

## FERTILIZER BRANDING IN PAKISTAN

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### INTRODUCTION

Most firms in their highly competitive industrial environments are focusing onto the imperative need of “branding” the homogenous agricultural commodities. The major reason behind adapting branding practices is to achieve some degree of differentiation in their products to avoid being considered as commodity.<sup>1</sup> History relates the fact that commodity branding has been characterized as the eminent cultural shift of late capitalism and is generally viewed as historically distinguishing facet of the modern economy. So it can be safely put that “branding is not new”. In ancient Mesopotamia, about 8000 years ago; villagers developed stone seals to distinguish among varieties of food and beverages by marking their caps and stoppers.<sup>2</sup> Brands are like promises to the customers, if the promise is timely and accurately delivered the customer purchases it again and might turn into a brand loyal of that product/ commodity. The effects that brands have on consumer preferences are mostly underrated by marketers especially in branding agricultural commodities such as fertilizer. The philosophy behind commodity branding is that commodities pre-exist in the minds of buyers till the time the buyer is unable to perceive

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<sup>1</sup> McQuiston, D. H. (2002). Successful branding of a commodity product: The case of RAEX LASER steel. *Science Direct*.

<sup>2</sup> Wengrow, D. (2008). Prehistories of Commodity Branding. *Current Anthropology*, 7-34.

If a person is buying a sack of fertilizer to grow his vegetation, and somehow is unable to perceive differences, then fertilizer is a commodity. This generally occurs when buyers are not familiar with the product category and receive incongruous information; having no means to judge the reality, buyers consider products as commodities. In such situations, price is the only distinguishing factor to allure the buyer towards final purchase. In sharp contrast to it; a smart marketer should focus onto creating differences that leads to preference when price is equal or can command a premium.<sup>3</sup> To initiate fertilizer branding, marketers should concentrate on actual product differences existing in their product as compared to their core competitors, and then devise an attractive awareness campaign to communicate those actual and perceived differences to the intended target audience through appropriate media.

### LITERATURE REVIEW

About 8,000 years ago in Mesopotamia villagers created stone seals and used to mark the caps and stoppers of food and beverages. It's from here the concept of branding emerged. Every company attaches a word, symbol etc with the company name which is known as brand name which has an implied promise behind it (Ries & Laura).

Today's marketers direct greater efforts to create product differentiation in order to avoid their products taken as commodities hence allowing them a healthy competition in the marketing environment. To overcome these challenges, and avoid this commoditization; many B2B marketers adopt the concept of branding to differentiate their products from their competitors products (Mitchell, King, & Reast, 2001; Mudambi, Doyle, & Wong 1997; Ward, Light, & Goldstine, 1999). Research has shown that branding of industrial products plays a significant role in industrial decision making and differentiation of products (Mudambi, 2002).

The ability of companies to develop a relationship with their customers is an important component of brand experience. Firms can achieve such degree of differentiation which inculcates the inherent difference between success and failure of brands in the marketplace and their ability to develop a distinct brand identity for themselves and other products/ brands in the product line (Mudambi, 2002). One of the most studied aspects of successful branding is the

<sup>3</sup> Michel, M. (2008). *Commodity Branding*. Texas.

name recognition where repurchase decisions depends heavily on the previous experiences of the consumer (Aaker, 1989).

A study found that only 53% of firms have a long-term branding strategy which is rarely attached with other functional strategies (Prophet, 2001). To gain both market share and profits; companies effectively and efficiently manage their brands. It becomes much easier for management to allocate resources in a way that these resources will be used in the best manner when the promise of a brand is articulated across the company. Strong brand provides confidence to the customer that they will be making the right decision and this will lessen the risk of a bad decision by associating with particular company. As a consequence, customers want to purchase a product from a supplier upon whom they have trust and a strong brand affiliation which allows them to do just that.

Research shows that the development in technology have a major impact on agricultural marketing research (Tuorila, 1987; Lee et al., 1989; International Olive Oil Council (IOOC), 1990; Grunert and Kristensen, 1992). Innovations and techniques adopted by agricultural marketing range from simple models to advanced econometric models which helps marketers to develop a strong brand identity.

Agricultural products as compared to industrial products are distinguished by their biological nature, chemical composition and bulk, while other industries distinguished their products according to their consumer wants and needs (Bateman, 1976). External factors such as weather and pests have significant effects on the output and quality of agricultural products whose attributes of moisture, nutritional value and chemical composition define their quality. Quality, nutrition, wholesomeness and value are the main points which consumers look in fertilizer products. So, these attributes if highlighted effectively through branding, can maneuver wonders for the fertilizer sector to emerge as a strong brand both in terms of brand recognition and recall (Senauer, 1989; Kohls and Uhl, 1990).

Agricultural product design and promotion strategies are based on distinct factors such as particular variety, possible health effects and region of origin. Promotional strategies and activities in general should pay great attention to the nutritional content and to the overall product contribution toward healthy products. Theories show that brand equity is an intangible asset of companies which are functionally dependent on brand management (Aaker, 1996; Keller, 1993). Consumers think that brand equity is the value addition in the product by

associating it with a brand name and other distinctive characteristics of the product. Customer-based brand equity depends on how much consumers are familiar with products and hold favorable, strong, and unique brand associations in memory (Keller, 1993: 2).

Research shows that the nature of brand equity is the relationship between brands and other products in the same competitive set (Kapferer, 1992: ch. 7). Natural products including artifacts represent a more comprehensive classification of objects than natural kinds. In particular natural products are perceived to have a graded structure (Rosch and Mervis, 1975; Boush, 1993)

All brands are products but not all products are branded. Brand names represent the attributes of product are more familiar than family brand names and novel names (McCracken and Macklin). Products are economic goods that have capacity to produce the satisfaction of a want or a need of consumers (Kotler, 1995:4 30). Products fall into product categories due to its functional utility they have for consumers, i.e. whether consumers use them for food, transport, entertainment, in formation of fertilizers etc...Some brands are natural brands with a geographical or historical identity. Product differentiation in markets characterized by competition can occur on several levels of products, brands and product forms must be distinguished. Products may be competing at various levels depending on consumer perceptions about different products (Guillinan, 1993; Sudharshan, 1995: c h. 4).

Marketing researchers find that brand equity is made up of assets such as loyalty, awareness, perceived quality and brand associations (Aaker, 1992). Branding helps a customer to interpret and process information about the product and it also affect the customer's confidence in taking the purchase decision (Erdem, Swait, & Louviere, 2002; Keller, 1993; Mudanbi, 2002). Ronald said that the use of price mechanisms generates costs such as searching for prices, reaching an agreement and enforcing the commitments which is leads towards brand recongnization of company products (Coase, 1937).

Brands are always associated with the pre-packaging and sealing of products (Smith, 1990). The complexity of contemporary relationships between commoditization and cultural identity may increase the intersection between branding and products. From several years Agricultural products have been sold in branded packages. Generally consumers are not considered equally brand conscious nor do they all willing to pay extra for a branded product (Yip, 1982). Brands tend to generate significant premiums and thus their uses have been considered in enhancing the value added of farming (Hayes and Lence, 2002).

Brands are less commonly used in fresh agricultural products than other products of any type (Kaufman et al. 2000). It is important to assess the relative gains from introducing brands of fresh agricultural products and to identify features of their likely buyers.

### RESEARCH METHODOLOGY

The topic of study in one of the very few in which very acute work in done so it was very difficult for us to draw guidelines from anybody else's work. Primary data is used for the evaluation of results. It was collected by using the questionnaires that was designed in complete accordance with the focus group of MS students. It was nearly a full hour discussion on this and after this the questionnaire got into its final shape. It was spread using the cluster sampling technique in three most fertile districts of Pakistan: Rahim Yar Khan (Punjab), Sanghar (Sind), Vehari (Punjab).

Both the open ended and close ended questions were used for the better understanding of the topic and SPSS is used to evaluate the data. Cross Tabulation technique is used because in this comparative analysis is drawn for the fact that we can reach to some conclusion regarding the effect of branding has on the customer. How he actually see the marketing clutter n what are the key factors that help him break the clutter. More than 200 questionnaires are used to generate results

### RESULTS

The results that came through the questioners and analytical techniques were again discussed by the focus group in order to have the complete insight of the results. The focus group included the farmers/agrarians and marketing people of the fertilizer industry. Let us see the brand names of the fertilizer in the market.

- a) **Sona Urea:** SONA name refers to the gold. It symbolizes harmony, wealth and moreover the crops will return gold. This is the perfect convention while choosing a brand name and this has done wonders in the market loyalty wise. Another factor that has helped FFC create loyalty is their relationship with Pakistan Army. In Pakistan Army is considered as the most dependable and prestigious institution and FFC is operated by the ex-army personnel and hence a strong bonding is very visible too.
- b) **Engro Urea:** ENGRO Fertilizers was the first mega investment in Pakistan in the late 1950's. by now they have the biggest fertilizer production capacity in ASIA. They have tried a

various moves their brand building campaign. Most of them are not that much fruitful. Yet people who are loyal to ENGRO possess a hard-core loyalty. The range of products it offers adds value to brand relationship which helped a great deal in their campaign.

c) **Kissan Urea:** Kissan in Urdu means farmer so the relationship is created via name. this made the farmers believe that this is indeed product destined for them. This brand had tasted relative success for little period of time but as this was public organization it was sold to the private sector. There is only one plant running in the country.

d) **SarSabz Urea:** This is the new entrant in the industry holding its operations in Sadiqabad at the Sind/Punjab border in Pakistan in the year 2011. The SARSABZ means Evergreen. So this time the brand managers have tries to create the relationship with the green fields and the fertilizer. The green fields depict accord and social well being. Since they are new to the industry and they are trying their way in the market.

e) **TCP Urea:** This is imported urea that comes in Pakistani market. This has almost no loyalty and is considered as the third grade product. No farmer of any kind is fond of this product. A few farmers who tend to harvest vegetables found it good whereas farmers of the crops which are of long tenure do not tends this way.

After gathering the results from focus group that is mentioned in the methodology as well and this is the complete picture of what we had discussed. This strongly reveals that the most concerned part of the brand building campaign is the naming conventions. They directly have an effect unlike any other commodity where the name plays as the second fiddle. We can easily conclude by the survey and focus group discussion that name is the ultimate criteria for choosing a fertilizer

**Name & Price as pillars:** Figure 1 gives the entire assortment of the fertilizer brand building pillars in the consumer perception. It shows that the two major pillars in brand building of the fertilizers in Pakistan are the Name and the price. In a community like Pakistan where the 63% of the total population falls in the category of transitory poor (SBP & CRPID)<sup>i</sup> so naturally they tend to be price conscious community. The major trend that is obvious in the industry is that the customers follow the name. the majority by far is utilizing the fertilizer due to the name. so we can easily that the naming conventions in a fertilizer industry play a very big role. The industries moving in this sector should focus more on the naming conventions rather than any other thing in order to create a strong brand averment.

Figure 2 describes that the behavior is totally alike whether the farmer is cultivating a large area or is small farmer his attitude towards the present brands is the identical. The other small variation has occurs in the price variable, but that is also an acceptable one. Farmers with less cultivation lands are more prices conscious and hence they tend to go for a less price product than a good fertilizer.

The question here is, does the age have anything to do with the brand perception in the fertilizer brands? The answer that is very obvious from the results of the survey portrays interesting facts. Line in blue shows the trends of people less than 35 years of age. They tend to follow the name and are very much brand loyal. One can say that all the branding is done for these people. This is the peak time of the farmers age. At this age he is enthusiastic, energetic and prone to experiments and all the marketing and advertisement is directed towards him.

Another important finding Is this as the farmers grow by age they tend to get price conscious. They become more of those who are saving more and investing less. This may b due to fact at this they have lot more to think inters of the social well being and as is the family structure of Pakistan that age the huge spending are made on different things. So at the relatively elder farmers the price is the main source of brand building. As it is obvious by our research 75% of the farmers use either 3 or less than 3 bags of fertilizer in the whole tenure of a crop. The important thing here is this that whether there usage is more than normal they have the same brand perceptions.

### CONCLUSIONS

The second part of the paper is to draw guidelines for the effective branding of the fertilizers. In addition to what the companies are doing that is to work on the naming conventions they should start working on these given things in order to have the effective branding and to retain the customer. These points have erupted through our survey as the potential criteria for the brand building

If the sudden increase in price has occurred in your most preferred brand, will you still go for that one? A majority has said they will go for their most proffered brand even if the price is increased due to whatever reason. the importance of price in rather neglected by the Pakistani market. So the brand managers should alternative way for branding their product.

The farmers in Pakistani market are not fully aware of the offerings that are made by the fertilizer industries. If certainly a farmer gets the knowledge of a certain characteristic of the

specific brand he surely goes for that. That means if the brand makes the awareness campaigns to the farmers they can certainly yield more results.

As the fertilizer is a commodity in Pakistani market since the marketing and distribution channels have a role to play in the brand building. The 70% people indicated that yes the effective distribution of the fertilizers play a role in their decision to go for a certain fertilizer. the customer will not buy a product for which he has to go a far for fetching it. The closer is the product to the customer the more happily will be the customer purchasing it.

The consumer and celebrity promotions are the vital part of the fertilizer branding. People as shown by the survey indicated that they tend to show preferences regarding the consumer/celebrity promotions if made. A majority more than 60% of the respondents indicated that they surely respond to any kind of the branding activity directed to them. This shows an enormous room for the fertilizer brand managers that they work in this prospect as well.

The CSR/brand support can play a role in the fertilizer branding. These can also become the integral criterions for choosing a certain brand of fertilizer. More than 60% people indicated that CSR services have a role in the brand building and they surely will respond to this sort of activity if directed towards them.



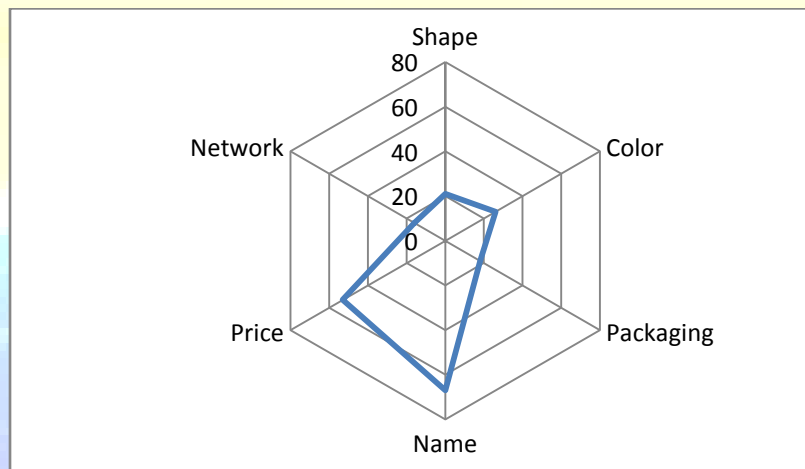
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**Figure 1 Name & Price as major branding pillars in Fertilizers**



**Figure 2 Small landowners VS Large Landowners**

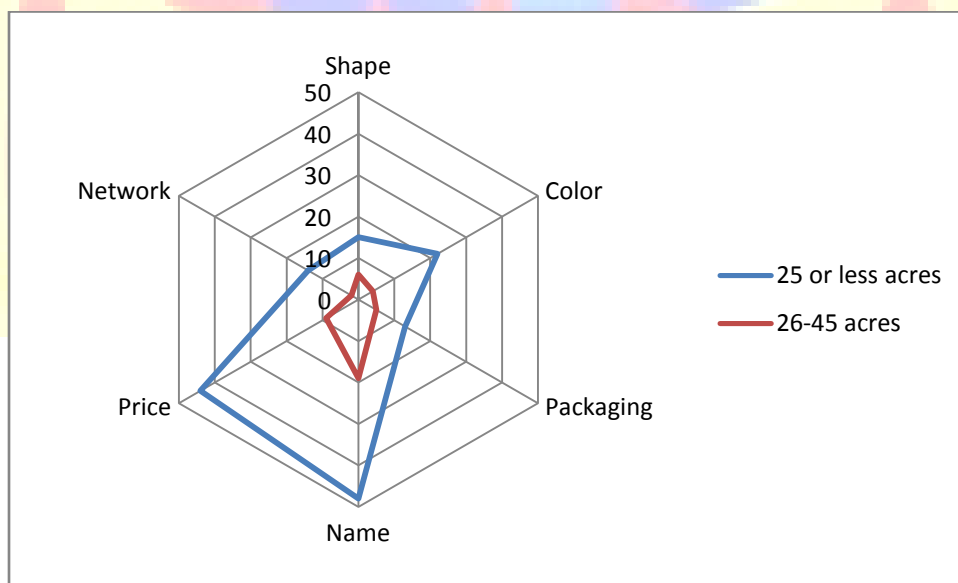


Figure 3 Age wise perception analysis

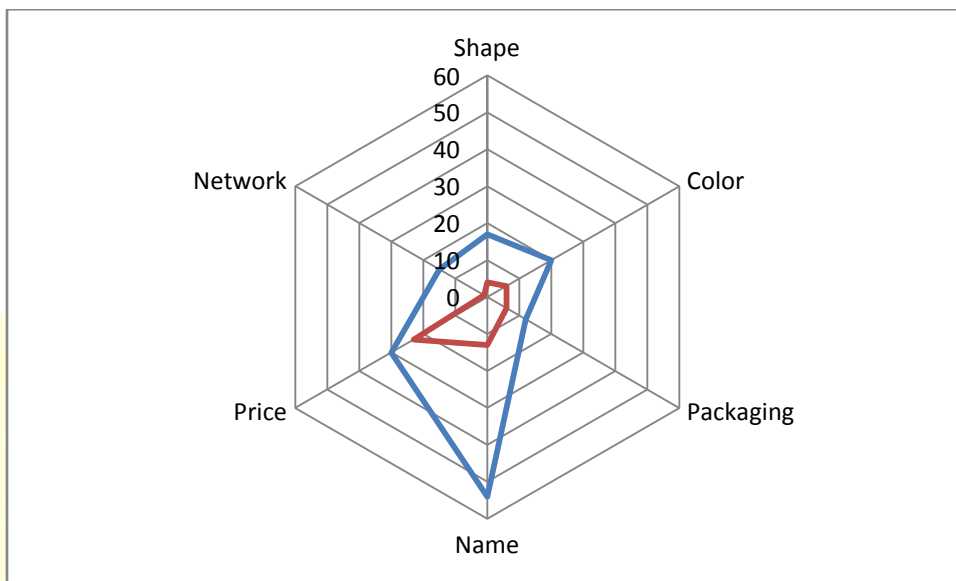
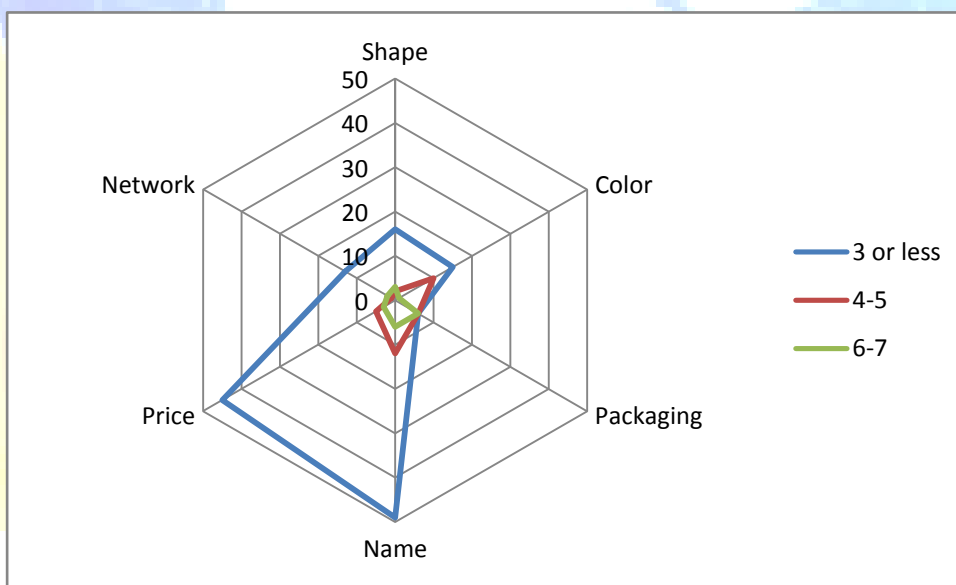


Figure 4 Fertilizer Usage



<sup>1</sup> State Bank of Pakistan and Centre for research on poverty and income distribution