

SEED MARKETING

SEMIs - UoN

- By A. V. Monayo

SEMI-SUPON

Contents

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

SEMI'S - JON

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. Its 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

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 the competition as possible since choice is based on many factors, not just

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 and research data, studies and specialist knowledge

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.

- ∄ 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

Identify and establish brand positioning and values

Concepts

Mental maps
Competitive frame of reference
Points of parity and point of difference
Core brand associations Brand

Plan and implement brand marketing campaigns

mantra
Mixing and matching of brand elements
Lute grating brand marketing activities
Exploiting secondary association

Measure and interpret brand performance

Brand value chain
Brand audits Brand
tracking
Brand equity management systems

Increase and sustain brand equity

Brand product metrix
Brand portfolios & hierarchies
Brand extension strategies
Brand reinforcement and revitalization

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.