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DEPARTMENT OF AGRICULTURAL ENGINEERING

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AI3018-AGRICULTURAL BUSINESS MANAGEMENT

UNIT 5 : MARKET PROMOTION AND HUMAN RESOURCES AGRICULTURAL PRODUCTS

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UNIT 5 : MARKET PROMOTION AND HUMAN RESOURCES

Agricultural Products:

- ✓ Agricultural products include a wide variety of goods, such as fruits, vegetables, grains, livestock, dairy products, and processed foods. These products are essential to the global food supply and economy and vary based on the region, climate, and farming practices.
- ✓ In the context of agricultural products, **marketing promotion activities** and **product pricing methods** are critical components of a comprehensive strategy aimed at boosting sales, increasing market share, and ensuring profitability.

Below is a detailed explanation of these two aspects:

1. Agricultural Products - Marketing Promotion Activities

- ✓ Marketing promotion activities for agricultural products are strategies and tactics used to increase awareness, drive demand, and persuade customers to purchase a particular product. These activities often revolve around understanding the target audience, building brand awareness, and utilizing various promotional tools.

Some key promotion activities include:

a. Advertising:

- ✓ **Traditional Advertising:** This includes using TV, radio, newspapers, and magazines to promote agricultural products. This is especially useful for reaching a broader audience.
- ✓ **Digital Advertising:** Leveraging digital platforms such as social media (Facebook, Instagram, Twitter), Google ads, and email marketing to reach consumers directly. Targeted advertising on platforms like Facebook or Google can help agricultural businesses reach specific demographic groups interested in their products.

b. Sales Promotions:

- ✓ **Discounts and Offers:** Offering limited-time discounts, bundling products, or offering rebates can encourage customers to buy agricultural products. For example, offering a discount on organic produce for a limited time can drive up sales.
- ✓ **Coupons:** Distributing coupons via online platforms or through local markets can stimulate purchases. A discount for future purchases can also be a way to ensure repeat business.
- ✓ **Loyalty Programs:** Programs that reward customers for repeat purchases, such as earning points for every purchase that can be redeemed for discounts or other incentives.

c. Public Relations (PR):

- ✓ **Community Engagement:** Engaging with local communities through agricultural fairs, expos, or sponsoring community events can create goodwill and promote the brand.
- ✓ **Sustainability Initiatives:** Promoting the brand's environmental or social sustainability practices (like organic farming or fair trade) can help attract environmentally conscious consumers.
- ✓ **Press Releases and Media Coverage:** Companies may also seek media coverage to highlight new product launches, certifications (e.g., organic or sustainable), or other important achievements.

d. Personal Selling:

- ✓ **Direct Sales Teams:** Farmers or distributors may have salespeople who work directly with customers (wholesalers, retailers, or direct consumers) to promote agricultural products.
- ✓ **Demonstrations and Sampling:** Organizing events where customers can sample agricultural products like fruits, vegetables, dairy, or processed goods helps generate interest and word-of-mouth advertising.

e. Online Presence and E-Commerce:

- ✓ **Websites and Online Stores:** Creating an online store allows agricultural businesses to sell directly to consumers, bypassing traditional intermediaries. Platforms like Shopify, Amazon, or local agricultural markets can serve as online sales channels.
- ✓ **Content Marketing:** Writing blogs, producing video content, or running webinars on topics related to farming, health benefits of products, or sustainable agriculture can help build an engaged community and trust in the brand.
- ✓ **Influencer Marketing:** Collaborating with influencers, especially in niches like organic or health-focused products, can help promote agricultural products to targeted segments.

f. Trade Shows and Exhibitions:

- ✓ Participating in agricultural trade shows allows businesses to showcase their products to a large audience of wholesalers, retailers, and potential customers. This helps increase brand visibility and can lead to bulk orders or distribution contracts.

g. Packaging and Labeling:

- ✓ **Attractive Packaging:** For many agricultural products (especially processed goods), packaging plays a key role in promoting the product. Eye-catching, eco-friendly, or functional packaging can differentiate a product from competitors.
- ✓ **Clear Labeling:** Providing transparent information about the origin, quality, sustainability, and benefits of the product on the packaging helps build consumer trust.

2. Agricultural Products - Product Pricing Methods

- ✓ Pricing is a critical aspect of any product's marketing strategy. It determines profitability, consumer demand, and market positioning. Various pricing methods can be used depending on the nature of the agricultural product, the market conditions, and the business goals. Some of the most common pricing methods are:

a. Cost-Plus Pricing:

- ✓ **Definition:** This method involves setting the price by adding a fixed markup to the cost of producing the agricultural product.
- ✓ **Example:** If it costs \$1.50 to produce a carton of apples, and the business adds a \$0.50 markup, the price of the apples will be \$2.00.
- ✓ **Advantage:** Simple and ensures the business covers its costs and makes a profit.
- ✓ **Disadvantage:** Doesn't account for market demand or competitors' pricing.

b. Competitive Pricing:

- ✓ **Definition:** Setting the price based on competitors' prices for similar products. If competitors offer similar produce or agricultural goods, businesses may price their products similarly to stay competitive in the market.
- ✓ **Example:** If a competitor is selling organic tomatoes at \$3.00 per kg, a farmer might price their organic tomatoes at \$2.95 to attract price-sensitive customers.
- ✓ **Advantage:** Helps stay competitive and respond to market conditions.
- ✓ **Disadvantage:** The business has little control over the price and might have to lower prices to stay competitive.

c. Penetration Pricing:

- ✓ **Definition:** Setting a low price initially to attract customers and gain market share, with the intention to raise prices later as brand loyalty develops.
- ✓ **Example:** A new organic farm might sell its produce at a discount for the first few months to build a customer base.
- ✓ **Advantage:** Can quickly generate customer interest and build a market share.
- ✓ **Disadvantage:** If the business raises prices too soon, it may lose customers who were attracted by the low price.

d. Skimming Pricing:

- ✓ **Definition:** Setting a high price initially to maximize profit from early adopters before gradually lowering the price over time.

- ✓ **Example:** A new high-tech farming product, like a new type of greenhouse system, might be sold at a high price initially to capture the early market, then lowered as more competitors enter the market.
- ✓ **Advantage:** Maximizes profits early on, especially if the product is innovative or unique.
- ✓ **Disadvantage:** Higher prices might deter price-sensitive customers.

e. Value-Based Pricing:

- ✓ **Definition:** Setting the price based on the perceived value of the product to the customer rather than the cost of production.
- ✓ **Example:** Organic fruits might be priced higher than conventional fruits because customers perceive them as healthier or environmentally friendly.
- ✓ **Advantage:** Aligns the price with what the customer is willing to pay, based on perceived benefits.
- ✓ **Disadvantage:** It can be difficult to assess and quantify perceived value accurately.

f. Dynamic Pricing:

- ✓ **Definition:** Prices fluctuate based on demand, supply, and market conditions. It's more common in markets where supply and demand can change quickly, such as fresh agricultural products.
- ✓ **Example:** During the harvest season when the supply of strawberries is abundant, the price may drop. In off-season months, the price can increase due to scarcity.
- ✓ **Advantage:** Can maximize profits by capitalizing on high-demand periods.
- ✓ **Disadvantage:** Can lead to customer dissatisfaction if they are used to fluctuating prices.

g. Psychological Pricing:

- ✓ **Definition:** Setting prices in a way that makes them appear more attractive to consumers, even though they are essentially the same.
- ✓ **Example:** Pricing an agricultural product at \$9.99 instead of \$10.00, as the former appears cheaper to consumers, even though the difference is just one cent.
- ✓ **Advantage:** Can increase sales by making prices appear more appealing.
- ✓ **Disadvantage:** The price difference is minimal and may not significantly affect purchasing decisions.

Conclusion

- ✓ In summary, marketing promotion activities and product pricing methods are essential to the success of agricultural products in a competitive market. Promotion activities help create awareness, build relationships, and drive demand, while pricing strategies ensure that the product is positioned well for profitability and market competitiveness. By strategically combining these elements, agricultural businesses can maximize their sales, foster brand loyalty, and achieve long-term success.