

Branding Agriculture: Creating brands from commodities



Farmers' can enhance their income if they start branding their commodities. Extension and Advisory Services should support farmers with branding their produce, argues Mandeep Pujara

INTRODUCTION

Due to economic growth and increase in income levels, the demand for agricultural commodities and value added products are increasing. As consumers income rise, demand becomes more discriminating, i.e., a wider variety and a higher quality is sought, particularly by the expanding groups of families having higher income living particularly in the urban areas. If the producers have to take advantage of this situation, their share in consumer prices needs to be enhanced.

In India, the producer share in consumer rupee for food grains is 55 to 65 per cent, for fruits it is 30 to 40 per cent and for vegetables it is 40 to 50 per cent. There is a need to narrow the gap between producer prices and consumer prices through proper marketing support, value addition through entrepreneurship development and branding. Brand less commodities cannot easily survive the ups and downs of the markets and development of brands for agricultural commodities is one main way forward to realize better returns for producers.



WHY BRANDING?

Branding is a way to escape from merely competing on volume and price alone. Brands (Box 1) help differentiate products and enhance their value beyond their functional attributes. They build preferences among competing products and therefore create long-term sustainable competitive

advantage. Though there is a cost associated with building such a differentiated market position, it is essential that this be weighed against the benefit of increased market share and price premium opportunities.

Box 1: What is a brand?

According to Kotler (2003), Brand is a name, term, sign, symbol or design or a combination of these, that identifies the goods and services of one seller or group of sellers and to differentiate them from those of the competitors. Brands are viewed by customers as an important part of a product and branding adds value to a product. Thus, customers attach meanings to brands and this helps them to develop brand relationships. A brand is the combination of a name, words, symbol or design that identifies the product and a company and differentiates it from the competition (Giddens et. al., 2002).

Branding serves as a way for consumers to quickly and easily identify one product from another and to associate them with quality attributes related to the brand name. Giddens et. al.. (2002), found that in general, the number one brand in a market can maintain a 10 per cent price premium over the number two brand and as much as a 40 per cent premium over the generic store brand. Additionally, the study showed that customers who are loyal to specific brands spend three to four times as much on food items than do customers who purchase items based on lowest price. In issues of branding, it is again very important that consumers have a positive experience with the product, so that they will associate the name or brand with a high-quality, satisfying product. An association with poor or inconsistent quality can lead to the need for discounted prices.

PROCESS OF BRANDING A PRODUCT

A brand must be clear, specific and unique to your product. For example, the “Wheaties” brand differentiates the cereal from its competition due to its association with health and "sports excellence." To achieve the same successes with your products, you need to execute the following steps to establish an effective brand (Box 2).

Box 2: Steps in establishing an effective brand

- **Find a name**--Choose an appropriate name that is easily remembered and specific to the product. The name should be restricted to three words or less - anything longer is difficult for customers to recall. This process may require legal screening to guarantee availability of the name and customer input to assess attractiveness and appropriateness of the name.
- **Develop a slogan**--The selected slogan needs to be two to three words, catchy and easily remembered. To generate slogan ideas, you must stay focused on the buyer. Why should they buy the product? What will they like about the brand? How does competition compare? The slogan should take into account answers to these questions.
- **Create an appropriate symbol or logo**--It can be as simple as a geometric shape or as elaborate as a silhouette of a person or object. Use the name, slogan and symbol on every piece of correspondence related to the product--e-mails, invoices, letterhead, business cards, advertisements, promotions, etc. This system will eliminate inefficiencies in creative and production fees and extend the branding process throughout everything you do. In a sense, it will prevent "recreating the wheel" with each new media effort.

BENEFITS OF BRANDING

Companies use branding and the consumers' ability to identify brands, to improve sales in four ways:

- market new products,
- protect market position,
- broaden product offerings and
- enter new product categories.

BRANDING IN AGRICULTURE

The majority of small agribusiness owners make their branding debut by repackaging their existing products under the name of their farm, ranch, organization or business, to promote brand recognition and to encourage the spread of experience attributes through word of mouth (Giddens et. al., 2002).

Marketing branded agribusiness products is important for several reasons. As stated previously, branded items are generally able to earn a higher price for the producer and can lead to brand loyalty, which leads to a strong customer base and the ability of the producer to better serve the needs of the market. Branding a product, adds value by differentiating the product and making it stand out from the other items in the market. It also conveys additional information about the attributes of the product beyond its appearance. Branding also adds value to products simply because consumers generally believe that known branded products have better quality or more attributes than unbranded products. Another merit of branding is the sense of pride or community that can be experienced by the producer from successfully creating a brand identity.

Farmer Owned Brands



Farmer-Owned Brands

Here is a growing list of consumer brands that promote their Farmer-Owned organizational structure in the United States:

- [Blue Diamond Almonds](#) -
- [Cabot Creamery](#) -
- [CoffeeCSA.org](#) -
- [Concord Grape Juice](#) -
- [Cowiche Growers](#) -
- [Dairylea](#) -
- [Divine Chocolate](#) -
- [Doi Chaang Coffee](#) -
- [Farmer-Direct Cooperative](#) -
- [Florida's Natural](#) -
- [Milk Thistle Farm](#) -

Source: www.farmerowned.org/fobs/

CHALLENGES IN DEVELOPING BRANDS:

The greatest challenge faced when developing and building a brand is creating just the right name, slogan and symbol for the product. It takes a great deal of time and consideration! It needs a long-term commitment. One has to think in terms of years rather than months.

It is often difficult to achieve initial customer recognition of a new product, regardless of branding. Identification of the segments, pricing competitively, positioning of the brand and promotion of commodity, as a category, are keys to success. Branded items are more recognizable and memorable.

Effective advertising (before and after the sale) is important. Advertising and promotion before the sale are essential to obtain first purchases and follow-up advertisements after the sale, promote customer satisfaction and repeat purchases. Repeat purchases are one of the primary objectives in

brand development. Repeat purchases are critical for long-term success of businesses and contribute to brand loyalty.

KEY CHALLENGES THAT IMPEDE BRANDING

Value seeking Indian consumer: The value conscious Indian consumer is always on the lookout for the lowest price. The perception that branded products are costly is deeply rooted in the Indian psyche. To many consumers, a branded product still means a product with an attractive label rather than an assurance of quality.

The great Indian retailer: India has been a land of shopkeepers. Indian retailers enjoy high trust quotient by virtue of their superior service and relationship with their customers. This in turn means, consumers trust the retailer's choice implicitly and hence do not feel the need for branded products. However, this trend has been changing with increasing awareness about various products. Retail consolidation has also been a prime mover in the picking up of branding efforts in agri produce.

Scalability challenge: A brand needs to stand for something to someone. The diversity of the Indian population in turn means extensive localization and hence becomes unviable to make investments towards building a brand across a large geography. Only players with deep pockets have the capabilities to invest and build a brand. Since the very nature of agri-business is oriented towards supplying to the local community at large, branding efforts are sporadic.

Market structure: The system of aggregation of farm produce (at *mandi* level) by itself is against branding. This method strives to consolidate without any allusion to the source and hence wipes out any opportunity for differentiation at the first point of sale. It does not incentivize farmers to provide a much superior produce and charge premium accordingly. This in turn goes against the grain of branding.

Poor farmer awareness: The average holding in India is way too small for any farmer to make efforts towards branding. Although dairy has seen the co-operative movement being successful in creating great brands like AMUL, there have been no concrete efforts in other spheres of agri products. The farming community in India is still caught up on efforts to sell and does not have the awareness of the relative merits of branding.

THE WAY AHEAD

It is only a matter of time before the challenges are overcome. What are the ways to overcome this branding conundrum?

Quality First : "Cheap & best" possibly exists only in the Indian lexicon. However, increasingly people are realizing that both cannot always exist together. Continuous efforts need to be put on highlighting the superior quality of branded produce.

Visual differentiation is a key method of highlighting quality. For example, when branded sugar came into vogue, very clear communication about how the sugar is whiter and uniform in crystal size was highlighted.

Don't Undermine Value – Seeking: Indian consumers cannot be divorced from seeking value. Use any scope of differentiation to highlight superior value to customers. For example, long or rounded grains can be highlighted to prove that less quantity is required to be cooked.

Don't Scare Consumers: One of the strategies adopted many times by brands is to scare consumers about adulteration in unbranded commodities. That is not a good way to build a good agri brand. It might give temporary results. However, it does not add any value to the brand in question.

ROLE OF EXTENSION IN PROMOTING BRANDING

Linking farmers to markets is currently recognized as one of the mandates of extension and advisory services. This involves providing advisory on good practices in crop production, strengthening producer-buyer linkages, development of long-term business relationships with market outlets, facilitating linkages with input suppliers, financial institutions and market outlets and helping to negotiate. Now a days, farmers are increasingly getting interested in branding their commodities so as to gain maximum share out of the consumer rupee. Farm Grocer (Box 3) and Majha Haldi (Box 4) are such examples.

Box 3: FARM GROCER

Farm Grocer is a start-up by young farmers', based at Saha Food Park, Ambala (Haryana), dealing in authentic farm products, linking farmers and consumers together through a value chain. The objective of the company is to link authentic farmers' products directly to the consumers, through direct marketing and retail centers, providing full traceability of producers and package of practices being adopted. Similarly, the business model provides opportunity to farmers and entrepreneurs to supply their products to Farm Grocer. The company is based at HSIIDC Food Park, Saha (Ambala) and has manufacturing facilities of around 50 farm products. Company is primarily dealing with Farmer Producer Organizations (FPOs) for sourcing of raw and semi finished products.

Product Range

Pulses :- Unpolished & Uncolored;

Basmati Rice :- Long, Non-Sticky, Aromatic;

Spices & Namkeen :- Home Made Quality;

Honey :- Multi-flora collected from Himalayas;

Herbal Products :- Ayurvedic Products with compliance to GMP;

Tea and Green Tea :- Special blend from trusted sources;

Milk & Dairy Products :- Directly from dairy farms with full traceability of animal health;

Fruits & Vegetables :- Fresh Seasonal fruits and vegetables

Monthly Grocery Pack

Apart from retail sales, the products may also be supplied in a Monthly Grocery Pack, so that consumers can get best farm products all together.

Its all about
Good Food & Taste

Farmgrocer Products Pvt Ltd

" Farmgrocer Products Pvt Ltd is a Private limited company incorporated by a team of young farmers. The company is primarily managed by two founder directors namely Mr. Satish Chaudhary & Mr. Puneet Singh Thind. Both the directors come from farming background with holds hand on experience in agriculture and business expertise."

Why Farm Grocers:

- ☑ All Products are Natural and Herbal
- ☑ Products Directly from the farm
- ☑ Unpolished Products
- ☑ Chemical Free Products
- ☑ Health Nutritious Products

 [Know more About Us](#)



A new online platform, www.farmerfriend.in has originated recently at Amritsar to promote farmer owned brands. It is currently trying to bridge the gap between farmers and the society, by providing a platform wherein farmers can contact the customers directly and vice versa.

FarmerFriend

Mobile Number

Password

Login

Forgot Password?

Sign Up

 Friend

 Farmer

Its Easy! You are just 3 steps away to help a Farmer...

-  Step 1: Sign up as a "Friend".
-  Step 2: Search for a farmer in your nearby location
-  Step 3: Support the cause and connect directly to farmer.

Box 4: MAJHA HALDI

Yadwinder Singh from Chogawan village in Tarsikka block, Amritsar, took initiative to redefine the traditional agriculture by diversifying from wheat-rice cropping cycle, to turmeric. But after a few years of hard work, he felt the share of consumer rupee in their income is negligible as compared to the middlemen's share. ATMA, Amritsar, helped him to find new solutions and guided him about the process of making a brand and to get it registered, to make more profit. Now he grows, processes and packs turmeric at his farm site and along with that he has a farm outlet too, to serve the local consumers.



However, most farmers do not have the knowledge of branding. Extension and advisory services can support farmers in branding their produce, by providing advisory support on the following aspects:

- changing consumer behavior
- laws related to production and sale of branded products including labeling
- specific demands for branded products (types, quantity, quality specifications)
- independent and group marketing model
- development of farmer owned brands and
- promotional opportunities for farmer owned brands

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