

A Seeding Program for Fertilizer Marketing



Introduction

Fertilizer marketing seeding programs have been used on a large scale in the fertilizer industry since the early 1950s. Even today, after fertilizer seeding programs have been in use for some 35 years, there does not appear to be a standard understanding or definition of the term. Very often the following terms are used interchangeably: seeding program, pilot program, trial marketing, marketing startup, and test marketing. To some people a fertilizer marketing seeding program simply means the introduction of only a new fertilizer to farmers. A seeding program, however, is much more than this one activity. Seeding programs have proven to be highly successful in developing and developed countries alike when they have been properly designed and implemented. They have also failed when inadequately defined and planned. To be effective, fertilizer marketing seeding programs must be tailored to accomplish specific goals.

Definition

A fertilizer marketing seeding program can be defined as a planned marketing activity designed to introduce a new product, technology, procedure, or a combination of these on a limited basis into a market. The information gathered while the seeding program is being conducted can be used to gain experience or knowledge, adjust concepts, and refine operational procedures prior to a full-scale marketing operation. A seeding program involves a period of trial before the initiation of a full-scale marketing effort. Proven concepts are tested in a new and previously untried area. Fertilizer seeding programs are usually carried out 1 to 3 years prior to the startup of a fertilizer factory or prior to the time when a full-scale marketing effort will be required. When a seeding program is conducted, concepts are tested and new experiences are gained.

The limitations of a seeding program can be determined on the basis of geography and product quantity. The geographic limitation refers to the physical geography or specific area where the program will be carried out. The area may be a village or series of villages, a district, a state, a country, or some other area. The area selected for the seeding program should be representative of the fertilizer market to be covered at a later date. If the area selected is not a representative sample, the data collected can be misleading to those who formulate future marketing policy and management procedures. The area selected should be large enough to render valid information and yet small enough to be finely tuned with management to eliminate as many possibilities for error as is practical. Since a seeding program is a learning experience, care should be taken to select an area that is manageable from all aspects. The quantity limitation refers to the amount of product that will be offered for sale or disbursed in a seeding program. The quantity could be a small percentage—10% to 50%—of the quantity to be sold in a full-scale marketing program.

Test Marketing

A fertilizer seeding program should not be confused with premarket testing of a product. Premarket testing of a product includes such basic research activities as determining the agronomic suitability, the "shelf life" or long-term quality of a product, its performance under field conditions, and the economics of use. A product that will not perform in the field should not be marketed. Only when favorable results can be predicted is the product ready to be included in a seeding program. Premarket testing should precede the seeding program.

The product will continue to be refined as long as it is on the market. It is impossible to pretest a fertilizer product under all soil and ecological conditions before it is placed on the market. Information on means of im-

proving the product, farmer acceptance, and how to best use the product will continue to accumulate especially during the seeding program and also during the routine marketing phase.

Goals

A fertilizer seeding program is a series of activities designed to accomplish one or more of the following goals:

1. Introduce to the farmers a fertilizer product that they are not accustomed to using. This can be a new and improved fertilizer, or it can be an old product that is new to the farmers. This activity may include creating brand identity and loyalty.
2. Introduce a new technology to farmers. The new technology may include the following:
 - a. A new method of using fertilizer, proper placement, foliar application, time of application, etc.
 - b. New farming practices associated with the use of the fertilizer, such as a package of practices, interplanting, new high-yielding varieties of seed, or population per hectare.
3. Test a new marketing system or some

component of the system, including the agronomy program, retail-dealer concept, warehousing, transportation, credit scheme, sales promotion, and training requirements. Information gathered during the seeding program can be used to modify and improve the product, use technology, or marketing procedures.

4. Determine the constraints to fertilizer use and design a component of the fertilizer marketing system to overcome the constraints; these include agronomic, educational, cultural, political, economic, and government support policy constraints.
5. Determine the institutional support required or that which can be expected to support an effective fertilizer marketing system, such as extension service, bank credit programs, irrigation schemes, government policy, and crop produce markets, and appropriate school curricula for fertilizer marketing management.



Plan

The plan for a seeding program is a miniplan, an exact model of a larger fertilizer marketing plan. The plan maps a course of action to lead the marketing organization to its goal, with checkpoints along the route to determine performance. A seeding program plan is analogous to a full-scale fertilizer marketing plan in the same way that a small watch is analogous to a large watch. The small watch has all the parts of a large watch; the difference is the size. The marketing system used in a seeding program will have all the component parts of a system used in a larger marketing effort. The parts may be smaller and of a somewhat temporary nature rather than constructed for long-term performance.

Yet all of the component parts of a marketing system must be used to provide a true test of the system that will be used in the larger marketing effort. The marketing system used in the seeding program should be designed to sell the farmers the benefits of fertilization and practices and not just bags of fertilizer. The benefits of fertilization are dependent upon the other crop production practices used by the farmer. A full-scale marketing system will provide education in product use. Many times in the initial stages of a seeding program, however, the educational aspects of product use are omitted with the expectation that they will be added in due time. When this happens, the seeding program results can be

misleading. The seeding program must have all of the same components and be implemented with the same vigor as the larger marketing program if comparative results are to be obtained.

The fertilizer marketing plan for the seeding program and the larger marketing effort should have eight component parts or individual plans. These components are as follows:¹

1. Product and supply plan.
2. Sales plan.
3. Agronomic plan.
4. Advertising and sales promotion plan.
5. Market research plan.
6. Distribution plan.
7. Price plan.
8. Personnel development plan.

Each individual plan will have stated quantitative objectives and assigned activities for accomplishing them. Fertilizer marketing embraces all business activities involved in the flow of the product and services from producer to farmer, including the elements of forecasting, determining the need for and nature of the product, providing place utility, product pricing, and promotion. The 4 P's in fertilizer marketing—*product*, *price*, *place* (distribution), and *promotion* (education)—are contained in the seeding program plan. The use of each P must be balanced in such a way that the overall marketing objective can be reached in the most efficient manner possible. Continuous adjustments should be made throughout the seeding program so that by the end of the program the best mix of the 4 P's will be obtained.

Planning and Phasing

It is difficult to present a detailed plan and specific phasing periods for a fertilizer marketing seeding program that can be used as a prototype. Plans vary to reflect methods for accomplishing different program objectives. For example, plans for introducing a new product in an old established marketing system would be considerably different from those of a new marketing system introducing its first products. Figure 1 indicates the major activities that are to be considered in planning a hypothetical fertilizer marketing seeding program and the phasing of these activities during year 1. Many of the activities

1. IFDC covers each component plan in detail in its Fertilizer Marketing Management Training Program. Contact IFDC for details.

would continue into year 2 and for the duration of the seeding program. Activities by years would include the following:

Year 1—Figure 1—Determining objective, selecting area, planning activities, selecting and training staff, arranging products, determining pricing policy, preparing budget, preparing monitoring procedures, and obtaining equipment.

Year 2—Monitoring program, redefining operational procedures, retraining and redeploying personnel, ordering products and equipment for the next period, making necessary adjustment and expansion in program.

Year 3—Continuing monitoring process, continuing personnel selection and training, appraising program results, planning and carrying out required adjustments in programs, planning for expansion to cover entire market, and ordering necessary products and equipment for next phase.

In examining the outline given in Figure 1, it is important to know the scenario used to determine the activities and phasing periods. In this example, the following conditions were assumed.

1. The country is Alpha. Fertilizer distribution has been handled by the extension service.
2. A detailed fertilizer marketing plan has not been developed.
3. There is no fertilizer production in Alpha.
4. Low-analysis fertilizers have been imported and used for years. Popular fertilizers are single superphosphate (SSP), ammonium sulfate (AS), calcium ammonium nitrate (CAN), and complete fertilizers 10-10-10 and 5-10-10.
5. Seeding program objectives are as follows:
 - a. To introduce diammonium phosphate (DAP) in Alpha.
 - b. To replace SSP with DAP.
 - c. To sell 20,000 tons of DAP by year 3.
 - d. To implement the seeding program in four representative market areas.
 - e. To determine capability and economics of importing in bulk and bagging in country.

The example in Figure 1 will provide some guidelines and a check on the many activities that must be adequately planned for a successful seeding program.

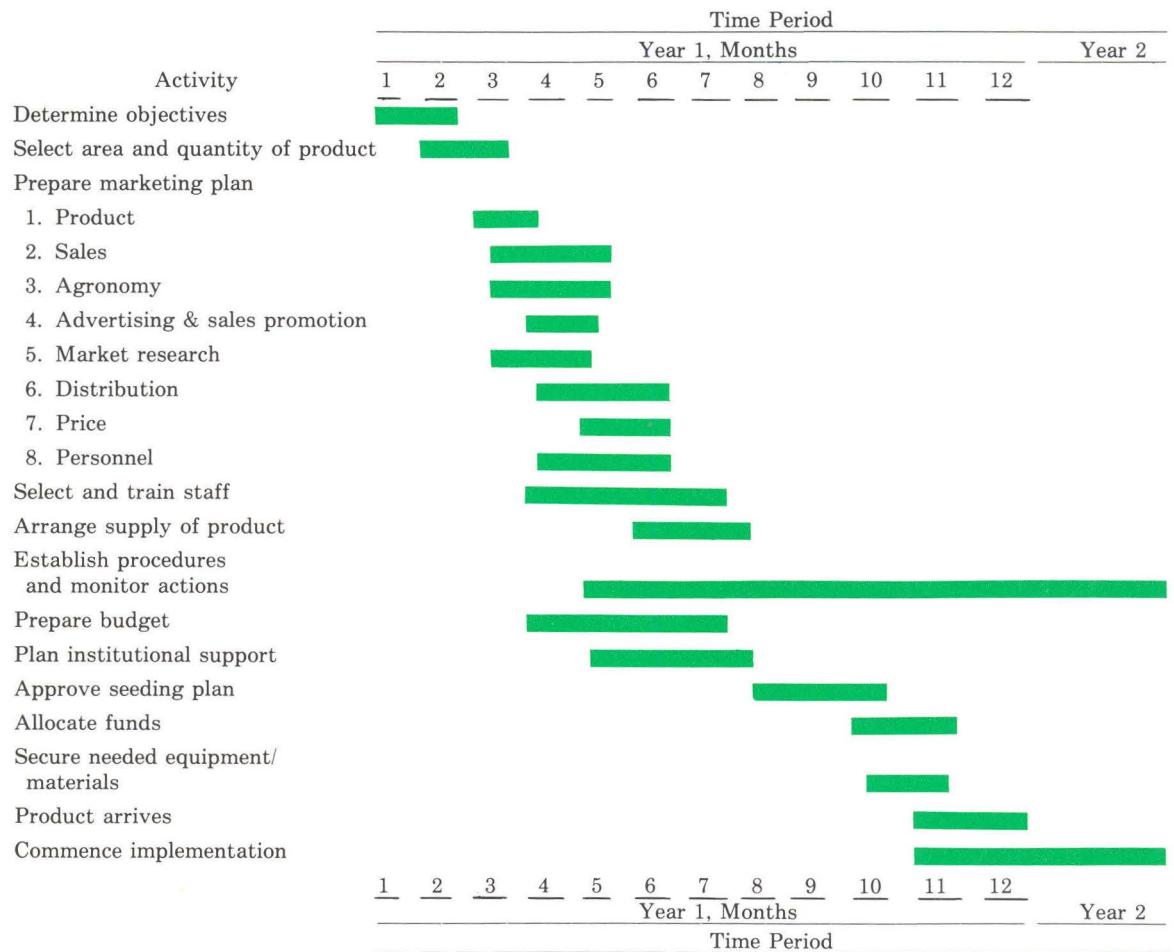


Figure 1. Planning and Phasing Major Activities in a Fertilizer Marketing Seeding Program.

Precautions

There are a number of ways in which a seeding program can go wrong or fail. Failures can often be traced to one or more of the following:

1. Marketing seeding program objectives are not clearly defined, do not have management approval and support, or are not realistic and in keeping with the organization's objectives.
2. The program is started before plans are made, recorded, and understood and essential activities and items are arranged.
3. Promised essential institutional and government support does not come through, especially extension, subsidies, crop produce markets, irrigation, essential inputs, and complementary programs.
4. The seeding program becomes an end within itself and not a portion of a larger marketing plan.
5. Ample time is not allowed for desired

results to be developed and adopted.

6. Preparations for measuring results of all components and documentation for adjusting the larger marketing plan are not made.
7. Staff selection, training, and deployment are not completed on time.
8. Although budgets have been approved, there is often delay in receiving transportation and funds.
9. After the initial supply of the key product and other essential complementary inputs is made available, a shortage at a later stage may reduce the effectiveness of the seeding program.
10. Monitoring and measurement at critical stages and feedback to management for necessary adjustments are not made on a timely basis.
11. Communications on objectives, activities, and results limit operations and performance.
12. Staff motivation and desire are limited. A seeding program requires extra work and dedication for success.



Program Management

The manager of the seeding program must ensure its success. There should be no room for mistakes and errors. The seeding program should be designed to overcome all foreseeable problems. Since the seeding program provides a learning situation, it should include full details so that "how" to handle the full-scale marketing program can be understood. Before the program commences, the manager should doublecheck to ensure that certain necessary tasks have been completed. The checklist includes the following:

1. Be sure that the marketing objective is clearly defined and compatible with that for the full-scale marketing program. The objective must be meaningful and quantifiable within a specific time period.
2. Determine the goals that the seeding program is to accomplish and be sure the program is designed to give these results.
3. Determine the quantity of product for the geographical areas covered by the seeding program.
4. If the seeding program is to be limited by quantity, determine exact amounts by products.
5. Arrange for the fertilizer and technology that will be introduced to be available when needed.
6. Select, train, and assign seeding program staff and establish their limits of authority and responsibility.
7. Determine dealer criteria and make selections.
8. Complete arrangements for all educational and promotional activities and material required and establish timetable for receiving and using.
9. Ensure the availability of product, budget approval, and availability of funds.
10. Finalize such items as product prices, dealer commissions, and incentive programs.
11. Prearrange procedures for monitoring and measuring program results.
12. Arrange for documentation of findings.

Management will have checks and balances built into the seeding program in the form of job descriptions for each individual. Goals will be set for each individual by time periods. For example, each field representative will be responsible for certain activities, for selecting a specific number of dealers, for selling a certain quantity of product, etc. Management will keep a close watch on performance and take the necessary actions to keep the seeding program on schedule.

Method of Management

The same method of management should be used for both the seeding program and the larger marketing effort. If a centralized method of management is to be used in the larger marketing plan, it would be unwise to use a decentralized method in the seeding program. Here again the results might not reflect those that could be achieved through another style of management.



Application

It is often thought that fertilizer seeding programs should only be used in countries that are developing their agriculture sector. Coun-

tries never finish developing their agriculture; therefore, the need for the introduction of new fertilizers and new fertilizer-related

technology continues. Fertilizer seeding programs can be used in all stages of agricultural development and for the introduction of both low and high technology. Seeding programs must be designed for country- and site-specific conditions. Figure 2 indicates the stages of fertilizer use development by countries. A seeding program designed for use in a country where fertilizer use is just developing would not have the same objectives as one designed for a country



Successful Programs

Many examples of successful fertilizer seeding programs could be cited to indicate their benefits in developing an effective and efficient marketing system. Highly successful programs have been carried out by organizations in Costa Rica, Colombia, Venezuela, Philippines, Pakistan, United States, Canada, India, and many other countries.

The Indian Farmers Fertiliser Cooperative, Ltd. (IFFCO) carried out an exceptionally effective fertilizer seeding program in the early 1970s. IFFCO, a consortium of some 30,000 Indian agricultural cooperatives, raised share capital to construct fertilizer plants in the State of Gujarat at Kandla and Kalol to produce 400,000 tons of urea and 400,000 tons of three high-analysis NPK grades. Grade I was 10-26-26, grade II was 12-32-16, and grade III was 14-36-12.

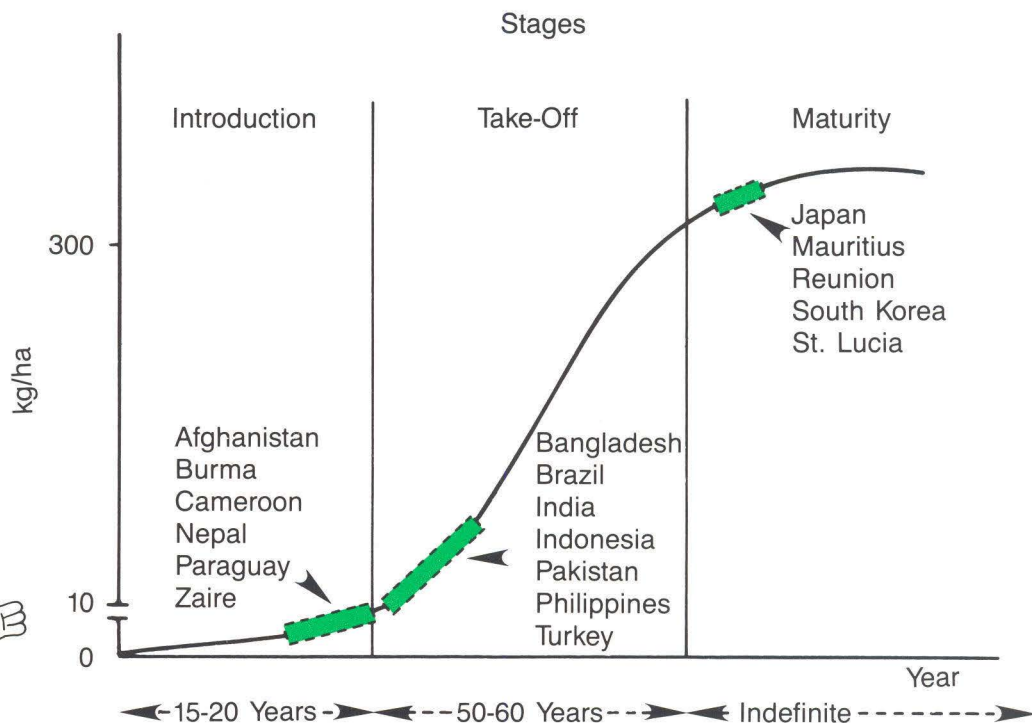
At that time urea and the high-analysis NPK fertilizers were new and not generally known by the Indian farmers. IFFCO decided that a fertilizer seeding program was needed. Objectives stated for their seeding program were the following:

1. To create a ready market for IFFCO products.
2. To establish brand identity.
3. To plan and develop an economical marketing system.
4. To help develop the cooperative distribution system.
5. To help in training the sales-point personnel in salesmanship, services, and sound management practices.
6. To develop an educational program designed to help farmers improve management practices and raise farm productivity.
7. To provide sound agronomy-extension experience for the IFFCO staff.

where fertilizer use is highly developed. For example, a seeding program in Afghanistan or one of the countries where fertilizer use is being introduced could include high-analysis NPK fertilizers or urea in a market dominated by ammonium sulfate. In Japan or a country where fertilizer use is highly developed, a seeding program objective might be to introduce fertilizer supergranules or liquid fertilizers containing herbicides.

The fertilizer seeding program was included in IFFCO's detailed marketing plan. Staff members were hired and trained before the start of the program. The seeding program was started in 43 selected districts in 10 states. The first Rabi season (fall—wheat season) was used as a startup period for IFFCO's seeding program, and only 24,730 tons of NPK and urea fertilizers was imported and marketed through the system. Fertilizer was imported in bulk and bagged in the ports of Bombay, Kandla, and Madras. Small quantities came in through the ports of Tuticorin and Vizag. During the first full year of the seeding program, 83,384 tons of fertilizer was imported and marketed by IFFCO. In the second year, 265,000 tons was imported and marketed. In the third and final year of the seeding program before the plants came on stream, IFFCO imported and marketed 400,000 tons of NPK and 400,000 tons of urea.

When the IFFCO plants came on stream, the fertilizer marketing system was in place. It had been tested and reorganized and had already marketed as many tons as the new factories would produce. The communications network had been established. Unit trains had been organized and run. Over 1,500 fertilizer demonstrations and 500 field days had been successfully carried out. Over 2,000 farmer meetings had been organized and conducted by the agronomists and field representatives. Almost all its staff members had been selected and trained to do their jobs. The seeding program allowed IFFCO to have a successful beginning. In the 1982/83 fertilizer season ending June 30, 1983, IFFCO produced and sold 773,000 tons of urea and 683,000 tons of NPK/DAP fertilizers. The seeding program provided IFFCO an opportunity to learn how to do a first-class marketing job, and it continues to grow.



Adapted from C. Y. Lee. 1980.

Figure 2. Stages of Development of Fertilizer Use in Selected Countries.



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