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AGRICULTURAL ADVERTISING AND PROMOTION*

By

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What is 'Marketing'

Marketing is the people side of selling. It can be defined in terms of its organization or in terms of its functions. It is important to separate the two even though they are closely related.

Briefly, marketing functions mean the work to be done. Organization refers to the people who do the work. Since marketing is a distinct kind of work, the inventory of the work of marketing starts with the broad function of "marketing management." Marketing management is leadership through planning, organizing, integrating, and measuring all marketing functions.

Here are the six basic functions of marketing:

1. Marketing Research
2. Product Planning
3. Advertising and Sales Promotion
4. Sales
5. Marketing Administrative Services
6. Marketing Personnel Development

Marketing Research

This includes marketing studies and research concerning;

- . Size and location of markets, attitudes, preferences, and needs
- regarding company products, service and policies.

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- . Sales and distribution methods, channels, and territories
- . Price indexes, price trends, and product pricing
- . Effectiveness of sales and advertising programs
- . Industry sales forecasts

Product Planning

This includes:

- Product planning and timing, additions, eliminations and modifications
- Formulation of pricing, discounts, conditions, terms and services
- . Product's functions and quality level, appearance and packaging
- . Competitive offerings, markets, buying motives and plans vs results

Advertising and Sales Promotion

This function plans, creates, and schedules all advertising and sales promotion. It conducts copy and media research and coordinates advertising with other marketing functions. We will explore examples of this function in agriculture later.

Sales

This function includes sales management, planning and selling. Sales management and planning include:

- . Sales objectives and policies
- . Sales analysis and control
- . Operation and control of distribution channels
- . Enforcing pricing, discounts, and conditions policies
- . Sales training

Selling can best be described in terms of the requirements of every

sale:

- . Gain favorable attention
- . Arouse interest
- . Produce conviction
- . Arouse desire
- . Close sale

Marketing Administrative Services

This function includes:

- . Establishment of service objectives, policies, standards, plans and programs
- . Sales forecasting, sales records and budgets
- . Production scheduling to meet sales requirements
- . Warehousing and control of finished goods inventory
- . Order processing and billing

This function serves marketing management by helping free the marketing manager from day to day routine. It also makes certain that moral and legal responsibilities with respect to product performance are met for greater customer satisfaction and more repeat business.

Personnel Development

This function is often the most easily overlooked or postponed. It includes:

- . Recruiting and selection
- . Training and placement
- . Compensation and fringe benefit policies

As we said in the beginning, marketing is very much oriented toward people. The greatest involvement with people is reached in the sales function when the consumer is faced with the decision of whether or not to buy the product. Let's look at some of the psychology behind consumer buying habits.

Why People Buy

Buying and selling have always been a part of man's existence on earth. In the beginning, transactions were as simple as one primitive man exchanging a spear tip to another man for a stone hammer or a bunch of fruit. Today, our buying and selling techniques are far more sophisticated. Surveys, computerized warehousing, marketing strategy are just a few of the tools we use to generate greater efficiency for both the buyer and seller.

But the foundation for all this activity is the consumer. Without his support, there could be no economy--no companies, no factories, no research centers--none of the financial and industrial empires that we take for granted. That's the reason it's important to be familiar with the factors that motivate people to buy. Let's look at some of them:

NEED

This is the first reason we think of when asked the question of why people buy. But as we will see later, need may not be the most important. There are degrees of need. A person will consider the need for survival first--food, clothing, and shelter. Once these basic needs are satisfied, he will consider those things that will make him more comfortable or are associated with making a living.

WANT

There's an indistinct line between "need" and "want". It's sometimes difficult to determine if a person really needs a product. If he merely wants it, he may try to convince others that he, in fact, needs it. For

example, a person may own a five-year old automobile. In buying a new one, he may give the reason that his old automobile was ready for repair or getting undependable. While this may be true, he probably could have had his car repaired to perform satisfactorily. Instead, he chose to buy a new one. In that case, we must conclude that he didn't need a new car, he merely wanted a new one.

CONVENIENCE

As a nation improves its standard of living, the demand for convenience products increases. For example, in the United States several companies prepare complete frozen meals which can be quickly heated in an oven and eaten in the same container. Certainly, the homemaker pays more for such food than if she prepared it herself. But it saves both time and effort. There is also a progression factor in the marketing of convenience products. When a product is introduced it may be a convenience product. But as its adoption spreads, it may be classified by the consumer as a "wanted" item or even a "needed" item.

IMPULSE

Many people believe they are wise consumers. They carefully compare product prices, features, and advantages before making their choice. But even they sometimes buy on impulse. That is, they don't plan their purchases.

Impulse buying can be caused by a sense of urgency as to the availability of the product, or even being with friends when they buy impulsively.

STATUS

Man has always been a competitive creature. He competes with both himself and others by trying to do more and have more. He wants more money,

more prestige, more material wealth. He often uses products to elevate himself to the level of others. A person will rarely admit that his reaching for a higher status is a reason for buying. But it is a potent force in the market place.

BOREDOM

Especially in the developed nations, people are constantly surrounded by all kinds of material wealth. In fact, they depend on material wealth to brighten their lives. New cars, new homes, new appliances--these and thousands of other consumer items create excitement. But if there is a lull in his living pattern, the consumer will buy a product to help relieve his boredom. Children offer striking proof of this when, after playing with certain toys for a long time, they want their parents to buy them more toys so they will have something to play with that is "new" and "different".

Although we've been talking mostly about consumer products in explaining the reasons why people buy, the same reasons can apply to farmers and why they buy fertilizer. However, the need factor is probably the strongest because a farmer knows that fertilizer will make his crops grow better and yield more resulting in a better standard of living for he and his family. The status or pride factor is also important because many farmers try to compete with other farmers in growing higher yielding crops.

The study of how people react in the market place is a fascinating aspect of marketing. But more than that, it is important to understand these reactions when planning any kind of marketing strategy or promotional campaigns.

What Makes People Buy

The role of advertising in a marketing program is to create public awareness and acceptance for a product or service. When a company is oriented toward its products but neglects to consider marketing concepts, it finds its position in the marketplace harder to maintain. It thinks in terms of what it knows best, of what it wants to sell, of how it wants to distribute, of how it wants to provide after-sale service--rather than considering what the customer wants. A capable advertising staff can change the attitude of such a company and direct it toward meeting the customer's needs. This is perhaps one of the most important jobs for advertising.

Advertising must be an important part of a company's marketing plan. And indeed, all companies must have a marketing plan. No company, regardless of its location in the world, can afford to neglect or handle carelessly this phase of the business.

Inadequate planning leads to poor advertisements, ineffective campaigns, wasted money, and advertising that does not have a chance to do its job. Most companies do not even have a written marketing plan. For example, one of the largest U.S. advertising agencies has found that more than 90% of American industry do not use formal, written, marketing programs which closely follow marketing objectives.

Many such companies were formed years ago by someone who had a good idea for providing a wanted or needed product. The product sold well because it was a good product and had little competition. The company prospered. But it soon faced strong competition. The company probably refused to be too concerned, believing it would continue to get its share of the

market. Company administrators, continuing to be production-oriented, neglected to even think about marketing and advertising. What little advertising was done was in response to what competition was doing. Sales soon dropped because the competition had, through aggressive marketing, taken business away from them.

Once a company becomes market oriented, advertising and the advertising staff can play key roles. Advertising should be an integral part of the total sales promotional objectives. The old idea that advertising is paid publicity, and apart from selling, has long since been rejected by successful companies. It is now regarded as a key sales promotional tool.

In beginning a new company or reorganizing an established company, management should consider coordinating sales and advertising under the direction of one executive staff. This staff will determine the advertising budget, select advertising media, and approve or disapprove advertising plans and copy prepared by the advertising agency or the company advertising department.

In smaller companies where it may not be possible for an executive to devote full time to sales planning, one of the company officers should assume the responsibility. His first job is to determine the markets to be covered in a sales program. Then in cooperation with the advertising manager he must plan for the copy and media required by the program.

Differences between advertising and sales promotion

Advertising has already been described as any form of public announcement intended to aid directly or indirectly in the sale of a product or a service.

Sales promotion is much broader in definition. According to the U.S. Committee on Economic Development, sales promotion includes "those sales activities that supplement both personal selling and advertising, coordinate them, and help to make them effective, such as displays, shows and expositions, demonstrations, and other nonrecurrent selling efforts not in the ordinary routine."

Sales promotion, then, includes all those functions which have to do with marketing of a product or the promotion of a service.

Sales promotion differs from advertising only in terminology; advertising is a form of sales promotion. The advertising department of a large manufacturing company has defined the terms as follows: "Sales promotion moves the product toward the buyer, while advertising moves the buyer toward the product." A retail grocery executive has called sales promotion "merchandising the advertising."

Both advertising and sales promotion are important in a company's effort to sell its products. Advertising alone cannot be as effective as it is when supported by catalogs, brochures, shows and exhibits, motion pictures, and other audio visual aids. A wide variety of such promotional ideas can help stimulate buying action and product identification.

How is it Done?

Let us now explore a few advertising - promotional - service programs as examples of how companies sell.

Tylan - Antibiotic for Disease Prevention made by ELANCO

1. Ad Campaign - Distinctive magazine ads that appear in national, regional, state and hog producers magazines. Illustrations that display and promote pork in the manner it deserves to be - delicious, nutritious, and wholesome. The copy explains how Tylan, together with a program of better nutrition can deliver more efficiency and profit. Radio is used on top farm stations during peak selling periods. Outdoor billboard advertising will add more emphasis at the local level.

2. Local Dealer Tie-in Material - In this section ELANCO provides material for local use with their overall program. There are newspaper ads mats and repro-proofs better local advertising in print media of all types. Radio commercials and full color direct mail materials are available.

Also included are store banners featuring end-product illustrations. All this material can be personalized by the local dealer at little expense.

3. Sales Promotion Material--A sound movie is available for showing at farmer-dealer meetings.

It's concerned with the idea that corn (the main feed for hogs) is "money" and a "profit center" that offers greater return when properly managed (i.e. with Tylan). After the movie two small fact books are distributed. Each booklet can be used by the hog producer as a record book.

Notice that all this advertising while not mentioning Tylan, actually advertises pork--the end product.

This same "back door" approach can be used for fertilizer by either government extension programs and/or marketers of product.

COMINCO--A major U.S.-Canadian fertilizer manufacturer with sales at
wholesale and retail

COMINCO's current promotion program is called "Power to Grow." It emphasizes customer service by the retail dealer. The program has three elements:

(1) Power to Grow Farm Pack - This tells the dealer and farmer how to analyze the customers' fertilizer needs based on the history of his farm, the soil, and his goals for the coming year. It includes a farm pack for the farmer and serves as a basis for better record keeping.

(2) Local Dealer Advertising - This is a full set of selling tools, including more than 150 newspaper product and service ads, radio commercials, direct mail programs, ad reprints, counter cards, posters, signs for stores, uniforms, trucks and equipment. A cost sharing plan for local newspaper and radio service ads is available from COMINCO to serve as a dealer stimulus.

(3) Meetings and Demonstrations - This includes instructions on how, when, and where to conduct fertilizer meetings and demonstrations. Slide sets, scripts and other visual aids are available depending on the meeting's agenda.

Now let's shift to a company that has a promotional program oriented toward livestock - in this case, cattle. Simplot, a fertilizer manufacturer in the Western United States, is located in an area of low phosphate levels and high cattle numbers. I'm going to show you the educational audio-visual presentation Simplot use in winter farmer-dealer meetings. Its called "Phosphate Key to Cattle Profits."

(Show 15-minute presentation)

Notice again that the emphasis was in terms of more, larger and healthier cattle and consequently more profit. The fertilizer was depicted as a tool you could use to achieve these goals.

Considerations to be Made as Government and Industry

Assume Their Role in Fertilizer Promotion

Few people would disagree with the need for education and promotion in a mature fertilizer marketing program.

However, there is disagreement in this country as to who should take the lead with this promotion and who the government should serve. The answers become extremely important as the market matures. In the United States as the market matured and the pace of competition quickened, it became increasingly difficult and costly to keep in close contact with customer demands. The basic question raised was: What does the farmer want and who should supply him that information? Now, the basic question being asked is: Should the government continue to handle the initial education and promotion phases of the program or can this best be done by or through the industry? Also, who pays the cost of servicing an increasingly complex and dynamic market?

The answers aren't easy to find. To better understand the complexity of the problem it might be helpful to first follow the roles that have been played by the government and industry as the market has grown in the United States from a young underdeveloped noncompetitive market to one of much competition and complexity.

Government Industry Role - Early Stages of Development

During the early stages of development of the U.S. fertilizer industry, the industry depended very heavily on the government for fertilizer education and

promotion. Farmers were not aware of the benefits of fertilizers. The government, through the Federal Extension Service, land-grant colleges, and vocational agriculture system educated the farmer in the classroom and promoted fertilizer use through demonstrations, farmer meetings, and field days. In general the role of the government was to develop the market to a sufficient size within a given area to make it attractive for one or more members of the private sector to want to serve that market.

The role of the industry in the early stages of fertilizer promotion was to supply product and/or financial grants to the government institutions for research and education. In many cases, industry financed students' programs for higher education. It also made fertilizer available in areas where the government was promoting its use.

During this early stage of development the fertilizer industry depended heavily on the government to teach the merits of fertilizers to masses of farmers. This seemed logical because of a) the existence of a well financed and adequately staffed land-grant system and extension service, which was already deeply involved with farmer education and b) the lack of a well developed fertilizer industry capable of financing and/or conducting such projects alone. Under these conditions, the industry was willing to allow the federal and state governments to assume the primary role of market development.

Government - Industry Role - Intermediate Stage of Development

The government promotion programs, particularly those spearheaded by the extension service were very successful. The early demonstration programs helped develop sizeable markets, which industry was quick to capture.

This led to competition between companies and the first big attempt by industry to promote its products through brand identification. As the market developed, there became a need for more service to farmers. In many cases, farmers wondered about the reputation of certain companies and the products (brands) they were selling. They also wondered about techniques they could use to determine the quality of each brand and the type and amount of fertilizer needed for a given situation. This farmer concern eventually led to fertilizer control laws and soil testing procedures. In both cases, the government took the lead. These services were apparently designed to protect the farmer from what some considered an unscrupulous industry. Little or no charge was made for this service to the farmer nor did the government determine the true cost of these services.

During this era the government operated in the dominant role through market development and by providing controls on the industry. The industry developed distribution systems, and generated good will with such programs as grants for research and demonstration. Little market development work was done because a) few company officials felt the need for it under the then comfortable relationship between industry and the land-grant system b) the "look down" attitude by government on industry as neither having a staff capable of undertaking such activity nor able to avoid being biased in their judgement in favor of the company as they served the farmer. In many cases, this concern was justified.

During the later stages of this phase of development, the market grew, competition increased and because government controlled the service phase, more emphasis was placed on advertising and promotion of specific brands. This did little to improve the image of the industry with the government or the farmer.

During this period the types of farmers using fertilizer became more stratified. The true managers began to appear and were characterized by a) large farms, b) heavy fertilizer use, c) good education and financing, and d) little response to brand promotion programs. These farmers sought technical information wherever they could find it. Although some companies tried to offer this service, it was always possible to get the same service free from the government.

Government - Industry Role - Mature Stage of Development

The fertilizer market in most sections in the United States is now considered mature. Farmers are aware of the benefits of fertilizer. Fertilizer is readily available and at extremely low cost. Thus the basic want of the farmers of 50 years ago has been met. The farmer today is sophisticated. He no longer buys fertilizer according to brand alone. He seldom believes advertisements regarding brand superiority. He is well educated, a manager, and realizes that fertilizer is just one part of a crop production system. He wants and is willing to pay for good service. This may be in the form of better information on time of planting, variety, row spacing, and pesticides. Fertilizer alone is not what the farmer of today is interested in, and if a company offers nothing but fertilizer, then the farmer will buy at the lowest price possible.

The farmer of today is caught in a dilemma. He is a manager and requires the services of others to perform his task profitably. He seeks information and wants it related specifically to his operation. Fertilizer recommendations must be integrated into a total crop production system which considers to all other conditions.

The Government programs are not designed to do this. Fertilizer recommendations and research in most cases refer to average conditions. Also, applied research at experiment stations has not received the support given it during the late 1940's and 50's. Many universities and Government programs are not keeping pace with the real problems facing today's top farmer.

Soil test and plant analysis programs, which once received major emphasis by government, are being discontinued or relegated to industry. Federal and State Extension programs are no longer promoting fertilizer use as they once did.

Industry has not been able to fill this void for several reasons. Farmers were never conditioned by either industry or government to appreciate the true cost of fertilizer research and development as well as the day to day costs of soil and plant analysis programs. Therefore, many are not willing to pay the full cost of this service from industry. A credibility gap still exists between the farmer and the industry. It dates from the days when industry emphasized brand promotion and when government implied that industry had ulterior motives for selling fertilizer. Government stressed the need to buy fertilizer at the cheapest price possible with little attempt made to give industry credit for their services. Thus the farmer of today is asking the question. What is the role of industry and government in fertilizer promotion? Should it have been different 50 years ago and if so, would it have avoided the problem it now faces?

Conclusions

There are several lessons to be learned from the experiences in the United States, if a successful and lengthy government - industry relationship is to develop. Some of these are:

1. From the beginning the government must clearly recognize its role primarily as a catalyst to get an industry started, developing personnel capable of functioning in the system, serving as a center for long-range imaginative planning, and ensuring that the system has enough checks and balances to allow it to function efficiently and with the best interests of the farmer in mind, but to be served primarily through industry.
2. The government must recognize and consider the true costs of fertilizer education and promotion in its policies to the industry and farmers if it expects industry to perform this function.
3. Government must recognize the needs and capabilities of industry and be willing to satisfy these needs. It must let industry perform these duties as quickly as possible after industry has demonstrated that it is capable of performing at a level equal to that of government.
4. Industry must be sensitive to the needs of the market and be willing to accept responsibilities according to its capabilities and as needs develop. It must avoid exploitation of the farmer.