

生态肥研究小组

Research on Eco-fertilizer Marketing Strategy



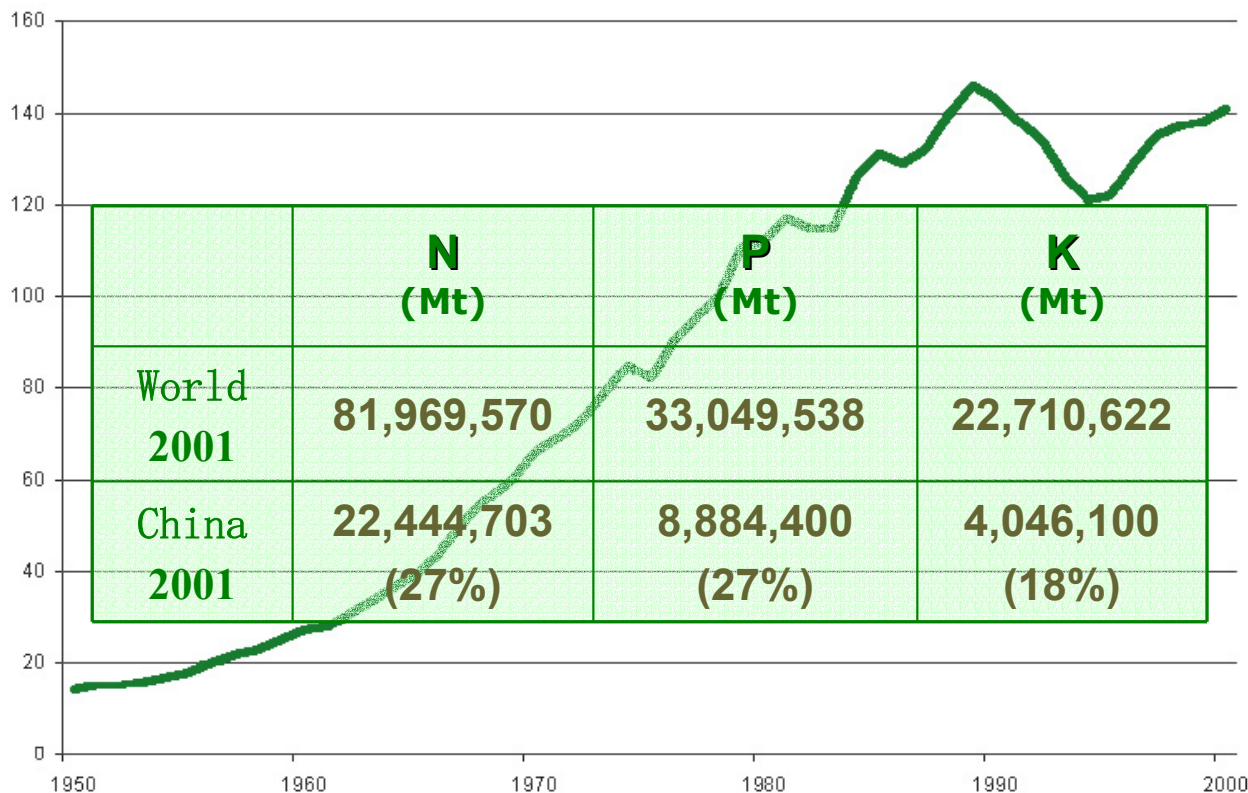
Eco-fertilizer Studying Group

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World Fertilizer Use



World Fertilizer Use



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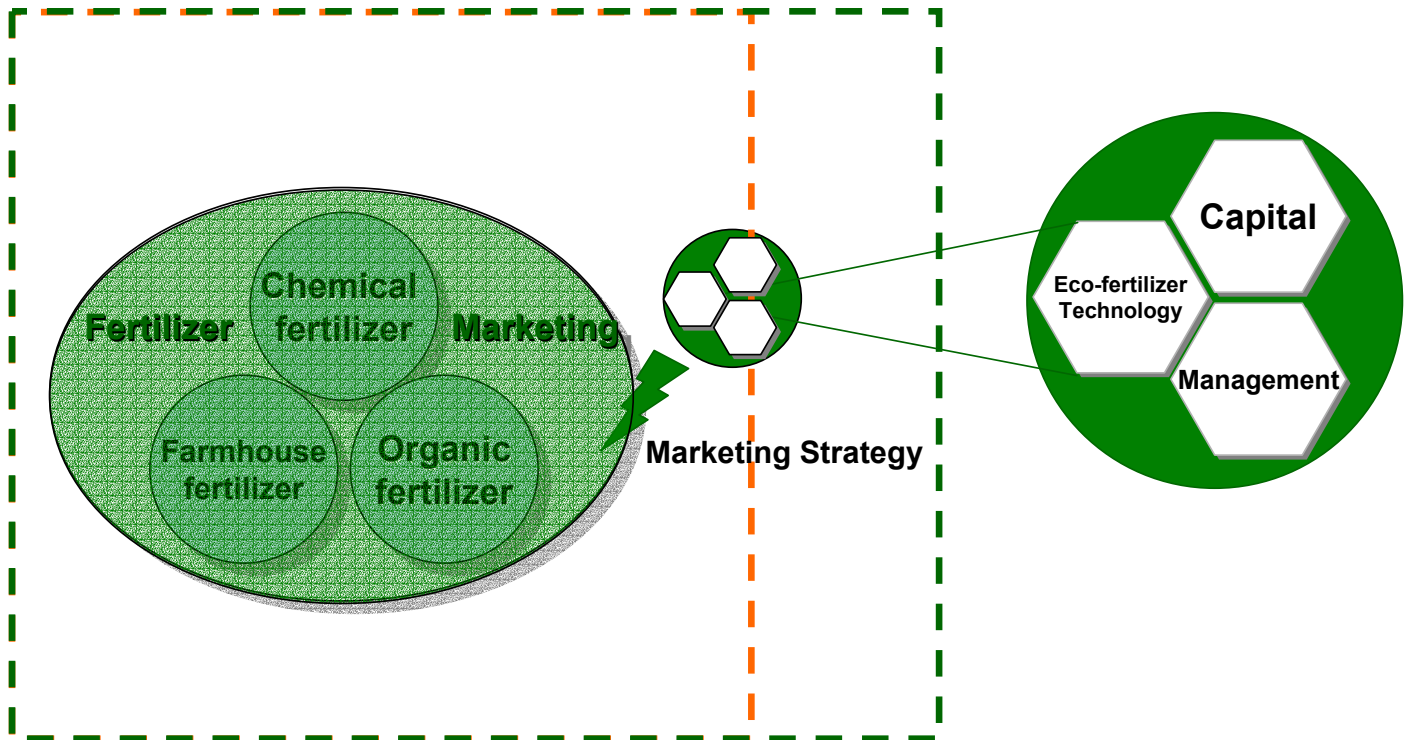


Eco-fertilizer

Eco-fertilizer



Introduction





- The Analysis of Characters of Eco-fertilizer**
- The Analysis of Macro-environment of Eco-fertilizer**
- Establish a Prospector in Eco-fertilizer Market**
- The Analysis of Marketing Strategy**

Eco-fertilizer



Eco-Fertilizer

is a kind of Organic Fertilizer which combined with several micro-organisms (yeasts) and significant quantities of organic matters and some natural nutrient minerals through biochemistry process and microbe zymolytic technology.

Main components

make  NutriSmart™ for example :

phosphate rock

weathered coal

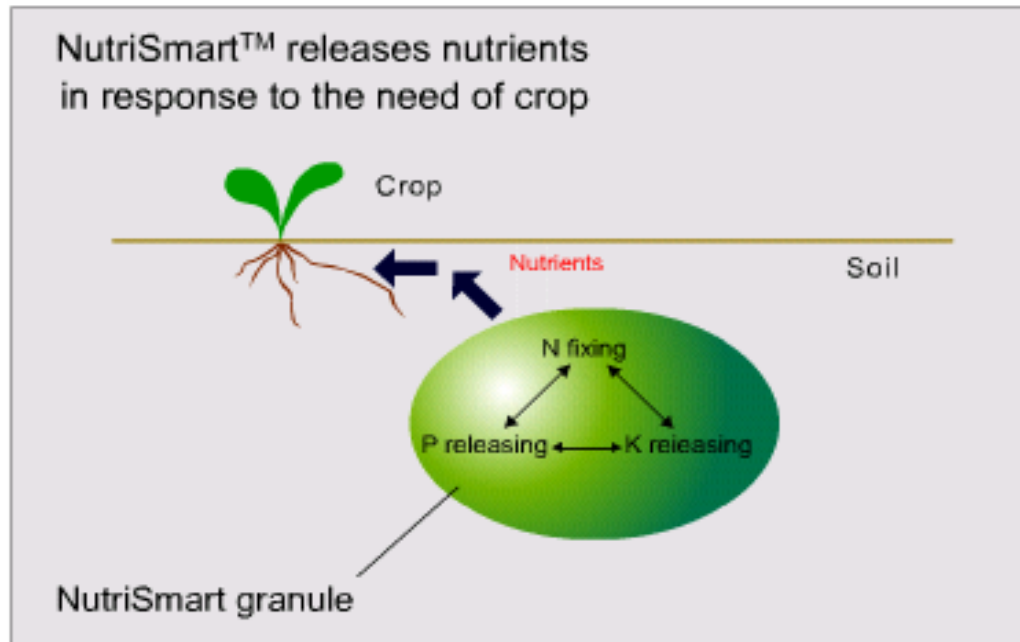
starch

water

six strains of specially-treated yeasts



Operation Principle of Eco-fertilizer



Function of yeasts:

- fix nitrogen in the atmosphere
- decompose the phosphorous content in the granules
- release potassium in the soil

produce micronutrients to release major macronutrients to be absorbed by the plant



Compare with traditional fertilizer



content	Chemical fertilizer	Organic fertilizer	Eco-fertilizer
nutrient	single/compound	variety species, little obtainable	Suit for growth of many species
effect	rapid effect, short duration	slow effect, moderate duration	apply nutrients continuously
Surface fertilizer	much	much	little
production	high	low	higher
quality	high	medium	high
Soil improvement	damage soil	good	better
Environment effect	severe pollution	good	good

Strength and Weakness of Eco-fertilizer



Strength

- ✓ Have Biological Nitrogen fixation function;
- ✓ Accelerate absorption of natural nitrogen and fertilizer nitrogen in crop soils; reduce the loss of nitrogen.
- ✓ Expedite the growth of plant roots:
- ✓ biological expedition of microorganism & non-organic substance.
- ✓ Improve the quality of soil: For Bentgrass crop soil, it can add the soil organism; for paddy soil, it can relax the salt activity and reduce the soil salination.

Weakness

- ✗ The chemical fertilizer industry has a long history and takes the main part of the market
- ✗ There are policy preference to chemical fertilizers, and consumers are friendly to it.
- ✗ The application difficulty is increased:
- ✗ Eco-fertilizer should be buried under surface soil during application, while chemical fertilizer can be easily spreaded on the surface.
- ✗ Eco-fertilizer's price is higher than other traditional fertilizers.

Development prospect of Eco-fertilizer



- **Our country is a agriculture country,the quantity and quality of farm products are very important to the development of national economy.**
- **Eco-fertilizer can not only enhance the total amount of farm products and byproducts,also has strategic significance on pollution reduction,land quality assurance,and implementation of sustainable agricultural production.**
- **Successfully complete combination with the organic food industry,and compensate the high cost of Eco-fertilizer with the high profit of organic food.**
- **Attempt to make stable cooperation with other farms,and establish a broader market.**
- **People's demand for the better life quality is promoted,such as tough requirement of golf turf,cotton and linen products,fruits,and so on.It has an obvious macro economy superiority.**



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Main Laws and Regulations Concerning Fertilizer



- **Notice of the State Council on the Further Reform of Circulation System of Fertilizer [Nov 16th, 1998]**
- **Reply of State Administration for Industry & Commerce on whether Fertilizer belongs to Exclusive Operation Materials [Dec 14th, 2000]**
- **The Contents and Requirements of Marks on Fertilizer [Jan 1st,2000]**
- **Measures of Fertilizer Registration and Management [June 23rd, 2000]**
- **Notice of Customs General Agency on Tax Policies of Imported Fertilizer [Apr 23rd,2002]**

There are mostly regulations on fertilizer. Only a few clauses involve organic fertilizer. There is no particular regulations for eco-fertilizer. Eco-fertilizer is a type of fertilizer. From the regulations on fertilizer, we can have some primitive ideas about legal environment of eco-fertilizer.

Current Preferential Policies for Fertilizer



In view of the state's law, regulation and policies, the state holds supportive attitudes towards fertilizer.

Current preferential policies for fertilizer :

- ✓ Preferential supplies of raw material and energy
- ✓ Preferential transportation
- ✓ Financial support
- ✓ Tax deration
- ✓ Easier registration procedure





- **Registration of Fertilizer**

After field trials by institutes recognized by Ministry of Agriculture,eco-fertilizer should prepare for registration materials according to law. There are procedures for temporary registration and formal registration. Application of prolongation should be filed before the expiration of the registration license.

- **The Pack of Distribution**

The pack of eco-fertilizer should be marked pursuant to the state standard. Trade mark, the name of fertilizer, grade, net weight, the name and address of manufacturer, ingredient, date of manufacture, registration number, license number, etc. should be made clear. There are requirements on contents of the mark as well as on size of font.

Legal Issues Enterprises of Eco-fertilizer should Concern (Con't)



- Trade mark and patent application**

Fertilizer products are not required to have the trade mark registered, but registration of trade mark renders the enterprise better legal protection.

Eco-fertilizer enterprise can apply for patent on its inventions.

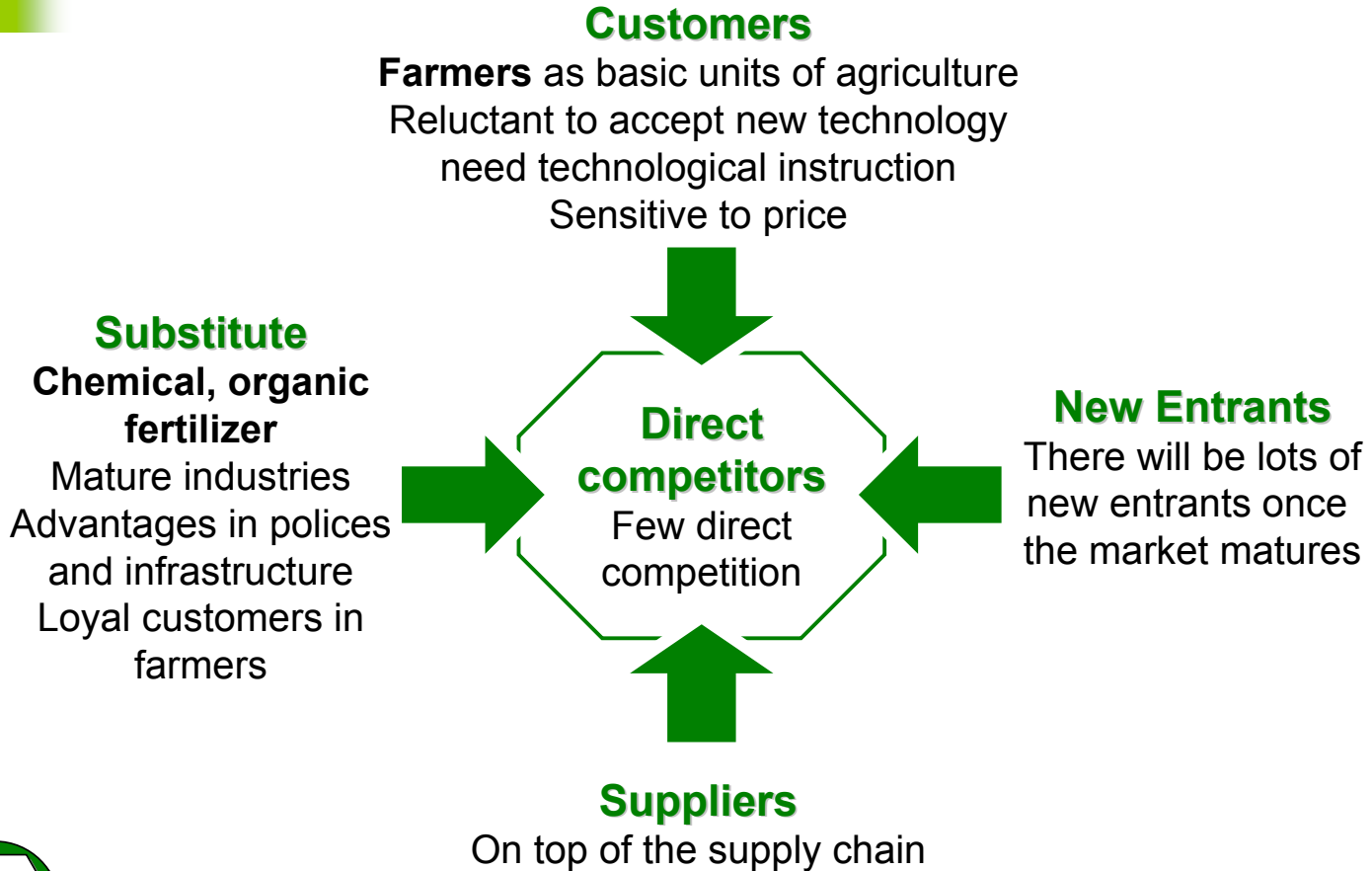
Status	Eco-Agriculture		Bio-remediation	Nutra-ceuticals	Pharma-ceuticals	Derma-tologicals	<u>TOTAL</u>
	Fertilizer	Animal Feed dditives					
Patent Granted	4	-	5	-	-	-	9
Patent Approved	1	-	-	5	-	-	6
Patent Pending	1	14	3	5	20	-	43
Drafting in Progress	4	4	7	-	30	5	50
<u>TOTAL</u>	10	18	15	10	50	5	<u>108</u>

Catalog



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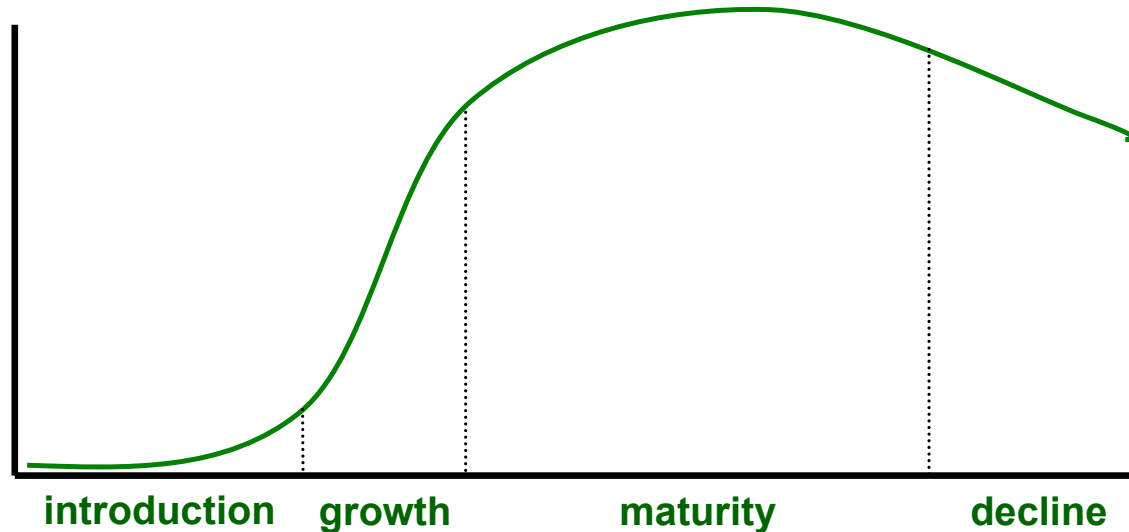
Industrial Environment Analysis for the Prospector



Life Cycle Analysis



Market
capacity



Key for prospectors in introduction period:

- ✓ Intellectual property
- ✓ Be active in establishment of industrial standard
- ✓ Brand and market power





- The analysis of macro-environment and eco-fertilizer industry indicates that there is a lack of regulations on eco-fertilizer, which turns out to be both challenge and opportunity for the enterprise.

Challenge

No laws to abide by, market without criteria, unreliable expectations, risk with long-term decisions



Opportunity

The enterprise can actively influence the external environment, promote the promulgation of laws, regulations and policies favorable to the enterprise





- In China, government is the administrator of enterprises which can restrict and influence the development of certain industries. As for multinational corporations, the communication and harmony with the host country is the primary approach for the smooth operation of the enterprise
- The enterprise should actively communicate with the government. One one hand, it can better know about the policies, laws, regulations and obtain the government's friendly supervision, understanding and support. On the other hand, it can reflect problems to the government and make suggestions so that the government's policies could serve the fundamental interest of the enterprise. This is a win-win game.



Public Relations of Eco-fertilizer Enterprise



- ✧ **To lobby the government and obtain political support.**
- ✧ **To promote the establishment of eco-fertilizer standard, from recommendation standard to industry standard or state standard when possible.**
- ✧ **To cooperate with the government and promote large-scale projects.**
- ✧ **To cooperate with colleges, universities and research institutes; to establish good public image through media by participation in commonweal activities or propaganda on environmental protection.**



Financing Activities



- **Steps:**

Beginning

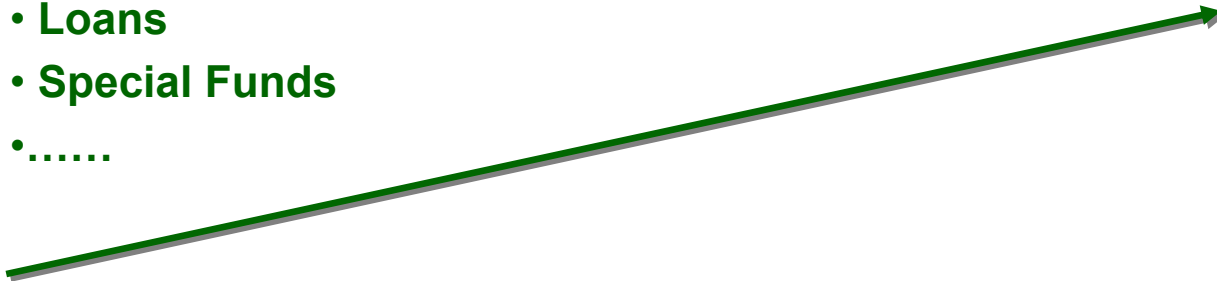
- Personal capital
- Loans
- Special Funds
-

Developing

- VC

Mature

- Stock Markets



Beginning



- Personal capital: base for other capitals
- Home or friends: little amount; influencing Shares
- Banks: guarantee required; new firms difficult
- R&D Partnership: high tech; share ventures & profit
- Private investing: needs improvement in China
- Government grants: from departments, specially for environmental protection industries





Criteria for investing:

- Excellent team: management more important than product
- Competitive advantage: unique advantage in developing markets
- Business chances: potentialities for capital increase
- Industry favoritism: good foreground, temperate compete
- Invest opportunity: growing phase in an industry



Investors Concerning



- **Measuring the value of companies: to decide the amount and proportion of investment**
- **Models for sharing profits: stress short-run or long-run benefit**
- **Quit mechanism: an important factor for investment**



Mature — Issuing stock



- **Advantages:**

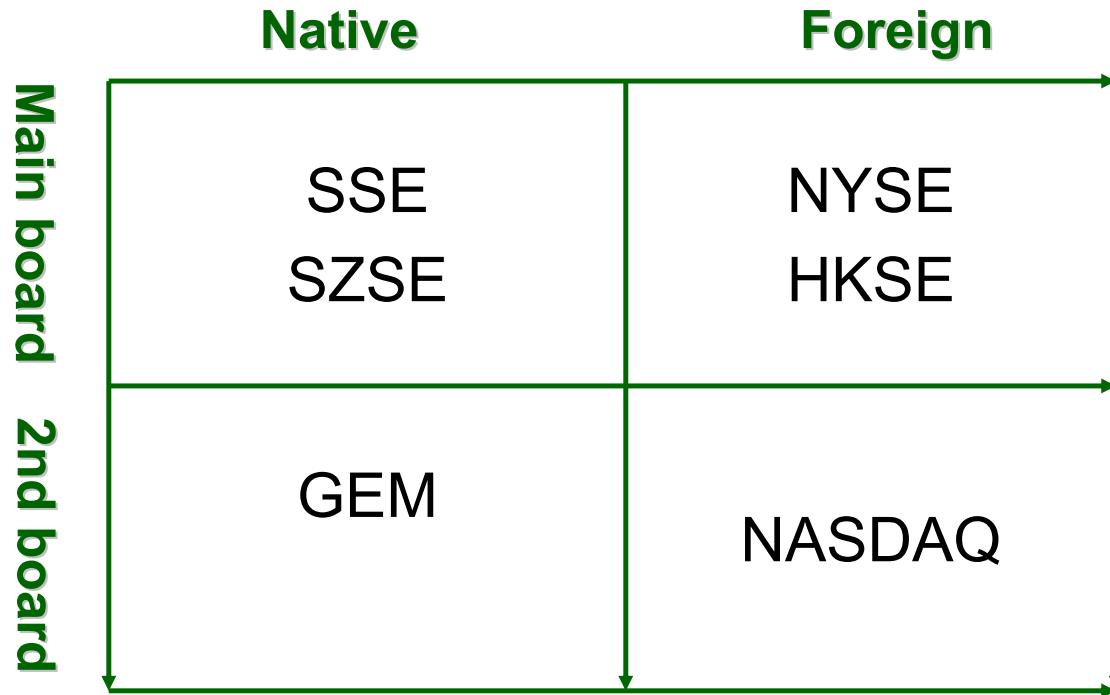
- ✓ acquiring new equity capital
- ✓ The value and negotiability of company capital being admitted
- ✓ Enhancing company's ability of acquiring capital in future

- **Disadvantage:**

- × Public information required
- × Often losing control to operating
- × Losing flexibility, heavier management burden
- × High cost for issuing



Issuing Pattern



Choosing financing channel



- **Accordance:**
 - ✓ Scale of the company
 - ✓ Ownership of the company
 - ✓ Characters of the industry
 - ✓ Successful experiences
- **Key elements for stable capital**
 - ✓ Products with good foreground
 - ✓ Excellent managing team



Catalog



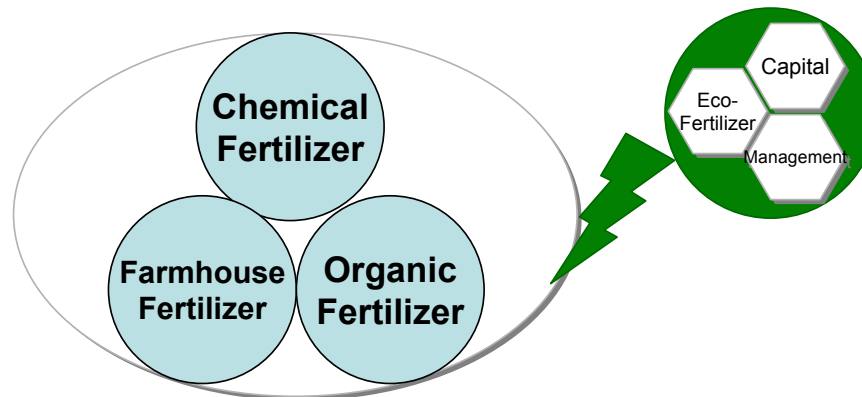
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Positioning



Positioning

As a leader and pioneer in the market, at the time when most of the people still lack the knowledge of eco-fertilizer, we have to contend for the initiative, concentrating our attention on two major markets, i.e. government purchase and large-scale fields for agricultural and commercial use. Meanwhile, we should synchronize the dissemination of the environmentalism with the process of selling.



Market Segmentation I



Government Purchase

Features

Large scale, high potential profit, closely associated with environment protection, and easily influenced by policy and relation factors.

Main application

Since it is conducive to the improvement of the soil and general environment conditions, it can be applied to some projects concerning soil improvement and wet land restoration, launched by the government.

Strategy

- ✓ Seek for the related demand based on a well-functioning marketing information system.
- ✓ Dependent on its own strengths and advantages, exercise needed effort on the marketing activities.
- ✓ In virtue of its predominance, help with the raising funds.

Market Segmentation II



Features

Widely dispersed and diversified in terms of the applications, quite complex specific conditions, greatly affected by the local organizations.

Strategy

Cooperate with a nation-wide authoritative research institution, conduct experiments in the relative aspects.

Then search for the potential consumers and convince them by the persuasive results achieved through the experiences locally generated.





The traditional ways of retailing will never work here.

- **From the perspective of the eco-fertilizer itself:**

- ✦ It has certain active components so that different effects can be realized in different circumstances.
- ✦ The eco-fertilizer imposes a strict requirement on the transportation, and preservation.
- ✦ Too many stratum of distribution will cause the illegal use of the patent rights, giving rise to the devastating impact on the producer.



From the perspective of the retailing



It will prohibit the producer from keeping in touch with the consumers. Therefore, it is impossible for the producer to predict the trends of the market, namely, what kind of eco-fertilizers to satisfy the new plants the farmers are considering to grow.

It will surely raise the price!

It will deprive the initiative of the producer and transfer it to the retailers.

Maybe devastating on the whole eco-fertilizer industry.

Direct Selling



- We insist that direct selling; the way that the producer directly sell to the customer, is the only feasible one.

Direct Selling

Send the products or service directly to where they are needed.

Explain and demonstrate the effect and characteristics of the products if necessary.

Make the consumers content by the service specially offered to them.

Set Up the Marketing Information System



Marketing Information System

Always be conscious enough the market trends and the strategic tactics on the competitors' side, so as to explore the potential demand and adapt the composition of the product line in time, which will together give birth to a flexible and adjustable marketing strategy.

Consumer Database

Follow up the scent of the consumers and feed back the corresponding records to facilitate the after service. Meantime, relying on the research on a broad range of information, be fully prepared to the development of the new products and the constant upgrading of the whole product line.

Integration Marketing Theory



- As a leader in a budding market, the prior input will be significant. Therefore, we should always be armed with the integrated marketing theory ,in the design of the products, in the promotion of selling, in the process of price, in the process of organizational activities, in the establishment of the staff rules, according to the overall positioning, exemplify the coherent image of the company and constitute prestige of the brand. Only in such a way, can we impede the underlying competitor and steadily enlarge the market share.

Conclusion



- **Eco-fertilizer is a brand new kind of ecology friendly and crop friendly fertilizer.**
- **In the marketing process of eco-fertilizer, we should continuously pursue innovation and quality, which will not only profit the eco-fertilizer sector, but also improve the social welfare.**



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Thank you!



Especially thanks to our adviser:

Plato K T Yip, CK Life Sciences Int'l, Inc

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