

- By Dr. Owino Joseph

SEMIS - UoN

# Contents

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

SEMIIS - UON

# **SEED ENTERPRISE MANAGEMENT INSTITUTE**

## **Choosing Agro-dealers**

**Presented By:**

**By**

**Dr. Owino Joseph**

**[owinojoseph@gmail.com](mailto: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.

SEMI-S - UoN

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

SEMIIS - UON

# 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 field

# 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

SEMMIS - UOI

## *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

SEMIS - UON

# 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.

SEMI-S - UoN

Thank you