

A study of factors influencing marketing strategy of Agrochemical companies: a comparative case-study approach

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Abstract - The present paper has been entirely based on the primary data collected from four companies operative in Maharashtra State in the industry of agrochemicals. Agrochemical products are essentially important and having direct contact with the larger segment of Indian society that is farmers. It has been assumed that, social, economic and educational factors of the customers (in this case those are average traditional farmers) needs to be considered before lining up of marketing strategy for this kind of products which having direct impact on the health of the society. Keeping this in mind, present study puts an effort on understanding fundamental aspects of marketing strategies adopted by agrochemical industries in Pune Region. In fact, this is a part of findings, extracted from the data collected from agrochemical companies, for the purpose of doctoral research of the author and presented in the form of comparative aspects for major four companies selected randomly.

This entire study thus, can be regarded as an empirical research, investigating seven different aspects necessary for marketing strategy; such as, (a) products; (b) marketing channels; (c) methods of marketing; (d) advertisement preferences; (e) marketing challenges; (f) market coverage strategies; and (g) strategic move in marketing .

Keywords: Factors of Marketing, Marketing strategies, Agrochemical companies.

I. INTRODUCTION

In a broader way the present study has been concluded with the statement such as, full market coverage and differentiated market coverage are the major strategies for market expansions

In agrochemical industries designing marketing strategies involve major decisions considering various factors¹. It has having impact of multifold parameters including government policy to culture of the customers. In current scenario marketing strategy is consider to defeat competitor and to curb its market share by adopting expansion policies. The above assumption may be assumed to be true as India has a great potential for agrochemical companies. It can be revealed from the data that, since 1950-51 Indian agricultural sector has witnessed overall 36.5 per cent reduction in the GDP share². Thus to fetch his market potential into revenue, agrochemical companies need to design comprehensive marketing strategy. In this view of matter present study has been intended to investigate

current trends of marketing strategies in Indian agrochemical companies. The basic intention of this study is to investigate various factors impacting on decisions of the marketing strategies. Importantly need to be noted that only seven factors have been analyzed in this study.

Now, before going into the further details certain concepts need to be discussed in this section for better understanding of the research problem.

A plan of action designed to promote and sell a product or service is initially called as *marketing strategy* at very outset³. *Products* in this study have been defined as fertilizers, pesticides, herbicides and insecticides only⁴. *Marketing channels*⁵ is the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption⁶. It is

¹Baker, M. (2001). Marketing: Critical Perspectives on Business and Management. Taylor & Francis

²<http://www.economicdiscussion.net/indian-economy/changes- that-have- taken-place-in-the-indian-economy-after-1951/14150>

³ Douglas, Susan P. and C. Samuel Craig (1989), "Evolution of Global Marketing Strategy: Scale, Scope and Synergy," *Columbia Journal of World Business*, Fall, 47-59

⁴ Burns, Tom and G. M. Stalker (1961), *The Management of Innovation*. Tavistock: London

⁵ 50Stern W.L., El-Ansary A., Andersso E. & Coughlan A., (2006) *Marketing Channels* (7th ed.), Upper Saddle Creek, NJ: Prentice-Hall

⁶ Frazier, G. L. & Summers, J. D. 1986. *Perceptions of Interfirm Power and Its Use*

the way products get to the end-user, the consumer; and is also known as a distribution channel. In the current study assessment of the marketing channels is one of the investigations for factors influencing marketing strategy of the agrochemical companies. A notice or announcement in a public medium promoting a product, service, or event may be called as *advertisement*^{7,8}. In the present study preferences given for the advertisement has been investigated for the selected four agrochemical companies. The constraints and difficulties observed during performing marketing of any product or services can be said as *marketing challenges*⁹. For the present study basically four types of marketing challenges have been investigated such as, competition, financial constraints, research and development, and marketing know-how. *Market coverage strategy*¹⁰ is a method for evaluating the various segments of the marketplace and deciding which segments to cover in the marketing of a particular product. In the present study two full market coverage and differentiated market coverage have been assessed. *Strategic move*¹¹ in marketing is an action taken by a player outside the defined actions of the game in order to gain a strategic advantage and increase one's payoff.

Ultimately, it has to be pointed out that this entire study has been presented with the help of eight sections, such as *Section-(i)* describes statement of the problem and *Section-(ii)* aims and objectives. Moreover, methodological discussion has been made in *Section-(iii)*. Data analysis has been made and interpreted in *Section-(iv)*. Summary of findings, concluding observations and suggestions have been given in *Section-(v)* while final *Section-(vi)* portrayed scope and limitations of the study.

Section-(i)

Problem statement

The title of the present study itself can be referred as a problem statement of this research. Defining marketing strategies is the most important aspects of the business in current scenario. Though, in this industry of agrochemicals end-users or customers are homogeneous to the extent of cultural orientation. Agrochemical industry is the contributory activity to the primary sector specifically agro-industry. Further, culture is major factor impacting on

farming practices in extreme rural areas¹². Considering all these aspects of agrochemical companies and its products it has been assumed that traditional way of marketing may not be sufficient to reach at the potential customers. The ultimate aim of this marketing and promotional drives will to spread awareness among the farmers or customers regarding agrochemical products and then about the particular products.

With this assumption present research focuses attention on understanding different factors need to be primarily considered for designing marketing strategies. Finally, this research problem has been transformed into research questions such as; 1) what are the factors that need to be considered while deciding up on marketing strategy, 2) what will be scenario of these factors for different companies, 3) suggest certain concrete factors those need to be kept in mind for policy makers.

An effort has been made to transmute these research questions into aims and objects and have been mentioned with the help of below section.

Section-(ii)

Aims and objectives of the study

Investigating marketing strategies of the agrochemical companies in Pune Region is the primary aim of the present study. Though, this broader aim of the study has been narrowed down for intent attention by converting into research objectives.

Objectives of the study

- To study factors influencing marketing strategies of agrochemical companies
- To draw an observational conclusion by comparing the factors case by case
- To offer solid and concrete factors need to be considered while designing marketing strategies of agrochemical companies

Scientific inquiry has been conducted in investigating the above factors and efficiently depicted in below section.

Section-(iii)

Methodology adopted in the research paper¹³

The present paper is a part of PhD work carried out by the researcher and based on the data collected for pilot testing of the questionnaire tool designed for assessing marketing functions of the agrochemical companies. There is no rigid sampling method has been adopted for the present research as selection of the four companies for investigating

Within a Franchise Channel of Distribution. Journal of Marketing Research, 23: 169-176.

⁷ Donald William H., *Industry Surveys Advertising*, December 6, 2001 / Advertising the Next Update of This Survey Is Scheduled For June, 2002, p. 27

⁸ Kotler, P., Armstrong, G., Saunders, J. & Wong V. (1999). Principles of Marketing, Perentice Hall Europe, Second Edition, London, p. 797

⁹ Kotler, P. (2002). Marketing Management Millenium Edition, Prentice-Hall, Inc., New Jersey, Tenth Edition, p. 278.

¹⁰ Stuart B. (2006a) Coverage models, Channel Corp., Retrieved September 17, 2007 from www.channelcorp.com/images/pdf/Coverage_Models.p

¹¹ Buzzell, R. D., & Gale, B. T. (1987). The PIMS principles: Linking strategy to performance. New York: The Free Press.

¹² Furrer, Olivier, Ben Shaw-Ching Liu and D Sudharshan (2000), "The Relationships Between Culture and Service Quality Perceptions: Basis for Cross-Cultural Market Segmentation and Resource Allocation," *Journal of Service Research*, 2 (4), 355-371

¹³ C. R. Kothari, Research Methodology: Methods and Techniques, New Age Publication, 2007, P-24

marketing strategies are random in nature. Though, this research is not in the criteria of hypothesis testing thus, no need felt in ensuring representation of the population in sample selection procedure. The selection of four companies can be mentioned as more than enough in the methodology of case study approach¹⁴ which found more suitable in investigating marketing strategies in a general way.

As it has been already mentioned in the paper that present study is a part of doctoral research, and thus, the questionnaire tool that has been utilized in this research work is an exhaustive one to collect all elements of the marketing strategies and also focuses on all the factors probably impacting on marketing strategies. But, analyses of limited seven factors¹⁵ are the core focus under this study.

It has to be mentioned here that, the responses collected, quantified and analyzed in this research work have been representing the opinions of the persons though name of the companies are supposed to not to be disclosed as questionnaire filled are based on strict anonymity.

Section-(iv)

II. ANALYSIS AND EXPLORATION

It has to be mentioned here that even a case study approach has been adopted for analyzing the data collected through questionnaire in this research, though flexibility has been kept while summarizing and interpreting the results. In short, the paper does not necessarily employ rigid case study approach but provides comparative scenario wherever required by using frequency calculation. The ultimate aim of this analysis is to enhance understanding regarding each factor to tweak a conclusion.

This section of analysis has been presented with the help of seven different subsections for discussing different factors influencing marketing strategies of agrochemical companies.

The details on products have been analyzed and presented with the help of *subsection-(a)*. In *subsection-(b)* marketing channels have been analyzed. Marketing methods have been compared for selected four companies in the *subsection-(c)*. Similarly advertisement preferences have been analyzed and presented with the help of *subsection-(d)*. Marketing challenges faced by the agrochemical companies have been discussed with the help of *subsection-(e)*. The strategies to cover market share have been discussed with the help of *subsection-(f)* while

strategic move in marketing are discussed in *subsection-(g)*.

Subsection-(a) Products

In this section an effort has been made to understand categories of products belonging to the agrochemical companies under consideration. It could be seen from the **Table No. 1.1** that out of four companies considered only one company which is established on the year 1863 is focusing on herbicides and rest of the companies have presence in fertilizers, pesticides and insecticides including herbicides.

¹⁴Bryman.A. ,&Bell.A(2003) Business Research Methods. Oxford University Press

¹⁵ Factors: (a) products; (b) marketing channels; (c) methods of marketing; (d) advertisement preferences; (e) marketing challenges; (f) market coverage strategies; and (g) strategic move in marketing.

Table No. 1.1: Products range of the selected agrochemical companies

Sr. No.	Company Studied	Year of establishment	Product range			
			Fertilizer	Pesticide	Insecticides	Herbicide
			IV	V	VI	VII
1	A	1863	No	No	No	Yes
2	B	1883	Yes	Yes	Yes	Yes
3	C	2000	Yes	Yes	Yes	Yes
4	D	2007	Yes	Yes	Yes	Yes

(Source: Field investigation)

It also needs to be point out that two companies having presence for more than 100 years are considered and two new companies (compared to the other two) are considered for the comparison.

Section-(b) Marketing Channels

A retailing method of marketing as well as method of retailing partners has been found comparatively less important for company ‘A’ which is regarded as oldest company in current sample, though remaining companies have mentioned it as very much important. Corresponding details of this aspect has been presented with the help of *Table No. 1.2*.

Table No. 1.2: Importance of various marketing channels

Sr. No.	Marketing Channels	Name of company			
		A	B	C	D
I	II	III	IV	V	VI
1	Retailing: Distributing products and services through locations that you own and operate	Important	Very Important	Very Important	Very Important
2	Retail Partners: Selling to retailers	Important	Very Important	Very important	Very important
3	Franchising: Distributing through retail locations that you have significant control over but don't own	Moderately Important	Moderately Important	Very important	Important
4	Direct Marketing: establishing direct relationship with customers with technique such as personal selling and e-commerce	Very Important	Moderately Important	Very important	Very important

(Source: Field investigation)

Franchising method of marketing has been found moderately important for older companies’ but for newly established companies no solid observation can be made. Apart from all these methods direct marketing has been mentioned as very important with negligible variations in the opinions between oldest companies and newly established companies. In this method establishing direct relationship with customers plays a vital role along with personal selling and e-commerce. This method of direct marketing is closely anticipated with the tradition of Indians.

Section-(c) methods of marketing

In this section,efforts have been made to investigate comparison between various methods of marketing. Though, broad four methods have been identified for an investigation of this aspect, namely, inbound activities, sales development, sales account management and field sales. Each of the method then assessed based on activities and scaled on five point likert scales. The results of the same have been presented with the help of *Table No. 1.3*, below.

Table No. 1.3: Methods and activities of marketing

Methods	Activities of marketing	Agrochemical Companies			
		A	B	C	D
Inbound Activities	Heavy outbound calls, emails, text messages etc...	Neutral	Neutral	Agree	Neutral
	follow-up with potential opportunities	Agree	Agree	Agree	Strongly Agree
	Coordinating marketing campaigns	Strongly Agree	Strongly Agree	Strongly Agree	Strongly Agree
	Generating appointments for themselves, and/or for field representatives	Agree	Agree	Agree	Strongly Agree
	Customer on-boarding, managing the renewal	Agree	Neutral	Strongly Agree	Strongly Agree

Sales Development	Follow-up on previous conversations to nurture interest	Strongly Agree	Agree	Agree	Agree
	Refine collateral needs and ensure prospects	Neutral	Agree	Agree	Agree
	Follow-up with all inbound leads and contact request forms	Disagree	Neutral	Neutral	Agree
	Drive attendance to trade shows, live events and webinars	Neutral	Neutral	Agree	Agree
	"Sell" appointments once an opportunity is qualified	Agree	Neutral	Strongly Agree	Agree
Sales Account Management	ensuring high customer adoption of products	Agree	Agree	Agree	Agree
	You provide key support for any post-implementation questions	Agree	Strongly Agree	Agree	Agree
	Coordinate support with other departments	Agree	Agree	Strongly Agree	Agree
	add-on sales	Strongly Agree	Agree	Agree	Agree
	Renewal sales and continued usage of product or service	Agree	Strongly Agree	Strongly Agree	Agree
Field Sales	heavy focus on visiting prospects clients	Strongly Agree	Agree	Agree	Agree
	Taking account from opportunity qualification to close	Neutral	Strongly Agree	Strongly Agree	Agree
	Continuous check-ins to make sure customers are happy	Agree	Strongly Agree	Agree	Agree
	face-to-face visit.	Agree	Agree	Agree	Agree

(Source: Field investigation)

It would be seen therefore from the table that, no any company has shown negativity in using any of the activity of the marketing. This shows tremendous efforts of the marketing department of agrochemical companies. Moreover it has to be surprisingly noted that the activity of 'Coordinating marketing campaigns' under the method of inbound marketing has shown strong agreeableness by all the companies.

Section-(d) advertisement preferences

Advertisement of the product has been said to be the most important function of the marketing department. But in the strategic policy point of view all the companies have given moderate importance to the advertisement as shown in **Table No. 1.4**, below.

Table No. 1.4 Impact of advertisement on sales

Company-A MODERATE	Company-B MODERATE
Company-C HIGH	Company-D MODERATE

(Source: Field investigation)

Only company 'C' has assumed highest level of impact of advertisement on the sales. The reason may be attributed to the reality that agrochemical products are result oriented and merely on heavy advertisement may not influence the buying behavior of farmers.

Though, it also can be traced in the present study that 'television' as preference for marketing has been used frequently by all the four companies under consideration. On the either side, radio and FM are used very rarely. All the details on this aspect has been presented with the help of **Table No. 1.5**.

Table No. 1.5 Advertisement preferences (number of companies)

News Paper		Radio/FM	
Occasionally	01	Rarely	04
Frequently	01		
Rarely	02		
Television		Brand ambassador	
Very frequently	02	Occasionally	04
Frequently	02		

(Source: Field investigation)

Apart from this advertisement related opinions an effort also has been put on assessing marketing challenges faced by the agrochemical companies. The details on this aspect have been mentioned with the help of below subsection.

Section-(e) marketing challenges

In this present study four most important marketing related challenges have been enquired, such as, competition, financial constraints, research development and marketing know-how. The details on this aspect have been presented with the help of below mentioned **Table No. 1.6**.

Table No. 1.6 Marketing challenges (number of companies)

Competition		Financial constraints	
High	04	Moderate	04
Research & Development		Marketing know-how	
High	04	High	02
		Moderate	02

(Source: Field investigation)

It would be seen from the table that, competition as well as research and development are key challenges for agrochemical companies. Also marketing know-how is less challenges as compared to these challenges. Financially, these companies are seen strong as moderate level challenge they have mentioned in their feedback.

Section-(f) market coverage strategies

In the *Table No. 1.7*, marketing coverage strategies have been compared for the select four agrochemical companies during present research study.

Table No. 1.7 Marketing coverage strategies

Sr. No.	Strategic options	Number of companies
I	II	III
1	Full market coverage	02
2	Differentiated	02

(Source: Field investigation)

It will be seen, therefore, from the table above that, only full market coverage and differentiation are strategies utilized by these companies for the purpose of market coverage.

Section-(g) strategic move in marketing

In the present study, all the four companies that have been considered for case study approach; have mentioned that EXPANTION is the main marketing strategic move adopted by marketing management department. It has to be underlined in this type of response that during this adoption of marketing strategic move the respondents from all the four companies have rejected all other options such as, defeating, defending, expanding, and creating Niche. This could be a positive move selected by majority of the agrochemical companies providing an opportunity for a fair game.

Section-(v)

Findings, Conclusions and Suggestions

In accordance with the aims and objectives and based on the analysis made in above section with case to case approach, summary of findings have been mentioned in *subsection-(a)*. This summary of finding then concluded based on deductive reasoning method and presented in the *subsection-(b)*. Finally, concrete practical oriented suggestions have been offered in *subsection-(c)*.

Subsection-(a): Summary of finding

- Franchising method of marketing has been found moderately important for older companies. Direct marketing method has been mostly utilized by agrochemical companies.
- Activity of ‘Coordinating marketing campaigns’ under the method of inbound marketing has shown strong agreeableness by all the companies.

- No significance impact of advertisement has been found on sales. Television and newspapers are the most utilized advertising source by these four agro-companies.
- Competition along with research and development are the major competitive challenges faced by the agro-chemical companies.
- Full market coverage and differentiated market coverage are the major strategies for market expansions
- Market expansion is the major strategic move deployed by these agro-chemical companies.

Based on above summary of findings the present research has been concluded in accordance with the objectives mentioned above.

Subsection-(b): Concluding observations

In regards with the *first objective* of the present research of studying factors influencing marketing strategies of agrochemical companies below mentioned factors have been concluded as most important factors of the marketing strategies of the agrochemical companies. These factors are; (a)franchising method of marketing, (b) direct method of marketing, (c) marketing campaigns, (d) use of television and newspapers in advertisement, (e) competition, and (f) research and development.

Case by case observation of the data for the four agrochemical companies under study leads to put final observations in this view matter such as, full market coverage and differentiated market coverage are the major strategies for market expansions. This is in line with the *second objective* of the present study.

Though this research is not an inferential research and thus, the conclusions made under this study are basically pertaining to the four cases studied. But these conclusions can be used as an input for the further explorative study involving inferential methodologies.

This *third objective* formulates the part of subsection-(c) suggestions those are based on the conclusions made above.

Subsection-(c): Suggestions

This research offers two basic suggestions in this view of matter.

- Agrochemical companies have been advised as a suggestion that they should use social media marketing techniques along with other methods.
- Market expansion is considered to be effective marketing move but farmers in India are constant in number thus raising awareness to enhance application of agrochemicals will be most effective strategy for the industry players. This

can be achieved by awareness raising campaigns along with marketing drives.

These suggestions are time specific, place specific and industry specific though its application for entire industry cannot be minimized after necessary alterations. The conclusions are subject to the below mentioned limitations of the study.

III. SCOPE AND LIMITATIONS OF THE STUDY

The present research has been limited for assessing only seven factors influencing marketing strategy of the agro chemical companies such as, (a) products; (b) marketing channels; (c) methods of marketing; (d) advertisement preferences; (e) marketing challenges; (f) market coverage strategies; and (g) strategic move in marketing.

Moreover, the study limited its geographical scope up to only PUNE Region. Further, randomly selected 4 companies for investigation could be one of the limitations for the present study along with case study approach. An absence of applicability of probability based reasoning in concluding the present research may be attributed to one of the limitations of the present study.

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