



First steps in marketing

IT'S ONE THING DEVELOPING AN INNOVATIVE EFFECTIVE ADDITIVE OR FEEDING CONCEPT BASED ON SOUND SCIENTIFIC PRINCIPLES, THEN GETTING POLITICAL APPROVAL FOR ITS ENTRY INTO THE MARKET, ONLY TO FIND THAT NO-ONE BUYS IT. ALLTECH IS AN EXPERT IN GETTING PEOPLE TO BUY THINGS AND CONNOLLY SHARES THEIR EXPERTISE...

If you build it they will come..." The same mantra that inspired Kevin Costner's character in the film 'Field of Dreams', to build a baseball stadium in his Iowa cornfield, seems to have been adopted by many agribusiness CEOs. Having created what they see as the ideal product or service, they are often astonished when their innovation does not meet with immediate market acceptance; 'We built it but they did not come!' The tendency is to blame the marketing department for inaccurate research and an ineffective strategy, and to blame the sales force for poor techniques in front of the customer. You can just hear the CEO saying: 'For years the sales force has told us how many millions we could sell if we just made the breakthrough solution. Well now we have and the sales have not materialised.' Marketing feed additives and specialised feed materials presents unique challenges within this industry. Most agribusiness organisations are conservative and thus often reluctant to accept and introduce change and innovation. They have developed within a business environment that mitigates against change. Products enjoy lengthy lifecycles and established brand names contribute to this trend as they impart trust and reliability.

DON'T BE INTIMIDATED

In these circumstances, those few organisations that seek to offer new and improved technologies and services to their client base accept that it will be a daunting marketing task. Nonetheless, these progressive players cannot afford to be intimidated. Indeed, rather than resign themselves to defeat, organisations that are genuinely committed to innovation can develop appropriate strategies and tactics that are customer-focused in order to ensure that the industry benefits fully from its innovations. They need to identify 'best practice' for introducing innovations to their market. This demands careful consideration of marketing strategies and nurturing a world-class sales force that is customer-driven, rather than sales-driven. This in turn requires that the sales force can meet or exceed the expectations and requirements of even the most sophisticated buyers. Traditionally, corporate strategy used techniques such as the identification of core competencies, Porters 5 Forces model (Figure 2) and the Boston BCG matrix to define which products they were going to promote and how. Marketing strategy is based on the 4 Ps of Product, Price, Promotion and Place (or distribution).

Animal feed additives and specialised feed material manufacturers can use these models and paradigms just as readily as any other type of organisation to clarify their strategy going forward. Product development and innovation has typically been lead by the production departments and has not been market driven. Pricing has been calculated by adding a set margin to production costs, and not defined based on the utility or benefits to the end consumer. Promotion has been subdued in style and is conservative compared to the introduction of similar innovations in the food industry. While the last 'P', Place, or the distribution chain, is rarely viewed as an area of opportunity for innovation since traditional distribution has been favoured for over a century.

STRATEGIC INTRODUCTION

So how can innovations be successfully introduced to the market? How do we develop marketing strategies and inform and train a sales force to prepare to sow the seeds in such unpromising climate? Experience per se is of little value unless it is translated into expertise and becomes a core competency. Companies need systematic frameworks to allow their sales people to deliver world-class customer service. An



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FIGURE 1 – THE FIVE COMPETITIVE FORCES

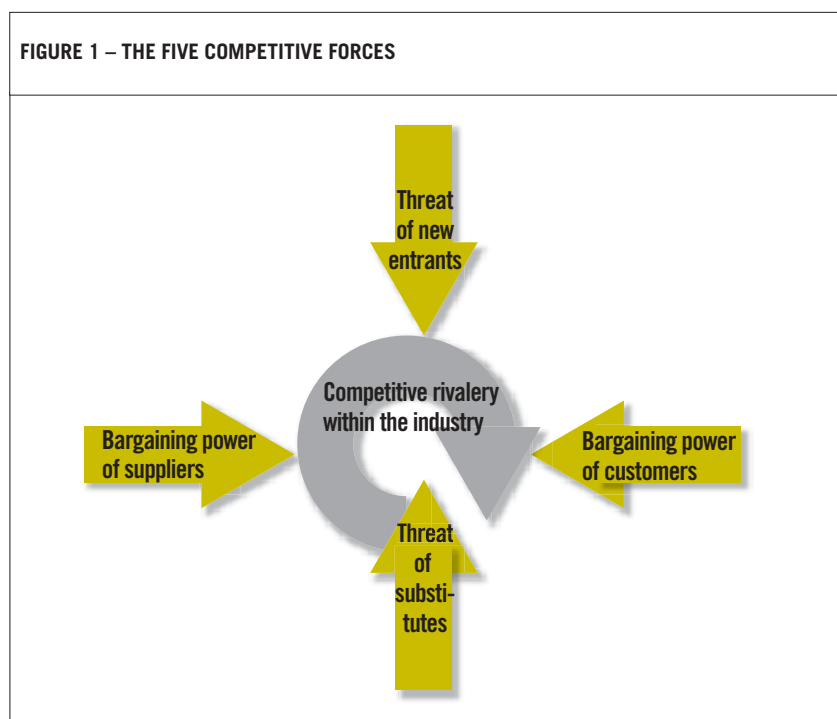


FIGURE 2 – THE 5 C'S CONCEPT



uncompromising internal analysis of the best practices of Alltech's leading sales-people, for example, led to the development in 2002 of the "5 C's Concept" (Figure 2).

Although the "5 C's Concept" was developed to meet the specific needs of one company and its valued customers, it is clear that the concept actually applies to all innovative business-to-business ('B2B') products being sold to agricultural business entities. This is because the concept addresses precisely the essence of selling innovations within this field.

The first 'C' is Corporate, or the principle that if the customer already knows and trusts the organisation behind the inno-

vation then they will buy the product or service much more readily, and incorporate it more quickly. If the customer does not know or trust the provider then the sales process is obviously made much more difficult. Therefore, the first priority of the sales force is to determine the level of the bond of trust that exists. Equally important, and requiring corporate humility, it is necessary to take on board any criticisms that erode customer trust in the organisation, and to provide genuine assurances to investigate and report back on any weaknesses, noting any remedial actions.

The second 'C' is Clarity. The clarity principle requires the sales force to provide unambiguous and direct explanations that enable clients to grasp unequivocally the benefits of the products and services. In organisations that fail to focus on customer benefits, there is a tendency to complicate matters in the hope that the bamboozled customer will surrender and buy. This can only breed customer resentment in the long-term, and thus a weak relationship that can be (or deserves to be) exploited by rivals.

The third 'C' is Consistency. The emphasis must be on the quality, quantity and consistency of the data published and completed on the innovation or product. If the client agrees to make his choice based on the quality and consistency of response then they should logically chose your product or service. This is sometimes called 'defining the battleground'. This principle clearly works only when your technology has been widely tested and proven, and if this is not the case it is not wise to try to mask this fact. In such a situation a limited amount of the highest quality information may be a short-term substitute.

The fourth 'C' is Cost-effectiveness. When the 'what is the price?' question comes up many sales people panic, and try to avoid answering the question. Others quote a

Boston Consultancy Group (BCG Matrix)

This product portfolio matrix classifies product lines into four categories. The BCG model suggests that organisations should have a healthy balance of products within their range. The Boston Consultancy Group classified these products as following:

Dogs. These are products that have low market shares and low market growth rates. The options for many companies is to phase these products out, however some organisation do go for the strategy of re-inventing and injecting new life into the product.

Question Mark/Problem Child. These are products with low market share but operate in high market growth rates.

The company puts a lot of resources in this product in the hope that it will eventually increase market share and generate cash returns in the future.

Stars have high market shares that operate in growing markets. The product at this stage should be generating positive returns for the company.

Cash Cows are products at the mature stage of the life cycle, they generate high amounts of cash for the company, but growth rate is slowing.

There are chances that the product may slip into decline, appropriate marketing mix strategies should be employed to try to prevent this from happening.

BCG MATRIX

Market growth	High	Star (usually at growth stage of P.L.C.)	Question Mark (usually at introduction stage of P.L.C.)	
	Low	Cash Cow (usually at maturity stage of P.L.C.)	Dogs (usually at end of P.L.C.)	
		High	Relative Market Share	Low

price without any justification and do so sheepishly. It should be remembered that agribusiness executives may ask for the lowest price, but a quick perusal of the potential client's personal clothing preferences, the car they drive, the pen they hold, should quickly confirm that in many aspects of life the choices they are making are rarely a reflection of the lowest available price!

SUCCESSFUL SALES

Customers quite rightly focus on price as an indication of value and so should the salesperson. Our finding was that our best salespeople tackled the question up front but did not just quote a price, but quoted the price and simultaneously explained the cost-benefit as well.

Agriculture is uniquely positioned in that the benefits are usually measurable and can be fully calculated. So the cost of implementation can be presented as an investment spreadsheet, with a return on this invest-

Original in conception

The 5 C's analysis was developed by Alltech originally as part of the promotional strategy for Bio-Mos®, marketed as an alternative to antibiotic growth promoters. At the time there were 300 scientific publications comparing it to antibiotics but it was widely believed to have huge potential. The success of the 5 C's techniques when applied to sales, advertising and general promotion of the product ensured that this program was rapidly extended throughout the company portfolio. Today, Alltech uses the 5 C's as part of its sales training, sales meetings and has also produced an internal CD/ DVD for training its salesforce using video footage of actual sales situations with real clients.

ment being presented.

The fifth 'C' is the Consultative sale. The most powerful question in B2B sales is 'what can we do to make your company more competitive?' Often this takes the conversation into novel areas - Can you help me export? Can you find me an expert on disease? Can you help us design a marketing campaign? Do you know of a nutritionist looking for a job? The consultative question indicates you are no longer looking to just sell them your product or service, but also to be their partner, their ally in the future.

Traditionally, pharmaceutical and chemical companies were synonymous with this partner style marketing approach. However, today these very companies are often withdrawing from this approach, and their customers are seeking new partners. This is a gap in the competitive landscape that innovative marketers can fill.

CUSTOMER-ORIENTED

Bringing innovations to a marketplace is a business often fraught with failures. Successful companies are often not those with the best products or services, but those who are best at developing consensus and groundswell to support these innovations. Marketing and sales techniques such as the 5 C's may be easy to impart to your sales force, but their impact will be negligible unless there is a corporate culture in place that is wholeheartedly customer-oriented. In the absence of such a culture, new sales techniques will never be firmly embedded in the organisation, and the obvious clash between corporate claims and business realities will serve only to further undermine the customer's trust in the organisation.<-