

CONSUMER EDUCATION: HOW TO SELL SEEDS TO SMALLHOLDER FARMERS IN THE DRC

PRACTICAL GUIDANCE FOR BUSINESSES

BASTIAAN HUESKEN, NGAMA MUNDUKU, ÉLAN RDC

APRIL 2019



Adam Smith
International

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Bastiaan Huesken, Ngama Munduku, ÉLAN RDC
April 2019

Executive Summary

The market potential for maize, rice and bean seed in the DRC is conservatively valued at \$191 million per annum. Sales to smallholder farmers have started to translate this market potential into profit. Since 2015, private sector companies working with ÉLAN RDC have sold 1,823 metric tonnes (t) of seed direct to smallholder farmers. Success has been based on marketing strategies that focused on consumer education tailored to smallholder farmers; these included demonstration plots, mobile sales forces, appropriate packaging and development of a distribution network.

ÉLAN RDC found that product promotion and quality are the principal determinants of successful sales to smallholder farmers and that smallholder farmers are less sensitive to price considerations than is generally assumed. Installation of small demonstration plots of 10m² spread across a large geographic area has proven most successful in promoting seeds among remote and dispersed communities of smallholder farmers. Ensuring that smallholder farmers would become return customers required that seed companies train them on Good Agricultural Practices (GAP) and this is best done during installation and maintenance of demonstration plots and during farmer field days, particularly during the harvesting of demonstration plots. In total, ÉLAN RDC and its private sector partners installed over 10,000 demonstration plots in the DRC.

To install demonstration plots and promote seed, a well-trained mobile sales force is required. The sales force needs a comprehensive understanding of agricultural principles and needs to be familiar with local customs and languages. Specialized training on the seed product being sold is also required, along with tools and materials ranging from motorcycles to flipchart presentations that outline GAP and product specifications, for use at farmer field days. Besides demonstration plots, seed can be promoted via radio transmissions that cover GAP and the specifications of the seeds being sold.

To ensure that smallholder farmers enjoy physical access to seed, it is important to establish a distribution network. The agro-dealer network in the DRC, with one agro-dealer for every 9,000 smallholder farmers, is poor compared to other countries in the region. Seed companies will need to invest in agro-dealer identification and training to ensure that sales grow sustainably. Agro-dealer training needs to cover GAP and basic business and customer management skills. A training module developed by ÉLAN RDC in partnership with AgriExperience is available free of charge at www.elanrdc.com.

Finally, to ensure that smallholders are able to afford seed it is important to sell seed in appropriately-sized lots, e.g. 10, 5, 2 and 1kg. This range of packages enables smallholder farmers to purchase the exact amount required and thereby avoid incurring unnecessary expenses. NGOs can support private companies in consumer demand creation through subsidies and can further support the development of distribution networks, specifically through the identification and training of rural agro-dealers on GAP and basic business and customer management skills.

Collaboration between private sector seed companies and development organisations can help to drive the emergence of a sustainable seed system in the DRC.

Introduction

Over the next decade the Democratic Republic of the Congo (DRC), home to nine million agricultural households, will become an increasingly viable market for seed companies. The market potential for maize, rice and bean seed alone is conservatively estimated at \$191 million (ÉLAN RDC, 2018). Significant and sustained investment in demand creation has started to translate this market potential into sales. Since 2015, private sector seed companies, in collaboration with ÉLAN RDC, a private sector development programme (see the box below), have invested \$3.1 million in the development and implementation of consumer education-based marketing strategies tailored to smallholder farmers. The result has been a resounding success, with an increase in sales from 120t in 2015 to 950t in 2018. To date, ÉLAN RDC and private seed companies have sold 1,832t of seed directly to smallholder farmers. Consumer demand is projected to continue to grow exponentially over the coming years as seed companies consolidate the marketing strategies piloted in partnership with ÉLAN RDC.

This document outlines the marketing strategies pursued successfully by seed companies in partnership with ÉLAN RDC. These strategies emphasize consumer education to drive demand creation. The aim of this paper is to encourage more actors to enter the seed sector, both companies interested in this growing market and facilitators wishing to support the growth of this nascent industry.

About ÉLAN RDC

ÉLAN RDC is a UKAID market development project in the DRC implemented by Adam Smith International. The project aims to reduce poverty in the DRC by increasing the incomes of over one million poor smallholders, producers, entrepreneurs and consumers by the end of 2020.

Despite its extraordinary economic potential, the DRC remains desperately poor. Decades of conflict, instability and poor governance have taken their toll, and 85% of the population living in poverty lack the opportunities to lift themselves out of poverty.

We work to tackle the root causes of market failures and constraints. We work with the private sector to design and spread new economic models that increase income, create jobs and lower prices for the poorest. Our work places a particular focus on advancing the role of poor Congolese women and adolescent girls, some of the most marginalised in the world.

ÉLAN RDC works across four geographical areas and six sectors of the economy.

- Perennial agriculture
- Access to finance
- Renewable energy
- Non-perennial agriculture
- Mobile money
- Transport

Context

Prolonged under-investment in the agricultural sector of the DRC has left millions of smallholder farmers without access to the most basic unit of agriculture: seed. Low agricultural productivity, driven by poor quality seed and substandard agricultural practices are amongst the principal causes of the high levels of poverty seen in this vast country. NGOs have long supported smallholder farmer communities to overcome this constraint by either donating seed or supporting the development of

small-scale and localized seed production systems¹. Neither of these approaches has brought about significant (in terms of scale) or lasting change to the productivity of farmers.

In 2015, ÉLAN RDC started investing heavily in demand creation activities to drive growth in seed purchases by smallholder farmers. The broader goal has been the development of a sustainable, private sector-led seed industry capable of providing real choice to smallholder farmers.

Prior to ÉLAN RDC’s involvement, eleven seed companies were active in the DRC. None sold any significant volume of seeds to smallholder farmers. Most of these companies focused on sales to industrial farms and NGOs, accounting for 1,894t and 920t of bulk sales in 2016 respectively. Despite the undeniable market potential which millions of smallholder farmers represent, this potential was not translating into a dynamic market. A lack of awareness amongst farmers of the benefits of using quality seeds, and a lack of know-how and capital on the part of the private sector to improve awareness, combined to create a moribund industry.

To break out of this stasis, ÉLAN RDC began by tackling the demand side of the market. In partnership with local companies, the project developed and co-invested in consumer education-focused marketing strategies to persuade smallholder farmers of the benefits of purchasing and planting quality seeds. The following outlines the tactics used by DRC-based seed companies, in partnership with ÉLAN RDC, to drive sales and stimulate the emergence of a commercial seed sector.

Sales and Distribution to Smallholder Farmers

The marketing strategies tailored to smallholder farmers developed by ÉLAN RDC and private seed companies can be described using the 4Ps of marketing.

Product: The quality of the product	Price: The price of the product
Place: The place the product is sold	Promotion: Awareness of the product

These 4Ps are a basic but useful tool to ensure that the right product is in the right place, at the right price, at the right time. Viewed through this lens, it is possible to assess which of the four Ps is most critical to Congolese Smallholder farmers. Although it is often assumed that small farmers are most sensitive to price, ÉLAN RDC found this assumption to be inaccurate. Promotion, followed by quality, were found to be the most critical of the Ps to drive the growth of demand for seed.²

Promotion

Consumer education is critical in promoting the sale of seed. Many smallholder farmers in the DRC have never been exposed to the benefits of farming with quality seeds. To showcase the importance of quality seeds requires bringing the theoretical to life, that is to say, physically demonstrating the

¹ 64 of the 75 projects in the Food Security Cluster of the Office for the Coordination of Humanitarian Affairs (OCHA) invested in seed distribution or development of local seed production in 2018.

² A comparison between the sales figures of two seed companies selling hybrid maize seed in the DRC indicated that the company that focused most on promotion of their product among smallholder farmers registered a 55% increase in sales, while their main competitor recorded an overall 25% decline in sales, in spite of the fact that the latter sold hybrid maize seed for \$0.70 less per kilogram.

benefits of quality seed to farmers. Promotion tactics in the DRC have been shown to be successful when grounded in demonstration plots, appropriate sales forces, and creative use of education tools.

Product Promotion: Demonstration Plots

Demonstration Plot Checklist:

- ✓ Micro demonstration plots of 10m²
- ✓ Control plots to allow for comparison of the promoted seed with other brands
- ✓ Farmer field days during installation and harvest of the plots
- ✓ Placards that identify brand, seed type, date of sowing and contact details of the seed company



Figure 1: Naseco Seeds establishes demonstration plots with the support of smallholder farmers

Demonstration plots are amongst the most effective tools to promote seed sales to smallholder farmers. Farmers are a relatively immobile demographic living where infrastructure is poor and transport unavailable. Demonstration plots must therefore be taken to the farmers. The most effective approach is to establish a large number of small demonstration plots spread across a wide geographic area. The demonstration plots do not need to be large; so-called micro-plots of 10m² have proven adequate to showcase the effectiveness of seed. Smallholder farmer plots planted with local seed varieties provide a good benchmark against which the rate of germination, vigour and productivity of seed sown on the micro-plots can be compared.

Demonstration plots are also helpful in demonstrating good agricultural practices (GAP).

Training farmers on GAP is often critical since seeds alone are not enough to maximize productivity potential. Even if a farmer has the best seed in the world, he or she will obtain sub-par results if poor agricultural practices are employed.

It is good practice to invite smallholder farmers to participate in the establishment of the demonstration plots. This interaction enables the farmers to develop new knowledge and skills, for example in-row sowing as opposed to broadcast. The interaction between farmers and the sales force at demonstration plots is central to converting one-time customers into long-time customers.

Once demonstration plots have been established, farmer field days (FFDs) must be organized throughout the production cycle. FFDs motivate farming communities to come together and participate in critical agricultural activities including weeding and harvesting. FFDs scheduled on the harvest days of demonstration plots offer seed companies a tremendous opportunity to showcase the quality of the seed compared to that of the control plots. Weighing the harvest and showcasing the quality of the yield is a sure-fire way to impress smallholder farmers and encourage them to use quality seed.

Demonstration plots must be clearly demarcated, with information clearly displayed on placards. The materials used for the placards need to be carefully considered as farmers have been known to dismantle them and recycle the materials. Placards should be distinctive enough that competitors cannot easily copy them. It is not unknown for competitors to launch smear campaigns that include fake demonstration plots.

Brand the demonstration plots with small firm plastic placards:

- Company brand
- Type of seed
- Date of sowing
- Where the seed is available for purchase and sales agent number



Figure 2: Naseco Seeds organizes FFDs

In total, ÉLAN RDC and the private seed companies established more than 10,000

demonstration plots in the East and South of the DRC and trained an estimated 50,000 smallholder farmers on these plots. The impact has been a sharp increase in sales of seeds between 2015 and 2017. The demonstration plots are, however, not the only factor that influence sales and indeed are only possible with a competent and dedicated sales force that engages farmer communities in an accessible manner and on a regular basis.

Product Promotion: Sales Force

If demonstration plots constitute the backbone of sales strategies that target smallholder farmers, the sales force constitutes the nervous system.

Sales Force Checklist:

- ✓ Highly competent cadre of mobile agents that has been trained on agronomy and sales strategies, on the specificities of the company's product and is fluent in local languages and customs
- ✓ Motorbikes to enable the sales force to travel long distances (often over poor roads) to reach far-flung smallholder farmer communities
- ✓ Equipment including rain boots and coats, repair kits to fix tyre punctures, company branded clothing including t-shirts and hats, and scales to weigh harvested crops during farmer field days
- ✓ Flipchart presentations to train farmers on good agricultural practices and outline the agricultural and economic benefits of using the seed
- ✓ Communication material that is visual and contains as little text as possible

Successful sales forces are highly competent in matters relating to agricultural production, are good salespeople and are fluent in local languages and customs. A good cadre of professionals to engage in this regard is local agronomists. They will have a basic understanding of agricultural fundamentals and a good grasp of local languages and customs but will need to be trained on the specifics of the product to sell and appropriate sales tactics. An effective sales force is one that has received comprehensive training on sales. Seed companies must invest in the regular training of their sales forces to ensure that skillsets remain sharp.

A sales model based on a large number of widely distributed demonstration plots requires a highly mobile sales force. Depending on the size of the sales territories, agents will need to be provided with bicycles or, more often, motorcycles which can navigate the poor road network that defines the rural DRC. The quality of the motorcycle has been shown not to be of great importance: inexpensive, basic models hold up well and their low cost means that more can be fielded, resulting in better coverage. Additional equipment needed includes basic field-wear such as gumboots and raincoats, scales to weigh harvested crops during farmer field days, repair kits to fix tyre punctures and, naturally, company-branded clothing including t-shirts and hats.

Other effective tools include flipchart presentations that can be used by sales agents during the installation of demonstration plots and at farmer field days to emphasize to farmers:

- a) the importance and basics of GAP; and
- b) the quality of seed.

These specially developed flipchart presentations need to be predominantly visual with as little text as possible.

Finally, the sales force needs to have a good understanding of the local environment. Beyond local languages, local terms and practices differ by geography. For example, in discussing the spacing of plants and rows, using local measures rather than standard units such as centimetres may make a big difference in truly connecting with farmers. The use of hands or feet to indicate the desired spacing of plants and rows, and the use of local measures for volumes of fertilizer for application are more intuitive than international units.

Product Promotion: Other Consumer Education Tools

There is an array of other consumer education tools that have proven successful in fostering awareness and stimulating consumer demand. These include: specially tailored radio transmissions, flyers, posters, banners, branded sun tents and, specifically in the context of the DRC where music is an integral part of life, songs.

Radio transmissions on local radio stations are an effective consumer awareness tool. These can be recorded and broadcast to large audiences at relatively low cost. The best time for transmissions to

reach the largest possible audience is either early in the morning or in the evening, when smallholder farmers are at home. Radio transmissions can cover a wide variety of topics, including why and how to use good quality seed and where to get it. The level of detail of information shared via radio transmissions does not compare to the detail of information shared via face-to-face discussions at demonstration plots, but the outreach offsets this.



Figure 3: Songs and Motorcades are Unconventional but Effective Marketing Tools

Other Consumer Education Tools:

- ✓ Radio transmissions on local radio stations that outline why and how to use quality seed and where to get it;
- ✓ Flyers, posters and banners that demonstrate why and how to use quality seeds in a comprehensive, visual manner with minimal text;
- ✓ Company-branded sun tents that attract smallholder farmers to training sessions and shelter them and sales agents from both rain and sunshine;
- ✓ Songs that outline why and how to use quality seed and where to get it.

Radio transmissions can also focus on songs specifically composed to promote seed. Well-developed songs are catchy and can be used to outline a variety of information about seed, including why and how to use it. One of ÉLAN RDC's partners developed a song that became quite a hit and contributed to the eventual sale of 312t of seed to farmers in 2017 and 2018.

Company-branded sun tents are another good way to attract smallholder farmers and enable them to focus on the presentations by the sales force without the discomfort of the elements such as rain or strong sun. Throughout Eastern and Southern DRC, ÉLAN RDC partners have used sun tents on farmer field days and market days with great success.



Figure 1: Training of Farmers on GAP and Good Quality Seeds

Product Placement: Point of Sale (POS)

The agro-dealer network in the DRC is sparse compared to regional standards, with only 1 agro-dealer for every 9,000 smallholder farmers compared to ratios of 1:2,900 in Tanzania and 1:3,200 in Zambia (TASAI, 2017). Recent investment by ÉLAN RDC and private seed companies in the development of rural agro-dealer networks saw an additional 390 agro-dealers trained, equipped and established. This network will need to be expanded further to reach remote communities of smallholder farmers in the DRC.

Point of Sale Checklist:

- ✓ Identify and train agro-dealers on good agricultural practices and basic business and customer management skills;
- ✓ Provide agro-dealers with sales support tools including desktop presentations, calendars and banners;
- ✓ Enable smallholder farmers to identify certified distributors of the seed product by placing certificates.



Figure 5: Agro-Dealer Training and Certification are Critical to Sustainable Sales

The DRC is currently in the “introduction and rollout” stage of the product lifecycle as related to seed. During this stage, most sales are driven by a sales force on the payroll of the seed companies. To ensure that sales continue to grow in the future, seed companies will need to rely increasingly on agro-dealers. The paucity of agro-dealers in the DRC means that private seed companies will need to invest in agro-dealer identification and training or seek out partnerships that can fulfil this role. Ideally, agro-dealer training covers GAP and is complemented by training on basic business and customer management skills. Numerous training modules and materials exist on these subjects and there is an increasing number of companies that are familiar with training agro-dealers in the DRC. For example, AgriExperience, a Nairobi-based company, partnered with ÉLAN RDC to develop agro-dealer training modules and materials that are available free of charge at www.elanrdc.com. To enable smallholder farmers to identify certified distributors of good quality seed, it is advised that seed companies issue agro-dealers with certificates and signs that attest to their level of training and the quality of the products they stock.

At a Point of Sale (POS) it is important that seeds are stored and stocked properly. This includes keeping seeds dry and cool and separate from products that may either damage the packaging or detract from the product’s integrity. It is important to keep seeds separated from grains to ensure that smallholder farmers distinguish between quality seed and grain. Stocking the seed packages at eye-level maximizes visibility.

Product Pricing: Small Seed Packs

As noted at the beginning of this section, price has been found not to be the principal determinant of seed sales to smallholder farmers in the DRC. This is best illustrated by the fact that seed is sold at higher prices in the DRC than it is in more developed economies in the region, including Tanzania, Uganda and Kenya. However, the size of seed packages has been shown to be critical. In partnership with ÉLAN RDC, private seed companies introduced seed packs of 10, 5, 2 and 1kg, and sample packs of 250 grams so that smallholder farmers could test the product. The large variety of packs available to smallholder farmers enabled them to purchase the exact amount of seed they required rather than too little or too much, as may be the case when seed is sold in larger packs.

The optimal size varies by region and seed companies expanding into new areas should test a variety of sizes to establish optimal ones for the clientele.

Continued Support to the Sector: NGO Involvement

Private sector companies are expected to invest in demonstration plots and other consumer education tactics described in this document. The current state of the DRC seed market, where there is limited consumer awareness of, and demand for, seed, means that seed companies may require support in the form of outside funding. Once consumer awareness and demand begin to grow, seed companies will continue to invest in demonstration plots to differentiate their product from that of their competitors. At that stage, consumer sales will underwrite the cost of increased consumer awareness investment. That stage has, however, not yet been

Average prices for hybrid maize seed in the DRC are \$3.10/kg, compared to average prices in Tanzania of \$2.20/kg and of \$1.50 and \$1.80/kg in Uganda and Kenya, respectively (TASAI, 2017).

reached. This is where NGOs can step in, to subsidize early consumer demand creation so that private sector companies have a reliable customer base and regular sales that will enable them to develop the products and services appropriate for smallholder farmers. In addition, NGOs can play an important role in the development of rural agro-dealer networks. Identification of rural agro-dealers should be driven by private seed companies but NGOs can assist by developing training modules and materials. They can also finance and support the training of the agro-dealers that have been identified. Partnerships along these lines can significantly increase the rate of growth of sales of seed to smallholder farmers and improve smallholder agricultural performance.

Conclusion

ÉLAN RDC and its private seed company partners have demonstrated that commercial sales of seed to smallholder farmers are viable. Smallholder farmers are willing and able to invest in seed as a productive asset. Translating the market potential represented by smallholder farmers into sales requires targeted and sustained consumer education-oriented marketing campaigns to grow demand. Experience has shown that the most critical determinant of sales to smallholder farmers is not the price, but the quality of the product and the closeness of the engagement with the farmers by seed companies. Smallholders need to see the rationale (agricultural and economic) of using good quality seed and the good agricultural practices required to make the most out of their investment.

This approach results not only in the development of a reliable customer base, but also in return customers. Consumer education-oriented marketing should emphasize micro-demonstration plots and farmer field days (FFDs) to engage smallholder farmer communities. The salesforce and support tools must furthermore be set up to complement the demonstration plots and FFDs. Marketing tools should reflect the requirements and capacities of smallholder farmers, and should use images rather than text. The salesforce must be able to frame discussions and training around local concepts and in local languages to ensure farmer engagement. Consumer education marketing campaigns are resource intensive but critical to the development of a viable seed industry. To assist this industry, development organisations can provide technical and financial support for the development of consumer education marketing campaigns. Furthermore, development organisations can support private seed companies in the establishment of rural agro-dealer networks.

The potential for synergy between private sector seed companies and development organisations cannot be overemphasized and can help to drive the emergence of a sustainable seed system in the DRC.

This report was made possible through a collaborative effort between our donor, government, NGO, and private sector partners. We want to thank Aditi Rajyalaxmi, Team Leader, Private Sector Development and Investment Team, FCDO, and the rest of the FCDO team for scoping, inputs, and review. Our appreciation, as well, to Lucine Le Moal, Team Leader, Élan RDC, for her leadership and guidance across Élan RDC's sectors. Lastly, our work would not be possible without support from our private sector, NGO, and government partners. Thank you.