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Guidebook on **Marketing**



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Guidebook on
Marketing

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List of Abbreviations

- APMC – Agriculture Produce Market Committee
- B2B – Business to Business
- B2C – Business to Consumer
- BOD – Board of Directors
- CEO – Chief Executive Officer
- FIG – Farmer Interest Group
- L₁ – Leader 1 of FIG
- L₂ – Leader 2 of FIG
- MOU – Memorandum of Understanding
- ROI – Return on Investment
- USP – Unique Selling Point

1. The Context

The saying that “*Farmers Feed the World*” underlines the importance of the agriculture and allied sector globally. Agriculture in India, which is production oriented, provides employment to around 56 percent of the workforce and contributes to the overall growth of the economy. However, it is dominated by small and marginal farmers. Due to highly fragmented and scattered landholdings, the farmers face problems of limited production quantities, inability to obtain quality inputs and gain access to credit and lack of assured markets. Experience shows that marketing through middlemen reduces margins for the farmer-producers. This has been one of the main reasons why farming operations have remained non-lucrative for most Indian farmers causing continuing rural distress. To overcome these problems, collectives of small and marginal farmers registered as companies have been promoted by the government. These are called Farmer Producer Organisations. Currently, there are around 5000 such organisations in India. These organisations are expected to collectively bargain in sourcing of inputs and marketing of the farm produce. The aim is to increase margins by reducing input cost and helping FPOs to realize better pricing for their produce through by devising business plans and marketing strategies and targeting new customers by aligning with new players.

Existing Scenario and Emergence of New Markets

A majority of the farmers in India sell their produce (both perishable and non-perishable) in APMC. These markets are established by the state government to ensure farmers are safeguarded from exploitation by large retailers. The APMC markets operate on two principles: a) ensure that farmers are not exploited by intermediaries (or moneylenders) who compel farmers to sell their produce at the farm gate for an extremely low price and b) all food produce should first be brought to a market yard and then sold through auction. However, middlemen continued to play a prominent role in marketing of the produce and business operations are highly exploitative in this market. As a result, farmers are unable to get better prices for their produce.

Two developments namely many states amending APMC Acts providing scope to private players to participate in the marketing and secondly, the changing face of the food industry in India, have opened up space for many private players to do business marketing fresh fruits and vegetables.

These private companies have their own retail chains and malls in metro cities. They have also created infrastructure for cold storage and refrigerated transport. Some of them have entered into contract farming arrangements wherein the companies provide backward and forward linkages for the farmers. However, their demand in terms of volumes and frequency is beyond the reach of individual farmers. Thus, a window is open for FPOs. The FPOs as collectives have immense opportunities to establish a sustained relationship with such market players. The FPOs being collectives of farmers can fulfill their requirements and negotiate better prices for qualitative produce grown by their member farmers.

About the Guidebook

The marketing guidebook provides definitions of the relevant concepts on markets in brief for FPOs. It also provides tips on why collective marketing is important for farmer members and what role each actor must play in executing business orders. The guidebook identifies challenges and provides strategies that FPOs can adopt to stay afloat in the competitive ecosystem of marketing of farm produce. The guidebook also shares information about the different types of markets, their advantages, and their disadvantages to devise better market strategy. In the end, it provides a set of tools to operationalise the output business at the FPO level.

2. Common Concepts in Marketing

Marketing

Marketing refers to all the necessary steps that must be carried out before sales happens or selling a product. Marketing includes the aspects of assessing needs, defining markets, storing, promotion and so on. Marketing looks at the business from the point of view of the customer, and his/her needs and satisfaction. In general, marketing covers all the steps that are necessary for a business to engage itself in the market in a continuous and profitable manner. Sales and marketing should not be confused, marketing always takes place before the sales activity. Focused marketing will lead to better and faster sales activities for a business.

Customer

The person or entity that is willing to pay the price for services or products sold by the business gets qualified as a customer. A business should endeavour to create an irresistible value proposition to its products and services so that the **customer** is willing to repeatedly buy and pay the price for the services or products. The right customer for a business is the one who repeatedly pays for/ buys its the products and services. FPOs under collective marketing must satisfy two sets of customers - suppliers, and consumers of the produce. When the FPO sells produce directly to consumer, he/she is the customer. This has however changed and today producer and consumer do not see each other face to face. Farmers sell their goods to a trader, aggregator, processor and reach the consumer indirectly. FPOs should facilitate linkages with these customers.

Marketing Information - Campaigns

Marketing campaigns involve the generation, processing and dissemination of all facts regarding the marketing of different commodities. Campaigns include information on marketing channels, buyers, quality standards and so on. As part of the marketing activities, campaigns play a crucial role in reaching out to customers across different geographies, categories of markets, and groups in a professional and effective manner.

Market Research

Market research helps the farmer members to comprehend the needs of their customers and thereby work out the strategies relating to sales of the produce. This involves systematic gathering of data related to marketing, and analysis of this data for preparing reports to be submitted to FPOs. The management of FPOs should use the findings of these reports to arrive at informed decisions. The market research helps FPOs in understanding competition and putting a successful marketing strategy in place.

Strategic Marketing

In planning for marketing, the organisation must decide what it is going to sell, to which target market and what should be marketing mix. Markets differ in their needs and requirements. They are different in terms of geographic location, economic class, social-cultural aspects, etc. Differences between domestic and international markets can be large. It is therefore important for FPOs to know their standards.

Marketing Mix

Marketing is all about building lasting relationships that satisfy the needs of the supplier and the buyer. The key elements of marketing are “customer value”, “competitive

advantage” and “focus”. This means that organisations involved in marketing must study the market, develop products or services that satisfy customer needs and wants, develop the “correct” marketing mix (product, place, promotion, price and people) and satisfy its own objectives as well as giving satisfaction to customers on a continuing basis.

It is important for Board of Directors and CEO of FPOs to be aware of these concepts and their applications to develop market strategy for FPOs.

3. Input to Institutionalise the Output Business at the FPO Level

FPOs as institutions legally owned by the farmer members face challenges not only in terms of making such enterprises profitable, but also being considerate of the members’ needs and aspirations. This is because FPO members have legal ownership as shareholders, the right to control the enterprises through democratic mechanisms and most importantly they are users of the services provided by the organisation. Hence, it is important that every member of the FPO management, executive members and members themselves contribute to the development of business and make the institution resilient.

Role of Member Farmers

The member farmers are thus the backbone of the FPO and its business. The management body of the FPO should inform them about the advantages of collective marketing. Mentioned below are a few advantages of collective marketing.

- Collective marketing empowers farmers
- It helps farmers in negotiating better prices and services
- It helps farmers to access markets outside the local area
- It can make their own institution financially sustainable
- It can develop a niche not only for their products but also for their institution

Maintaining *quality and time management* are the other two features which are important for buyers to show confidence in procuring produce from the FPOs. To achieve this, FPOs must develop systems to collect information from farmers, ensure transparent and timely communication to farmers who, then supply the produce to FPO as per the requirement of market. In this way, order can be executed on time.

Role of CEO

The CEO is responsible for business operations. He is expected to prepare plan and execute it with the help of farmer leaders of the FPO. It is his/her responsibility to ensure that quality and quantity as demanded by the buyers is met without fail. He/she is responsible for keeping an account of complete execution of the orders received from the buyers.

Role of Board of Directors

The Board of Directors represent the governing body of the FPOs. It is their mandate to develop a vision for the business at the FPO level. As FPO is a member-based organisation, this vision must be a shared vision so that every member contributes to its achievement. However, the major responsibility lies with the Board of Directors to support the organisation in achieving it. In this context, they need to develop a connect with the marketing world. They must have *Unique Selling Points (USPs) and good business credentials* to establish niche for their organisations in the market world.

In order to bring transparency and involvement of the FPO stakeholders, the following structure is suggested.

4. FPO Output Marketing Committee

Statement of Purpose

The purpose of the output market committee is to play an active catalyst role in the areas of FPOs output business by establishing and increasing the institutional output transactions to provide maximum economic benefit to the member farmers of FPO. Committee shall always conduct financially prudent transactions between buyers and farmers of the FPO.

Membership & Composition

The members of the committee should be constituted / appointed in a democratic manner and meritoriously by the Chairperson, Board of Directors of FPO and CEO.

Composition

The committee should comprise members of the Board, farmer leaders of FIGs, and non-members with expertise of marketing.

The number of committee members across various categories is suggested in Table 4.1:

Table 4.1 Composition of Committee Members

Type	Number
Board Member (one member will chair the committee)	2
Farmer leaders of FIGs	2
Member farmer	6
Market expert (can be non-member)	1

Each member farmer of the committee shall serve for a maximum of 9 months, whereas other committee members shall serve a maximum of 18 months. Board has a power to appoint and remove members of the committee. One of the Board members will be the Chairperson of the committee.

i. Tasks of Committee

Every year during the annual planning, FPO management and Board shall plan key tasks for the marketing committee to focus and execute. The Board will monitor the progress of the Committee against the tasks planned during the board meeting. A sample tasks of a typical marketing committee is shown below.

Example of Priorities

- Build a credible supplier (member farmers) database for fulfilling buyers' requirements.
- Identify and sign short –term contracts and proceed to at least 2-3 long-term contracts with buyers for commodities easily available in the FPO region.
- Train farmers on grading & sorting and create interest in the market business opportunities.
- Output target as mentioned in the business plan should be treated as target for the FPO to be achieved in the given financial year.

Duties and Responsibilities

In the marketing committee, each member will have specific duties and responsibilities as indicated below.

BODs

- The board member who is part of the committee shall be the chair of the committee.
- Chair of the committee will call the meeting and set the agenda, share minutes after the meeting with the committee members, chairperson of the Board of Governors and CEO.
- Board members in the committee will be the point of contact for buyers.

- Finalization of offers by buyers in consultation with the other members and suppliers.
- Intimate and coordinate on payments and receipts of the transaction both from the sides of farmer and buyer (maintenance of enquiry tracker and buyer ledgers).
- Layout the strategies and execution plan for increasing buyers for the FPO.
- Working with CEO and accountant of the FPO on book keeping of the transactions.
- Coordinate with farmer representatives by sharing the exact quality and quantity requirements of buyers.
- Lead monthly review meeting with committee members, farmers and buyer.

Farmer Leaders

- Collecting data on the output produced by FIG members.
- Aggregation of the output produce.
- Sharing information about buyers, orders and payments to farmer members in the FIGs.
- Coordinating with the Board of directors and CEO for collecting information on the orders.
- Sharing the feedback by farmer members to the BODs and CEOs of the FPOs.

Farmer Members

- Coordinate with the other farmer members in meeting the requirements of buyers.
- Discuss the issues with farmer leaders regarding the order requirement, production, etc.

Non-member Market Expert

- Provide technical inputs for facilitating output marketing of FPO.

ii. Operation of Committee

- All actions of the committee shall be taken by most of the members present in the committee meeting having a quorum or by unanimous written consent.
- The Committee Chair, selected by the board, is responsible for the leadership of the Committee, including preparation of meeting agendas.
- Management of the FPO will account and compensate the effort of the committee members' in actual expenses on a pro forma basis which is aligned to the results and revenue of the FPO.

Meetings

- The Committee shall meet at least once in every 15 days to perform its tasks. If necessary, the Committee Chair may call special meetings.
- The Committee shall keep records of its meetings as it deems appropriate and the Committee Chair shall report regularly to the Board on its activities.

5. Know your Market: Decoding Market Segments

Market Channels

B2C and B2B are two forms of commercial transactions. B2C, which stands for business-to-Consumer, is a process for selling products directly to consumers. B2B, which stands for business-to-business, is a process for selling products or services to other businesses. The business systems that support B2B or B2C communications, transactions and sales administration differ in complexity, scope, scale and cost. Depending on location, product, seasonality and most importantly the scope of better margins, FPO can devise a strategy either to be part of both channels or one at a time. The Table 5.1 demonstrates various market segments and the customer transaction type they perform.

Table 5.1 Market Segments & Customer Transaction Type

Market Segment	Customer Transaction Type (B2B, B2C, Both)
Export Market	B2B
Arbitrage	B2C
Retailers/Online Grocery Delivery	Both
Hotel Restaurant Café (HORECA)	B2C
Direct Marketing – Apartments	B2C
Food Processing Units	B2B

Arbitrage Market is a distant market or an alternative market where demand is more, and price realization is high compared to the local market. A market where buyers are willing to pay more for the same products/services compared to local /APMC market is called as arbitrage

market. In this market, the produce from one place/state moves to other states and fetches better prices to producers.

Retail Chain: Over the last few years, multinational companies as well as local Indian firms have made Fruits & Vegetables (F&Vs) as an important category in supermarkets and malls. This trend has given rise to retail chains selling F&V along with FMCGs.

H0- RE-CA (Hotel Restaurant Café)

These customers are medium sized food joints and hotels requiring fixed quantity of mixed vegetables 2 – 3 times in a week. These customers typically cater to anywhere between 250 and 500 plus customers every day on an average at their hotels/joints. Usually these customers would buy from APMC on a regular basis with transportation and logistics as overheads.

Large Retail Chain Outlets for Large Volumes

These customers cater to a large urban consumer base and would prefer to procure single commodities in large volumes to their ever-expanding consumer base. These companies prefer to procure from multiple suppliers with clear grading and quality specifications. The transactions are usually daily to their various outlets spread across various regions both within and outside the state.

Processing Companies

Processing companies act as suppliers or have their own labels in processed food manufacturing. These customers generally set standards and quality expectations from the beginning and provide the guidelines in seeds, variants of the produce to be grown along with the know-how. Growing and supplying the commodities by following the quality norms among the farmers group with proper crop planning is very much applicable for the FPO's operational style by capitalizing on the FIG structures within the FPO members.

Export

The international market demands highest safety and quality norms as per international standards. Recently Government has taken various initiatives under the APEDA (Agricultural and Processed Food Products Export Development Authority) to facilitate the export level transaction especially for the welfare of farmers. F&Vs are in most demand in Gulf countries and also suits the travel time and shelf life of perishables for export from India. Choosing the destination of export depending on the shelf life of produce holds key to the success for export transaction. Agreement and contracts are done mostly through electronic mode. Hence, FPOs are well suited for the facilitation of export through right education and training of farmers.

	Arbitrage	APMC/ Local Market	Retail Chains & Hotels
High Margin* (To Farmer)	 15 – 20%		 10 – 15%
High Intermediary Charges	 10%	 15 – 25%**	 10%
Regular Purchase			
Immediate payment	 5 – 7 days		 3 – 7 days
Grade based Pricing			
Quality Checks (Scientific)			

*APMC rate as baseline rate

** includes middlemen & transportation cost

Comparison of different market segment

6. Operational Tools for Marketing

These tools will assist the FPO in making effective marketing strategies for establishing linkages with buyers. The FPO should have information about the crops grown by its farmer members, total area under production of these crops and the quality of production. Similarly, tools should be used to monitor the demand side activities.

Managing the Supply side Activities: Any conversation with large buyers is often dominated by the total production, the quality of production and post-harvest practices by the FPOs. The major challenge here is to estimate volume of produce that can be delivered to the buyers, as per agreed quality standards and time.

If an FPO has about 1000 members belonging to 50 odd Farmer Interest Groups (FIGs) spread across about half a dozen villages. Knowing the cropping pattern and the exact date of harvest of each of their produce is a challenge. In this case, sales team of FPO can play an important role understanding the production schedule and ensuring that the produce is sold to relevant bulk buyers.

Tool 1: Production Schedule Format

Tool 1 presents a sample production schedule format which the farmer leaders should use for data collection. Knowing the cropping pattern and the exact date of harvest of each of their produce will assist the FPO team to ensure selling time of the produce to the bulk buyers.

Tool 1 presents a sample production schedule. It can be extended if the farmer has more than one plot. The farmer leader of each FIG should collect the information seasonally.

Tool 1 Production Schedule Format

Farmer Details		Plot 1				
Farmer Member ID (1)	Name of Farmer Member (2)	Crop 1 (3)	Area under Crop 1 (ha) (4)	Planting time of Crop 1 (Date & Month) (5)	Harvest Time of Crop 1 (Date & Month) (6)	Expected production of Crop 1 (7)

Note: If the farmer has more than one plot or grows two or three crops, columns 3 to 7 can be used for collecting information.

Tool 2: Procurement and Aggregation Tool

Tool 2 helps the FPO to develop linkages with buyers by sharing the information about the crops produced by FPO farmer members and the quantity which FPO can supply. The information from Tool 1 will help the FPO to receive indents from the buyer. To deliver to the buyer at the agreed time, it is necessary for the FPO to develop a plan for procuring the produce from the farmer members. The plan will help in preparing time schedule for procurement of produce from farmers and making delivery to buyers efficiently.

Tool 2 Procurement and Aggregation Tool

Farmer Details		Plot 1		
Farmer Member ID	FIG ID number	Harvest Time (information from Tool 1)	Expected procurement & aggregation time from farmers at FIG	Expected Delivery to the buyer

For example, FPO receives an order from buyer to deliver 5 tonnes of capsicum. The FPO using the information from Tool 1 sees that capsicum will be harvested in the next 15 days. The FPO uses the procurement and aggregation plan and based on the harvest time, forecasts a delivery time to the buyer. Thus, the FPO can tell the buyer that the delivery will be done by 20 days. If it is acceptable to the buyer, the FPO can execute the order accurately.

Tool 3: Enquiry Tracker Sheet

It is important for FPOs to track the indent received for ensuring transparency. The FPO can use Tool 3 which is the enquiry tracker sheet. The sheet will help the FPO receive the indent and enter the details about order fulfilment and subsequently track the payment schedule thereafter. The buyer can also have the access to the tracker sheet to place the indent to the FPO. Tool 3 provides a format of enquiry tracker sheet.

Tool 3 Enquiry Tracker Sheet

Enquiry and Order Qualification (To be filled by Intermediary agency/Buyer)				Order Fulfilment by FPO to Buyer (To be filled by FPO or supplier agency)						Payment by Buyer to FPO (To be filled by Buyer / Intermediary)			Payment by FPO to Farmer (to be filled by FPO)					
Enquiry No	Enquiry Date	Buyer Name	Enquiry for FPO	Tentative Value of Order (Quote)	Order Due Date	Commodities Availability	Purchase Order Status	PO Remarks	Grading & Sorting	Loading Date (Invoice Date)	Invoice Value	Due Date	Received Date	Payment Status	Due Date	Received Date	Payment Status	
1	01-01-2019	Way Cool	Aneka	25000	12-01-2019	Partial	On-Hold		Yes	10-01-2019	28000	20-01-2019			To Do			To Do

Marketing Activities for FPO

After finalizing the marketing strategy and markets that FPO intends to do business, it must decide on the appropriate marketing activities. Below is the list of marketing activities that an FPO can take up:

Trade Shows and Food Melas: Attending trade shows related food events happening in various cities within the state and outside is one important marketing activity. Many institutional food processing and food product companies take part in these events. Understanding need of market players/buyers will help FPOs to approach them to sell their produce.

Online Portal & Retail Chains: Fresh fruits and vegetable retail chain outlets as well as on-home delivery companies are scaling their operations on a large pace covering both urban and semi urban regions. Regular supply contracts with outlets within 50 – 100kms of the FPO or to the company’s centralised warehouse can be a good marketing opportunity to the FPOs.

Interstate APMC: Various APMC of other states can be called Interstate APMC. FPO should tie up with traders of other state APMC. Transactions done through this direct mode will cut down unnecessary intermediary cost both within and outside the state.

Intra-state FPO: FPOs are spread across various districts of the state. Each region has its own seasonal variety of commodities grown. Identifying the gaps and needs of the region through FPOs of the other regions and fulfilling the demand of each other through MOU between FPOs.

This approach is convenient both from administrative & operations perspectives for the output sales business.

7. Marketing Budget Plan

Marketing effort requires considerable amount of time and money to be invested. Hence it is important to account the marketing cost during the annual budgeting activity. As a good marketing practice preparing annual marketing budget and tracking is recommended for FPOs. The budget will earmark funds for operational activities, personnel cost, administrative and statutory expenses relating to marketing effort. Marketing spend should be driven by the next year’s sales target. Let us consider XXX FPO had sales of 50,00,000 INR in 2018-2019 and they want to increase it to 1,00,00,000 INR for 2019-2020 as indicated in Table 8.1. A typical recommended marketing budget allocation for an FPO to achieve the above goal is to set aside 15% of its overall budget as marketing budget.

For example, if increasing exports is a focus area then a significant marketing expenditure must flow in to trade shows and increasing the web presence. If online retailing is a focus area, then the customer analytics targeting online customers must be enhanced to ensure a better ROI for spending on marketing .

Calculating RoI (Return on Investment) on Marketing
RoI on marketing is the (Sales Growth - Marketing Cost) / Marketing Cost. This is a metric to track year on year and keep on aligning the marketing cost and activities to get better sales.

Table 8.1 Marketing Budget Allocation

Budget Head	Amount
Total Sales	1,00,00,000.00
Total Marketing Budget	14,60,000.00
Strategy	2,00,000.00
Branding	2,00,000.00
Advertising (Billboards, Bus wraps, Radio, Handbills, Newspaper ads)	2,50,000.00
Trade Shows	1,50,000.00
Sales & Marketing alignment	1,00,000.00
Total Digital Budget	5,60,000.00
Online Advertising (Search, Display & Social)	2,25,000.00
Email & Website	30,000.00
Content Target Marketing	1,00,000.00
Management, Consulting, Training	1,50,000.00
Marketing Technology	55,000.00

Marketing Indicators

How can one tell if an FPO has succeeded in marketing? Can performance be measured by simple metrics over a period? Listed below are a useful set of metrics to begin monitoring month on month (MoM), quarter on quarter (QoQ) and year on year.

The below table is suggestive for FPOs to track the performance progress of marketing division and its activities.

Table 8.2 Marketing Indicators

	Indicator	Description	Frequency
1	Marketing Campaigns VS. Enquiries	Indicates call of interest by individuals/institutes for FPOs to do business based on the marketing information received in various campaigns	Monthly
2	Marketing Campaigns VS. New Leads	Conversion of enquiries received from various campaigns into qualified leads for FPO business	Monthly
3	Sales Turnover from Task Force Committee	Contribution to sales through output market committee's direct involvement	Quarterly
4	Channel wise Sales Growth - B2B and B2C	Indirect means of measuring the contribution of marketing spent across channels	Quarterly
5	Marketing Budget Variance	measures budget spent versus planned budget to track the work of marketing activities	Six months

Some of the other broad indicators which are useful for strategic planning are presented below

- a. Distribution of sales across multiple market segments – Each FPO should have yearly target of the distribution of sales across market segments. While all customers are important, FPO should must keep a eye on less desirable customers i.e. those serving with less profitability. Hence wedding out less profitable customers and bringing in better ones is a key measure. This approach will give the FPO ability to earn higher margin for the different grades and quantity of products they procure from farmers by focusing on meeting the customer target.

8. Role of Credit in Output Marketing

In APMC and other open marketplaces, farmers usually sell produce in cash and carry mode. Middlemen prefer cash and carry transactions when demand is high and supply is less. As the demand decreases and supply is high, middlemen tend to make partial or delayed payment to farmers. In such cases farmers tend to dispose of the produce rather than bearing extra cost for storage as an act of distress sale. Sudden spike in demand or shortage in supply or for various socio-economic reasons farmers are pushed to go for credit sales with intermediaries.

In the case of FPOs, the nature of the transactions for output marketing is through the market channels such as B2C and B2B. In B2C channels, consumer transactions are at Point of sale through cash.

In the B2B transactions buyers are institutional and payment is usually with net period of 10 to 15 days or may be more depending on the commodities. In B2B Transactions FPOs have to offer credit period to the buyer and it is usually a business norm in the market.

Buyer can request lesser credit period in case of perishables such as Fruits and Vegetables and expect more credit period of 15 to 30 days for other Non- perishables. The credit period requested and extended by the FPOs to buyers might need to consider various other parameters such as demand of the goods, season, billing cycle of the company, financial year endings or quarter endings. FPOs need to understand the role of credit in transactions and align the payment expectation with the suppliers who are farmers/member farmers of the FPO. Business transactions at FPOs are different from APMC model and taking the farmers into confidence for such transactions is very important.

However, FPOs to keep the interest of the farmers can avail various financial tools to make payment to the farmers rather than depending entirely on the buyer payment to make the payment to farmers. Ideally FPOs are suggested to keep a corpus or surplus fund for output transactions which can be used to pay the farmers if there is too much delay from the buyer to FPOs. Another formal option could be using financial services offered by various banks and other financial agencies. Two important such services that can be discussed here are overdraft (line of credit) and invoice discounting.

Overdraft (OD): is a straight forward line of credit extended by the bank based on the transactions done by the FPO in the bank. Interest rate are minimal and the credit option is suited for the business. FPOs can explore

this option in carrying out the output business smoothly without delaying the payment to farmers. However FPOs have to adjust the billing or pricing in such way that the interest rate of OD should not erode the profitability of transaction for FPOs business.

Factoring or Invoice Discounting: This instrument is very flexible and considers invoice as collateral for extending credit to the business. Invoice discounting can be done on behalf of the buyer or from the supplier. In invoice discounting, the banker can make the advance payment to vendor /supplier by keeping commission and will recover the money from the buyer/payer after stipulated credit period agreed. Again, FPO must adjust the billing or pricing in such a way that the interest rate of Factoring (if factoring is done from FPO side) should not erode the profitability of transaction for FPOs business.

Various such credit instruments are evolving in the financial markets and FPOs should look out and make use of these in a favourable manner. Role of credit is to ensure that the business runs with high velocity and without shortage of working capital.

9. Limitations of Output Business at FPO Level

Collective marketing of produce has some particularities. Organisations involved in collective marketing must satisfy two customers: the suppliers/producers and the buyers of the produce. The suppliers are often the members of the FPOs. Hence their priority is business with members. This sometimes restricts the selection of markets and types of products. FPOs have less freedom because they are compelled to buy from members, expected to buy what members supply and pay a fair price for the produce. This situation can affect their ability to compete with, *for example, traders, who have more freedom to choose the farmers*

and supply to markets. This poses several challenges to management teams involved in marketing, especially in a market where uniform product quality is required.

Suggested ways to provide benefits to member farmers are as follows:

Improved Production Standards: FPOs can support their member farmers by connecting them to institutions which provide extension services as this can help them to raise the production standards.

Product Upgrading: Product upgrading means improvement of the product marketed. Farmers can improve their product in many ways. They can plant a new variety that has more desirable characteristics; or receive support with post-harvesting activities, which increases the quality and the price of the product.

Process Upgrading: it implies producing the same product more efficiently, by applying new technologies or management methods. *For example, farmers may grow more by applying fertilizer; they may reduce pest attacks and save costs through integrated pest management rather than spraying.*

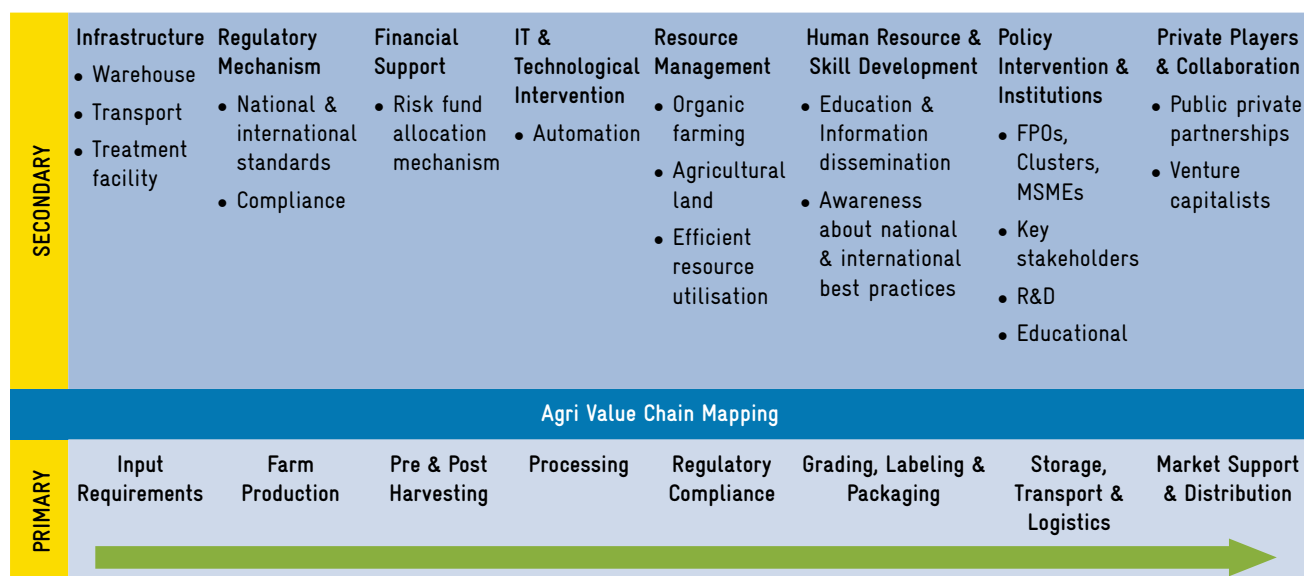
Diversification

This is another way of providing value addition to members. Often the focus is on “doing better” than on “doing different”. It can also be strategic for FPO to explore how higher returns can be obtained by doing different things. FPOs can recommend those crops which have better markets.

Functional Upgrading: Functional upgrading means taking on new activities or changing the mix of activities a FPO undertakes in order to add value to the produce marketed. Processing and branding are examples of functional upgrading for FPO. These kinds of activities are often not feasible for individual farmers. *For farmers, collective marketing is an example of functional upgrading:* FPO enables farmers to perform a function higher up in the value chain, namely marketing instead of production alone.

10. Annexures

Annexure 1



Pictorial view of Value chain map

Annexure 2

List of annual events conducted by government and private agencies for agricultural products:

Sl No	Name of the Event	Specialty
1	World Food India	A leading event for the Indian food market
2	Agro World (India International Agro Trade and Technology Fair) (AgroWorld (IATF))	The gateway to global agri business
3	Krishithon	India biggest agri expo
4	Dairy Fest	International trade exhibition on dairy and animal husbandry.
5	Poultry Fest	An international exhibition on poultry and livestock sectors.
6	Agri Fest	An international exhibition on agriculture and allied sectors.
7	BioFach India	India's largest and most focused event for organic products
8	India Food Expo (IFX)	Most prominent food processing and technology Exhibition in India
9	International Crop Science Conference & Exhibition (ICSCE)	An exclusive event on agri inputs
10	HortiPro India	The future is green - horticulture focused exhibition
11	FarmTech Asia	International exhibition and conference on agriculture, dairy and livestock technology
12	Agri & Organic Mela	Karnataka's largest exhibition on agriculture, farm machineries, livestock, dairies, poultries, equipment's, agri processing technologies, organic products & millet's
13	Agrovision	An aim to teach and train the farmers about the new technologies, innovative methods to increase the farm yield
14	Poultry India Exhibition	South Asia's biggest international poultry exhibition
15	Kisan Fair	India's largest agriculture industry show

Sl No	Name of the Event	Specialty
16	Agriculture Dairy & Food Processing Tech Expo (ADF Tech Expo)	ADF TECH - Let's innovate, update & transform agri for a new India by doubling the income of farmer
17	DAP Expo	India's largest agri dairy & poultry expo
18	Krushi Mahotsav	Diversified culture of India & Agriculture Heritage
19	Krishi Mela	Show case the latest technological advancements, products, services in the field
20	Fresh Produce India	Fresh produce India is discovering the power of packaging, right from protecting and preserving fruit to merchandising product and adding value to the consumer offering. We showcase some of the latest
21	Fresh India Show	Fresh India show aimed at strengthening the F&V industry in India and the entire Asian markets. Our vision would be to attract to many decision-makers from different nations including the producers, wholesalers
22	CII Agro Tech India	The premier agri & food technology fair
23	Agri Show (Agriculture Exhibition)	A complete agri show
24	United Agri Tech	Provides a unique platform to showcase your products, services, and technology from pre harvest to post harvest. It also offers networking opportunities with targeted groups which high
25	Agrovision India	Agrovision is Central India's largest agricultural event held in Nagpur every year. The event is composed of a large exposition of more than 200 organizations including agro companies, Agricultural Universities and Research Institutes, Central & State Government agencies, PSUs, NGOs, Agricultural Boards, Banks and others.
26	Krishi Mela	Various Krishi melas by Indian Council of Agricultural Research (ICAR)
27	Agro World	As India's institutions are providing global expertise and cooperation, it has become the gateway to almost two dozen Asian countries and whole African continent. Though 8% of world's food is grown here, the share in global trade remains dismal at 2%.
28	International Cooperatives Trade Fair	First Ever India International Cooperatives Trade Fair (IICTF) - A unique initiative for taking farmers, artisans & other members of cooperatives directly to the global trade arena
29	Organic Millets Fair	The Trade Fair will have a prominent and unique 'Jaivik India' section for Organics & Naturals, which have been identified as a growing demand area. It will be a common meeting place for organic networks from across the world to share expertise, knowledge, and business practices. For Karnataka, it would offer a major platform to showcase its organic produce, diversity and the overall competence of farmers/ farming groups. Over 1 lakh people including traders, visitors and farmers are expected to converge at this showpiece event.

List of annual events conducted by the government and private agencies for agricultural products


Annexure 3

List of Magazines/Newsletter (Govt/private) for agriculture marketing

- i. <https://ruralmarketing.in/magazine/>
- ii. <https://krishijagran.com/magazines/>

- iii. <https://agrimech.net/>
- iv. <http://www.businessofagriculture.com/>
- v. <http://www.agriculturetoday.in/>
- vi. <https://icar.org.in/content/magazines>

List of magazines and websites for agriculture marketing



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