

Marketing Concept

Crops Production and Marketing

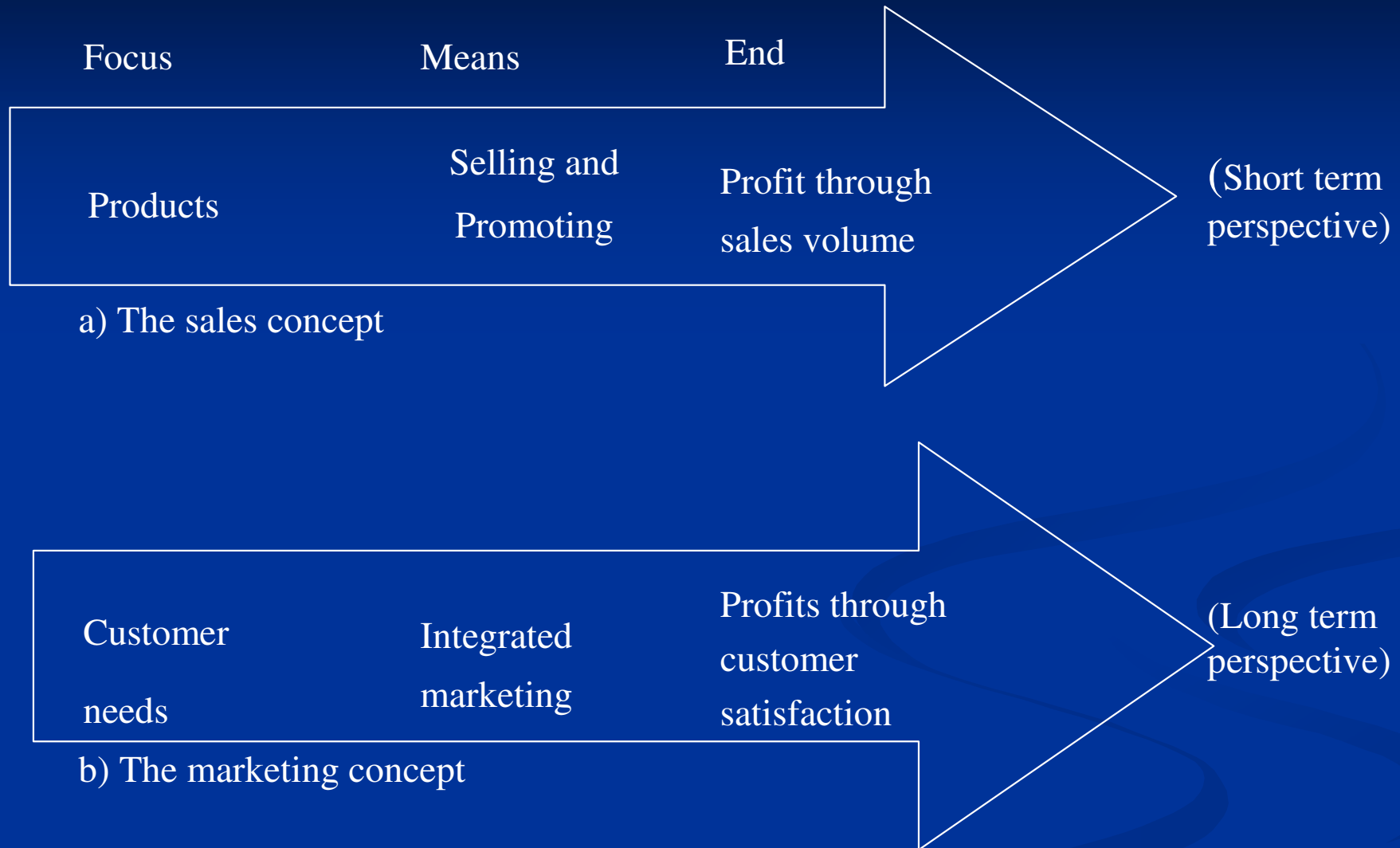
Importance of Marketing

- As population increases and people demand higher living standards, increased crops production is essential.
- The lack of more productive lands, the only way to increase crop production is to increase crop yields.
- As crops production increases, more marketing efforts are required to sell the greater quantity of products.
- For marketing purposes, the farmers need to enhance the productivity & quality of their produce & market it successfully by creating customers & satisfying their needs.

Basic Marketing Concept

- **Marketing** is the set of human activities directed at facilitating and consummating exchanges.
- **Marketing management** is the situation analysis, planning, implementation, and control of programmes to bring about desired exchanges with target audience for the purpose of mutual gain. It relies on adaptation and coordination of Product - Price, Promotion, and Place (distribution) for achieving effective response.
- **Marketing concept** is a customer orientation backed by integrated marketing aimed at generating customer satisfaction. It therefore replaces the sales concept.

Marketing Perspectives



Enhancing Crops Production and productivity

a. Enhancing Agricultural Growth

Growth is the law of nature, whatever ceases to grow, moves towards decline & decay.

We all seek growth-- as individuals, as a family, as a community & as a nation.

Likewise all business, including agriculture, must evolve & grow.

Growth in agriculture and any business requires planning.

We must therefore plan ahead & ask where do we want to be 5 years from now?

We need to identify the current statistics & the potential for growth of crops in 2010, vis a vis the Area, production & Productivity.

- Area -- Total hectare under the crops
- Production - Total output.
- Productivity - Yield /hectare.

b. Crops Planning

- For this we must measure the following:
- Potential for increase in area
- Steps required to achieve this.
- Present productivity level & range thereof, in a defined area.
- Steps needed to achieve higher productivity.
- Likely increase in production through increase in area & productivity.
- Inputs required for increasing production & productivity.
- Infrastructure required for handling the current & increased production vis a vis storage, transportation and marketing.
- Per capita consumption of crops.
- We need to strengthen the domestic systems for the production of quality products as also for its marketing.
- Phasing out the imports gradually.
- Strengthen the 4 Ps. Products, Price, Promotion & Place.
- To meet the growth and development of agriculture through planning, resource management becomes the first priority.

c. Resource Management

The availability of resources is always limited. Integration of the available resources is therefore of utmost importance.

Let us first examine the available resources.

- Land
- Water
- Technology
- Credit
- Physical inputs
- Storage
- Marketing & distribution
- Above all, TIME

Resource management

Land

- Land, which is arable & crop worthy is limited. It can be put to multiple usage. It is also prone to degradation, both natural & human.
- Since all seed must get planted into the land, proper & timely preparation of land is the very first step towards a good output.

Water

- Water is by far the most crucial input in agricultural production.
- Water is the life line of nature. Nothing can grow / survive without water no vegetation, no human, no animal.
- Therefore availability of water & its proper usage are major factors in agriculture.

Resource Management

Technology

- Technology is evolving rapidly, even in agriculture.
- The farmers are to adopt the technology best suited for crops cultivation & marketing.
- Plan technologies sourcing & usage accordingly.
- Use simple & easy to follow steps.

Credit

Credit is a shortcut to success. In puts, storage, marketing & labour need money.

Identify credit need for seed, fertilizer, pesticide, labour, misc. expense etc.

Sources of funding.

- Own funds
- Coop credit
- Commercial bank credit
- Money lender /Trader
- Relatives and friends
- Any other
- Establish credibility for honour & success.

Resource Management

Physical inputs

- Ensure the quality of inputs.
- Identify reliable sources of inputs.
- Be updated on the quality, price & availability of all inputs.
- Building long term relations with the input supplier is a positive step. They can be of great assistance in the marketing process.

Resource Management

Storage & Post Harvest

- Proper use of the above inputs shall ensure a bumper harvest.
- Managing crops well after storage.
- Grading products properly before storage / marketing.
- Packing products in bags as required.
- Adopting trade labeling. It helps in the marketing of produce.

Marketing & Distribution

- Planning ahead for marketing the products.
- Identifying potential areas
- Identifying potential buyers.
- Setting up marketing /distribution channel(s).
- Announcing price & distribution margins well in advance.
- Collecting payment in advance.
- Providing communication & transport facilities.

Resource Management

Time management

- Efficient time management is a must.
- This is the input that is in hand.
- It should be invested wisely.
- Should plan ahead & work as per plan.
- Proper planning leads to proper implementation & good results.

Modes and channels of Marketing

a. The Sale and Marketing Concepts

We shall once again discuss the Sale & Marketing concepts & see how we can apply these to the local conditions of agricultural products.

The Sale concept.

Short term, product oriented, not enough focus on customer satisfaction & continuity of business. One time transaction. This concept is dominating in our markets. In the short term we seek successful sale of the products available.

The Marketing concept.

Customer oriented, uses integrated marketing -- the 4 Ps & aims at generating customer satisfaction. Essentially has a long term perspective of continuity of business.

In the long term, through use of the marketing concept we seek strengthening of the linkages between the producer, the distribution chain & the buyers enabling them to share mutual benefits, with a long term perspective.

b.Modes of Marketing

- The 4 Ps would obviously come into play.
- a) Product (quality) b) Price (affordable & market linked) c) Promotion (for creating awareness) d) Placement (timely & through efficient distribution chain)

Modes of transportation

- Human /animal mode of transport for smaller quantities / shorter distances?
- Vehicles with enough roads?
- Any other?
- Modes of communication
- Telephones, postal facilities, personal interface etc.?

c. Channels of Marketing

Let us now consider the options for channels of distribution.

1) Farmer to Farmer(s)

For transaction on a one to one basis.

Can be followed on a limited scale, especially where the seller & the buyer are known to each other or through a trader / agent.

Settlement of price, payment terms & logistics shall have to be well planned.

Has the advantage of one to one communication regarding crop production.

Its scale & scope is however limited.

Channels of Marketing

2) Farmers Co-operative to Farmers

- A group of farmers with contiguous holdings could form a co-operative, whereby resources are pooled for inputs sourcing, crop production, storage, marketing etc..
- It facilitates integration of resources. It improves time management for the entire group. It strengthens bargaining power for sourcing of inputs including seed, fertilizer, pesticides etc, sharing of irrigation facilities, building & sharing of infrastructure like farm machinery, warehouses, transport & communication facilities, etc.
- Resources can also be put together for identifying potential markets, The co-op can initiate advisory service, organize demonstration plots & other activities to promote the sale of products under the trade / co-op labels.
- The combined strength of a cooperative, if run efficiently & with transparency is very beneficial in the long run.
- However, if the functioning of a co-op is inefficient & non transparent it soon disintegrates. Therefore, good leadership & systems are necessary for the co-operatives.

Channels of Marketing

3) **Farmers Co-operative to Farmers Co-operative**

In the former case, a farmers co-operative deals with individuals either directly or through agents. In this case a farmer's co-op deals with one or more farmers co-operative, either directly or through agents.

The interface of of both cooperatives would also work on the principle of sharing mutual benefits. Apart from the sale / purchase of products under co-op label, there can be a sharing of & sourcing of information regarding crop production, sourcing of inputs, infrastructure, etc.

Defining of business terms, including Price, Payment terms & channels for timely placement is a must for the success of this model as well.

Channels of Marketing

- **4) Traders to farmers**
- Where organizing of co-operatives is a difficult task, it is best to identify & establish separate distribution channels of agents / traders. The input suppliers, owing to their contact with the farmers, could be organized to work for promoting business between farmers & farmers. Traders have a far better understanding of business than farmers, who, have a producers outlook. Traders may also have their own transport & storage facilities or may be able to hire these out. Organized trade can surely boost production & marketing of all crops.

THANK YOU