የሥራና ክህሎት ሚኒስቴር
Ministry of Labor and Skills

Crop production

Level-I

Based on November 2021, Version 2 Occupational Standard



MODULE TITLE: AGRIBUSINESS MARKETING

LG CODE: AGR CRP1 M10 LO (1-6) LG (40-45)

TTLM Code: AGR CRP1 TTLM 0922v1

September, 2022

Addis Ababa, Ethiopia

Table of Contents

Introduction to the module 1

LO #1 Understand Concepts of agricultural marketing 2

Instruction Sheet 1 2

Information Sheet 1 3

Self-check 1 13

LO #2 Understand concepts of agribusiness 15

Instruction Sheet 2 15

Information Sheet 2 16

Self-check 2 23

LO #3 Marketing targets for agricultural products 25

Instruction Sheet 3 25

Information Sheet 3 26

Self-check 3 36

Operation Sheet 1 38

Lap Test 1 39

LO #4 Implementing marketing strategy 40

Instruction Sheet 4 40

Information Sheet 4 41

Self-check 4 46

LO #5 Establish contract farming 47

Instruction Sheet 5 47

Information Sheet-5 48

Self-check 5 53

LO #6 Agricultural marketing services 54

Instruction Sheet 6 54

Information sheet 6 55

Self-check 6.....62

Operation Sheet -2.....64

Lap Test 2.....66

References.....**67**

Introduction to the module

Dear students! Welcome to the course of Agribusiness Marketing. The Ethiopian TVET system is now focused on the labor market demands and industry relevance. This translates that the main objectives of the TVET system is to qualify its graduates according to the occupational requirements of the industry. In this learning guide there are six learning outcome which are broke down in to six information sheets. These are listed as follows: - Understand concept of agricultural marketing, understand concepts of agribusiness, identify marketing targets for Agricultural products, implement marketing strategy, establish contract farming, and Apply Agricultural marketing services.

The first learning outcome of this module presents the concepts and importance of agricultural marketing, roles of agricultural market, principles of agricultural marketing, marketing mix, and types of market structure. The second learning outcome deals with concepts of agribusiness, importance of agribusiness, roles of agribusiness, principles and characteristic of agribusiness, and dimension and structures of Agribusiness. The third learning outcome presents Marketing strategy, Approaches of agricultural market, Market Segment, Agricultural marketing options, Marketing plan and Analyzing cost and benefit.
The fourth learning outcome deals with Agricultural marketing functions strategy, marketing action plan and resource for agricultural marketing. The fifth learning outcome of this module deals with concepts and types of contract farming, models of contract farming, steps and procedures of contract farming, contract farming requirements and contract farming systems. The final learning outcome of this module deals with types of Agricultural products, conducting need assessment, developing market strategies, Collecting and organizing 4Customer feedbacks and organizing and documenting to report data.

Learning Guide #40	LO #1 Understand Concepts of agricultural marketing

Instruction Sheet 1

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Concept and Importance of agricultural marketing
- Roles of agricultural market
- Principles of agricultural marketing
- Marketing mix
- Types of market structure

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Describe the concept and importance of agricultural marketing
- Explain the roles of agricultural market
- Identify the principles of agricultural marketing
- Elaborate marketing mix
- Describe the types of market structure

Learning instruction

1. Read the specific learning outcome of this Learning Guide.
2. Read the information written in the "Information Sheets-1
3. Accomplish the "Self-check" at the end of each learning outcome
4. If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory.

Information Sheet 1

1.1. Basic Concepts of agricultural marketing

1.1.1. Agricultural marketing

The term agricultural marketing is composed of two words- agriculture and marketing. Agriculture, generally means growing and/or raising of crops and livestock while, marketing encompasses a series of activities involved in moving the goods from the point of production to point of consumption.

According to Thomsen – the study of agricultural marketing comprises all the operations, and the agencies conducting them, involved in the movement of farm produced foods, raw materials and their derivatives, such as textiles, from the farms to the final consumers, and the effects of such operations on farmers, middlemen and consumers.

1.1.2. Concepts of Agricultural Marketing

- **Needs:** Marketing tries to satisfy needs of consumers. Human needs are the state of felt deprivation of some basic satisfaction. People require food, shelter, clothing, esteem, belonging, and likewise. Note that needs are not created.
- **Wants:** They are desire for specific satisfiers to meet specific need. For example, food is a need that can be satisfied by variety of ways, such as sweet, bread, rice, puff, etc. These options are known as wants. Needs are limited, but wants are many; for every need, there are many wants.
- **Demand:** is the want for specific products that are backed by the ability and willingness (may be readiness) to buy them. All wants are not transmitted in demand. Such wants which are supported by ability and willingness to buy can turn as demand.
- **Product:** can also be referred as a bundle of satisfaction, physical and psychological. It includes basic contents or utility, product-related features (color, branding, packaging, labeling, varieties, etc.).
- **Utility (value), Cost, and Satisfaction: Utility** means overall capacity of product to satisfy need and want. It is the consumer's estimate of the product's overall capacity to satisfy his/her needs. Utility is, thus, the strength of product to satisfy a particular need. **Cost** means the price of product. It is an economic value of product. The charges a customer has to pay to avail certain services can be said as cost. **Satisfaction** means

fulfillment of needs. Satisfaction is possible when buyer perceives that product has more value compared to the cost paid for. Satisfaction closely concerns with fulfillment of all the expectations of buyer.

- **Exchange, Transaction, and Transfer: Exchange** is an act of obtaining a desired product from someone by offering something in return. Obtaining sweet by paying money is the example an exchange. Transaction differs from exchange: Exchange is a process, not event. It implies that people are negotiating and moving toward the agreement. When an agreement is reached, it is transaction. Transaction is the decision arrived or commitment made. For example, Mr. X pays Rs. 25000 and obtains a computer. There are various types of transactions, such as barter transactions, monetary transactions, commercial transactions, employment transactions, civic transactions, religious or charity transactions.

Transaction involves following conditions:

- At least two things of value
- Agreed upon conditions
- A time of agreement
- A place of agreement

Transfer involves obtaining something without any offer or offering anything without any return. For example, Mr. X gives gift to Mr. Y. Transfer is a one-way process.

- **Relationships and Network:** Relationship marketing results into economical, technical, social, and cultural tie among the parties. **Network** is the ultimate outcome of relationship marketing. A marketing network consists of the company and its supporting stakeholders – customers, employees, suppliers, distributors, advertising agencies, colleges and universities, and others – whose role is considered to be essential for success of business.

- **Market, Marketing, Marketer, and Prospect:** In marketing management, frequently used words are markets, marketing, marketer, and prospects.

A **market** consists of all potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy this need or want. **Marketing** is social and

managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others.

Marketer is one who seeks one or more prospects (buyers) to engage in an exchange. **Prospect** is someone to whom the marketer identifies as potentially willing and able to engage in the exchange. Generally, consumer or customer who buys product from a company for satisfying his needs or wants can be said as the **prospect.**

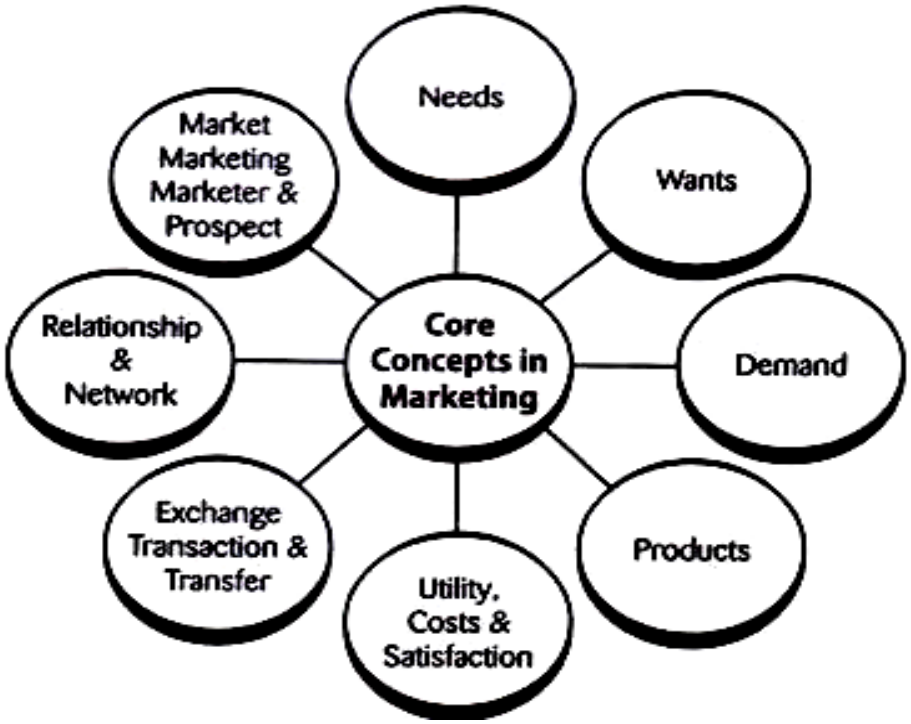


Fig 1.1: - Core concepts of marketing

1.1.3. Key aspects of agricultural marketing system

Agricultural marketing system includes two major sub-systems. Input marketing and product marketing. The input sub-system includes input manufacturers, distributors, related associations, importers, exporters and others who make available various farm production inputs to farmers. The product marketing sub-system includes farmers, village/primary traders, wholesalers, processors, importers, exporters, marketing cooperatives, regulated marketing committees and retailers.

1.2. Importance of agricultural marketing

a. Optimization of Resource use and Output Management

An efficient agricultural marketing system leads to the optimization of resource use and output management. An efficient marketing system can also contribute to an increase in the marketable surplus by scaling down the losses arising out of inefficient processing, storage and transportation.

b. **Increase in Farm Income-** An efficient marketing system ensures higher levels of income for the farmers reducing the number of middlemen or by restricting the cost of marketing services and the malpractices, in the marketing of farm products.
c. **Widening of Markets-** The widening of the market helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.
d. **Growth of Agro-based Industries-** An improved and efficient system of agricultural marketing helps in the growth of agro based industries and stimulates the overall development process of the economy.
e. **Price Signals-** An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. This work is carried out through transmitting price signals.
f. **Adoption and Spread of New Technology** The marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance at remunerative price.
g. **Employment Creation-** The marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation, storage and processing.
h. **Addition to National Income-** Marketing activities add value to the product thereby increasing the nation's gross national product and net national product
i. **Better Living-** Any plan of economic development that aims at diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic waste has, therefore, to pay special attention to the development of an efficient marketing for food and agricultural products.
j. **Creation of Utility-** Marketing is productive, and is as necessary as the farm production. Marketing adds cost to the product, but at the same time, it adds utilities to the product.

The following four types of utilities of the product are created by marketing:

a. Form Utility: The processing function adds form utility to the product by changing the raw material into a finished form. For example, through processing, oilseeds are converted into oil, sugarcane into sugar, cotton into cloth and wheat into flour and bread. The processed forms are more useful than the original raw materials.

b. Place Utility: The transportation function adds place utility to products by shifting them to a place of need from the place of plenty. Products command higher prices at the place of need than at the place of production because of the increased utility of the product.

c. Time Utility: The storage function adds time utility to the products by making them available at the time when they are needed.

d. Possession Utility: The marketing function of buying and selling helps in the transfer of ownership from one person to another. Products are transferred through marketing to persons having a higher utility from persons having a low utility.

1.3. Roles of agricultural marketing

- **Contribution to National Income**: It is observed that, "Currently the leading industrialized countries were once mainly agricultural while the developing economies still have the dominance of agriculture and it largely contributes to the national income.
- **Source of Food Supply**: Agriculture is the main and fundamental source of food supply of all the countries of the world; whether underdeveloped, developing or even developed.
- **Pre-Requisite for Raw Material:** Agricultural progression is necessary for improving the supply of raw materials for the agro based industries especially in developing countries.
- **Provision of Surplus**: The development in agricultural sector provides surplus for increasing the exports of agricultural products.
- **Shift of Manpower**: Agricultural growth permits the shift of manpower from agricultural to non-agricultural sector. In the early stages, the diversion of labor from agricultural to nonagricultural sector is further important from the point of view of

economic development as it eases the burden of surplus labor force over the limited land.

- **Creation of Infrastructure:** The development of agriculture needs infrastructural facilities like roads, market yards, storage, transportation railways, postal services and many others for an infrastructure creating demand for industrial products and the development of commercial sector.
- **Respite from Shortage of Capital:** The development of agricultural sector has minimized the burden of numerous developed countries that were facing the shortage of foreign capital.
- **Helps in Reduce Inequality:** In a country which is mainly agricultural and overpopulated, there is greater inequality of income between the rural and urban areas of the country.
- **Create Effective Demand:** The development of agricultural sector would relate to the increase the purchasing power of agriculturists which will help the growth of the non-agricultural sector of the country.
- **Foundation of Foreign Exchange for the Country:** Majority of the developing countries of the world are exporters of primary products. Agro products contribute 60%- 70% of their total export earnings. Thus, the capacity to import capital goods and machinery for industrial growth depends crucially on the export earning of the agriculture sector.
- **Contribution to Capital Creation:** Underdeveloped and developing nations needs huge amount of capital for its economic development. In the initial stages of economic development, it is agriculture that establishes a significant source of capital formation.
- **Employment Opportunities for Rural People:** Agriculture provides employment chances for rural people on a large scale in underdeveloped and developing countries. It is an important foundation of livelihood. Usually, landless workers and marginal farmers are engaged in the non-agricultural jobs like handicrafts, furniture, textiles, leather, metal work, processing industries, and in other service sectors.
- **Helps in Rural Welfare:** The increasing agricultural surplus caused by increasing agricultural production and productivity inclines to improve social welfare, particularly in rural areas. The living standard of rural people rises and they start consuming nutritious diet including eggs, milk, and fruits. They lead a comfortable

life having all modern facilities a better house, motor-cycle, radio, television and use of better clothes.

- **Extension of Market for Industrial Output**: Expansion in agricultural productivity indications to increase in the income of rural population which is turn leads to more demand for industrial products, thus development of industrial sector.

1.4. Principles of agricultural marketing

1.4.1. Principles of marketing

This involves four key elements, which are referred to as the 4Ps. Initially 4, these elements were product, price, place and promotion, which were later **expanded** by including people, physical evidence and process. These are now considered to be the "7 Ps" marketing principles which include:

- ✓ **Product:** -the first P in the marketing principles stands for the product. This involves the services associated with the product, the product design, and its use. Products are usually classified as tangible, intangible, and services
- ✓ **Price**-is the amount of money that a customer pays for a product or service. Pricing for services can be a little more complex than for products.
- ✓ **Place**-is the means through which a product reaches its end consumer. It refers to the ease of access customers have to a service or product.
- ✓ **Promotion: -** Sales promotion, advertising, and social media are communication tools for an organization. These tools are used to pass the organization's message to the correct audience.
- ✓ **People:** -Having the right people run your company is essential because they are part of your business as much as your products or services. people are those who are directly or indirectly involved in the delivery of your service.
- ✓ **Process:** - it refers to the flow of activities that occur when the customer and business interact with each other**.** In other words, the steps involved in delivering service to a customer.
- ✓ **Physical Evidence:** -can be defined as a place where the service is delivered and any tangible element that provides information about the service. Physical evidence could include the company's website, business cards, equipment, buildings, annual accounts, and many more.

1.5. Marketing mix

A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, place, and promotion. The marketing elements commonly known as the 4ps of marketing therefore include;

Product; This represents an item or service designed to satisfy customer needs and wants. It deals with product design, brand name, models, style, appearance, product, services, quality, and guarantee.

Product mix has four components;

- ✓ Product range,
- ✓ Service after sales,
- ✓ Brand,
- ✓ Packaging and labeling,

Price- The sale price of the product reflects what consumers are willing to pay for it. It deals with developing /setting of pricing policies, margins, discount/allowance and rebates. Terms of delivery, payment terms, credit terms, and installment purchase facilities.

Promotion- expressed as a promotional mix. Activities might include advertising, sales promotion, personal selling, and public relations. **It deals with;**

- Personal selling; selling expertise, size of sales force, and quality of sales force.
- Advertising; media mix, vehicles, programs,
- Sales promotion.
- Publicity and public relations,
- Exhibitions and demonstrations used in promoting sales.

Place: - It deals the channels of distribution; channel design, types of intermediaries, location, of outlets, channel remuneration, dealer principal relations, etc., Physical distribution; this includes transportation, warehousing, inventory levels, order processing, etc.

1.6. Types of market structure

1.6.1. Market structure:

Market structure refers to those organization characteristics of a market which influence the nature of competition and pricing, and affect the conduct of business firms. There are four types of market structure these are discussed as follows:

A] Perfect Competition: In a perfect competition market structure, there are a large number of buyers and sellers. All the sellers of the market are small sellers in competition with each other. There is no one big seller with any significant influence on the market. So, all the firms in such a market are **price takers**. There are certain assumptions when discussing the perfect competition. These assumptions are:-

- The products on the market are homogeneous, i.e., they are completely identical
- All firms only have the motive of profit maximization
- There is free entry and exit from the market, i.e., there are no barriers
- And there is no concept of consumer preference

B] Monopolistic Competition: In monopolistic competition, there are still a large number of buyers as well as sellers. But they all do not sell homogeneous products. The products are similar but all sellers sell slightly differentiated products. Now the consumers have the preference of choosing one product over another. The sellers can also charge a marginally higher price since they may enjoy some market power. So the sellers become the **price setters** to a certain extent. For example, the market for cereals is a monopolistic competition. The products are all similar but slightly differentiated in terms of taste and flavors. Another such example is toothpaste.

C] Oligopoly: In an oligopoly, there are only a few firms in the market. While there is no clarity about the number of firms, 3-5 dominant firms are considered the norm. So in the case of an oligopoly, the buyers are far greater than the sellers. The firms in this case either compete with another to collaborate together, they use their market influence to set the prices and in turn maximize their profits. So the consumers become the **price takers.** In an oligopoly, there are various barriers to entry in the market, and new firms find it difficult to establish themselves.

D] Monopoly: In a monopoly type of market structure, there is only one seller, so a single firm will control the entire market. It can set any price it wishes since it has all the market power. Consumers do not have any alternative and must pay the price set by the seller.

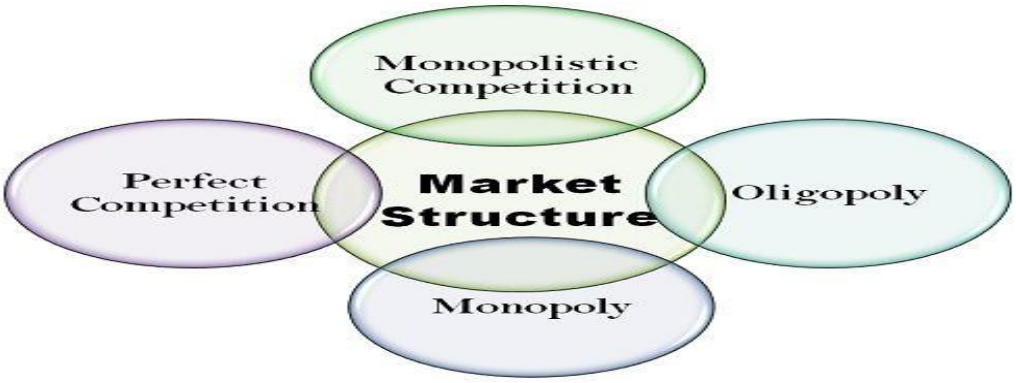


Figure 1.2: -Types market structure

1.6.2. Components of market structure:

The components of the market structure, which together determine the conduct and performance of the market, are:

a. **Concentration of market power:** The concentration of market power is an important element determining the nature of competition and thus market conduct and performance. A high degree of market concentration restricts the movement of goods between buyers and sellers at fair and competitive prices, and creates an oligopoly or oligopsony situation in the market.

b. **Degree of product differentiation:** Whether or not products are homogeneous affects the market structure. If the products are homogenous, the price variations in the market will not be wide. When products are heterogeneous, the firms have the tendency to charge different prices for their products.

c. **Conditions for entry of firms in the market:** Another dimension of the market structure is the restriction, if any, on the entry of firms in the market. Sometimes, a few big firms do not allow new firms to enter the market or make their entry difficult by their dominance in the market. There may also be some government restrictions on the entry of firms.

d. **Flow of market information:** A well-organized market intelligence information system helps all the buyers and sellers to freely interact with one another in arriving at prices and striking deals.

e. **Degree of integration:** The behavior of an integrated market will be different from that of a market where there is no or less integration either among the firms or of their activities.

Self-check 1	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (5 pts)

1. Among following four types of utilities of the product, which one is changing the raw material into a finished form?

   A. Form utility B. Place utility C. Time utility D. Possession utility

2. Which one is true about agriculture and marketing?

   A. Agriculture, means growing and/or raising of crops and livestock
   B. Marketing encompasses a series of activities involved in moving the goods from the point of production to point of consumption.
   C. Agricultural marketing is the link between the farm and nonfarm sectors.
   D. All

3. ---------- is the want for specific products that are backed by the ability and willingness (may be readiness) to buy them. A. Product B. Demand C. Need D. Want

4. Types of market structure which occurs when there is a large number of small companies competing against each other.

   A. Oligopoly B. Monopoly C. Perfect Competition D. Monopolistic competition

5. It deals with product design, brand name, models, style, appearance, product, services, quality, guarantee.

   A. Product
   B. place
   C. price;
   D. promotion

Test II: Short Answer Questions (15 pts)

1. Define the term agricultural marketing
2. Write and explain Concepts of Marketing
3. List the Importance of agricultural marketing
4. Explain the Roles of agricultural marketing
5. Describe the Principles of agricultural Marketing

Note: Satisfactory rating – 20 points **Unsatisfactory - below 20 points**

Time allowed: -45 Mins

Score = _____

Rating: _____

Name: _____ **Date: _____**

Answer Sheet

1. _____
   _____
   _____
2. _____
   _____
   _____
3. _____
   _____
   _____
4. _____
   _____
   _____

Learning Guide #41	LO #2 Understand concepts of agribusiness

Instruction Sheet 2

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Concept of agribusiness
- Importance of agribusiness
- Roles of agribusiness
- Principles And Characteristic of agribusiness
- Dimension and structures of Agribusiness

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Describe the concept of agribusiness
- Explain the importance of agribusiness
- Describe the roles of agribusiness
- List the principles and characteristic of agribusiness
- Explain the dimension and structures of Agribusiness

Learning instruction

- Read the specific learning outcome of this Learning Guide.
- Read the information written in the "Information Sheets-2
- Accomplish the "Self-check" at the end of each learning outcome
- If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory

Information Sheet 2

2.1. Basic concepts of agribusiness

2.1.1. Definition of Agribusiness

The term **"Agribusiness**" was first introduced by John Davis & Ray Goldberg of Harvard University in their book 'A Conception of Agribusiness' in 1957. Process wise, they defined agribusiness as: "it is the Sum total of operation involved in the manufacture and distribution of farm supplies, production activities on the farms and the storage, processing and distribution of farm commodities and items made from them". Agri Business is a term that combines the words "agricultural" and "business," and it refers to any farming-related economic activity.

Agribusiness is the business sector encompassing farming and farming-related commercial activities. It involves all the steps required to send an agricultural good to market, namely production, processing, and distribution.

2.1.2. key concepts of agribusiness

- Agribusiness is a combination of the words "agriculture" and "business" and refers to any business related to farming and farming-related commercial activities.
- Agribusiness involves all the steps required to send an agricultural good to market, namely production, processing, and distribution.
- Companies in the agribusiness industry encompass all aspects of food production.
- Climate change has placed intensifying pressure on many companies in the agribusiness industry to successfully adapt to the large-scale shifts in weather patterns.

Based on Samson (1982) Agribusiness can be broken down into five economically interdependent sectors.

a. **Agricultural Input sector** It deals with the supply of inputs required by the farmers for raising crops, livestock and other allied enterprises. These include seeds, fertilizers, chemicals, machinery and fuel.
b. **Farm sector**: It aims at producing crops, livestock and other products.
c. **Product sector:** It deals with various aspects like storage, processing and marketing the finished products so as to meet the dynamic needs of consumers.

d. **The Processing/Manufacturing sector: -** the processing and manufacturing sector is primarily responsible transforming a given agricultural product into some other valuable product. it adds value to agricultural or agribusiness products. They will change one agricultural product into another.

Examples include:

- turn wheat into flour and then flour to bread
- changing raw milk into pasteurized milk
- processing meat, poultry, eggs and other inputs

e. **Marketing – Distribution sector: -** the distribution or marketing sector is accountable to the distribution of the processed or raw agricultural products to the right customers at the right time and place with the right price through the right channel of distribution.

Agribusinesses are known in using all of the 4 Ps in developing agricultural product that will improve their competitive positions in the market place by better satisfying consumers' needs and wants. These four Ps are product, price, place and promotion.

2.2. Importance of agribusiness

- **Solves the problem of unemployment**

Fresh graduates have realized that getting white collar jobs is becoming increasingly difficult. Rather than keep on hoping, searching, and waiting, many have embraced Agribusiness either on land owned by their parents or on leased land.

- **Leads to plentiful harvests**

Agribusiness is a move away from traditional farming patterns and practices. It discourages the growing of the same crops year in year out. Farmers are now diversifying and experimenting with new crops in regions they were not grown before.

- **Encourages different farming approaches**

As agribusiness takes shape in society, some farmers are choosing not to grow a variety of crops on their pieces of land. Instead, they are concentrating on one crop that they have identified, researched and tested.

- **Emphasizes the use of technology which eliminates middlemen**

Technology has played a crucial role in getting farmers to take agribusiness seriously. Many farmers have suffered in the hands of middlemen for the longest time; earning peanuts while the middlemen reap where they did not sow

- **Receives supported from many non-governmental organizations (NGOs)**

NGOs boost farmers in many ways through training them on the latest and best farming techniques and practices. They offer regular workshops where all participants brainstorm issues affecting them.

2.3. Roles of agribusiness

- Agribusiness provides the basis of subsistence for the population by production of food and raw materials.
- Agribusiness includes all the activities within the agricultural food and natural resource industry involved in the production of food and fiber.
- Agribusiness plays a major role in economic growth and development. As the provider of food, it is a cornerstone of human existence. As a furnisher of industrial raw materials, it is an important contributor to economic activity in other sectors of the economy.
- Agribusiness is a substantial user of natural resources, particularly land and water. Its activities have a major impact on the availability of these resources and their quality.
- Agribusiness provides people with food, clothing and shelter. It also provides jobs for millions of people in science, research, engineering, education, advertisement, government agencies, trade organizations, and commodity organizations.
- Agribusiness is the hope for the development of the rural land scope in developing countries. To achieve success in ensuring increased and cheaper production of food and fiber, facilitating employment opportunities and yielding higher net incomes as well as other attendant social benefits, agribusiness must be planned and carefully implemented.
- Agribusiness is the off-farm link in agro-food value chains. It provides inputs to the farm sector, and it links the farm sector to consume through the handling, processing, transportation, marketing, and distribution of food and agricultural products.
- Agribusiness comprises diverse private agro-enterprises, a majority of which are small, mostly in rural market towns, and operated by households that often have wage labor and farming as other sources of income.
- Agribusiness is the rural equivalent of urban businesses in the capitalist system. It is supposed to contribute more to rural development. Thus, food production becomes a business like any other, losing its connection with human welfare.
- Agribusiness produces classical cash crops like coffee, bananas, cocoa, tea, etc, and industrial crops like cotton, jute, etc. In the case of food, for example, agribusiness is an

integrated 'food system': from 'farm' to 'factory' to 'consumer', and from food production to the manufacture of farm implements, and pesticides and fertilizers.

2.4. Principles and characteristic of agribusiness

2.4.1. Principles of agribusiness

- **Principle of Humanity -** Every businessman must be considered human values, and human aspects within their policies, programs, and working area.
- **Principle of Integrity -** This principle working on the inner voice that gives you a sense of analysis of right and wrong. It helps a businessman to determine different roles and behaviors at their levels.
- **Principle of Publicity** - According to this principle, all the activities and performance conducting in the company should be informed to every person of the organization. It helps to remove all the doubts and misunderstandings among colleagues.
- **Principle of Universal Values-** It is required that every businessman should conduct and perform the task and different business activities to be based on universal assumptions, customs, and overall accepted norms and principles by society.
- **Principle of Commitment -** This principle assured that every business person should be able to fulfill their commitments and assurance as given to other people. One should take care that the implementation of commitments must be based on honesty and responsiveness.
- **Principle of Rationality-** This principle ensures that every business person must analyze, evaluate, and take a close look at good or bad, right or wrong, ethical or unethical within their business transaction, and day to day working in the company. They must follow the logical attitude and behavior.
- **Principle of Communicability-** This principle of business ethics states that there will be an effective means of communication with the internal and external people of the company. It should be clear, open, and follow the rules.
- **Principle of Transparency-** Ethics of transparency denotes the concept of well informed and truth. Ethics ensures that all the business activities and transactions should be well informed with justified manners and fair with all the persons, executives, and stakeholders within the business.
- **Principle of Cooperation with Other-** Ethics teaches us to value and gives motivation for collaboration and spirit to work as a team. It requires that businessmen should make full cooperation based on the capacity and availability of resources to other persons according to their good conduct and value-based behavior.

- **Principle of Reputation and Morale-** This ethic ensures and gives responsibility to businessmen or executives that they protect and build the company's good reputation and the morale of its employees and take necessary actions to correct or prevent inappropriate conduct of others.
- **Principle of Commitment of Excellence-** All the business executives pursue excellence in performing their duties, well informed and prepared, and constantly increase working efficiency and perfection in their work and all other areas.
- **Principle of Satisfaction-** Every businessman must develop and established their role and behavior to make people happy and pleasure in society at large. Their main goal is to make customers happy, and satisfied with their product and service at every stage.

2.4.2. Characteristics of Agribusiness

Due to some distinctive features, agribusiness differs from some other kinds of businesses.

- **Diverse nature of business:** There exist various kinds of business in the agribusiness sector i.e., of basic producers, wholesalers, brokers, processors, packagers, storage firms, transporters, financial institutions, retailers, food chains, etc.
- **Existence around production areas:** Agribusiness is established around several million producers/ farmers that produce hundreds of different food and fiber products.
- **Dealing with farmers/ producers:** Most agribusinesses deal with farmers both directly and indirectly. No other industry is set up principally around the basic producer of the raw product.
- **Variety and size of agribusiness organization:** There is infinite variety in the size of agribusiness from one person and one family to giants/huge/tall organization.
- **Scale and type of competition:** Agribusinesses are small and compete in a relatively free market (Perfect Competition) where there are many sellers and buyers as well.
- **Conservativeness of agribusiness:** The workers (laborer's) and producers have traditional philosophical touch, so they make agribusiness more of conservative type.
- **Community oriented business:** The agribusinesses tend to be community oriented in small towns and rural areas.
- **Seasonality:** The agribusinesses are highly seasonal in nature due to planting and harvesting seasons and interdependence of specific enterprise.
- **Vagaries of nature:** Agribusiness deals with vagaries of nature viz; drought, flood, insects, diseases etc. and everyone from producer, banker and manufactures is concerned with the weather.

- **Govt. programs and policy:** Govt. programs and policies have direct impact on agribusiness. Many agricultural products are directly influenced by govt. programs and regulations.

2.5. Dimension and structures of Agribusiness

2.5.1. Dimensions of Agri-Business

- It deals with different components of both agricultural and industrial sector, their interdependence and influence of one sector on other.
- It deals with decision making process of farm either private or government in relation to production and selling aspects.
- It deals with strengths and weaknesses of a project and thereby their viability in competing enterprises.
- Agri-business is always deals with market oriented.

Agri-business is generally vertical and it comprises on the following activities

a. **Farm Equipment Manufacturers: -** The manufacturing and development of farm equipment and machinery is essential for farmers to harvest their crops and complete various tasks around the farm. These businesses develop the farming tools and machinery used during the agricultural process, such as Farm supplies or inputs, tractors.

b. **Pesticide and Fertilizer Suppliers: -** For the crops to grow strong and healthy, farmers use pesticides and fertilizer to promote flourishing crops. Without them, crops become susceptible to disease and pests that can destroy the harvest.

c. **Research and Development (R&D)** Research and extension programs of the Govt. It is a vital part of the agricultural industry as new threats (droughts, depleted soil) emerge every day and bring about the possibility of a diminished harvest. These businesses explore new opportunities and innovations to help combat any threats.

d. **Seed Suppliers: -** Without seeds, farmers have little to work with to produce crops. Companies provide farmers necessary seeds to meet the demands of consumers.

2.5.2. Structure of Agri-Business

The Structure of Agri-business is generally vertical and it comprises the following sector

- **Farm input sector:** It deals with agro-based industries providing seeds, fertilizers, feed, chemicals etc. The industries supplying machinery or equipment, implements and petroleum etc are also important in this regard.
- **Farm product sector:** It deals with production and distribution of farm commodities. Large cooperative bodies also exist in Agri-business, but they are few in number, whereas small scaled agro industries are large in number. The vertical integration of a farm is very common in poultry, fruit and vegetable farms.

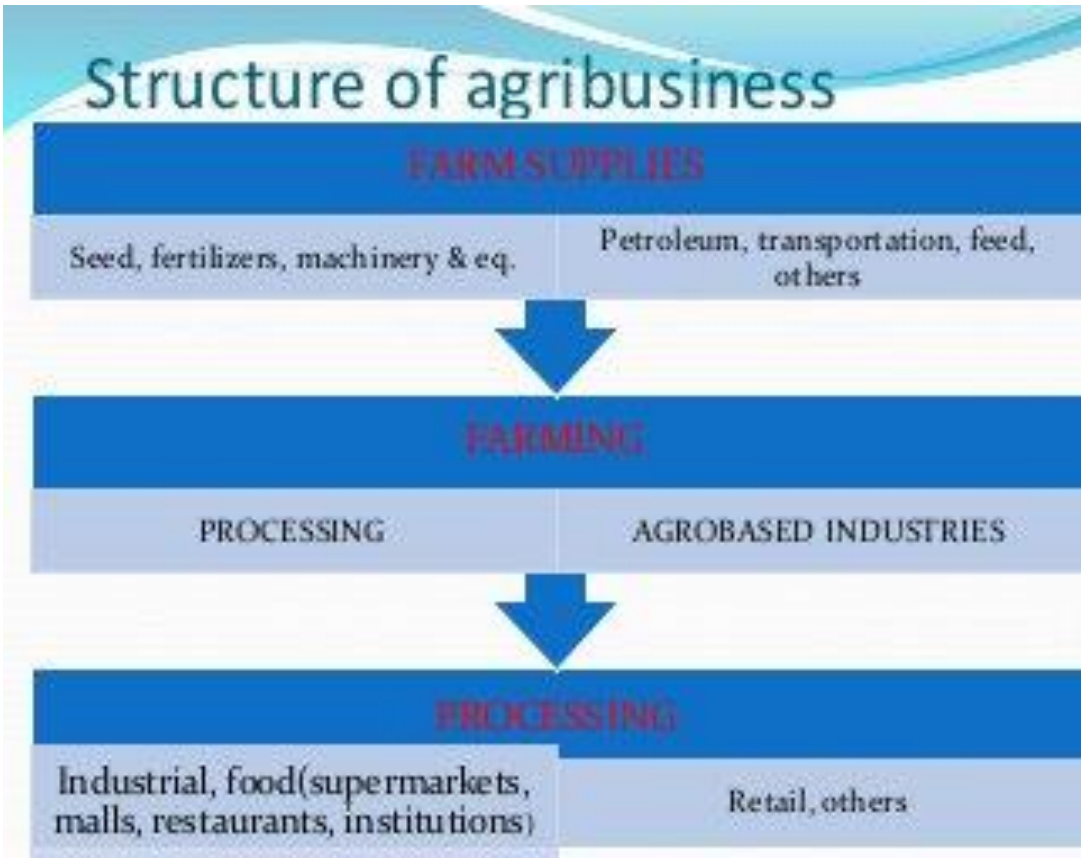


Figure2.1: - Structure of agribusiness

Self-check 2	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (3pts)

1. It deals with the supply of inputs required by the farmers for raising crops, livestock and other allied enterprises.

A. Input sector

B. Farm sector

C. Product sector

D. Manufacturing sector

2. The Importance of Agribusiness are:

a. Solves the problem of unemployment

b. Leads to bumper harvests

c. Encourages different farming approaches

d. All

3. Dimensions of Agri-Business are deals with

A. Different components of both agricultural and industrial sector

B. It deals with decision making process of farm

C. Strengths and weaknesses of a project and thereby their viability in competing enterprises.

D. Market oriented. E. All are correct answer

Test II: Short Answer Questions (12pts)

1. Define the term "Agribusiness"

2. Write the Components of Agribusiness

3. Describe the roles of agribusiness

4. Explain the Characteristics of Agribusiness

Note: Satisfactory rating – 15 points Unsatisfactory - below 15 points

Time allowed: -35 mins

Score = _____

Rating: _____

Name: _____ **Date:** _____

Answer Sheet

1. _____
   _____
2. _____
   _____
3. _____
   _____
4. _____
   _____

Learning Guide #42	LO #3 Marketing targets for agricultural products

Instruction Sheet 3

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Marketing strategy
- Approaches of agricultural market
- Market Segment descriptors
- Agricultural marketing options
- Marketing plan
- Analyzing cost and benefit

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Describe Marketing strategy
- Explain the Approaches of agricultural market
- Describe Market Segment
- Explain the Agricultural marketing options
- Prepare Marketing plan
- Analyze cost and benefit

Learning instruction

- Read the specific learning outcome of this Learning Guide.
- Read the information written in the "Information Sheets-3
- Accomplish the "Self-check" at the end of each learning outcome
- If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory.
- Perform Operation Sheets-1
- Do the "LAP test"-1

Information Sheet 3

3.1. Marketing strategy

3.1.1. Definition of marketing strategy

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A marketing strategy sets the overall direction and goals for your marketing, and is therefore different from a marketing plan, which outlines the specific actions you will take to implement your marketing strategy.

3.1.2. Marketing strategy vs. marketing plan

Many people use the two terms interchangeably, but their meanings are quite different.

- **Marketing strategy**

Marketing strategy is a subset of a marketing plan that defines marketing goals and objectives and elaborates on how the business intends to achieve them. Marketing strategy outlines the roadmap of how to achieve the goals and objectives defined by the marketing plan. This includes an explanation of the goals a company needs to achieve with its marketing efforts. A company's business goals shape its strategy.

- **Marketing plan**

A business' marketing plan describes how it is going to achieve its marketing goals. "It's the application of your strategy – a roadmap that will guide you from one point to another." Therefore, in marketing, the strategy describes the 'what' while the plan describes the 'how.' You should first determine 'what' you want to achieve, and then work out 'how' you will do it. In other words, your marketing strategy must come before your marketing plan.

3.1.3. Components of a Marketing Strategy

Even though there are numerous types of marketing strategies, all of them consists of these six components.

- **Target Market:** It is the customer segment to whom all the marketing activities are directed.
- **Business Offering:** The product or service offered by the business.

- **Competitive Advantage:** The value proposition that separates the company from the competition.
- **Goal:** A milestone that decides whether the marketing strategy was successful or not.
- **Communication strategy:** How the company plans to communicate the marketing message to the target market. It includes communication channels and tactics to get more traction and conversion.
- **KPI:** Key performance indicators measure the business's performance and progress in the strategic marketing areas associated with its success.

3.1.4. Importance of Marketing Strategy

- **Helps achieve marketing objectives:** Marketing strategies lay down a set of steps to achieve marketing objectives focused on fulfilling the business's short term and long-term marketing goals.
- **Provides direction:** Marketing strategies set roadmaps that includes apt steps towards achieving goals. This roadmap gives direction and ensures that the business doesn't stray away from the set of listed steps.
- **Ensures coordination:** The set of steps ensures coordination and avoids confusion among different business departments that work together to achieve the same goals.
- **Reduces Wastage:** Marketing strategies ensure optimum resource use by reducing duplication of work and appropriate allocation of limited resources.
- **Ensures better control:** It decides on the path to be followed and interim goals to be achieved. Hence, it becomes easier for marketers to control the marketing activities and ensure they are going according to the plans.

3.2. Target market for agricultural products and services

3.2.1. Marketing of Agricultural Products and services

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. These services involve the planning, organizing, directing and handling of agricultural produce in such a way as to satisfy farmers, intermediaries and consumers. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing and packaging, transport, storage, agro- and food processing, provision of market information, distribution, advertising and sale.

Agricultural marketing has the following activities: -

- ✓ Agricultural marketing includes all activities which add value to agricultural products as they move from areas of agricultural production to ultimate consumption points.
- ✓ Marketing for Agricultural Products are Marketing strategies for the final products produced by farmers, which are appropriate for consumption. Some of the common agricultural products include food crops, plantation crops and horticultural crops, etc.
- ✓ Marketing for Production are Marketing strategies for the intermediate goods, which help the farmer to produce the agricultural products. Some common agricultural inputs include tractors, fertilizers, pesticides etc.
- ✓ Agricultural marketing techniques are used in every corner of "agribusiness," including small farms, corporate farms, and collectives; distributors; manufacturers of farm equipment, pesticides, and genetic enhancements for crops and livestock; feed and seed sellers; and more.
- ✓ Agricultural products are perishable; therefore, a failure to sell on time results in wasted harvest. All wasted harvest represents a cost of land, water, labor, storageand no income to show for it.
- ✓ Agricultural prices can be quite variable, impacted by changes in weather and harvests in far corners of the world. Farmers seek higher prices for their produce, and protection from price fluctuations. They try to reduce the amount of post-harvest waste, and secure guarantees for the sale of their produce.
- ✓ They may also work to open up new markets or channels, such as selling directly to consumers instead of through producers.
- ✓ Agrichemical companies promote solutions to farm problems, offering farmers higher yields and protection from pests. However, many solutions would be more strongly resisted by consumers, if it weren't for effective public relations.
- ✓ Government agencies at both the federal and state level campaign for farm production.

3.3. Approaches of agricultural marketing

Various approaches have been suggested and used to study marketing problems. These are functional, institutional, commodity and behavioral approaches.

a. **Functional Approach: - it** splits down the field of marketing into a few functions. This method analyses in detail the specific functions of marketing such as buying, selling,

transportation, storage, standardization, grading, financing, risk taking and marketing research Agricultural marketing involves in its simplest form the buying and selling of agricultural produce.

b. **Institutional Approach: -** institutional approach of marketing problems imply a study of agencies and institutions, which perform various functions in the marketing process. The nature and character of various middlemen and other related agencies involved in the movement of the product must be studied.

c. **Commodity Approach: - it** is by describing the marketing of a specific commodity from farm to consumers. This is called the "commodity" approach. The problems of marketing of agricultural products differ from commodity to commodity mainly because of the seasonality of production, the variations in its handling, storage, processing and the number of middlemen involved in them.

   By this approach, similar commodities are sometimes grouped together and described as grain marketing, fruit marketing, livestock marketing, vegetable marketing, etc, or even sometimes each grain crop can be described independently as; wheat marketing, maize marketing, barely marketing, etc, each fruit as; banana, orange, etc. each vegetable as; potato, tomato, etc marketing.

d. **Behavioral System Approach: -** This approach refers to the study of behavior of firms, institutions and organizations, which exist in the marketing system for different commodities. The marketing process is continually changing in its organization and functional combinations.

3.4. Market Segment description

Market segmentation (sometimes referred to as marketing segmentation) is the practice of dividing your target market into approachable groups. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioral criteria used to better understand the target audience.

3.4.1. Types of market segmentation with examples

Demographic segmentation: it might be the first thing people think of when they hear ‘market segmentation’. Demographic segmentation looks at identifiable non-character traits such as:

- Age
- Gender
- Ethnicity
- Income
- Level of education
- Religion
- Profession/role in a company

Psychographic segmentation: It focused on your customers' personalities and interests. Here we might look at customers and define them by their:

- Personality traits
- Hobbies
- Life goals
- Values
- Beliefs
- Lifestyles

Geographic segmentation: By comparison, geographic segmentation is often one of the easiest to identify, grouping customers with regards to their physical location. This can be defined in any number of ways:

- Country
- Region
- City
- Postal code

Behavioral segmentation: It is possibly the most useful of all for e-commerce businesses. As with psychographic segmentation, it requires a little data to be truly effective – but much of this can be gathered via your website itself. Here we group customers with regards to their:

- Spending habits
- Purchasing habits
- Browsing habits
- Interactions with the brand
- Loyalty to brand

3.4.2. The benefits of market segmentation

- **Developing effective marketing strategies**: Knowing your target audience gives you a head start about what methods, tactics and solutions they will be most responsive to.
- **Attracting the right customers**: Market segmentation helps you create targeted, clear and direct messaging that attracts the people you want to buy from you.
- **Increasing brand loyalty**: when customers feel understood, uniquely well served and trusting, they are more likely to stick with your brand.

- **Identifying niche markets**: segmentation can uncover not only underserved markets, but also new ways of serving existing markets – opportunities which can be used to grow your brand.
- **Driving growth**: You can encourage customers to buy from you again, or trade up from a lower-priced product or service.
- **Enhanced profits**: Different customers have different disposable incomes; prices can be set according to how much they are willing to spend.
- **Product development**: You'll be able to design with the needs of your customers top of mind, and develop different products that cater to your different customer base areas.

3.5. Strategy of Agricultural marketing options

3. 5.1. Marketing Strategies for Agriculture

Marketing is any activity that leads you to sell a product. When you decide what products to sell, what price to ask, where and how to sell them, and how to promote them, you are marketing. Marketing strategies for agricultural products are slightly different from the other products. The core difference between marketing strategies is their respective audiences.

3.5.2. There are different marketing strategies for agricultural products

Network with Farmers: - Farmers are also getting technology-friendly and are implementing the needful. Hence, do get in touch with the farmer's community. Know which platform are they spending their large time on.

Build Connections with Agriculture officers: - Know who influences your audiences. Agriculture officers are the ones whose words are never taken for granted. To promote your product, there won't be any better way than having connections with Agriculture officers. So, try to be in the groups of Agriculture officers.

Form your Agricultural Community: - You can offer them something valuable just at a cost of joining you in some group. Chances are thick that, even if they don't know to open up the email, their children or young generations will know for sure. And, when you are proving a piece of valuable information, they will find a way out.

Participate in Agriculture Exhibitions: - Be always in front of your audiences. In an agriculture exhibition, it is very much obvious that agriculture enthusiastic people will come and attend. And that's where you will get a large set of warm audience.

Know your Audience: - By knowing your audience, I mean, know their psychology, their capability, and their need for an hour. By knowing their needs and demands, marketing strategy gets on the track automatically and naturally.

Reach out the right Community: - your product, if generalized, should reach out to the entire or at least maximum possible members of the community. If it is meant for some special or specific category, like – urban farmers, rural farmers, agro forestry farmers, or hydroponics farmers.

Set your Price right: - As you know your audiences and their needs, you must also know the worth of your product. Give them a lot of value in a very much reasonable price.

Implement the Funnel Marketing System: - As far as your marketing strategies for agricultural products are concerned, no other marketing module has this power. If you really wish to go long, go with the funnel marketing system.

3.6. Marketing plan description

A marketing plan is an operational document that outlines an advertising strategy that an organization will implement to generate leads and reach its target market. it is a roadmap that outlines and defines a company's marketing goals, strategies and implementation process. It is a document that lays out the marketing efforts of a business in an upcoming period, which is usually a year. It outlines the marketing strategy, promotional, and advertising activities planned for the period.

3.6.1. Marketing plan preparation

In order to create a strong marketing plan, follow these preparation steps:

Step 1: Know your competition

Reading competitor newsletters and promotional emails to learn how they leverage trends or address market demands.

Following competitors on social networks to understand how they engage with customers and cultivate brand loyalty.

Examining competitor website content to determine what topics they cover and their own strategy.

Step 2: Run a SWOT analysis

A SWOT analysis helps companies decide how to maximize opportunities and minimize threats by understanding the strengths and weaknesses within the organization. It can also aid in developing goals and objectives that complement the company's mission. A SWOT analysis evaluates a company's:

- Strengths
- Weaknesses
- Opportunities
- Threats

Step 3: Develop buyer personalities

A buyer personality details the specific qualities and traits of the customer most interested in buying a company's product or service. This qualitative data seeks to explain why they would purchase a product or use a service offered by the company by creating a comprehensive bio of said market segmentation.

Step 4: Set budget parameters

Businesses need to understand how to allocate funds for particular strategies. Budgets set the boundaries for how much marketers spend on a plan, which ultimately determines which marketing channels they implement in a strategy.

Step 5: Establish KPIs and goals

Key performance indicators (KPIs) and goals serve to ensure that marketing campaigns are meeting the company's expectations. Establishing both of these early on is crucial to launching successful marketing campaigns that help companies reach their desired goals.

Step 6: Create an outline

Though marketing plans vary from organization to organization, the basic outline offers more insight into how to conceptualize a marketing plan. Some of the elements a marketing plan outline should include are as follows:

- Business information
- Competition
- Strengths and weaknesses
- Target buyers
- Buying cycle patterns
- Marketing channels
- KPIs
- Strategies

3.6.2. Elements of a Marketing Plan

A marketing plan will typically include the following elements:

- **Marketing objectives of the business**: The objectives should be attainable and measurable – two goals associated with SMART, which stands for Specific, Measurable, Attainable, Relevant, and Time-bound.
- **Current business marketing positioning**: An analysis of the current state of the organization concerning its marketing positioning.
- **Market research**: Detailed research about current market trends, customer needs, industry sales volumes, and expected direction.
- **Outline of the business target market**: Business target market demographics.
- **Marketing activities**: A list of any actions concerning marketing goals that are scheduled for the period and the indicated timelines.
- **Marketing mix**: A combination of factors that may influence customers to purchase products. It should be appropriate for the organization and will largely be centered on the 4Ps of marketing – i.e., product, price, promotion, and place.
- **Competition**: Identify the organization's competitors and their strategies, along with ways to counter competition and gain market share.
- **Marketing strategies**: The development of marketing strategies to be employed in the coming period. These strategies will include promotional strategies, advertising, and other marketing tools at the disposal of the organization.
- **Marketing budget**: A detailed outline of the organization's allocation of financial resources to marketing activities. The activities will need to be carried out within the marketing budget.
- **Monitoring and performance mechanism**: A plan should be in place to identify if the marketing tools in place are bearing fruit or need to be revised based on the past, current, and expected future state of the organization, industry, and the overall business environment.

3.7. Analyzing cost and benefit

3.7.1. Cost-Benefit Analysis

A cost-benefit analysis is the process of comparing the projected or estimated costs and benefits (or opportunities) associated with a project decision to determine whether it makes sense from a business perspective. A cost-benefit analysis (CBA) is a process that is used to estimate the costs and benefits of decisions in order to find the most cost-effective alternative.

Steps to perform a cost-benefit analysis

Step 1: List out your costs and benefits

This is the easiest step in the process of performing a cost-benefit analysis. All you have to do is list out all of the costs and benefits of engaging in a specific action.

Step 2: Establish a value framework for your costs and benefits

As stated in Step 1, having more costs or benefits doesn't mean anything unless you assign some sort of weighted value to each point. This value framework usually consists of money, since everything you do as a business will either contribute to or take away from your bottom line.

Step 3: Perform cost-benefit analysis

Once you've assigned values to each cost and benefit, it's time to evaluate whether your proposed action would provide a positive benefit to your business. In order to conduct this analysis, you'll need to use the benefit-cost ratio equation (or BCR): Benefit value sum ÷ Cost value sum = BCR

Self-check 3	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (5 pts)

1. This method analyses in detail the specific functions of marketing such as buying, selling, transportation, storage, standardization, grading, financing, risk taking and marketing research.

A. Institutional Approach **C.** Commodity Approach

B. Functional Approach **D.** Behavioral Approach

2. ----------is focused on your customers' personalities and interests.

A. Demographic **C.** Psychographic

B. Geographic **D.** Behaviours pattern

Test II: Short Answer Questions (15 pts)

1. Define Cost-Benefit Analysis
2. Write the benefits of market segmentation
3. Describe the Types of Marketing Strategies
4. Explain the Approaches of agricultural market
5. List the elements of a Marketing Plan

Note: Satisfactory rating – 20 points **Unsatisfactory - below 20 points**

Time allowed: -35 mins

Score = _____

Rating: _____

Name: _____ **Date:** _____

Answer Sheet

1. _____
   _____
2. _____
   _____
3. _____
   _____
4. _____
   _____
5. _____
   _____

Operation Sheet 1

1.1. Techniques to Prepare a marketing plan

A. Tools and Equipment's

LCD	Sticker
Lap top	Note book
Flip chart paper	Pens
Flip chart stand	Cash
White board and marker	Potential area
Pointer/pencil	

B. Steps to prepare marketing plan

Step 1. Know your competition

Step 2. Run a SWOT analysis

Step 3. Develop buyer personalities

Step 4. Set budget parameters

Step 5. Establish KPIs and goals

Step 6. Create an outline

1.2. Procedure to perform a cost-benefit analysis

A. Tools and Equipment's

Cash	white board	
Time	computer	Note book
Paper	Pen	
marker	Calculator	

B. Steps to perform a cost-benefit analysis

Step 1: List out your costs and benefits

Step 2: Establish a value framework for your costs and benefits

Step 3: Perform cost-benefit analysis

Lap Test 1	Performance Test

Name……. ID……..

Date…….

Time started: _____ Time finished: _____

Instructions: - give necessary templates, workshops, tools, and materials you are required to perform the following tasks within 3hrs.The project is expected from each student to do it.

Task 1: -Assume you are the experts of organizing cooperative marketing students, then how you can prepare their marketing plan within connection of agricultural products. You should have to expect and follow above given steps on the operation sheet 1.

Task 2:-Take Ardaita ATVET College that produce wheat production, harvesting, and distribution for their employees and other organization/ end user. What are the necessary steps the college have to be followed to perform a cost-benefit analysis and calculate its annual costs and benefits? Follow above steps clearly.

No	Cost	Amount expensed	Benefit	Amount earned
1	Seed	-		
2	Fertilizer	-		
3	Chemical	-		
4	Labour			
5	Machinery	-		
6	Transport			
Total cost				

Table 3.1: Cost benefit analysis

Learning Guide #43	LO #4 Implementing marketing strategy

Instruction Sheet 4

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Agricultural marketing functions strategy
- Preparing marketing Action plan
- Resource for agricultural marketing

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Elaborate Agricultural marketing functions strategy
- Prepare marketing action plan
- Identify and explain resource for agricultural marketing

Learning instruction

1. Read the specific learning outcome of this Learning Guide.
2. Read the information written in the "Information Sheets-4
3. Accomplish the "Self-check" at the end of each learning outcome
4. If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory.

Information Sheet 4

4.1. Agricultural marketing functions strategy

4.1.1. Marketing functions and strategy

The marketing functions involved in the movement of goods from the producer to its ultimate consumer vary from commodity to commodity, market to market, the level of economic development of the country or region, and the final form of the consumption.

4.1.2. Functions of marketing:

Marketing functions are identical with business activities, and the functional approach classifies each of them into three groups: exchange, physical and facilitating.

Exchange functions: Creates possession utility (facilitates transfer of ownership)

a) **Buying and selling.** The exchange or transfer of title of commodity as it moves from the farm to the consumer is vital to the marketing system. It helps to flow goods and services from producers to consumers. It is two types; (1) buying or assembling and (2) selling or merchandizing.

Physical Functions:

a) Transportation: Transportation activity creates place utility, becoming a major factor with the assembly of raw commodity at the farm. Assembly is being done by an intermediary to accumulate the produce of many farmers or producers to attain desired volume.

b) Storage: Most farm products are harvested in one season, but because consumers desire to obtain all sorts of produces at any time storage activities which create time utility is another vital element in marketing system. Storage of perishable commodities is more expensive than storage of nonperishable since costly refrigeration or other equipment may be necessary to maintain proper product quality.

c) Processing: Processing, though oftentimes not considered a marketing activity, is largely a marketing function. In agribusiness, examples of processing activities are meat manufacturing, oil extraction, fiber stripping, and milling. Processing also minimizes storage life and help in lengthening self-life of the products.

Facilitating functions: Standardization, Financing, Risk-bearing, Market information (Market intelligence/market research) help in increasing efficiency in physical/exchange functions.

a) **Standardization/Grading:** It greatly simplifies the exchange process of buying and selling, and at the same time reduces the cost. Because of the variability in agricultural outputs, grading must be done to facilitate buying, selling, transportation, storage and pricing, or the produce. Grading is done to standardize measurements, which could be in term of size, weight, and overall quality.

b) Financing: This is even made higher by the fact that agribusiness products require more careful handling because of their bulk and perishability. Financing is therefore important to handle all market-related costs and problems. Finances for agribusiness marketing could be sourced from banking institutions. Oftentimes, the middlemen themselves finance their operations to avoid delays in the performance of marketing activities.

c) Risk-taking or risk bearing: Cost associated with ownership is risk-bearing. This function is distinct from financing and includes two kinds-physical risk and market risk. Market risk arises with ownership because of possible decline in the product's price.

d) Market information or market intelligence/market research: Marketing research is the process of gathering and analyzing relent market information for the purpose of making and fine-turning marketing decisions to respond for the ever-changing consumer preferences. It helps in the determination of prices through knowledge of effective supply and demand.

e) Advertising: It is necessary when new products are arising. Agricultural products need not be advertised since it is operated in perfect competition market. Seeds require advertising.

f) Packing/packaging: It helps in transport and helps in lowering the transportation cost and space. Packing is to put the products in any individual container, eg. Chowchow, Biscuits etc. This increasing quality, brand, sell volume and attractiveness of the products.

4.2. Preparing marketing action plan

4.2.1. Marketing action plan

A marketing plan is an operational document that outlines an advertising strategy that an organization will implement to generate leads and reach its target market. It is part of a business plan, which describes all of the important aspects of a business, such as its goals, values, mission statement, budget, and strategies. A simple marketing plan is your road map for achieving your goals and guiding your decisions throughout the year. It consists of both a marketing strategy and an action plan.

A successful marketing plan should be:

Simple – clearly identifies the activities needed to achieve your goals.

Actionable – prioritizes the projects and tasks to help you work on the right thing to move your business forward.

Achievable – uses only the resources you have to work with.

Relevant – stays focused on what is important to the success of your business.

4.2.2. Elements of a marketing action plan

Every marketing action plan is different, but there are a few standard elements worth including, such as:

- **Key performance indicators:** One essential component of a marketing action plan is key performance indicators (KPIs), which are metrics that you can use to gauge the effectiveness of your marketing campaign and action plan.
- **Campaign timeframe**: A campaign timeframe includes a major deadline as well as deadlines for key tasks throughout the duration of the project.
- **Product:** You may be creating a marketing plan with the goal of increasing brand awareness, but if you're marketing a specific product, it's important to write the product down in your marketing action plan.
- **Company mission statement:** You can also consider including your company's mission statement to help keep your marketing action plan in alignment with your mission.
- **Marketing budget:** Your marketing budget can be a huge factor in what types of marketing campaigns you can execute, so it's crucial to include this information in your marketing action plan.

4.2.3. Steps to write a marketing action plan

Step1: Write your goals

The first step to creating a marketing action plan is to define your goals. Think about the key goal that you want to accomplish through your marketing action plan. You can use the **SMART** method to write goals that are:

- Specific
- Measurable
- Attainable
- Relevant
- Time-based

Step 2: Determine your key performance indicators

Another important step is to determine your key performance indicators. You can choose the specific marketing outcomes you want to measure to help you gauge how well your marketing action plan is working.

Step 3: Identify your target market

It's also important to identify your target market. Your target market can inform your marketing strategy. Once you identify your target market, you can create a persona to represent your target customer.

Step 4: Develop your strategy

Once you know your goals, KPIs and target market, you can start developing your marketing strategy. You can write a comprehensive marketing strategy by including each element of the marketing mix:

- **Product:** Describe your product, including how it's different from your competitors and what problem it solves for your customers.
- **Place:** Note where buyers can find and access your product and information related to it.
- **Price:** List the price of your product and how it compares to competitors. You can also note any discounts you could offer to your target customers.
- **Promotion:** Describe your marketing message and how you plan to convey it to your audience.

Step 5: Determine your competitors

Identify your competitors and list them in your marketing action plan. In your competitor analysis, be sure to include the strengths, weaknesses and other important features of your competitors.

Step 6: Assign roles and responsibilities

Once you have an idea of your marketing strategy, you can break it down into tasks and assign them to specific people. Assigning roles and responsibilities is important so that everyone on the marketing team knows what they should be working on and who to contact.

4.3. Resource for agricultural marketing

4.3.1. Agricultural resource

The term "**agricultural resource**" means, all the primary means of production, including the land, soil, water, air, plant communities, watersheds, human resources, natural and physical attributes, and man-made developments, which together comprise the agricultural community.

4.3.2. Types of Farm resources

Fixed resources: - it provides services over a number of years or at least over a period longer than the production cycle of short-term (seasonal, annual) crop or livestock enterprises. Common examples are land, machinery, an irrigation system. These services may be used either by individual enterprises or to maintain the farm as a whole. In the very long run, of course, few resources are truly fixed in supply.

Short-term or variable/operational resources: - are those that are usually entirely used up in the annual production cycle, e.g., a supply of seed or fertilizer.

Natural resource:- are especially those of soil, water, plant and animal diversity, vegetation cover, renewable energy sources, climate, and ecosystem services are fundamental for the structure and function of agricultural systems and for social and environmental sustainability, in support of life on earth. From an accounting viewpoint, both fixed and short-term resources have two other relevant dimensions. In their economic dimension they become respectively fixed/long-term capital and operating/short-term capital; and in their financial dimension these generate, respectively, fixed costs and operating/variable/direct costs.

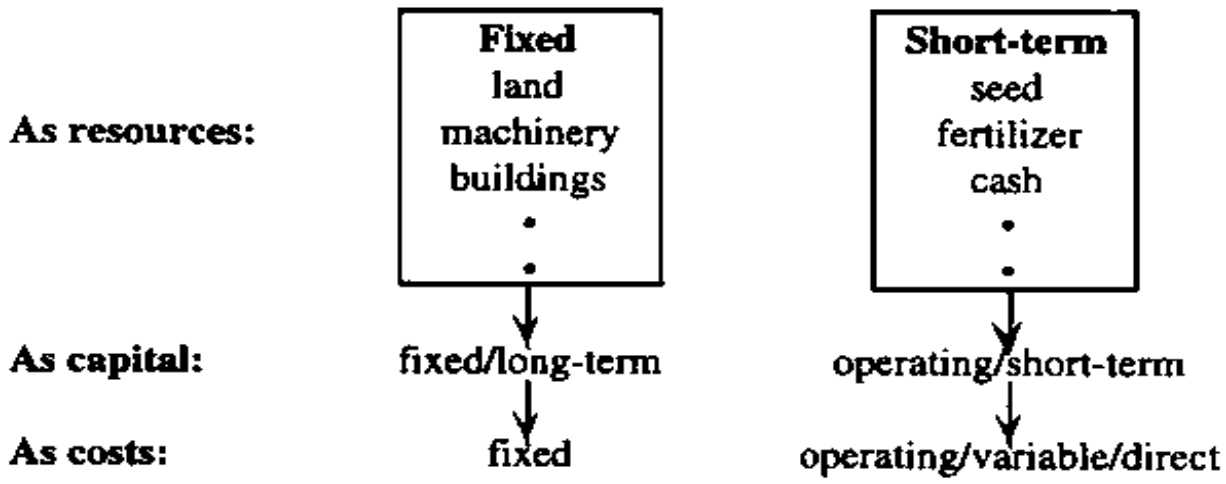


Figure 4.1: - Types of farm resource

Self-check 4	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (4 pts)

1. Facilitating functions includes :-
   - **A.** Standardization/Grading:
   - **B.** Financing:
   - **C.** Risk-taking or risk bearing:
   - **D.** All

2. A successful marketing plan should be:

   - **A.** Simple
   - **B.** Achievable
   - **C.** Relevant
   - **D.** A

Test II: Short Answer Questions (11 pts)

1. Write Steps to write a marketing action plan
2. List the Elements of a marketing action plan

Note: Satisfactory rating – 15 points **Unsatisfactory - below 15 points**

Time allowed: - 35 mins

Score = _____

Rating: _____

Name: _____ **Date: _____**

1. _____

_____

2. _____

_____

Learning Guide #44	LO #5 Establish contract farming

Instruction Sheet 5

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Concept of contract farming
- Types of contract farming
- Models of Contract farming
- Steps and procedures of contract farming
- Contract farming requirements
- Contract farming systems

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Describe the concept and types of contract farming
- Explain models of contract farming
- Elaborate the steps and procedures of contract farming
- Identify and explain contract farming requirements
- Describe the contract farming systems

Learning instruction

1. Read the specific learning outcome of this Learning Guide.
2. Read the information written in the "Information Sheets-5
3. Accomplish the "Self-check" at the end of each learning outcome
4. If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory.

Information Sheet-5

5.1. Basic Concepts and types of contract farming

5.1.1. Definition of Contract farming

Contract farming can be defined as an agreement between farmers and marketing firms for the production and supply of agricultural products under forward agreements, frequently at predetermined prices. It involves agricultural production being carried out on the basis of an agreement between the buyer and farm producers. Sometimes it involves the buyer specifying the quality required and the price, with the farmer agreeing to deliver at a future date. It is agricultural production carried out according to an agreement between farmers and a buyer, which places conditions on the production and marketing of the commodity.

4.1.2. Types of contract farming

A. Market specification (or marketing) contract: - Market-specifying contract describes the terms of the sales transaction with regard to price, quantity, timing, and product attributes. The grower and buyer agree to terms and conditions for the future sale and purchase of a crop or livestock product. Market-specification reduces information and coordination costs, which are particularly important for perishable, export markets or new markets.

B. Production management contract: - Production-management contract, which specifies the manner in which the commodity is to be grown, such as the planting density, use of pesticides, and timing of harvest. The farmers delegate a substantial part of decision rights over production/ harvesting practices to buyers by agreeing to follow contractor's farming specifications.

C. Resource providing contract: -In a resource-providing contract, the buyer also provides agricultural inputs and technical assistance on credit. The contractor provides inputs as in-kind credits with costs being recovered upon product delivery.

4.2. Models of contract farming

A) The Centralized model: - Contracting company provides support to the production of the crop by smallholder farmers, purchases the crop from the farmers, and then processes, packages and markets the product, thereby tightly controlling its quality.

B) The Nucleus estate model

- it is the Variation of the centralized model
- Promoter also owns and manages an estate plantation (usually close to a processing plant)
- Estate is often fairly large in order to provide some guarantee of throughput for the plant
- Mainly tree crops, but also e.g. fresh vegetables and fruits for export
- Focus on smaller number of emergent or semi-commercial 'satellite' growers
- Close supervision of production

C) Multipartite models; - involve various actors like government, NGOs and service providers. It usually also involves dealing with farmers' organizations like cooperatives as well as joint ventures between government and the private sector.

D) The Informal model: -This model may also include trader-farmer arrangements whereby the trader buys up (part of) the farmers' harvest before the actual harvest has taken place. This arrangement comes down to the trader providing credit to the farmer with the farmer repaying the credit in crops harvested.

E) The Intermediary model involves intermediaries between producers and buyers who subcontract buyers. In this model, because of the absence of strong linkages with farmers, buyers run the risk of losing control over quality, quantity and price. For similar reasons, farmers within this intermediary model hardly avoid market uncertainties.

4.3. Steps and procedures of contract farming

5.3.1. Contract formation

Contract formation consists of a series of stages and aspects, including negotiations and preliminary exchange of information, delivery of an offer and acceptance of it, and the contract's preparation.

5.3.2. Elements of a contract formation

Contract basics - a contract is made basically any time one entity offers something to another and the offer is accepted. Think of the last time you accepted a job offer. The company offered you a job and you accepted; therefore, a contract was formed. Employment contracts are one of the most common types of legal agreements.

Contract classification - Usually, the types of contracts you'll come across in the business world are classified as simple contracts. These can be made:

- In writing
- Verbally
- With action

Contractual offer- Contracts always start with an offer. An offer is an expression of a willingness to enter into a contract on certain terms. It is important to establish what is and is not an offer.

Contractual acceptance: Acceptance by the offeree (the person accepting an offer) is the unconditional agreement to all the terms of the offer. There must be what is called a "meeting of the minds" between the parties of the contract. This means both parties to the contract understand what offer is being accepted.

Contractual capacity - Each party must be fully able or have the legal capacity to enter into the contract in order for it to be considered valid. Both parties must be of their right mind in order to form a contract, so a valid agreement could not take place if one of the parties is under the influence of any mind-altering substance.

Contractual consideration: Consideration is the act of each party exchanging something of value to their detriment. A sells an automobile to b A is exchanging and giving up a's automobile while b is exchanging and giving up b's cash. Both parties must provide consideration.

Contractual legality: Contracts are only enforceable when they are made with the intention that they are legal and that the parties intend to legally bind themselves to their agreement.

5.4. Contract farming requirements

Contract Farming requirement (CFR) is the terms of understanding between two parties. That is, a landowner / occupier (known as the "farmer") who has engaged the services of another (known as the "contractor") to undertake farming operations over a fixed period (typically 3 to 5 years) on pre-arranged terms – it may be more simply understood as farming with contractors.

5.4.1. Contents of Contract requirements

Several systems also require that the parties should specify available mechanisms for dispute resolution.

- **Parties.** Most contracts start with an identification of the parties. In the agricultural context, this usually includes the name and contact information of the producer and contractor.
- **Purpose.** It may identify the commodity to be produced by the producer and purchased by the contractor. The contract's purpose is also commonly expressed inthe initial recitals or a preamble.
- **Identification of the production site.** Contracts typically identify the production site. Regarding land, the particular size and location of the contracted tract (generally determined based on land registries) may determine the content and scope of the parties' obligations.
- **Obligations of the parties.** The agreement should specify the obligations of both the producer and contractor, and in fact, most of the content of an agricultural production contract typically consists of recitals of the parties' obligations. Common producer obligations may include production and handling requirements, use and payment of specific inputs to meet market requirements, location and timing of delivery, quality standards, and whether it is a volume (i.e. quantity) or acre contract.
- **Provision of inputs: -** The agreement should reasonably identify the physical inputs. Inputs are an essential term of the agreement if the inputs are to be provided by the contractor.
- **Price determination mechanisms: -**Determination of the price of the contractor's inputs is an important matter, which should be clearly explained in the contract. It should be done with due consideration to the corresponding market prices, as well as to the pricing mechanism which will govern payments to be owed by the contractor to the producer.
- **Excuses.** Agricultural production contracts are particularly vulnerable to occurrences that make performance impossible or significantly more challenging than what was envisaged at the time of entering into the contract.
- **Remedies.** The contract may include designated remedies in the event that one party fails to meet its obligations under the contract. Parties may design different remedies depending on the nature of the breach, but they should be aware that the applicable law may provide specific limitations restricting the use of contractual remedies.
- **Duration.** The duration of the contract may vary depending on the production cycle and the applicable law. For contracts stating no specific duration, the contract term may be

implied based on the crop type. For example, a contract to grow maize – an annual crop – is implicitly limited to a single year.

- **Renewal.** Renewal may result from a separate express agreement to extend the duration of the existing contract, from an automatic provision incorporated in the initial contract, or tacitly from the continued behaviors of the parties after the expiration of the fixed term.
- **Termination.** Contract termination discharges the parties from their respective obligations flowing from the agreement. It may happen automatically, by agreement of the parties, or under a right arising from the other party's non-performance.
- **Dispute resolution.** Any contractual relationship may give rise to disputes arising from non-performance events deriving from parties' breaches of obligations, or even from external factors not depending upon the parties' behaviors. Common forms include judicial proceedings, arbitration and amicable procedures such as mediation or conciliation.
- **Signature.** In written contracts, there should be a distinct section that, in addition to the parties' signature, includes the date and place of contract formation. As a good practice, the parties should sign in the presence of a witness and include its signature on the document.

5.5. Contract farming systems

The contract farming system should be seen as a partnership between agribusiness and farmers. To be successful it requires a long-term commitment from both parties. It involves production by farmers under agreement with buyers for their outputs. This agreement can help integrate small-scale farmers into modern agricultural value chains, providing them with inputs, technical assistance, and assured markets.

It offers the following advantages to farmers:

- Production inputs and services are often supplied by sponsors,
- Help to introduce new agricultural technology and enables to learn new skills of production,
- Farmer's price risk is reduced through contract in advance,
- Can help in opening of new markets, which would otherwise be unavailable to small farmers. Milk, vegetables, fruits and industrial crops can feel secure through this agreement.

Self-check 5	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (1pts)

1. The Requirements often found in agricultural contracts are

A. The duration of the contract
B. The quality standards to be applied
C. Quality control
D. The timing of delivery
E. All

Test II: Short Answer Questions (9pts)

1. Write types of contract farming
2. Describe Models of contract farming
3. List Elements of a contract formation

Note: Satisfactory rating – 10 points **Unsatisfactory - below 10 points**

Time allowed: - 25 mins

Score = _____

Rating: _____

Name: _____ **Date: _____**

1. _____

2. _____

3. _____

Learning Guide #45	LO #6 Agricultural marketing services

Instruction Sheet 6

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- ✓ Identifying the types of Agricultural products
- ✓ Conducting Need assessment
- ✓ Developing Market strategies
- ✓ Collecting and organizing 4Customer feedbacks

This guide will also assist you to attain the learning guide stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Identify and explain the types of Agricultural products
- Conduct need assessment
- Develop market strategies
- Collect and organize 4Customer feedbacks
- Organize and document to report data

Learning instruction

1. Read the specific learning outcome of this Learning Guide.
2. Read the information written in the "Information Sheets-5
3. Accomplish the "Self-check" at the end of each learning outcome
4. If you earned a satisfactory evaluation proceed to next Information Sheet. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to learning activity that your rating is unsatisfactory.
5. Perform Operation Sheets-2
6. Do the "LAP test"-2

Information sheet 6

6.1. Identifying the types of Agricultural products

6.1.1. Agricultural products

The term "**agricultural products"** means agricultural, horticultural, and dairy products, livestock and the products of poultry and bee raising, the edible products of forestry, and any and all products raised or produced on farms and processed or manufactured products thereof transported or intended to be transported in interstate and/or foreign commerce. Agriculture products are the products that come from plants and animals which are cultivated and domesticated for food, clothes, etc. and sometimes industries too require certain products for its production purpose.

6.1.2. Types of Agricultural production

A) Agricultural Products Obtained from Plants or Obtained from Crops.

- **Cereals** or **Cereal Crops:** These are grains and are known to be the staple food in most countries. They contain more of carbohydrates than proteins. Examples of cereals are rice, rice Bram, maize or corn, wheat, millets**,** barley, rye, sorghum, oats, etc.
- **Pulses:** Like cereals pulses are also grains but they are known to contain more proteins than carbohydrates. Pulses are otherwise referred to as legumes. Typical examples of pulses are beans (which come in different varieties like common beans, soybeans or soya beans, cocoa beans, pinto beans, kidney beans, navy beans, etc), peas (e.g cowpea, chick pea, pigeon pea, garden pea), peanut (groundnut), lentils, lupines, vetches, etc.
- **Seeds**: Generally, they are covered by seed coats. Typical examples of seeds are mustard seeds, cotton seeds, sesame beans, basil seeds, castor seeds, etc.
- **Spices:** Spices are known to enhance the flavor and taste of food and so they are mainly used as food additives. Examples of spices are pepper, ginger, onion, turmeric, cinnamon, etc.
- **Fruits**: These are sources of water, minerals, vitamins, fibers, etc. They are succulent and better enjoyed when they are fresh. Typical examples of fruits are orange, grape, apple, blueberry, pineapple, mango, raspberry, banana, water melon, strawberry, etc.

- **Vegetables**: These are good sources of vital nutrients ranging from supply of vitamins to supply of minerals. Typical examples of vegetables are okra or okro, cucumber, mush room, spinach, cabbage, etc.
- **Dry fruits and nuts**: Typical examples are walnut, cashew nut, chest nut, apricot, dates, etc.
- **Edible oils**: Typical examples of edible oils are vegetable oil, palm oil, ground nut oil, castor oil, coconut oil, etc.
- **Essential oils**: These are oils obtained from aromatic plants. Typical examples are frankincense oil, rose oil, juniper oil, lavender oil, cod liver oil, jasmine oil, etc.
- **Beverages and juices**: Typical examples are tea, coffee, orange juice, pineapple juice, etc.
- **Fodders:** Fodders are used in supplementing animal feeds or livestock feeds e.g hay, legumes, barley, etc.
- **Aromatic plants** e.g juniper, lavender, eucalyptus, cinnamon, etc.
- **Other agricultural Products** like honey, sugar, dyes, pigments, rubber, timber, etc.

B) Agricultural Products Obtained from Animals or Animal Related Products.

The agricultural products obtained from plants includes but not limited to the following.

- **Livestock and Pets:** Typical examples of livestock are cattle (e.g cow), sheep (e.g ram), goat, horses, pigs, fishes and poultry (e.g chicken, birds) , rabbit, grass cutter, camel, etc. Typical examples of pets are dogs, cats, parrot, etc.
- **Livestock Products:** Livestock products include dairy products (e.g milk, cheese, ice cream butter, etc), poultry products (e.g egg), fish products, beef, mutton, bacon, pork, etc

6.2. Conducting need assessment

6.2.1. Needs Assessment

A needs assessment is the “what” (what the organization needs) that precedes the gap analysis, which is the “how” (how to close the gap between where the organization is currently and where they want or need to be**). It** is a set of tools and processes that enable businesses to gain meaningful insight into the processes or activities that they require to function more efficiently. Basically, a needs assessment is the “what” that precedes the gap analysis, which is the “how.”

Steps Taken in a Needs Assessment

Smart companies are used to following four stages of needs assessment: needs identification, data collection & analysis, data application, and evaluation.

Step1: -Needs identification: - At this stage, the company analyzes its current state and needs. It should also discover other undisclosed needs that may be hindering the organization from moving to the desired goals.

Step2: -Data collection & analysis: - This stage presupposes gathering information necessary for the company to better understand the gaps between where it is now and where it strives to be. Data may be collected both from internal company records (micro-level research) or externally (macro-level research).

Step3: -Data application: - As soon as the company has collected and analyzed the necessary data, it uses these findings to evaluate solutions and determine which one is best from the point of costs and benefits. This helps come up with an action plan on how to implement the chosen solution and also allocate resources required for this.

Step4: -Evaluation: - Evaluation can help organizations understand what made an action plan successful or find any weak points in the needs assessment. For example, you may find out that you have missed an important gap or allocated not enough resources to fill it.

6.2.2. The purpose of a needs assessment

- **Needs assessment guides decision-making.** It's a systematic process that offers a set of procedures companies can always reflect on and continuously improve to enrich their decisions in the future.
- **It justifies decisions before they are made.** Needs assessment allows businesses to avoid situations when decisions are made spontaneously, and it's too late for changes. Instead, it helps organizations think proactively.
- **It provides solutions to complex problems.** The performance of any company is not a result of a single decision. Thus, its improvement must be due to complex measures. Needs assessment allows canning the company's processes from top to bottom, which enables management to combine various activities for improving their performance.

6.3. Developing market strategies

6.3.1. Marketing Strategy

A marketing strategy is the overall strategy of a company for contacting potential consumers and converting them into buyers of their services or products. A well-thought-out marketing strategy will include" the 4Ps" of marketing – product price, location promotion, price, and place.

6.3.2. Steps to Develop a Marketing Strategy

Step1 Identifying goals: the first step is to see whether the marketing strategy's goals align with the organization's business goals or not. Aligning goals streamlines a product's marketing objectives and presents more attainable targets.

Step 2: Market research: a market is an uncertain factor that can, at times, be volatile. Researching market factors such as trends, growth, size, competitor analysis and demographic data are necessary for building a marketing strategy.

Step3 Understanding targeted consumers: a marketing strategy is built around an organization's value proposition, which is entirely about guaranteeing value to customers.

Step4 Understanding competition: just as with customers, it's important to study the competition. Understanding how the competition is tackling challenges to bring their product into the market will help you make necessary adjustments to your own marketing strategy.

Step5 Using marketing mix: using the 4ps of marketing presents a clearer, more practical vision of performance beforehand.

6.4. Collecting and Organizing 4Customer feedbacks

6.4.1. Customer feedbacks

Customer feedback is the information and opinions your customers leave about your product, service, or brand. It is the information, insights, issues, and input shared by your community about their experiences with your company, product, or services. Customer feedback is information provided by clients about whether they are satisfied or dissatisfied with a product or service and about general experience they had with a company. Collecting customer feedback can help product, customer success, customer support, and marketing teams understand where there is room for improvement.

6.4.2. The Four Rs of Customer Feedback

1. Recognize- You may decide that you want general feedback. Perhaps you don't have any problem selling a particular product or service. Then maybe you should start asking for general comments about your Web site or your sales representatives.

1. **Request-** Whether it's a form on your site, an e-mail link, or a postcard mailer, you have to explicitly request feedback from your customers. Visitors don't have to include their name or e-mail address, which gives you a better chance of getting honest comments.
2. **Respond-** Thank your customers for their comments. Even if the feedback message is negative or the customer's request is completely off the topic, thank him or her anyway. This little gesture makes a huge impression on your customer.
3. **React -**You should make it easy to track comments so that you can easily recognize when certain comments are made time and again (these are the first ones to act on). Determine the most feasible ideas to implement. It is your reaction to the customers' feedback that will make all the difference.

6.4.2. Ways of Collecting Customer Feedback

a. Response Cards- Customers are asked to fill out the cards at the store or take them home. Cards include prepaid postage so the customer doesn't incur any expense mailing them. Customers like the anonymity of this method, as no personal information is collected.

b. Online Surveys- Create a brief survey, and send it to your mailing list. The drawback to this method is you might not get totally candid answers because the customer realizes you will know who responded to the survey.

c. Talking to Customers- Many small businesses miss the opportunity to get direct feedback from actually talking to customers in person or on the phone. To make the information useful, document what you learn during each customer interaction and see if there are patterns to the responses.

d. Customer Incentives- Large companies often contract with survey organizations to collect the opinions of customers. An increasingly popular technique to grow the response rate for retail businesses is to give the customer a discount coupon at the point of sale that she can redeem at her next trip to the store -- in exchange for calling a number on the sales receipt and participating in the survey

e. social media- You don't need to wait for customers to visit your establishment or your website. Reach out to them through social media such as Face book and Twitter or by posting to a Linked In group and asking a question.

f. Survey Organizations- At times it might be beneficial to hire a specialized customer survey organization to collect and interpret the data for you. The survey organization can create targeted lists of individuals to contact.

6.5. Organizing and documenting to report data

6.5.1. Organizing data

Organizing data involves ensuring that you can find your data and other research materials (including documentation, code, and physical samples) when you need to, and ensuring that data and materials that go together are connected in a meaningful way. Once you create, gather, or start manipulating data and files, they can quickly become disorganized. To save time and prevent errors later on, you and your colleagues should decide how you will name and structure files and folders.

6.5.2. Documenting and Reporting

Documentation

- Anything written or printed that is relied on as a record of proof for authorized persons.
- Serves as a permanent record of client information and care.

Reporting

A data report is an analytical tool used to display past, present, and future data to efficiently track and optimize the performance of a company. It combines various sources of information and is usually used both on an operational or strategic level of decision-making.

6.5.3. Guidelines for Good Documentation and Reporting data

- **Fact** – information about clients and their care must be factual. A record should contain descriptive, objective information about what a nurse sees, hears, feels and smells.
- **Accuracy** – information must be accurate so that health team members have confidence in it.
- **Completeness** – the information within a record or a report should be complete, containing concise and thorough information about a client's care. Concise data are easy to understand

- **Correctness** – ongoing decisions about care must be based on currently reported information.
- **Confidentiality** – a confidential communication is information given by one person to another with trust and confidence that such information will not be disclosed.

Self-check 6	Written test

Name…… ID…… Date…….

Directions: Answer all the questions listed below.

Test I: Choose the best answer (3 pts)

1. The types contractor that specifies and inspects production processes and bears most of the marketing risk is----------

A. Market specification
C. Production management contract
B. Marketing contract
D. Resource providing contract

2. ---------- provides the agriculture industry with valuable services to ensure the quality and availability of wholesome food for consumers across the country and around the world.

A. Agricultural Marketing service
B. Agricultural products
C. Conduct Needs Assessment
D. Agricultural Marketing

3. What is the purpose of a needs assessment?

A. Needs assessment guides decision-making.
B. It justifies decisions before they are made.
C. It provides solutions to complex problems
D. All

Test II: Short Answer Questions (12 pts)

1. What is Needs Assessment?
2. Write the steps to conduct a needs assessment
3. Write the ways to collect customer feedback
4. Write Types of Agricultural production

Note: Satisfactory rating – 15 points **Unsatisfactory - below 15points**

Time allowed: - 40 mins

Score = _____

Rating: _____

Name: _____ **Date:** _____

Answer Sheet

1. _____
   _____
   _____

2. _____
   _____
   _____

3. _____
   _____
   _____

4. _____
   _____
   _____

Operation Sheet -2

2.1. Techniques / Steps of conduct Needs Assessment

A. Tools and Equipment's

- LCD
- Lap top
- Flip chart paper
- Flip chart stand
- White board
- Pointer
- time
- Sticker
- Note book
- Pens
- Cash
- place

B. Steps of Needs Assessment

Step1: - Needs identification

Step2: - Data collection & analysis

Step3: - Data application

Step4: - Evaluation

2.2. Procedure to Develop a Marketing Strategy

A. Tools and Equipment's

- time
- Sticker
- Note book
- Pens
- Cash
- Direct mail
- Media monitoring tools
- Customer loyalty
- Social media
- Survey
- Google Analytics
- Direct mail
- Website
- Used Digital Advertising
- Video Content

B. Steps to Develop a Marketing Strategy

Step1 Identifying goals

Step 2 Market research

Step3 Understanding targeted consumers

Step4 Understanding competition

Step5 Using marketing mix

2.3. Methods of Collecting Customer Feedback

A. Tools and Equipment's

- Cash
- Time
- Paper
- marker
- white board
- computer
- Note book
- Pen
- Calculator

B. Ways of Collecting Customer Feedback

a. Response Cards

b. Online Surveys

c. Talking to Customers

d. Customer Incentives

e. social media

f. Survey Organizations

Lap Test 2	Performance Test

Name……. ID……..

Date…….

Time started: _____ Time finished: _____

Instructions: - give necessary templates, workshops, tools, and materials you are required to perform the following tasks within 5hrs.The project is expected from each student to do it.

Task 1: - Assume Chilalo food complex of east Arsi zone in Asella town produce small amounts malt beer per a day. if their customer has complained on the shortage of product distribution and reaching consumer. So how this organization accepts the complain of customer feedback by using above ways of collecting customer feedback put on operation sheet 2.

Task 2: -Assume you want to develop a marketing strategy of your business and create new ideas about market strategy and opportunities for our customer. Again, consider of your customer feeling/ satisfaction to deliver products and services. So as the students of coop. marketing, write the ways/ methods to develop marketing strategy of your business. Follow above steps on the operation sheet 2.

Task 3- Take small number of house hold in Gadeb Asasa woreda to collect customer feedback and complain about the quality Agricultural products to their nearest market village, then how to encourage and accepts their images and ideas by using above methods put on operation sheet 2.

References

Books and Articles

- Acharya, S. S. and Agarwal, N. L. 2011. Agricultural Marketing Oxford & IBH Publishing Co. Pvt. Ltd. New Delhi
- Acharya, S.S. and N.L. Agarwal (2011), Agricultural Marketing in India, Oxford &IBH publishing Company Pvt Ltd., Fifth edition.
- Singh, Hardeep, M.K. goal, and A.K. Singhal (2012), Challenges in Rural and Agriculture Market, VSRD International Journal of Business & Management Research, Vol. 2 (6), pp. 299-304
- Da Silva, C. A. B. "The growing role of contract farming in agri-food systems development: drivers, theory and practice." FAO, Agricultural Management, Marketing and Finance Service, July 2014.
- Agricultural Marketing Resource Center. 2013a. Agricultural marketing resource center home page.
- Assefa, S., et al. "Commercialization of durum wheat: Approaches in technology generation, scaling up and marketing through partnership." Debre Zeit Agricultural Research Center.
- Bijman, J. "Contract farming in developing countries: an overview." Department of Business Administration.Wageningen University.
- Singh, S. 2004. State, Agribusiness Firms, and Farmers in Thailand: A Study of Contract Farming System. Available:
- Kohls, R. L. and Uhl, J. N. 2012. Marketing of Agricultural Products. Ninth Edition. Prentice Hall, chapters11.
- Office of Agricultural Economics. 2009. Study on Prawn Marketing Contract of Land Settlement Cooperative. Suratthani Province. Bangkok: Ministry of Agriculture and Cooperatives.
- Key, N. and D. Runstein (2009). "Contract Farming, Smallholders, and Rural Development in Latin America: The Organization of Agroprocessing Firms and the Scale of Out grower Production." World Development 27(2): 381-401.
- Kirsten, J. and K. Sartorius (2008). "Linking agribusiness and small-scale farmers in developing countries: is there a new role for contract farming?" Development Southern Africa 19(4): 503-529.

Web addresses

http://www.Asianscholarship.org/publications/papers/Sukhpal%20State,%20Agribusiness,%20Firms, 20and%20Fa.html. (Access date 02/09/22)

http://en.wikipedia.org/wiki/Agribusiness (Access date 01/09/22)

http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1OB?navtype=AU&navid=AGRIBUSI_COOP (Access date 02/09/22)

https://www.google.com/search?client=firefox-b-d&q=Concepts+of+Agricultural+Marketing (Access date 01/09/22).

https://www.rvskvv.net/images/II-Year-II-Sem_Agri-Marketing_ANGRAU_20.04.2020.pdf. (Access date 28/08/22)

https://agribusinessedu.com/what-is-the-scope-and-importance-of-agricultural-marketing (Access date 02/09/22)

https://whatagraph.com/blog/articles/principles-of-marketing (Access date 29/08/22)

https://www.toppr.com/guides/business-economics/meaning-and-types-of-markets/types-of-market-structures/(Access date 02/09/22)

https://www.google.com/search?client=firefox-b-d&q=+Basic+concepts+of+agribusiness (Access date 01/09/22)

https://corporatefinanceinstitute.com/resources/careers/companies/agribusiness/ (Access date 03/09/22)

http://ruralabm1.blogspot.com/2017/10/characteristics-of-agribusiness_17.html (Access date 02/09/22)

https://www.toolshero.com/tag/marketing-strategy/(Access date 02/09/22)

https://www.yourarticlelibrary.com/marketing/approaches-to-the-study-of-marketing-4-approaches/25846 (Access date 27/08/22)

https://www.investopedia.com/terms/c/cost-benefitanalysis.asp(Access date 25/08/22)

https://www.projectmanager.com/blog/marketing-implementation-plan (Access date 25/08/22)

https://pdf.usaid.gov/pdf_docs/PNABK142.pdf (Access date 23/08/22)

https://www.fao.org/3/y0937e/y0937e03.htm (Access date 22/08/22)

https://thedocs.worldbank.org/en/doc/355011534212626203-0050022018/render/EBA15Contractingagricultureproduction.pdf (Access date 02/09/22)

https://juro.com/learn/contract-elements-requirements (Access date 02/09/22)

https://www.ams.usda.gov/ (Access date 02/09/22)

https://www.fao.org/3/w3240e/W3240E06.htm/ (Access date 02/09/22)

AKNOWLEDGEMENT

Ministry of Labor and Skills, federal ATVET Coordination directorate director and Ardaita ATVET College wish to extend thanks and appreciation to the many representatives of TVET instructors and respective industry experts who donated their time and expertise to the development of this Teaching, Training and Learning Materials (TTLMs).

The experts who developed the learning guide

No	Name	Qualification	Educational background	Region	Phone No.	E-mail
1	Samuel Kibebew	MBA	Marketing Management	Oromia	0910177704	saminrd2010@gmail.com
2	Nega Endale	MA	Cooperative Marketing	Oromia	0911023981	negaendale@yahoo.com
3	Bereket Habtamu	MBA	Marketing Management	Oromia	0917859853	berekethabtamu2020@gmail.com
4	Mihiretu Sahilu	MBA	Marketing Management	Oromia	0922598278	mihiretusbb@gmail.com
5	Alemu Desalegn	MBA	Marketing Management	Oromia	0928601976	
6	Awol Kedir	BA	Marketing Management	Oromia	0919224027	Yeroosanawal@gmail.com
7	**Tilaye Birhanu**	**Bsc**	**Agribusiness and value chain management**	**Oromia**	**0946301222**	**tilayebire2009@gmail.com**