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Making the Case for Syndicated Marketing Research in the Indian Farm Inputs Industry

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Summary

Syndicated marketing research services are just starting to be used in the Indian farm inputs industry. This article provides an overview of the available services, how they can add value in the farm inputs business, and how companies can use these syndicated marketing research services to their best advantage.

Syndicated Marketing Research Services Available Across Various Industries

Marketing research is an essential function in many industries. Syndicated marketing research provides these services on an ongoing, subscription basis. Some syndicated services are:

- **Retail Census & Retail Audit** – Retail Census is a so-called “Universe Estimation” research service, where each and every retail shop of a category is surveyed in a given geography, thereby counting the complete set of retail outlets for the industry. The survey is conducted by visiting every street, combing the entire area. Based on this Retail Census, a Retail Audit is then conducted, in which a sampled set of retail shops are empanelled by the Market Research Agency and surveyed every month. They collect the purchase, stock and sales figures for each and every stock-keeping unit (SKU). This data is then used to estimate the market size, market share, growth rate of each and every product, brand, and company. It offers very granular data and is considered the most authentic source of industry data, especially in an unorganized retail environment scattered across a vast country such as India. Nielsen is the only market research firm that conducts Retail Audits in India.
- **Consumer panels** – In this type of research, periodic data about the buying and the consumption of a particular category is collected from a sampled set of consumers. These panel reports provide metrics, such as market size and growth rates, and offer SKU details. Consumer panels can also be used to collect psychographic parameters, such as brand recall, promotional recalls etc. (commonly known as Brand Audits). In India, the Kantar group (formerly IMRB and Millward Brown) specializes in conducting such research.

The Current State of Marketing Research in the Agricultural Inputs Industry

Marketing research practices are not very advanced in the Indian farm inputs industry at present. One reason is that, for fertilizers at least, sales numbers are meticulously tracked by the government, in order to distribute fertilizer subsidies based on the actual sales of fertilizer to the farmer.

However, the same is not true for the crop protection category. Pesticides do not receive any government subsidy. The marketing metrics in this category are based on estimates available with companies about market size, competition volumes, growth rates of various pesticides molecules, and brands. These are mere ‘guesstimates’ and not derived from any objective and scientific marketing research, and are often far from reality. Frontline sales personnel is often tasked with

collecting data about the competition, but this can introduce a natural bias as their own sales targets could depend on underestimating the competition. Overestimation of the competition segments is also seen, where one's own company is not (yet) active. Also, as channel partners (retailers and distributors) become an important source of information, they also tend to introduce bias, to serve their own vested interests.

Farm inputs companies often make up for the lack of marketing intelligence by spending huge chunks of marketing money on travel expenses. Senior marketing managers sometimes spend more than half of their time travelling, trying to get a first-hand feel of the (local) markets. The effectiveness of such efforts have yet to be established.

Untapped Opportunities Offered by Organized Marketing Research

Inadequate marketing research may lead to consumption trends of various farm inputs (seeds, pesticides), being missed at a granular level. Estimates may not be available at a state, district, or month level, and aggregated trends might not bring out the real issues. For example, a sales decline of a particular crop protection molecule might indicate pest resistance in a particular region, but where figures are aggregated, this pattern might be missed. Thus, the need gap estimation of various products at granular market levels becomes difficult, which may result in poor targeting. Again for instance, Crop Protection companies can better fine tune the marketing plans for their crop protection chemicals, based on data received about the type of seeds sold in the current season.

In India, it is mandatory for retailers to renew their government registrations every year, if dealing with pesticides. However, the data from government, as available from public sources, is far from reality. For example, only a small fraction of the shops registered with the government in one of the key farming districts of India was actually found to be active in selling pesticides. In practice, 'crop cultivated' becomes the only criterion for market segmentation, while, with more data from consumer panels, other potential means for market segmentation might also be explored (e.g. psychographic segmentation).

Consumer Panels can reveal important insights to help to add value to the company's business. For example, if it is revealed that customers regularly under-dose or over-dose the recommended level of crop protection molecules, the marketing executives can work with the stewardship teams to draw up new strategies which incorporate customer practice rather than just the technical norms. A panel can also help to identify 'off-label' usage and tank mixing behavior for various crop protection chemicals and provide new avenues for companies to extend their product labels into new crops or pests, or developing new combination products, for more effectively serving the market.

Syndicated brand audits can provide an idea about the strength of a product or brand in the consumer mind space, enabling companies to command a premium over the competition, resulting in higher profits. Such audits also measure the effectiveness of advertisements and promotions conducted by the various farm input companies. These benefits could also be extended to fertilizer companies, for products where the government has relinquished its role in dictating prices, and companies can charge a premium through more effective brand positioning. Water Soluble Fertilisers and Speciality Nutrients, which are out of scope of the subsidy regime, can also benefit from such practices.

The Way Forward for Farm Input Companies

There is enough scope for farm inputs companies to explore and benefit from organized marketing research. It is time for companies to shed the notion that “travelling is a substitute for marketing research” because significantly more information can be gained through organized marketing research. Also because company officials can get exposed to bias, whereas an independent agency will vet and provide unbiased information for the company to base their decision making on. Especially now, when Covid-19 has limited travel opportunities.

Initially, spending on marketing research might appear superfluous, but it becomes more defensible in the medium to long run, when marketing personnel learns to use these tools effectively. Currently, marketing research budgets often form an ad-hoc part of the promotional budget a farm input company has. It is high time that marketing research budgets are carved out and monitored separately, with definite research objectives to be achieved each year, in line with the company’s marketing strategy.

Leadership should prioritise a culture of research-based decision-making, as this raises the effectiveness of their teams. It can also be a good idea to look into the marketing practices adopted in other industries and adopt some of these. Recruiting managers from other industries, with evolved marketing research practices, can be a potential way to start.

The Way Forward for Marketing Research Companies

Although some progress has been made – several marketing research agencies, such as Kynetec-Kleffman and Q&Q Research Insights have commenced consumer panel subscription studies for few crops – Marketing research companies can do more to usher in change in this industry. One idea is to start some research panels and then look for clients. Within the fragmented crop protection and seeds industry, there are numerous potential clients, for whom monetizing such data will be both sustainable and profitable in the long run. Marketing research companies can derive comfort from the fact that farm inputs companies are spending an increasing amount on advertising and media. Even if a small fraction of that spend is done on marketing research, it promises big market potential for marketing research companies.

Imprint

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