countries accounted for nearly 43 percent of value addition in 2003 and countries of South and Southeast Asia for 39 percent. In contrast, **African countries contributed less than 10 percent of value addition**

- 1. Actually the level of agro-processing at rural level in Africa is in most of the cases inexistent or just very basic. This is linked to the fact that access to agro-processing technologies is very limited** due to the lack of expertise/know-how and affordable cost.
- 2. Besides, and due to poor infrastructures, production factors like water, electricity, and diesel-petrol are either not available or very expensive.** The high cost of these production factors affects the availability, quality, and cost of other key inputs in agro-industry like packaging materials.
- 3. Accessing technologies is not always affordable** based on the fact that taxation systems in many African countries overload the imported cost of agro-industry equipment. The creation of free trade areas at regional level can help to overcome this when local equipment is required, but still the challenge is how to make international technology available and affordable without undermining the potential emergence of local technology providers.

MEETING MARKET DEMANDS – CERTIFICATION SCHEMES



1. **The challenge in Africa (where in many cases agro-processing is in a primitive stage) is how to start incorporating certification systems that in a first phase could fulfill the local-regional requirements, and in a later stage the regional and international requirements if the final target is the export market.** In this respect, there is a gap in the knowledge of basic principles like GMP, HACCP..., their implementation, and in the availability of local certification bodies that could make the process accessible and cost effective even for small and medium food processors.
2. **It is also necessary to take one step backwards up to farm level (first step of the supply chain) to secure full traceability and implementation of good management systems (e.g. GAP).** The typical African farmer has no expertise in this area because the priority has been just simple production so far. Here, farmers associations and capacity building can play a key role in terms of creating awareness, implementing food industry schemes, and achieving vertical integration in the value chain.

MARKETS

Modern markets demand reliable supply in terms of volume, quality, and cost; and food safety is a non-debate for any modern food industry

Identify Sector Niches for SMEs:

- Basic and primary agro-processing
- Labour intensive activities
- Local and internal markets

AGRO-INDUSTRY (Big Vs SMEs)

These challenging requirements could

take out of the market SMEs benefiting big processors that can meet volume and additional costs related to certification, traceability...

ADVANTAGES

- Oriented production
- Contract Farming
- Farm extension and Traceability
- Access to technology
- Basic agro-Processing
- Become agro-industries
- Meet agro-industry demands

FARMERS ASSOCIATIONS COOPERATIVES

AREAS TO SUPPORT

- Finance Services
- Marketing Services
- Technical Skills
- Certification Schemes
- Managerial Skills
- Extension Services

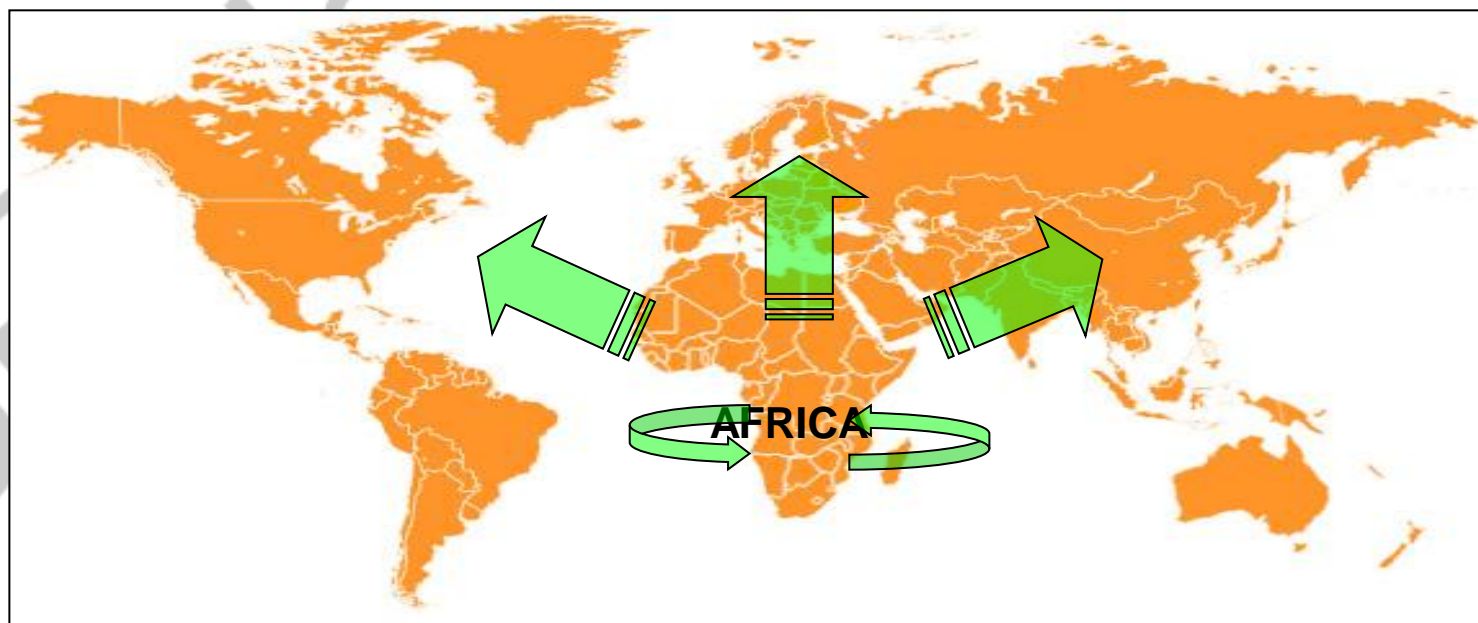
GROWERS

Farmer's associations and cooperatives, based on the scale economy, could overcome the gap that individual farmers could not. The challenge is how to promote and support them in a sustainable way, and how to equip them with a comprehensive tool package (finance and marketing services, technical and managerial skills, extension services...) that could make them competitive enterprises

TRADE AREAS AND AGRO-INDUSTRY



1. The creation of regional integration areas in Africa (COMESA, SADC...) opens a great opportunity for agro-industries to look beyond country's boundaries.
2. Also other international opportunities can be explored
3. Under this globalization environment, competitiveness and compliance with international standards will play a key role.
4. There is clear opportunity, but the challenge is huge in terms of entrepreneurial capacity, modernization, and market intelligence.



LOW ACCESS TO FINANCE SERVICES AND INADEQUATE ENVIRONMENT FOR ATTRACTING INVESTORS AND PRIVATE SECTOR

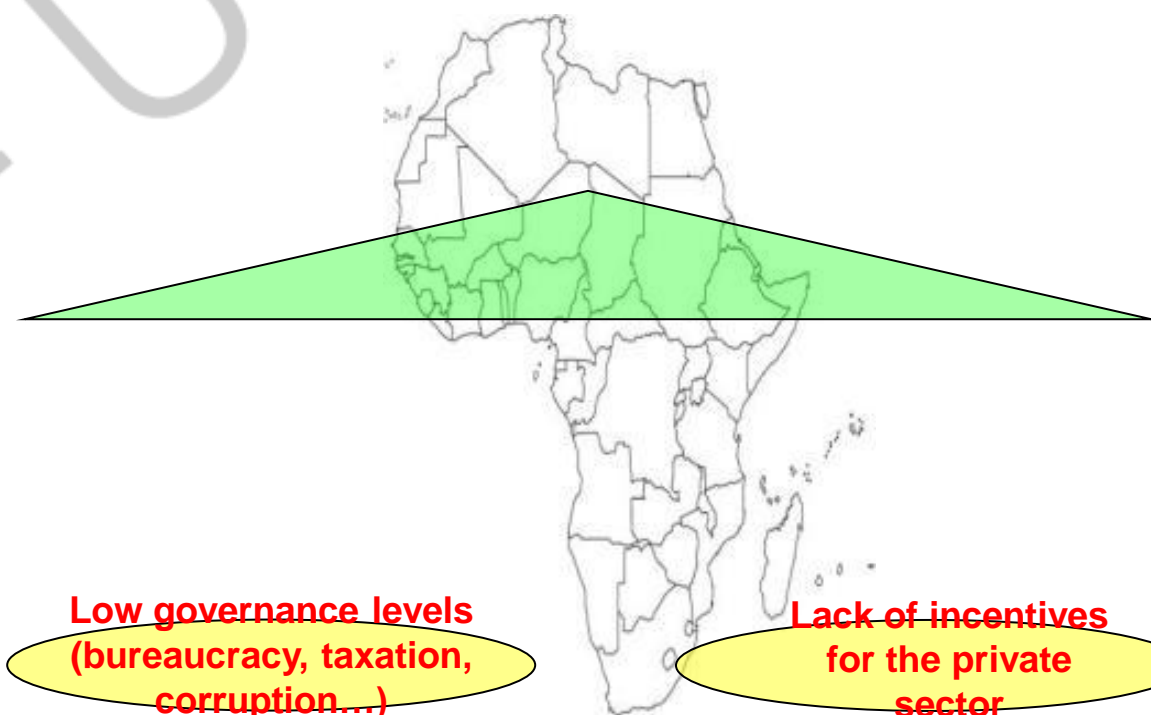
- 1. Africa is characterized by the limited financial resources, which have direct implications in the industrial development.** Commercial banks work at very high rates which are unaffordable for many small-medium entrepreneurs. Although some actions are being taken to help domestic enterprises, the impact remains very limited. This financial constraint is further magnified when it has to service to start-up business in agro-industry.
- 2. It is clear that “the easier to do business the easier to invest”. This is 100% applicable to the agro-industry sector. Many African countries are still at a very low position when ranking them on how easy is to do business.** Therefore, it can stop in some cases foreign agro-processing investors, and also make difficult the access to technologies and equipment.
- 3. Licensing , business start-up cost, trade procedures, time required ...worse in sub-Saharan Africa than other developing regions.**

The undeveloped agro-industry private sector in Africa is in part consequence of:

Low access to affordable finance tools

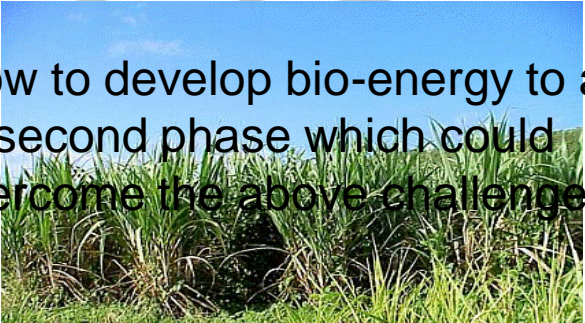

Low governance levels (bureaucracy, taxation, corruption...)

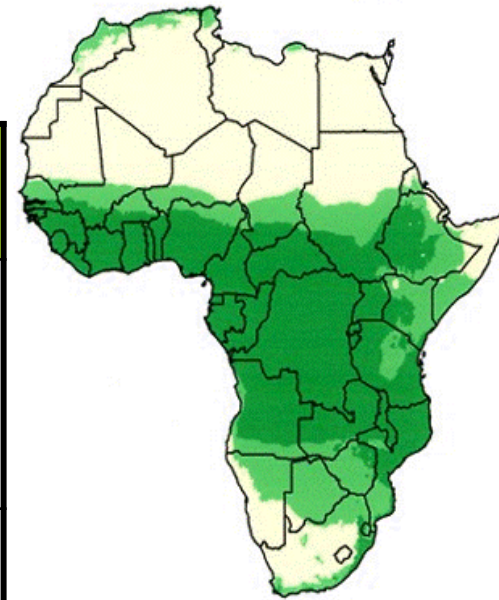
Lack of incentives for the private sector



NEW CHALLENGES - BIOENERGY

Africa may have a broad range of suitable conditions for growing crops used in the production of bio-energy **but**:

General Challenges	Africa - Specific Challenges
How to make it costly and environmentally feasible	Availability of technology (big-medium-small scale)
How to balance bio-energy needs with food needs	Infrastructures and Logistics
How to develop bio-energy to a second phase which could overcome the above challenges	Market demand and Trade (local-regional-international level)
	



- By Victor Ndambuki

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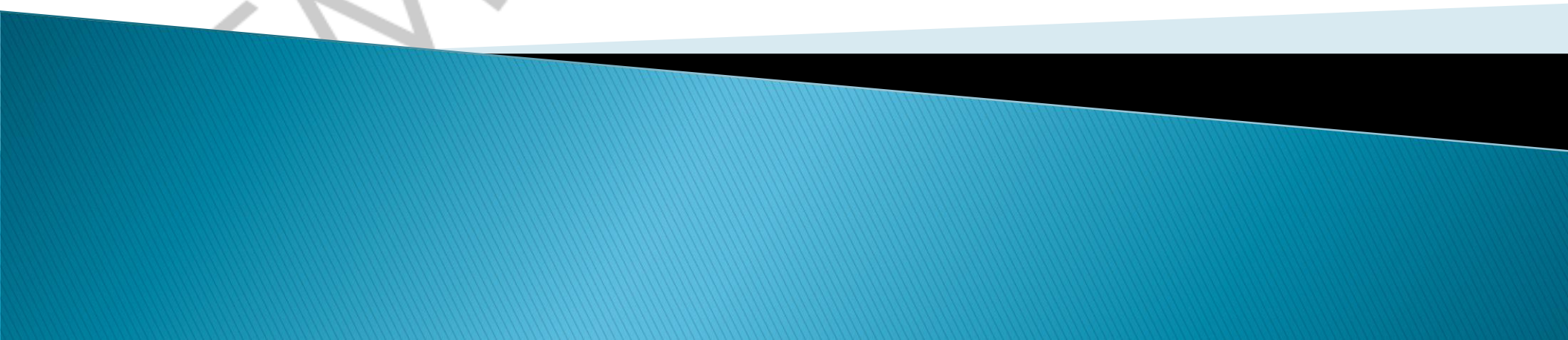
Contents

1. Retail Management
2. Seed Pricing Mechanisms
3. Exercises

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**RETAIL MANAGEMENT
BY
VICTOR NDAMBUKI**

MIS - UON



What?

- ▶ This is the process of promoting greater sales and customer satisfaction by gaining a better understanding of the consumers of goods and services produced by a company
- ▶ Is the activity of selling goods and services to fund consumers for their own use.

Types of retailers

- Departmental stores
- Supermarket
- Warehouse retailers
- Convenience retailers
- E-tailer
- Flea market
- Factory outlet

Multi brand

Single brand

Specialty category killers

Types on the basis of size

- ▶ Small scale retailers
- ▶ Large scale retailers

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Types on the basis of method

- ▶ 1. Store retailing
- ▶ 2. Non-store retailing

Characteristics of a successful retailer

- ▶ Establishes its market position to serve the needs of a well defined group or groups of customers e.g. some specific advantages e.g. more focused product lines, opening longer hours.
- ▶ Retailer, supports its market positioning by pricing, display etc.
- ▶ Retailers manages store operations e.g. forecasting, customer services
- ▶ Retailer manages behind the scenes operations effectively
- ▶ Retailer maintain the business and community standing.

Types of business in retailing

- ▶ Sole proprietorship / partnership
- ▶ The private company
- ▶ The public company
- ▶ Co-operatives

Utilities provided by retailers(what does the retailer do?)

- ▶ Form utility
- ▶ Place utility
- ▶ Time utility
- ▶ Possession utility

Functions of the retailer

- ▶ Assembling of seeds from different producers
- ▶ Storage – maintains ready stock for the right time
- ▶ Grading and packing – packs in smaller quantities (break bulk)
- ▶ Risk bearing
- ▶ Transportation
- ▶ Sales promotion – displays
- ▶ Information to farmers
- ▶ Information to companies.

Alternatives in considering the retail strategy mix

- | ▶ Low-end strategy | - | High -end strategy |
|-------------------------------------|---|---|
| ▶ Low rental location | | High rental location (CBD) |
| ▶ No extra service or charged | - | Services such as credit, delivery, advice |
| ▶ A fee if offered | | |
| ▶ Non elaborate fixture and display | - | Elaborate fixtures and displays |
| ▶ Price emphasis in promotion | | -Non price emphasis |
| ▶ Crowded store | - | Spacious store |
| ▶ Most merchandise visible | - | Most merchandise in backroom |

Retail competition

- ▶ Need for complete competitive analysis during the business planning style
- ▶ Generate competitive intelligence
- ▶ A retailer cannot control what competitors do but can minimize their impact on its business.

Retail planning process

Deciding on the stories philosophy, mission and objectives



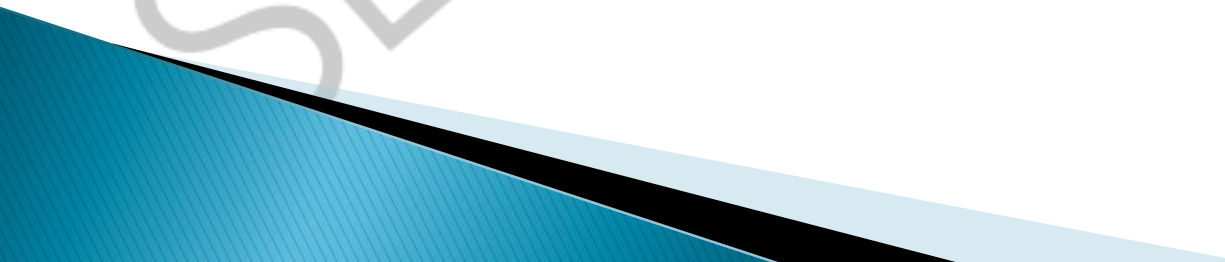
Situation analysis



Formulation of retail strategy



Strategy implementation and control



Ansoff's Matrix on Retail strategy

Market segment

		Existing	New
Retail format existing			New
	Existing	Market penetration <ul style="list-style-type: none">- Increase basket size- Increase purchase frequency	Market development <ul style="list-style-type: none">- New customer bases
New	New	Retail format development <ul style="list-style-type: none">- New format with existing customers	Diversification <ul style="list-style-type: none">- New retail format directed at new market

Retail decisions

1. Location – where?
2. Design and layout
3. Category management
4. Retail branding
5. Retail pricing

Brick & Mortar Vs Dot.com

Electronic retailing (e-tailing)

- ▶ Sales of seeds through the internet
- ▶ Requires businesses to tailor traditional business models to the rapidly changing face of the internet and its users
 - Must consider
 - e-selling
 - e-promotion
 - e-branding

Disadvantages of e-retailing (challenges) in e-retailing

- ▶ After sales care difficult
- ▶ Lesser role for traditional high street retail expertise
- ▶ Complex logistics of fulfillment
- ▶ May lack know-how
- ▶ Substantial set-up investment and ongoing costs
- ▶ It is less powerful than face to face.

▶ **Category management**

- Is a retailing concept in which the range of products purchased by a business organization or sold by a retailer is broken down into groups of similar or related products. E.G
 - Maize seeds category
 - Legume seeds category
 - Flower seeds category etc

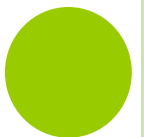
- ▶
- ▶ **Merchandise planning+**

Seed Pricing Mechanisms

By

Victor Ndambuki

WELCOME



SEED PRICING

What ?

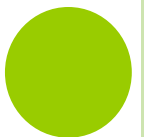
-Price creates sales revenue and is therefore important in determining the total value of the sales made.

-Price is determined by, say, what farmers perceive as the value of seed of a particular variety.

-It is important to understand how farmers value seed as well as how much money they are prepared to pay in relation to the benefit they expect to earn.

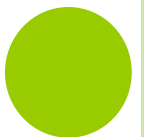
Different meanings of the price

- To the buyer – It's a cost used as a measure of value
- To the seller – It is revenue and is therefore critical
- To the government – It may mean popularity and votes, therefore governments may seek to control seed pricing.



Price and demand

- The manager responsible for pricing a product must know how much more will be sold if the price is lowered and conversely how much less will be sold if price is increased .
- There is obviously a limit to what the farmer will pay as well as a limit on demand however low the price is
- As prices increase, a point is reached where substitutes to **Bought seed**, such as **Farm saved seed**, may be used or the farmer may choose to plant a different crop.
- Demand can be estimated by:
 - Statistical Analysis
 - Price Experiments
 - Surveys



The cost

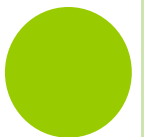
- The cost is a major feature in any discussion about the price.
- The costs of production must be properly recorded and analysed
- In marketing costs could be classified into production costs and marketing costs

Examples of seed production costs

- Procurement
- Processing and storage
- Quality control and certification

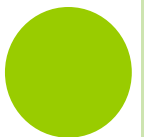
Examples of seed marketing costs

- market research
- Advertising and promotion
- Sales and distribution



Pricing policy

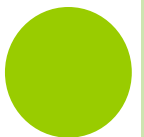
- The firm has to set price policies when a new product is launched or a new distribution channel is used.
- Decisions may have to be taken to change the price in response to competition and to the market situation.
- In the public sector prices are often based on an economic policy
- Ideally, however, even the public sector ought to price with costs and element of profits in perspective,



Pricing objectives

Objectives in government seed pricing

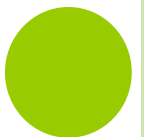
- To induce farmers to use certified seed of improved varieties in order to increase national production
- To provide adequate incentives to seed producers to supply seed in sufficient quantity to meet demand
- To encourage the development of private distribution channels
- To implement government agro-economic policies.



Objectives in private sector seed pricing

1. Profit maximization
2. Price competition
3. Return on Investment (ROI)
4. Survival

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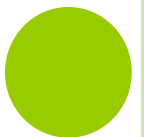


Pricing strategies

- Once objectives are set, the pricing strategies must be considered.

1) **Low price strategy**

- Low price strategies are used where consumers respond very positively to small downward changes in price, but a company may not always gain from setting low prices.
- Firm must consider;
 - quality associations
 - Price sensitivity of the product
 - State of supply



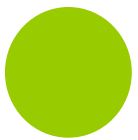
2) Market price strategy

- This is prevalent where a few large companies dominate supply
- The role of price tends to be neutral

3) High price strategy

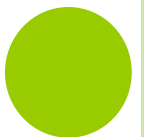
- The company will have identified a market segment for a high quality, value added products such as graded and treated seed.
- A high price may reflect the exclusive image or added value of the product.

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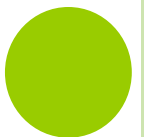
Price determination

- The important influences are;
 - Cost
 - Demand
 - Prices of competitor's products
 - Sales targets



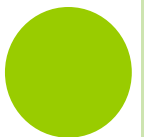
1) **Cost-plus pricing**

- This method involves calculating the chief cost of a product and adding the appropriate profit margin to give a base which may be altered in relation to the prevailing market conditions.
- This approach tends to ignore developments in the market
- A rigid application of cost-plus pricing may lead to price increases when demand is weak and vice versa.



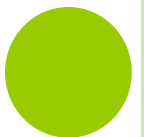
2. Contribution pricing

- It is a form of cost-plus pricing which involves separating the different products that make up the product portfolio and allocating to them the direct costs associated with their production.
- The price is set at a level which will generate revenues in excess of these
- costs thereby contributing towards business overheads.
- Individual products can be analysed in terms of their ability to cover their direct costs and contribute to overheads.



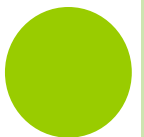
3) Competitive pricing

- The nature and extent of competition from similar products influences the price
- Consider the pricing options under
 - Direct competition
 - Indirect competition



4) **Short – term pricing techniques**

- Pricing can be a useful tool for pursuing short-term marketing and sales targets.
- When a new variety is launched higher prices can be set providing an opportunity of earning higher returns from those farmers willing to pay the higher prices before seed becomes more widely available.
- Lower prices may be linked to promotional activities or stimulating interest in existing varieties or for stock clearance



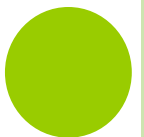
Price – Adjustment strategies

1) Discount and allowance pricing

- Adjusting prices to accommodate discounts e.g.
 - seasonal discounts
 - Cash Discounts
 - Quantity discounts.

2) Psychological pricing

- Adjusting prices for psychological effect especially where price is seen as an indicator of quality.



3) **Geographical pricing**

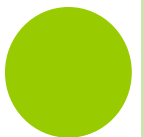
- Adjusting the price to take into account the geographical location of customers e.g. zone pricing and basing point pricing.

4) **Discrimination pricing**

- When Different customers pay different prices for the same product

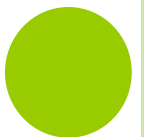
Price discrimination can be on the basis of :

- The customer
- Season
- Channel



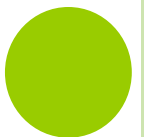
5) Captive pricing

- Used for products produced by the same producer and which must be paid together.
- Generally the accompanied products is priced low because it is a one time purchase
- Captive products experience repetitive purchase and are hence priced higher.



WHY WOULD A SEED MARKETING COMPANY
INCREASE THE COSTS OF ITS SEEDS?

SEMS - UO



DUE TO :

- COST INFLATION
- ANTICIPATORY PRICING
- TO MANAGE OVER DEMAND

