

Developing a successful Programme for marketing Herbicides in developed Countries

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Introduction

Marketing herbicides in developed countries, not unlike marketing in general, encompasses a rather wide range of issues which are both complex and dynamic in nature. What is perhaps less complex, in my view at least, is the definition of "marketing" itself. Although there exist many variations, marketing can be simply described as "the provision of goods and/or services which satisfy a customer's needs". A marketer's success can therefore be seen as a measurement of his or her understanding of and adherence to this commonly accepted definition. There are numerous examples of high quality goods or services having been developed and offered for sale with very limited success. On the other hand, there are an equal number of examples of individuals or organizations having clearly identified a genuine market need in the absence of a corresponding product or products to fulfil that need. The prerequisite for developing a successful programme for marketing herbicides in developed countries is therefore little more than the effective and timely combination of a product with a market need. Experience tells us of course, that this prerequisite is indeed a formidable one and suggests that it is worthy of a more detailed analysis. Today, we will consider two main elements which can be seen as forming part of such an analysis. Firstly, an overview of some of the characteristics of the market itself. Secondly, an evaluation of the process and activities involved with developing a successful programme for marketing herbicides.

The Market

The agricultural industry as a whole, and consequently also the herbicide market in developed countries, is significantly influenced by political, economic and social factors. The issue of food production is one which naturally lends itself to a great deal of attention. We need only to look at the tremendous difficulties experienced during the present round of GATT negotiations to recognize the sensitive nature of both country specific and global agricultural policy. Beyond the issue of food production itself is that of its distribution. Heightened by recent developments in the former "East Block" countries, this issue remains a perennially prominent one on the international stage.

Environmentally related issues surrounding the production and consumption of food are playing an increasingly important role. Issues surrounding the use of land for agricultural purposes, the care and maintenance of our agricultural resources, the quality of food, the safety of both producers and consumers of food, the use of fertilizers and of crop protection products, and the application of biotechnology to agriculture are among those most frequently discussed.

Referring specifically to the herbicide market in developed countries, it is generally agreed to be one which can be described, in marketing terminology, as relatively mature. Although this market is characterized by the frequent introduction and adoption of new technology, this has resulted for the most part, in the replacement of, as opposed to an addition to, existing, older technology.

The herbicide market in developed countries is also characterized by intense competition, by increasing business risk, and consequently by industry consolidation and rationalization.

The Process

The process of developing a successful marketing programme for herbicides is one that has changed significantly in comparison to earlier times. Although recognized as somewhat of a simplification, the traditional approach to the development of a herbicide followed the path: synthesis-screening-development-production-sales. This approach was characterized by a rather random nature and, although perhaps an exaggeration, could be seen as having little or no element of actual marketing.

The gradual emergence of a number of factors necessitated that this traditional approach be dramatically modified. The financial and human resources needed in order to fulfil the requirements associated with the development and registration of a new herbicide have increased significantly. I need only to look at the relative growth over the past number of years in terms of personnel and of expenditures within our Product Development and Safety Department at Hoechst AG, in comparison to other Departments, to appreciate the impact of these newly emerging factors. The outcome is that the cost of development of a herbicide today is between \$Us 30 and 40 million, not including any investment in production facilities which may be required. The elapsed time from the synthesis of a molecule having herbicidal activity to the commercialization of that molecule is now between seven and ten years. The probability of a newly synthesized molecule ultimately being commercialized is approximately one in ten thousand. Of similar magnitude has been the impact of increased requirements in terms of the maintenance and upgrading of data packages for previously developed and registered compounds.

Taken together, all of these factors have had a twofold effect. Firstly, and most importantly, they have resulted in there being a greater degree of safety and certainty associated with the development and use of herbicides. It is for this reason that Hoechst AG, along with other members of the industry, have supported the development and implementation of measures introduced toward this end objective. Secondly, as referred to earlier, this situation has led to a dramatic increase in the business risk associated with the development of herbicides. It is largely due to this increased business risk that the traditional approach to developing herbicides has been significantly modified.

The presently required approach not only necessitates the inclusion of a marketing element, but that marketing in fact be completely integrated into each step of the path. This approach could be represented by the following: marketing - synthesis - marketing screening - marketing - development - marketing - production marketing - sales - marketing. This process can be seen as nothing more than a logical extension of the previously outlined definition of marketing itself. A clear and concise identification of the needs of the market must serve as the starting point from which all subsequent activities can take place. This requires that an accurate and reliable quantitative and qualitative analysis of the market be conducted, prior not only to the establishment of development objectives, but even prior to the initiation of molecular synthesis. It is evident therefore, that this new approach represents a significant departure from the traditional one, and requires a rather intensive process of rethinking and of re-evaluating former practices.

A number of organizational structures, techniques, and tools have proliferated in response to this new reality, each designed with the intent to better meet the needs of the market and to minimize risk. Several of these have been implemented within the Hoechst AG Agricultural Division.

In terms of structure, we have organized our global agricultural activities into so-called "Business Units", each having the responsibility to identify the needs of their respective markets. This organizational structure is simply a recognition and appreciation of the fact that the expertise and understanding of a market's needs are best known by those people who are closest to the market itself. There are many examples, within the Hoechst organization, of how this Business Unit expertise and understanding of a specific market has played a vital role in developing a successful marketing programme. One representative example is with respect to our herbicide business in Canada.

Several years ago our Canadian organization identified a growing and urgent need among Canadian farmers for a post emergent herbicide which would effectively address the problem of Setaria viridis in wheat. In response to this identified need, a specific and uniquely Canadian product containing Hoechst's grass chemistry, fenoxaprop-p-ethyl, was developed. This product, sold under the tradename "Laser" has been very well received by the Canadian farmer and presently treats well over one million hectares of wheat each year.

A further element in terms of organizational structure within Hoechst AG has been the merging of the Marketing and Technical Departments. This has served to bring a more market oriented and market focused approach to our biological testing activities, and subsequently, a more efficient utilization of capacity and resources.

Another example of the ways in which organizations are addressing the necessities of today's market can be found at Hoechst AG. A working tool, referred to as "Project Management" has been implemented within our global agricultural activities. There exist a number of names for and variations of this tool, but all are designed with the same objective, that being to provide a systematic, efficient, and rapid approach to the assessment, prioritization and development of business opportunities.

Summary

The agricultural industry as a whole is significantly influenced by political, economic, social, and environmental factors. These factors have a pronounced effect on the nature and dynamics of the herbicide market. The herbicide market in developed countries is rather mature and characterized by intense competition. The development of herbicides bears a very high, and ever increasing, level of business risk. This risk has led, and will continue to lead, toward industry consolidation and rationalization.

The process of developing a successful programme for marketing herbicides in developed countries is vastly different and more demanding today than in past. Any thoughts that the marketing challenges of today are related only to those activities that take place after the commercialization of an end use product are both outdated and inaccurate. The complete integration of marketing within each step of the process, from synthesis to sales, is a prerequisite to meeting the business realities of today. Success in the future will be found only by those organizations capable of managing high business risk and of effectively bringing together products with clearly identified market needs.