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MARKETING AGRICULTURAL MACHINERY IN DEVELOPING COUNTRIES^{1/}

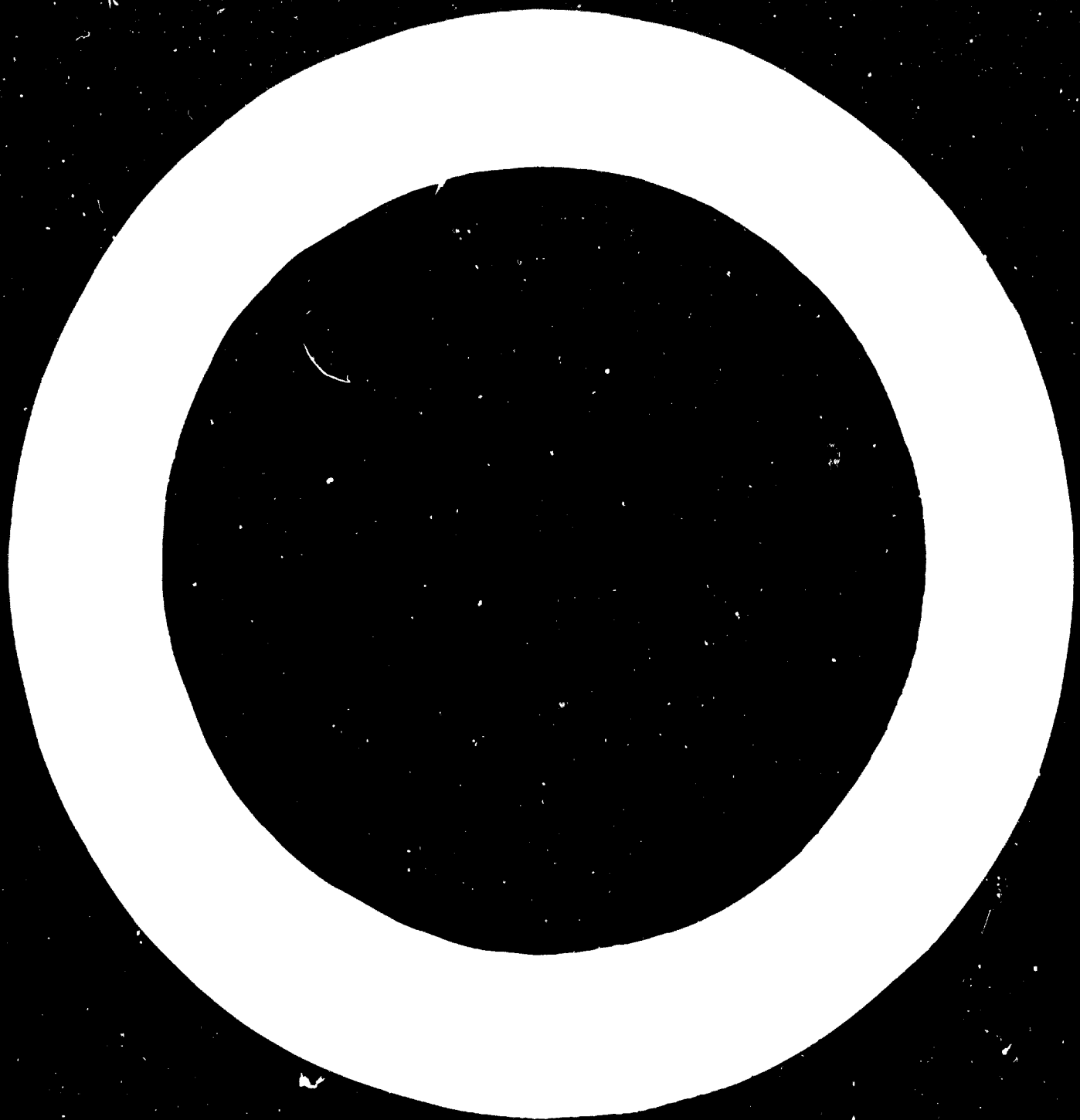
SUMMARY

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It is almost certain that a primary contender for making a major contribution to the shocking and yet unsolved world hunger crisis is the international corporation. Many of the serious problems confronting the many people; individuals, groups, organizations and countries themselves, attempting to reduce and eventually solve this crisis must realize that the capabilities and tools of this large international corporation can serve as an excellent vehicle for carrying forward their efforts. The international organization with a true global concept in transacting its business affairs throughout the developed and less developed countries of the world not only has the tools and technicians, but a "world" of some very realistic experience in solving some of their own everyday operating problems. Why not utilize this vast source of know-how? The international corporation has had to be extremely flexible in doing business outside of their domestic domain and within the framework of each national market with their complex, complicated and contrasting regulations and customs. It has had to investigate, observe and learn. Also, these new situations have caused acceptance and changes through new ventures and risks.

Private industry is certainly recognizing the humanitarian objectives and their role of social responsibility. What is needed is direction in identifying and correcting the problems of the less developed countries. There is a need for a set of common goals and objectives that can be reached through the cooperation of all concerned. There cannot be a confusion of the priorities and the means - an anti-thesis - in attempting to feed the rising population without the rapid development of agriculture of which agricultural mechanization is an important part. This increase in production must surpass the basic subsistence level accomplished with human hands via traditional methods.

Agricultural development must receive priority in the developing countries. In accomplishing the goals of agricultural development agricultural machinery must rank high on the list of inputs. This brings into focus the contribution of the global corporation in the manufacture and marketing of agricultural equipment. Whether it be large or small, an American, Asian or European organization, the problems encountered can be placed under common headings. There is no single concept of success for marketing these products in developing countries, but rather an interaction of many disciplines.

Two things are necessary in discussing the problems of marketing agricultural machinery in the developing countries. As elementary as it may seem there must be (1) a product and (2) a market. A marketing student would shrug at such simplicity. In the developed countries with the detailed and scientific market analysis, the market of the ultimate consumer is closely x-rayed. There are a great many known factors about the market with a lesser number of variables and unknown factors. The opposite situation frequently exists in the developing countries. Marketing in a developed country is a case of analyzing the market and developing the product; whereas in less developed countries the reverse is true. It has been a case of taking an existing product and analyzing where the product could possibly be adapted for use.

The developed countries - industrially and agriculturally, have many of the products needed by the developing countries. However, these products have been designed and developed for their own large, prime markets. The application, performance, and results from the use of these products in the

environment of the less developed countries is not the same and sometimes not even comparable. This produces a different set of economics in justifying their use. Frequently, machine modifications are required.

Properly analyzing the market should receive great emphasis. The method of analysis is not precisely the same for all markets in that factors which appear in some markets do not appear in others. Habits, customs, and unusual laws or regulations can cause numerous difficulties in marketing specific products. Some markets are open while others may be completely closed due to import restrictions and national regulations. Often the open markets which offer enticing opportunities really do not have ultimate consumers for the goods. Dealing with agricultural equipment we must realize that the classification of the ultimate consumer varies a great deal.

A Thai rice farmer on his small paddy doesn't have much in common with a potential customer for a new self-propelled rice combine, as a counterpart in the state of California. The classification of a farmer or farming varies a great deal from country to country. Who is able to purchase the product and who is going to actually use the product are questions which need precise answers. Amazingly enough, efforts have been expended in marketing products where actually a market did not exist. This has happened in the marketing processes of the developed countries.

Particular caution must be taken in the developing countries.

Selecting a proper distribution system again depends upon the characteristics of the market. Direct sales can ably serve some areas, while

distributors can be appointed for others. Where the market has greater potential it may justify establishing subsidiary companies wholly owned or partially owned with national participation and equity. Joint venture operations and licensing agreements can be analyzed for possible applications to any special marketing conditions. The method of distribution will involve the other necessary supporting operations, such as personnel required, training personnel, parts and service operations.

International financing and credit is a complete area of business which vitally governs the marketing problems in most developing countries. When goods are sold there must be a method of payment. Policies for financing agricultural equipment must be explored to facilitate easier sales to the countries in need of these products.

If one is to view the problem of marketing equipment strictly by exporting goods to the developing countries the basic problems could be listed in tenfold very elementary procedure:

- 1) Redesign and modification of existing products available to prime markets of developed countries, accommodate national safety laws, et cetera.
- 2) Market analysis of developing countries:
 - a) type of equipment needed
 - b) how will it be utilized and how productively can equipment be applied
 - c) what quantities can be sold on a country or regional basis
 - d) who will actually purchase equipment
 - e) who will actually operate equipment.

- 3) Establish economical method of distribution using direct sales, commission companies handling several manufacturers' lines of equipment, a distributor organization, through a formal export company, or sales subsidiary companies.
- 4) Language in itself presents a whole set of problems in:
 - a) instruction and decals for equipment
 - b) printing all operating manuals and service instructions in other languages
 - c) sales and advertising information in other languages.
- 5) If you elect to have an export organization this requires a complete organization study in itself for most companies.
- 6) People are a most important factor; acquiring them and training them. Where do you find such people interested in export markets and how do you train them?
- 7) Communications problems are magnified on a worldwide basis.
- 8) Credit and financing, currency problems and trade balances are whole areas which need study to improve trade between nations.
- 9) Maintaining replacement parts and services for equipment on long-range basis.
- 10) Maintaining flexibility in all these areas to accommodate the changes in the markets, national politics, economics and currency problems.

Naturally these interact and relate to each other. The list can be made longer or shorter, but it includes the basics.

There is a part of development that must receive the ultimate attention in carrying out marketing transactions and this is the human side of development. It is only through the cooperation of people that any of our goals will be reached. This requires the combined talents and joint efforts of all concerned.





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