By Aline O'Connor

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- 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
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- 6. Business Economics Illustrative

Marketing and Sales Overview

Aline O'Connor
Consultant, Agri Experience Limited

SEMIs

What are you marketing and selling?



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



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 <u>year-round</u>, to meet a strategic schedule.

Most of them will be implemented <u>prior</u> to the onset of the selling season.

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

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

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Selling activities are planned before the selling season, and then implemented during the selling season, to meet a customers' needs.

Most selling activities will be implemented just prior to, and then during, the selling season.

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

Selling Activities

Include, but are not limited to:

- Sales calls and visits
- Taking orders
- Designing and using sales reports and recordkeeping 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
- 27. UNDERSTANDING AND CHOOSING AGRODEALERS
- 28. THE 80/20 RULE AND HOW TO USE IT
- 29. ELEMENTS OF A SUCCESSFUL COLLECTION PROCESS

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And a 6th P for seed companies!

✓ Positioning!

√ (and some companies like to add People)

Marketing and Sales Concepts

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



Marketing and Sales Overview

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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:



Agenda

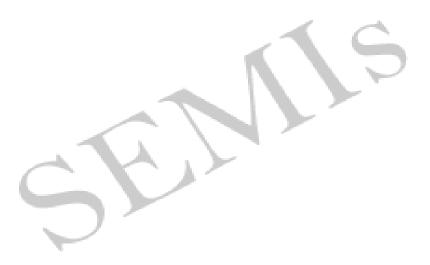
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The 4 (5 or 6!) P's of Marketing

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- ✓ 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
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- Value
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SEMENCE CERTIFIEE

Espèce :

Variété :

Catégorie : R1

Lot n°

Cycle :

Date du test :

Germination: ≥ 90%

Humidité : ≤ 12%

Pureté : ≥ 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













SAleAble SEED IN PACKAGE

87%

13%

CRACKEYO 11%





Abnormal 5%



VIAble 23%





DISEASED

42°/
HEATED

DISCARD































Key Things to Understand About Your Customers

Aline O'Connor SEMIs Marketing Module

Can you be a successful company without understanding your customers?

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?



Exactly WHO is the customer for improved seed?

Government?

Global Organizations, e.g. FAO?

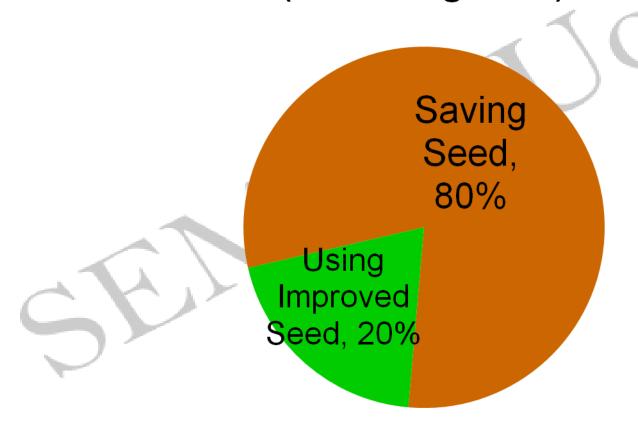
NGOs?

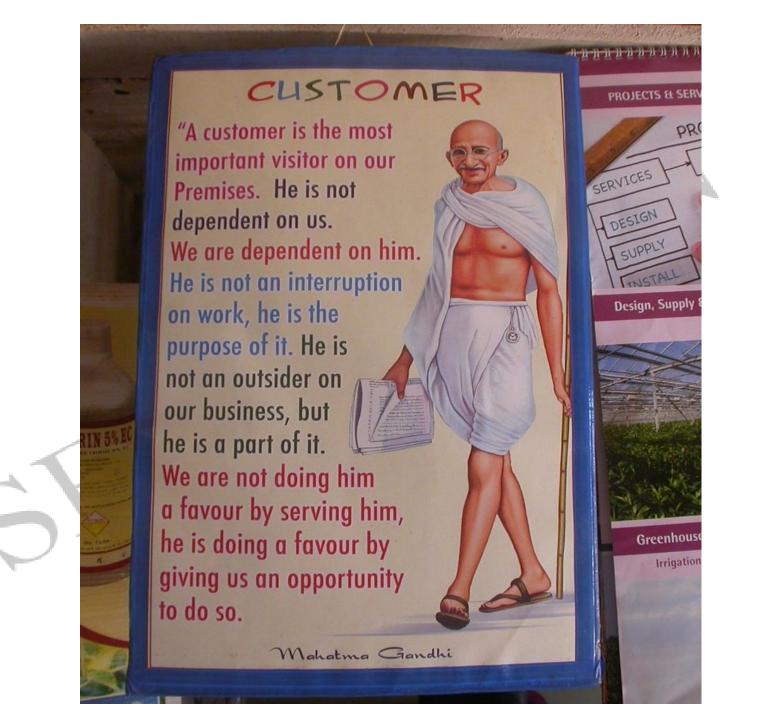
Agrodealers?

"Seed-Only" Dealers?

Farmers?

Estimated Usage of Improved Seed In SSA (excluding RSA)





1. TRUST

Trust is the <u>most critical element</u> 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 <u>reliable and consistent</u>. They will be loyal to those brands that become <u>reliable</u> <u>suppliers</u> of <u>high-quality</u> 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.



5. PURCHASING PATTERN

Customers can be <u>characterized</u> by their <u>purchasing patterns</u>. 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 <u>demonstrate their appreciation</u> 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 <u>conservative risk managers</u>. 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 <u>bad</u> 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

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

SEMIs 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?

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?

	Entries	Cumulative Total
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)

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?

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\$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)/42000 =

6.5 months

This is called Aging of Accounts Receivable

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?



How do YOU collect money?



Marketing and Distribution Calendars

SEMIs Marketing Module
Aline O'Connor

Example: Marketing and Distribution Main Calendar

Mar & Apr	May	June & July	Aug& Sept	Oct
•Select demo sites •Review sales plans w/agrodealers (ADs) •Ship product to ADs •Deliver marketing materials to ADs	(Planting season) •Regularly review stock requests with ADs •Manage inventory •Restock key ADs •Monitor credit and payments •Oversee demo planting	•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	 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 	(Harvest season) •Hold more field days •Take photos of customers with crops for use next year •Collect customer feedback

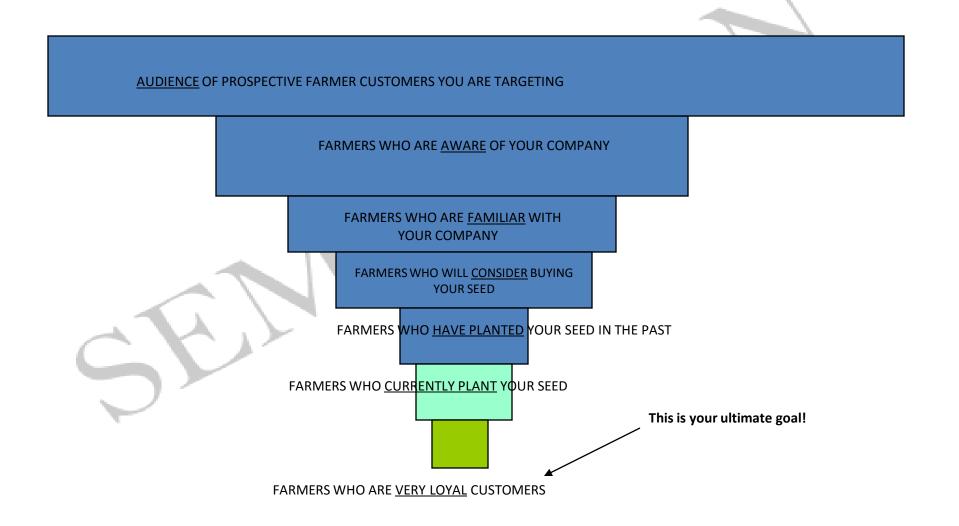
Example: Marketing and Distribution Main Calendar

Oct	Nov & Dec	Jan & Feb	
(Harvest season) •Hold more field days •Take photos of customers with crops for use next year •Collect customer feedback •Radio testimonials, "expert" radio programs	 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 	•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			С	
Total Sales Revenue	100%	100	0%	100%	6
Cost of Goods Sold	43%	51%	, D	64%	
Selling Expense	22%	18%	, D	16%	
Research & Dev'ment	8%	13	%	4%	•
Gen'l & Administrative	<u>7%</u>	8%	, <u>D</u>	<u>17%</u>	
Operating Income		20%	10%		-1%