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Marketing & Agribusiness

The new management - dialogue with society

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Summary

Preface

We are in the middle of a war for the dominance of world agricultural markets, and in this war Brazil is one of the main protagonists. We occupy the position of second world exporter of agricultural products and, if we know how to conduct this war, we will assume the absolute leadership of the ranking in the upcoming years.

After all, no other country in the world has the combination of fertile land, climate, technology and entrepreneurial skills that Brazilians have that has resulted in the creation of the most thriving agribusiness in the tropical world.

This magnificent book by José Luiz Tejon and Coriolano Xavier develops in two strands - talking about gatekeeper marketing before and after. It gathers very important information, concepts and experiences that have never been gathered in an agribusiness book published in Brazil before.

In fact, besides explaining marketing practices that are essential to adding value to our products, the book shows major strategic causes that will determine the future development of agribusiness in Brazil and around the world - such as the fact that nowadays we must be competitive in a increasingly closed world to the free transit of agricultural product.

As an alternative, the book implicitly suggests that the answers to current problems can only be found by the union between producers, exporters and the government.

For all this, the book is indispensable for those who want to update and expand their knowledge in the agribusiness sector. I can only compliment the authors for this valuable contribution in an industry still lacking in good analysis and information.

Introduction

Four new subtentacles have moved and changed agribusiness in the last ten years, and they will continue as a strong trend for the future. These subtentacles, which we will see in detail below, are: (1) source marketing, (2) war of perception, (3) new real market, (4) creativity and fund investments.

1. Source Marketing

Lately, the source of raw materials has become very important. Quality, process, labor, the environment, seeds, inputs, mechanization, technology, genetic basis, contracts and relationships among agents along the chain have taken high proportions in value aggregation and the perception of final consumers about the products derived from the field.

Source Marketing wouldn't be such big news by itself, as the case "O Made in Italy", found in Part 6 of this book shows. What has changed, in fact, is that even those products that don't reach the consumers with brands and that, in the past, have lost their original identification, in the XXI century agribusiness have become relevant and aware of concerns regarding the agroindustry, retail and food, clothes retail, energy, animal food, rubber and other rural derivatives.

2. War of Perception

The second subtentacle concerns the war of perceptions, the battle for hearts, minds, and markets that dominates the new agribusiness. We started a marketing war in global agribusiness, with an arsenal of information based not only on the press, publicity and advertising, but also on the Internet, blogs, and interactive social media.

In addition to that, a fourth link has erupted with great force in the agribusiness management system: the beyond the gate, or post-post gate of the farms.

This link includes the power of the media, NGOs, consumer protection organizations, human rights associations and environmental protection. It also includes the democratic debates of electoral disputes; in which it is possible to see political parties defending the agribusiness cause with much greater force than in the past.

In any case, it is the micro and macro trends, market segmentation and the niches that increasingly characterize the new globalized agribusiness, bringing the best of marketing to go through the beginning to the end of the chain, rather than just the end, as we have seen historically.

"Who doesn't want war makes trade"- this is the striking saying of the Portuguese poet *Luis de Camões* that defines these new times. In other words, we will live between "slaps and kisses", which means we will remain ready for agriwar, for the war of perception, but at the same time we will have a lot of dialogue among the society.

The important thing is: the greater the good dialogue in the society, the interactive communication between society and agribusiness, the more the war efficiency will be affected.

3. New Real Market

The third subtentacle concerns the new real market that is being created for energy-derived agribusiness derivatives. The United States energy bill, by scaling ethanol demand over the next ten years, simply doubles the total supply of ethanol worldwide by the first decade of the XXI century. Since 75% of the planet's poverty is still in poor rural areas, this new scenario could allow the integration of micro and small producers into a regional energy self-sufficiency effort worldwide, enabling these farmers to be inserted into the production, earn real income and become active consumers rather than dependents on aid programs, as they are today.

Finally, it is worth noting that the market has changed the classical view of agribusiness valuation; since it has interfered - and will certainly still interfere - with all parallel chains of strong systems already established.
With that being said, again the society's dialogue versus agriwar will be imperative in this third subtentacle of XXI century agribusiness.

4. Fund Investments

The fourth subtentacle of the new agribusiness is not that real. It deals with the inflow of investments funds that worked before with other products and now seek greater consistency and stability in agribusiness assets. It is important to say that between the end of 2008 and the beginning of 2009, the world began to witness one of the largest financial crises in history, with the end of a "capitalist utopia". In fact, thanks to leverage on "foolish" derivatives, large financial organizations found themselves in a terrible situation, drive mainly by the United States construction industry. This remind us of the number of times that the Chicago Stock Future Exchange market acted in various agricultural and livestock products, reaching 17 worldwide crops of soybeans in the virtual universe, on paper.

Of course that in addition to boosting world demand for food, fibers and energy, increased the historic commodities prices. With the inevitable recession, the effects on prices of agricultural products and credit lines will bring back hard times throughout the entire agribusiness chain. However, the industry will never be the same again - we will incorporate safer mechanisms in the future, as well as see the evolution of the virtual world in relation to the reality of the crops around the world.

These four subtentacles that changed the globalized agribusiness constitute aspects that permeate the content of the new direction, leadership and management of the sector. This environment requires understanding of the uncontrollable factors and talent for strategic incorporation transformed into manageable actions within organizations and value chains. It also requires a big change in management across the industry: marketing. In a few words, the minds, the hearts and the access to markets must be an integrant part of product's DNA, of geneticist researches, industrial processes, logistics, infrastructure, distribution, packaging, retail, services and communicational and interactive information. In this context, marketing becomes to be the decisive factor and primordial condition for success, in what is increasingly the largest business in the world: the agribusiness.

In fact, we can say that agribusiness without marketing is just *agri*, without the business, whereas marketing without the evolving consciousness of dialogue in the society turns into *agriwar*, with much less *agri* than war - that is, with more psychological barriers justifying sociological, political and protectionist barriers.

In any case, the point is that when it comes to marketing and agribusiness, we evoke the *agriwar* and society dialogue - the two essential conditions for entrepreneurship and new management, whether in a small city or in a global perspective.

Chapter 1 - Marketing in Agribusiness Management

To do marketing in agribusiness you need to have an enlarged focus. You need to think strategically and analyze the entire profile of the supply chain in which it is inserted, so you can increase creativity and innovation planning - as well as its long-term substance and its tactical-operational strength in the present.

As an example, make marketing strategy in a chicken agroindustry without talking to the geneticist, who is currently designing the product profile that will be on the supermarket gondolas in five or ten years from now? In other words, this geneticist also participates, to some extent, in a portion of the sector's profit and agro-industrial competitiveness in the medium and long term.

Another example: how to plan a business in pork and poultry integration without talking to the animal (and also genetic) industry about improvements in food conversion? After all, 70 to 80 per cent of the cost of raising thee animals is in food, and we are living a more expensive animal feeding phase, a phase that is here to stay, sponsored by the worldwide expansion of grain demand - due to faster growth of the middle and low income economies - and to the new equation food *versus* energy, that marks the world agribusiness in this early century.

How can we be more successful in the ketchup market without talking to the geneticist, whose modern biotechnology tools can discover genes that can increase the sugar content in the tomatoes and thus increase the competitiveness of the agroindustry in the segment? How to improve the presentation and quality of perishables at sales points without also talking to the logistics companies and the cold industry?

How to be a world leader in high quality coffee without deeply integrating with the farm-producing universe, and thus, helping to develop modern management practices and encourage the use of technology, creating minimum standards of product quality (in a shared way) and creating fidelity to the best suppliers on the market - as Illycaffé shows us in an exemplary way.

Two hands

In the opposite direction, the strategic thinking is the same. How to study poultry and pork genetics - and the marketing of these genetics - without talking to the end of the production chain (agro industries, retail and food services) to find out what are the current, medium and long term perceptions in beneficiation, commercialization and consumption of meat? That’s the new genetic without myopia.

Companies such as Ross Breeders (now Aviagen) and Pig Improvement Company (PIC) have been strong examples of this marketing attitude over the past few decades. PIC even had a "consumer council" (in United States), involving representatives and/or information from the three instances of the end of the production chain, with the function of studying and discussing the evolution of markets.

As an example, do marketing of fruit and vegetable brands without talking to supermarkets to know their view on quality, presentation, packaging, portions, organic products and promotions to consumers? There are already people doing this successfully, leveraging the culture of "marketer" of the farmer in the area of *Vargem Grande do Sul*, region near Sao Paulo.

How to make extensive and deep marketing of formicides technologies in agriculture without first talking before with the reforesting companies (responsible for 30 per cent of consumption) and share with them the pressures suffered today in the international market related to the traceability and source of their inputs for sustainability?

Quality of Information

All marketing planning needs to be well informed. This is the condition and reason to obtain successful results. In agribusiness, however, this need increases because, when we develop a marketing plan, we must pay attention both to the wide range of variables related to the market in which we operate and to our direct competitors, as well as to the multiplicity of approaches and data that come with strategic view of the product chain. All this greatly multiplies the axes of information and the ideal analysis for a well structured planning with excellence in its information base.

Having information about the producer's income, for example, is an essential factor in any marketing planning in the input industry. And today, to have a good reliability in the information about this factor, it is not enough just to make projections of products and future prices, and, from them, make cross-analyzes of data and influences.

Let’s assume, by mere hypothesis, an international soybean market going through a moment of high demand and record prices in its history. In this scenario, Brazil's position as a producer and exporter would automatically suggest the prospect of exceptional gains by Brazilians producers. However, what is observed in the current complexity of agribusiness is that the rise in soybean prices depends not only on the results on agricultural activity, but also on variables related to the economic environment and the combination of decisions taken by the farmer at the time of planting - and its evolution until the time of harvest.

We are talking not only about the prices paid to the producer, but also about the dollar price, exchange rate policy and interest rates. In the filed of interest rate, we are talking about Selic rate, official rural credit and rates practiced in operations of sale of inputs with crop term by companies of the sector or agroindustrial. And we are also talking about the price of agricultural inputs in general, domestic or imported.

The price paid to the producer is another example: it is a factor that also unfolds and can be calculated as an average between the prices contracted in advanced sales and the prices obtained in sales made after the harvest. This is because, in scenarios of rising prices during the harvest, the bigger the share of actual sales after the harvest, the greater the possibility of capturing movements in prices and thus increasing the income of the producer.

And to be clear about the importance of this kind of in-depth analysis, another example is worth mentioning: the website of the Soy Intelligence Center (CISoja) estimated, in the 2007-2008 crop, that in the Brazilian state *Mato Grosso*, about 70 per cent of the crop would be traded in advance for US$ 10, but at the end of the harvest the value reached the level of US$ 20 or more.

Holistic Approach

Enlarged focus, informative coverage/excellence and creativity. This is not an unfailing recipe (it would be dangerous to talk about it), but it is an important and proven basis to compose a marketing planning with high potential for agribusiness results - as long as it is associated with control and adaptation tools that respond to market's today dynamism.

The scripts, templates and analysis and planning tools following, include all the functions and academic approaches of traditional marketing. They also explore particular approaches to marketing in agribusiness - whether rural marketing, producer marketing or so-called post-gate marketing, involving food processing, distribution and valuation.

Systematic Analysis of Marketing in Agribusiness

In agribusiness, the depth and effectiveness of a business plan is directly related to the quality and comprehensiveness of the previous marketing analysis of the production chain in which the product or service, that is intended to be planned, is inserted. No matter where in the chain you are operating. In other words, in agribusiness, the planning needs to start from a systematic analysis of the production chain and its various competitive environments.

To achieve this perfectly integrated and systematic view of the marketing plan, we can consider ten factors to focus on analysis, which allow us to establish an upward or downward perspective of any production chain - from the end of consumption to technology and agriculture policies decisions before the gate (or before rural production itself).

Following, we present a model to format a systemic marketing plan to agribusiness, which should be adapted and incremented according to each particular situation. We will also present a checklist for each of the ten factors that make up the template, in order to facilitate its development and content. It is important to point out that no matter where you are in agribusiness, the vision and systemic planning will act decisively to make your company, its products and services strategically safer and immune to managerial myopia.

Model of systematic marketing planning for agribusiness

Avaliation	Adaptation	Adaptation	Adaptation	Adaptation
Factor 10	Factor 9	Factor 8	Factor 7	Factor 6
Information System	**Agriculture Policy**	**Factors and Production**	**Segmentation of rural producers**	**Agricultur Products**
1. Database 2. Controls 3. Statistics 4. Feedback	1. Credit - standard - cost - purpose (costing, marketing, investment) 2. Minimum prices - orientation - EGF / AGF - operational 3. Prices and income - national accounts - effect - price - harvest and gross income 4. Cost / exchange ratio - global parity index by product 5. Taxation - taxes and fees 6. Capitalization - net income - self funding 7. Institutional - agreements - quotas 8. Public and private	1. Earth - price - lease - etc 2. Machines - tractors - harvesters 3. Equipment 4. Seeds 5. Fertilizers 6. Corrective 7. Defensive 8. Medicines 9. Rations 10. Labor 11. Services 12. Money	A 1. Integrated - ascendants in agribusiness 2. High specialization in commodities - high productivity B - stabilized in agribusiness 2. Semi-specialized in commodities - average - technology and diversification C 1. Integrated - descendants in agribusiness 2. Average - specialization in commodities - medium technology - monoculture D 1. Rural amateurs 2. Rural survivors	- Soy - Sugar cane - Corn - Coffee - Rice - Bean - Cotton - Cocoa - Wheat - Orange - Bovine /cut - Chickens - Pigs - Eggs - Others
	Social vision / government management by product	Agents of technological changes/technology, prices, promotion and advertising, services, segmented sales		Upward, stabilized and downward products

Adaptation	Analysis	Analysis	Activation	Analysis
Factor 5	**Factor 4**	**Factor 3**	**Factor 2**	**Factor 1**
Infrastructure	**Quantification/Qualification of rural markets**	**Macroeconomics**	**Marketing in the Food Business**	**Segmentation of the final consumer**
1. Transport 2. Storage 3. Electrification 4. Marketing - classification - future market - auctions 5. Inspection 6. Information	A 1. Supply and demand - stock - foreign trade 2. Prices - producer - wholesale - consumer - margins 3. External / internal - accounts - national - price effect - harvest and gross income 4. Situation 5. Structure 6. Quantification - qualification - rural markets B ______ C ______ D ______	1. Economic activity 2. External sector 3. Economic policy 4. Prices and wages 5. Financial arket 6. World economy RESULTS 1. Flow of assets 2. Purchasing power 3. Inventory cost 4. Global demand 5. Sectoral demand	1. Industry 2. Trade 3. Service 4. Franchises 5. Media	A - Income - Culture - Consumption habits - Age - Gender - Religion - Education - Environmental awareness and other values (sociological, political, psychological standards, psychographic descriptions of consumers, etc.) B ______ C ______ D ______
Development in a heterogeneous way due to product profitability or market segmentation or political and social reasons	Different levels of profitability and ease	Macrossegmentation. Behavioral and income change agents. Industrial and retail marketing actions/services	Influence of distribution channels and media	Segmented consumption attitudes A-B-C ... N

Checklist by Factor

Factor 1: Consumer Segmentation

- What is the size (in currency and volume) of the consumption of the final product chain, in which it is the market that you operate or intend to operate?
- How can you segment the total market for this product? For example:
    - Geography, habits and shopping frequency;
    - Income, sex, age and education;
    - Values and lifestyles;
    - Environmental awareness
- Determine if the consumption of the product's category is rising, stagnant or descending (in the last three years)
- Define (in this category) what is the market share of the final product to which you are linked in the sector's product chain
- Make a projection about the eating/consumption habits related to this market (over the next five to ten years)
- Try to project as well a form of segmentation that goes beyond demographics (income, education, age, etc) and includes values and lifestyles
- Evaluate what may contribute to raising the consumption of the category or, on the contrary, decline it

Factor 2: Marketing in the Food Business

Analyze the final product distribution system in its agri-food chains and trends for the next ten years.

Analyze the development of the entire food service segment (restaurants, fast food chains, franchising, catering, industrial kitchens), product launches, funds and communication plans for the final product's agri-food chain. Evaluate whether the level of investments in marketing activation of your agribusiness system is competitive, dynamic and superior to the competitors. Examples: chicken meat versus beef; pork versus chicken; juices versus dairy drinks.

Make a comparison and evaluate the three main competitors of the final product of your agri-food chain. Example: orange juice versus soda versus tea. See what your main marketing actions are.

Define a potential market for the development of the final product of your agri-food chain, in case you make investments awareness and consumer habits. Example: pro-consumption of orange, eggs, coffee, milk, pork, etc.

Do a survey of any possible lobbying pressure on public opinion and political circles, analyzing media actions that promote or combat the final product of your competitive chain in agribusiness. Example: criticism of genetic engineering products, valorization of low-calorie foods, pressures against beef consumption, sanitary barriers in the international market, etc.

Table 1.7, shown bellow, helps analyze the behavior of the attention given by the media to product categories. See, for example, where your product category is located, whether it shows high or low potential interest to the media or the public.

Factor 3: Macroeconomics

See below macroeconomic factors that influence society as a whole:

- Per capita income in market segments
- Relation of wage bill
- Tax policy
- GDP growth
- Worldwide competition from blocks and countries/alliances
- Effect of inflation on planting decision and technology investments

Factor 4: Quantification/Qualification of Rural Markets

- Gather statistical data on supply and demand of agricultural products and compare them with your product in relation to raw material - commodities or semi-processed
- Evaluate world stocks, crop forecasts and customs subsidies/protections
- See what is happening with the price level for the farmer, the wholesaler, the consumer. Understand the ideal margins and productivity/cost ratio for agricultural production
- Observe production concentration levels and productivity indicators in Brazil and worldwide
- Evaluate export pressures/restriction and check whether commodities prices are stimulating or not for upcoming crops

Factor 5: Infrastructures

- Check if commodities costs are competitive in FOB level (in port) with major international markets or if there are serious problems of costs from out of the farm
- Evaluate storage capacity and seasonality of supply/price of the commodity of the product of your agri-food chain
- Study the mechanisms and whether or not the product is commercialized. Check whether the product analyzed is integrated with a future market system, international price transparency, commodity exchange etc, or if it is a centralized trading product, without price transparency.
- Check the threats and opportunities that exist for the product regarding health inspection and legislation. For example, beef foot-and-mouth disease may be a business opportunity for holders of short and medium-term foot-and-mouth vaccine technology; a long-term risk from the prospect of disease eradication; an opportunity for FMD-free countries to guarantee demanding markets, and a risk for countries with the disease, such as Brazil, to have their exports banned.

Factor 6: Agricultural Products
- Check the mix of agricultural products of the last harvests and evaluate their growth/decrease in relation to the agricultural GDP
- Do the same exercise by region and segment the production by technological level – by municipality or even by production unit
- Establish three product mix scenarios for the next national and international crop

Factor 7: Segmentation of Rural Products
- Determine how rural products in your agri-food chain are segmented. Try to define percentages and the tendency of concentration.
- Evaluate your agri-food chain from the tip, from the final consumption to the producers. Make sure your business is upward/stagnant/downward from the perspective of the agribusiness competitive chain. For example: declining coffee world consumption *versus* orange juice consumption.
- Check what are the levels of sophistication in the relations between producers and agroindustry/retail. How are the agreements, contracts, quotas and remuneration? What is the participation of producers in qualitative gains of the industry and in the final result of the final product?
- Basically, we can segment rural products into a concept of derived demand, in 4 types and 12 groups, which can be described according to table 1.8. Another aspect: the sub segmentation for all groups is recommended.

Factor 8: Factors and Production
The technology of inputs and production good is crucial to the success of the agri-food supply chain. So:
- Verify the technological investment that is being made in genetic of plants and animals research and development (in your product category)
- Know the quality and objectives of international research
- Evaluate the importance of productivity gains and reduction in the prices per ton, or per kilo of feedstock achieved through genetic engineering
- Make an auto critic about what are the links already established with the latest technology in the sector of inputs and production. If you are not yet in the business activity in question, find out what the competition is doing or looking for in association with technology providers. If, instead, this is your specialization segment, evaluate what you are doing to establish links with the industrial processing sector and trade.

Factor 9: Agriculture Policy
- Check out the main government agricultural policy decisions that have determined the success or failure of your agri-food chain.
- Check the agricultural policies of the integrations and the big agricultural farms, involving not only the production goals, but also the type of relationship with the producers. Know the styles and practices of your category.

- Evaluate how the future market (stock exchange) and crop term inputs can affect your sales policy.

Factor 10: Information System

- Evaluate your information program in the competitive agribusiness chain as a whole
- See how many indication performance systems you already have
- Build a database of your agri-food chain: from consumer to early production technology
- Evaluate by considering each action taken on your product's competitive chain, which threats and opportunities exist for you. For example, launching a package may lower the price of the final product, which, combined with a launching campaign, may lead to increased demand for a particular agricultural product. The development of baked potatoes, for example, greatly influences the differentiated potato segment, generating an ascendant chain of business. For example, a pound of common potato costs between $ 0.40 and $ 0.50, while baked potato is worth $ 3 each.
- Evaluate which has been your communication and information capacity in the whole agribusiness system chain.

Trip to the future

It is essential to go through the ten factors of the Systematic Analysis Model and very important to detect the moment that the analyzed product of the agribusiness complex is. Establishing four future scenarios is considered the ideal measure.

The weak points of the chain can be in any of its links. Before the farm gate, not with problems of agricultural technology, genetic, inputs, production goods, etc; inside the farm gate, with aspects of low natural competitiveness (the example of traditional coffee of Paraná – Brazilian state - or mountainous areas replaced by *cerrado* vegetation with favorable climate and altitude conditions for the coffee in the central area of Brazil); or in the post farm gate, in the technological decay of industry and distribution, in short-term predatory attitudes or in structural aspects of the *Custo Brasil*.

The truth is that only a little is done with the photography of the present. It is only worth a flash of the moment. What is vital in the process of planning analysis is the journey into the future and a comprehensive look at the segments and their movements within the whole. For example, *Tio Joao* rice, the Josapar Group in Rio Grande do Sul, is one of the most striking cases of value chain and commodity differentiation. It is the market leader, national preference and a completely different case in rice culture.

Understanding what the consumer can psychologically value is essential to the increasingly segmented analysis of the economy. It is also important as well the cycles of supply, demand and commodity prices. The prices rise, the commodity become an international trend, all the agents of the complex earn good money and the sector becomes very attractive, attracting new competitors to the industry.

When there are more farmers are planting, more active industrial plants and more products, the result tends to be a reversal of the previous positive scenario, with the start of a downward cycle. The supply exceeds demand, agents are destroyed along the chain and there is a debug of the sector, with a reorganization at higher technological and management levels than before. This is a natural selection, leaving only the best prepared, the capable, and perhaps the lucky ones.

The big difference from planning today (compared to 10 or 20 years ago) is the speed. Everything changes and will change much faster than before. If the planner is not painting the picture of the future, at the end of the click of its present photograph, it will already go to the corporate museum collection. It will be past. Today the future becomes present, with dizzying speed, and the present doesn't exist ... it's past.

The 4As as a strategic marketing sizing matrix

Marketing is often confused with advertising, market research, or sales. Marketing is, in fact, a management philosophy and we can break split it, to make it easier to fix, in two fields: hard marketing and easy marketing.

Hard marketing must be understood as the field of uncontrollable factors of long-term structural resolution - the difficult one. It is represented by government, legislation, public opinion, environmentalism, values, technology, etc. Easy marketing can be identified as the easy, controllable field. Is something that you can do today, improve tomorrow to get results now. Both fields - hard marketing (heavy, structural, slow) and easy marketing (light, manageable now) - presuppose a methodology and the identification of the important success factors in time and space, as easy marketing must always work to create better strategic conditions for hard marketing, and vice versa.

For a better understanding of the strategic nature of the approaches and marketing management in conducting business, we can draw on the integrative power of the 4As Matrix, which embodies a whole marketing management methodology developed by Raimar Richers of the Getulio Vargas Foundation. It is a didactic matrix that enables the visualization and understanding of the broad and strategic marketing mission, and is made up of four well-defined areas of study/action, called 4As of marketing: Analysis, Adaptation, Activation and Evaluation.

The confrontation between hard and easy marketing is best viewed through the 4As Matrix scope, which helps to better define the roles and scopes of the various functions or disciplines involved in marketing management. For example, we understand marketing as part of enabling easy marketing.

The mills of sugar and ethanol are an interesting historical example to distinguish hard and easy marketing in the 4As Matrix. The residues of sugarcane industrialization began to bump into strong barriers of environmental concern in the 1990s - due to pressure from both the media and society as well as from official bodies of environment protection. These residues are vinhoto (or vinasse), which is the most feared of industrialization effluents, industrial waters and bagasse, as well as less important ones, such as boiler ash, flue gas flushing, surface land removed by the settling tanks etc. And the strategy adaptation was the creation of special programs to take advantage of these by-products, including outlining pro-image marketing actions for the mills in the sector.

Produced at a rate of 13 liters per liter of alcohol, the vinasse is rich in potassium and can be mixed with animal feed or applied directly to the crop, replacing economical fertilizers. The bagasse, which, after the extraction of sugarcane juice, has vital function, remains in large quantity, but, burned in the boilers, generates energy for the operation of the mills. The problem of the industrial water has also been addressed (water from sugarcane processing, ammonia residues, barometric columns and industrial overall cleaning) and the other waste is used as fertilizer.

Thus, these adaptations from the External Landscape Analysis become a strong point of action for the mills, because, in addition to obtaining economic and financial return with the reuse of waste, the sector is placed more closely in line with the responsibility values of our times. On the other hand, the example also shows how hard marketing can influence and interact with easy marketing, with dividends for business image and results.

It is common for marketers to be called upon to take care of a business customer who is often requiring a reanalyze and review of business scope. For example, a company adapted to a strategic reality of years ago, with quality product designs and processes that are hardly perceived by the customer, and inadequate control mechanisms, costs and evaluations. These professionals (hired to recover the business customer) have the responsibility to lead/pilot marketing efforts amid acute structural or strategic business vision issues. That is, it is common for companies, when hiring an executive and giving him the areas of activation, believe that they are doing marketing.

Not to mention that there may be other organizational problems, such as the sales area itself. By the way, it is the most sacred of the areas, because of the quota commitments it has and the modern mission of relationship it has assumed with the market. It is also a gateway to and out of market perceptions of the quality of supply.

Effectively, easy marketing addresses operational diagnostics on controllable factors (and day-to-day action) to improve promotion, advertising, technical assistance, training, community relations, etc. It uses a quick tool from the area of Analysis (market research), which contributes to the evolution of Marketing Activation.

A sales training expert in Japan said that Americans could never attribute to the aggressiveness of the Japanese sales the successes they get from competing with US companies and others. In fact, the modern concept of Japanese selling is associated with relationship and service. The whole corporation sells. It is understood that the act of sale is a sacred task and integrated into the total business spirit of the company.

In our point of view, the sales area will increasingly be treated as an information turbine, in conducting information from business to customer and reversing it - from customer to business. It's like taking off and landing the plane. A large, information-processing, intelligent information turbine is incorporated into total marketing planning as one of its most trusted sources of information.

In fact, the 4As model illustrates strategic marketing planning. Each "box" of the compound is detailed. It begins by analyzing the business environment, assessing policy, economic and financial relations, consumer and channel values and changes of consumers and channels, legal constraints, strategic planning of key suppliers, and determining objectives and goals for the business mix.

The A of Adaptation is the "suit", or suits, that suits the company's goals and objectives (strategic and qualified) according to the market segments into which it transforms - the modern Taylor Made company. What makes up this suit are the financial and administrative resources, the computer programs, the product mix, the productive programs, the technological resources and actions, the packaging, the physical facilities, the human resources, the pricing policies, the relationship with suppliers, administrative etc.

The A of Activation means the activated operationalization of the business. Giving perception to the “suit”, communicating, providing services, acting on the edge of the iceberg, having formal commitments to market share, participation in the consumer's mind, results, sales costs, and contribution to company planning and analysis.

The E of Evaluation refers to the measurement tools of the whole project, going through the classic tools, such as balance sheets, product profitability controls, customers, advertising, sales seasonality and implications on business financial costs, etc.

Thus, marketing planning is completely integrated with strategic planning. One does not live without the other. Together they build a perceived image and a perceived quality of the company (product, service, brand). Quality only exists when marketing activation mechanisms extend the value of the offer in the eyes of the market and the customer/consumer verifies, compares, perceives and elects a company as their preference. When the quality of the supply fails to break through the company's walls, there is a serious risk of decreasing long-term return on investments because the cashier is in the market, not within the company.

Chapter 2 – Marketing Planning

It is important to know what a marketing plan involves, its structure and its dynamics, so that it is possible to elaborate a befitting plan with an area of expertise, as well as its characteristics.

A marketing plan should be synthetic, objective and, most importantly, a strategy document applied to the business. It should have product plans extensions, sales and communication - in addition to different scenario assumptions, to provide better adaptation parameters over the period.

There are no implicit models for marketing planning. Ideally, you should have a plan that is in syntonized with established marketing techniques, aimed to find innovative insights and adapt it to the company's culture, whatever it may be.

The Ps of Marketing

The classic operating tools of a marketing executive are universally used and tailored to any industry. It is very important to visualize and understand the Ps of marketing in order to have a systematic and integrated reasoning. Generally, the company with the best marketing Ps management is more likely to be successful in the short, medium and long term. The classic 4Ps are the basic tools of marketing administration in any business in the world. So how do you get them? Which one needs more emphasis?

It is mainly by the time that the competence of a businessman of an organization is measured. Excellent short-term results can be obtained by exploiting a momentary advantage of product, place, price or promotion. In long-term, any particular exploitation of just one of the company's competitive factors will be punished. In other words, success derives from a managerial and administrative harmonization of the elements that form the framework and foundations of business over time.

The Ps are divided into 4Ps: product, place, price and promotion. In promotion are selling actions, interpersonal communication in all forms, advertising, promotion, merchandising, direct marketing, web marketing, etc. These fields should take the same amount of time and attention of company executives, as a competitive advantage in the P of product may, for example, be eliminated by the competitor in the other Ps. An advantage in price can be wasted, unnoticed by the customer, by the lack of channel work. Competent promotional action can be destroyed by products that do not deliver what they promise (which is very common in so-called political marketing). Therefore, we cannot say that we do marketing when we fail to manage all 4Ps in an integrated manner, because they are the great operational tools of marketing.

The Strategies of Marketing

The strategies are research, portioning, prioritization (targeting) and positioning. Research is the basic and initial tool for marketing projects. Portioning is segmentation, the inalienable feature of any current marketing project. Prioritization is the definition of key customers and priority target audiences, in order of absolute and relative importance to the business. Positioning is the place that the brand and/or product occupies in the consumer's mind compared to its direct and indirect competitors.

Positioning is critical for the technology or product/service to be perceived. The United States invests about $ 150 billion a year in advertising. To give you an idea, this is much more than your government spends on education and environment, about $ 30 billion in total. However, people fail to realize all the communication appeals that exist today. Therefore, the part of the consumer's mind that you want to be in, and who your competitors are in that place, becomes the most important reason for success.

Suppose you work in the field of agricultural inputs and that your brand is associated with a low price image and common product. Imagine you have a competitor associated with high technology value and higher price. If your business is in the effective phase of increased product-embedded technology and market skimming, in a high-productivity rural segment, an unfortunate "popularized" brand association can greatly decrease the return on investment in products that are launched. Today, those who talk to everyone, don’t talk to anyone.

The 2Ps of Service Marketing

The 2Ps of service marketing are: physical environment (process, people) and presentation.

Service is what one does for another. It is intangible and increasingly represents most of the business in the world. Moreover, there is no product that is not accompanied by any support today - at least - service. And if the product has high added value of technology, the tendency is that it comes in a strong service policy.

The 2Ps of Megamarketing

Politics and Public Opinion constitute the 2Ps of megamarketing. Both increasingly determine the strategic directions of business as well as large investments in technology.

Agribusiness Product Management

It is important that we pay attention to the administrative aspect of agribusiness. Two basic strategic assessment tools are used in the art of product management: product portfolio analysis and the product life cycle.

<u>Product Portfolio Analysis</u>

Portfolio analysis consists of managing each product/service box of an organization.

Generally, 80 percent of sales and profits come from 20 percent of products. Depending on the industry's competitive level, there is a faster or slower rate of renewal of a company's product portfolio. Positive cash flow is in good market share products. The growth rate of the market segment can be considered already low. Because it has reached its maturity cycle, reinvestment in technology occurs in products that are in the oven. They are also called problematic children, who can become prodigies or failures.

Strong investment in new products is needed, as only a small portion of them become *star* products. These products will initially contribute to a modest cash flow, will require resources, will be in high growth market segments and will tend to turn into dairy cows.

By the 1980s, industrial companies generally relied on an average of 20 percent on product launches to increase profits. In the 1990s, this dependency increased to over 30 per cent and continued to accelerate in the early part of the century, with segments in which this ratio reaches 40 to 50 per cent.

Marketing and innovation are the only two basic functions of a business. The rest is cost. In this race for new products, lies the key to companies that have successfully advanced into the century or failed. Thus, it is not enough to reinvest in technology and set high percentages in research and development. There must be a lot of selection and marketing information in the technology base to avoid a mistake.

The new star products that failed were associated in a study by the Wharton School of Business for the following reasons: 32 percent for inadequate research and development; 23 percent because they were just bad ideas; 14 percent because their costs were higher than anticipated in the studies; 13 percent for the poor quality of the marketing plan strategy; 10 percent because of the schedule, and 8 percent because of competition. In agribusiness, the marketing project - with its positioning, segmentation, channel selection, cost and added value variables - needs to be born embedded in the conception of new products. This increasingly brings the researcher to the front of the market and strengthens agribusiness links as a systematic, integrated and competitive chain.

In Brazil, for example, the introduction of the use of plastic in spray tanks by Jacto in the 1970s was the important competitive factor in gaining market share in the pesticide application segment.

Another example was the introduction of a new chicken genetics (with sensitive differentials in prime cuts), which upset the market share profile of this segment and raised Agroceres Ross (now *Aviagen do Brasil*) to market leadership in less than ten years, from 1980 to 1990. At the same time, the development of a non-chlorinated, rapidly degrading formicide bait changed the competitive map of the anticide market and placed the top of the podium with the Mirex-S brand, the leader to this day.

A change in the profile of the feed sector led to a decline in the relative importance of commercial production (made by industries) from 49 per cent in 1980 to 25 per cent in 1988. At the same time, it brought the increased presence of integrations/cooperatives and farms in feed formulation, whose share increased from 51 percent to 75 percent in the same period. Another factor that caused changes in the supply profile was the emergence of new product presentations in the premix and supplement categories.

In conclusion, it is very important the management of products and the launching of stars in today's world. However, the products with low-market and small share value products, often considered to be prejudices, deserve attention.

Product Life Cycle

The product life cycle is another point of analysis in conjunction with the portfolio. Assessing their evolutionary quadrants, comparing them to competition, and considering changing values and lifestyles, wants and needs of consumers, makes up the most important strategic mass of product management.

The P in product, in organizations that are already in the third stage of marketing, requires an administration process of the product (or product line) based in the management of products. This management should coordinate the line of responsibility, ensuring its indicators, market share, profitability and share of mind. An agribusiness product manager has duties and obligations to monitor the flow of his/her product from the end of final consumption to the genetic base of the raw material/plant.

Trade Marketing: more value and accuracy in business management

Much has been said about trade marketing methodologies and the revolution they can foster in the traditional culture of business management. The subject became trendy until a certain point, especially in the specialized media and among business administration students and academics. And in fact, for those looking to the future of the 21st century, trade marketing tends to be one of the most accurate and predictable tools for development and sales management.

Simple like that, trade marketing is an area of competence that plans, designs and implements business actions between industry and its distribution channels - or between channels and their customers - with the goal of promoting aggregate impacts on product turnover, purchasing mix, average ticket and shopping experience. It does so with defined analysis methodologies, in-depth analytics, clear selection of objectives and reasonable predictability of results.

But is important to remember that trade marketing is the child of technology information era and it is done through the detailed and complete characterization of buying behaviors, product categories, interrelationships between categories, buyer profiles and place (4Ps). Therefore, there is no trade marketing without transactional database (detail of each purchase), without customer database and without product database. Trade marketing, finally, presupposes a database marketing structure.

From a schematic perspective, trade marketing tools can greatly help to build new standards of quality (information) and effectiveness in agribusiness trade and market management, particularly in marketing input for production within the farm. Here is a list of the main actions that can be taken with the help of trade marketing:

- Clustering and client's characterization;
- Segmentation of customers and products;
- Sales forecasts;
- Customer dropout forecast (competition standards);
- Customer retention (or loyalty management);
- Recovery of higher value customers;
- Offer plans by categories (customers and / or products);
- Formulation of client-focused promotions - by segment or customized (taylor made)
- Promotions based on product associations and categories (cross sales)
- Channel-supplier integrated promotions;
- One-to-one marketing programs;
- Management of product categories and suppliers (from a channel point of view);
- Planning of direct marketing actions;
- Measurement of promotional campaign results with/via channel

With the approaches of trade marketing methodologies, the spectrum of strategic approaches to classic business management is expanded to focus much more on customer loyalty, value segmentation, customer clustering, contribution margin, pressure and offer differentiations, special offers, channel brand pressure, etc.

Another very important trait of trade marketing is its vocation and potential for approaching and establishing a partnership between supplier and market diagnostics channel, through the conjunction formulation of the commercial solution, until reaching the integrated realization of the campaign or proposed action. In times when the acute competitiveness of markets increasingly demands synergy in marketing management responses, the marketing trade is synonymous with modernity. With it, in addition to the occasional tasks mentioned, we can extrapolate to a set of dual-hand benefits (industry and channel), such as:

- Increase in the amount disbursed by final customers (frequency, mix and purchase price);

- Better loyalty management, with improved retention rates for final customers;
- Increased marketing investments - both industry and channel, under a win-win approach and a more effective results perspective;
- Objective and more precise targeting of applied resources: focused on promotions, cross selling, customer recovery, one to one campaigns etc;
- Use of new technologies and promotional media: email marketing, mobile marketing, palms, telemarketing, interactive kiosks (POS) and internet hotlinks

<u>Examples and Solutions</u>

Let's see now some action simulations that can be taken through marketing trade strategies, both for the industry/channel relationship as well as for the channel/customer circuit. They are emblematic examples that can help the reader to identify - in his business reality - potential and advantageous uses of this new sphere of business management.

Loyalty and Incremental Sales

A manufacturer of animal nutrition products and a wholesaler with national performance, develop integrated action to increase product sales (higher average ticket and higher frequency of purchase on wholesaler's customers) and also to generate incremental sales on customers (advantage to the wholesaler). In order to structure this action, is necessary to prepare a few steps:

- Identification of the best customers of the product, which are analyzed and selected by the loyalty concept filter (frequency and purchase value);
- Identification of the standard shopping list of these same customers (remember that this is a wholesale operation, whose sales are traditionally made with product lists per customer);
- Creation of personalized promotions, drawn from the analysis of each customer's general purchasing profile (shopping lists)

Special offers are defined taking into consideration the effective purchase historic of the client (considering product and value vectors), not just the manufacturer's and wholesaler's strategies and desires.

In this analysis to construct a special offer, aspects such the ones below are considered:

- Products frequently in the customer’s shopping lists;
- Products associated with the customer's standard shopping list, but never actually included in it (for those who buy formicides, for example, these products may be vegetable and flower seeds or pet products).

These offers are placed in an order generation system and when the wholesale seller visits his customer (usually a small channel) and opens his palm on the specific link of that customer, it appears an offer specially created for him. A personalized offer.

The indications of response to these special promotions are generally high, and the benefits are divided between the two partners of the special commercial action.

The benefits with the target product of the promotion are:

- Increase in sales (volume and value);
- Strengthening brand positioning in the market;
- Leverage associated products (which may even be from the manufacturer itself, if he has a diversified portfolio)

The benefits of increased product sales that the customer buys a few or never buys, but are associated with their frequent shopping list, can be:

- Incremental sales (directly benefiting the wholesaler);
- Better shopping experience (a loyalty factor).

Conceptually, here is an example of highly synergistic business management, as it involves products that are frequently and effectively associated with customers, according to their standard shopping lists. At the same time, we have increased sales, better brand positioning in the market and incremental sales (and always with products that are really customer related). The same reasoning for a wholesale distribution operation could apply to other segments of agribusiness, such as veterinary products and fertilizers, for example.

Merchandising in Point of Sale

Another marketing trade tool is point-of-sale merchandising. A channel that identifies the products with the highest contribution to the store from detailed analysis of a transactional database (detail of each sale), emphasizing value and frequency of sales. It is even possible to segment this analysis, including only products that are effectively exposed in the store environment - not in warehouses or storehouses.

With this data, one can establish a selection of products whose sales need to increase (by their contribution margin) and work the exposure and supply pressure within the store of these products through positioning with special visibility - such as the tips of the gondolas. In wholesale establishments, this type of strategy can represent good sales increases compared to other positions in gondolas and shelf.

In the reseller of inputs, we have no news of such measures, but it can be said that the elements of sensory impact that underpin this sales upgrade through merchandising also apply, in theory, to the trading of inputs and other goods used in rural properties. It should always be remembered, however, that it is not merchandising itself that is the essence of the issue, but the analytical sales strategy and the identification of the products that generate the best contribution margin and that deserve to be leveraged in the store.

Cross Sales

Cross-selling aims to increase the product mix and the average ticket value in special offers.

The main action of this methodology is to design promotional offers with products/services clearly associated with the target product of purchase, increasing the attractiveness of the offer. For example, When purchasing a pig farm management system, offer an attractive discount for a on-line data collector (a kind of palmtop) that allows you to operate the system on real time from anywhere on the farm. Or, when buying a certain amount of traditional formicide bait, offer an incentive discount on the purchase of modern applicator micro bait holders, accelerating the introduction of the new (higher value-added) product.

This type of action shows great potential results for channels, from analysis and contribution margin of existing products in its portfolio. Partnerships with suppliers generally help greatly to ensure the success of these promotions.

Manufacturers can also do this type of promotion in partnership with channels or directly through direct marketing - classic mailing, coupons and web marketing.

The results of this special offer concept can be measured by increased sales (volume and/or value) and increased frequency of purchases - both the core product and the associated product (crossover).

Segmentation

Customer segmentation is a concept that has already occupied a good place in agribusiness. However, it never hurts to remember the real power of this tool to underpin marketing decision making in general - in trade marketing it is vital. Before segmenting, all customers are equal. After segmentation, we can prioritize targets and formulate strategies and goals for each target in the customer world.

Marketing of Services

Agribusiness is information. It is communication, interactivity, knowledge. Service delivery grows considerably in this field - not just the classic ones, such as lectures, fairs and events. In fact, we can say that information is an essential service, and it translates into training, education and learning.

Private agronomical and veterinary advisory services were also developed and the hiring of specialized labor for planning and rural management increased, as well as the demand for software suppliers focused on property management and equipment management.

Chip tires for fleet control, for example, are already available from industries such as Good Year, enabling the pursuit of efficiency and effectiveness in purchasing and maintaining tires, which is significant when looking at a sugar mill and alcohol budget, for example.

Services as informational about the harvests and movements that lead to the discussion of biofuel to other markets and that stimulate the formation of professionals in the sugar and alcohol sector, as FMC does, are examples of the service sector within marketing inside the farm gate. And because they are so important, these services deserve special attention.

In the area of communication, we can also give a few examples: open television channels featuring specialized programs and agribusiness TVs, such as *Canal Rural* and *Canal do Boi*. Social networking sites, such as www.peabirus.com.br, where we can see agribusiness communities actively interacting, are also examples of communication tools, as well as radios, which go from the specialized industry, such as the Eldorado network, a radio station for the A class from urban centers, to local radios that establish a daily life with the region's agribusiness society. In addition to these examples, we can cite magazines, newspapers, the below the line, and non-classic media actions such as brochures, materials, and catalogs.

The services also grow in the educational area. Examples such as the *Universal do Marketing no Agronegócio* (I-UMA) and the Agribusiness Studies Core of the *Escola Superior de Propaganda e Marketing* (ESPM) are educational projects that focus exclusively on the marketing approach to agribusiness. Apart from these examples, MBAS and specialization courses have proliferated immensely at major universities in the country, such as Pensa, the University of Sao Paulo (FEA/USP), a program dedicated to the general administration of agribusiness.

Thus, consultancies, media, the Internet, schools and educational proposals have grown extraordinarily in the field.

Services such as logistics, pesticide application and operational management of properties, ranging from soil care to harvest and post-harvest, already have a few, but promising, cases in development. Precision farming consultancies already exist and provide services in niche of excellences. Human resource consultancies are also being set up.

It is endless the supply of agricultural production services for both the input industry and the resellers. The cooperatives, related to the producers, have also been specializing with special focus on large-scale for familiar agriculture or settlement. It is also being offered services driven by the post farm gate organizations, such as supermarkets, fast food chains, retailers, refrigerators, agribusinesses and restaurants, which now demand special production, organization and packaging for the reception in your urban facilities. There are also financial services, such as BM&F, and insurance. Service is in everything, and is also everything in marketing strategies in agribusiness.

What, then, are the main visions focused on marketing planning, in service optics? Services exist in hundreds and thousands, and a formula that generalizes their planning is impossible. But we can provoke and stimulate the creative thinking of professionals and researchers to discuss some axes and important points for the sale of the service

1. Service is intangible and therefore, dependent on human action

To measure services, we need people, physically speaking, permanently stimulated by virtual media, where interactivity makes all the difference.

A basic assessment in service marketing is whether or not people are qualified for service multiplication. For business in the services area, the 4Ps of marketing becomes 4CS: customer, convenience, cost and communication. Convenience and cost are two fundamental Cs in service marketing diagnostics, as they involve the exact availability and economic-financial visibility of the on-site activity. A rural marketing education franchise, for example, will need local bases that are good and easily accessible - convenience - and a competitive cost standard in both investor and customer views.

2. Services are Choices

Since services are choices, it is necessary to assess regionally what is the existing service delivery structure. What already disputes directly and indirectly the share of wallet of the farmer or his collaborators involved in agriculture? One recommendation is to raise the reality of the economy by secondary means, such as the IBGE (Brazilian Institute of Geography and Statistics) or the information and economics secretariats, identifying the participation of agriculture, industry, commerce and services in each municipality.

An example of what is essential to the success of print media is the representative quality of readers of a magazine or newspaper. Advertisers expect their ads to be read by producers with high purchasing power. The print runs cannot be universal, for reasons of economic and financial balance. Thus, for the success of this type of service, one must have a network of subscriber pickups operating in the main producing areas, in addition to remote means of capture, via direct marketing, from a locally captured database marketing.

3. The C of client, in the service marketing mix, assumes to quantifies and qualifies segments that already require services.

What is the reality in the use of financial services, for example? How many farmers use rural planning offices? Which outsource part of their pre and post harvest operational activities? What is the portion of magazine and newspaper subscriptions in the region? How many of them access the Internet, pay for specialized information, hire software consultants and others?

Know the financial volume related to agribusiness services that circulates in each location is a laborious but decisive part in planning the marketing of before the farm gate services. This will select your target; it will determine exactly the part of the target to be focused. The dispersion in the offer of the service tends to make the process unfeasible, since it substantially increases the acquisition by the customer and the permanent relationship that the service requires. The sale of the service begins at as contract is signed.

4. The C of communication in the service marketing mix represents the channeling of marketing activation resources

Once the universe of demand of the services in a specific area is identified, the potential of its service is understood and a target is elected we imagine that the previous Cs accounts have already been made, as well as the sales estimated and the timing of the sales cycle. There are services that takes a lot of time to sell - months and even years. Others need to be sold immediately, such as high turnover and business productivity, to be viable.

Communication is the tactic for getting in touch with the target audience, ranging from human business forces to relationship management through social and virtual media, such as the internet, through community sites. The use of regional human resources is often vital to the success of the businesses service. Human interaction and trust are required ingredients and inputs for successful service marketing.

5. With customer identification, structure of convenience, down to earth costs (both buying and selling) and articulating communication, understanding the personal selling in that effort, we have a basic marketing mix

The potential for services is often many times greater than your current demand. In service marketing, the potential always represents a business power to be accessed far superior to the realities already demanded.

To appreciate the potential of the market is the hypothetical account made with the conditional "if": that is, if all individuals or legal entities in a particular purchasing power segment – size, geographical area and suitability for service - adhered to the average value per purchase.

This analysis reveals the distance that would separate existing demand from what the future allows; It would also prepare the marketing planning for a higher or lower penetration speed, depending on the existing marketing resources and the assertiveness and relevance of the service for that region studied.

New facts, found out by technology, new media, Internet, interactivity, distance education, parabolic, telephony and television, allow us to broaden the convenience of most services - availability at the exact time and moment when the client want (24x7, as 24 hours operatingg7 days a week).

A multi-media integration, from physical bases to virtual components, forms what is desired for a service strategy. For example, Internet-supported television educational programs complemented by lectures and the distribution of books, handouts and case study exercises.

In addressing the issue of marketing of inputs, machinery and goods for production and service, we conclude that the general fundamentals are valid for these three angles of study and design. Aspects and details of each activity were analyzed. Services are extremely volatile and require packaging so that they can be measured and framed in their marketing mix, the 4Cs: customer, convenience, cost and communication.

The inputs must be produced, distributed, sold and applied to the crop in question. The leftovers represent loss, relocation costs and, when out of control, can lead to a price war and a murky parallel market for suppliers. Machinery and production goods suffer a great deal from agribusiness crises, but they live in the oasis in good times, supported by credits for investment and machine renewal.

Bad machines stocked in the patios, both industry and retail, are a problem. Quality of sales planning is essential, and acting with the "take the machine off resale versus put the product on the dealer" mentality is what drives the industry's modern marketing actions. For machinery and equipment, the foreign market - exportation - must always be part of the marketing strategies, as it means a safe antidote to the most difficult moments of domestic markets.

Chapter 3 - Communication and Marketing Service

Spectacle and communication: a postmodern marriage

The term postmodern clearly refers to the postmodernist artistic movement that emerged after World War II, but scholars of the subject broaden this original relationship by adding cultural, economic, and social aspects to it.

The so-called postmodern society, which took shape in the second half of the twentieth century, brought new contours to some essential cultural and socioeconomic aspects. We can identify in it some characteristics, such as social organization and economy based on information and knowledge, greater interaction between individual and collectivity, increasing hedonism in people and, in marketing, the radical segmentation of targets.

By analyzing the historical foundation of postmodern society point by point, we can understand that hedonism, or the frantic pursuit of pleasure and perceived well-being, naturally leads to a (often unconscious) overvaluation of the spectacle in our existential dimension - fact that is perceived by business strategists and turned into a powerful persuasive tool through marketing technologies.

The increasing individual/society interaction, associated with the radical segmentation of customs/culture, has brought to the surface of the urban tribes phenomenon, the negation of established values and the compulsive search for personal identity.

The turbulence of information and knowledge to which man is subjected today has also brought a commoditization and vulgarization of this knowledge, throwing the effectiveness of persuasion increasingly into the realm of emotional appeals and marketing or communication pyrotechnics.

The speed of knowledge also brings as a byproduct fast changes, another typical aspect of postmodern society. Changes have always happened throughout the history of mankind continually. It is the evolution of man in his domain of the environment, but never in history have they reached the current speed, which makes even the sedimentation of knowledge difficult. And thus, indirectly the speed of change exalts the role of emotion and spectacle, whether in the business world or in the existential dimension.

It is in this context that the current marketing happens, increasingly supported by the entertainment world that has emerged to attend the to hedonism. Companies soon realized the potential for communication and consumption existing in this new society and began to attract their consumers by promoting attractiveness. They use music, offering megashows; sport in the form of major spectacles of football, motor racing, tennis and other sports; fashion, with the international brand releases shown on the catwalks; major fairs and events, from Agrishow of the Brazilian city *Ribeirao Preto* to Paris Motor Show, the digital world, with the Internet, blogs, e-commerce and the parallel life of Second Life; big retail, increasingly concentrated and powerful, turning shopping malls and hypermarkets into modern consumer cathedrals. What do all these tools have in common? They attract and entertain, but they also persuade and sell.

The American philosopher Marshall McLuhan said, "Media is the message." Today we can say that the spectacle is the message. Spectacle is emotion and can be explained in subjective terms. The almost hypnotic effects that the show has on millstones have their origin in the psychic structure of the human being. The spectacle is the work of imagination, and its main objective is to make dreams and escape for a moment from arid reality.

From fairy tales to today's soap operas, to the pyrotechnic effects of megashows, everything is calculated to appeal to our emotions, and thus persuade us more easily. No wonder, therefore, that the show was quickly tapped by companies to help them convince consumers and induce them to buy.

We are living a new reality. Companies that used to divide their communication budget among the five traditional media vehicles can now include in this mix sponsorship of athletes and clubs, promotions in big shows, presence in major fairs and events, trips to the digital world, participation in parades, fashion etc. It all depends on the type of business and the moment the market goes through. Admittedly, advertising (which we have already classified as a spectacle) remains a powerful weapon of communication with the marketplace, but now it is aimed primarily at soccer players or pop music guitarists. When sponsoring Kaka or Ronaldinho shirts, Adidas and Nike are telling millions of football fans that their brand has the same qualities of vigor, courage and talent as their sponsors. It is only natural that these brands are then preferred by millions of consumers who wish to emulate their idols.

Retail

Basically, the environment of the major retail centers, whether shopping malls, hypermarkets, car dealership showrooms or stores on *Rua 25 de Março* (popular shopping street in São Paulo), are designed to suggest great shows. Supermarkets, for example, have already found that customers tend to spend more when the atmosphere of the supermarket is playful and induces relaxation.

But how will advertising stand on the threshold of this century alongside the new arenas of market communication? The answer is very simple: it must also become a spectacle to continue to attract and persuade people.

Recently, the director of marketing of the brand Brastemp justified the change of agency by saying, "Is important to stop talking just about the brand and start valuing the products." In other words, we need ideas that intrinsically value the products. By the way, the lack of good ideas of this kind was the main flaw of Brazilian commercials compared to foreigners at the 2007 Cannes Festival.

An analysis of the multiple arenas of marketing activation in modern agribusiness

The seniors of rural marketing said that to be successful in the area, you would also need to be an artist. It would have to know how to sing, say verses, play a guitar or be a master cook - at least be a great barbecue cooker. Without these skills it wouldn’t be possible to delight customers, farmers and dealers.

Agribusiness marketing has unique characteristics. In it, the educational aspect is very strong. An agronomist or veterinarian needs to know how to speak in public, as lectures and seminars are a constant in this activity. Technical assistance is another striking aspect of marketing in this industry - operational training, teaching how to do it, teaching it how to use it. The daily life of the countryside makes rural marketing a mix of technology with music, gastronomy and a lot of conversation.

The fairs and exhibitions have undergone major changes in recent years. In almost every Brazilian city there is a fair or an agricultural exhibition. In the 1970s, these events were more technical, with animal shows and productivity contests. From the 1990s onwards, the organizers became more concerned with engaging urban interior society, giving the fairs a popular, often gastronomic, feature. Thus, political promotion, artist shows, sale of handicrafts and industrialized products became fashionable.

When one considers the popularization of agricultural fairs, two distinct strands stand out. On one side are the spectacular mega events and on the other, the events focused on excellence. As examples of mega events, we have the *Festa do Peao de Boiadeiro* (Country Festival) in the city Barretos, Sao Paulo. This is a type of business that has become part of the business of tourism agencies, attracting tourists from all over the country and even foreigners. Brazil adopted and tropicalized the cowboy and became successful beyond the borders with this spectacle of the modern interior.

The agribusiness also took the avenue at Carnival of Rio de Janeiro and Sao Paulo, bringing to the largest Brazilian popular party parades whose themes were soybeans and the field. This occurred at the height of the agricultural boom at the beginning of this century.

The pressure comes from above

Agribusiness is a derived demand chain. What happens in the minds of the consumers that live in the cities is important for the food industry as well as the farm and the input sector – for input sector, not only in the sense of input to product development (where it is paramount, of course) but also in the field of communication and image formation with higher added value.

In the 1990s, for example, Batavo exalted the natural and quality base of the raw material of its products on TV. The Rubaiyat brand, in the restaurant sector, built a successful case with the Chicken Label Rouge (an input) and repeated the recipe in the pig cooking (Baby Pork), supporting its advertising message in the differential of the input (Genocica Agroceres- PIC). This is not a Brazilian innovation: developed countries have been doing this for longer. And while examples of this interaction between agribusiness links are rare in the field of advertising communication, this is likely to be an area of hegemony within the marketing concerns of the industry.

The multiplication of brands or the tendency of brands to the multiplicity of products; the fragmentation of markets to the individualization of customers, the increase in the options of advertising vehicles and their regionalization; the growing need for integration of the various marketing communication tools - advertising, promotion, merchandising, direct marketing, product placement, design, publicity, public relations, press relations and Web marketing; the need to select the best mix from a huge variety of valid and interesting options; readiness to create persuasive sales messages by applying the same high standards to a TV commercial (to be aired in prime time) or to a point-of-sale piece - all of this can confuse anyone, but this turmoil is rural marketing, which sometimes has the difficult task of getting some resources out of television or magazine and becoming a "primer" to knock on the farm's door and build customer loyalty, as this may be the best way to leverage business in a given market at a given time in a specific competitive situation.

Keeping an eye on the future of the 21st century, rural marketing must be articulated and structured to develop complete strategies for integrated communication about the creative sign of the spectacle. This will be the way to manage and build brand value in all markets, as the challenge - or obligation - will be to bring the brand wherever the customer wants it to go.

<u>The challenge is to harmonize</u>

An example of the upward influences within the agribusiness chain may be the appreciable difference in perception and feedback of a producer linked to a large slaughterhouse or to a strong and agro-industrialized cooperative, or that acts at the tip of the distribution for the final market. These are organizations whose behavior-transforming force - among the products linked to them - is changing directions in rural marketing communication. That is: the communication that works in the city Castro (PR) may not work in the city of *Ponta Grossa*, 40 km away, because the reasons and motivations of the producers are different and the stimulus (economic and emotional) too.

It is therefore crucial to realize that the rural marketing communication process is beginning to be increasingly differentiated by the action of the demand agents involved in their target markets. Where there is an integrating pressure from agribusiness circles of influence, the rational, business-to-business, communication relationships take place. Where productive systems are more dependent on direct actions of governments and/or non-renewing notary structures, the market mentality is more conservative and the communication process is more traditional (in languages and media) and more emotional.

Thus, rural marketing communication - under a medium and long term strategic view - also needs to be engaged in the sectorial trends of communicated input and communicated brand. At the same time, when under a short-term tactical view, it should engage with business to business programs or strong promotional product pressures, depending on the evolutionary stage of its target markets. Also, it will not be uncommon situations where the same brand or product needs to adapt to different markets at the same time of communication.

Integration is the keyword

Successful rural marketing today is one that integrates product marketing, service marketing, and communication marketing. The universalization of technologies and information, with the internationalization of the economy, the commoditization of products and the growth of competitiveness, increasingly demands service strategies, loyalty and continuous relationship to preserve market share positions, or even to gain points in advantage in relation to competitors.

In marketing, the era of scorched land war or the annihilation of competitors is ending. In marketing disputes, the one who practices the slower but firmer occupation of territories wins, like the institution of the Roman pax, when, behind the legions of Rome, came a whole instrument of domination, loaded with material values or cultural, imposed on the dominated, stabilizing the territoriality of the empire.

We have reached the end of the product age. Customers, now well-developed, want partnerships and services. They want solutions that add value to their business. And that, at the level of promotional messages, means increased interpersonal and after-marketing communication and pro-differentiation of image. It also means that rural communication in the new times will be driven by the opening up of fronts of target audiences, language and persuasion technologies, and channels. The following is a summary of the strategical factors who are shaping the communication activities in rural marketing:

1. The demassification of markets has built a more atomized communication, resulting from the regionalization and segmentation of publics (consumers and influencers) and products. At the same time, it rekindled the importance of brand image programs, such as credibility and uniformity for multiple segments and multiple products.

Building a brand image is a creative engineering and planning activity that aims to generate an organized set of perceptions of the brand in order to make it unique (not just differentiated) with a sense of value. In this world of fragmentation and growing competitive turmoil, this is a strategic priority for companies that want to go far in the 21st century. For the marketer or communications professional, the challenge translates into two strategic focuses: making a brand's immune system strong and less vulnerable to the action of competitors in the same marketing environment and broadening the original area of brand competence and authority.

2. Technological developments in the field, computerization and increased access to information make producers better qualify their decisions and purchasing options. This is as much in rational buying values as in emotional and symbolic values. In advertising language, pioneer characters, as the rural farmer, changed its figure to a more decoded, businessman and country-inspired figures.
Not long ago, when talking to the rural market, the audience was of the alter-centered type, because the producer was under the same newspapers, TVs and programming, bought on the same distribution channels and experienced the same consumption habits and lifestyles. Of course, all this is not gone, because it is part of modern society, focused on the homogenization of symbols and perceptions. But this same modernity deepens information, not only on the existential level, but also in the field of economic and professional citizenship: today the producer discusses concepts such as the half-life of a herbicide, the degradation of a formicide bait, the start of a cut chick or the energy level of a ration. Rural markets and consumers have become more self-centered, and rural marketing has a growing commitment to adapting its communication to the particulars and preferences (or perceptions) of market fragments.

3. The era is the qualitative proliferation of media channels. In addition to the definitive regionalization of traditional media (TV, radio and print vehicles), the distributor's media was born, with structured and professionalized vehicles such as Cocamar, Coopercitrus, ABCW Group and Cooxupé, a few examples. Local media has grown, satellite information services have emerged, the Rural Channel on cable TV, and now the Internet is exploding. At the same time, tools once thought of as supporting or "breakthrough" have taken on the character of real media such as merchandising, incentive programs, public relations events and the increasingly qualified national concept fairs and exhibitions.

4. In the narrow segmentation, the trend is towards greater investments in communication to maintain competitiveness and effectiveness in the multiple rural marketing markets, which leads the field professional to face another challenge: to increase the competency of their planning, therefore, At the same time as the demand for investments increases, the margins of companies are reduced - pressured by the existing competitiveness in the markets.

5. Communication will be increasingly multidisciplinary, involving advertising, sales promotion, direct marketing, incentive marketing, public relations, telemarketing, fairs, conventions, congresses, lobbying programs etc. Most importantly, such market communication and relationship tools should be fully integrated, developing synergies that, in addition to promoting business results, will help build brand strength.

6. Several forms of direct marketing and real-time response marketing will continue to gain ground with the qualitative evolution of database marketing. The concept of ongoing relationships is not just a fad: it is a strategy that is here to stay, as it is the effective response to modern competitive environments and customer loyalty. At the same time, tactical promotional initiatives will tend to be more intense, to sustain or advance market shares and create barriers to entry or expansion of competitors in sales territories.

7. Finally, the quality of strategic communication and message planning should pursue the same standard of excellence that is required today in scientific areas.

It can be said that excellence in strategic planning has not yet been fully horizontalized in the world of advertising communication. At least not with the same intensity that has invaded the factories and the offices of the companies (or brands) that pay the bills. But communications professionals - from agencies, vehicles, or advertisers themselves - will need to wake up to this issue of excellence, as there is a wave of shifting customer expectations (external and internal) pointing in that direction.

The key to this achievement lies in the management principles associated with the concept of total quality and the awareness and application of powerful thinking: you don't determine the quality of anything you do - your customer is the one who determines it. In practical terms and considering the current volatility and dynamism of the rural market, this means:

- It's not just creative ability that defines the quality of communication and marketing;
- It's not the demands of an advertiser or boss that defines quality;
- It is the market, the customer, that defines the quality of everything that is done to offer a product or service;
- In principle, you can include the customer's views on what quality is, but ultimately it's up to you.

Chapter 4 - Sales Management

Territory Planning

In the rural market, the salesman is the effective manager of a territory or sub-segment. Often, in cases of institutional sales, account managers are allocated to individual customer accounts or small groups of corporate customers. In this hypothesis, the methodology is a vertical planning of the clients, such as integrations, plants, cooperatives and agribusiness.

In the case of geographic land administration, it should be as small as possible - in a profitability assessment - to allow full commercial coverage, high quality of offer and an effective land management process. The rural sales man is on his way to being a land manager - he is the last human resource in the company that is closest with the final consumer. He must, at the same time, bring business programs to market and be prepared to give feedback to the various sectors of the company, in coordination with sales and product managers. The territorial manager must be developed to carry out the strategic planning of his territory, including internalizing various marketing strategies (information) that are fundamental to business success. And the sum of territorial planning must be built on a legitimate basis of information and sensitivity for the formulation of strategic actions of the company.

Of course, the differential interpersonal selling point will remain essential in the field of human psychology. However, the evolutionary process of rural marketing - in the field of inputs, services and production goods - necessarily requires a review and accelerated progress in the attitude of the sales sectors and also the companies that distribute and resell products for the consumer/user.

Following, we will show the steps of a methodology for land administration in rural sales, which allows to radiograph and manage regional markets, consolidating aspects of product, penetration, distribution network, competition, dimensions and potentials of demand, action programs, etc. The script consists of nine basic fields of situational analysis and action planning, which can be adapted to the characteristics of various types of business. Such as:

1. data locator of the business territory
2. marketing information;
3. competition analysis;
4. qualitative information, based on market research and field observations;
5. qualitative diagnosis;
6. quantitative diagnosis (current, historical, turnover, market share, etc.)
7. strategic synthesis for the territory, with short, medium and long term recommendations of the 4Ps of marketing;

8. detailed territorial action plan for a given time frame
9. evaluation and control system for short and medium term

In addition, we indicate with more details the main types of analysis and planning approach involved in the roadmap presented earlier.

1. Comprehensive locator data:
- homogeneous micro regions, polarizing cities, population, main economic indicators (rural and agribusiness);
- Examples of sources for data collection: IBGE, rural extension, institutes of agricultural economy, cooperatives/integrations, rural producers/unions association, business corporations

2.Market Information;
- area, production, productivity, land use (history and trend);
- same for competing culture (or creations);
- sales volume, volume placed, leftovers, actual sales;
- market potential, current demand, participation (percentage in the region in the state and in Brazil);
- planted area, number of rural properties, stratification (modules in hectares);
- technological classification of producers (A, B, C, D) - current percentage and trend;
- destination of production (example: maize): pigs, poultry, silage, grain sales, green maize

3. Competition:
- brands, volume, share, leftovers (percentage by segments A, B, C, D);
- market share behavior (historical);
- sales by product type, packaging, line;
- matrix of competing products: stars, problem children, dairy cows, dogs;
- Competitive strength analysis: technical investments, salespeople, supervisors, media, facilities, events, promotion (number of visits, product demonstrations, field days, lectures etc)
- trade policy analysis: prices, conditions, distribution, speed of rotation, consumer and channel incentive policies

4. Qualitative Information:
- consumer surveys: brand awareness, product awareness, brand awareness/ product/channel insights

5. Qualitative diagnosis (analysis of perceptions)

6. Quantitative general diagnosis (number analysis)

7. Strategic synthesis (recommendations or strategic lines for short, medium and long term action plans).

8. Territorial action plans:
- demand forecast (volume- R$);
- supply forecast (volume - R$);
- grow over the competition: in current and/or new outlets, new products, increase brand/product awareness, pricing strategy, add service differentials, other alternatives

9. Valuation and control: sales and market share (forecast/actual); Performance by Channel (Order, Authorized, Sold - Company and Competitors - Collapsed):
- district revenue, expenditure and margin (forecast/actual);
- marketing/sales expenses

Distribution of agricultural inputs and goods: a huge revolution

Rural distribution is one of the aspects of marketing that has gone through and has been undergoing extraordinary changes in this early century, due to new market segmentation studies of rural producers, which may, for example, be grouped into classifications as:

1. High tech superfarmers - precision/cost intensive farmers
2. Technologically rising superfarmers - are structuring for productive/cost intensive leaps
3. Large and medium farmers with intermediate technology – followers/conservatives
4. Large and medium farmers with low disbursement technology - buy price
5. Farmers of all sizes, integrated or under contract, with add value products
6. Small and medium farmers, integrated or under contract, without add value products, but benefiting from subsidized funding and technology access programs
7. Cooperative farmers responsible for the main production volume of cooperatives
8. Niche and specialty farmers with access to income/participation in the final sale of their product to the consumer
9. Farmers/breeders by hobby/status
10. Low-tech and medium/large farmers who have a concept of value reserve on the land
11. Low-tech small farmers with special official support programs
12. Low tech small farmers without assistance - rural survivors

In this classification we have 12 segments which, if related to distribution structures for technology inputs and services, open a diverse universe of channel profiles:

1. Traditional - mass distribution; distributors/resellers and cooperatives, all in the same policy;
2. Mixed - intermediary channels for resellers and rights for large owners
3. Self-service - rural shopping malls for generalists and non-professional farmers
4. Agricenters full service - networks specializing in selling all or part of the administration and operation of all phases, from planting to harvesting
5. Large customer administration - integrations and cooperatives
6. Direct - industry/producer
7. Semi-direct - Industry for complete network of micro to large intermediary dealers
8. Exclusive Distributors - Selection of exclusive distributors who resell to cooperatives, large producers, resellers, integrations, etc.
9. Farm dealers - producers selected as distributors
10. Franchising - usable in seeds, with multiplication of local genetic material, and with small seed producers, responsible for sales and other regional operations.

There are ten alternatives listed, which, composed of the farmers' segmentation and considering the regional strengths and aspects, show that the distribution policy is a hybrid marketing.

Suggestive Roadmap for an Individual Customer Plan

For multiple demand customers with high real/potential value (such as cooperatives, integrations, agroindustry, mills and large distributors), business modernity points to the customer's vertical planning and continuous relationship strategies, with the following objectives: adding value technologies (products and services), developing associated know-how, increasing customer penetration, promoting loyalty and increasing the overall perceived quality of the company. That is, a pursuit of business excellence through customer individualization, developed on the basis of an account management methodology, as urban service areas are increasingly practicing. Or, a continuous effort to increase the quality of supply in this stratum of customers with a strong service focus and also in the concept of partnership, because the high competitiveness and business concentration put pressure on customers and suppliers, indistinctly, generating today a reciprocal receptive readiness in the partnership proposal.

In addition to the account management methodology, individual and vertical customer planning presupposes a dynamic and well-structured database system, which requires, for example, the following type of target customer information in such a program:

- sales history, estimated value of your global demand (by product/product segment), actual customer value to the company (by product and lines);

- general business data - other suppliers, estimated purchases, aggregate services, commercial policies, etc. (from the company's business segments and also from other segments);
- corporate data - customer activities, their characteristics, markets, results, strategic directions, such as their business (areas of activity/derived interfaces or links of influence within the agribusiness chain) etc;
- decision mapping and its customization
- relationship history - report of visits, responses and offers and other actions, objections and offers/products/services, promotional actions etc.

Following, we show a facilitating guide to this vertical and individual approach for multiple demand customers. It is a roadmap to assist in setting up a matrix for individual customer planning, which encompasses the various steps for an individual business plan per customer, which - in its practical version, for use in daily business management - should even consider an organization of age processes for feedback and updating of information.

1. Customer Registration Data - Company name, addresses, telephones, fax, etc., include all physical bases
2. Customer Products/Services
3. Customer purchased supplies and services
4. Actual/Potential Customer Demand - Products, Volumes, R$
5. Company sales at customer - by products/lines/volumes /R$
7. Map of decision makers in the client - key persons with their name, job title and decision making, among other personal details
8. Analysis of the company's competitive strength against its competitors - analyze items such as:
- sales visits, technical assistance, executive visits, product quality, new products, product development (demonstration stations, lectures), service offerings, partnership promotions, communication programs, customer and consumer incentive programs, turning speed, etc
9. Company product/brand image relative to its competitors - this assessment involves whether:
- The company is more modern, has more products, has new products or has better or worse product;
- technical assistance is better or worse, trading conditions are better or worse and negotiation is faster or slower;
- Complaints are handled more or less carefully, quality is higher or lower, as are the friendliness of the service, the degree of confidence it inspires and the quality of the advertising.
10. Company Action Plan:
- increase sales (volume/penetration - products/goals); maintain margins (products, goals); increase customer profitability (goals); expand number of marketed lines (goals); introduce new products (goals); increase competitive

strength (select aspects); improve product/brand awareness (select aspects); increase potential consumption of customer products (categories/goals)
11. Company Actions - What Responsible Goals, Time/Deadlines, Cost
12. Valuation and control of the company by actions - results, realization and costs (actual/predicted)

Sales Productivity and Direct Marketing

In modern business areas, direct marketing (DM) is an indispensable tool as a support for improving sales force productivity. This focus on DM is especially geared towards business-to-business commercial approaches and seeks to create effective alternatives to increasing competitiveness among companies (viewing the concentration of business on large clients) and the "technification/commodification" of products and services. It also seeks to create alternatives to increase selling costs in this segment (from personnel to transportation, costing services, support materials, etc.).

DM's three basic functions, as sales productivity support, can be made as follow:

1. Prospect identification, filtering potential consumers in the mass market quickly, economically and controlled
2. Deeper qualification of prospects, mainly through telemarketing, which is the most widely DM technique used in this field. This tool can be as accurate and effective as personal interviews - and well-structured market experiences indicate that it is faster and lower cost.
3. Improvement of the sales manager systems, through auxiliary database for planning and control of sales work, built from the accomplishment of the two functions mentioned. Such type of database can encompass or relate aspects such as:

- dimensioning the real value of prospects and clients (B2B);
- cost/benefit ratio of actions or customers;
- new standards for measuring vendor performance;
- prepared, structured and controlled sales tasks and information
- time management of sales team (greater focus on supply and negotiation)

In addition to these three basic functions, DM can act as a pre-sale, skipping steps to close deals. For example: mapping of decision makers in prospects and customers, product presentation/information, overcoming objections to products (already existing or identified in early DM approaches), generating interest in buying, stimulating consultation or solicitation of viewers, etc. In summary, DM as a sales force support is related to the objective of increasing commercial aggressiveness and the quality of supply, as well as contributing to cost aspects.

DM can also function as a distribution channel, replacing traditional distribution systems with direct mail or other consumer offers to generate orders via telemarketing. Or, alternatively, through a telemarketing sales system aimed at marginal (small) outlets not covered by the sales force because of cost. In this alternative, database operation can identify what such channels consume, their frequency and purchase value, etc., forming resale groups to be managed by telemarketing, such as an account manager. Finally, it is an alternative to face the current process of channel concentration and compression, at an advantageous cost, maintaining sales penetration. It is, however, a tool still used a little in the market of agricultural inputs.

Direct marketing is also used:

- to direct product launches to identified niches or with high potential of specific interest in order to accelerate their experimentation;
- for actions directed at (on-site) competition users, with the aim of attracting them and breaking objections to the brand through new products or service offerings;
- as an emergency solution, when crises disrupt or partially neutralize the effects of a marketing strategy - an additional effort (whether or not linked to a special offer) that does not compromise and even helps the medium/long term strategy

Finally, DM can also be an effective weapon of the trade itself to generate customer turnover that ensures better turnover through sales, surprise discounts, contests, service offerings, and so on. Or, to anticipate the natural maturation time of a point of sale, when it comes to new branches, or even in case of changes (for example, a channel identified with a strong brand and that resells to a competitor).

To facilitate the identification of the potential use of DM in the day-by-day business operations of the company, we will show three summary summaries with the DM effectiveness fields for greater sales performance:

1. DM in fidelity:
- opens a new relationship channel
- makes the customer feel better served;
- helps reduce the risk of customer turnover;
- allows you to expand business in the current customer base;
- reduces risk of product delivery/use of follow up;
- creates barriers to competition in customers' minds

2. DM in customer prospecting:
- defines key person in the decision making process of prospects - who influences, who decides, who has power and authority etc;
- defines profile and trend of needs associated with the purchase decision;
- qualifies the market/prospect - seeks information in detail, with right and scripted questions, as if it were a survey; in this respect, it opposes the "traditional survey", which uses methodology and deals more with general aspects;

- Hierarchizes prospects/clients predispositions, being able to identify them as hot, warm or cold - for each group, it determines a type of activity: from "action already" to "forgetfulness", by means of own DM tools;
- can, via telemarketing, for example, be oriented to measure predisposition - that's what the sales force wants and needs

3. DM as distribution channel:
- provides support for traditional channels to stimulate turnover, mature customers, introduce products and services
- optimizes the use of customer pyramids created by the ABC curve, where the famous 70 percent of the base always represents 30 percent of businesses - DM, via telemarketing, can reincorporate the 70-30 base, develop it and increase the penetration of sales.

One last word

It is always good to keep in mind that with the increasing competitiveness and segmentation in the agribusiness markets, the great marketing wars started to take place on even smaller battlefields, like sales territories, homogenized groups of customers or even individual corporate groups - as, by the way, shows the trend in sectors such as the genetics or the sugar-alcohol chain, among others.

In this reality of "fragmented" management of the market, microscopic sales planning becomes a weapon of competitive excellence. By plunging into a market stratum, it increases the quantitative and qualitative potential of the inputs generated, improving the quality of supply, anticipating expectations, finding opportunities to add value and/or build customer loyalty, creating barriers to competitors, etc.

With segmentation, the market fragmented. With global and exacerbated competitiveness, it has atomized. In this scenario, managing sales is seeing, understanding and manipulating this miniaturization of marketing battlefields.

Chapter 5 - The New Rural Marketing

Understanding the agribusiness chain commodity system begins with what we call before the farm gate. This is the sector responsible for the inputs, production goods, services, education, media, information and technology aimed at the farmers themselves - within the farm gate. Therefore, research, supply of goods, product launches, rural communication and the entire business marketing mix that originates in the origin of plant and animal raw materials are focused on its essential and vital target: the rural producer, the basic foundation.

The Brazilian Association of Rural Marketing & Agribusiness, together with 20 members (industry corporations), often enables the survey "Consumer Profile of Agricultural Inputs". The most recent one, led by Kleffmann, a company specializing in the rural segment, was provided to illustrate this book by *Rede Globo de Televisão*, one of the holders of this knowledge. The dissemination of this research in this work will allow readers to make great progress in interpreting the behavior and consumption habits of Brazilian rural producers, and encourage them to constantly and permanently pursue, through more and new researches, studies that allow more application rationality in making field-related decisions.

It all starts with the systematic view, the set look and research:

MS: R + STP + 4Ps + I + C

Marketing system is equal to Research + Segmentation, Target and Positioning + 4Ps

Marketing of machinery and production goods

Agricultural machines are the tools through which all inputs are conveyed: investments, irrigation, storage, harvesting, transportation. The marketing manager's focus on the agricultural machinery and durable goods production segment, that has similarities with the input sector, but presents special, differentiated and unique aspects.

By addressing strategic planning, marketing, and sales methodologies in Chapter 2, this book now offers a broad and general view of the management universe as a whole. Now, we will point out specific and particular angles of the agribusiness segment, which involve fantastic stories and a lot of passion to achieve success over time.

The agricultural machinery sector, in times of difficult agricultural market, suffers most sharply. When we have an unfavorable conjunction involving low prices from farmers, exchange problems, unresolved debts from previous harvests, bad weather, that is, a chaotic package, this segment almost has to close its doors. Producers, pressured by hardships, acquire the essential inputs - albeit diminishing technology to reduce disbursements - and tend to use the same equipment they already have. The sector may even expand the provision of machine refurbishment services, sell more parts, but is heavily hampered in the downward curves of agribusiness. This in itself already requires the marketing manager to pay close attention to the predictability of the incoming crop.

Mistakes in forecasting or slowing course can be fatal in an agricultural machinery industry. The bond and partnership with the reseller network are sacred, because, in addition to credit services, billing, technical assistance, parts and sales, the resellers listen, audit and feel the local realities of the producers. They serve as effective flags for manufacturers' decision-making and capture the truth of cash flows in their regions that is revealed in delays and collection difficulties.

On the other hand, the good and motivating news from the sector is the potential for renewal of machines and equipment in Brazil. Although the industrial park has grown with the positive years of the early half of the first decade of the 21st century, it continues to offer immense opportunities, both in terms of horizontalization, penetration and expansion of coverage, as well as verticalization, with more powerful and innovative tractors and machines, access to precise agriculture, etc. All this without considering all the prospect of increasing agricultural area with modern technology in the country. We have more than 100 million hectares to incorporate - and that is more than doubling in area and doubling in productivity.

When analyzing the Brazilian realities and potentialities, it can be seen that the field for investment in machines is safely healthy - apart from the cyclical crises that are part of the agribusiness scenario. The better the credit security policy (rural insurance and the agricultural policy as a whole), the more certainty the management of the machine business will be. For this reason, professional activity in the class entities that represent the segment is very important, stimulating and supporting the government and producer associations for the best possible orchestration of Brazilian agricultural planning.

We can list, as uncontrollable factors in the marketing of agricultural machinery and production goods, the prospects of crops, the income of the farmer and rancher, the accumulated rural debt, realized, paid or forgiven, climate predictability – much more advanced in the country with the services provided by the meteorology channel *ClimaTempo*, for example - website, consumer trends, new waves of bioenergy, agro-industrial projects and exchange, among others.

When we think about the controllable factors of the business, there are some very important and determined steps that deserve the attention of the manager of this segment. To consider them, the professional must ask himself six fundamental questions:

1. What is the installed park of machines and equipment?

What is the reality of this market? What is your quantified picture region by region? The size of the existing park is the first diagnostic point for marketing durable or semi-durable production machinery, facilities, equipment and goods. We start with the simple and pure quantification: how many sprayers, how many tractors, how many harvesters, how many fences, how many meters of wire, etc.

Many professionals and students ask, "How will I collect all this information across the country?" In fact, this is perfectly possible, and you can collect all the data in all the producing squares of Brazil. It all depended on the intensity of your effort and your budget. However, focus on a staggering survey. Start with places that account for 80 percent of your sales. See if your business also follows the Pareto Law, whereby 80 percent of sales are generated in 20 percent of the territory. Even if you have a more dispersed distribution, start with the most significant locations in sales estimates. Start with the reality in which you live.

2. What is the quality of the installed park?

The second issue is related to the quality of machines and equipment, region by region. How old are they? What is the HP curve of tractors? What is the state of conservation of the machines? A sample evaluation survey is a good indicator of the real state of machines and equipment. Areas with a surplus of installed power and plenty of equipment can be found, as well as situations with deficits, deficiencies, misuse and waste of inputs due to poorly maintained applicator vehicles and equipment, or without the operational qualification required for the modern inputs. The curious thing is that even in properties with a great park of tractors and harvesters, we can have lagged planters and sprayers, for example. The actual diagnosis of the quality of the existing park reveals the correct strategies and tactics organization points to be adopted in the marketing and sales campaign - in the current year or in the preparation of the next crop.

3. In the installed park, and according to your qualification, what is the market share of your brand?

After the quantification of the existing universe and the segmentation of this park by technology criteria and life cycle of goods, the next step should be to obtain the market share of competitors. This market share must be segmented by product category. For example, are we leaders in basic, intermediate, or elite technology? What is the share trend in these segments? What predictability can we reveal through this data? The consistency and persistence in the construction of this data universe is very important, because, although the data reveal little at first, after a few years, this expanded and consolidated database marketing is one of the main assets of the segment marketing leader.

4. How is your position on brand experience?

New sales are the result of satisfaction with past experience versus the level of exposure of existing business offerings, innovations, advertising actions and sales. Past satisfaction with the brand defines the greater or lesser need for deep investments in marketing activation, product change, and review of the values associated with the company's brand.

The greater the satisfaction and previous experience with the brand, the greater the security of the replacement. The smaller these factors, the greater the uncertainty and risk, and the greater the assertiveness requirement of aggressive marketing plans.

Winning new customers or keeping dissatisfied customers costs a lot more than selling again to those who have a positive perception of experience and satisfaction. So when it comes to machinery and equipment, service, maintenance, parts, brand reinforcement in the heart and in the minds of producers, technicians and operators are critical to new sales. How is your position in this previous brand experience framework versus the exposure level of current offerings and sales?

5. Should demand grow against existing potential?

The fifth move is to assess the demand outlook for the new trade campaign, region by region. In addition to the uncontrollable general factors, it is essential to deepen in each region of the company. For example, investigate:

- Are there any new rural or agro-industrial projects?
- Is there an agricultural frontier expansion?
- Will there be any fleet renewal action stimulated by some factor of agricultural or local policy?
- Will the used machine market grow, expanding penetration and renewal into the most successful products?

We must finally have opinions and conviction about the size of demand in the region, and whether it can be achieved through penetration or verticalization, or with what percentages applied to each of these strategic marketing moves. And yet: if sales will be easier or harder.

Of course there is no easy selling because it is a never ending process - after sales is the beginning of the new sale. But this analysis allows you to better see where you need to put more resources and where it will be interesting to increase your marketing investment. And in addition to this quantitative aspect of resources, from such an analysis we must also establish what the focus of the argument is - what is the competitive differential to be emphasized, what is the best approach to positioning supply/product from region to region.

6. How many marketing plans will you need?

With the diagnosis made, and with its conclusions, the sixth movement is the implementation, that is, the engagement of sales forces, the sharing of sales estimates, the establishment of regional plans, the commitment to the dealer

network (with resellers), the placement of promotional and special advertising actions, the definition of cooperative funding with the channels - the whole package of events and sales movements, region by region.
Note that we always insist on placing region by region for one simple and essential reason: there is not just one marketing plan. There are as many as needed, depending on the different realities to be faced, which vary from region to region. Modern sales and service professionals need to assume the role of operational marketing managers in their regions. Each area worked will need to adapt the allocation of resources in a customized way for the company to be effective in its action.

Input Marketing

Before the farm gate, the segments of fertilizers, seeds, pesticides, animal genetics, veterinary products, mineral salt, animal food and supplements make up what we commonly call "rural production costs". This sector has a different marketing dynamics from the machinery, implements, irrigation and silos sector, which we grouped under the label of "capital goods". We will now address the key aspects to be managed by the marketing executives of these two major industries.

From the perspective of the radical technological competitiveness that characterizes our times, for both segments, the fundamental is the rendering of services, the technical assistance, the after sales. Rural selling requires a lot of educational action, demonstration plots, field product development, benchmarking, showroom and witnessing.

In the area of seeds, for example, it is a living being, which needs to be used according to a strict process of adaptability to environmental conditions of soil and temperature. But long before that, marketing management of the seed begins, for which storage is critical, requiring proper installation by resellers and criteria for relocating stocks and leftovers - logistics is essential to avoid losses.

The logistics of the seed is very similar to that of newspaper distribution: the ideal is that it will always be a copy on the newsstands - that would be safe and would be the proof that the demand was fully met. The same thing happens with seeds: leaving a seed bag in stock is proof of absolute effectiveness in sales, distribution and logistics. When all inventory runs out, it is almost certain that customers have not been served; when left over, the loss is most likely to be computed by the supplier company.

In the field of fertilizers, pesticides, veterinary products, feed and other inputs, the speed of goods turnover is fundamental. These are used products almost simultaneously with the purchase. Advance purchases are desired, but occur only under special circumstances, such as rising commodity prices, product financing cost packages or when a given input reveals an extraordinarily desired innovation and its supply is still reduced.

The great drama of the input manager is the sales estimate, the risk of placing products on the front lines of the canals (in the case of fertilizers, this means authorizing mixtures). Everything happens very quickly. Readiness in obtaining common numbers or even closing in the loss. And this is what separates the extraordinary result from obtaining common numbers or even from the closure on the loss.

Overall, the last 20 percent of the quantities sold represent the difference between a good profit and the threat of loss. Therefore, in input marketing, control systems are key. Revolving stock turnover ratios, the speed of replacements and the speed of inventory relocation between branches and channels require a truly superior administrative dedication.

On the other hand, for controls to be effective, the requirement for sales planning is total. The great work in the input sector begins in the previous season. It's a never-ending virtuous cycle: the way we calculate sales estimates, the procedure for negotiating business goals with channels and sales forces, engaging other areas of the company in this mobilization - all of this is of vital importance to success of sales campaigns.

The role of professional associations and the participation of professionals and companies in sectorial institutional organizations are also key points of rural sector marketing management. The announcement "Planta Brasil", made by the National Association for Fertilizer Spread (Anda) with the creative support of ABMR&A, published in the newspaper *O Estado de Sao Paulo*, is a good example of this. In this campaign, the fertilizer supplier entity sought to make society aware of the importance of fertilizers when rising prices of this input generated dissatisfaction in the productive sectors and discussion among opinion-forming segments. The announcement actually showed that responses to broader marketing challenges generally gain strength and effectiveness when given by sectorial entities - even by standardizing the discourse and positioning of the entire segment. Therefore, participating in associations is essential for the input sector marketing officer, and is increasingly important for Brazilian agribusiness.

We now present seven specific, but essential approaches, that should be observed in the marketing strategies and tactics of the various input sectors.

1. Inputs involve quantity and quality

The quantification of the applied inputs is the first point of diagnosis. Use per hectare or head of livestock, region by region, is a basic mapping to identify actual demand in the input category, either in one or a few areas or in the entire geographic market. The potential is always greater than the demand. The calculated potential must be a hypothetical account: "If the entire universe used or applied a certain input, we would find a potential of so many seed bags, or liters of pesticides, or tons of fertilizer, etc." The difference between potential and demand is the theoretical field of market growth.

When analyzing and quantifying the demand for the input, the next step is the qualification of this use or application. Which dosages are used, which stands of plants (or spacing between seeds), which fertilizer formulas are used, what is the mineralization of the cattle, what is the enjoyment of the animals and what is the turning of the herds.

The way we qualify the adoption of inputs in the regions is fundamental to define the strategic and tactical marketing actions of the segment. We can, for example, have wide use of inputs, but with poor use. The strategy in the region could then be one of horizontal use or a qualitative evolution of demand, with the encouragement of better practices in the verticalization of adoption.

Likewise, by looking at the quantifications and qualifications of the use and adoption of input, we can perform market segmentation at different technological levels, for example, by grouping in one hand innovation-oriented and high-tech producers, and on the other hand, more conservative farmers - served by more traditional and classic commodities and technologies. After that, we can cross-reference this information in geo-marketing systems, mapping out the distinct patches of technology and use per hectare. With this, we would be objectively and measurably portraying the reality of each agricultural zone in the country that was important to the work of marketers.

2. Inputs require market share conviction

Market share by region is the other crucial point of the marketing manager. In the quantified and previously qualified scenarios, what is the market share of the various players? The more historical information we have, the better, as we can identify trends. For example, a company emerges that in its first year reaches a modest 2 percent market share in a medium-high technology investment segment. In the following crop, this brand already takes 5 percent, and in the third year, jumps to 9 percent of market share. There is a seemingly powerful competitor forming, which could become a tsunami in the market if it is linked to the upward segments of rural production, that is, to those producers that tend to grow in the coming years. After all, every supplier grows or dies with their consumers.

In conclusion: after quantifying and qualifying markets, studying and mapping competitors' market share is the next crucial step in the success of marketing strategies. For this, local research, linkage with the region's sales and technical channels - or hiring researchers to collect data is vital.

3. Trade share is the third essential move

We quantify the market, qualify this volume by levels of adoption, use or applications, and finally segment producers. After this phase, we diagnose and divide the market according to the market share of the different brands. With this, we can even establish the evolutionary trends of competing brands,

signaling which ones should fall, which ones should rise and which ones will keep stable in market share.
Then comes the time to check what is the participation in the channels, the trade share. In the existing distribution channels - resellers, cooperatives, agents, self-employed or e-commerce, how big is the participation of each supplier? This is another decisive approach to creating well-articulated and effective input marketing planning.

4. Drawing the future

With the previous steps taken, we need to look for trends for the next crop: local and regional planting forecasts; the change in the mix of products to be planted; the cattle versus agriculture relationship; disposable income from the previous season; the official credits for the new crop; the trends of increase or reduction in the use of high technology.
Past experiences are of great value, especially if well documented. The opinions of local leaders are also of great use, as are the sentiment of sales channels, resale dealers and rural planning offices - as well as the realistic programming that rural businesses are already putting into practice. All this forms the diagnosis and leads to the decision making by the marketing manager of the input segment.
Marketing in agribusiness is fraught with relationship. And building physical networking, now backed by virtual technologies, is a major part of the concern of industry executives.

5. Finances and 'down to earth'

The financial health of sales channels and farmers plays the role of rational analysis and down to earth. Contact with banks, financial agents, the realities of receipts, expected inflows from commodity sales, anticipated grain sales and the entire economic-financial movement of the region should be raised, as should the links with cerealists, with the buyers of rural raw materials, with agro industries, with slaughter house. All of this post farm gate sector is important to the marketing manager of the segment before the farm gate.

6. Strategic and tactical mix

After going through all the steps mentioned before, the input marketing manager should consider the innermost aspects of his organization: launches of products or not, innovations, pricing policies for gaining market share, opening up new sales channels.
Marketing requires a very well implementation and an accurate control system. The previous steps define strategy, which is everything that occurs before the battlefield. The tactic is movement and weapons within the business setting. That is all that happens on the battlefield. Information, negotiation, engagement, commitment, execution, control and feedback make up the formula for marketing management in the input sector.

7. Ethics and responsibility

It should be noted that guerrilla marketing strategies, valid for commodity suppliers and niche players, cannot be grounded in exclusive reseller clerical award tactics. These processes, over time, are autophagy, because they become auctions: who gives more turns out to be the offer of the time.

Ethical marketing is the backbone of agribusiness marketing activities. This is justified because we deal with businesses that imply environmental, social responsibility; business involving food, safety, technology, quality of use, education, promotion. Promotional actions should always be accompanied by appreciation of knowledge. It is necessary to operate in rural marketing always with the mission of communication, not manipulation. We manipulate when we simply act on the non-virtues of everyone involved.

The culture of deception will always bring serious consequences to its drivers. The encouragement, promotion and awarding of resellers and sales clerks can be done and are welcome as long as they are associated with the interests of the four parties involved: customers, business owners/dealers, suppliers and sales professionals. And all this considering the values of ethics and building improvement for the whole process.

Today farmers are bio-managers, knowledgeable about the laws of genetics, using microelectronics, information technology and interactive communication. They are also linked to the technology that predates them and the trends and demands of customers - with agroindustry, retail, food services, fiber and energy industries, etc. And that's not a little, it's a lot. Requires responsibility of all agents involved in agribusiness. And responsibility to the farmer is vital in a world of many responsibilities - environmental, social, citizen, food, etc.

Reseller Marketing: The Rural Reseller Network

Distributors and dealers of agricultural and veterinary inputs make up about 70 percent of all technology marketing to the field. Approximately 10,000 points-of-sale make up this branch network in the countryside of Brazil. The National Association of Agricultural and Veterinary Input Distributors (Andav) is the representative entity of the sector, with approximately one thousand partners, which is equivalent to almost 80 percent of the marketed value.

Cooperatives account for 15 percent of distribution and the remaining 15 percent goes directly from industry to producer. Sales channels have sales forces and technical assistance, making the personal relationship in the agribusiness field effective.

Today the industry establishes solid links with its distributors, integrated in computerized systems and well structured commercial programs. Based on this scenario, the following points are fundamental and should be taken into consideration by rural resale marketing:

- get reliable information about the area planted in your region
- know the market share of the different technologies and brands offered

- set up a database with farmers for values, lifestyle and professional attitudes
- maintain a solid relationship with the other agents of the agribusiness cluster (example: financial and technical, transportation, insurance, cereal, trading, agribusiness and media).
- understand the challenges of supplier planning and marketing strategies
- maintain well-formed and loyal professional teams
- mix bold actions with conservative action to avoid unnecessary risks
- provide pre and post services
- offer innovative and value-added services to rural producers, such as product application, business analysis and effective, high-level technical assistance
- actively participate in representative entities of the region, acting in accordance with the development of the ethical and sustainable businesses of the segment

Building a good marketing plan is a successful competitive differentiator for a rural dealer. In addition to preparing the market-driven, competitive marketing plan, it is necessary to organize a competent reverse marketing strategy, aimed at suppliers and business facilitation agents, such as logistics.

The following bullet points are the key ingredients of an agribusiness resale marketing plan:
- the size of the regional market in area, crops and rural properties
- the qualification of this market at the technological level, disbursement to technology, stratification of properties
- the segmentation of farmers in values, attitudes and lifestyle: early adopters, majority, laggards and the niche of innovators
- identification of leaders and advocates of the various technologies and brands offered, their strengths and weaknesses, the share of wallet of each brand and the technology of the region's producers
- expected demand for the current crop of technologies and brands
- the growth potential of technology over improper use of technology or non-use (eg improved seed versus second generation)
- registration of good versus bad customers to drive sales and risk taking on credit and collection
- solid links with suppliers' marketing managers, aiming to know their plans, needs, funds, investments and joint opportunities
- construction of operational marketing plans side by side with the industry, defining responsibilities and marketing support that will be offered by the supplier
- actions assessment and measurement systems for correcting directions
- market share objectives by technology and brands
- diagnostics of competing regional resellers: size of sales force, positive and negative perceptions, optics of farmers, competing reseller channels, quality of trust and level of relationship between leaders of competing resellers and their peers in the industry, participation market share of competing channels

in the region, strengths and weaknesses. Identifying the placement of each reseller channel in the region is critical. There are small channels that serve smaller producers and sell smaller volumes; others are focused on price; others in service provision. Establishing resale positioning in the context of a square's resellers is very important for competitive efforts to be focused and prioritized. Example: A generic versus a value-added resale - strategies, actions and costs are totally different.

- opportunities for positioning the products represented in the region based on the success or failure obtained and perceived in previous harvests
- main communication channels, marketing activation, media actions, events etc.
- schedule of days in the field, lectures, sales actions, with return measurement systems
- definition of the main services to be provided by the channel and industry that impact on the region
- advertising, logistics and supplier support to achieve regional goals
- human resources capable for the creation, organization, implementation and control of the resale marketing plan.
- defined sales targets - product by product, month by month, seller by seller, brand by brand -, average price, average payment term, profitability and turnover
- a customer-to-customer visit, interview and sales plan in the region, and all of this is attributed to the resale team, resale managers and joint visits with the industry
- incentive and compensation plan for resellers, technicians and sales clerks
- direct marketing support and CRM services
- schedule, control system, feedback
- programs for the preservation of the environment, sustainability, collection and protection against illegal trade, theft and organized crime are part of the channel's integrated actions, which should act as an agent and leader of the movements in their regions.

About 70 percent of sales and reseller success depend on the quality of the operational marketing plan made. It needs to be assembled before new crop operation begins. It must be thoroughly prepared, debated and very well negotiated between the parties. The involvement of the supplier industry is critical. Remember that knowing how to engage and gain attention from supplier marketing actions is one of the great talents of successful reseller channels.

Chapter 6 - Communication has a formula

E+ FPT + D + (MMV)2 + R + FB

Communication has never been done with just one media. If so, it would suffice to flood social networks with posts and success would happen. It was never done with prime-time television, radio or full-page newspaper or magazine inserts either. Nor was just one creative ad enough.

Communication is not synonymous with marketing. Necessarily, a communication plan is inserted in a marketing plan. In a great marketing plan, it is up to the communication process to raise awareness and its association with the values desired by society.

Apple's Steve Jobs said, and Alexandre Costa, founder of Cacau Show, says: “Consumers don't have time to know what they want, it's up to us to identify hidden dreams and desires and create a gigantic commotion in the presentation.”

Communication can also be confused with manipulation. What is the difference? Communication means an ethical and evolutionary act of aggregating knowledge and education embedded in what is communicated. Manipulation is figuring out what the audience wants to hear and telling it to them without worrying about values and driving the client to ascending positions. Beware of generalization, elimination and distortion.

In the agribusiness of inputs, technologies, machinery, nutrition and veterinary we necessarily need communication, not manipulation. Similarly, we will need this in food communication.

The formula is not new. It starts with the **Emitter** (E). The source, the brand, the organization, the government. Of course, if this source is not approved by the **Target Perceptual Filters** (FPT), the communication goes to waste. The reputational value of the source accelerates, improves communication productivity and its effectiveness on the **Receiver** (R).

The evaluation of receivers’ perceptual filters leads us to the use of **Decoders** (D), tactical elements of communication that establish empathy and rapport from the studies of perceptual filters of the targets involved.

Then we will build with vital importance the Media and Message strategy, with the proposal of **Rational and Emotional Values** in its creation (MMV)2. The formula requires obtaining the **FeedBack** (FB) of the Receivers, and this process feeds back, returning to the emitter and back through the formula in an ascending and incremental management of this process.

We have communicational success when the value perceived by the receivers is greater than the emitter's rational and measurable realities. The brand power. But we will have a marketing failure within the time if the actual deliveries frustrate the promised dreams. In this way, the illusion sale will occur. And there is a very strong difference between dream and illusion: dream is what people do with reality, and illusion is what reality does with people.

In Brazil can we use communication without fear? Yes, we can and we should. Brazilian agribusiness realities are greater than their perceived realities, either in the country and in the global market.

In the Amazon rainforest, there is a lack of marketing and excess of the use of law to punish deforesting criminals. By not unraveling this, our food produced in the Amazon biome is associated with crime and undermine the perceptions of all national production. We are exposed to aggressive competitors.

There is global distrust of the agroindustrial sector. Ray Goldberg addresses this in his latest Food Citizenship book. On the other hand, we have excellent realities not transformed into perceptions, for example, in optimal studies from the Institute of Food Technology (ITAL).

What science knows is far from the perception of end consumers of food. And in the same way, our technologies used and available in Brazilian agriculture are above the realities with which they are used in practically everything: communication, decipher me or I'll devour you.

Chapter 7 - Marketing has a formula

Ainc + C + P (stp)2 + App + Apv/pro + I2 + av/fbp: SM

Let's bring Philip Kotler's wisdom together with Raimar Richers (in memorian), Marcos Cobra, Francisco Gracioso, and a bold phrase by Peter Drucker: “Marketing is customer satisfaction with profit.”

Another sacred formula for the success of a marketing strategy, and one of the least studied grounds in colleges and organizations: sales and people to people, are included in the square **Implementation** (I2).

The Brazilian Marcos Cobra is considered as the Brazilian Kotler, and exudes wisdom in over 33 works, including the book "Sales Management - 21 Secrets to Success”. The wise Raimar Richers, former professor at FGV alongside Marcos Cobra, teaches us that marketing is an administrative philosophy that requires the **Analysis of Uncontrollable Factors** (Ainc) plus Controllable Factors©.

Kotler, father of the global marketing symbol, includes in the formula the 'P' of **Polls**, with strong emphasis to human perceptions, and elevates the great importance of the **STP2** (Segmentation, Target and Positioning). In this subtle axis of marketing intelligence, such as segmenting, gaining awareness of the target within the segment and structural positioning in the minds of customers, consumers and facilitators, we draw on the knowledge of Professor Francisco Gracioso, a thorough expert on this art of segmentation and positioning.

For each of these points there are hundreds of other points that generate a great design thinking, from the concept of disruption, created on James Macquivey's Digital Disruption, to Richard Dawkins's The Selfish Gene, where the memes can beat selfish genes.

Enabling product and pricing strategies in conjunction with point-of-sale decisions encompassing logistics, distribution, promotion channels, with advertising, propaganda, services and sales allows us to begin conducting this marketing orchestra.

From then on, we need **Evaluation** (AV) with metrics, indicators, performance, profitability, profit, market share and **Feedback** (FB) on human perceptions of brand, direct competitors and competitive categories.

Of course, if we build a great algorithm from this, we can put the digital model at the service of a good analog. In a synthetic way, that is the design of the marketing formula.

We created a marketing system. But how to implement this in Brazilian agribusiness? How to do this in each Brazilian agro production chain? How to put this into the categories of inputs, technology, machining, insurance, irrigation, etc.? How to make a marketing plan for agribusiness science in dialogue with consumers? Will we deal with genetics with the lay citizen? Will we talk about phytosanitary control with the consumers of *Vila Mariana*, in São Paulo? Will we have a marketing plan for the animal protein chain versus a plan for vegetarians, vegans or flexitarians?

The answer is yes. If we do not understand the need of a marketing plan for each production chain, for vital agribusiness inputs that will be judged by end consumers and revealed in traceability, we are not making a rational management that integrates exact and biological sciences with the human sciences. And this is marketing.

What about Brazil? It is the only country in the world that has a tree name! We are pure, natural marketing. So what is missing to double the size of national agribusiness? All that remains is “the plan,” a marketing plan resulting in a business plan, with quantified sales targets aligned with strategic planning. And all of this is controlled and demonstrated in the accountability.

Chapter 8 - Marketing Strategies and Actions: Vision of the Farmers

Rural Producer Marketing Challenges

The rural producer is the center of the agribusiness chain. It receives the technology generated before the farm gate and delivers raw plant and animal to agroindustry, processors, restaurants and all kinds of post farm gate processing. Farmers may also be involved in an activity in which their product goes fresh for the final consumer market, such as flowers, fruits and vegetables.

Despite being the most important point in the chain, farmers face several marketing challenges.

- isolation and more remote possibility of activating marketing alone
- it is preceded by large economic groups, holders of high technology, and sells its production to other large corporations, with very little possibility of brand differentiation
- it relies heavily on agricultural policies and financing plans
- for crop structure and logistics, it depends on public and governmental actions
- uncontrollable factors such as climate, currency exchange, commodity supply and demand, globalized competition, legislation, disease, pests, cost of production, supplier decisions and tax policy, among others, make isolated rural activity very risky
- dependence on associations and capable leaders for the orchestration of agricultural production marketing plans
- distancing from end consumer markets
- voting and focus on production
- the fact that the new social media has only recently been made possible by the internet
- the fact that the commercial and strategic disputes that use marketing as knowledge are very recent for the vast majority of farmers

However, despite these great challenges, notably in isolation, the use of marketing became possible from the information revolution and the lower cost of access to information.

In the Agribusiness Studies Center of the School of Propaganda and Marketing (ESPM), several websites of agricultural brands are monitored. There was an explosion of visibility and brand creation by the activity within the farm gate. In the 21st century, the marketing action of rural producers became possible, even if individual, which a short time ago was an initiative viable only through associations and cooperatives.

To develop an individual marketing plan, farmers must follow several guidelines:

- Know the strategic plans of the main suppliers of inputs and equipment

- Monitor the progress of scientific and technological research leading up to the inside of the farm gate
- Deepen the details of the genetic information of the different providers, always keeping test areas for new materials in their property
- Perform benchmarking, corporate cost, productivity and results studies with neighboring properties and with data from producers in other areas of the country and the world.
- Develop precise agriculture to know deeply the investment response of your production area
- Maintain a database of the uncontrollable factors of its activity, such as supply and demand, price curve, investment and future market interference, cost of technology, exchange rate, trends of end consumers, main activities of the major "fashion makers" derivatives of agricultural products (McDonald's, Starbucks, Nestle, Unilever, Bunge, Sadia, Procter & Gamble and Coca-Cola, among others)
- Set up a database of intermediaries, buyers and cerealists to foresee their procedures from historical records year by year
- Elect a select group of suppliers of inputs, machinery, processors and agro-industrial corporations to be visited annually and also for relationships to be created and maintained
- List some required international participation events, to acquire information and access to markets
- Monitor the actions of NGOs in the region and/or area in which it operates and their influence on the markets and clients with whom it operates or intends to operate
- Set up a system for tracking articles and publications by leading experts in their field of activity and culture
- Participate in social networks, national and international, with affinities and connections related to the same activity.
- Create a visual pattern of your property - equipment, uniform, business card, office supplies, bags and packaging
- Have a brand and apply it to everything, define mission, vision and property values and have a good story to tell about your brand and your commitment to the future.
- Understand the links in the agribusiness production chain to which it belongs, know the connections and key people throughout the system, both before and after the farm gate, and the leaders within the farm gate
- Participate in professional associations and class interests, classify them and set time for cooperative initiatives
- Always study, even for distance learning courses, online
- Know the entire network of dealers and distributors of inputs and machines, observe their competitive movement and look for good deals at product launch times, high stakes and taking advantage of technological opportunities.

- Maintain solid ties with the area's financial agents and track the history of access to financing lines and debt execution positions at critical times.
- Create a cohesive and well-prepared team to do day-to-day and operate the property, freeing up useful time for vision and strategic tasks.
- Understand your producer style and profile: bold versus conservative, diverse versus specialized, commodity versus value aggregator. Learn how to make decisions based on your style, but consider business preservation, taking part of your decisions more or less conservatively
- Set up a website, be interactive and seek globalized business relationships in the opportunities created by clients seeking differentiation in production already at the origin of agricultural raw materials.

Source marketing is a tool heavily used in rural brands and differentiations. We will discuss some examples later, such as the case Made in Italy, made especially for this book.

The marketing plan for agricultural production

The great marketing work for the rural producer is done through entities, cooperatives and class associations or even by a combination of government and productive sector representative bodies.

Countries such as the USA, England, and the Netherlands maintain "national" marketing strategies articulated with all sectors involved and inform society about them. With this thought, a marketing plan for Brazilian agricultural production needs to consider several aspects:
- Diagnosis of the actions of the main competing countries
- Changes in attitudes and consumption habits in the main demanding countries
- Database on retailers, agro-industries, processors and influencing agents of the requesting countries
- Brands and strategic positions of the various countries and their original marketing actions, as well as private initiatives with the power to influence the perception of intermediate consumers
- Likes and dislikes from Brazilian producers. Positive, negative or indifferent level of perception
- Visibility of competitors in the global media
- Mapping and monitoring of the websites of each segment
- Mapping and monitoring of NGOs, consumer protection organizations and associations of competing farmers, evaluating procedures, values, attitudes, leaders and successors.
- Understanding internal competition between cultures, regions and consumption trends in the country itself
- Analysis of strategic technology providers and how they act in relation to the country's agribusiness commitments
- Evaluation of the search for projects and bilateral agreements by market segments, both official and market led, with private initiative.

- Mapping and monitoring of the import and export legislation of agribusiness products. Studies on the differences between theories and actual practices
- Studies on the impact of agribusiness decisions in each demanding and competing country, on the political environment, elections and local public opinion
- Definition of business strategies segment by segment, country by country, economic agent to economic agent
- Building human resources with strong charisma and vigor for high-level sales
- Evaluation of marketing activation funds, market research and studies, comparing competitor's behavior regarding marketing investments
- Prioritized press office strategies globally defined
- Correction of country weaknesses, based on perceptions versus realities, to prioritize structural or systematic investments
- Maintenance of a group of intelligence and marketing coordination of the agricultural production of the country, not subject to change according to political party changes
- Definition of a marketing plan for the involvement with the agents before the farm gate (genetics, fertilizer, machines, credit, insurance, technology), another for the agricultural production itself, internal and external to the country, and another for the involvement with the large processing and demanding agglomerates of plant and animal raw material

What we see in this 21st century is a real marketing possibility for farmers, even as individuals, and the vital need for marketing planning for agribusiness associations, entities, and government agencies in other countries.

Agriwar is the marketing war for the perception of global consumers. It is not only born in advertising art or sales: it is already embedded in the line of genetic seed research or logistics and fertilizer strategy, as well as in the design of rural equipment prepared by mechanical engineers, and in the organization of ports and post structures - farm gate, for example.

Competitiveness values for cooperatives

Cooperativism already involves around 1 billion people worldwide. It is an organizational formula that has withstood time and fads - and can only resist the absence of prepared leaders. The values of cooperativism pass through the union and common sense of horizons, and the clarity of the mission is essential. Always placing the work, the cause, above personal and group interests is one of the most difficult tasks for the success of cooperatives.

Successful cooperatives reveal a cohesive leadership committed to the cooperative ideal. Some of the fundamental values for the competitiveness of cooperatives are the non-tolerance of mediocrity; fighting the comfort zone, the accommodation; the rejection of paternalism, populism, and the temptation to want to please in the short term and provoke insurmountable long-term blasts, and the establishment of a healthy succession regime.

These are all *sine qua non* ingredients for success in the cooperative environment.

Cooperatives cannot ration strategically like non-cooperative corporations. It is critical that awareness and education are a permanent part of your DNA. Inside, they need strong cultural and educational programs - internal marketing; from the outside, they need a long-term project involving the whole of society.

Regarding to its customers, the formation of cooperative salespeople goes through a selection and preparation differentiated from other salespeople from other organizations. Communication plans for cooperative products always need a wrap of citizenship, altruism. Cooperatives not only have an inward-looking mission for their members; they must bring the cooperative spirit to every link in the agribusiness chain, from before to beyond the farm gate, as well as cultivate the same disposition for the use of modern management tools.

It is necessary to grow with a clear and determined focus; not to exchange what has to be done for what distorts and deflects attention. An extremely careful marketing project should be prepared, knowing that it will be facing the major global and national organizations, which have the fastest decision making power and the most developed risk culture.

Another important issue of a cooperative is to be clear about its vocation. Moving towards industrialization, retail or services, advancing in the value added in the post-farm gate, requires talent, will, competitive conviction and the setting up of a decision-making process of actions and reactions to competition, along the lines of a non-corporate enterprise. Strategic alliances and partnerships are smart alternatives, if we consider a definition of vocation and talents for differentiated agricultural production, which enables special agreements and marketing agreements.

Cooperatives, regardless of whether they reach the final consumer or not, must strive to establish brand image and visibility. The origin, derived of cooperativism must be considered along the value chain. People consume values, perceptions, meanings. The cooperative is a symbol of humanistic evolution and has a growing and fundamental space in the upcoming years of agribusiness, when we will need to serve about 9 billion people on earth and incorporate millions into production regimes. The cooperative organization is prepared for this purpose.

The competitiveness values of cooperatives can be summarized in ten vital views. Of course, there are administrative, legal and management aspects that are inherent in the proper functioning of a cooperative organization. There can be no ignorance about the issues linked to the operation of the segment: its accounting, its chart of accounts. These ten vital insights are more focused on strategic and competitive challenges:

1. Leadership awareness and the need for leadership training to integrate the cooperative mission alongside the necessary internal and external competitiveness

2. Creating a cooperative marketing plan. That is, the marketing plan of a cooperative may never be the same as that of uncooperative cooperatives in terms of product line, packaging, communication, pricing, point-of-sale policy, vendor promotion.

3. Act with speed in making competitive decisions. Time can be one of the key assets and strategic differentiators for success today. Organizations that adopt the style of perpetual preparation already have the right address: the tomb

4. Have cooperative and competitive executives and human resources. Take great care that all human talents working in a cooperative are involved with a superior sense of giving and a sense of life. At the same time, the staff needs to be firm and vigorous so as not to be overwhelmed by the tendency for a median underperformance.

5. The cooperative must have clear purge systems. Not all fit the cooperative movement. An organization must have new member attraction mechanisms and a clear and fair code of ethics and elimination.

6. In order to meet the distinct vocations and desires of its members, it is important for a cooperative to foster a healthy diversification of cultures and businesses. A good cooperative is one that allows and expands the possibility of success of its members. There are producers who may be more devoted to artisanal production, others to extensive and scalable production, still others to innovations and projects with greater added value per unit produced. Having as many lines of business as there are regional or member vocations increases the chance of business, diversifies risks and adds more success and happiness to the cooperative.

7. A cooperative need to have big salespeople. They are members of your board or your own president. People who gather a sense of mission, acting responsibly from the technical and management team, and a certain amount of charisma - that is, the ability to reach the brains of others through the heart. These vendors need to visit and deal with the senior managers of the largest organizations that are in and out of the farm gate. They are people that will represent the cooperative to the society, including demands from governments

8. A cooperative need to adopt the vision of segmentation and identification of suppliers, customers and consumers, as well as cooperative members, within the perspective of values, attitudes and lifestyle. It also needs to promote business in a composite of values and branding, connecting its interests with those in industries where there is an affinity link advantage.

9. The cooperative needs to be convinced of its vocation and competitive talent, without adopting fads. If you are to compete in industrialization, retail and after-farm gate services, you need human resources and thorough

benchmarking to avoid confusing value-adding projects with illusion and utopia. Mastering your strengths and promoting alliances and partnerships and looking for perceived differences throughout the chain are essential attitudes.

10. Must be financially healthy. Whole. Ethic. Without ethics there is no chance of success for any cooperative. Permanent vigilance is mandatory. Cooperativism is business with human mission - and losing it means losing business.

The competitive values of cooperatives are challenging, yet full wealth, human and real. Incorporating the state of the art of modern management without losing the roots of its essence, and transmitting this culture to all its internal members and to the entire external network of the organization is the way to go. And all this at high speed, as the world has changed and is constantly changing, which makes the leader's role vital.

Business Strategy in Agribusiness

There are several strategies in the field of the farmer marketing. One of the most interesting and powerful is source marketing, which we'll see in more detail below.

<u>Source Marketing</u>

In a globalized market, in which information is spreading progressively, access to products and services is becoming easier and the differentiation between them is getting smaller and smaller. Thus, the origin concept has been gaining more and more space in the food market, becoming a powerful marketing tool. The source strategy, by the way, is particularly effective for the rural products segment, as it adds value to products, has collective inspiration and helps to overcome the industry's historical limitation in generating resources to do marketing.

Summarizing, as it is increasingly difficult to build and sustain differentiation in the food market, a good strategic marketing alternative is to turn to the environment and focus on the peculiarities of product source, making it a value. When this type of strategy began to gain visibility, it first used the simple form of the so-called origin stamps. Over time, new approaches and technologies of market activation were being incorporated, embodying the now valued, source marketing, one of the elite weapons in the agriwar.

Its role is to create a quality perception for a product or group of products from the geographic, environmental, productive and/or cultural characteristics of a given region. That is, the origin gives value, prestige and reliability to the product. Examples of such a strategy are Bordeaux or Champagne wines, Cuban cigar, Norwegian cod, Parma ham, Colombian coffee Juan Valdez, Washington apples and pears, California raisins and Chilean fruits, among others.

In Brazil, there are not many successful cases of source marketing. A highlight is the *Serra Gaucha* (south of Brazil) wines, which have gained competitiveness and notoriety through a well-done work of appreciation of source conducted by the Vineyard Valley Fine Wine Producers Association (Aprovale).

Several other trails are being opened or consolidated in this direction, such as the cachaça of *Minas*, the wine of *Sao Roque*, the coffee of the *Cerrado* and the fresh produce of the region of *Vargem Grande*, more focused on the domestic market. With an eye on the international market, we have the fruits of the Sao Francisco Valley, the organic ox (grazed) and special coffees from Brazil Specialty Coffee Association, among others.

Best Selling Source

Industrial property law in Brazil provides for forms of certification of source: the indication of source and the denomination of source.

- **Indication of source:** This is the simplest of certifications and is materialized by means of a seal indicating the geographical origin of the product, granted when most of the raw material is produced in the region in question.
- **Denomination of source:** expresses the region of origin of 100 per cent of the material used in the product and determines its production and quality characteristics. That is, it clearly delimits the geography of the raw material and requires compliance with production standards and processes to ensure a certain standard of product homogeneity and quality.

As it turns out, the pursuit of certification of source, at its most elaborate stage, also becomes an evolutionary factor in the sector or region, as it forces producers to organize themselves (acting collectively and cooperatively) and to improve processes standards that characterize the source profile, which in practice imposes management and quality gains on the whole group involved in the project.

Counter Attack Source Marketing

Our first impulse in thinking about Brazil and its cross-border business relationships, is to look at source marketing as an essentially offensive tool for image building in target markets. However, the United Kingdom provides a good example that the reverse is also true, namely: home marketing can also be used to defend markets that are being attacked by international competitors, or overseas if we are talking about brands/companies from different regions of the same country.

In Scotland, for example, since 2007, food service establishments (restaurants, cafeterias, hotels, etc.) are encouraged to inform consumers of the country of origin of the beef offered on their menu plates. The initiative came from Quality Meat Scotland (QMS), an organization dedicated to the promotion of red meat produced in the country. The purpose of this marketing action is to strengthen Scotland's reputation as a producer of high quality beef and also to ensure that Scottish consumers (and tourists) are aware of the origin of the meat, whether or not they are enjoying the assumed "Scottish beef quality".

The strategy already had a precedent in the United Kingdom, in Ireland. But it gained traction in Scotland after QMS polled that 87 percent of consumers thought it was important to know the origin of the meat they consumed and 84 percent believed Aberdeen Angus meat was exclusively Scottish when in fact it is a premium breed bred in herds around the world.

At first, this kind of defensive market strategy, built on the concept of source marketing, tends to work more on emotional values, perhaps linked to cultural, ethnic, communitarian, civic aspects, which does not mean dispensing with rational approaches in image construction. In the case of Scotland, QMS undertook a promotional effort in which the integrity and quality of the Scottish product was also promoted.

In addition to the technical defense of meat, QMS has developed strong promotional action to value the restaurants that enter the program. For them, created the Scotch Beef Club, which even has a special link on the website of the entity, with map and location of the establishments that integrate it. And the link stimulates consumption: *Find A Scotch Beef Club restaurant in your area*. Meat retailers have also received a special focus through the Scotch Butchers Club which has a special link on the QMS website and fulfills the same role of selling and enhancing points of sale. The link says: *Search for your local scotch butchers.*

And the circle closes with consumer services, an electronic recipe guide and advertising messages to change people's perceptions of the product, as we reproduce below.

We don't overstate saying that the restaurants that come into Scotch Butchers Club are superior to the others. After all, they become ambassadors for tasty, well-kept Scottish meat. They know where it comes from and are proud to say it's Scottish. If you also want to be sure, choose always our restaurants

<u>Strategic Wealth and Results Potential</u>

A source marketing approach is therefore made up of attributes and perceptions that go beyond the boundary of the quality of the product itself. It may also involve various aspects of adapting the productive structure and activating marketing. There is often the challenge of international seals for the recognition of origin, not to mention the integration and technological and managerial alignment of the producers involved in the project.

Source marketing may also depend on the renewal of a productive structure. And above all, it requires a well-coordinated image-building action that capitalizes, fixes, and sustains on people's perceptions the values added by the origin of the product.

Competition and producer associations

Much is said about the historical Brazilian inferiority in the field of rural producer marketing (or agricultural commodity marketing), in front of its main competitors in the agribusiness world. And, in fact, the application of comprehensive marketing programs to develop markets, particularly overseas, is still quite small, especially considering the size and weight of our agribusiness.

Often, there is a lack of money to do marketing, and the political difficulty of organizing groups, supply chains or regions around common marketing objectives, which is a reality in the recent history of the industry in spite of its accelerated and successful technological evolution in the field. That is, we have learned to produce better in the last 50 years, but we have not learned to worship and add value at the same pace and proportion.

This is not a rule: there are noteworthy exceptions, both for the domestic market (pork and wine in Southern of Brazil for example) and for the foreign market (the recent resumption of coffee marketing to regain the cross-border beverage space). But in the big picture, this is still an area to be worked hard in agribusiness, certainly with very positive dividends, given the strong comparative advantages we already have in the sector.

If we look at examples of successful farmer marketing programs, both abroad (among our competitors) and within Brazil, we will see that in addition to the provision of financial resources, virtually all of them have been designed through articulation and partnership between the different strategic actors in the supply chains - from the government to the small rural entrepreneur. That is, all the "legs and heads" of a segment that participates in projects mainly agricultural cooperatives, trades associations, government agencies focused on infrastructure and rural credits, institutions for technological and commercial promotion, among other action groups and influences on productive chains of the sector.

<u>Competitiveness and Sectorial Production Associations</u>

In 2007, 67 organizations absorbed resources provided by the USA Market Access Program (MAP), which reached about $200 million. Of these organizations, the vast majority (79 percent) were from producer associations or co-operative institutions of specific production chains. In other words, in the USA, marketing from within the farm gate is not only the responsibility of entrepreneurs and companies, but also a banner taken by producer organizations - alone or in partnership with other segments of the same production chain.

A good example of synergy within the chains comes from the National Pork Producers Council (NPPC), which revolutionized the US pork concept with the slogan The Other White Meat and for about 20 years has promoted the productive sector of modern North American pig farming, as well as the processing, retail and food services segments.

The fact is that MAP and its projects to stimulate marketing activities around the world bring valuable strategic data for the competitiveness of Brazilian agribusiness: if we are to accelerate our penetration of the world food, fiber and energy markets, we must build a strong intelligence and institutional leadership in marketing within sectorial production associations, regardless of government funding and supplementation.

This is a role that our associations and leaders have not yet taken with body and soul. Or, when they did, it was in a shy kind of way, like the Brazilian Association of Pork (ABCS), which has been conducting tireless work to encourage pork consumption, partly inspired by the design of the USA pig farmers and the same modern vision of integration with other sectors of the chain located post-farm gate.

This is not the only example, as we now have interesting and positive marketing actions in the coffee, tropical fruit and wine sectors, just to name a few examples. However, the main conclusion remains: In Brazil, a conscious, comprehensive and consistent process of strategic marketing leadership within supply chains has not yet flourished. In the age of agriwar and continued value adding, this is not a luxury. It is a competitive imperative. And we are not just talking about the big agribusiness productive complexes, such as grains, meat, milk and sugarcane. We are referring to everything, the dozens of production chains that make up the sector; It doesn't matter its size, because from a marketing point of view, what matters is the Brazil brand and all the synergy and wealth that it can develop directly or indirectly inside and outside the country.

Just take a look at the portfolio of projects carried out under the MAP umbrella to see how our northern hemisphere competitors exploit the strategic vision. Thus, in 2007 MAP programming included projects from production chains such as soy, cotton, chicken, citrus and beef, but also from smaller chains such as apple, tomato, asparagus, strawberry and fish.

It should not be thought that it was an unimpressive act, because the marketing work of these five so-called smaller chains that we use as an example absorbed $13.5 million in 2007 as a financial supplement to MAP. And lets not forget, too, the counterpart of producers' resources, which is obligatory by the rules of the game set by the US Department of Agriculture, as mentioned.

From the perspective of a competitive analysis, it is interesting to observe how the division of resources between the various chains behaves, regardless of their absolute value. For a strategic look, it is very important to also see who is biting the biggest piece of the cake. And in the case of MAP activities, there is an iconic example: In 2007, the cotton and beef chain absorbed 19 percent of program resources, totaling $ 37.4 million.

This was not an isolated fact, but a trend since this hegemony of the two sectors in the MAP refusal division came from 2006: $34 million or 17 percent of the total that year. And so other strategic signals can be gleaned from the

allocation profile of agribusiness marketing support verdicts by the US government. Let's look at other examples:
- Programs worth more than $ 1million accounted for 93 percent of the resources invested ($186.2 million), but only 52 percent of the benefited supply chains – what indicates a definite sense of prioritizing markets and business in world trade;
- If we change the filter to programs worth over $ 5 million, the amount reaches 60 percent of the resources invested ($121.9 million) and only 19 percent of the benefited supply chains - a small group of 13 chains;
- If we focus on the "top ten" (in US$ million), considering only specific production chains (not regional associations), we will find the following table: cotton (US $ 23.6) beef (US $ 13.7), forest products paper and cellulose (US $ 8.8), citrus (US $ 8.8); wine ($ 8.4); soybean ($ 7.8); grains (US $ 7.3); potato ($ 6); fish (US $ 5.5); chickens and eggs, and in the eleventh position are the dairy products ($ 4);
- Under the focus of increased investment (2006 versus 2007), lets have another look of strategic interest: American Soybean Association (Soybean) producers increased their marketing investments around the world by 69.7 percent; the tomatoes (California Tomato Commission) rose by 118 percent; and citrus (Florida Department of Citrus) grew 127.9 percent. From a competitive point of view, these are strong signals for USA competitors, such as the largest investments in soy and citrus, from the perspective of Brazilian agribusiness.

A Brazilian Example

More recently, new and strong producer associations have emerged in Brazil, such as the Mato Grosso Soybean Producers Association (Aprosoja). A contribution by bag of soybean produced is collected approximately 5,000 from the association's affiliated producers, which makes it possible to carry out studies, research and programs for the valorization of oilseeds, farmers and processes of grain processing in the agribusiness environment chains as well as in the society in general.

This initiative can be considered a new leadership profile in the segment within the farm gate, which needs to be stimulated and multiplied to other sectors of the agricultural complex, in order to strengthen the defense of the interests of rural producers - which constitute a fundamental link, however weak in negotiations with the processor and retail segments, where value is added.

As has already been shown, in favor of farmers, at a time when profound information occurs in agribusiness, is the fact that the source of raw materials has become an extremely important differential in the consumer's view. This brings field visibility to new areas of influence, adjusting agribusiness value chains. This also causes entities such as Aprosoja to design today the formula by which the legitimate marketing strategies of the national agricultural production passed in the future.

Bem Brasil Case

Bem Brasil has a complete vertical integration of agribusiness, from the field to the consumer's table; a rare example of success, both inside and outside the gates.

The basis for all industrial processes at Bem Brasil is sustainability. The company guarantees quality from planting of the raw-material to the delivery of the product in sales points and, therefore, Fazenda Água Santa has GLOBAL G.A.P. certification, which means acknowledgment of the product quality and ensures a safe and sustainable agriculture and can sell the products in local and global level.

Bem Brasil allies the proximity of the potato producing zone with a strategic logistics position, facilitating the flow of the production to the country.

The company has the leadership in the national retail in the frozen pre-fried potato segment, competing with large global companies in its segment. In the production pole of Araxá/Perdizes, it has approximately 600 direct employees, generating more than 2,000 indirect employments. The structure of the plants in Araxá and Perdizes provides the production of more than 200 thousand tons of frozen pre-fried potato. In addition to the logistical advantages, the geographical location of the farm, home to the largest potato growing area in the world, in the municipality of Perdizes/MG, has an altitude of 1000 meters and an environment conducive to the quality of tubercle cultivation and harvesting through the whole year.

The organization of the whole process, which includes suppliers, boiler operation, power generation, production system, environment, quality, administrative, marketing, commercial and the relationship with customers and consumers has been consolidated as one who assembles a great gear. The brands Mais Batata and Bem Batata were the flagships of sales and at the same time began to study the development of the production of potato flakes, a product highly valued as raw material of industry and food service.

In 2015, began the construction of the second plant, in the city of Perdizes, about 50 kilometers from Araxá, very close to the largest potato growing area in the country. The first commercial-scale flake container was shipped to Japan.

Today Bem Brasil generates about 400 direct jobs in the Araxá facility, supplies about 25% of national consumption and is a brand throughout the country, thanks to its network of distributors.

The farm

The farm Água Santa pertains to the company Bem Brasil Alimentos, is the largest producer of pre-frozen French-fries in Brazil. Controls 40% of the national market.

João Emílio Rocheto, the older Rocheto brother, is responsible for production in Perdizes farm, which gained the name Água Santa and became the largest private employer in the city. The farm has the size of an average size industry, with 380 employees and a complete and articulate HR structure. The purpose is to produce economically viable quality goods in the agricultural sector, stimulating the reduction of environmental impacts and acting with safety and quality.

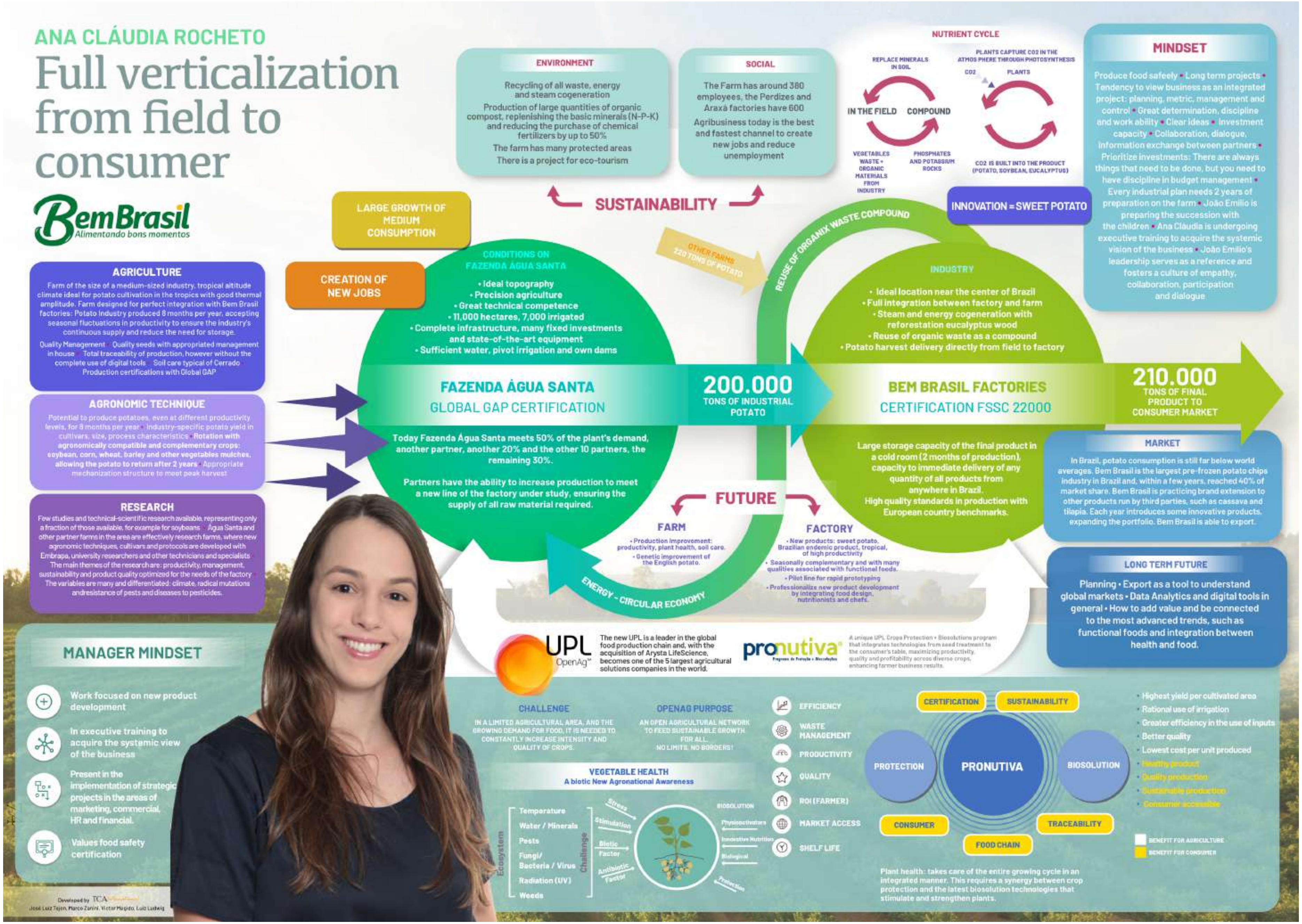
Água Santa and other partner farms in the area are research farms, where new agronomy techniques, crops ad protocols are developed with Embrapa from Pelotas, with professor from Universidade de Viçosa [University of Viçosa]/MG and other technicians and specialists. The main themes of the research are: productivity, handling, sustainability and product quality optimized to the needs of the factory.

Ana Claudia is the second generation of the Rocheto family, young and a future leader. A determined leader with talent to assemble and manage teams and to communicate with stakeholders.

Main challenges of this company are, mostly, the ones found in other success cases of the Brazilian agriculture:

- Long term planning
- Exporting as tool to understand the global market
- Data analytics and digital tools in general
- How to aggregate value and be connected with the most advanced techniques, such as functional food and integration with health and food.

Bem Brasil is an innovation lab for tropical cultivation of potato, sharing this knowledge with the group’s 11 producing partners, and this dialogic generates new intelligence.


ANA CLÁUDIA ROCHETO
Full verticalization from field to consumer
BemBrasil
Alimentando bons momentos
AGRICULTURE
Farm of the size of a medium-sized industry, tropical altitude climate ideal for potato cultivation in the tropics with good thermal amplitude. Farm designed for perfect integration with Bem Brasil factories: Potato Industry produced 8 months per year, accepting seasonal fluctuations in productivity to ensure the industry's continuous supply and reduce the need for storage.
Quality Management • Quality seeds with appropriated management in house • Total traceability of production, however without the complete use of digital tools • Soil care typical of Cerrado • Production certifications with Global GAP
AGRONOMIC TECHNIQUE
Potential to produce potatoes, even at different productivity levels, for 8 months per year • Industry-specific potato yield in cultivars, size, process characteristics • Rotation with agronomically compatible and complementary crops: soybean, corn, wheat, barley and other vegetables mulches, allowing the potato to return after 2 years • Appropriate mechanization structure to meet peak harvest
RESEARCH
Few studies and technical-scientific research available, representing only a fraction of those available, for example for soybeans • Água Santa and other partner farms in the area are effectively research farms, where new agronomic techniques, cultivars and protocols are developed with Embrapa, university researchers and other technicians and specialists • The main themes of the research are: productivity, management, sustainability and product quality optimized for the needs of the factory • The variables are many and differentiated: climate, radical mutations and resistance of pests and diseases to pesticides.
LARGE GROWTH OF MEDIUM CONSUMPTION
CREATION OF NEW JOBS
ENVIRONMENT
Recycling of all waste, energy and steam cogeneration
Production of large quantities of organic compost, replenishing the basic minerals (N-P-K) and reducing the purchase of chemical fertilizers by up to 50%
The farm has many protected areas
There is a project for eco-tourism
SOCIAL
The Farm has around 380 employees, the Perdizes and Araxá factories have 600
Agribusiness today is the best and fastest channel to create new jobs and reduce unemployment
SUSTAINABILITY
NUTRIENT CYCLE
REPLACE MINERALS IN SOIL
IN THE FIELD
COMPOUND
VEGETABLES WASTE + ORGANIC MATERIALS FROM INDUSTRY
PHOSPHATES AND POTASSIUM ROCKS
PLANTS CAPTURE CO2 IN THE ATMOS PHERE THROUGH PHOTOSYNTHESIS
CO2
PLANTS
CO2 IS BUILT INTO THE PRODUCT (POTATO, SOYBEAN, EUCALYPTUS)
INNOVATION = SWEET POTATO
MINDSET
Produce food safeely • Long term projects • Tendency to view business as an integrated project: planning, metric, management and control • Great determination, discipline and work ability • Clear ideas • Investment capacity • Collaboration, dialogue, information exchange between partners • Prioritize investments: There are always things that need to be done, but you need to have discipline in budget management • Every industrial plan needs 2 years of preparation on the farm • João Emilio is preparing the succession with the children • Ana Cláudia is undergoing executive training to acquire the systemic vision of the business • João Emilio's leadership serves as a reference and fosters a culture of empathy, collaboration, participation and dialogue
CONDITIONS ON FAZENDA ÁGUA SANTA
• Ideal topography
• Precision agriculture
• Great technical competence
• 11,000 hectares, 7,000 irrigated
• Complete infrastructure, many fixed investments and state-of-the-art equipment
• Sufficient water, pivot irrigation and own dams
OTHER FARMS 220 TONS OF POTATO
REUSE OF ORGANIX WASTE COMPOUND
INDUSTRY
• Ideal location near the center of Brazil
• Full integration between factory and farm
• Steam and energy cogeneration with reforestation eucalyptus wood
• Reuse of organic waste as a compound
• Potato harvest delivery directly from field to factory
FAZENDA ÁGUA SANTA
GLOBAL GAP CERTIFICATION
200.000
TONS OF INDUSTRIAL POTATO
BEM BRASIL FACTORIES
CERTIFICATION FSSC 22000
210.000
TONS OF FINAL PRODUCT TO CONSUMER MARKET
Today Fazenda Água Santa meets 50% of the plant's demand, another partner, another 20% and the other 10 partners, the remaining 30%.
Partners have the ability to increase production to meet a new line of the factory under study, ensuring the supply of all raw material required.
Large storage capacity of the final product in a cold room (2 months of production), capacity to immediate delivery of any quantity of all products from anywhere in Brazil.
High quality standards in production with European country benchmarks.
MARKET
In Brazil, potato consumption is still far below world averages. Bem Brasil is the largest pre-frozen potato chips industry in Brazil and, within a few years, reached 40% of market share. Bem Brasil is practicing brand extension to other products run by third parties, such as cassava and tilapia. Each year introduces some innovative products, expanding the portfolio. Bem Brasil is able to export.
FUTURE
FARM
• Production improvement: productivity, plant health, soil care.
• Genetic improvement of the English potato.
FACTORY
• New products: sweet potato, Brazilian endemic product, tropical, of high productivity
• Seasonally complementary and with many qualities associated with functional foods.
• Pilot line for rapid prototyping
• Professionalize new product development by integrating food design, nutritionists and chefs.
ENERGY - CIRCULAR ECONOMY
LONG TERM FUTURE
Planning • Export as a tool to understand global markets • Data Analytics and digital tools in general • How to add value and be connected to the most advanced trends, such as functional foods and integration between health and food.
UPL OpenAg
The new UPL is a leader in the global food production chain and, with the acquisition of Arysta LifeScience, becomes one of the 5 largest agricultural solutions companies in the world.
pronutiva
A unique UPL Crops Protection + Biosolutions program that integrates technologies from seed treatment to the consumer's table, maximizing productivity, quality and profitability across diverse crops, enhancing farmer business results.
MANAGER MINDSET
Work focused on new product development
In executive training to acquire the systemic view of the business
Present in the implementation of strategic projects in the areas of marketing, commercial, HR and financial.
Values food safety certification
CHALLENGE
IN A LIMITED AGRICULTURAL AREA, AND THE GROWING DEMAND FOR FOOD, IT IS NEEDED TO CONSTANTLY INCREASE INTENSITY AND QUALITY OF CROPS.
OPENAG PURPOSE
AN OPEN AGRICULTURAL NETWORK TO FEED SUSTAINABLE GROWTH FOR ALL. NO LIMITS, NO BORDERS!
VEGETABLE HEALTH
A biotic New Agronational Awareness
Ecosystem
Temperature
Water / Minerals
Pests
Fungi/ Bacteria / Virus
Radiation (UV)
Weeds
Challenge
Stress
Stimulation
Biotic Factor
Antibiotic Factor
BIOSOLUTION
Physioactivators
Innovative Nutrition
Biological
Protection
EFFICIENCY
WASTE MANAGEMENT
PRODUCTIVITY
QUALITY
ROI (FARMER)
MARKET ACCESS
SHELF LIFE
CERTIFICATION
SUSTAINABILITY
PROTECTION
PRONUTIVA
BIOSOLUTION
CONSUMER
FOOD CHAIN
TRACEABILITY
Plant health: takes care of the entire growing cycle in an integrated manner. This requires a synergy between crop protection and the latest biosolution technologies that stimulate and strengthen plants.
• Highest yield per cultivated area
• Rational use of irrigation
• Greater efficiency in the use of inputs
• Better quality
• Lowest cost per unit produced
• Healthy product
• Quality production
• Sustainable production
• Consumer accessible
BENEFIT FOR AGRICULTURE
BENEFIT FOR CONSUMER
Developed by TCA
José Luiz Tejon, Marco Zanini, Victor Megido, Luiz Ludwig

Chapter 9 - Marketing Strategies and Actions: Consumer Vision

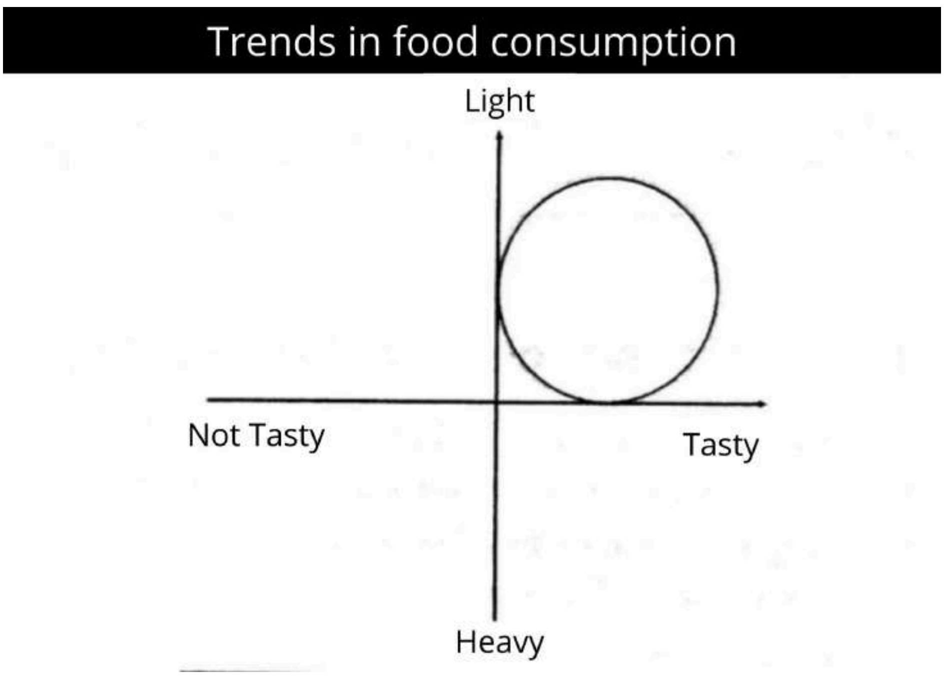
Food Consumption Trends

Human appetites are always changing. In the past, going out to eat was a very important event. Today, what was luxury has become common. The world changes, information increases, desires are enlarged and this generates demand and search for different foods. Consumers will continue to demand new and more food across the planet, as well as new forms of packaging, more convenience, new distribution systems, more health and more safety.

In the year 2050, we will be about 9 billion human beings. The costs of food will grow in all countries. In the United States for example, an increase of 26 percent is estimated by 2020 (in the US economy, about US$ 1 trillion is invested in food per year). Not only will people eat more and better, but they will eager more to expand the existing demand - the way this food will be desired is the question of marketing studies. How different values, ethnicities, education, lifestyles and communication will change consumer habits, impacting all agribusiness, is a vital issue for views on food consumption trends.

We go now for a concept of consumer-driven agriculture, a farming driven by consumer demands. Demographics and lifestyles will also act strongly on food consumption trends. Among the lifestyles we can mention adults living alone with children, two adults without children, demographic growth, different races, different dietary concepts, increasing elderly population, etc.

To get an idea and make an analogy, take the United States as an example, since there are great studies in that country on the subject. From 2000 to the year 2020, there is a large growth in food consumption.



By applying these trends in developing countries, with access to income being broadened on the basis of social pyramids, we can foresee significant growth for the coming decades of agribusiness demand in the future.

Another important finding is that US society will spend proportionately more than it actually consumes in food volume. The tendency will be to spend more and eat less. This will not only be observed with products such as fruits, tomatoes, lettuce and vegetables in general. Fish, yogurt and nuts will follow the same model. For meat, milk, cheese, potatoes and sugar, expenditure will grow, but not consumption.

In developing countries, we will see growth in both expenses and volume, as the population will satisfy their desire according to the access to food volume.

The food of the future tends to privilege; generally speaking, more the quality than the quantity. The trends should be segmented in two ways: segmentation for volume and segmentation for quality, and from these axes we visualize the niches and n segments of market opportunities.

Quantity demand attracts undifferentiated commodities. The segmentation for quality demands flavor, nutritional content, safety, sustainability, environmentalism, ecology, health and communication, besides the convenience of access.

While demanding consumers may substitute steaks for burgers, others may substitute seafood or other convenience products. Consumers will be able to look for proven safe foods, such as pasteurized eggs and lean meats, and of assured, sustainable, environmentally and socially responsible origin, such as products with fair trading seal. Research shows that as incomes rise, so does the demand for more expensive and sophisticated products, as well as the habit of eating out.

Comparing eating at home with eating out, US trends point to faster growth in all "outside home" food categories.

Diversity is the name of the game for agribusiness marketing studies. Asian, African and Latino immigrants cause a culture shock and change the demands for food. In the United States, it is estimated that the population of different ethnicities will grow 28 percent to 36 percent by 2020.

Such a variety of segmented and specialized demands will require differentiated qualities from seeds to rural production and agribusiness transformations. The food system will be increasingly service oriented. Special grains such as soybeans, corn and other cereals will be developed, planted and offered. This will represent possibilities to increase the farmers' gains along the agribusiness production chain. The more differentiated the final product is, the more it will require new forms of contracts with producers, new forms of investments in genetic research and new values in the coordination of planting and distribution. Prices will also be differentiated.

In the upcoming years, we will experience a division between classic commodity production and the emergence of new commodities with perceived differentiation to the final consumer. Food trends go through a series of micro trends, niches, segmentations, and specializations, revolutionizing the old concept of mass markets, undifferentiated commodities, and prices only established on commodity exchanges.

Agro-industry organizations that have made advances and innovations in genetics and the involvement of especially reliable farmers hired to generate differentiations - which will already come from the countryside and will make a difference in the decision of end consumers - will enjoy a competitive factor and a differential of success.

The new age of transgenic and organics

Biotechnology, also known as genetic engineering, has emerged to develop a wide variety of biological processes that utilize living things - recombinant DNA technology, tissue culture, and so on - to obtain modified products which, when consumed, value the well-being and food safety of human beings. Biotechnology is also used industrially in yeast fermentation processes for alcohol production or tissue culture for by-product extraction.

When it comes to agriculture, we talk about the use of genetically modified plants. Transgenic plants have been genetically engineered to receive one or more genes from another organism, even of the same species, and may have a new trait. They are grown all over the world and continue to generate controversy. There are pros and cons. Some laws state that genetically modified products must have a stamp informing the consumer that they are transgenic. But who is right after all? Who wins and who loses in this war? What is correct and what is incorrect? What is safe and what is unsafe? What is truth and what is a myth? And where do consumers stay in this whole story?

Biotechnology in agribusiness

Applied for over 20 years in medicine, drug production and the hygiene industry, with considerable public acceptance, biotechnology gained traction in agribusiness and food development in the mid-1990s. In 1995, the US approved for human and animal consumption a genetically modified (GM) soybean variety that is resistant to certain field pests and tolerant to herbicide applied on the crop. It was just the beginning of the so-called era of transgenic foods.

There are currently 102 million hectares of transgenic crops in the world - in particular, soybeans, corn, and cotton. More than 9.3 million or 90 percent of farmers who cultivated GM crops in 2007 are small producers in developing countries, which has a significant socio-economic and environmental impact, because genetically modified plants help the farmer reduce costs of production and reduce the number of pesticide applications on crops. The five largest producers on the planet are: Argentina, Brazil, Canada, United States and India. All these data are from research conducted by the International Service for the Acquisition of Agrobiotechnology Applications (Isaaa).

But while other countries quickly authorize scientific research and develop laws and rules to ensure the biosecurity and confidence needed by society to make decisions, in Brazil we still have anti-GMO manifestations. In this context, the lack of reliable information means that society does not understand, or even fear, the use of transgenic products.

The new and misunderstood create discomfort and lack of confidence, especially for lay people. In this sense, it is worth remembering the time of Edward Jenner's discovery of the smallpox vaccine in 1778. It was only used by society 50 years later, after the breakdown of ethical and biosafety taboos in vaccine use. This delay resulted in many deaths that could have been prevented if the technology had been used earlier. With the adoption of Jenner's vaccine, smallpox was virtually eliminated from the world.

While the controversies remain, research and production of genetically modified organisms is moving slowly, and we risk even losing the tram of history. The biggest proof is in the current Biosafety Law, regulated only at the end of 2005 and with so many modifications that eventually stopped the development of this science in Brazil.

Conflicting Positions

While the transgenic-friendly movements argue that biotechnology can favor agricultural productivity and serve as a tool in the fight against hunger in the world, the opponents criticize the interference of humans in the genetics of organisms and the possible unnecessary risks to the environment and human health. In the mix of ideals, the science of recombinant DNA technology took on ideological dimensions, the term transgenic food became something even feared, and Brazilian society had little chance of finding broader information on the issue. On the other hand, ironically, the population has unquestioningly accepted the use of transgenic in the production of human insulin and hormones.

This history not only confused society, but also resulted in negative numbers for the national economy. If it weren’t for the bureaucratic, legal and ideological barriers that have immobilized the development of biotechnology research and application in the country, Brazilian farmers could have accumulated benefits of US$ 4.6 billion over the last 10 years with GM soy alone. The amount achieved so far with this culture is no more than $ 1.5 billion.

In this troubled scenario, the Biotechnology Information Council (CIB) emerged in 2001, a non-governmental organization whose basic objective is to disseminate technical and scientific information about this science and its benefits, increasing the familiarity of all sectors of society with the subject. To establish itself as a safe source for journalists, researchers, companies and institutions interested in biotechnology, the CIB has a group of advisers made up of 75 experts. They are liberal professionals and active scientists, linked to institutions such as the University of Sao Paulo (USP), Federal University of Viçosa (UFV/MG), Federal University of Rio Grande do Sul (UFR-GS), Oswaldo Cruz Institute Foundation (Fiocruz), Instituto do Coração de Sao Paulo (Incor/SP) and Brazilian Agricultural Research Corporation (Embrapa).

Safety and benefits of transgender

The safety of transgenic has been attested for over a decade and renowned institutions such as the World Health Organization (WHO), the United Nations Food and Agriculture Organization (FAO) and the Vatican Academy of Sciences support the development of biotechnology. The environmental, social and economic advantages of this tool are also reinforced annually by European, North American and Brazilian studies, but it is only missing that some sectors understand better the loss of resources and competitiveness that the non-adoption of genetic engineering can bring to Brazilian agribusiness.

Some great examples of the benefits of the adoption of agricultural biotechnology are the reduction in the use of pesticides, the lower water consumption used in the preparation of these products and the diesel economy that supplies the tractors for spraying. According to a recent survey by consultancy *Céleres* as requested by the Brazilian Association of Seeds and Seedlings (Abrasem), only genetically modified (GM) varieties of soy and cotton already marketed in Brazil will generate, in the next 10 years, a reduction of 77,1 tons in the consumption of active ingredients of pesticides. With the smallest number of sprays, the diesel economy in this period is expected to reach 382.3 million liters, enough to supply about 160,000 trucks over ten years. Already the economy of water had reached 56.2 billion liters, or the equivalent of the consumption of a city of 130 thousand habitants for a decade. Finally, the decrease in CO2 emissions in the atmosphere caused by the use of these technologies would equal the planting of 8.3 million trees.

Until last year, these two varieties - one of soy and one of cotton - were the only varieties authorized in the country. Now that we can also plant two types of GM maize, as decided by the National Technical Biosafety Commission (CTNBio) and ratificated by the National Biosafety Council (CNBS), Brazilian biodiversity and agriculture will have even greater benefits. A third variety of transgenic maize, already evaluated by CTNBio, is also expected to hit the market soon.

In addition, Brazil is considered a granary of professionals who carry out important research. University of Sao Paulo’s Nuclear Energy Center for Agriculture (Cena), for example, has developed a type of orange and lemon that is resistant to diseases that have an economic impact on citrus crops. Already the Sugarcane Technology Center (CTC) and the companies CanaViallis and Alellyx are emerging in the genetic improvement of sugar cane through varieties with up to 60 percent more sucrose.

Moreover, in the 2007/2008 crop, 23 countries have grown GM crops widely, totaling 114 million hectares planted worldwide. Considering the nations that import GM foods, it can be said that GMOs are consumed today in more than 50 countries, with no negative impacts on the environment or human and animal health.

Fortunately, as demonstrated in the recent CNBA decision to release GM maize, Brazil seems to be on the right track to catch up and adopt widely grown varieties around the world. Those who defend these products defend freedom of choice, not the exclusive use of a single technology. It is a democratic attitude that some insist on not accepting. It is about time that we definitely open our market to this reality, increasingly consolidated on five continents.

Transgenic foods

Transgenic foods are those obtained from transgenic varieties or in which genetically modified microorganisms were used in their processing. Transgenic foods may be used for direct consumption or as inputs or ingredients in the food production chain.

A food is safe for human health if it does no harm to those who eat it in amounts considered normal after proper processing. Foods have been considered safe for human health based on long-term eating experience. The perspective of food security is, however, a dynamic aspect. For example, foods with high fat content have not been considered harmful to health for some time; it is now proven that foods high in saturated fat are harmful to human health. Even so, many still use these foods without any restriction.

In general, the following aspects are considered when thinking about food safety: allergenic potential, digestibility, toxicity and teratogenic risk, among others.

Genetic engineering has made it possible to expand genetic changes in the development of new varieties, enabling the introduction of specific traits, many of which cannot be incorporated by traditional plant breeding procedures. Evaluating products derived from modern biotechnology does not require substantial changes in established food safety principles to conventional products. The non-genetically modified varieties that we cultivate today and whose products we consume are the result of selection work done over thousands of years by nature and man. Artificial selection conducted by breeders has enabled the development of higher yielding, pest resistant varieties and several other important agronomic traits. In such cases, when the breeder introduces new disease resistance genes into a new variety, for example, several other genes linked to the former are incorporated into the new variety without greater control. In the case of transgenic varieties, the introduction of genes is more precise and it is possible to control the incorporation of genes other than those of interest, because the process is practically punctual.

In recent years, breeders have engaged in a concerted effort to increase food production around the world by breeding species. This effort has led to a renewed interest in the potential contribution of interspecific improvement.

Conceptually, if a food or food ingredient derived from recent advances in biotechnology is considered to be substantially equivalent to a conventional food or food ingredient, the first food or ingredient may be considered as safe as the conventional one. To establish this degree of similarity, foods derived from recent advances in biotechnology (eg nutraceuticals, foods derived from genetically modified organisms, or GMOs, fermentation-derived bio-ingredients, and enzymatic treatments) should be compared with the species or with their derivatives. These species and derived foods should be very close.

In its recommendations, the FDA understands that if a food or food ingredient is recognized as safe, it may be marketed without restriction. Thus, foods derived from GMOs substantially equivalent to conventional foods with a safe consumption history are considered safe. This implies, for example, that genetically engineered maize by the *Bacillus thuringiensis* gene to express the CryIA(b) protein and confer insect attack resistance can be considered a safe food if it is substantially equivalent to conventional maize, even if *B thuringiensis* itself is not included in the FDA's list of microorganisms and cannot be used as a bio-ingredient in food manufacturing.

Transgenic foods are already consumed in the US, Canada, Argentina and several other countries.

<u>Benefits of biotechnology and quality of life</u>

Biotechnology, while still a young science, has already shown its potential for improving the quality of life of the humans. In this regard, biotechnology aimed directly at humans has already made its first contributions, such as transgenic insulin produced by bacteria. The potential ahead is enormous, including the diagnosis and cure of life-threatening diseases, the production of new medicines, the reduction of the cost of producing major medicines, the production of tissues and transplant organs, etc.

Genetic breeding via biotechnology is the most promising, accurate and fast strategy to increase world agricultural production, reducing crop losses from pests and diseases and increasing crop productivity. The benefits of biotechnology have already been felt by farmers who are using transgenic varieties. These benefits include those arising from genetic modification of plants to resistance to biotic factors, adaptation to extreme conditions, tolerance to non-selective herbicides, special characteristics, nutritional characteristics and plants as bioreactors.

<u>Resistance to biotic factors</u>

The introduction of specific genes that confer pest and disease resistance in transgenic varieties reduces the need for spraying with pesticides. For example, when transgenic virus-resistant sweet potato varieties were introduced in Africa, the productivity doubled. Without pesticides, about 60 percent of these crops would be lost. About 26 percent of Midwestern corn growers who planted Bt varieties in 1988 reduced the number of insecticide sprays, and about 50 percent of them did not use any insecticide on their crops, according to a survey conducted from Iowa State University. Similarly, cotton growers using transgenic varieties have reduced insecticide use by about 12 percent since transgenic varieties were introduced to the market. These reductions in pesticide use have two major benefits: they reduce environmental pollution and the cost of production. Lower environmental pollution and more affordable food production contribute to improving the quality of life.

Adaptation to extreme conditions

Tolerance to drought, soil acidity and extreme temperatures are important features in various regions of the globe. For example, changing the production of linolenic acid in the plant gives it greater tolerance to cold and frost. These characteristics will allow the increase in food production.

Tolerance to non-selective herbicides

Herbicide tolerant varieties allow the maintenance of free weed fields and allow no-tillage in some situations. In the case of herbicide-resistant soybean varieties, crops can be kept weed-free with only half the amount generally required, representing savings for the farmer and less environmental pollution.

Special Features

The introduction of special characteristics, such as reduced allergenicity and starch content and shelf life, may add value to agricultural products. For example, transgenic potato varieties with high starch content absorb less oil when frying, resulting in healthier fries, especially for consumers prone to cardiovascular disease.

Nutritional Characteristics

Malnutrition problems, such as amino acid, vitamin A, iron, iodine and zinc deficiencies, can be overcome by inducing genes that result in greater concentration of these nutrients in food. For example, transgenic rice varieties with high beta-carotene and iron content may play an important role in addressing these nutrient deficiencies in rice-based countries. Varieties with higher nutrient content can prevent chronic diseases in the population.

Plants with bioreactors

As scientists map the genes of agronomic species, the transformation of plants into bioreactors begins to become more concrete. The potential of transgenic varieties for the production of pharmaceuticals is quite interesting.

These varieties will function as bioreactors in the production of such substances.

Preliminary research on the production of exotic proteins, vaccines and drugs in plants is ongoing. Under these circumstances, transgenic plants can play a new and important role in the pursuit of the welfare of society.

This benefit of biotechnology should be realized later in the first decade of this century. It is also believed that plants will be transformed with genes to produce monomers and polymers, which may replace petroleum derivatives. The future looks optimistic about the current contributions of biotechnology - such as it will give breeders in their purpose to meet the world's food, fiber and energy demand.

Other Benefits of Biotechnology

Recombinant DNA technology has also been used in animal and microbial production to obtain substances used in food and drug processing. For example, recombinant bovine somatropin is used to elevate dairy production of cattle. Genetically modified microorganisms are also used for the production of chymosin, an enzyme used in cheese production. Before, the production of transgenic chymosin was extracted from the stomach of heifers. Some drugs are already produced by recombinant DNA technology, including human insulin for diabetics.

Risk analysis

To reach the market, every genetically modified plant must go through a series of studies and analyzes to evaluate the use of this technology. This is usually done by public bodies based on information generated by the development of technology and by third parties. In Brazil, this function belongs to CTNBio, linked to the Ministry of Science and Technology. Aspects evaluated include:

Risks to human health:
- toxic potential;
- allergenic potential;
- unexpected effects

Risks to the environment:
- invasive potential of the new plant and its persistence in the environment;
- potential to create resistant insects and weeds;
- impacts on non-target organisms

Only when it is concluded that a genetically modified plant and its management are as safe as unmodified they are released for commercial use. Currently, 23 countries (including Brazil) already allow the cultivation of genetically modified plants.

Biodiversity

Biodiversity can be defined as the variety and variability that exists between living organisms and the ecological complexities in which they occur. It can be understood as an association of several hierarchical components: ecosystem, community, species, populations and genes in a defined area. Biodiversity is estimated to include 300 to 50,000 plant species, of which about 30,000 are eatable.

The potential use of biodiversity can be analyzed through its role in the development of self-sustaining agriculture. Biodiversity conservation is strategic to meet the growing food demand of the world's population. The Convention on Biological Diversity (CBD), signed during the United Nations Conference on Environment and Development (ECO-92), further defines biodiversity as variable among all ecosystem species.

It is estimated that Brazil has about 2 million distinct species of animals, plants and microorganisms. Like Mexico, China, Malaysia and Australia, the country is considered to have a mega biodiversity.

It is widely recognized that wild species carry enormous variability compared to domesticated species. But the process of domestication and artificial selection imposed by man has contributed to the loss of biodiversity, a phenomenon called genetic erosion. One of the best ways to increase genetic variability in cultivated species is by breeding them with their wild relatives. Breeds between domesticated and wild species may result in incompatibility and presence of some traits in the name of increased genetic diversity.

Tomato is an excellent example of the contribution of biotechnology in enabling the use of biodiversity present in the genre *Lycopersicum* in the development of new varieties of this vegetable. Despite the undesirable agronomic characteristics present in wild tomatoes, they are proven to be important sources of resistance to pests and diseases. The development of sophisticated genomic analysis techniques, such as the AB-QTL strategy, BIBAC vector, among others, will assist breeders in exploring interspecific biodiversity.

The man has domesticated in his lifetime only about 100 to 200 thousand plant species, and of these less than 15 currently supply most of the human meals. These 15 species can be grouped into the following groups:

- cereals: rice, wheat, maize, sorghum and barley
- roots and stems: sugar beet, sugar cane, potato, cassava and yam
- vegetables: beans, soy and peanuts
- fruits: citrus and banana

It is evident that the man explores only a very small portion of the planet's existing biodiversity. Biotechnology is a new promise of breaking down barriers between species. If geneticists can bring together positive traits of various species into a new variety, the contribution to the welfare of society will be enormous.

Russian geneticist Nicolai Ivanovich Vavilov has identified eight regions in which plant species are most diverse, which he has named centers of origin. These regions are: 1. China, 2. East Africa, 2a. Indo-Malay; 3. Central Asia, 4. Indo- Malay, 5. Mediterranean; 6. East Africa, 7. Mesoamerica; 8a. Chile; 8b. Brazilian-Paraguayan. These are now believed to be centers of biodiversity and not of origin. Whether they are centers of origin or just biodiversity, it is important that these sites allow geneticists to find the greatest genetic diversity for the most important plant species identified.

Two of the main objectives of biotechnology are the preservation and expansion of the genetic set, that is, the conservation and expansion of biodiversity usable for breeding programs.

Another contribution of biotechnology to the preservation of biodiversity is the formation of germplasm banks, in which accessions are conserved through tissue culture. For many species where seed conservation is not possible or economically unviable, germplasm banks preserved in Petri dishes are the alternative. Genetic banks, connections in which genes from endangered species can be preserved for future use after cloning, have been proposed as an alternative to the likely extinction of many species of potential use to humans.

The principles guiding in bioethics

Biotechnology is the most promising strategy for raising world food production and improving human quality of life. However, care and guidelines established by regulatory bodies and specialists in the field should always be observed, as well as some bioethical principles that already guide scientists, institutions and companies in the conduct, application and development of this science. We summarize some of these principles from what already exists and is discussed in society and its markets:

1. Commitment to food/feed safety: Only biotechnology-derived products should be developed as safe as their conventionally produced counterparts, both for human and animal feed, employing the best available scientific knowledge.

2. Environmental focus: There must be an essential effort to apply biotechnology in production systems to bring concrete benefits to the environment.

3. Conservation of Biodiversity: Care must be taken to protect and conserve the biodiversity of natural resources.

4. Transparency of information: People should be entitled to information about product safety. Institutions, companies and governments must apply strict and transparent standards in the disclosure of this information, which needs to be transmitted in a clear and accessible manner.

5. Engage society in general: Institutions, companies and governments should listen to society and consider their diverse points of view in decision-making processes regarding biotechnology products.

6. Contribute to developing economies: Institutions, companies and governments should spare no effort to be socially and culturally responsible by sharing appropriate knowledge and technology with developing economies, contributing to the improvement of food, nutrition and quality of life.

Chapter 10 - Agriwar versus dialogue with society

Camões, considered by much of the specialized critic as the greatest poet of the Portuguese language said: "Who does not want the trade makes war". With the entry of about 2 billion more people into the global consumer market, the emergence of the new Brazilian middle class (class C), social media, the growth of entities representing the most diverse interests and the powers of persuasion building perceptions, we enter in an era when command is increasingly shifting to society. And who is the new society? A mesh of contrasts, of microsegments. The Indian Almir Surui, for example, through Google images offers a global visibility for his tribe of about 1200 people in the state of Roraima.

On the other hand, the largest multinational corporations on the planet set clear rules of the highest demands on the origin of their raw materials and continue to create fashion in food, animal feed, clothing, energy, beverages and all derivatives of agricultural products. But still in brutal contrast, we live with illegality, crime, smuggling, misdemeanor. Much of what is said is not done; these are just words thrown in the wind. Many countries that sell to the entire planet are still the ones that most disrespect the environment, sustainability and social responsibility. Our consumers resist the idea of giving up the pleasures they once experienced. This society is the marketing society.

That means having the great mass of human minds at the center of the business desks. Those who can create perceptions satisfied by realities gain power, conquer markets, expand add value. But in the new society, perceptions come first, move ahead of realities. The art of marketing management is to mediate a band, a range, that connects realities with the perceptions of consumers, citizens, intermediaries and the entire value chain of a business.

In this way, we live in the need for a strong and competent dialogue of agribusiness with society, while at the same time the true marketing war in the global agribusiness is developing: agriwar.

John Davis and Ray Goldberg, of Harvard University, defined agribusiness as "the total sum of agricultural supply production and distribution operations, agricultural unit production operations, storage, processing and distribution of agricultural products and produced by them".

The agribusiness locomotive is in the post-farm gate value addition, which accounts for about 75 percent of the chain. However, a considerable change has occurred in agribusiness strategies over the last ten years. After all, at no time in the history of food or the agribusiness of origin did the quality and responsibility for the raw materials be so highly regarded by the agro-industrial processors and by the media, retail and consumer food security advocates. Where the soy comes from makes a difference. How ox is raised changes everything. The way vegetables are genetically researched alters the positioning of products on the market. The origin of agricultural products started to come from the planning of agro-industries, retail, and service organizations close to final customers. This undoubtedly represents a revolution in the value and conduct of agribusiness, impacting before and within the farm gate.

The generation of a huge new agro-energy demanding market has also come to no longer allow linkages with the old and historical agribusiness cycles. The US energy bill alone sets an estimated demand for about 136 billion liters of ethanol for the year 2022. To get an idea of the size of this new demand, total global production in 2008 was almost 70 billion liters. That is: 12 or 14 years from now, only the US should consume twice as much as the whole world produces today. And we need to considerate further expansion.

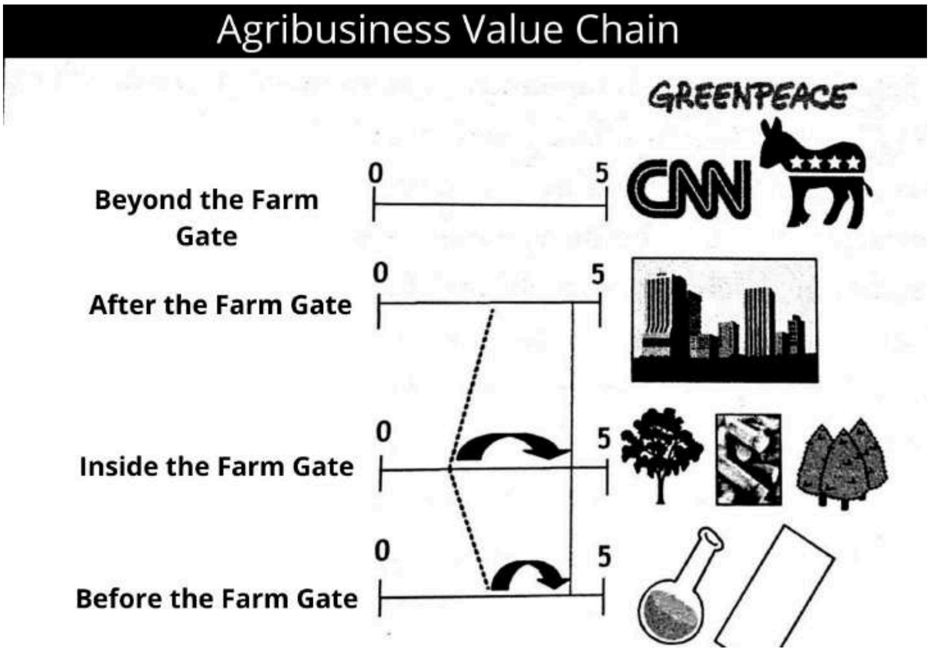
Agribusiness in the World

	US$ BILLIONS		
	1980	**1990**	**2010**
Before the farm gate Inputs and agricultural production goods	375 (12%)	500 (9%)	910 (7%)
Within the farm gate Farming	750 (24%)	1.115 (20%)	2.340 (18%)
After the farm gate Processing and distribution	2.000 (64%)	4.000 (71%)	9.750 (75%)
TOTAL	3.125 (100%)	5.615 (100%)	13.000 (100%)

In the other angle of the strategic agribusiness scenarios, we have new waves of consumers. The world will have about 9 billion people by 2050, which represents four new lives every second. If we take in consideration that two lives per second will also die, on average, we will have two new human beings alive every second. But there will also be an increase in average per capita consumption. That is, a lot more people to consume and a lot more food consumed. In addition, as we look at poverty indicators on the planet, we will find that 75 percent of world poverty is rural. Then again in the field - a consistent means of harnessing and engaging human resources in production - the possibility of producing more.

This profound agribusiness revolution alters the previous classical production bases, changes capital relations with producer groups, integrating large, medium and small, and allows micro-segmentation of consumer markets for niches and specialties that in the past would be no more than dream.

The following table gives the result of all these changes: a new society we call forces from beyond the farm gate. In the early 1980s, we created the expressions before, inside and after the farm gate, which was popularly adopted in Brazil. Now we bring the post-post farm gate, the beyond gate.



Basically, forces beyond the farm gates are powers that were extremely incipient in the past century, emerged at the beginning of the 21st century, and tend to be increasingly influential over time. We will still live the generation of consumers, consumer groups that will influence the production guidelines of large corporations and impact on the value chain, its suppliers, producers, technology, distributors and media actions. Political parties have increasingly listened to popular feelings to take them into account in voting disputes, and this means addressing contrasting positions and contradictions in defending rural groups in countries or communities.

Today, NGOs already have a seat at global and local negotiating tables. The performance of the media also grows, with new technologies and their social and interactive networks. The power of the internet, mobile, blogs, twitters and other innovations in the social medias transform the local into global, and vice versa, instantly.

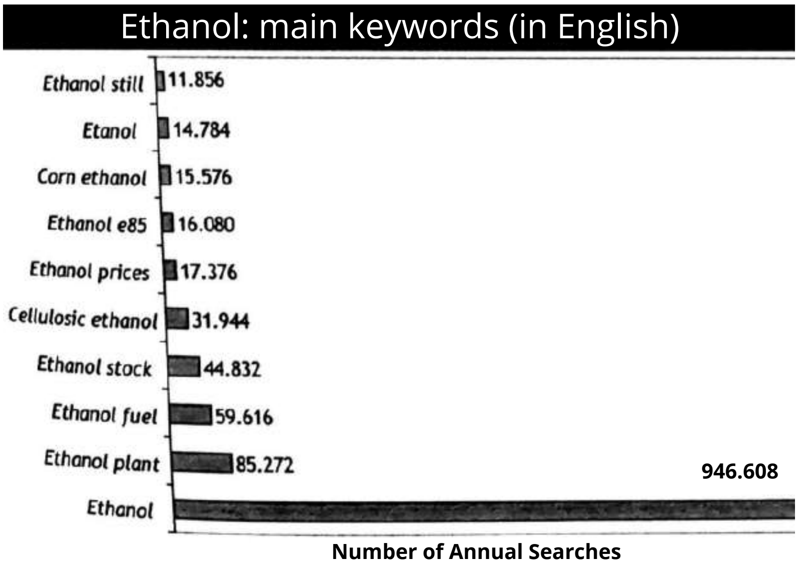
A new executive board is being formed in companies: corporate affairs. They are true private-sector diplomats, prepared for competitive environments, where the pursuit of dialogue with society, even in strong opposition, is necessary.

In short, one of the laws for agriwar's strategies is to make trade before war. And, as trade is increasingly dependent on perceived realities, the dialogue with the society must be permanent, constant, and perennial.

In the global agribusiness marketing war, news in the newspapers and media agents are revealing of the struggles for perceptions of human minds. Brazilian meat, for example, has been and will continue to be the target of campaigns to ban certain markets. Behind this, there is the interest of competitive groups that are fearful of the natural power that Brazil has to be competitive within the farm gates. The country not only meets climate, soil and land conditions, but also has capable human resources in the field and enviable educators and technical-scientific knowledge on the planet's tropical belt.

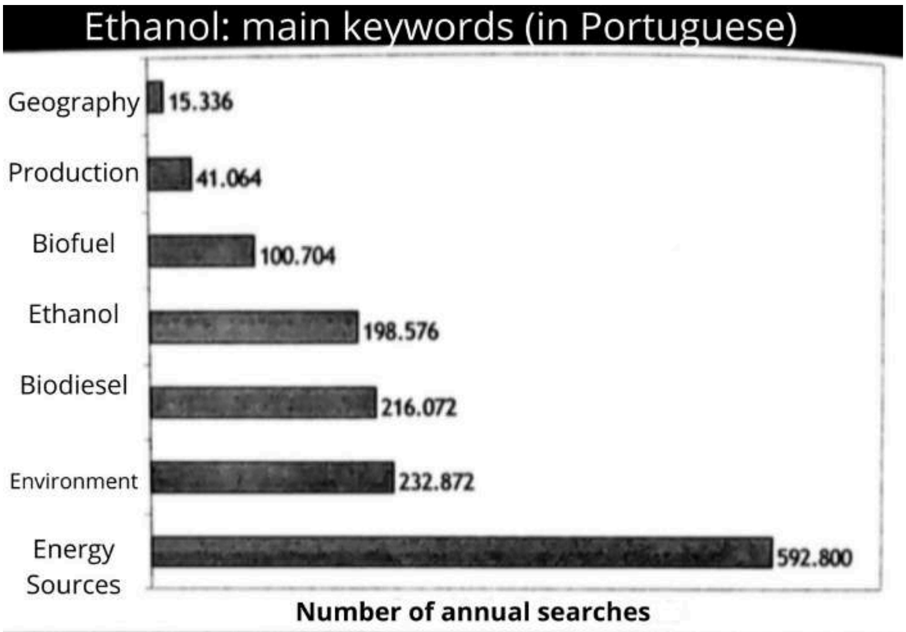
In agriwar, the dialogue with society is moving towards a new version of word-of-mouth, as it has become interactive, happening in the universe of social networks. Through a survey made by Adelia Franceschinni, aimed at mapping where the digital word-of-mouth of the ethanol universe goes - using a search method and monitoring keywords in the major internet search tools in Brazil and the world - it was possible to visualize the search words and see which sites are part of this viral marketing.

The results of this survey for the English language regarding search words, can be seen in table below, which reveals the word "ethanol" as the largest source of research.



In Portuguese language, the most searched themes related to ethanol are sources of energy and environment, as shown in the following table.

Websites specializing in the subject matter are more prevalent than those of the traditional big media - the new marketing society is becoming more and more intimate.



Ethanol: site visibility (in Portuguese)		
Site	Citations	Visibility
www.biodieselbr.com	387	30,6%
www.ambientebrasil.com.br	224	17,1%
http://pt.wikipedia.org	167	13,0%
www.agenciabrasil.gov.br	148	10,6%
www.biodiesel.gov.br	138	11,3%
http://noticias.terra.com.br	115	7,7%
www.estadao.com.br	112	8,1%
www.biodieselecooleo.com.br	108	7,6%
http://allchemy.iq.usp.br	99	4,8%
www.agrisustentavel.com	74	4,8%

This leads us to conclude that the internet has multifaceted communication and made it interactive. Professional and business portals such as *Peabrius* have a strong participation in agribusiness networks.

If before the farm gate the scientific evolution is immense - with Goodyear launching chip-monitored tires that allow an economical management of fleets in sugar mills and alcohol, for example – inside the farm gate we go through modern producer associations such as the Association of Producers of Maize Soybean of Mato Grosso (Aprosoja), and we follow increasingly refined habits at the point of the final consumer, where the concept of health is increasingly linked to the desired values in the products of the post-gate of the farm.

Marketing is the perception of customer satisfaction with sustainability

Reality is what is perceived - and how it is perceived. Feelings alter understanding, set dreams and values, form attitudes. For example, the way we present two very similar prices makes most people choose exactly what we want if we can act in harmony with the human brain, according to what it prioritizes.

Military strategies at agriwar's theater of action are important suggestions for decision-making by businessmen and executives. But the important thing is that trade war is increasingly waged with knowledge and education, with the art of negotiation, rather than as lethal weapons. In military action, the army fights to control territories, in the strategic plan. In the tactical plan, the fight is for control of the soldiers and the key points. In the business action the fight has a strategic or tactical scope and develops through access and permanent control of markets and consumers.

In any case, there are four classic military strategies that can be brought to the business theater. These strategies - worked out by Al Ries in his book War Marketing, and adapted to the agribusiness environment, are: defensive strategy, offensive strategy, flanking strategy, and guerrilla strategy.

Defensive Strategy

Only the leader should consider acting defensively. The best defensive strategy is self-attack - strong competitive moves must be blocked.

Brazil has taken the lead in the beef chain, for example, moving from nationally owned corporations to the end-consumer endpoint overseas, managing major brands like Swift and a line of leading brands in international markets. This is a new expertise for the Brazilian agribusiness. Now we have the need for differentiated human resources; additional public relations, lobbying, law, trademark and patent requirements; the duty to command and not strangle the links in the livestock chain, from research to breeders, refrigerators, distribution, advertising; sensitivity to the fourth power of agribusiness, in addition to beyond the farm gates, NGOs, entities representing consumer segments, which increase considerably. We are no longer driven by the locomotives of other agents. The locomotive itself became Brazilian.

Brazil is the world leader in orange production and export. However, we do not dominate brands, we have no command of the perceptions of end consumers. Once we understand that the best defensive strategy is self-attack, we can assess the weight of this strategy against the reality of greening, a disease that threatens to devour orchards in the state of São Paulo, the world's largest citrus producer.

Leaders and big corporations, win time by developing a great power of self-criticism, self-attack, blocking competitive moves, acquiring new entrants, creating strong barriers to entry. In other words, if leadership is hard to come by, it is even harder to stay in leadership. We lost our leadership in rubber precisely because we did not consider the defensive strategies of leaders that we were in the industry.

In the ethanol segment, the ability to self-attack means building new competitors. Dominating the world to the point of leaving customers totally dependent on Brazil is not real. We need competitors and for those competitors to be born and created from our knowledge, support and scientific and technological development. African competitors, stimulated by Brazilian know-how, may mean the vital strategy for us to take over major renewable energy markets. Moreover, it would be precisely by incorporating poor regions, such as Africa, into the ethanol chain that we would be able to make the true evolution of the quality of life of millions of small and subsistence farms living on the market even today.

Brazil is the world leader in coffee production, but we have no perception of leaders, nor do we have the best coffee in the world, a position dominated by the Colombian coffee. An academic question arises at this point. Who is the leader: the one who is the leader in the physical world or the one who is perceived as the leader in the world of values and mental perceptions? The Brazilian coffee asset is the awareness of the segmentation of the final consumer preferences, that allow us to move to the second strategy of war marketing: the offensive strategy.

Offensive strategy

The main consideration is the strength of the leader's position. Identify a weakness in the leader and attack that point. attack the most focused way possible.

If the perceived value and quality positions in coffee belong to the coffee in Colombia, even with Brazil's volume leader, Colombia is the leader. Leadership is not a question of data known to society, but of what the consumer chooses in their mind. A marketing question would be: what advantage would Illy Cafe, the leading brand in the espresso segment in Europe, take if it informed, in its packaging, that it uses coffee from Brazil? What impact would the Brazilian farmer have on creating an image of Brazil's coffee competitive with coffee from other sources?

If we consider Colombia the leader of world coffee, what is the weakness of the leader? What is the point to be attacked? What more could be the target of the offensive strategy of Brazilian coffee marketing before the Colombian competitor? Coca-Cola, for example, associates its brand with elite brands in the mind of the global consumer in differentiated beverages.

What to do? The following information are the three basic considerations and suggestions for the case of Brazilian coffee, with identical value to the other chains in which we are large within the farm gate, but not perceived with value by the final consumer market:

1. Visit, interview, negotiate at a high level with the 100 largest coffee processing and supplying corporations for world consumption. Interpret your needs, problems and opportunities in your relations with the supply chain. Define a specific and timely work program for each of these mega-organizations, always considering the visibility of the "coffee from Brazil" brand in the eyes of the final customer. To verify the potential for launching a product line based on the origin of "coffee from Brazil", and the tropical values and the joyful Brazilian energy
2. Conduct a global survey taking the likes and dislikes of consumers, distribution networks and of the leader's opinion. Segment the market and production in Brazil, as well as processing. Offer advantages for the use of the "coffee from Brazil" brand in the packaging of the processing customers. Set a minimum quota of contribution per coffee bag for consumer education and brand enhancement.
3. Define a code of ethics and a transparent enforcement system to promote good coffee and purge infringements of quality procedures combined with the final consumers. The creation of a *Café do Brasil Leadership League* would aim to coordinate the chain, identify points of cooperation and agreement, promote them and act on nodes and disagreements within the sector itself:

clearly defining where the coffee competition is - and of the Brazilian coffee - to act with clear mission and in a solid dialogue with society.

Attacking the leader at his or her weak point is the center of the offensive strategy. What is the weakness of our biggest competitor and leader in the global perception? Sure enough, Juan Valdez, the cafe symbol of Colombia, knows his weaknesses. And the coffee marketing in Brazil? Does he know what his weaknesses are? Price, disease dependence, logistics costs, human resources education, taste, organization, political instability.

But, if the attack on the leader cannot be done directly and on its weak axis, or if this fragile angle is not sufficiently detected or accessible, the next strategy is recommended.

Flanking Strategy

A flank movement must be made in an unclaimed area. Tactical surprise is vital in the plan. Persistence is as critical as the attack itself.

A good example is the Brazilian conquest of cachaça: to obtain recognition of a different and proper category, not positioned in the same segment of rum or tequila, for example - the latter being one of the most extraordinary examples of orchestrated marketing action.

Distillate consumption tends to grow significantly in new markets such as Asia. The positioning of cachaça as a synonym for its own category means to obtain, in time, a brand that becomes a category. The strategy here is flanking.

Persistence is as important as the attack itself. This means struggling hard and overcoming gigantic barriers to conquering and defending a market flank: legislation, leaders blocking movements, difficulties and cost to position the product in the market mind, patience to act marginally in the present while creating the future.

The Brazilian Association of Non-Genetically Modified Grain Producers aims exactly to take ownership of a flank, a segment, preferably a group of end consumers and food processors who wish to occupy this position in the market. Macro trend is the explosion of micro trends.

Where does the market go? For segments and sub segmentations of values, attitudes, styles, conveniences, prices and perceptions. Flanking the world market with the separation and supply of non-genetically modified grain is a clear military flanking strategy. Tactical surprise is vital in the plan, and we can say that if it was not a surprise in Brazil, at least it caused curiosity and doubt.

Just like this flank of the non-genetically modified, we will have, in the near future, several flanks: genetically modified soy producers who use less water-consuming materials, others who require less fertilizer or who, are developed especially for obese people or who have diabetes, for example.

When the flank cannot be sustained and defended, the recommended military strategy is guerrilla warfare, which we shall see below.

Guerrilla Strategy

Act in a segment small enough to be defended. No matter what happens, never act as a leader. Be prepared to leave when attacked.

In Spain, the region of Asturias is considered (at least by the Asturians) as the only place in the whole country that was not invaded by the Moors. And one of the reasons is the difficulty that nature offered: the *pajales*, a mountain range that separates central Spain from its north. Covadonga is a striking name in Spanish history as it is where the Moors were defeated in an attempt to climb the region. The principle of guerrilla warfare is that you can defend yourself in a special, narrow, hard-to-reach niche and get out of there to make your opportunistic attacks that cause deep discomfort to competitors.

In marketing, we can exemplify this with point-of-sale actions (such as opportunity promotions), spawning stock offers, and market action with a form of innovative distribution channel, which can be due to marketing direct or by e-commerce.

A cheap Brazilian wine, to act in comfort with the most aggressive health habit of Russians, for example, who are large consumers of spirits, may need a timely guerrilla action, imagining the inevitable retaliation of all competition.

As for the replacement of active products that are transformed into chemical or generic commodities - depending on the point of the company - if we think of small localized organizations, they may act for short periods, while organizations with great scalability and cost do not fit these attacks and do not decide to block these movements.

Brazil has already been invaded by a multitude German cheap white wines. It was the spawning of a volume without a market in Europe, overproduction and poor quality. We had a lot of bad wine, which disappeared with the end of the guerrilla action.

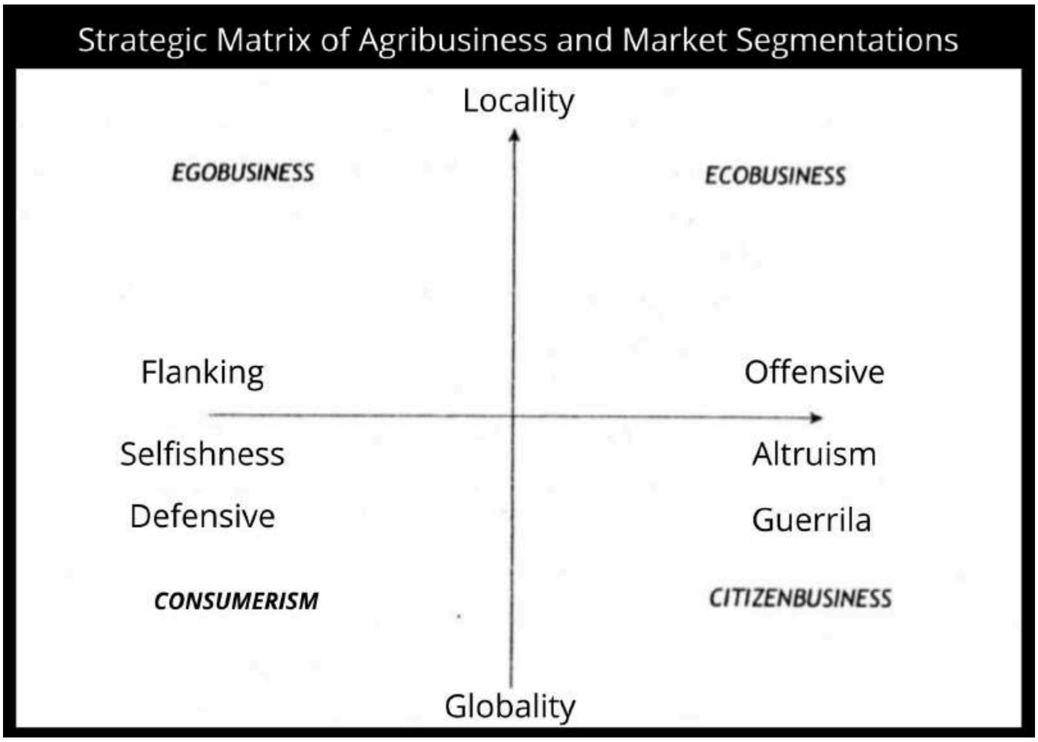
However, through guerrilla strategies, many good innovations also conquer flanks, becoming powerful players and eventually conquering market leadership. A guerrilla flanking project is underway in regions of Mato Grosso do Sul, named transcend. It involves a medium organization of the fertilizer segment, with farmers and technicians from regional cooperatives. An innovation in the manure preparation process - a deepening of intelligent soil management going deeper into precision agriculture in the pre-surface layers - is revealing significant productivity gains and rationalization in plant nutrition.

Practically, what has been going on for about five years is a quiet guerrilla action, a true marketing from the point of view of its communicational activation.

Certainty, from this guerrilla-born strategy we must see a flanking - and with future possibilities of great growth in taking other diverse flanks of cultures and geographical sectors of the country, including other countries. It is important that, during the conscious action of the guerrilla strategy, we should always be prepared to leave the occupied territories with very low loss velocity, considering the possibility of establishing a solid flank movement, from the analysis of the concrete situations.

The strategic matrix of market segmentation in agribusiness, reveals the potentials available to the manager in current times.

In the horizontal line of the table below, we have two opposite factors. At one end, selfishness, as a notorious and striking aspect of today's human psychology: the world has never been so self-centered as it is today. At the other end, altruism goes: never in the history of humanity have we had so much social concern, with citizenship, with the environment.



On the vertical line, we base globality as a truth today, as the world has never been so interconnected and globalized, and in opposition to this reality arises another unquestionable truth: locally. The world has never been as local as it is now either - what happens to an isolated tribe of Indigenous people inside Roraima can positively or negatively impact a leading car brand worldwide, depending on the use made of any participating raw material of your value chain. Similarly, what links a chemical organization's brand to tree planting in a particular municipality in the world can interfere with the value of its shares in the volatile financial market. Just a few years ago, what a corporate president said unthinkingly and could be interpreted as some kind of prejudice against a region, city, or state would not cause any commotion, but today it causes that executive to resign. Therefore, locality has never been as valued as it is now, as opposed to globally or, in search of a new synthesis, the mixture of the global with the local.

From these theses and antithesis arise new syntheses, which soon become new theses and antithesis. This dialectical speed in the present times is one of the most important and impacting movements in strategic planning, tactics and direct vision.

These opposing fields, for example, create quadrants of real sociological and marketing opportunities. What was once a utopia has now become a real business. In the field of *egobusiness*, we have a whole range of business and actions aimed at valuing egos and sociological niches. An ox that is massaged, treated in absolute confinement, and slaughtered early to allow a steak that costs more than $200 in the form of a simple steak, a cognac treated over the years that generates a $5,000 bottle or a melon with special seed, produced in a divine place, which is offered as a noble gift at the price of $150 - all of these items are examples of ever-increasing opportunities in the realm of ingenious dialectic of agribusiness marketing.

The *ecobusiness* quadrant is the synthesis of altruism with the locality; environmentalism in the optics of niches, of specializations; the craftsman, the artist; the hand-made, the small, the natural; the biodynamic. One example is that of Amway in the city of Ubajara, in the countryside of the state Ceará. It is an ecological and environmental paradise located on a biodynamic farm that produces acerola powder and other natural products, which are marketed by the company in demanding markets and committed to the nature and development of the localities.

The field of origin is another fertile ground for the emergence of opportunities in the new dialectic of the market, merging altruism and locality. Honey, colony sweets and rice from the coast of Rio Grande do Sul are some examples. Like them, all that can be a differential in which local values, in a shock with altruism, generate products and services. Organic rice from a well-managed settlement or apples from places preserved by a culture of historic weight represent new realities in marketing strategies.

The forthcoming *citizenbusiness* represents the fusion of altruism with globalization. It is the planetary visions integrating collective concern, cooperativism, ethics, the whole, the altruistic globalizing. Fair trade is a growing example of this - tennis, fruit, and value chains of products that ensure a fair and ethical relationship among all its members, to the customer's end.

The consumerism quadrant represents the point at which scalability turns to satisfy consumers' ego, desires, wants. This is the case with companies like McDonalds and Wal-Mart, as well as large corporations that create the fashion food, feed, energy and fiber derivatives, with global communication and seeking to conquer the ego of consumers, associating its products and brands to people's perceptions, dreams and uses. This, in fact, constitutes the large chunk of agribusiness, where for a dollar or two it is possible to create a basic satisfaction by taking a coke or eating an *esfiha* at the Arabic fastfood Habib's.

What is significant to observe in this war or dialogue, depending on means and ends, is the incorporation by large companies of altruistic and local values, in addition to the traditional mass and consumer market, of the time when every consumer was equal. It is the raw material, no matter where it came from and how it was planted or raised. Today, market segmentation guides industry-leading companies to launch product segments for the most diverse consumer trends and preferences. The fourth power of agribusiness, beyond the farm gates, is the north to which the post-farm gate players are oriented.

We can see all the effects of new environmental realities, society pressures, and competitive forces impacting decisions and processes throughout McDonald's production chain. The company, in Brazil, receives about 1.6 million people per day, surpasses more than 17 thousand tons of beef, which involves about 400 thousand oxen. More than 300 ranchers are its suppliers. It handles approximately 20 million tons of bread and has a global turnover of over US$ 45 billion. Materials that reveal its procedures are provided to visitors and their consumers.

The "McRequirements" made to farmers involve:

- traceability;
- animal welfare
- manual boning;
- corn/sugarcane vegetable feed, cottonseed, soybean meal and mineral supplement;
- renewed pastures;
- fresh water in the cattle feed square

In addition, a nutritional guide for the new consumer shows the way to a rich and balanced diet.

Scenarios viewed in the egobusiness, ecobusiness, consumerism, and citizenbusiness quadrants can be rescanned and hyper segmented, as from each of these quadrants dozens of microquadrants must be established. One segment would be the smallest possibility of market division, with the formation of a set of customer values, subject to an adaptation of products, prices, channels and promotions, with justifiable economic and financial gains, which represent a competitive differential perceived by the market. There will also be the strategic presence of the same company, using differentiated product lines, positioned for different segments, operating in all quadrants. Brand, category and brand strategies, whether or not they own, will increasingly shape the complexity of asset management within agribusiness.

The Cacau Show, Brazilian company currently leader in the special chocolate segment, is very interesting to observe. It was born from a specific niche of homemade chocolates: crafts, handmade, by the ladies, housewives. From the point of view of relations with society, was born from a cross between the place and the altruist. Their production and sale were local. It opened franchise network and circulated with the strategy of citizenship. has expanded and grown. It is now invading the consumerism quadrant, with increased awareness of its brand through the use of advertising tools in mass media campaigns.

To take advantage of its very modern industrial plant, it also acts as a chocolate supplier for its own retail brands, which allows for the optimal exploitation of the scale and costs of its manufacturing complex. The next step will surely be the launch of a selection positioned to compete on the price standards of the most expensive brands, where the perceived value to the giver and receiver is higher: the egobusiness quadrant.

And how will the relationships be like throughout the chocolate production chain, such as cocoa? Certainly, organizations in origin, in the union of farmers and in research, involving the production of quality, standardized, organic cocoa, with differentials in origin, will be attitudes translated as advantages in the eyes of consumers and of the final trade. The segmentation found in consumption will tend to be totally linked to the origin of the technology, to rural producers and to a huge network of factors, of production, processing and philosophical and visionary values, constructing micro chains identified in agribusiness.

Agriwar represents the awareness of combining strategies with tactics, considering the strong competitive movements and the information and counter-information warfare existing in the world of agribusiness to defend existing interests.

The confrontation of these realities should not be faced with astonishment, or with non-acceptance. Accepting that the environment is and has always been competitive is the first step towards growth in the struggle for market access, greater participation in competition and higher levels of brand sympathy and social and environmental differences in the origin of agricultural products. Agribusiness is always associated with food security and strategic security and even military of nations, serving as a flag for nationalisms; we can always see and hear presidents of countries calling on the population to consume local produce and to value their farmers.

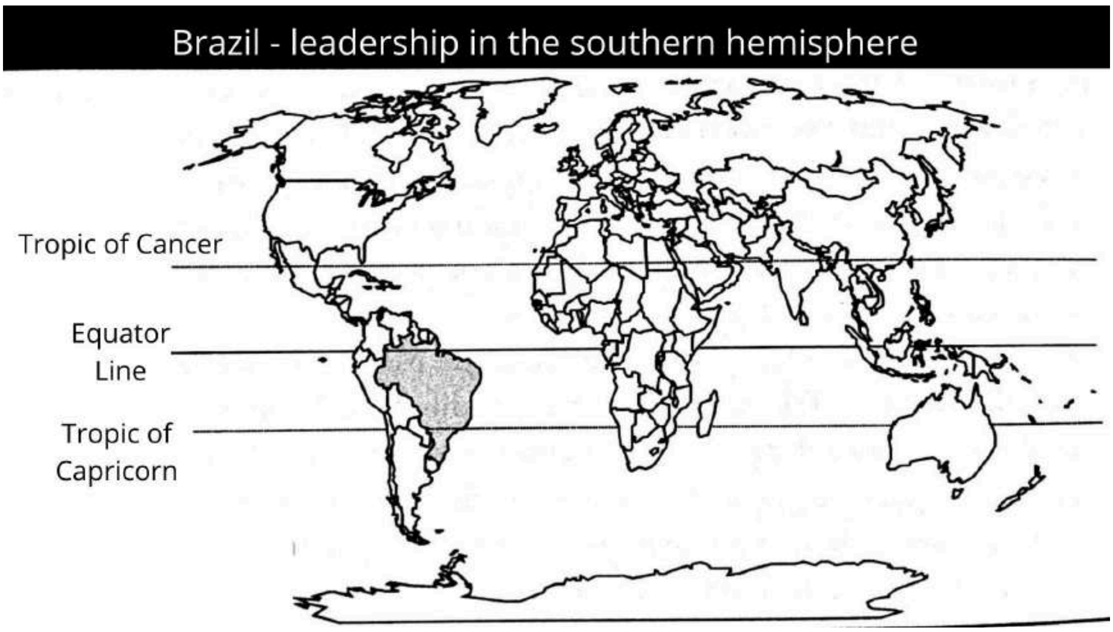
Culture is a very fortunate ingredient in these battles - music, folklore, dance, painting, poetry, books. Regionalist movements create real packaging, powerful casings and bulkheads for agriwar, the war for the perceptions of human minds. Country music in the USA dominated the urban population. It gives meaning and psychological significance to the entire American agribusiness. The Rio Grande do Sul culture, Brazilian southern state, carries technology, procedures, character, values that allow us to expand frontiers and to implant one of the most competitive farms in the world, in lands in the past considered totally hostile: the Brazilian cerrado. There are *Gaúcho* (who comes from the state of Rio Grande do Sul) Tradition Centers (CTGs) throughout the country.

The hybrid vigor of the mixture of races in Brazil, in the integration of *gaúcho* with the other forming roots of Brazilian society, creates strong cultural forces, noted throughout the national territory. And there are also the specializations brought to the country by the immigrants waves of Japanese, Polish, Italian, German, Spanish, Portuguese, Arabic, Jewish and all our melting pot of races, which provide us with culture, an underexplored ingredient, but decisive, in the models of agriwar and dialogue in society.

Culture will be increasingly valued in the evolution of original marketing, will interfere with educational and leadership models and will play a predominant role as we move towards the dialogue of agribusiness with society, minimizing, by conscience and ethics, the rationalism of vocations and talent, the mistaken hostilities of agriwar.

Ambev bought Budweiser; Friboi bought Swift. They didn't just buy market share or a competitor: they bought a culture. Success does not depend on doubting the competence of these companies to make beer or animal protein and acting with all modern marketing tools. War is no longer tangible; it is cultural in every way, starting with the competencies of the leaders assigned to these missions. More than a confrontation or conflict, the wisdom to broaden dialogue is key, as well as being the new challenge for the leaders of globalized agribusiness, who will need to respect regional and local cultures and vocations more than ever.

The challenge is to position the country as the leader of development in the tropical range of the planet. Brazilian importance to humanity is immense when we look at the world from the tropics and, more particularly, from the Southern Hemisphere. In this sense, the map shown below speaks for itself.



Marketing and Rural Poverty

Marketing is not a set of knowledge that exists only for large corporations or for situations where markets are already operating. On the contrary, the understanding of marketing, sociological and psychological tools is fundamental to leverage areas and populations, taking them out of poverty and misery.

We participated in the 1980s in very well-intentioned experiments in the interior of the northeastern of Brazil, with the availability of seeds suitable for rustic environmental conditions; the action of social workers concerned with aspects of hygiene and human education; the participation of agronomists from the rural extension network to train smallholders of the backwoods; considerable government investment and private sector support for the time. The goal was to change and evolve the quality of life of the countryman, around a vast region of the municipality of Ouricuri.

The results were, at the time, insignificant. In evaluating the marketing aspects of the project, we find the fringes of all that well-meaning action. There was no connection between the sorghum-based production effort and the breed industries of northeastern Brazil itself. The trading system was flawed and concentrated. Very few cerealists in the region kept sorghum produced in a near-barter economy in exchange for other commodities needed in the backcountry in a passbook system. There was no circulation of the currency. Logistics was primitive. With no storage capacity, the product needed to be disposed of at a very low price at the time of harvest, which further improved the favorable conditions for concentrating the incomes of the few cereals in the vast region.

What was learned in the execution of a project that aimed to leverage the economic and social life of an extremely poor area of the country was that the lack of realism of all marketing factors in its strategic planning threw away resources and highly well-intentioned human actions. We saw many of people that live in the backwoods pick up seeds for free, which were offered for planting, and used them as food. They ate the seeds, literally. Translating: without a well done marketing project, it is utopian to work to eliminate rural poverty from the planet.

Some aspects are essential in the evaluation of projects to combat rural poverty in the world:

1. Evaluation of the agribusiness chain in its four links, linked to the target region of the action:
- creative and viable technological conditions;
- training for the use of adapted technology;
- storage conditions;
- logistics and access to clients and/or market segments with financial flow that irrigate the entire chain
2. Educational and supervisory system, supported by the association and the farmers involved
3. Leadership program and training of young leaders of the field
4. Persistence and permanent supervision, with management committees involving representatives of the agribusiness chain links
5. Plan for enhancing self-esteem and brand of the region, or group of producers involved

6. Follow the vocations of the farmers involved, seeking to generate business alternatives for the less able in the core culture
7. Ensure the preparation and access to income by producers, intruding them on the financial mechanisms and responsibilities inherent in the process
8. Create rural insurance mechanisms for the uncontrollable factors of activity
9. Contract with farm agents and post-farm gate operators and add value mechanisms based on sustainability, fair trade, water and social ethics

Another example in which rural marketing knowledge was used and was in service of progress, was the studies conducted in the 1970s, of what would happen to the children of the country's small tobacco producers. The tobacco industry has in smallholders a vital link to their agribusiness. We had access to the research carried out by Souza Cruz at that time, and the values and attitudes of rural communities, in which access to the evolution of quality of life was not allowed, for economic reasons were evident: the children abandoned their properties. Thousands of survey questionnaires pointed out clearly: without dignity, without esteem, young people would rather have any urban job, or wander the cities, than face the harshness and monotony of their parents' rural life. The question was simple: either promote the quality of life in the countryside to small producers, or watch the source of their tobacco production dry up.

What we can see today, in cities like *Santa Cruz do Sul*, in Rio Grande do Sul, is the result of awareness of reverse marketing, a planning to meet desires, anxieties, needs, values and attitudes of life that provide conditions for the valorization of life of the small producer, and his economical and financial viability: from encouraging the planting of other crops to increase income to investments in society, such as schools, culture, health and leisure.

Technical actions, radio and media programs talking to the countryman and valuing him in his city and region, creating producer associations and sustainability projects that existed many years ago, forged an example in which marketing tools, by being used properly, have contributed decisively to the success of a time-saving development program and the ensuing crises involving heated debates over the agribusiness of cigarettes, cigars and pipes.

The World Bank has produced deep studies and documents on the issue of world and rural poverty. We know that three out of four poor people - 75 per cent - in developing countries live in rural areas. Developing countries represent the largest share of the world's population, with about 5 billion people. Looking at the statistics, knowing that planet Earth will have about 9 billion people by the year 2050 and that almost all of this demographic growth will occur exactly in developing countries, we have a surprising and inevitable realization: the world will only find solutions to explode this poverty if solutions are found in their own rural areas.

We know, on the other hand, that purely welfare plans bring illusory feelings of improvement, but over time the frustrations are terrible, and what seemed better, offers a dramatically worse result. Neither can one promise illusions and spectacular transformations overnight. The process will, when well intentioned and well done, be slow and gradual. So here is a fundamental clarification: the word marketing should not be associated only with luxury, or only with the less noble competitive aspects of humanity. The launch of a vaccination program, for example, needs marketing. Human group engagement plans in the best of cooperative philosophy need marketing. Changing attitudes of racism or criminal fanaticism requires marketing.

In the world, we still have 2.1 billion people living with less than two dollars a day, and 880 million with less than one dollar a day. Most of them depend on agriculture. Reducing hunger directly means finding ways out of the rural viability of more than 1 billion people. It also implies solutions that leverage the entire value chain and clusters formed as a function of these wealth potentials.

Marketing and Agriculture

Predominantly in rural countries, agriculture accounts for more than 30 per cent of the share of GDP. These locations, such as sub-Saharan country areas, bring together over 41 million people in the countryside; 82 per cent of their rural populations.

In countries in transformation, the share of agriculture GDP ranges from 7 to 10 per cent and its rural poverty is even more incisive - 82 per cent of the poor live in rural areas. Examples are countries like China, India, Indonesia and Morocco, among others.

Urbanized countries are those considered under development, with larger agribusiness and industrialization chains. Agriculture itself accounts for about 5 percent of its economies. Poverty is predominantly urban; yet nearly 40 percent of their poverty is still rural. In these countries, by adding the agribusiness chains before, within and after the farm gate, we reach about one third of their GDP. They are Latin American, Asian and even European countries, and in them we have more than 250 million rural inhabitants.

We can assume from these three classifications that the difficulties and differing needs for progress can be made under such different circumstances. In Brazil, which is usually a patchwork of realities, we have locations where we live the three panoramas, demanding for each one distinct policies and marketing strategies.

What is evident in any of the three situations is that making small farmers more competitive and "sustainable" is the only mean of evolution, and marketing is an area of management knowledge.

The most important steps are:

1. Create situations where the market exists to insert the producers in the reality
2. Empower smallholders and their children to pursue productivity and revenue diversification

3. Providing access to water and irrigation - this is crucial for productivity and the stability of rural earnings
4. Provide education, which is the largest of all assets, for smallholder farmers and their families
5. Providing health, which is vital for all previous steps to be taken, not only in the human field, but also in the field of plant and animal diseases and infestations.

The agricultural development agenda will require:

- Assessing and providing market access as well as creativity to create new markets and actions predominantly from marketers
- Provision of producers and communities of technical skills to enable their entry into the markets, which is the role of bringing together agronomists, veterinarians, researchers, educators, technicians and business specialists
- Strong incentive and support for the evolution of extremely deprived communities, generating possibilities and alternatives not only rural, to allow the best use of the land
- Generation of social peace, which is fundamental for human conditions to progress
- Commitment to governance and leadership, which is also fundamental, as well as a reduction in bureaucracy and structural and logistical obstacles
- Review of subsidy programs and extraordinary barriers by rich countries, which artificially maintain farmers and their livestock, changing market realities and prices
- Reduction of income disparity and its concentration
- Creation of ethics committees for each agribusiness chain, acting in the supervision and arbitration of situations that put the chain at risk due to the concentrating power of one of its agents

Marketing plays a role in both the most capable organizations in the world, in the conviction of truly placing the customer at the center of the campaign, innovating, manage and work to their perceived satisfaction, as look at the most miserable of all human conditions and think creatively as the same tools that serve Unilever or Wal-Mart may be at the service of a forgotten community in the middle of the Amazon forest, or serve of inspiration and hope for a young man in an agricultural week in the city of *Registro*, in the south of the state of Sao Paulo.

Marketing and Sustainability

In a survey conducted between 2003 and 2004, with a sample of *more conscious consumer strata* and representing the profile of 43 percent of the Brazilian adult population of the major metropolitan regions, the Akatu Institute (linked to the Ethos Institute) sought to establish the segmentation of consumers according to awareness and considering aspects of their consumption behaviors.

The basis of this survey was the Akatu Conscientious Consumption Indicators, created in 2003 from fundamental themes to sustainability and translated into purchasing behaviors to assemble the research questionnaires. In the study, 13 of the indicators were evaluated and the result indicated the following sample profile:

- 6 percent of conscious consumers (adopt between 11 and 13 of the surveyed behaviors);
- 37 per cent of committed consumers (engage in 8-10 behaviors);
- 54 percent of beginners (adopt between 3 to 7 behaviors);
- 3 percent indifferent (adopt up to 3 behaviors)

Regardless of the relative weight between the two most engaged consumer typologies, it is noteworthy that more than a third of the surveyed universe has some degree of rational or emotional involvement with the demands of conscious consumption, indicating that this new reality is favorable to consumer decisions. Purchasing for sustainable products and services is slowly - but consistently - gaining ground and adding relevant consumer segmentation.

In the world of emerging "conscious consumption”, the concepts that inform and shape purchasing decisions place the man at the center of everything. Responsible consumption is born with a fundamentally humanistic vocation. Let's follow some of these views:

- *sustainable consumption*: if do not pollute, great; if it also protects nature, it is even better; if, above all, it preserves natural resources, it is perfect
- *responsible convenience*: everyone wants practicality, but it has to be convenience with sustainability
- *social responsibility*: consuming with conscience and citizenship is also valuing the social responsibility of brands and companies
- *food security*: how a product is produced and what are the links of confidence that it has and should matter when choosing
- *healthiness*: taste and convenience are necessary, but health is a priority
- *environmental preservation*: quality alone is no longer enough; there must be brand commitment to environmental responsibility
- *resource conservation*: produce more using less natural resources
- *well-being at work*: factor that can also matter when choosing a product

Conscious Consumption: An Emerging Reality

In this world of deep-moving consumerism, marketing is slowly scaling up its tool arsenal, shifting relative weights between them and opening up new ways of approach, on board of the modernity databases, CRMs, design, and the internet. In fact, in this new world of agribusiness and food consumption, marketing is both master and soloist.

Marketing, for example, will increasingly have the important role of creating persuasive strategies and formulations that transform the imperatives of sustainability and conscious consumption into palatable concepts (valuable, attractive and motivational), fixing the categories of this new way of thinking in the heart and in the mind of the market and society, particularly among the new generations.

This will be done not only through institutional campaigns by governments, NGOs, media outlets or agribusiness associative entities, but mainly in the day-by-day of brand management, creating synergy between product and service marketing and aggregate actions valuing the sustainability, operating a true fusion between product sales, educational marketing, responsible action, ethics and profitability.

In the 1980s, one of the main Brazilian agribusiness companies, Agroceres, marked a time in the marketing of agricultural inputs by associating brand and responsibility in a rural educational project via national television, teaching the field how to plant corn according to modern agricultural technology. It opened its self-centered product communication and, with a message of socio-economic development, knocked on the door of rural communities.

The campaign was a success, both in brand sales and in the evolution of the corn crop productivity profile, in various regions of Brazil. And today, nearly 30 years later, the same company continues to value the institutional avant-garde of agribusiness and holds the banner of sustainability and conscious consumption in its corporate marketing projects.

As a soloist, marketing will continue to account for its classic challenges of giving visibility and adding perceived value to products and services. But now this task will increasingly extrapolate the immediate territory of sale and consumption of products/services, spanning market links in the supply chain and other quarters of management technology. For example:

- Agribusiness marketing tends to broaden its spectrum of tools, making room for greater use of design, trade marketing, database, CRM and internet technologies - and all for one very simple reason: in the age of conscious consumption information has to be accurate, relevant, comprehensive, credible and continuous, which presupposes a multi-media marketing activity with strong impact and realization pressure.
- The entire production chain - from agricultural input to food on the table - tends to become an effective marketing and brand communication arena for all companies in the industry. The walls between segments tend to get thinner and thinner, and product/service marketing activities, whether alone or co-branded, tend to permeate the entire upward complex of production and value addition
- As the intrinsic value of products (quality, typology, presentation) is increasingly "commoditized", marketing effectiveness in 21st century agribusiness will depend on strong positions in food safety, convenience and symbolic values associated with the product/service. That is, marketing success goes through consistent source marketing programs, trade marketing, and relationship/direct marketing programs.

In the past decade, the launch of a "long life tomato" seed - *Seculus* - has been a broad project of vertical communication within the production chain, involving links of rural production, agroindustry and supply, given the multibenefit aspect that the product carried. It was perhaps an emblematic release, because today, in the age of conscious consumption and responsible marketing, communication will often have to cut through end-to-end production chains, even if it is an input - often with the seal of different brands.

Marketing and communication strategies with multi-emitters tend to be accentuated, as the role of origin, raw material, process or production certification should gain increasing importance in agribusiness purchasing decisions. In traditional marketing, for example, selling a leaner and softer pork genetics was a task that was of fundamental interest to the company responsible for the genetic improvement itself. This is changing.

In the new times of the market, this same "light pork" can become a factor that adds value to the perceived consumption, as it has the potential to meet modern expectations of healthier and more nutritious food. With this, and despite being an input, can participate in communication to the consumer (co-brand), as a differentiating element of quality. In fact, this would not be new, since in the 1990s, the Rubaiyat chain, a prestigious São Paulo steakhouse, was one of its exquisite delicacies - baby pork - with the genetic exclusivity of its origin, linked to animals developed by a pig breeding company from England.

But the marketing potential of our pork example does not stop there, because its gains in meat tenderness, in addition to facilitating preparation in the name of sacred convenience, represent an advance in energy saving (shorter cooking time), and therefore, they become high-value informational raw materials in pro-sustainability marketing projects or in branded and institutional actions along the production chain - from the genetic company, before the farm gate, to the supermarket chain.

Before, food was to eat. Today, food meets multiple personal, symbolic and social expectations of consumption.

Distribution Channel in the New Age

In this new perspective of agribusiness perceptions, another fact is the hegemony of the distribution channel, which now plays a more sensitive role in the perceived value of the products it sold. This is because today channels have often taken a leading edge in food quality, consumer welfare and eco-sustainable education, thus building strong brand images in the marketplace.

They are image channels capable of embossing long lines of higher-profile branding, as we have seen over the past two decades in the country's main self-service networks. But they not only bring a new reality of perceived value to food purchases derived from the role and behavior of distribution channels. The so-called *neighborhood supermarkets* have been following the same path and often become an added value factor to brands sold, thanks to the differentiated shopping experience they represent. And in this case, it is not the high firepower in marketing that values the channel before the market, but its proximity and historical integration with customers, almost epidermal, as if it were the old warehouse with 21st century garment.

With the freedom and forgiveness of the theory, it can be said that the neighborhood supermarket is a natural, informal, often spontaneous CRM, rich in its market sensitivity and very effective in action, from this mix its built-in perception of value, which is particularly strong among older consumers.

The fact is that, in the new era of sustainability and conscious consumption, the distribution channel develops important symbolic roles for people and the community, in the field of responsible action and food security. As a result, its traditional functional food storage, preservation and distribution profile has been extended by new social links that have resized its power within food marketing.

In the 21st century, the distribution channel is progressively no longer just a logistic factor but also a symbolic factor, with concrete resonances about the perception of a brand or category of food product.

Communication and Design: the major impacts of perception

Communication is the blood that flows in the body of the market. It is the heart that beats and shapes its rhythm. With the explosion of the media and the arrival of a world in which communication has become a turmoil, not communicating is being out, hidden in the multitude of offers and commercial messages that circulate throughout the marketing environment, minute by minute. With marketing as a key strategic background, communication has finally become a top priority tool for the evolution and success of agribusiness.

This redoubled importance of marketing and communication, however, comes not only from the classic challenge of giving visibility, delivering perceived value, and fixing a brand. Now, the role of market intelligence increasingly includes the ability to generate counter-information, promote educational actions in the marketplace and add to its social advancement as part of the arsenal needed to compete in the planetary war of agribusiness markets - which can happen within national or regional borders, through the action of transnational organizations of interests or even involving nations and economic blocs.

Design is another agribusiness marketing tool, packed with the scream of sustainability. Of its art and technique is being born (and still need to be born) solutions with efficiency gains in logistic rationality (energy and materials), conservation (healthiness and waste), environmental respect (protection of environmental resources) and responsible convenience (eco-friendly practicality) .

Leadership in Agriwar Times: art and action

Professor Marcelo Prado, manager, executive and leader with solid experience in leading large agroindustrial organizations, tells us that "the difficult art of leadership requires a 360-degree vision. In agribusiness, when we involve the whole set of value chains, the complexity increases even more. But here we enter a human, attitudinal and virtuous field, above all, and 12 are the 'laws' for building vigorous human leadership in agribusiness". These 12 laws, which we see below, constitute the synthesis of a text provided by him.

1. *Systematic Vision*: We need to have great specialization, but openness to study and understand everything that happens in an agricultural company. The interconnection of all departments in an agroindustry is crucial. Professionals who have a broader view of systemic complexity tend to have great potential for success.
2. *Recycling*: Recycling knowledge is everything in an area where technology and innovation are surprising at every moment. The company must offer recycling opportunities, and all of them must be enthusiastically taken advantage of by professionals.
3. *Recycling and training on their own initiative*: Large organizations offer on average 20 days of training per year for mid-level professionals and up to 30 days for senior management. However, self-development, including the updating of market information, is today essential to the success of professionals in agribusiness. Working training and information makes the difference in leadership performance.
4. *Versatility and flexibility*: The professionals who lead organizations have to know how to deal with diversity and changing situations; they must also exercise flexibility and versatility. Understanding the details of communication causes greater and better results in team professionals.
5. *Proactivity*: As organized and structured an organization may be, there is always something not written in the procedures or processes. Therefore, the professional with the greatest capacity to be proactive, to anticipate the facts, will certainly exercise leadership more effectively.
6. *Effective communication*: There are very competent people within organizations who work for decades but go unnoticed. Why does it happen? because they are not good communicators. Great leaders have one trait in common: they communicate very well.
7. *Know how to listen*: Just as it is important to communicate effectively, you must know how to listen. The leader needs to be open to listen to the concerns of his peers or employees, as well as to know the market dissatisfactions or the annoyance of a competitor or an authority. In leadership, we need to develop the culture of listening.
8. *Know how to say "no"*: There are times when the manager knows that the answer is "no" but cannot be categorical. Sometimes it keeps procrastinating

the decisions, pushing the problems further. The leader has to make a decision and learn to say "no" when necessary.

9. *Aggregating leadership*: People have different customs, characteristics, interests, cultures and expectations. Because of this, the level of intolerance between them can grow exponentially if left unmanaged and turned into a positive attitude. Therefore, within organizations, where human relations count a lot, it is necessary to develop professionals who exercise conciliating and aggregating leadership.

10. *Humbleness*: In agribusiness we are subjected to so many uncontrollable factors (climate, environment, prices, exchanges, currency) that if we do not develop good humility, we will lead nothing and no one. Every professional needs to be aware that different people need to be respected. Arrogance is an evil grenade that should be avoided for a long and healthy corporate life.

11. *Developing new relationships*: Every leader needed to invest in relationships. In other words, we need to foster a smart and diverse network of relationships. Cultivating human relationships is as important as cultivating agricultural fields.

12. *Balance between quality of life and work*: Life in the corporate world is hard and stressful. Everyone competes minute by minute, and the good leader must reconcile competitive strength with quality of life. In fact, the human being has to strive incessantly for his achievement in both personal and professional fields.

Case 1: Two initiatives in promoting Brazilian fruits[1]

Tatiana Badan Fischer

Brazilian Fruit Project

The Brazilian Fruit Project exists since 1998, consisting of a partnership between the Brazilian Fruit Institute (Ibraf) and the Brazilian Export and Investment Promotion Agency (Apex). The project actions cover the whole agroindustry chain, as well as the fruit importing and exporting companies, and aim to bring information to both final consumer and the intermediate buyers involved in the distribution channels.

The main objective of the project is to advertise more than 20 fresh and processed products, which results in remarkable increases in its exportations and improves the Brazilian presence in the fruit market world. When it began in 1998, US§120 millions of fresh fruits were exported. In 2007, that amount multiplied five times, and for 2008, a 10 percent increase in fruit sales volume and a 14 percent increase in earnings were expected, according to Moacyr Saraiva Fernandes, president of Ibraf.

Brazilian Fruit Project Actions

Brazilian Fruit Festival

The Brazilian Fruit Festival is an Ibraf and Apex-Brasil initiative to encourage the tasting and marketing of fruits and their derivatives in retail chains. Outreach actions abroad seek to expand the portfolio of countries importing Brazilian fruit. Thus, it is predicted the insertion of new Brazilian companies in the international market, as well as greater diversification of the destinations of Brazilian fruit commodities.

The project was carried out in more than 500 stores between 2004 and 2006, in countries of the European Union such as Italy, Poland, France, Switzerland, Portugal, Spain, Slovakia, among others, and also in Canada. The major retail chains involved were Carrefour, Champion, Loblwas, Sobey's, A&P, and the Ontario Food Terminal.

Seasonal Fruit Carnival

This is the following/support action of the Brazilian Fruit Festival and complements the consolidation of an effective communication campaign, as the continuity of promotional actions is essential for a good sales result. Its purpose is to ensure that fruit sales will be effective, as well as their presence in supermarket gondolas.

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[1] This case was elaborated by Tatiana Badan Fischer, undergraduate student of the communication course with emphasis in marketing at the *Escola Superior de Propaganda e Marketing* (ESPM), works at the institution's Agribusiness Studies Center.

In a partnership between the Carrefour Group, Apex- Brasil and Ibraf, the Seasonal Fruit Carnival project was put into practice in April 2006 in more than 200 stores in Italy and Spain. In hypermarkets, the products from Brazil were in a reserved space and identified as to their origin, with the brands emphasized in order to catch the shopper's attention.
Brazilian fruits are entering a market considered new and seek a strategic positioning consistent with the challenges proposed by the environments in which they are now inserted.

Healthy Tourism

As a customer relationship management (CRM) driven effort, healthy tourism aims to build loyalty to foreign tourists who consume Brazilian fruit and its derivatives. In order to retain the potential customers of national fruits, fruit tastings are promoted in Brazilian hotels and airports. The editions of this event held until the middle of 2008 resulted in 41 thousand breakfast tastings in hotels, as well as at airport arrivals hall in Brazil.

During the events it was informed the nutritive and caloric contents of the fruits. Folders were also distributed with recipes and consumption tips.

Fairs

Still seeking visibility in the international market and future partnerships, participation in large sectorial and multisectoral food fairs were adopted. To better advertise products of Brazilian origin, Ibraf seeks to position the exhibition in the largest events of the sector: Fruit Logistics, FHA, Macfrut, PMA, Polagra Food, AGF, Gulfood, Saudi Food, Berlin Green Week, Sial, among other fairs.

In 2008, Brazilian fruits were exhibited at fairs in countries such as Germany, Dubai, France (coordinated by Apex-Brasil), Singapore and Russia.

Business roundtable

Today it is needed to broaden Brazil's image abroad not only as a tropical fruit producing country, but also as a fruits of temperate and subtropical climates (see box below). This new prospection gives the country the possibility to serve wider markets, with the disclosure of a broader portfolio and covering different demands of the global market.

In this way, Ibraf conducts the International Business Meating- business roundtables that bring together buyers and producers at fairs in Brazil. Sector's specialized communicators are invited to these events, such as journalists and editors of communication vehicles in the area to get to know the structural organization of the Brazilian fruit production.

Examples of Brazilian fresh fruit exports in 2007		
Fruits	**Value US$**	**Volume (kg)**
Grape	169.696.455	79.081.307
Melon	128.213.642	204.501.757
Mango	89.643.042	116.047.528
Apple	68.617.642	112.075.637
Banana	44.300.738	185.720.644

Source: Scex/Datafruta/Ibraf.

National marketing project: Brazilian fruit

Ibraf's plan for expansion and conquer of the internal market

Fruit consumption in the Brazilian domestic market has good potential for expansion. Brazil currently produces 41 million tons of fruit, being the third largest producer in this category of food in the world. Seeking a new positioning of Brazilian fruit communication in the domestic market and aiming to encourage their consumption, Ibraf is conceiving a national marketing plan to be implemented soon.

Ibraf Marketing Campaign

Stakeholders/Target Audience

The target audience for the Brazilian domestic market expansion and conquer campaign, done by Ibraf, is very broad and aims at a wide reach in the Brazilian population: school-age children, teenagers, housewives, men and women of classes A, B, C and D over 50 years old.

Ibraf also counts with opinion makers, such as doctors and nutritionists, to spread the message of fruit consumption benefits. Journalists, media platforms, artists and public figures are also involved in advertising the campaign and projecting media actions.

Marketing Plan

The campaign aims to promote and encourage fruit consumption in the Brazilian domestic market to promote the sustainable development of this sector. The marketing plan is based on the following strategic objectives:

- Generate an articulation of the agrofood chain of fruits to develop a broad campaign of consumption of fruits and derivatives.
- Be based on the nutritional deficiencies of the Brazilian menu and its impact on health, as well as praise the Brazilian fruits as healthy and appetizing products.
- Search new ways and occasions for consumption of Brazilian fruits
- Leverage all segments of the fruit agrobusiness chain

The project's main goals are to increase fruit consumption by at least 30 percent in three years, contribute to improve Brazilian population quality of life (reducing nutritional deficiencies) and generate 350 thousand new jobs per year in the agricultural sector of fruit growing.

Case 2: Tio João Rice[2]

The case of *Tio Joao* rice is emblematic in the agrobusiness marketing studies in Brazil. This real example was led by Joaquim Oliveira S.A. (Josapar), a company descended from an 80-year-old Rio Grande do Sul's group, raises the question: "If it was possible for a group of executives to create a legitimate brand, a brand of rice in the early 1970s in Brazil, why wouldn't it be possible to differentiate and create brands for hundreds of other agrobusiness products, saving them from the generic nickname of simple commodity"?

The authors sought history, preserved pioneering names, and saved this example for future scholars of agrobusiness marketing. The creativity and persistence of some people made this happen. But there were also dozens of anonymous contributions to it.

What was the inspiration? Neci de Oliveira, daughter of Patriarch Joaquim Oliveira, married to an American, traveled a lot to the United States and there she met the famous Uncle Ben's rice. By analogy, she thought that a "national uncle" might be very dear. Joao was a popular name in Brazil, affectionate and loving - so was born the Tio Joao rice.

In the same time, we already had in Brazil another rice that invested considerably in advertising and brand differentiation: Brejeiro. But its packaging was not transparent. Antonio Oliveira, one of Josapar's shareholders, and Renato Gastaud, the company's executive, were decisive people in this case. They brought together creativity and persistence to launch their own brand in a market where "it was all the same." At that time, the rice was sold in bulk: the consumer took scoops, took the product in paper bags and then, at home, selected the broken and plastered grains.

To build the idea of the new product and brand, Josapar manually selected the best grains and presented them to a sample of potential consumers, conducting a perception survey. It was asked, "How much would you overpay for this rice?"

The researchers' average response was "15 percent more to have a standardized and selected product." For the company, this work represented an extra 10 percent cost. And the additional profit would be 5 per cent if there were no unexpected issues.

From the research and decision that the product would have transparent packaging, so it could be seen by the consumer, the rice was named Tio Joao. And several challenges began, such as the stability of industrial production as they would move from small sample production and sales from

[2] This case was elaborated by the authors and by the Sebrae Business University of Rio Grande do Sul, under the coordination of Alessandra Loureiro.

100 thousand bales a year to over 10 million. Creativity in the industrial automation to select rice was one of the ways found.

Another obstacle to the success of the venture was the introduction of the product in the market. Large retail chains did not want to buy more expensive rice nor were they interested in superior quality. They just wanted the best price, because rice was "all the same".

It was through small and medium retailers that Josapar was able to enter the market. In small, via wholesalers, the relationship prevailed. As the product was very different, consumers go to know the brand in smaller supermarkets and began to question the lack of the rice in large establishments.

Another point to note was the competitors' disbelief that the experience of Tio Joao rice would be successful. For years competitors watched Josapar grow as a brand and did nothing. Only after a considerable period did competitors begin to position other brands in the segment.

The strong belief of being different has made Josapar a premium brand that remains a top-of-mind quality rice to this day, as well as holding about 10 percent of the market share (recently outpaced by Camil). But when we think of rice, the value of Tio Joao is a considerable and extraordinary asset for the shareholders who remained in control of Josapar.

The emblematic aspect of this case was the creation of a differentiated value perceived from the 1970s on one of the most difficult commodities to be worked with consumers. For years' rice was a *cesta basica* (a set consisting of products used by a family for a month. This set usually has food, toiletries and cleaning supplies provided by the government) product and was under the command of government prices and stocks. Thousands of scattered mills and a non-differentiation at the consumption were the reality. Another not favorable factor was the standard sales network and a treatment also without customization in retail. Josapar's leaders were called "crazy" because making heavy investments in the industry to automate grain selection was a challenge that required effort and capital. "Rice is rice", said the other players in the sector.

The dedication of the company's executives gives us as an example of a relevant case about the use of agricultural marketing and service techniques. The market segmentation identified by Josapar's managers in the 1970s is something of a significant rise today as we cross the first decade of the 21st century.

The customer as the center of the business, identifying their differences, desires, longings, anxieties, dissatisfactions and satisfactions and seeing how to solve these discoveries with creativity is the foundation of marketing. A brand nobody believed in invested in this perception, presented rice in transparent packaging, sold at 15 percent higher prices, entered the market through small and medium retailers, endured the crisis and reached nearly 40 years still in the minds of consumers: this reality reveals all that is possible to do from good marketing in Brazilian agrobusiness. In fact, if Antonio Oliveira, Renato Gastaud and Josapar did it with rice, why can't it be done with any other products and agrobusiness in Brazil?

What will happen to the Tio Joao brand over the next few years depends on the actions of the competitors and Josapar itself. However, the value of brands represents not only a huge power of mental contracts, but also an insurance that preserves the life of the company, making it strong to go through severe crises.

Case 3: Made in Italy[3]

Victor Megido and Roberto Panzarani

Quality producers continue to represent the tip of the diamond in the Italian food industry. They are given the Controlled Designation of Origin (DOCG) and the Typical Geographical Indication (IGT). These certifications are an important opportunity for the Italian agrifood sector in the context of more globalized world markets, allowing the diversification of agricultural products and opening the possibility of meeting specific quality requirements, which bring to mind traditions that seem to be of interest to an ever-increasing number consumer base in the world.

Compatible with the new indications of the European system, the Italian agrifood sector is, in its recent evolutionary process, characterized by a very strong attention to all aspects related to product quality. Increasing consumer demand as a result of globalization is also present at the table, leading to a greater demand for knowledge of the organic characteristics and production processes of the food consumed. Such an evolved market necessarily requires companies to be able to manage at all stages of the supply chain, with organizational changes that clearly involve production and supply to marketing and sales.

The excellence of the Italian agri-food sector is built on the reference to the origin of the products - the so-called Made in Italy -, which involves a set of products, whether fresh or processed, which is attributed a strong typicality due to its close connection with the product, with which Italy can enjoy competitive advantages linked to environmental factors, production systems and local traditions.

Two successful examples of made in Italy

Parmigiano-Reggiano

Parmigiano-Reggiano is a well-known Italian hard cheese, which comes into the typology of Grana cheese, considered the most representative of all Italian cheeses.

A consortium formed in 1928 by the producers of Parmigiano-Reggiano is the owner of the PDO Parmigiano-Reggiano brand and is tasked, among other things, with surveillance activities to ensure the correct use of the brand in question. Only cheese produced according to the rules contained in the

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[3] This case was elaborated by Victor Megido and Roberto Panzarani. Victor holds a doctorate in communication with a specialization in sociology from the University of Sapienza, an MBA in business administration from the University of Bocconi and a professor at both the European Institute of Design and the University of Sapienza, and an author in marketing and bellow the line communication guerrilla and luxury marketing. Roberto is a professor of organizational innovation processes at Sapienza University, as well as president of the Italian Training Association (AIF) and Studio Panzarani & Asscoaidos. citor and roberto especially thank Rosa Maria Granito and Pamela Cordoni, who contributed to the elaboration of this case.

production manual and overseen by the consortium can use the Parmigiano-Reggiano brand, and its integrity is shown in the form of a timbre, in order to identify and distinguish it from the others.

The Parmigiano-Reggiano numbers in 2007
- 12 months' minimum maturation;
- 16 liters of milk for one kilo of Parmigiano-Reggiano;
- 20-24 months of average maturation;
- 39 pounds is the average weight of the cheese form;
- 445 producing houses of Parmigiano-Reggiano;
- 550 liters of milk needed for a form;
- zero additives used;
- 4,291 agricultural companies supplying milk to homeowners;
- 244,000 cows supplying milk to Parmigiano-Reggiano;
- about 15 per cent of national milk production goes to Parmigiano-Reggiano;
- 3,080,605 was the number of molds produced in 2007;
- 880 million euros are the estimative of the business (2006 production sold in 2007);
- 1,460 billion euros are the estimate of business in the consumer market;
- Exports are estimated to total around 18 per cent of total production

Parmigiano-Reggiano exports in 2007

In 2007, Parmigiano-Reggiano's exports registered an increase of 16.2 percent. In terms of volume, the most consistent growth was in Germany and the USA, where increased 20 and 10 per cent, respectively. In percentage terms, the highest growth was in Canada and Spain. In the rest of the European Community, consumption has grown in all major importing countries. Regarding non-EU markets, in addition to the recovery in sales to Canada and the good results in the US, Japan has shown a 16.5 per cent increase in demand.

Territory and tradition

Parmigiano-Reggiano has an indispensable connection with its region of origin. It is in the provinces of Parma, Reggio Emilia, Modena and Bologna, to the left of the river Reno, and of Mantova, to the right of the river Pó, where all Parmigiano-Reggiano production takes place, from milk to cheese processing. Historical evidence shows that in 1200-1300 the Parmigiano-Reggiano had already reached the perfect typification, which has remained unchanged to this day.

The production of the territory, therefore, certainly has a very old origin, supposing that the peculiar characteristics of the product have been achieved for a long time: the Parmigiano-Reggiano standard is in fact an evolution of ancient and extraordinary cheeses, already mentioned by Latin authors, determined by the constant improvement of manufacturing techniques.

This cheese is today exactly as it was eight centuries ago, made the same way, in the same places, with the same gestures. No compromise has been made on the simplicity of the way it is produced - a peculiar case of our day, where everything is technological and automation.

The peculiarity of the product, besides the commitment of the man, is due to the unique combination of other elements: the geological formation of the land, the peculiarity of the herds and the balanced combination of agro-environmental and human circumstances that allow the production of a precious milk, different even even that of geographically neighboring areas, which can give rise to a cheese capable of withstanding a very slow maturation and of unparalleled flavor.

The consortium

As already noted, in 1928, on the basis of a proposal by the Industrial Union and the Provincial Council of Corporate Economy (Chamber of Commerce) of Reggio Emilia, the voluntary consortium for the defense of the Parmigiano-Reggiano was built with the accession of all producers.

The tasks of the Parmigiano-Reggiano Cheese Consortium were and still are as follows:

- ensure that Parmigiano-Reggiano is made according to strict rules established by the Disciplinary Code;
- tutelary the Parmigiano-Reggiano;
- promote and disseminate knowledge and consumption of the product;
- improve the quality of Parmigiano-Reggiano to save its typicality and its peculiar characteristics

The non-profit consortium is also given important and delicate tasks, such as placing marks and seals as signs of distinction, according to the Disciplinary Code required by the DOP and attested by the control structure. The law also gives the consortium vigilance over production and trade of the product.

The consortium has promoted, in partnership with the Animal Production Research Center (CRPA) and other subjects, a three-year project with an information system on the Parmigiano-Reggiano chain. The objective is to generate and make available market information to interested parties. CRPA is in charge of managing the project and has created a website (www.crpa.it) where information can be obtained.

Hypothesis of future development

The Parma Chamber of Commerce, in collaboration with the CRPA, Parma Province and the University of Parma Studies, recently organized a seminar to present the results of the Parmigiano-Reggiano Information System (SIPR). Kees de Roest and Franco Torelli, from CRPA, presented data on production progress, stockholding, consumption dynamics and export developments.

On this occasion, the hypothesis of Parmigiano-Reggiano business growth was formulated in the future. In fact, an export expansion margin was identified, and this possibility was not only due to the quality of the product, but also to the high quality of the service rendered and the excellent relationship with the customers.

The customer should, in fact, be welcomed with services and products that have a philosophy and in a place of reception for tasting, taking into account the commercial and cultural side of the country.

In this seminar, the importance of the emotional involvement of the client was also emphasized, through the reduction of the product, its history, its production methods and, above all, showing that the direct purchase of the producer will allow him to travel culturally itineraries, in alternative to those traveled to large distribution systems.

Guided tours of the production houses, enabling the customer to personally watch the production phases, have been a rewarding experience, because through them he has the opportunity to approach the product, not simply by buying it, but "experiencing a experience" that allows you to reap the Parmigiano-Reggiano values. The proposal for the future is to create specialized stores in areas of high concentration of consumers.

Managing a chain of stores in the producing houses or a group of producers may indeed represent an important but also complex strategic choice: it is sufficient to think that in order for it to operate, it would require experiences and competencies that generally do not enter in the know-how of the producers, so it would be preferable to rely on existing points of sale at a certain level by stipulating exclusive contracts.

The consortium has been working on the execution of a productive plan to sustain the quality and development of markets, to be used as a tool to face the ongoing market crisis in the world. This plan provides for: (1) the organized management of growth in the quantity produced from a multiannual perspective; (2) the need for resources and time for research and the conquest of new market spaces; (3) a way of sustaining consumption through the constant and homogeneous improvement of intrinsic quality and perceived consumer quality, and (4) ways to increase vigilance in order to properly monitor as much of the product as possible in the market.

Moreover, the development of new markets means continued investment for many years, and it is precisely at this point that the need arises to impose a productive plan on a multi-year basis.

In proposing monitored production growth, the focus was on the quality. In fact, in order to ensure that consumers maintain and improve the quality of their entire Parmigiano-Reggiano production, it is essential to guarantee the organized development of the market.

The consortium has predisposed itself to work over the next few years on some important support points for the improvement of product quality in all phases of the chain, until reaching the quality perceived by the consumer.

- Casearia School, for the creation and management of a permanent training and experimentation center for the Parmigiano-Reggiano system
- Hygiene package: monitoring activity of the hygienic-sanitary characteristics of milk intended for processing into Parmigiano-Reggiano
- Articulated plan of scientific research for the identification and tracking of qualitative characteristics of Parmigiano-Reggiano, with particular attention to grated and in pieces
- Intensification of surveillance activities, particularly in growing productions and new producers
- Intensifying consumer surveillance activity for more complete protection of consumers and producers in consortium
- Legal guarding activity at national and international levels

Chianti Classico

Chianti Classico is one of the most prestigious and well-known Italian red wines in the world. Its name is linked exclusively to the area known as Chianti - an area that extends between Florence and Siena, with a very old civilization of origin and characteristics of climate, terrain and altitude that make it a region particularly focused on the production of quality wines.

History of the Chianti Classico

The name Chianti first appeared in 1404 (in notary documents), but the cultivation of vineyards in this territory was already taking place at the time of the Etruscans. The wine produced in these hills conquered with time such prestige that induced, in 1716 the great-duke of Tuscany, Cosimo III, to protect the name Chianti, settling in a community (that represents the first legal document of the history to delimit an area of wine production) is the production zone, which still corresponds to approximately 70 thousand hectares.

More recently, because of the notoriety enjoyed by Chianti over the centuries, it has been found convenient to produce it also in other Tuscan territories with a certain wine vocation, adopting the same management and the same grapes of the territory of origin. This wine was marketed under the name Chianti, evidencing the characteristic of being made "in the manner" of Chianti, and from that moment on geographical indignation became a true oenological denomination. Beside the original Chianti (later defined as Classico, with recognition and protection of its first origin), six other different wine typologies were born.

A 1932 ministerial decree passed a norm distinguishing Chianti produced in this historic area, defined as the "oldest zone of origin," from that produced in the rest of Tuscany.

In addition to the production zone, another fundamental requirement is the ampelographic base, which provides for the types of grapes that can contribute to the making of a wine. That is, it provides for a minimum percentage of 80 per cent of Sangiovese, the typical red berry of the region, with which a maximum of 20 per cent other indigenous and international vineyards recommended and/or authorized in the area of production.

The consortium

To protect the production of the Chianti Classico, on May 14, 1924, a group of 33 vineyard producers met in Radda in Chianti to bring the Chianti wine protection consortium and its home brand to life.

The brand that always accompanied the Chianti Classico bottles is Gallo Nero, historical symbol of the former Chianti Military League. Over the years, the restricted group of producers has been noticeably expanded and the Chianti Classico Wine Consortium now has more than 595 associated producers, of which 313 produce wine with its own label.

The consortium had to fight long and difficult battles to gain exclusive recognition: the long legislative path, which lasted over 40 years, concluded with the entry into force of the decree recognizing not only Chianti's DOC, but Chianti Classico as well as a wine whose characteristics were among the most selected of those predicted by the naming.

Then, in 1984, Chianti Classico earned DOCG, the highest recognition for quality Italian wines. In 1987 the consortium divided its activity into two organizations: the Chianti Classico Wine Consortium, which was responsible for the vigilance and controls provided for by specific rules of law, and the Gallo Nero Consortium (later Consortium of the Historic Brand - Chianti Classico), dedicated to the promotion of Gallo Nero wines, subject to stricter standards and stricter quality controls.

With the ministerial decree of August 5, 1996, the Chianti Classico finally became an autonomous DOCG, with a disciplinary production code distinct from that of Chianti wine.

In 2003, the Chianti Classico Wine Consortium obtained another important recognition from the Ministry of Agricultural and Forestry Policies: it gained full control over the Chianti Classico seal, which encompasses the entire production chain and all wine companies, whether associated or not.

Today, Chianti Classico tracking is available to everyone on the consortium website (www.chianticlassico.com).

Just enter the serial number on every bottle of Gallo Nero to know the entire life cycle of the wine you are about to drink.

There are numerous promotional, public relations, communication and marketing activities carried out in recent years to promote, disseminate and enhance the image of Chianti Classico wine in the world.

Enhancement of the Chianti Classico Image

The marketing and communication department has been dedicated daily to promotional activities aimed at the dissemination and consolidation of the image of Chianti Classico wine and its historical symbol *il Gallo Nero* in the world. Numerous initiatives are developed and carried out from a strategic marketing plan that individualizes the different market typologies to the level of penetration of Chianti Classico wine.

In accordance with the market and the reference target, are identified from time to time forms of communication and marketing considered most suitable for the achievement of the previously identified objective. Among the strategies, the most applied are: (1) participation in international fairs in the wine sector, directed mainly to commercial operators; (2) the organization of *firmate* Gallo Nero events, with the involvement of associated companies, and (3) the realization of co-marketing and sponsorship activities, designed mainly for the final consumer.

In addition to these daily integrated communication activities, which allow the consortium to have its own coordinated image, the work of the press office, which maintains contact with journalists from all over the world, and internal communication, directed to the consortium members, should be emphasized. in the numerous promotional activities.

In addition, it is the task of the marketing and communication department to manage institutional relations with public and private entities and to communicate with the main local entities (associations, municipalities, universities, etc.), in order to accomplish the activities of formation and divulgation of the wine Chianti Classico wine and its reference territory.

Case 4: The best wine in Europe

The 10,000 bottles of Portuguese red wine Syrah 2005, the prize winner of Bordeaux in France, were all sold at 20 euros each. Who is not the greatest must be the best. This is the maxim that can differentiate the small brands and allow competitiveness in the globalized agribusiness. But it is not enough to have the best wine. There is much before, during and after to transform a small winery in the town of Fernando Pó, about 80 kilometers from Lisbon, in a case of success, overcoming and turning over the market.

Ermelinda Freitas is the name of the house - a winery created in 1920 that is now in the fourth family generation. A saga of women in charge. For one of these inexplicable facts of life, men died early and a story of matriarchal governance was written on the winery. Great-grandmother continued the work of the founder, the grandmother continued, the mother went ahead and we reached the current leader, Dona Leonor Freitas.

Graduated in social sciences, Leonor Freitas worked for the government and, when her mother died, she had to take over the business. She didn't understand anything about it. She went to study, to know, and she returned with a firm will: not to sell her family's heritage and to value the efforts of her ancestors. Mrs. Leonor found the company in 1997 as one of several unbranded bulk wine producers and sellers.

The house is in the region of Ermelinda Freitas, the same where the famous Portuguese wine *Periquita* is produced. And, as always, chances appear to helps define things. In 2002, in the midst of an acute crisis in the wine business, there was abundant supply and customers did not want to buy the product in bulk. So, Mrs. Leonor decided to invest everything she had in her own brands. Brands positioned from 1.75 euros a bottle to 20 euros' premium wines a bottle. "But 50 percent of production needs to be popular," warned Mrs. Leonor. And it didn't stop there: another huge success was launched from bag in box - a vacuum packaging that has the advantage that consumers do not have to just drink a bottle of wine, offered at about 5.75 euros, it contains more than two liters of the drink.

An important aspect in Ermelinda Freitas' strategy was the team's assembly. A young winemaker graduated in wine marketing from the University of Porto, in Portugal, started to direct the quality of the products. An aggressive strategy for participating in wine competitions and international awards began, and the house won over 50 major European awards.

Mrs. Leonor's secret lies in the trilogy formed by nature, technology and the human factor. Moreover, its success rests on its determination to live up to family tradition and restore people's love for the rural world, such as the passion for the quality of work of a tractor driver or a grape picker. These are true values in the company. "The love for what we do is what makes all the difference," says the entrepreneur.

Thrift is another revealing aspect of commitment to its consumers. It would be normal to have a European champion wine being sold for at least five times the current price. However, for the new crop, *Syrah Ermelinda Freitas* 2006, the price of the bottle is only 25 euros.

Like *Casa Ermelinda Freitas*, there are hundreds of other wineries in Portugal and thousands in Europe and worldwide. What made her a success story? The union of love, competence, vocation and technology with marketing activation actions. "The pride in what we do leads us to show our achievements to the world," adds the entrepeuner.

Mrs. Leonor left Fernando Pó and ran the world by enrolling her wines in contests. She even received a call from the president of Portugal congratulating her on the deed. Today's competitive, globalized, and interactive world, contrary to what the nostalgic might think, is full of opportunities to quickly stand out when we integrate the various ingredients of modern management.

Achieving ISO 9001 is the next step for the company. Mrs. Leonor's motto, which already prepares another woman - her daughter Joana - for succession, says it all: "we make wines to be consumed and not to stay in the cellar."

Ermelinda Freitas House

Casa Ermelinda Freitas's vineyards are located in Fernando Pó, a privileged area in the Palmela region. The property has 130 hectares of planted vines, 100 of them planted with the *castelao* grape (from which the famous Periquita has been produced for over 150 years) and 30 planted with national grape varieties such as Verdelho, Trincadeira, Touriga Nacional, Aragonez, Antão Vaz, Arinto and Muscat, and French such as Merlot, Cabernet Sauvignon, Alicante Bouschet, Petit Verdot, Sauvignon Blanc and Chardonnay.

The house is preparing to make a bigger leap in quality, investing in the expansion of infrastructure and equipment, in addition to areas prepared for production, aging in oak barrels and wine bottling, and a tasting room and an events room, with capacity for up to 400 people, all integrated in the cellar.

The company has been winning several awards, including trophies and medals, in the most prestigious competitions in the world with its main brands: Terras do Pó, Dona Ermelinda, Dom Freitas and Quinta da Mimosa. Following is the list of top prizes.

<u>Terras do Pó – Reserva Red</u>

- Harvest of 2003 - Trophée Excellence in the contest *Les Citadelles du Vin*: Bordeaux, 2005
- Harvest of 2004 - Gold Medal in *Vinalies Internacionales* Competition: Paris, 2007

Terras do Pó - Red

- Harvest of 1999 - gold medal in the International Competition in the city of Porto, in 2000
- Harvest of 2000 - bronze medal in the International Challenge *du Vin* contest: Bordeaux 2001
- Harvest of 2001 - Trophée excellence in *Les citadelles du Vin*: Bordeaux 2002
- Harvest of 2002 - silver medal in the *Vinalies Internacionales Contest*: Paris 2003
- Harvest of 2003 - silver medal in the International Wine Challenge: London 2004
- Harvest of 2003 - silver medal at the Setúbal Peninsula CVR in 2004
- Harvest of 2004 - bronze medal in the International Wine Challenge: London 2005
- Harvest of 2004 - *Trophée Prestige* in the competition *Les Citadelles du Vin*: Bordeaux 2005
- Harvest of 2005 - Gold Medal at the International Challenge *du Vin*: Bordeaux 2006
- Harvest of 2005 - Gold Medal in the Challenge *Vinalies Internationales*: Paris 2007
- Harvest of 2006 - Bronze Medal in International Challenge *du Vin*: Bordeaux 2007

Challenge - Harvest 2007 - Silver Medal at *Concours Mondial de Bruxelles* in 2008

Casa Ermelinda Freitas - Alicante Bouschet

- Harvest of 2004 - Gold Medal in the contest *Vinalies Internationales*: Paris 2007
- Harvest of 2004 - Gold Medal in the International Challenge *du Vin*: Bordeaux 2007
- Harvest 2004 - *Trophée Prestige* in the contest *Les Citadelles du Vin*: Bordeaux 2007
- Harvest of 2004 - Gold Medal at the National Bottled Wine Contest: Santarém 2007
- Harvest of 2005 - Bronze Medal in the International Challenge *du Vin*: Bordeaux 2008

Casa Ermelinda Freitas - Reserva

- Harvest of 2004 - *Trophée Prestige* in the contest *Les Citadelles du Vin*: Bordeaux 2007
- Harvest of 2004: Gold Medal at *Concours Mondial de Bruxelles*, 2008

Casa Ermelinda Freitas - Red

- Harvest of 2006 - Gold Medal in the International Challenge *du Vin*: Bordeaux 2008

The billion and the trillion, the goal[4]

What advice would a man with 105 years of age give to an agriculturist today? "Do not get away from science and trust the market." This was advised by Dr. Fernando Penteado Cardoso, founder of Manah and the Agrisus Foundation, with the synthesis of its centennial wisdom.

From science we know, adapt, create and intelligently master technology to make Brazil the world champion of food and agroenergy security.

From the market, the US Department of Agriculture (USDA) has announced that we are the only country in the world able to increase current food production by 41% in 10 years, while global growth would be 20%.

Visionaries, pioneers, scientists and entrepreneurs (such as Fernando Penteado Cardoso, or Ney Bitencourt de Araujo, from Agroceres, who in 1983 dreamt of Brazil producing 100 million tons of grains) changed the agriculture of the last decade of the 1980s, by promoting revolutions in the activities such as no-tillage, "safrinha", the genetics of poultry and pigs and seeds, low-carbon agriculture, mechanization, facing the oil crisis with pro-alcohol, etc. With this, we reached to the 90s creating the Brazilian Association of Agribusiness (ABAG) with the concept of agribusiness from Harvard University; a systemic view of before, inside and post-farm farms; and then inaugurating at the FEA-USP, the Program of Studies of the Agroindustrial Sector (PENSA). And the dream born of difficulties and imperfections won a first stage: we began to export food.

The time has come to dream a new, bigger dream: a billion tons of Brazilian agro products with a trillion dollars' worth of value.

A billion tons is already a reality, although not everyone realizes. Our numbers are impressive: more than 230 million tons of grains, 620 million tons of sugarcane, 62 million bags of coffee, 273 million boxes of orange, 28 million tons of meat (10 of cattle, 14 of poultry, 4 of the pork, and then comes the fish), 37 billion litres of milk, more than 30 billion litres of biofuels, about 45 billion eggs, 13 million tons of **horticulture fruits**, excluding wood (with paper and cellulose), manioc, palm, rubber, cocoa and so on.

In 2018, we exported US$ 101 billion, 5 times more than in the year 2000, and in that period the crisis of 2008/10 reduced the world trade!

But now we need a systemic goal for all agribusiness involving its productive chains.

By adding the pre-gatekeeping economy (science, technology, machinery, pesticides, fertilizers, seeds, veterinary products and services) to the gross

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value of agricultural production within the gate and still adding the revenues produced with the post-farm gate (agroindustry, processing, distribution, trade and services, including financial system, stock exchange, education, value aggregation), we reached a total of about US $ 500 billion (depending on the exchange rate and the factors computed within the agribusiness chain). Brazil's GDP oscillates around US $ 2 trillion, of which 25%, therefore, comes from our agriculture. But if we add up all the impacts generated by agribusiness directly, from the pet food of our dogs and cats in a geometric expansion, crossing the satellite signals, the digitization, the new Watson agro from IBM, with the value of Ifood delivery's industry we see that the percentage of agribusiness is higher.

Here is the theme: would it be only a dreamy aspiration to double the size of the national agrarian, or a strategic and vital issue? What other macro-sector of Brazil has scientific, technological, human resources, entrepreneurship and cooperative to contribute decisively to the elimination of hunger in the world, and thus allowing the GDP of the country to grow about 4% per year, reaching close to 2, 5 trillion in 5 years?

Brazil will not resist; no government will survive if we do not grow up. So the "1 trillion dollar" dream of our agribusiness in the next 5 years is achievable, especially considering that global agribusiness is worth 20 trillion dollars!

More than a dream or desire, the reality is that if we do not double the size of Brazilian agribusiness, we will not grow, and we will be doubled by recession and depression. The billion tons we already have!

Increasing GDP by 4% a year, creating and distributing income to the nearly 90,000 supermarket stores, transforming them into points of consumer education, will be realities if we can discern between dream and illusion. Dream is a vehement desire; it is all that we do with reality as we dream. Illusion, on the contrary, is the deception of the senses and the mind, it is all that reality does to us while we deceive ourselves.

Billion and trillion: strategic goal of a state policy in partnership between the public and the private. The book "Agro is Peace" produced by the Chair of Agribusiness of USP has a clear recipe for this.

If we now decide "what and why to do," together we will discover the "how to do it." Now, let us go forward!