
Agricultural And Commodity Marketing

CHAPTER 5: MARKETING STRATEGY FOR AGRICULTURAL PRODUCTS

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5.0 INTRODUCTION

- **Emphasis should be given to marketing strategy**
 - **IN all levels and areas**
 - **Opportunities must match with resources**

5.1 BASIC CONCEPTS OF MARKETING STRATEGY

- **planning, Objective, Strategy, policy, Strategic business units**
- **Corporate planning:-planning system**

Cont'd

- **WHAT IS MARKETING STRATEGY?**

- An organization's **strategy** that combines all of its **marketing** goals into one comprehensive plan.
- Is a guide that help marketers choose, prioritize, plane, and execute projects to influence profitable customer action.
- Is marketing logic that business units expect help achieve their goal

- **Marketing strategy Vs. Marketing plan**

- **Marketing planning definition**

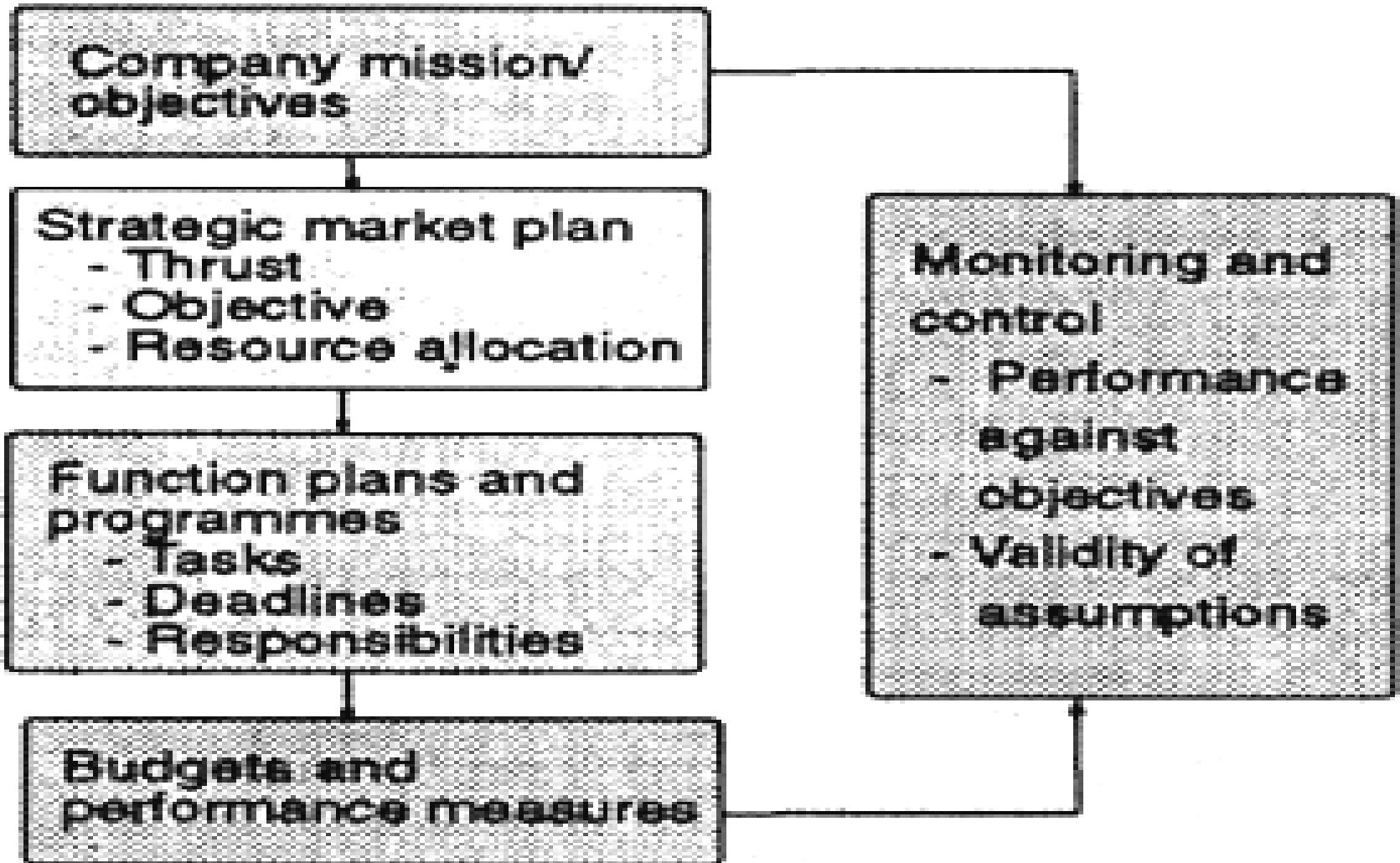
- **The need for marketing planning**

- **Focus management's attention**
- **Env't understanding,**
- **long term perspective,**
- **resource allocation,**
- **control system,**
- **communication**

THE TYPES OF PLAN

- **CORPORATE PLAN: strategic vs operational**
 - Master plan for firm and its divisions, functions, etc....
 - Organization's overall planning system
- **DIVISIONAL PLAN**
 - Shows how it intends to carry out the corporate plan and make its contribution to it.
- **FUNCTIONAL PLAN**
- **PRODUCT PLAN**
- **BRAND PLAN**
 - Market repositioning, repackaging or deletion of brand.

5.4 The process of marketing planning



The Process of Marketing Planning

Step 1.0 Executive summary

Step 2.0 Describe Background, Purpose, and Focus

2.1 mission statement-Why does your business exist

2.2 Vision statement- what would you like to become

Step 3.0 STRATEGIC MARKETING AUDIT

THE 8 STEPS:

- 1. Assemble an Overview of Your Company**
- 2. Describe Marketing Objectives.**
- 3. Describe Your Current Customers**

Cont'd from the auditing step

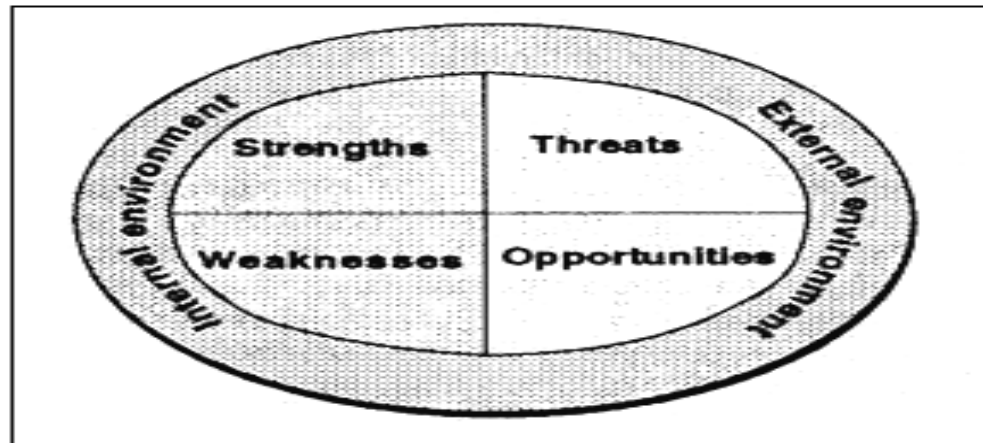
- 4. Describe Customers you'd like to Target.**
- 5. Describe Your Product**
- 6. Describe Your Past Business or Marketing Encounters**
- 7. Identify Three to Six Competitors.**
- 8. Begin to Outline a Communication Plan.**

Cont'd from the mktg process

Step 4.0 conducting Situation Analysis

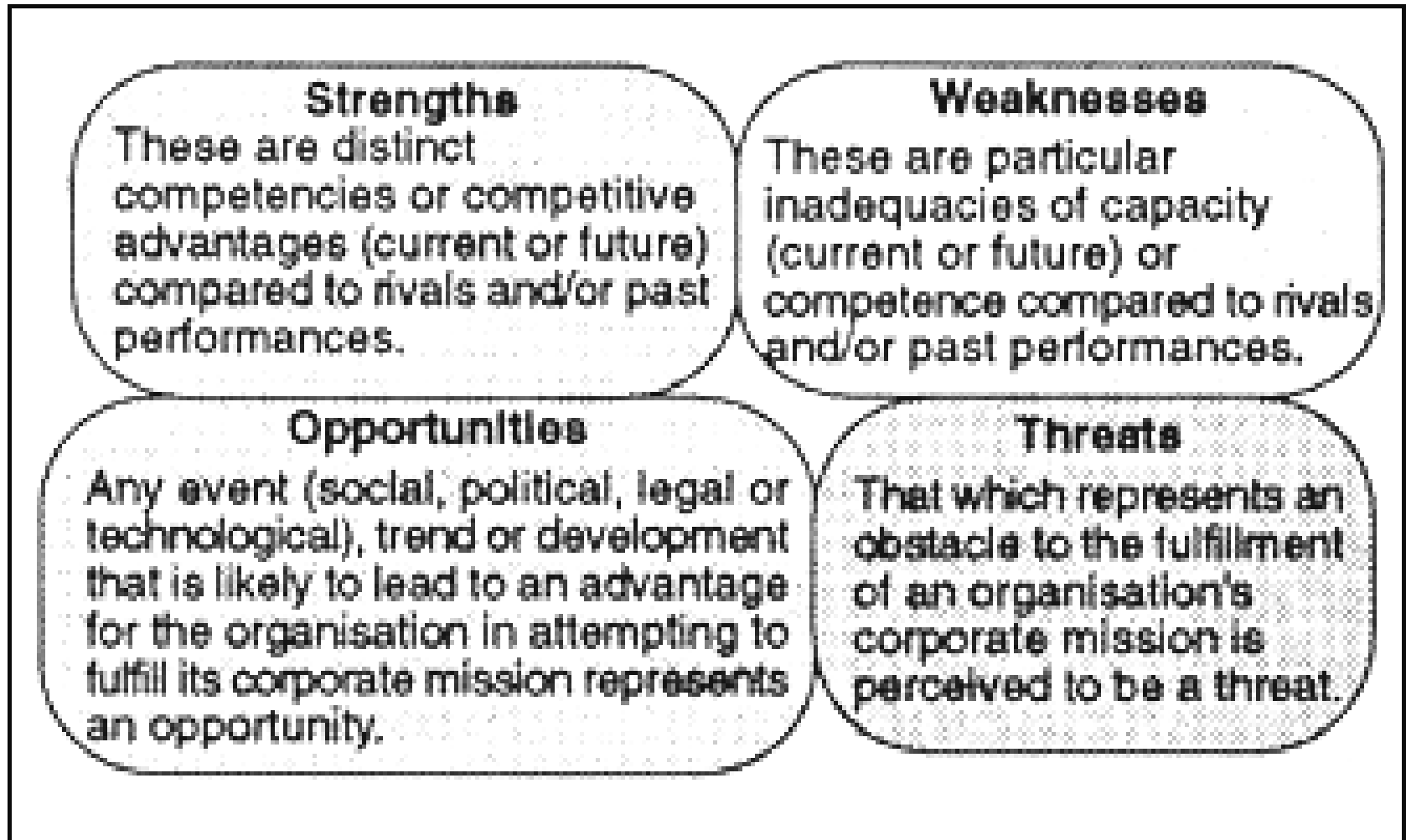
4.1 SWOT: the PESTL analysis

Figure 5.3 SWOT analysis



4.2 Marketing Assumptions/key learnings

Figure 5.4 Indicators of SWOT



Step 5.0 Select Target Market/s

5.1 Descriptions of target market(s)

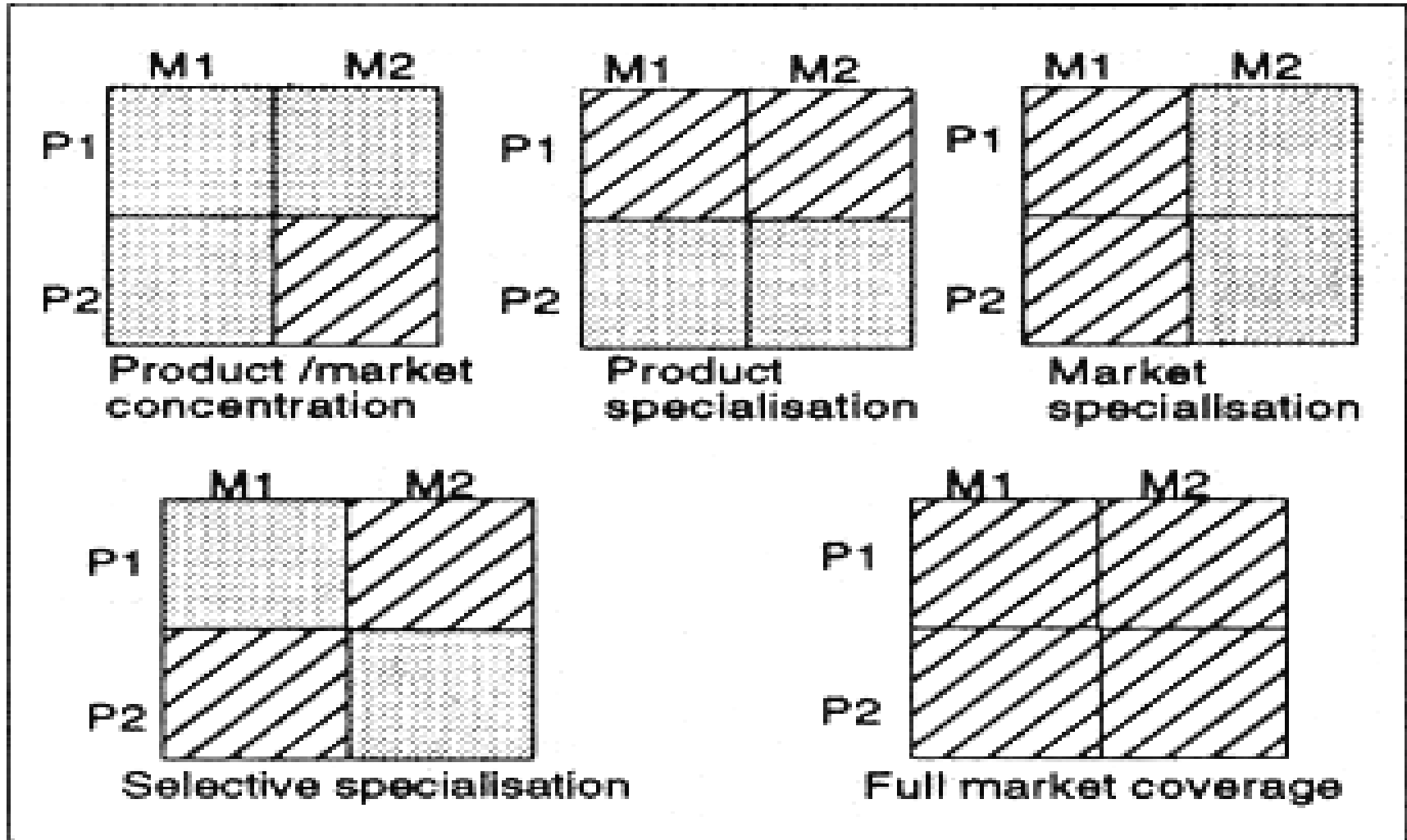
- ❖ demographics, geographic, readiness to buy, relevant behaviors, values and lifestyle, social networks, and community assets relative to the plan's purpose and focus.

5.2 Rationale for the targeted market

The criteria:

- size, problem incidence, problem severity, defensiveness, reachability, potential responsiveness to marketing mix elements, incremental costs, and organizational **match**, relative to the plan's purpose and area of focus.

Figure 5.8 Market coverage strategies



Step 6.0 Establishing marketing Objectives

–Definition

–How to develop

Figure 5.5 Organizational objectives and their measurement

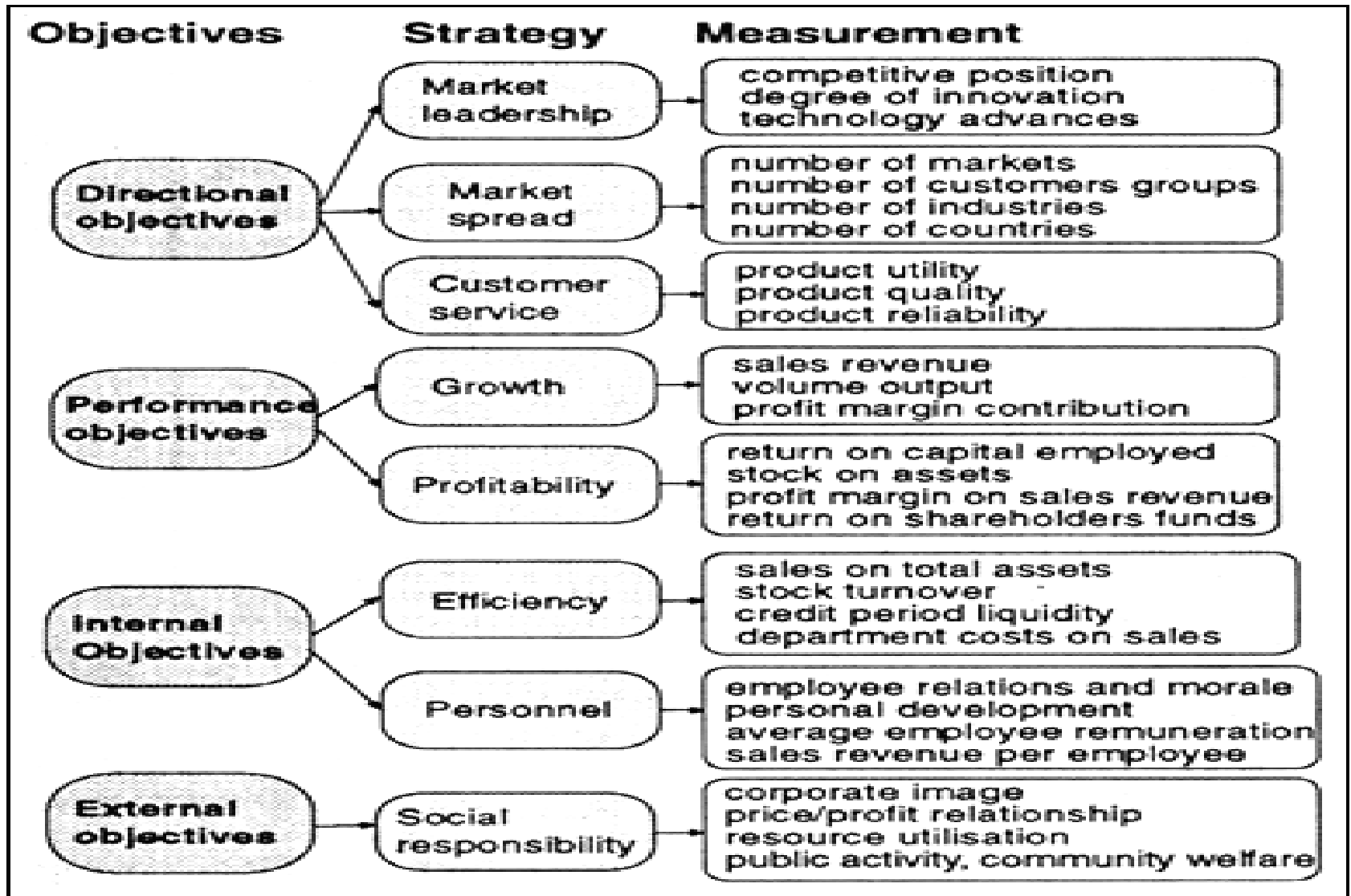
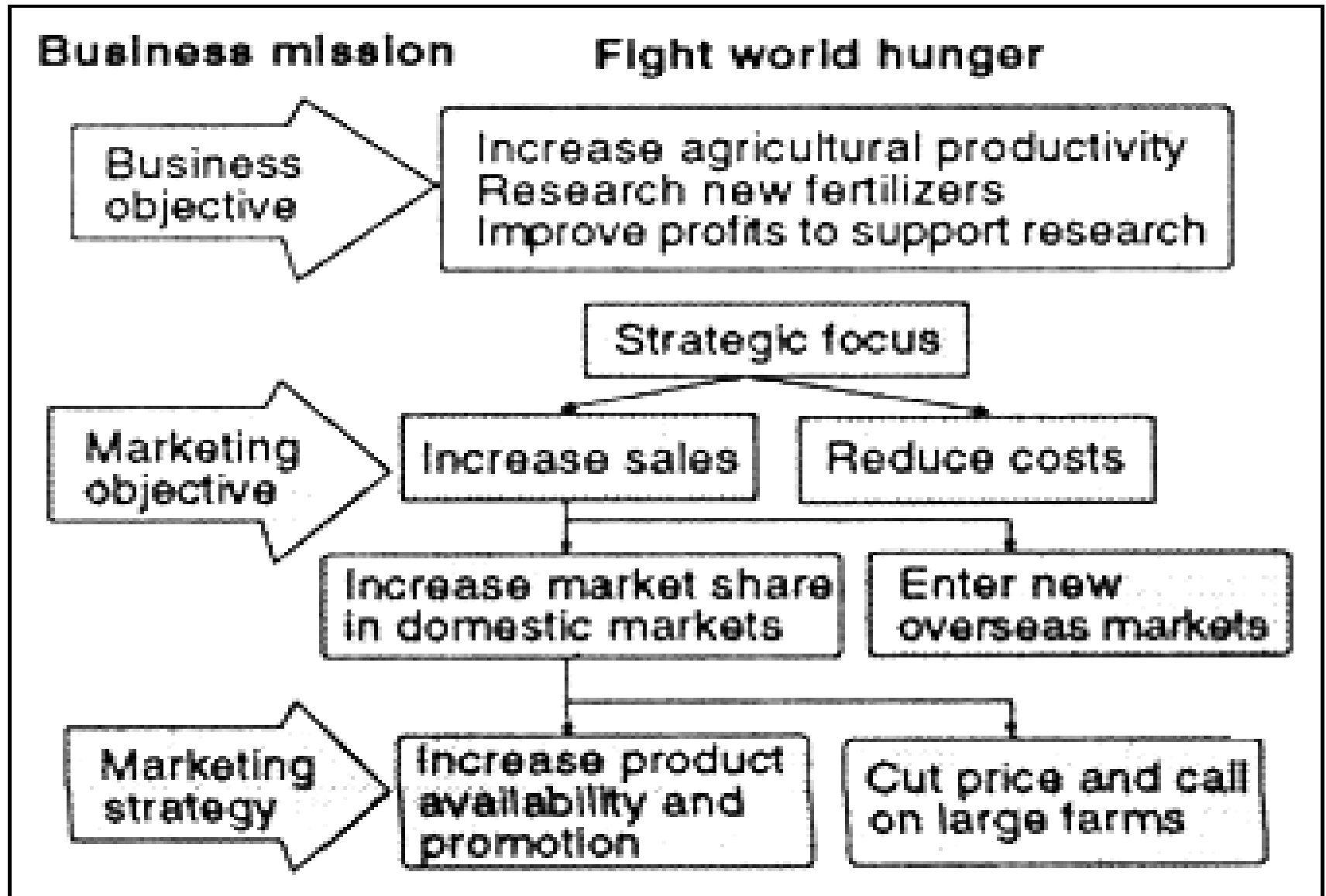


Figure 5.6 Hierarchy of objectives for Bora Bora fertilizers



Step 7. Develop Positioning Statement

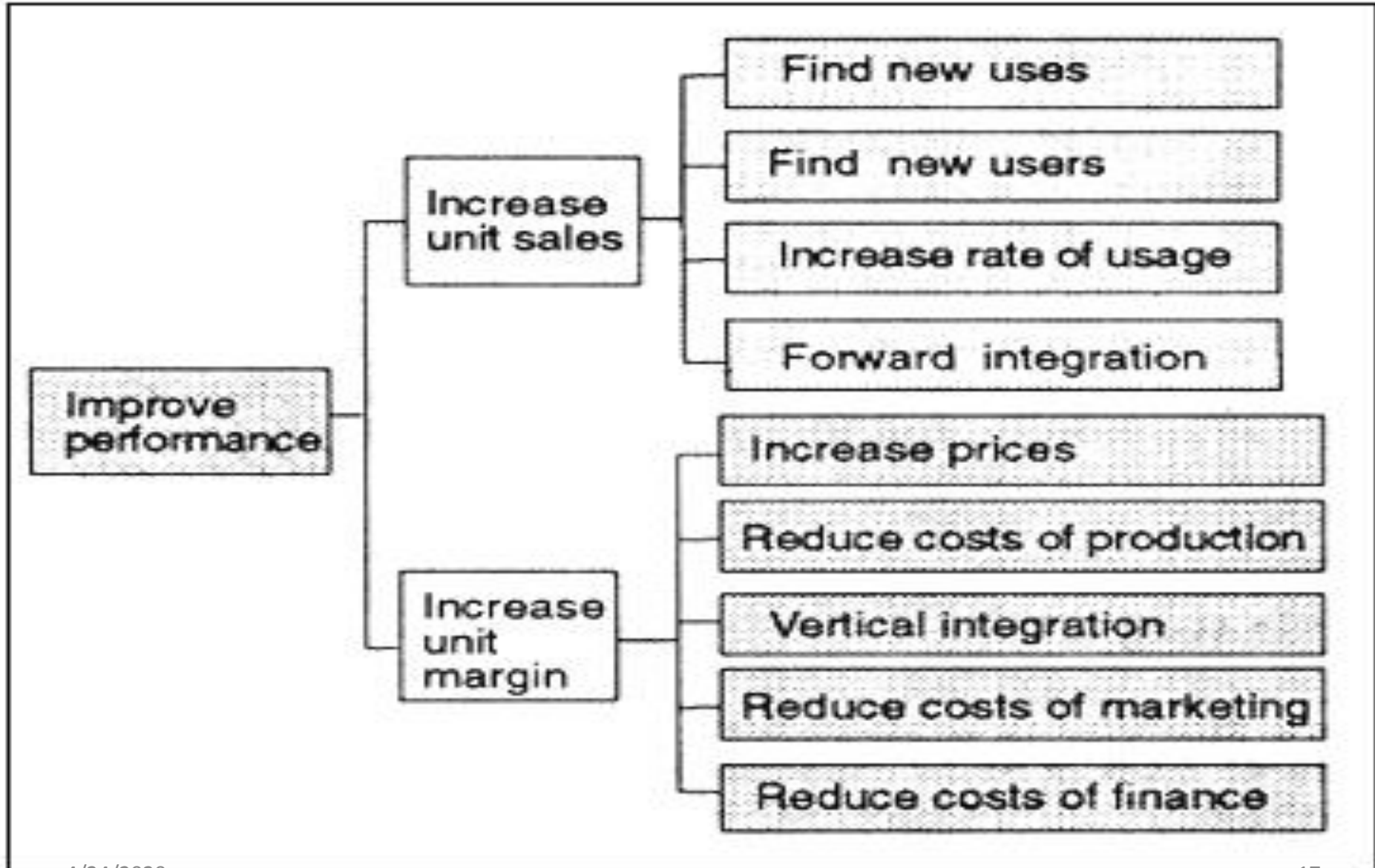
- How we want the target audience to see the targeted behavior,
- highlighting unique benefits
- value proposition.

Step 8. Strategic focus-quality, social, economy, promotion, convenience, image, etc...

– What is strategy?

- Ethio-fruits.....price, quality, availability, etc.
- Raya breweries.....social responsibility and

Figure 5.7 Basic strategic options



Step 9. Core strategy

- **What is core strategy?-**

- **guides resources utilization**

- The **Core Strategy** is a **strategic** document setting out the vision and spatial **planning framework** for the district. It contains **core strategic** policies that provide for the development needs of the district.

- Any effective marketing strategy has a specific focus. The strategy must give the company direction in utilizing its available resources as effectively as possible for reaching the desired audience.

- For instance, a company that sells yoga apparel is not going to focus its marketing strategy on the general public. Instead, that company will focus on the yoga audience

- **The 4P'S**

Step 10. Forecast the Expected Results

- Forecasting Customer Response
- Forecasting Marketing cost
- Forecasting the Market
- Forecasting the Competition

Step 11. Create Alternative Plan

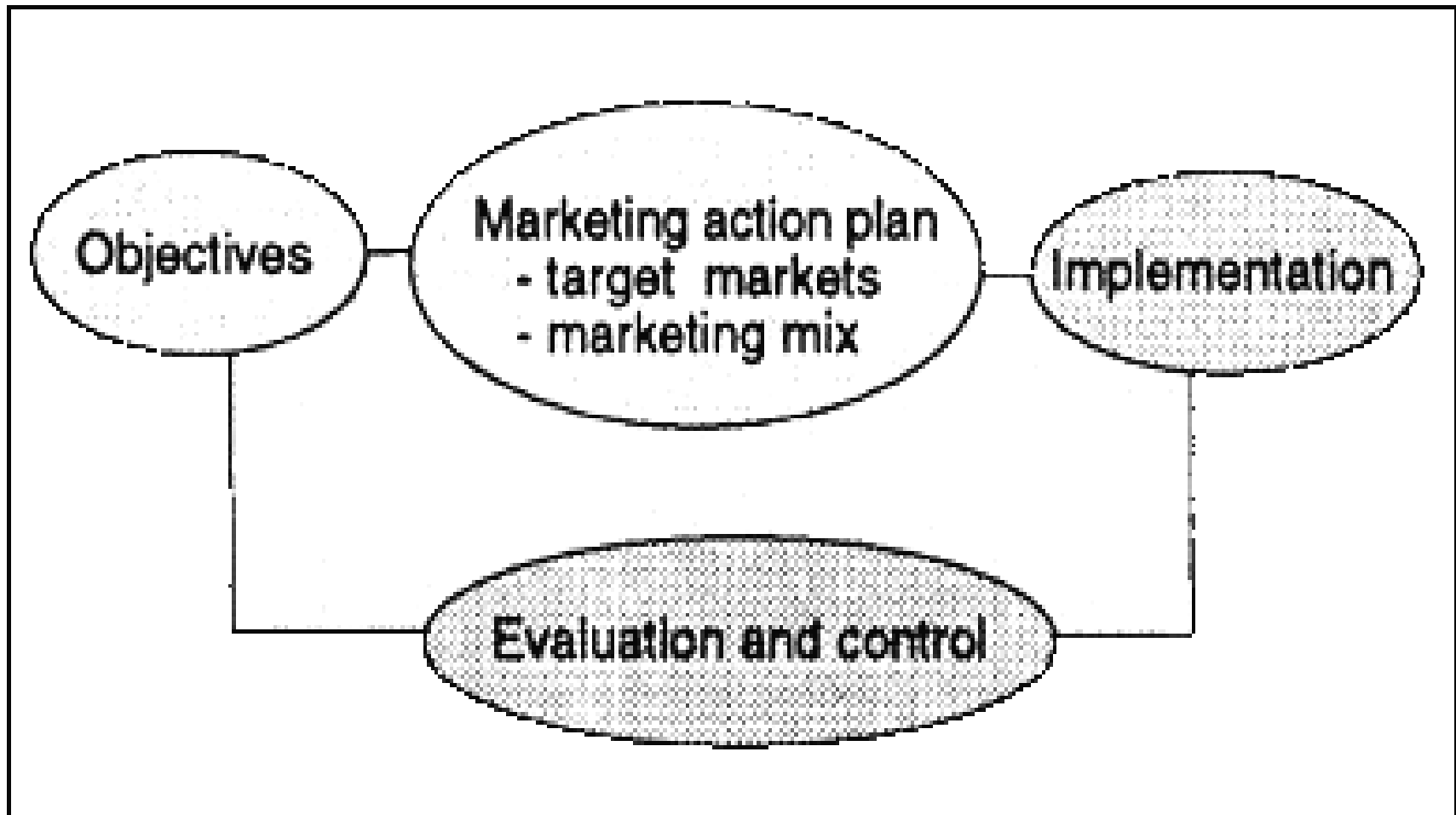
Step 12. Marketing Budget

Step 13. Action plan

Step 14 Monitoring, evaluating and controlling the marketing planning

- **Why this phase is important?**

Figure 5.10 The planning execution and control cycle

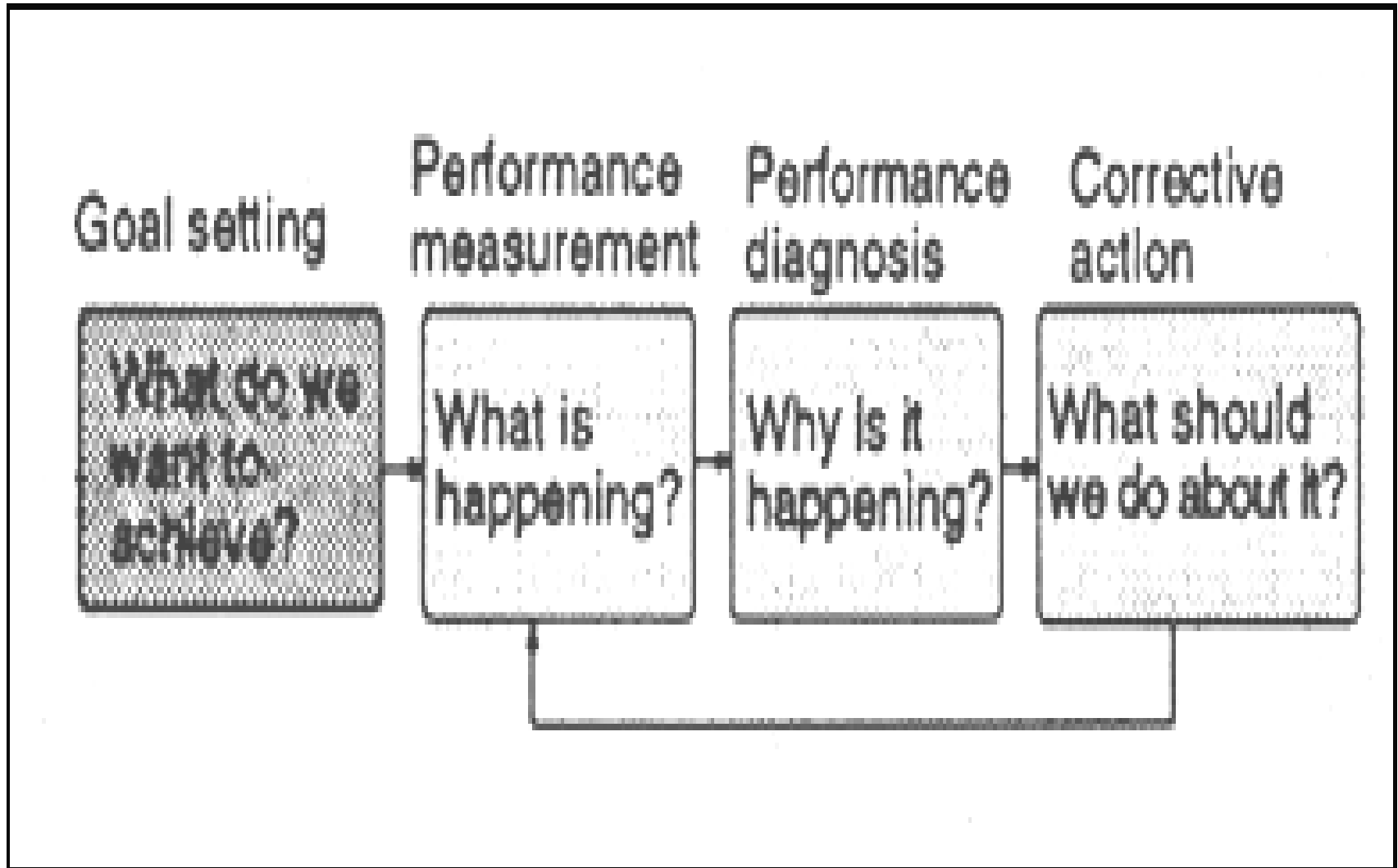


Marketing controls

- **Figure 5.11 The different levels of marketing controls**



Figure 5.12 The annual plan control process



Measures of marketing performance

1. Sales analysis

[Table 4.2 Operating results for a canned product](#)

2. Market share analysis

The formula:

Total market share	=	Customer	×	Customer	×	Customer	×	Price
		penetration		loyalty		selectivity		selectivity
		(CP)		(CL)		(CS)		(PS)

3. Market expense to sales ratio

[Figure 5.13 Marketing expense control chart](#)

4. Customer attitude tracking

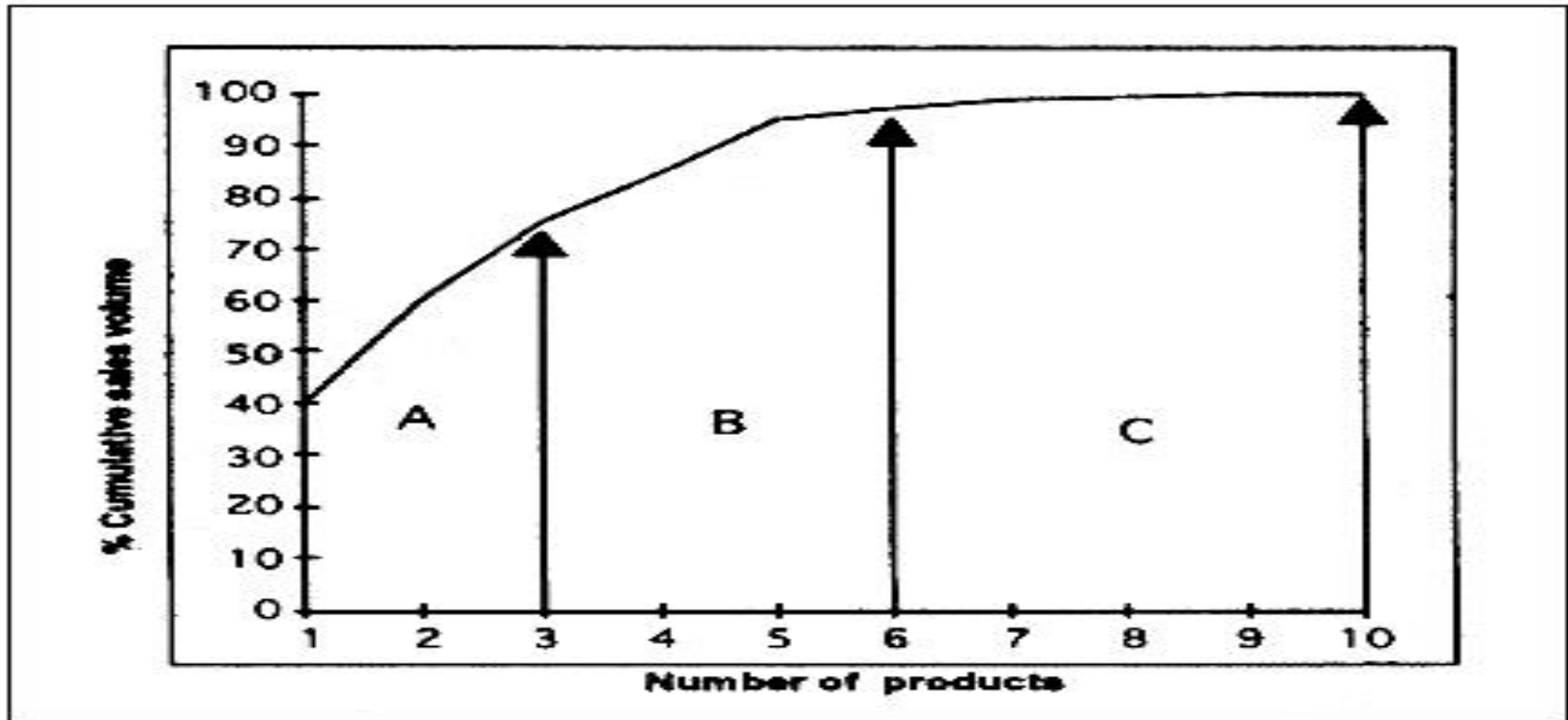
5. Profitability control

[Table 5.3 Target profit plan](#)

[Table 5.5 A profit and loss statement for Quesi equipment](#)

Lorenz curves

- What does it states? 80/20
- Figure 5.15 A Lorenz curve



Efficiency Control

A. Sales force efficiency

- Hartley¹⁵ provides the following key indicators of sales force efficiency in their territory:
 - 1) average number of calls per salesperson per day
 - 2) average sales call time per contact
 - 3) average revenue per sales call
 - 4) average cost per sales call
 - 5) percentage of orders per 100 sales calls
 - 6) number of new customers per period
 - 7) number of lost customers per period
 - 8) sales force cost as a percentage of total sales.

B. Advertising efficiency

- the marketer should try and track the following:
 - 1) advertising cost per thousand buyers reached overall, for each media category, and each media vehicle
 - 2) percentage of audience who noted, saw/associated, and read most for each media vehicle
 - 3) consumer opinions on the advertisement content and effectiveness before/after measures of attitude towards the product
 - 4) number of inquiries stimulated by the advertisement
 - 5) cost per inquiry.

Sales promotion efficiency

- Track should be kept of each sales promotion campaign and its impact on sales:
 - 1) percentage of sales sold on the offer
 - 2) display cost per \$ sales
 - 3) percentage of coupons redeemed
 - 4) number of inquiries resulting from the demonstration.

Distribution efficiency

- **The measures:**

- 1) inventory control

- 2) warehouse location

- 3) transportation methods - optimum routing, scheduling, loading, unloading.

The role of Monitoring and control

- Efficiency.....effectiveness.....waste management

YOUR TIME!!!!!!