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## Marketing strategies of start-ups in agriculture: A case study

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**Abstract**

The present study reveals that the strategies adopted by the green grow nutrients company through some of the activities influenced the growth of the company. The strategies followed by the company are branding (social media), pricing (price discounts), promotion (Krishi Mela participation), distribution (awarding best dealer) and maintaining cordial public relationship (distribution of diary and calendar). Among the constraints, lack of popularity of products among farmers was the most important constraint followed by high procurement cost, non-availability of financial support and high-interest rate, non-extension of subsidies, high competition from substitute products, non-availability of technically trained personnel and lack of credit. This study clearly reveals that the start-up company has performed better in relation to its objectives. Hence, there is need to promote start-up companies in Agri-business sector through changes in Government policies.

**Keywords:** Marketing strategies, constraints

**Introduction**

Green Grow Nutrients Pvt. Ltd. was the start-up company selected for the study. It was established in the year 2013 with the brand name of "SRUSTI" by well competent and proficient members from the Agriculture and Horticulture background. The motto of the company is to guide the farmers in nutrition management by giving proper crop and nutrition schedules. Vision is to become the best quality nutrients and solutions provider to the farming community. The farmers have been realizing the low marginal profit or negative returns with conventional farming. With an introduction of micro irrigation and fertigation in India, yield levels of many horticultural and field crops have been increased many folds and the farm income substantially improved. Drip irrigation has saved 40 to 70 percent of irrigation water along with yield increase from many crops, thus increased water use efficiency and irrigation efficiency up to 90 percent. Hence micro irrigation and fertigation technique has been popularized among farmers. Water-soluble fertilizers are meant for injection via the micro-irrigation system because of their higher solubility in water and higher uptake by plants. Fertigation with water-soluble fertilizers reduced the fertilizer dose (25 to 30 percent) increased the fertilizers use efficiency and quality of farm produces. The water-soluble fertilizers are imported and became costly compared to conventional fertilizers. The optimum dose of fertilizers with proper fertigation scheduling has to be advocated farmers to save money towards fertilizer cost. Products: Micronutrients, organic liquids, secondary liquid fertilizers and srusti water-soluble fertilizers. This company involved in the supply chain model of the agriculture start-ups by supplying the granular formulation of micronutrients used for fertigation. In this backdrop present study is an attempt to assess marketing strategy besides constraints faced by the company with following objectives.

1. To examine the marketing strategies of the company
2. To document the constraints of the company

**Methodology**

The present study was carried out during 2017-18 to analyse the marketing strategies of the Green Grow Nutrients and its constraints.

**Selection of study area**

Bengaluru is the start-up hub of the country and the Green Grow Nutrients Pvt. Ltd. Company is located in Bengaluru. Hence, the present study was carried out in the company itself 20, 2nd Floor, SJP Arcade 2nd cross Balaji layout Dasarahalli Main Road Dasarahalli, Rachenahalli, Lake, Bengaluru, Karnataka 560024. Bengaluru is one of Asia's fastest-growing cities and

India's fifth-largest city. Situated at an altitude of 920 meters above sea level, Bengaluru is the principal administrative, cultural, commercial and industrial center of the South Indian State of Karnataka. It has seen a major technology boom and is now home to more than 250 high-tech companies, including home grown giants like Wipro and Infosys. The erstwhile garden city has now been pegged the 'Silicon Valley' of India.

### Data collection

The present study depends on both primary data relating to the marketing strategies and constraints were assembled by personnel interview of the managers at different levels in the company.

### Analytical framework

The descriptive statistics was used to analyse the marketing strategies and Garrett's Ranking (GR) Technique and rank were used to analyse constraints in the present study.

### Garrett's ranking technique

The constraints were analysed by using Garrett's ranking (GR) technique. The orders of merit given by the employees were converted in to rank by prosecuting the formula. As per this method, employees have asked to assign the rank for all constraints and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where

$R_{ij}$  = Rank given for the  $i^{\text{th}}$  variable by  $j^{\text{th}}$  employees

$N_j$  = Number of variable ranked by  $j^{\text{th}}$  employees

With the help of Garrett's Table, the percent position estimated was converted in to scores for each constraint, the scores of each individual are added, total value of scores and mean values of score was calculated. The constraints having highest mean value was considered to be the most problem faced by the company.

## Results and Discussion

### Marketing strategies followed by the Green Grow Nutrients Pvt. Ltd. Company

Table 1 represents the marketing strategies followed by Green Grow Nutrients Pvt. Ltd. Company. The marketing strategies were identified and divided into five categories they are branding, pricing, promotion, distribution and public relation strategies.

**Table 1:** Branding strategy used by Green Grow Nutrients company (N=30)

Sl. No.	Activities	Number	Percentage
1.	Social Media (Facebook, What's App, etc.)	16	54.00
2.	SMS	13	44.00
3.	Others (Posters)	1	2.00

The details of strategies used to a brand in the market for Green Grow Nutrients products are presented in the Table 1 social media was frequently used by the company to an extent of 54 percent followed by SMS of 44 percent and others includes posters of 2 percent.

The branding strategy in which social media is the activity frequently used because presently an era of internet and social media usage is drastically increasing day by day. Everyone

bears their android phone installed with Facebook and What's App. Hence, the company frequently uses this social media as the activity to create a brand in the minds of the customers, followed by SMS. The company executive collects the contact details from their respective dealers and SMS regarding the product details, availability of products, etc. were forwarded to the customers and influences the customers to use the products this is used to the customers those who are not involved in social media. The display of posters which attracts the customers in rural areas to use the products and aware about the company. These results are in contradiction to the findings of Kazemi (2010) [10].

**Table 2:** Pricing strategies used by Green Grow Nutrients company (N=30)

Sl. No.	Activities	Number	Percentage
1.	Price discounts	10	33.00
2.	Quantity discounts	8	25.00
3.	Free delivery	7	22.00
4.	Competitive Pricing	5	20.00

The details of the pricing strategies used were presented in Table 2. The company follows the price discounts method frequently to an extent of 33 percent followed by quantity discounts, free delivery and competitive pricing of 25 percent, 22 percent and 20 percent respectively.

This is the main strategy in which any company must follow some of the activities to retain the customers. These customers are price sensitive so the company follows price discounts as the frequently used activity which provides price discounts to some extent in terms of percentage to the dealers intend to reach the customer. Similarly, quantity discounts are provided such that the dealers must sell some quantity of products in a given period. The dealers enjoy the activity, improves sales, which in turn, leads to earning a better profit.

The competitive pricing is one of the activity the company is following because the company is facing heavy competition from the substitute products. Therefore, the company follows competitive pricing to get free from its competitors.

Free delivery of the products to the dealers' shop which favours the dealers' encouragement and retains them. The amount spent on transportation is later claimed by the company.

**Table 3:** Promotional strategies used by Green Grow Nutrients company as perceived by the personnel (N=30)

Sl. No.	Activities	Number	Percentage
1.	Krishimela	9	30.00
2.	Method and result demonstration	6	20.00
3.	Free samples	5	17.00
4.	Advertising	3	10.00
5.	Field days	3	10.00
6.	Udyanamela	2	7.00
7.	Leaflets	1	3.00
8.	Others (Wall paints and hand bills)	1	3.00

The details of strategies used to promote the products were presented in Table 3. participating in Krishi Mela influences frequently of 30 percent followed by method and Result demonstration (20%) free-sample distribution (17%), Advertising and field days (10% each), udyanamela (7%), others (3%) which includes wall painting and pamphlets and leaflets (3%).

The company is frequently participating in KrishiMela is the foremost activity which influences the promotion because in

the Krishimela more number of the farmers gathered for seeking of new entrants of the products and companies they needed. So, the company focused on Krishimela for the promotion of products as well as the method and result demonstration in which this activity carried in the farmer's field where the farmers gathered and the company proves the effectiveness of the products done by the method and result demonstration to prove the worthiness which establishes local proof.

Free sample distribution to the farmers is like a trial and error method where the farmers gain trust on the products because the farmers personally experimented in their farm field they came to know the effectiveness and efficiency of the Green Grow Nutrients company and products which leads to the promotion of the products.

Advertising in the rural areas is the activity occasionally used to promote the products by distributing the folders, pasting on the walls near tea shops in the villages where the farmers are identified and they are visiting daily to that places which creates awareness among public.

Arranging field days to show the worthiness that these kinds of products available in the market and make use of the product and participating in udyanamela to promote the products and to create awareness among this shows seeing is believing and learning by doing is more powerful extension strategy farmers which is rarely used activity. Others include wall painting and hand bills pasting on the wall which attracts the farmers in the fair as well as Farmers Fair in rural areas where the farmers are gathered in large numbers followed by leaflets distribution in the dealers shop the activity rarely used to promote the products.

**Table 4:** Distribution strategies used by Green Grow Nutrients company (N=30)

Sl. No.	Activities	Number	Percentage
1.	Awarding best dealer	6	19.00
2.	Cash benefits for achieved targets	5	18.00
3.	Gifts like fridges, watches	5	17.00
4.	Annual get together	4	14.00
5.	Trips	4	13.00
6.	Dealers development	2	7.00
7.	Leaflets	2	6.00
8.	Others (Utencils and speaker)	2	6.00

The details of distribution strategies used to distribute the products were presented in Table 4. The awarding best dealer stands first (19%) which is used frequently followed by cash benefits for achieved targets (18%), gifts (17%), annual get together (14%), trips (13%), dealers development (7%) leaflets and others (6% each) which include utencils and speaker.

The distribution channel of the company is Producer → Green Grow Nutrients Pvt. Ltd. → Dealer or Retailer → Customer or Farmer. In this channel, the company should take care of the dealer as well as the customer too. Thus, the company executive follows some of the activities in which awarding best dealer is frequently used by the company wherein the dealer with maximum sales and the performance of a particular dealer performance is worked out and that dealer is awarded in the function where all the dealers are gathered. This activity is followed by cash benefits for achieving targets is frequently used next to awarding best dealers. The company gives the target sales to each dealer for a stipulated period in which if the dealers reach the target in that period. The dealer

identified and cash benefit is given as the encouragement gifts.

The company follows distributing gifts, annual get together and trips activities occasionally to distribute the products in which these activities swallow the profit of the company. Therefore, these activities are occasionally used. Dealers development, leaflets and others include good public relations, utensils and speaker which is used rarely because these activities are not more influences the sales volume of the company products. Hence, these activities are used very rarely.

The details of public relations strategies used to have good relationships with all along the distribution channel were presented in Table 5. The diary is frequently used as the strategy with (27%), followed by calendar (20%), gifts (20%), T-shirts (10%), pens (10%), hats (7%), jackets (3%) and others (3%) includes wall clock.

As Table 5 indicates that diary, calendar and gifts are the activities are frequently used to maintain the good public relation because the customers are expecting something extra benefit from the company and usage of these activities fully satisfies the customer expectations which maintains the good public relation as one bad thing spread faster than one good thing.

**Table 5:** Public relation strategies used by Green Grow Nutrients company (N=30)

Sl. No.	Activities	Number	Percentage
1.	Diary	8	27.00
2.	Calendar	6	20.00
3.	Gifts	6	20.00
4.	T-shirts	3	10.00
5.	Pens	3	10.00
6.	Hats	2	7.00
7.	Jackets	1	3.00
8.	Others(Wall clock)	1	3.00

Distribution of T-shirts, pens and hats are occasionally used by the company where these activities influence less on sales when compare to the top three activities. Others include wall clock distribution and good relations with dealers as well as customers are rarely used because maintaining direct contact with the customer is not an easy job. So, these activities are used rarely wherein the situation that the company fails to retain the customer and dealer in this condition the company focuses on these activities.

The activities mentioned above practiced by the company and used as the respective strategy to increase the sales and earn more profit which directly influences the growth and development of the company.

#### **Constraints faced by the Green Grow Nutrients Pvt. Ltd. Company**

Table 6 represents the constraints faced by Green Grow Nutrients Pvt. Ltd. Company. Among the constraints, lack of popularity of products among farmers was the most important constraints followed by less support by Government, high procurement cost, non-availability of financial support and high-interest rate, non-extension of subsidies, high competition from substitute products, and non-availability of technically trained personnel and lack of credit.

This was analyzed by using Garrett's ranking technique. The orders of merit given by the employees were converted into a rank by prosecuting the formula. As per this method, employees were asked to assign the rank for all constraints

and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

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$R_{ij}$  = Rank given for the  $i^{\text{th}}$  variable by  $j^{\text{th}}$  employees

$N_j$  = Number of variable ranked by  $j^{\text{th}}$  employees

With the help of Garrett's Table, the percent position estimated was converted into scores for each constraint, the scores of each are added, the total value of scores and mean values of the score was calculated. The constraints having the highest mean value was considered to be the most problem faced by the company.

**Table 6:** Constraints faced by Green Grow Nutrients Pvt. Ltd. (N=30)

Sl. No.	Constraints	Mean score	Rank order
1.	Lack of popularity of products among farmers	79.20	I
2.	Less support by Government	74.83	II
3.	High procurement cost	72.97	III
4.	Non-availability of financial support and high interest rate	72.37	IV
5.	Non extension of subsidies	72.00	V
6.	High competition from substitute products	71.83	VI
7.	Non-availability of technically trained personnel	69.10	VII
8.	Lack of credit	67.70	VIII

Lack of popularity of products among farmers' trend is possible since the company is not using the mass media and electronic means to popularize its products. As a result, less exposure to mass media sources like newspapers, television, etc. leads to low awareness in less developing countries like India could be brought here to substantiate this finding.

The less support by the Government concerning promoting the small scale industries is the reason which leads to the lack of support by the Government. Hence, the company personally involved in the promotion of the products by conducting some of the activities like advertising, free samples, method and result demonstration, etc. This seeks the support of Bisaria (2014) [4].

High procurement cost is the third-ranked constraint faced by the company in which it happened due to transporting from the production center to this company leads to an increase in the procurement cost. This results are supported by Pandey and Agarwal (2005) [13] Patel and Chavda (2013) [14].

Non-availability of financial support and high interest rate is the problem faced by the company where the company is seeking the financial institution which gives the debt on less interest rate because the financial support is not sufficient to run the business as these products sales are seasonal. But the company need to pay the salaries to the employees working in the company. This constraint is strongly supported by Raju and Reddy (2015) [15].

The micronutrients have no subsidies provided by the Government. So, the farmers are not investing in the supply of micronutrients to the plants which leads to less productivity in terms of yield which leads to the fewer sales of products of the company.

Relating to the need to raise the existing subsidies fertilizer policy to make it more appropriate for Indian condition and favour sustainable growth of the agriculture sector the central Government sector induces wide consultation. The issue in wide consultation and need to examine back ended the subsidy through NABARD for setting up of bio fertilizer unit which is 25 percent of cost subject to the maximum limit of is being provided to farmers. (Department of Agriculture Co-operation and Farmers Welfare), Source: Anonym (2018) [2].

There is a lot of competition in the agri-inputs start-up or a company. There is a need for a lot of effort to become the leader in the market. This company is in the nascent stage so the company is facing competition from the existing company leads to unfavourable input prices. These results are supported by Bairwa *et al.* (2011) [3].

The non-availability of technically trained and experienced personnel is the problem but not the major constraint faced by the company because there is a lot of unemployment in Karnataka as well as India. Many graduates are searching the job. Hence, the left job is replaced very fast but the fresher hand is the major problem those who are seeking training before entry to the actual work in case of experienced hand they know how to work and they can easily adapt to the work. These results are supported by Patel and Chavda (2013) [14] and Zia (2015) [21].

Lack of credit happens due to the non-payment by farmers' debt to the dealers which indirectly forces the non-payment to the company also. Hence, the credit must be provided on the range basis it means the huge amount of credit should not be provided to the farmers and dealers also. The repayment period should be initiated by the company to recollect the credit.

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