THE INFLUENCE OF CROP PROTECTION COMPANIES ON THEIR DEALERS´ MARKET ORIENTATION

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Schedule

- Introduction;
- Research questions and objectives;
- Theory;
- Procedures;
- Results;
  - Descriptive results;
  - Statistical results
- Conclusions and managerial implications;
- Major References.

Introduction

▸ 2011 - agribusiness accounted for 22.15% of the Brazilian GDP, 36.9% of exports and 37% of formal jobs generated in Brazil;

▸ The dealers are key players in supply chains;

▸ Today, nearly 60% of sales of agricultural pesticides occur at the dealers;

▸ The development of Brazilian agriculture in recent years, mainly in the Midwest;

▸ The trend of mergers and acquisitions in the input sector have required from dealers greater professionalism;

▸ Over the past 15 years in Brazil, crop protection companies have invested in training and capacity programs and developing the so-called influence strategies aiming to improve the relationship with their dealers.

Research questions and objectives

Have influence strategies and training and consulting programs made by crop protection companies in developing their dealers given positive result?

The present study aimed to describe and verify if influence strategies and training and consulting programs made by crop protection companies in developing their dealers …

have generated greater market orientation?

have generated better performance?

have generated higher revenue?

have generated partnership in dealers' perceptions?

Theory

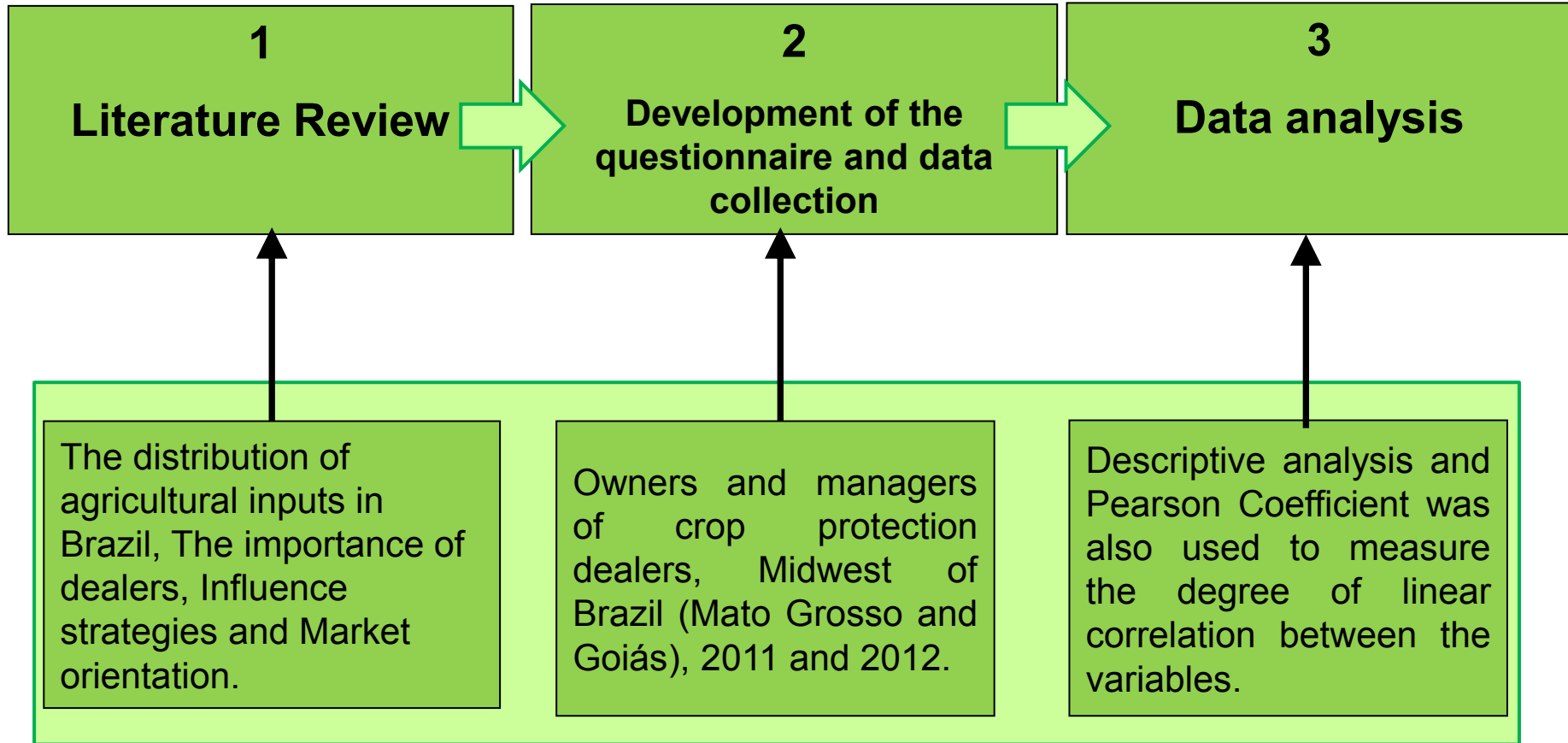| AUTHOR	YEAR	CONTRIBUTIONS
Frazier and Summers	1984	Influence strategies
Frazier, Gill, and Kale	1989	
Frazier and Rody	1991	
Boyle, Dwyer, Robicheaux and Simpson	1992	Measured of influence strategies
Narver and Slater	1990	Concept of market orientation
Lambin	2000	
Kohli et. al	1993	Construct of market orientation (MARKOR)
Cônsoli and Neves	2005	The importance of dealers
Cônsoli et. al	2011	Relationship with the input companies
Mazotin et. al	2011	The distribution of agricultural inputs in Brazil

Assumptions

▶ There is a correlation between the components of MARKOR with influence strategies considered in the study;

▶ Greater revenue perception generates better performance which generates greater partnership perception of dealers;

▶ There is a correlation between investments made by crop protection companies in training and consulting programs with the components of MARKOR and influence strategies;

▶ There is a correlation between influence strategies with revenue and partnership perceptions, and dealers' performance.

Procedures

1	2	3
Literature Review	**Development of the questionnaire and data collection**	**Data analysis**

The distribution of agricultural inputs in Brazil, The importance of dealers, Influence strategies and Market orientation.

Owners and managers of crop protection dealers, Midwest of Brazil (Mato Grosso and Goiás), 2011 and 2012.

Descriptive analysis and Pearson Coefficient was also used to measure the degree of linear correlation between the variables.

70 respondents
42 different dealers
26 different municipalities

Results

Descriptive results

▸ Most of the dealers (67%) have up to 50 employees, 26% have 51-500 employees and only 7% more than 500 employees;

▸ 29% of them just have one unit, 61% have 2 to 10 units, and just 7% have more than 10 units.

Products	%	Products	%
Crop Protection	99%	Machineries and Implements	17%
Seeds	100%	Liquid Fertilizers	93%
Fertilizers	84%	Others	20%
Animal Nutrition	16%		

Table 2. Product Line
Source: Authors

fea-RP USP Markestrat value generation

Results

Descriptive results

Partnership perception variable

▸ Over half of respondents (54%) say that they distribute various brands, but have a stronger partner;

▸ 27% say they have a primary crop protection supplier, but they are not exclusive;

▸ 16% say they are exclusive distributors of a great brand partner;

▸ And only 3% distribute all major brands and are considered independents.

Sales revenue perception variable

▸ In relation to the revenues 57% of respondents confirmed that their main supplier of inputs represents about 50% of revenues;

▸ 24% say they represent 50% to 60% of revenues;

▸ 14% greater than 60% to 70%;

▸ 4% greater than 70% to 80%;

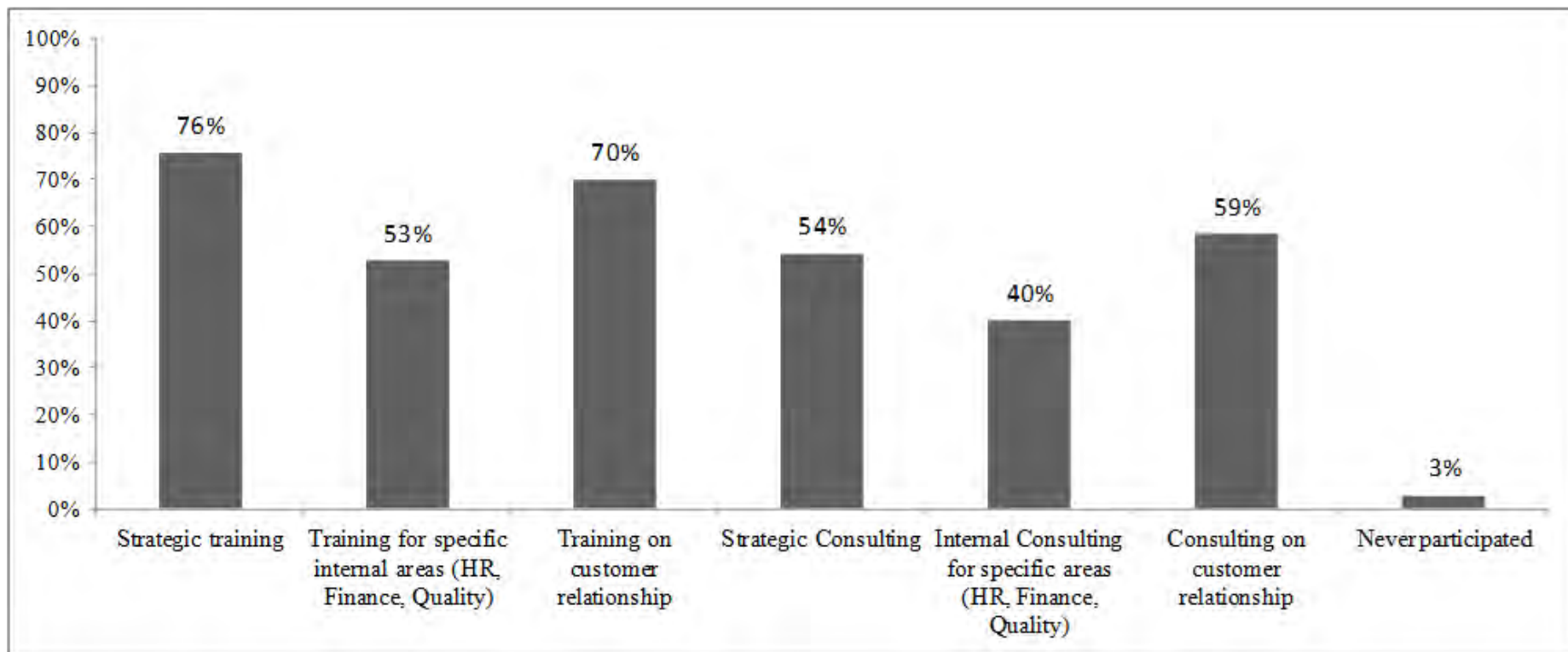▸ And no greater than 80% of revenues.

Results

Descriptive results

Figure 2. Training and consulting programs
Source: Authors

Results

Table 3. Market Orientation

Market Orientation Scale			
	M	SD	CV(%)
Intelligence Generation	2,80	1,49	50
Intelligence Dissemination	3,11	1,32	42
Responsiveness	3,19	1,37	43
Market Orientation (total)	3,06	1,37	45

Source: Authors; based on KOHLI, JAWORSKI, and KUMAR (1993).

Scores: 1 (Strongly Disagree), 2 (Disagree), 3 (Neither Disagree nor Agree), 4 (Agree), 5 (Strongly Agree).

Results

▸ **Intelligence generation**

In general the respondents disagree with the phrases that contain negative practices related to intelligence generation.

▸ **Intelligence dissemination**

In general there is no difficulty to disseminate relevant information on dealers.

▸ **Responsiveness**

The dealers pay attention to the competitor's actions and responds to them.

Results

Table 7. Influence Strategies in Marketing Channels

Influence Strategies in Marketing Channels			
	M	SD	CV(%)
Threat	3,40	1,22	39
Recommendation	2,18	0,92	42
Information exchange	2,65	0,99	37
Promise	2,32	1,07	46
Legalistic plea	2,46	1,09	44
Request	3,01	1,10	36

Source: Authors; based on Boyle, Dwyer, Robicheaux and Simpson (1992).

Scores: 1 (Always), 2 (Usually), 3 (Sometimes), 4 (Rarely), 5 (Never).

Results

▸ The dealers suffer some kind of threat, but threats bit offensive;

▸ The actions of recommendation are clearly understood by dealers as beneficial;

▸ The dealers do not have a concise idea about the intentions of crop protection in actions related to long-term planning and strategy;

▸ The crop protection companies used promise items to maintain the partnership with their dealers;

▸ Legalistic plea is not usually used by the crop protection companies;

▸ Request items are not often used by the crop protection companies. They explain ideas and effects of actions.

Results

Pearson Coefficient

Table 14 – Markor Correlation

	IDS	IGN	RES
IDS	I		
IGN	0.335**	I	
RES	0.283**	0.278*	I

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

IDS – Intelligence dissemination
IGN – Intelligence generation
RES - Responsiveness

Results

Pearson Coefficient

Table 15 - Correlation between influence strategies

	REQ	IEX	LEG	PRO	RCO	THR
REQ	I					
IEX	-0.077	I				
LEG	0.322**	-0.399**	I			
PRO	-0.029	0.377**	-0.342**	I		
RCO	0.204*	0.431**	-0.208*	0.552**	I	
THR	0.327**	-0.19	0.627**	-0.015	-0.045	I

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

REQ – Request   PRO – Promise
IEX – Information exchange   RCO – Recommendation
LEG – Legalistic plea   THR – Threat

Results

Pearson Coefficient

Table 16 – Markor and Influence Strategy correlation

	REQ	IEX	LEG	PRO	RCO	THR
IDS	0.058	0.431**	-0.132	0.270*	0.333**	-0.059
IGN	0.032	0.086	-0.115	0.320**	0.128	0.030
RES	-0.112	0.046	-0.020	0.233*	0.054	0.096

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

Results

Pearson Coefficient

Table 17 - Correlation between perception and performance

	Partnership	Sales Revenue Perception
Partnership Perception	I	
Sales Revenue Perception	0.306**	I
Performance	0.287*	0.297**

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

Partnership perception = the company's situation regarding the distribution of pesticides.
Sales revenue perception = the supplier representativeness in the dealers' revenue.
Performance = the total revenue of the year / the number of employees in the organization.

Results

Pearson Coefficient

Table 18 – Markor and Influence Strategy correlation with perception and performance

	Markor				Influence Strategy				
	IDS	IGN	RES	REQ	IEX	LEG	PRO	RCO	THR
Partnership Perception	0.130	-0.152	-0.056	0.139	0.224*	-0.046	0.024	0.194	-0.043
Sales Revenue Perception	0.151	0.027	0.052	0.117	0.262*	-0.201*	0.104	0.171	-0.094
Performance	0.282*	0.142	0.145	0.026	0.192	-0.194	0.097	0.233*	-0.212*

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

Results

Pearson Coefficient

Table 19 – Correlation between Markor, Influence Strategies and Training Programs.

	Markor				Influence Strategy				
	IDS	IGN	RES	REQ	IEX	LEG	PRO	RCO	THR
Partnership Perception	0.130	-0.152	-0.056	0.139	0.224*	-0.046	0.024	0.194	-0.043
Sales Revenue Perception	0.151	0.027	0.052	0.117	0.262*	-0.201*	0.104	0.171	-0.094
Performance	0.282*	0.142	0.145	0.026	0.192	-0.194	0.097	0.233*	-0.212*

** Correlation is significant at the 0.01 level.
* Correlation is significant at the 0.05 level.

Conclusions and managerial implications

▸ The measurement of the dealers' market orientation achieved the expected results. The effect of the influence strategies in the dealers also;

▸ The results show that in general there is a correlation between variables;

▸ The findings of this study bring to light the need for further studies, preferably with larger samples, to check for influences of the training programs offered by crop protection companies and their influence strategies on the dealers' market orientation.

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Thank you!

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