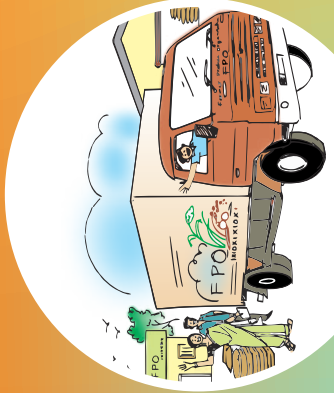


MARKETING - FURTHER THOUGHTS FOR FARMER PRODUCERS ORGANIZATIONS



WAYS OF PRODUCT PROMOTION



BRANDING



PRODUCT PACKING, LABELLING AND CERTIFICATION



SALES PROMOTION



ADVERTISEMENT & PUBLIC RELATIONS



CUSTOMER RELATIONS AND RETENTION



DGRV

10B

Samridhhi

MARKETING - FURTHER THOUGHTS FOR FARMER PRODUCERS ORGANIZATION

Self-learning module for
Board of Directors (BoDs) of FPOs



Samridhi

MARKETING - FURTHER THOUGHTS for Farmer Producers Organizations

First Edition – Dec 2020

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Why Self-Learning Module Kit for FPO Board of Directors?

Though Indian farmers are facing a number of challenges, agriculture sector has achieved significant momentum in the past decade. Mobilizing farmers into their collectives, as Farmer Producer Organizations (FPOs), has emerged as the most preferred institutional mechanism for farmer prosperity by policy makers & practitioners. FPO is the lynchpin strategy for Doubling Farmers' Income in India over the next five years. Almost 10,000 FPOs have already been promoted by different agencies in India and there is a plan to promote another 10,000 new FPOs during 2020-2024 under the Central Sector Scheme (CSS) of Government of India announced by Prime Minister of India in the year 2019. The FPO movement is still at a nascent stage with FPO Board of Directors being dependent on their promoters as their own vision, business orientation & capacities being limited as very limited training provided to them. FPOs face several other challenges such as good governance, management of business, effective systems, access to finance & markets and government schemes. The ability to influence the agri-value chain development in a significant manner remains far-fetched for the FPOs.

Building the capacities and capabilities of the Board of Directors of FPOs is fundamental & a prerequisite to the success of the FPOs and their ability to emerge as business organizations providing a range of need-based services to member-farmers to increase their profits from agriculture. Continuous training and mentoring of the FPO Board of Directors, staff and wider membership is the top most priority for APMAS, through its FPO Incubation Centre, as we have been engaged in promoting a large number of FPOs and in mentoring FPOs promoted by others to engage in appropriate agriculture value-chain development initiatives.

Having reviewed existing training manuals and modules on FPOs, we found a major gap of not having high-quality, practical and user-friendly self-learning modules for FPO Board of Directors. Building on our experience of developing self-learning modules on self-regulation of SHG institutions and

20 years of experience in institution building trainings, APMAS team led by Mr. Madhu Murthy & Mrs. Ramalakshmi, worked for more than two years in collaboration with resource organizations, partner NGOs, training institutions and FPO representatives to develop a series of 12 easy-to-use self-learning modules kit (booklets) for FPO Board of Directors covering Need & Importance of FPO, Institutional Design, Membership, Leadership & Governance, Management, Registration & Legal Compliance, Business Planning, Productivity Enhancement, Collective Marketing (input & output), managing Farm Service Centre, Accounting & Financial Management.

FPOs being democratic autonomous business entities in perpetuity, there will always be need for capacity building of the FPO Board of Directors as there will be periodic election and change of Board of Directors. We are certain that these easy-to-use self-learning module kits will be of immense use for the FPOs to become viable organizations serving their membership. FPO promoters have to systematically support FPO BoDs to learn from these self-learning module kits. The PFO promoters and other Stakeholders will also be able to use FPO BoD Self-Learning Module Kit to effectively mentor and work towards FPOs becoming self-managed and viable business organizations. APMAS has taken responsibility of producing these self-learning module kits in Telugu & English, based on the demand, these modules are translated into Gujarati, Hindi, Kannada, Marathi Orisa & Tamil in partnership with Resource Organizations: BAIF, CYSD, MYRADA, Centre for Excellence on FPOs Karntaka, ILRT and Tamilnadu FPO Consortium. NABARD and BIRD Lucknow are already using / reproduced our FPO BoD self-learning modules and we hope other Implementing Agencies of the FPO central sector scheme and Cluster Based Business Organisations (CBBOs) and other agencies make best use of these modules to building the capacities of the FPO BoDs to effectively manage their FPOs as viable business orgnisations. Very much look forward to your feedback!

Best

CS Reddy

CEO of APMAS

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About the Self-Learning Module

BoD Self-Learning Module

1. FPOs: Introduction & Rationale
2. Institutional Structure & Design of FPOs
3. Membership in FPOs
4. Governance in FPOs
5. Management of FPOs
6. Legal Compliances of FPOs
7. Business Plan
8. Accounting & Finance
9. Output Marketing by Fpos
- 10. A. Value Addition By FPOs**
- 10. B. Marketing - Further Thoughts**
11. A. Input Supply Services
B. Farm Productivity Enhancement Services
12. Leading the FPOs

This Booklet is the second part of the earlier Booklet on “Value Addition by FPOs”. It deals with “Marketing- Further thoughts for FPOs”.

Purpose

The purpose of this module is to enable the BoD members of FPOs equip with necessary understanding and orientation so that they can play their role effectively and lead their FPOs into vibrant entities benefiting their members.

Target Group: This module is aimed for Members of the Board of Directors of Farmers Producer Organisations. Members of the BoDs shall have at least one year of experience in governing their FPO.

Learning Objectives

Following are the key learning objectives of this Booklet.

- » To know about the ‘information value addition’ through product promotion

- » To realize the need and importance of marketing risk and conflicts assessment and ways to manage them
- » To get awareness on the emerging trends in agricultural marketing and making use of such opportunities for FPOs
- » To identify the key factors for successful marketing by FPOs

Structure and Contents

This booklet continues from Part-A of the earlier booklet on value addition. It start with information value addition through product promotion, advertising and branding. Then it deals with different risks and conflicts in marketing and ways to mitigate them. It also covers the emerging trends in agricultural marketing and how FPOs can make use of such opportunities. This booklet culminates with identifying key factors for successful marketing by FPOs.

How to Use

The BoD members can use these modules on their own or they can also have an external resource persons to facilitate the learning from these modules. Along with this module, there are posters related to this module which the BoD members can display at relevant places for learning.

We wish you enjoy the learning from this module and take up marketing in your FPO in more effective and efficient manner.

Glossary / Acronyms

Collective Marketing : This is a model of marketing wherein the FPO buys the produce of their members and sell in the market after required processing. It means for a farmer member, their FPO itself is the buyer of their produce. In this model, the stock is the property of the FPO and thus the marketing is the onus of the FPO. Collective marketing is an important service to members so that they overcome many constraints in marketing of their produce individually.

Minimum Support Price (MSP) : Minimum Support Price is the price set up by the government to purchase some agricultural produce directly from farmers. In cases when market price fall below the MSP, the government intervene and purchase the produce at MSP.

Value chain : The entire set of activities in agricultural commodities from basic raw material (such as wheat seed) till delivery of the final product (such as some food item like roti) for consumption by the consumer is called value chain. Different stages like pre-production, production, post-harvest, processing, first sale (wholesaling), second sale (retailing) etc. are interlinked like a chain.

As we go from beginning to the end of the chain, the value of the product keep on increasing and that is why it is called value chain. For taking up any activity in any agricultural commodity, it is important to understand different activities and players (like input suppliers, financial institutions, processors, distributors, wholesalers, retailers etc.) in the value chain of that commodity.

Value addition : Value addition is the extra value created over and above the original value of a product and such value added products demanded by consumers is key for success of business. Value is in terms of the price that consumers are willing to pay based on their perceived value of the product.

For example, the mandi price of average quality Arhar (Redgram) in March 2020 was Rs. 51/ kilo. But if the grain was cleaned and sieved properly with broken and damaged grains removed, it could fetch as much as Rs. 61/kilo. Even if the cost of this cleaning and grading is Rs.2 per kilo, the net value addition comes to Rs.8 per kilo (Rs. 61 (final price of output) - Rs. 51 (cost of unprocessed grains) – Rs. 2 (cost of adding the value).

Primary processing : Primary processing is the basic processing of agricultural commodities through activities of cleaning, grading, drying and packing. Primary processing is necessary for most agricultural commodities for making them marketable.

Secondary processing : Secondary processing is the advanced processing through which the agricultural commodities are made into value added products. Value addition through secondary processing is done through making agricultural commodities into ready to cook/ eat products (like dal, atta, oil etc.), storage, transportation to high demand areas etc.

We cannot directly eat paddy. But when it is milled to become rice it can be used by us. Milling is a secondary processing. We cannot directly eat soybean. But by extracting oil, we can get usable edible oil and de-oiled cake. Oil extraction is a secondary processing.

e-Marketing : “e-marketing” (electronic Marketing) means using digital technologies through internet to help sell different products. Its broad scope includes email marketing, electronic customer relationship management and any promotional activities that are done via wireless media.

Traceability : Traceability is a track which makes it possible to locate the way the produce travels from its point of origin to a retail location where it is purchased by consumers. According to the International Organization of Standards, traceability is the “ability to follow the movement of a feed or food through specified stage(s) of production, processing and distribution”.

Traceability is a relatively new development in the increasingly important field of food safety. It is also implemented as the one-step-back-one-step-forward principle. As the name suggests, it is the ability to trace one step forward and one step backward at any point along the food supply chain.

National Program for Organic Production (NPOP) : National Programme for Organic Production (NPOP) involves the accreditation of Certification Bodies, standards for organic production, promotion of organic farming and marketing etc. It is implemented by The Agricultural and Processed Food Products Export Development Authority (APEDA) The NPOP standards for production and accreditation system have been recognized by many foreign countries as equivalent to their country standards.

- The Agricultural and Processed Food Products Export Development Authority (APEDA)** : The Agricultural and Processed Food Products Export Development Authority (APEDA) was established under Ministry of Commerce & Industry, Government of India. It's mandate include promotion of exports; fixing of standards and specifications for the purpose of exports; Improving of packaging; Promotion of export oriented production; and related trainings.
- Participatory Guarantee System** : Participatory Guarantee System of India (PGS-India) is a quality assurance initiative that is locally relevant, emphasizing the participation of stakeholders, including producers and consumers. PGS is a process in which people in similar situations (in this case producers) assess, inspect and verify the production practices of each other and collectively declare the entire holding of the group as organic.
- Product promotion** : Product promotion is the marketing communication taken up to convince the consumers about the product, it's utility etc. The aim of product promotion is to generate demand through building awareness among the consumers and thus to increase the sales. Product promotion can be taken up through different activities like advertising, publicity, sales promotion, events, exhibitions etc.

Baseline

As given in the earlier section of “About the Learning Module”, this Booklet: Samriddhi deals with topic “Marketing – Further thoughts for FPOs”.

Given below are some basic questions for you on this topic. Let’s answer these questions ourselves. The purpose of this baseline is to assess our present understanding on this subject and thus get into learning more about Marketing.

- 1. What are the different ways by which processing and value addition can be done for agricultural commodities?

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.....

- 2. How can BoD members of FPOs resolve the possible conflicts in FPO business activities?

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- 3. What can be the key factors for successful marketing by FPOs?

.....
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PRODUCT PROMOTION – Information Value Addition

Session Objective



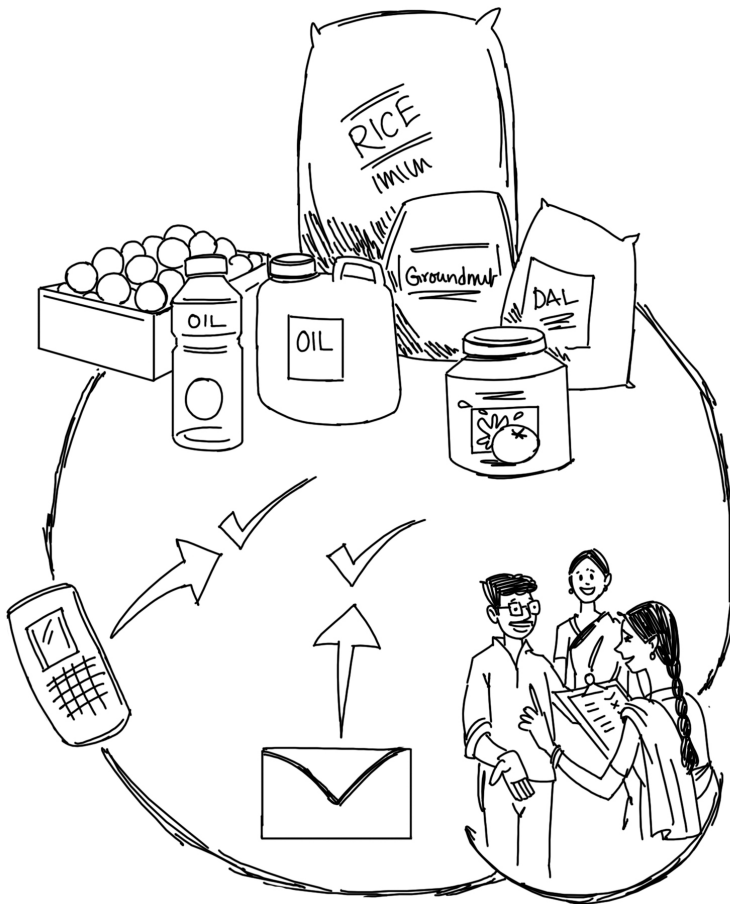
To understand about product promotion for sales growth

To identify the importance of maintaining customer relations for successful marketing

Key content items

1. Product promotion
2. Sales promotion and selling
3. Customer relations





We can recall about Jaikisan FPO Federation from the earlier Booklet of Value Addition by FPOs. For Jaikisan FPO Federation, it is already one year that marketing activity is initiated. Also, during last two years, they visited many markets, taken up planning for marketing and also undergone trainings on marketing.

The BoD members of the Federation realized that sales are the crucial result of marketing and for achieving desired sales, product promotion is very important. Keeping in view of the increasing marketing activity, the Jaikisan Federation decided to recruit an exclusive Marketing Manager, apart from the CEO.

ROLE OF MARKETING MANAGER

- » To take up overall marketing activities of the Federation by reporting to the CEO and under the overall supervision of the Board
- » To assess the market, production and members marketing requirements from time to time
- » To participate in development of the marketing plan and business rules
- » To regularly get and maintain the required market information (like price trends, demand, quality etc.)
- » To identify, negotiate and establish the linkages with buyers
- » To ensure the procurement of the produce from members in time as per the plan
- » To ensure the timely delivery of the products to the buyers as per the terms
- » To advertise about the products and ensure the sales as per the set targets
- » To ensure timely data with regard to marketing activity
- » To regularly get the feedback from customers and improve the business as per the feedback
- » Maintaining required relations with channel partners like suppliers, transporters, processors etc

Also, the member FPOs of Jaikisan Federation have arranged for the required service providers from among the youth of the local community. This is necessitated to have persons for specialized activities as also mentioned in the Booklet 5 (Samarthana).

- » Procurement in-charge
- » Warehouse manager
- » Transport vehicle operator
- » Production in-charge

Keeping in view the importance of increased sales and product promotion and at the suggestion of the Expert Director, the Jaikisan Federation has organized a one day workshop in this important aspect of Marketing – Product promotion and Sales.

Apart from BoD members of the Jaikisan Federation, their CEO, staff, CEOs of member FPOs and external experts participated in the workshop. As usual, the workshop is very lively with intensive discussions and plans. Following are the deliberations in the workshop.

1.1 PRODUCT PROMOTION

Product promotion involves well communicating to customers about our product, their features, benefits etc. so that they come forward to buy the products. For required sale of the products, it is important that we need to take up product promotion.

Product promotion is taken up by following different ways.

Figure 1: Ways of Product Promotion



However, just like quality, different product promotional activities like branding, advertising etc. incur costs also. Thus, it is important to see that the benefits of such activities are more than the costs of taking up those activities.

Let's look into these ways of product promotion one by one in following sections.

1.1.1 Branding of products

Branding of products is effective in product promotion. However, as branding require high volume of products, it can be taken up at Federation level.

Market segmentation and positioning

For target marketing, the market can be segmented on different parameters of customers like the following.

Profession	Interests	Demographics
Work	Family	Age
software	Home	Education
Social events	Social issues	Income
Govt. service	Politics	Geography
Entertainment	Business	Family size
Sports	Economics	Residence
Community service	Education	service

A brand is a name, term, sign, symbol, or a design or the combination of them, intended to identify the products or services of one seller or group of sellers and to differentiate them from those of competitors. Thus the brand identifies the seller or marker.

Products

For example, for the customer segment of software professionals in the metro city who reside in gated communities and apartments, organic, packed and branded mangos can be supplied at their workplaces and residence.

It is also important that we identify different parameters of customers and position our products accordingly so that they can get connected with our products.

Some successful examples of branding are shown in following table.

Table 1: Examples of Branding

S.No.	FPO NAME	PRODUCTS	BRAND	LOGO	
1	Vasundhara Agri-Horti Producer Company Ltd. (VAPCOL)	fresh fruit and derivatives of raw and ripe Mango, Amla derivatives, plain and flavoured Cashew Kernel and other F&V preserves		Vindavan	
2	Madhya Bharat Consortium of Farmer Producers Company Limited (MBCFPCL)	Wheat and Soyabean seeds		Madhya bharat	

3	Mulkanoor Co-operative Rural Credit and Marketing Society Ltd.	Paddy seed, rice		Mulkanoor	
4	Mulkanoor Women's Mutually Aided Milk Producers Cooperative Union Limited	Milk and milk products (ghee, curd, sweet lassi, paneer)		Swakrushi	
5	Sahyadri Farmer Producer Company	Fresh fruits and vegetable and processed foods (jam, jelly, ketchup etc.) and Individual quick frozen foods (IQF)		Sahyadri Farms	

1.1.2 Product Packing, Labelling and Certification

PRODUCT PACKING

Product packing is very important not only for enhancing storage life of the product but also for better marketability of products. There is need to use effective packing material for different products of FPO. Some examples of packing are shown below.

Table 2: Examples of product packing

Commodity	Type of Packing		
<p>Tomato</p> 	<p>Plastic Crates</p> 	<p>Carton box</p> 	<p>Ketchup bottle</p> 
<p>Mango</p>	<p>Corrugated fibreboard box</p> 	<p>Plastic Crates</p> 	<p>Wooden box</p> 
	<p>Mango pulp tin box</p> 		
<p>Groundnut</p> 	<p>Plastic bag</p> 	<p>Gunny bags</p> 	<p>Groundnut oil can</p> 

<p>Bengalgram</p> 	<p>Plasic bag</p> 	<p>Gram flour</p> 	
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LABELLING

Labelling is one of the ways to communicate the value of the product to customers. Product labelling has very important information which is printed on the product packaging.

Labelling is also mandatory as per Law. For example, all food products have to be labelled as per the norms of Food Safety and Standards Authority of India (FSSAI).

FSSAI imposes twelve primary labelling regulations for any food packaging. These are:

1. Name of the food
2. The list of ingredients
3. Nutritional information
4. Declaration if the food product is vegetarian or not
5. Declaration of the food additives used
6. Name and complete address of the manufacturer
7. Customer care details,
8. Quantity
9. Retail sale price

- 10. FSSAI logo and license number,
- 11. Batch identification number, the date of marketing, country of origin
- 12. The instructions for use.

An example of required labelling for food product is shown below.



Also, agri-inputs also have to be labelled. For example, processed seed for marketing has to be labelled as certified seed as shown below.



CERTIFICATION

Certification is a procedure by which a third party gives written assurance that a product, process or service is in conformity with certain standards. The certificate demonstrates to the buyer that the supplier complies with certain standards, which might be more convincing than if the supplier itself provided the assurance.

For example, the consumers shall look for Food Safety and Standard Authority of India's organic logo (Jaivik Bharat) and FSSAI Logo License number as shown below.



1.2 SALES PROMOTION AND SELLING

The BoD members have to take all necessary measures to ensure that their products are sold. For this, they can fix periodic sales targets for their staff and monitor accordingly. Just like in many other business enterprises, sales promotion can be taken up following ways.





Table 3: Ways of sales promotion

Discounts	
Formatting	
Coupons	
Product samples	
Games/ Competitions	
Trade shows/ Exhibitions	

1.2.1 Advertising and Public Relations

As we are commonly aware, advertising is the most effective way of product promotion. Advertising is the most visible element of the marketing communication because it makes use of the mass media, i.e. newspapers, television, radio, magazines, bus hoardings and billboards.

Table 4: Ways of Advertising

Cinema advertisements	
Loudspeaker vans	
Leaflets	
Paintings on walls, vehicles	

Different communication material for promotion like the following can be developed and distributed.

- » Product Brochures
- » Posters
- » Direct marketing
- » Website
- » Presentations & samples offer in institutions
- » E-marketing through various groups, blogs, networks etc.

The Amul Girl



Amul girl refers to the advertising mascot used by Amul, the iconic dairy brand. The Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF) created the mascot of this mischievous little girl for marketing of its Amul brand. As it is widely known, the Amul girl has become the household name in the country and remained as one of the best Indian Advertising campaigns.

In an age of celebrities for ad campaigns, Amul's ads stand out for their simplicity, less expensive and focusing on current events to bring a point. This is why the dairy giant's campaigns and brand continue to outlive expectations with close to 6000 billboard hoardings being produced across India till date. The Taste of India slogan has become more than just corporate positioning or advertising jargon.

Promotional Strategies

Strategies are important arms in the hands of an entrepreneur so as to survive in today's competitive environment. There need to be variety of marketing strategies; concerned with internal aspects like cost, product differentiation to external aspects like dealing with competition, being market leader etc.

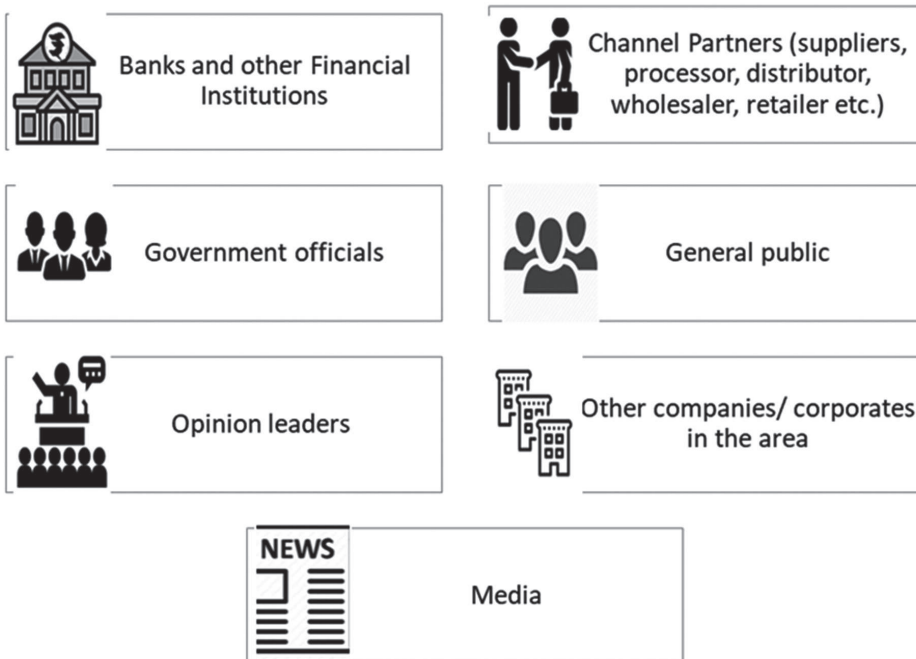
Following are some of the required strategies required for product promotion.

- » BoD members as Brand Ambassadors of the products of their FPO.
- » Propaganda as “product of farmers organization”
- » Networking with different agencies.
- » Participation in marketing meets, buyer-seller meets, sale exhibitions etc.

Public relations: Public relations is the FPO’s communications with its various stakeholders. It is very crucial that FPOs maintain good public relations with their various stakeholders. If the FPO is well accepted by their stakeholders, then they themselves contribute significantly to the business growth of the FPO.

The different stakeholders of FPOs with whom public relations have to be maintained is depicted below.

Figure 2: Stakeholders for public relations



1.2.2 Customer Relations and Retention

The most important aspect of successful business by FPO is retaining their customers. For this, customer relations have to be maintained regularly. While staff do this on regular basis, it is the responsibility of BoD members to ensure relations with buyers and thus retain them for the business of their FPO.

While it is a commonly known, practical aspect, following are some common ways to maintain customer relations.

Keeping the commitment to buyers – For example, if an FPO commits to supply 3 tons of vegetables of agreed quality each day to the buyer's collection centre by 9 in the morning, then it has to be done regularly. For this, as discussed in earlier session, systems and logistics are required; otherwise even if buyers are available, the FPOs may not be able to supply the products.

Seeking and getting feedback from buyers on periodic basis. It can be written or oral but needs to be collected regularly, analysed and accordingly required measures are to be taken. For example, in the above case, after supply of vegetables, the FPO can get feedback from the buyer by a message.

Prompt decision making – upon any orders or enquiries from buyers, there has to be prompt decision making and informing them. For example, in the above case where the buyer comes with the requirement of 3 tons of vegetables a day, then the Board/ Management of the FPO can quickly take a decision and inform the buyer accordingly.

Maintain consistency with customers and suppliers for long term, as far as possible, instead of changing them regularly.

Practices like calling the best buyer to the General Body Meeting and felicitating; periodically visiting buyers place etc.

Let the customers develop trust in you and your product – as trust building is long term process.

Keep in touch – communicate regularly with buyers through different means like phone calls, mails, product brochures, sending greetings for occasions etc.

Key takeaways for role of BoD members

- » *To take up required product promotional strategies like branding, advertising, packing, labelling, certification etc.*
- » *To plan for required sales and direct towards achievement of sales target*
- » *To maintain public relations with different stakeholders for the betterment of our FPOs*
- » *Attracting and retaining customers*
- » *To proactively promote the products of FPOs by acting as brand ambassadors for the products*

MANAGING MARKET RISKS

Session Objective



To identify different possible risks in marketing activity of FPOs

To get awareness on different ways of mitigating marketing risks for FPOs

Key content items

1. Risks in marketing by FPOs
2. Ways to mitigate risks

As we can recall from Booklet 7 (Business Planning), any business is subject to some risks and being agricultural enterprises, FPOs are also subject to some risks.

As BoD members, even if we need to take some calculated risks for the business growth of our FPOs, we also need to mitigate the negative effects of risks on the growth of our FPO. To understand more about the marketing risks in FPOs, let's get into the following exercise.

Exercise: Let's discuss and identify different possible risks in the marketing activity of our FPO. Let's also identify the ways of mitigating these risks for our FPO. An example is provided for reference.

S. No.	Different possible risks	Ways of mitigating the risks
1	Example: the demand for Maize has gone down for one month in view of reduced requirement by poultry sector	Planning as per seasonal requirement; keep updated with market trends
2		
3		
4		
5		

As we can see from above, there are different risks in marketing. The type and the extent of the risks may vary as per the commodity (perishable like Tomato to staple like Jowar) and the extent of the marketing activity (from direct marketing of Groundnut to milling it to oil and marketing it).

As we have well identified the risks and ways to mitigate them, such aspects are elaborated further in the following table. In the table, some possible incidents of risks in marketing of FPOs under different categories are shown in column I. Also, some possible ways of mitigating the risks are also given in column II. For each risk incident, let's match the appropriate way to mitigate by putting it's arrow to the concerned risk incident. Let's note that one mitigation measure can be applicable for more than one risk incident also.

For example, for the risk incident of reduced price of Bengalgram, the mitigation measures can be having a set of buyers and long term, continued buyers.

S. No.	Category	COLUMN I Risk incidents	Answer	COLUMN II Ways to mitigate
1	Price risk	An FPO procured 2,000 quintals of Bengalgram from their members during February-March at an average price of Rs.4,200 per quintal. However, in view of imports of cheaper Bengalgram from other countries, it's price has gone down to Rs.4,000 per quintal by May.		No credit sale
2	Risk of fluctuations/ seasonality in demand	An FPO procured 3,000 quintals of Maize from it's members at an average price of Rs.1,600 per quintal. When the FPO wanted to sell it after sometime, the market price came down to Rs.1,400 per quintal in view of forthcoming festive month and reduced demand by the poultry sector.		Taking advance from buyers at the time of sale

3	Risk of payment default	An FPO sells its cotton to a trader in credit for 3 months. However, the trader defaults the payment by not paying even after 6 months of follow-up by the FPO.		Planning for selling as per seasonal demand requirements
4	Quality deterioration	The quality of cotton procured by an FPO got deteriorated in terms of discolouration and moisture content in view of unexpected rains.		Having a set of buyers like processors, wholesalers, retail institutional buyers etc.
5	Risks to the property/ assets/ stock of the FPO	The stock in a FPO warehouse got spoiled by a cyclonic storm and infiltration of water into the warehouse.		Setting up of Market risk reserve fund in the FPO
6		There was a fire in the dal mill of an FPO in view of short circuit and the asset got damaged.		Having long term, continued buyers

7	Inadequate raw material	For a 1,000 ton warehouse of an FPO, only 700 tons of agricultural commodities arrived for storage in a year in view of production hit by drought condition.	Having storage facility
8		For a cotton ginning mill of 200 tons per day capacity, only 100 tons of raw cotton was arriving in view of yield decrease by cotton boll worm.	Planning conservatively for procurement
9		For a sugar plant, the expected raw material was not arriving. This was because farmers did not prefer the crop in view of not increased MSP by the government during that year.	Regular Market study and keep updated with market trends and information
10	Production risks	In the Dal mill of an FPO, there was intermittent supply of power for long periods and in view of this, the quality of dal got affected frequently.	Conservative production planning by taking into consideration history of crop failures

<p>11</p>		<p>For the oil mill of an FPO, the labour availability was inadequate and irregular which affected the running of the mill.</p>		<p>Keeping conservative capacity for the infrastructure; Alternate arrangements (like non-members, from other FPOs) for raw material Keeping wide product/ commodity base Quality checking at procurement/ raw material; Quality maintenance arrangements during storage Shift system in processing Alternate labour planning Stock insurance Asset insurance Proper safety measures in warehouse, dal mill etc.</p>
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As indicated above, there are different categories of risks for FPOs like Price risk, Risk of fluctuations/ seasonality in demand, Risk of payment default, Quality deterioration, Risks to the property/ assets/ stock of the FPO, Inadequate raw material and Production risks. Also as indicated, FPOs need to take multiple measures from time to time to mitigate effects of risks on them. Such risk mitigation measures include having portfolio of buyers and products, Market risk reserve fund, having required infrastructure, conservative planning, keep updated with market trends, no credit sale, quality maintenance, insurance etc.

Being the BoD members of our FPO, it is our important responsibility to safeguard our FPO from risks in business. So, let's make the plan like the above and see that the effects of risks in marketing by FPOs is mitigated.

RESOLVING CONFLICTS IN MARKETING

As we are aware, like in any other business, in marketing also there can be some conflicts in FPOs. Let's list down some possible conflicts in marketing by FPOs and also what measures can be taken to minimize the conflicts.

Possible conflicts in marketing by FPOs	Measures to minimize the conflicts
Example: Buyer evading payment	No credit sale

Given below are some of common conflicts in FPOs. Let's discuss each of them and write how it can be resolved and also how to see that the conflict don't occur.

1. A farmer says he is not aware of the quality grades and price for each grade. In view of this, there is confusion and farmer is not happy with the price offered to him by FPO. He says if he is informed beforehand, he would have been made it into required quality.

2. An FPO planned to open it's procurement till 2 o'clock in the afternoon. However, a farmer brings his produce at 4 o'clock in the evening and insist that the produce has to be taken. He says that his village is far away from the procurement centre and thus he came late.

3. An FPO for it's Maize procurement, put a limit of 10 quintals per farmer. However, on a day, some farmers brought about 20 quintals of Maize each and insist that it has to be taken.

4. On a peak procurement day, as the FPO Accountant was very busy, she could not give receipt to few members at the time of procurement. The receipts were sent to those members after one week. However, the members did not accept with the details of weight, quality etc. given in the receipts.

5. An FPO says to their members that payment for their produce supplied will be made in two days. However, in one occasion, the two days fell on public holidays followed by a Sunday during which banks were not working and thus their payment could not be made in two days. The members got concerned about their payment.

6. An FPO engaged 4 workers for the procurement season of one month on fixed payment basis. However, the workers demand more payment to them in view of more work on some days during when the arrivals are high.

7. An FPO started procurement of cleaned and dried onion produce their members. However, few members brought the produce thinking that cleaning and drying are done by the FPO and insisted that the produce has to be taken.

8. FPO members of a particular village complain that the procurement centre is far away from their village and thus not happy with the service.

9. An FPO procure and supply 'A' grade vegetables to a buyer's place which is 60 km away from the FPO. However, on many occasions, the buyer says at their delivery point that the quality is poor and reject some of the produce.

10. An FPO engaged in marketing activity has established the required quality maintenance system and use the necessary equipment for quality testing. Some members bring 2nd grade quality produce to the FPO but perceive that it is of 1st grade and insist on price of 1st grade produce only.

11. As per the business plan of an FPO, 3 workers are required on daily basis for operations of weighing, packing and storing 5 tons of produce. However, the FPO hired 5 workers on one month basis and for most of the days of the month, the business is less than 5 tons. Moreover, the FPO makes fixed per day basis payment to all workers for all days in spite of level of work each day.

12. An FPO supplied groundnut to a buyer based in a trading town 40 km away. As per agreed terms, the buyer is supposed to make the payment within one week after receipt of the produce. However, in many occasions, he delayed payment and made only after one month or so. In another occasion, even after two months of supply and in spite of lot of follow-up, the buyer tried to evade the payment on some baseless reasons.



13. An FPO has got done job work in a dal mill for processing of its redgram into dal at the rate of 75 kilos of dal per 100 kilos of redgram. But after processing, the miller told that the dal outturn was only 70%.

The above discussion indicates that even if there are some conflicts in marketing activity of FPOs, they can be minimized by taking different measures. It is the important responsibility of our BoD members to set up different measures and minimize conflicts in FPOs.

As BoD members, we need to ensure the measures like the following to minimize conflicts in our FPOs.

- » *Having proper business rules*
- » *Clear information to members*
- » *Member education*
- » *Regular monitoring and audit*
- » *Proper planning*
- » *Fool proof accounting and Bookkeeping*

EMERGING TRENDS IN AGRICULTURAL MARKETING

Marketing of agricultural produce is not new to us and we have been engaged in it for many years. So far, we have also seen various aspects of marketing and value addition through FPO. Nevertheless, there are many emerging trends in agricultural marketing. Can we look at them now?

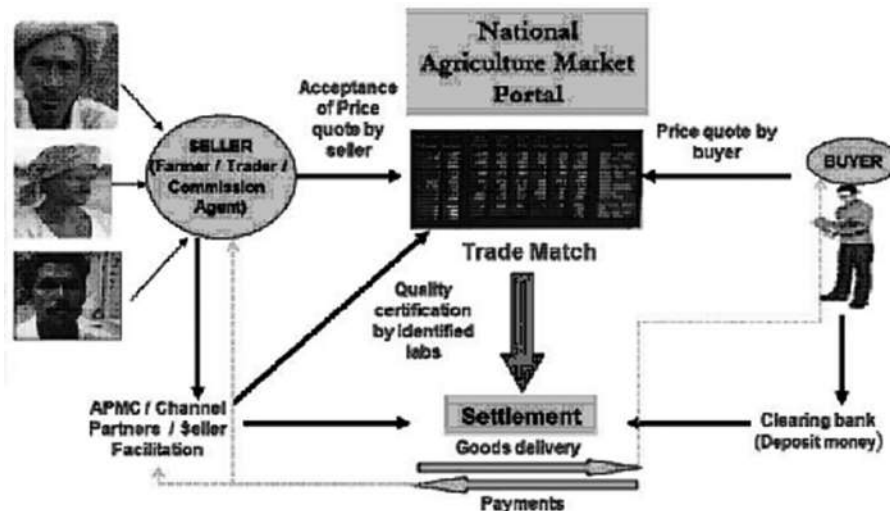
Following are the emerging trends in agricultural marketing.

- e-marketing
- Food safety and Traceability
- Certified food products
- Growing health consciousness
- Export opportunities
- Social media
- e-Commerce




4.1 e-Marketing

“E-marketing” is one of the emerging trends in agricultural marketing. “E-marketing” means using digital technologies to help sell our agricultural products. Its broad scope includes email marketing, electronic customer relationship management and any promotional activities that are done via wireless media.

Following are some illustrations of E-marketing.



 <p>राष्ट्रीय कृषि बाजार NATIONAL AGRICULTURE MARKET</p> <p>Website: www.enam.gov.in</p>	<p>National Agriculture Market (eNAM) is an online trading platform for agriculture commodities created by the Government of India (Ministry of Agriculture & Farmers' Welfare). It is a national network of physical mandis which can be accessed online. FPOs can register on eNAM and do online trading with buyers situated even outside the Mandi/ State.</p>
 <p>Website: www.neml.in</p>	<p>NCDEX e-Markets Limited (NeML) is the leading Indian electronic web based, online, commodities spot market and services company. NeML facilitates FPOs in buying / selling of the farmers' produce using its trading platform.</p>

 <p>Website: www.ncdfi.coop</p>	<p>NCDFI (National Cooperative Dairy Federation of India) in association with NCDEX e-markets Limited (NeML) has set up an electronic marketplace for the efficient buying and selling of dairy products across India.</p>
 <p>Website: www.ffresh.neml.in</p>	<p>Ffresh is a unique initiative established on the reputed platform of NCDEX e-Markets Limited (NeML). FFresh is a robust, digital and transparent Business to Business marketplace for fresh fruits and vegetables. The e-Market aims to empower growers/farmers to market their produce across the nation. It integrates the e-spot markets with the nationwide cold storage network of Schedulers Logistics to provide the best produce at consumer's doorstep.</p>
 <p>Website: https://agmarknet.gov.in/</p>	<p>Agricultural Marketing Information Network (AGMARKNET) portal facilitates generation and transmission of prices, commodity arrival information from agricultural produce markets, and web-based dissemination to producers, consumers, traders, and policy makers transparently and quickly.</p> <p>Website: https://agmarknet.gov.in/</p>

e-Kisan mandi:

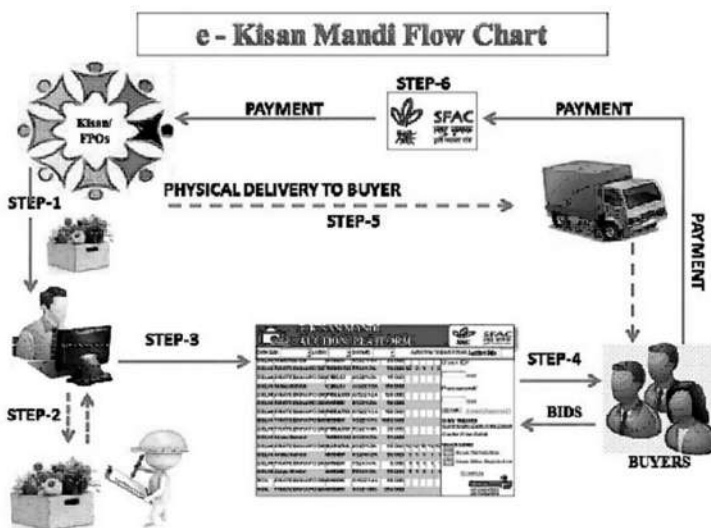
SFAC has launched e-Kisan Mandi which trades in fresh produce over the internet. Transactions are directly between producers and buyers, with no commission agents in the middle.

The country’s first e-kisan mandi became operational in Pune. Nafed’s arm Federation of Farmer Producer Organisations and Aggregators (FIFA) entered into a 51:49% joint venture with Maharashtra Farmers Producer Company (Maha FPC), the umbrella organisation of the state’s farmer producer companies for the venture.

The FPCs or other farmer groups will run the facility on Nafed-owned lands. e-kisan mandis will seek to bring farmers, agri-producers, traders and small buyers on a common platform for trading agricultural commodities.

It would operate in a hub-and-spoke model, in which the Nafed-owned land will operate as a hub for the FPCs in the area; FPCs will collect the orders from the online platform and provide the service.

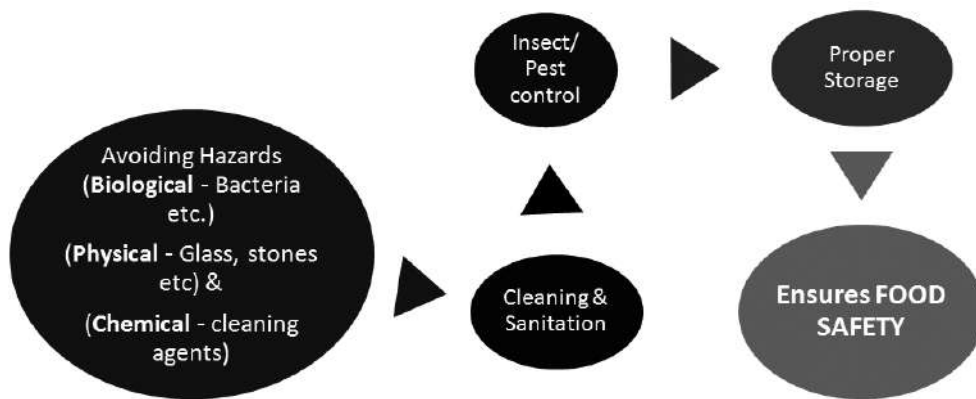
There will be facilities for the electronic auction, product display and retail counter, value addition infrastructure for cleaning, grading, packaging, etc, and warehousing facilities for the FPCs at physical market place.



4.2 Food Safety and Traceability

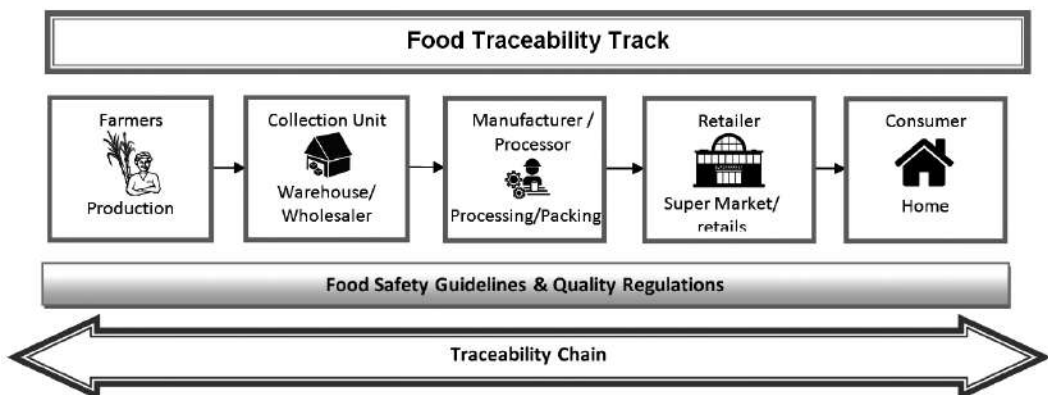
Food Safety

Food Safety is a process of carefully handling, preparing and storing food in hygienic manner so as to reduce the risk of becoming sick from food borne illnesses. This includes principles of preventing food from becoming contaminated and spoilt. The various ways which help in increasing food safety are shown below.



Food Traceability

When referring to food safety in agricultural marketing, the ownership is placed solely on the producer itself. They must ensure that all food is handled and is safe to eat. This also be checked thorough traceability.

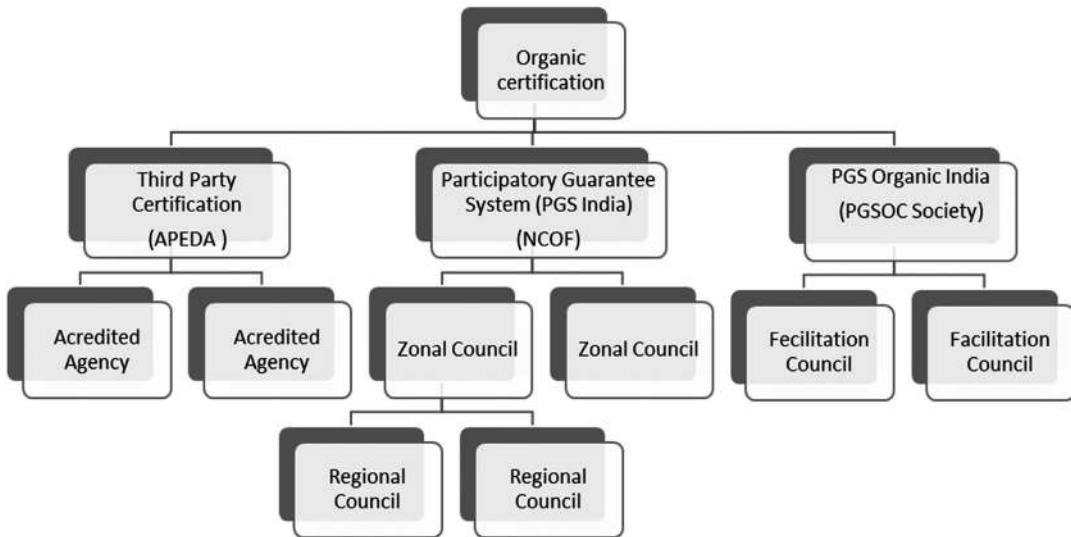


Traceability is a track which makes it possible to locate the way the produce travels from its point of origin to a retail location where it is purchased by consumers. According to the International Organization of Standards, traceability is the “ability to follow the movement of a feed or food through specified stage(s) of production, processing and distribution”. Traceability is a relatively new development in the increasingly important field of food safety. It is also implemented as the one-step-back-one-step-forward principle. As the name suggests, it is the ability to trace one step forward and one step backward at any point along the food supply chain.

4.3 Certified Food Products

Certification is another important emerging trend in agricultural marketing. For example, the details of organic certification in India are given below.

Organic certification is a process for producers of organic food, seeds and other organic agricultural products. The organic certification process in India follows a set of standard guiding principles laid down by National Program for Organic Production (NPOP). Two types of organic certification are available to organic farmers viz. Third Party Certification and Participatory Guarantee System. There are three nodal agencies working on organic certification viz The Agricultural and Processed Food Products Export Development Authority (APEDA), National Centre for Organic Farming (NCOF), PGS organic certification Society (PGSOC Society). APEDA is the nodal agency for third party certification. NCOF is the government agency for PGS and PGS Organic India is an association of few civil society organizations (PGSOC Society) for PGS certification.



Third Party Certification

India Organic Certification is a label given to organic products after validation, which ensures that the product or raw materials used in the product were grown through organic farming - without any chemical fertilizers, pesticides, or induced hormones. A trademark - “India Organic” will be granted on the basis of compliance with the National Standards for Organic Production (NSOP). The certification is issued by testing centers accredited by the Agricultural and Processed Food Products Export Development Authority (APEDA), under the National Program for Organic Production of the Government of India.



There are 32 accredited agencies for third party certification. Following are the few accredited agencies for third party certification:



Participatory Guarantee System of India (PGS-India)

Participatory Guarantee System of India (PGS-India) is a quality assurance initiative that is locally relevant, emphasizing the participation of stakeholders, including producers and consumers. PGS is a process in which people in similar situations (in this case producers) assess, inspect and verify the production practices of each other and collectively declare the entire holding of the group as organic. PGS – India allows two types of certification – Under conversion (Blue) and Organic (Green).



Regional councils are responsible for organic certification.

There 616 Regional Councils in India out of which 305 are active Regional councils. Following are few Regional Councils in Andhra Pradesh and Telangana:



In PGA, five or more organic farmers from the same locality forms into a peer group. Each farmer pledges that his/her production process is free from manufactured chemicals and undergo peer review. The activities of the Local groups are facilitated by a voluntary organization called “Facilitation Council”. PGSOC works with around 15 such voluntary organization spread across the country. Following are Facilitation Councils in Andhra Pradesh and Telangana:



Deccan Development Society

Participatory Guarantee System Organic Council (PGSOC) permits the use of its PGS Organic label on the product which has become a mark of quality among consumers.



4.4 Growing Health Consciousness

Of late, consumers are undergoing a fundamental change in food consumption behaviour driven by health consciousness. Eating is no more just about taste and sustenance. Now, nutrition has become a key element in achieving holistic health, particularly in the Covid pandemic background. As such, health-conscious consumers are heavily influencing developments in the agricultural sector.

This is mainly concerned with the quality and health benefits associated with the products they purchase and consume. Today, many opportunities exist in marketing due to these changes in the mind-set.

Following are emerging trends in marketing due to the health consciousness by Consumer:

Organic Foods	Agriculture produce which are grown using sustainable farming practices, bio inputs without the use of chemicals fertilisers and pesticides.
Nutri rich Foods	Health-conscious fresh produce (fruits & vegetables), greener options, millets, oats etc.
Digestion wellness	Products that focus on digestive wellness mainly gluten free foods, fibre-rich foods, supplements etc.
Snacking trend	healthy snacking foods products like nutri bar, chikkis and other ready to eat snacks
Local foods	Food items which are locally sourced and processed like cold pressed groundnut oil

Thus, understanding and catering to what health-conscious consumers want to achieve in terms of holistic health and wellness can lead to success in the business.

4.5 Export Opportunities

There are growing export opportunities for quality agricultural products.



Agricultural and Processed Food Products Export Development Authority (APEDA) is an apex body under the Ministry of Commerce and Industry, Government of India, responsible for the export promotion of agricultural products.

It provides financial assistance, information, guidelines towards the development of scheduled products. The products specified under the APEDA ACT are called scheduled products and exporters of such scheduled products are required register under APEDA.

A Farmer Connect Portal has been set up by APEDA on its website for providing a platform for Farmer Producer Organisations (FPOs) to interact with exporters.

APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:

- » Fruits, Vegetables and their Products.
- » Meat and Meat Products.
- » Poultry and Poultry Products.
- » Dairy Products.
- » Confectionery, Biscuits and Bakery Products.
- » Honey, Jaggery and Sugar Products.

- » Cocoa and its products, chocolates of all kinds.
- » Alcoholic and Non-Alcoholic Beverages.
- » Cereal and Cereal Products.
- » Groundnuts, Peanuts and Walnuts.
- » Pickles, Papads and Chutneys.
- » Guar Gum.
- » Floriculture and Floriculture Products.
- » Herbal and Medicinal Plants.

4.6 Social Media for Agricultural Marketing

Social media is the new upcoming area in agricultural marketing that has apps (WhatsApp, Facebook, Twitter, Instagram, YouTube etc.), other blogs, pages. This is also called as “Digital Agricultural Marketing”. It is a form of internet marketing that involves creating and sharing content on social media networks in order to achieve our marketing and branding goals.

This mainly includes activities like posting text and image updates, videos, and other content that drives audience engagement resulting in marketing of the produce.

Social Media for Agricultural Marketing



Whatsapp



Facebook



Instagram



YouTube



Twitter



Pinterest



Blog

The Advantages of Digital Agricultural Marketing are:

- » It saves time and cost of the farmers as many network providing companies are giving more data at less cost. For example, information on weather, price of commodities, technical knowledge etc. are easily available.
- » With the use of social media, it is easier for agricultural marketing, especially finding the buyer for the produce and sale.
- » Social media is useful in creating branding of the produce of farmers, especially the sustainable farming practices and organic farming.
- » Many government and private officials and institutions are having their official pages, blogs, and groups on social media and it helps in dissemination of information.

4.7 E-Commerce for Agricultural Marketing

E-commerce called as “electronic commerce” is the activity of purchase and sale of products done at a larger scale electronically. It is also called as “online retail” or “internet retailing” driven majorly by the technological advances of the internet era for trade. This includes online requesting for products, apps for trade, electronic funds transfer, internet marketing and delivery of products to consumers.

E-commerce has been the major emerging sector for last couple of years, particularly in the background of lockdown & pandemic. The rising use of internet, smartphome and easy payment options have been contributing to the rise of e-commerce.



E-Commerce has advantages for both consumers and sellers as the middlemen are mostly eliminated, there is an inventory reduction and helps in passing benefits to consumers. Also, easy delivery becomes an advantage to the consumer.

E-commerce has been already identified as suitable for markets of exotic fruits, fresh vegetables, staple grains, spices and selective organic foods. If Farmer Producer Organisations coupled with technology, then it offers huge scope for making use of such avenues for the business growth.

The kinds of emerging trends in agricultural marketing open up many new opportunities for FPOs. As BoD members, we need to continuously scan our environment for such emerging trends and ensure make use of such opportunities for the benefit of our FPOs.

KEY FACTORS FOR SUCCESSFUL MARKETING BY FPOs

For any success, there are some reasons! Similar for the case of marketing by FPOs. As we all are looking for success of our FPOs, let's now come to the key required factors for successful marketing by FPOs.

These factors are taken from the successful experiences of marketing by FPOs and also other organizations in agribusiness sector. These are categorized into Institutional, Preparatory arrangements and Operational. We have already discussed on these aspects in different sessions of our modules. These success factors are given below.

INSTITUTIONAL

- » Suitable staff & active Marketing sub-committee
- » Following necessary Business rules for marketing
- » Timely decision making

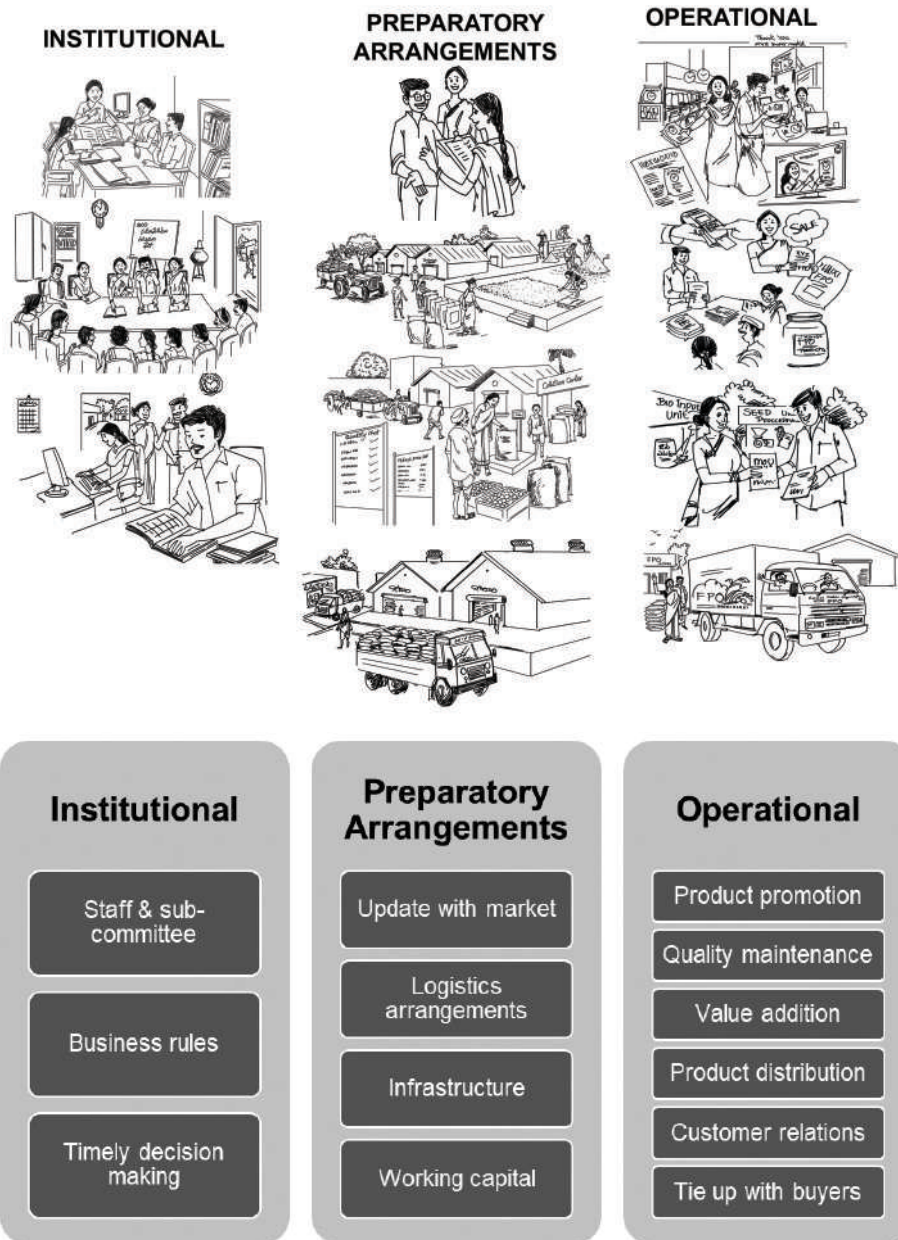
PREPARATORY ARRANGEMENTS

- » Update with market trends through Market assessment & feedback; respond to changing market situations
- » Backend logistics arrangements – procurement, communication, transportation etc.
- » Having required infrastructure – collection centre, PPC, transport vehicle, warehouse etc.
- » Securing required and timely working capital for carrying out marketing activities

OPERATIONAL

- » Product promotion through required advertising, publicity, networking, branding etc.
- » Quality maintenance
- » Value addition to products through required processing
- » Effective distribution of products to buyers through appropriate distribution channel
- » Customer relations and retention
- » Tie up with buyers

Figure 3 : Key Factors for Successful Marketing by FPOs



Having realized different success factors for marketing, now we all are ready to ensure such factors and thus successful marketing by our FPO?

End Line

Please recall that at the beginning of the module, we had Baseline in which we answered well some basic questions about Marketing.

Now, we have come to the end of this module. So, an End line is given to assess ourselves regarding additional understanding after going through this learning module.

So, let's answer some more questions based on our learning on the module.

1. *What are the different ways by which customer relations can be maintained by FPOs?*

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.....
.....

2. *What are the different ways by which FPO products can be promoted/ publicized in market?*

.....
.....
.....

3. *What are the different emerging trends in agricultural products which can be of use for FPOs?*

.....

.....

.....



KEY ACTION POINTS FROM THE MODULE

10.B. *Samriddhi: Marketing-Further Thoughts for FPOs*

Now let's write what can be the key action points for our FPO from this Module "Samriddhi: Marketing – Further thoughts for FPOs".

NOTES



KEY FACTORS FOR SUCCESSFUL MARKETING BY FPOs

INSTITUTIONAL

PREPARATORY
ARRANGEMENTS

OPERATIONAL



STAFF AND
SUB-COMMITTEE

MARKET INFORMATION

PRODUCT PROMOTION

BUSINESS RULES

LOGISTICS ARRANGEMENTS

QUALITY MAINTENANCE

TIMELY DECISION MAKING

INFRASTRUCTURE

VALUE ADDITION

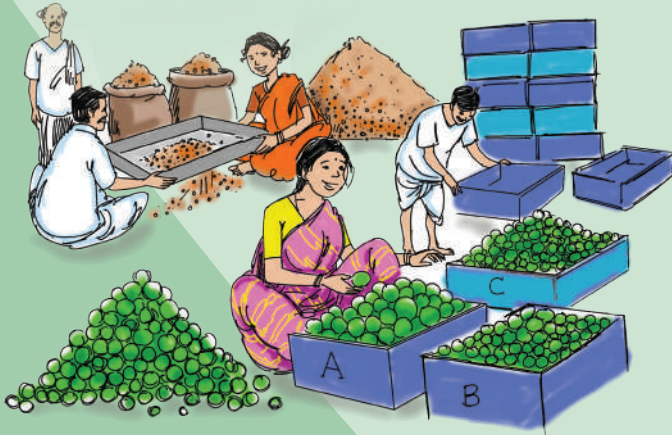
WORKING CAPITAL

PRODUCT DISTRIBUTION

CUSTOMER RELATIONS

TIE-UP WITH BUYERS





About APMAS

APMAS is a not-for-profit national level resource organization working for the empowerment of people's institutions such as women's Self Help Groups (SHGs), SHG Federations, Cooperatives, Farmer Producer Organizations (FPOs) & other Community Based Organizations (CBOs) who believe in and practice self-help, mutual benefit, self-responsibility and self-reliance as guiding values.

Samriddhi - Marketing - Further Thoughts for Farmer Producers Organizations

FPO Incubation Centre promoted by APMAS is a one-stop-centre to provide incubation and nurturing support to FPOs to develop these institutions into viable and sustainable enterprises in partnership with FPOs and FPO promoting and supporting agencies. It provides institution development services such as visioning, statutory compliances, management, governance and capacity building to strengthen these institutions. It also provides business development services such as business planning, financial linkages, marketing and technical assistance to develop business potential of FPOs



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