

## **Market orientation- a key to innovations in marketing of agro-based products (A study of Indian Agribusiness Corporate marketing practices)**

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### **ABSTRACT**

Marketing innovations in Indian agribusiness industry have resulted in massive growth over the last decade. This has led the management researchers to identify the factors enabling innovations and measure the performance of agro-based companies adopting such innovations for appropriate strategic moves for boosting further growth in the sector. The study highlights various new propositions of marketing orientation in the agribusiness sector, identifying the reasons for turnaround in the strategic outlook and structural changes in marketing of agricultural products over the last decade. The successful stories of various Indian agri-based firms encouraging marketing innovations, resulting in higher market growth and gaining competitive edge are also elaborated. Besides an overview of corporate opinion on the preparation and readiness of the firms to meet the future challenges resulted from innovative marketing practices is also presented.

**Keywords:** Marketing innovations; marketing orientation; strategic outlook; competitive edge

### **INTRODUCTION**

Marketing orientation is the organization-wide generation of market intelligence pertaining to current and future need of the customers, dissemination of intelligence horizontally and vertically within the organization and organization-wide action or responsiveness to it (Jaworski and Kohli 1993).

Innovation is defined as the creation of better or more effective products, processes, services, technologies or ideas that are accepted by markets, governments, and society. Marketing innovation specifically covers how the industry is evolving in the face of new technology and ways of communicating.

Marketing orientation leads to create a customer and it is the customer

who determines what the business is. Because it is its purpose to create a customer any business enterprise has two and only these two basic functions: marketing and innovation (Drucker 2007). It develops a positive relationship between successful market intelligence system and successful market growth (Tadepalli and Avila 1999). It increases the overall firm problem solving ability, defensiveness, pro-activeness, futurity and overall strategy execution (Lindblom et al 2008).

### **Indian agribusiness sector – marketing innovation scenario**

Indian agribusiness sector is rapidly growing to meet the changing needs of varied segments of market. It forces a challenge on the firms to adapt their resource mobilization strategically to settle the marketing needs of their existing brands and new product launches.

Over the past decade the customer needs and demands for agro-based processed or unprocessed goods have gone through a remarkable change. Scenes from traditional food items to fast food chains, multi-commodity departmental stores to agro-based retail malls demonstrate the vivid result of innovations in the marketing efforts of agro-based firms. Besides the intense competitive environment firms are consistently in effort to diversify the existing market, exploring new niche areas and proliferating the targeted customer segments.

Generally marketing orientation in agribusiness sector works through a set of mass promotional campaign and also include margin sharing decisions at wide distribution level thereby helps in creating customer base for new products offering by the firm. But over the last few years such marketing practices are getting obsolete due to a heavy cost burden and increasing bargaining power of distributors. Thus agro firms always remain in a strive for mapping up a strong market intelligence base so that any innovations in existing marketing may ensure the positive result. It brings a growing need among the agro-based product firms to understand the merits and demerits of market orientation that may lead them to achieve the desired innovations in the marketing.

Introduction of ProActiv brand of margarines cheese that contains plant sterols clinically proven to no cholesterol proved to be a successful launch because HUL started its unique campaign at the most niche markets viz cardiac patients who have been desiring for a taste of margarines with a clinical approval. Now the largest source of marketing (prescriptions) of ProActiv margarines is being done by the doctors.

Pepsi agribusiness unit has introduced a cereal breakfast product branded as Quaker Oats that shows a unique market positioning. Generally most of the breakfast products are positioned at the family set up or targeting to the household ladies.

However Pepsi targeted an elderly generation to position Quaker Oats basing its marketing proposition that culinary habits are commonly passed on through generations normally beginning with the elder members of the family. Thus keeping a culture socialization as the basis of market entry, Quaker Oats targeted a different segment against the normal practice of targeting younger segment who are seen to be more receptive of innovations.

### Enhancing success of innovation through market orientation

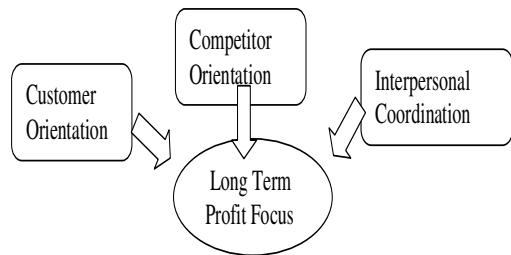
Market orientation mainly refers to beginning of the marketing process gaining acquaintance with the basic elements of market forces. It provides the basic requisite information about the scope of innovation in the specific category of customer segment, product line, distribution network, promotional design and overall market structure. Gerson da Cunha renowned marketing Guru elaborates market orientation as the foremost ingredient of innovative thinking.

It was marketing orientation which led Godrej to identify and fulfill the market needs. Given a dominant Indian cultural value of non-violence, most corporates avoided poultry and meat products marketing leaving the field to unorganized players. Godrej agribusiness unit using marketing orientation identified a need on part of a health conscious market segment for a hygienic and reliable source of meat

and poultry products. Accordingly Godrej stepped into fulfill it with seven product variants. This move gave the company a monopolistic access to the segment.

### Process of operating marketing orientation

Marketing orientation works through three inter-connected steps. First to generate marketing intelligence referring that whom to cater and how to cater with the existing or new product/services offering of the firm. Second disseminating the marketing intelligence within the internal set up of the organization to get the organization support and basic readiness to work jointly for a marketing innovation. Lastly responding strategically while executing the market intelligence.



The process of bringing innovations in marketing starts from the basic functions and methodologies of market orientation. It identifies the varied segments of users that are able and willing to respond positively for developing substantial new product/services and to get easily stimulate with the promotional campaign of the firms. The strength of marketing orientation is largely based on the most analytical and

comprehend market research that eventually paves to the development of desired innovations in marketing.

Indian Tobacco Corporation (ITC) became market oriented face of enhanced competition due to liberalized Foreign Direct Investment (FDI) in paper and pulp industry. It adopted an innovative approach to customize the products being delivered to its customers instead of mass manufactured paper and wood pulp.

#### **Planning the market orientation**

Marketing orientation among agribusiness firms is planned well in advance before the product is about to launch in the targeted market. Considering the elements of the marketing mix for launching innovations into the market (eg conceiving the communication strategy, determining pricing, aligning high or least sold product line, restructuring of distributional network and brand positioning).

While transforming the rural sector for Operation Flood in Gujarat, Gujarat Cooperative of Milk Marketing Federation (GCMMF) adopted a unique marketing mix to give a market led boost to the efforts of cooperative society. Introducing a new product mix of dairy products with an innovative brand positioning catering to the needs of every segment and an interesting promotional campaign of ‘utterly-butterly delicious’ paved a rapid success to the federation and its activities involved in

operation to boost the marketing and production of milk in the state.

#### **CONCLUSION**

Being market intelligence as the vital content of marketing orientation it requires the run-time usage to the wide market needs of the firm where firms fail to understand the conversion process and rather prefers to keep the storage of information for building a rightful strategic marketing planning for the time to come. Thus firms need to develop a marketing model that may connect the market orientation process with the expected change or innovations in the marketing of the firm.

Moreover the strong hold presence of internet and mobile communication based business to business (B2B), Business to Customer (B2C) and Customer to Customer (C2C) content has casted a strong challenge for the firms to integrate these segments by adopting the emerging marketing tools of customer relationship management (CRM) and social networking for building word of mouth (SWOM).

Firms while generating innovations in their existing marketing set up normally get too ambitious to get a fast lucrative profit figures and tend to burden the target enforcements on the existing sales force and intermediaries that results in slowing down the growth figures and turnover of traditional

market base. Thus companies need to inculcate an apprentice approach to innovations with the existing marketing structure that initially may slow down the growth figures. But gradually it proves a consistent growth result and easy market development.

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