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Impact of Marketing Communication Strategies on Consumers' Acceptance and Brand Equity in Malaysian Fertilizer Industry

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ABSTRACT

The agriculture sector has a profound effect on Malaysian people, economy and environment. Studies show that communication plays an important role in agricultural industry, helping agriculture businesses such as fertilizer manufacturers/suppliers to grow and prosper, builds relationships, strengthens the effectiveness of organization and allows farmers to learn about one another. Knowledge on agronomic factors is also one of the important factors for the farmers in increasing productivity. Farmers can be educated and valuable information can easily be transferred through accurate communication channels and it is important to educate farmers with up-to-date and relevant information. The fertilizer industry, on the other hand, is faced with numerous challenges with regard to communication. This conceptual paper is intended to look into the marketing communication strategies employed by the fertilizer industry in Malaysia in order to communicate with the farmers. This study also enhances the understanding on the relationship of marketing communication strategies on consumers' acceptance and brand equity. Several hypotheses are developed and recommendations for future studies are proposed.

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INTRODUCTION

Agricultural sector is becoming knowledge intensive (Babu, Glendenning, & Asenso-okyere, 2011). Up to date knowledge helps farmers to be efficient and effective in managing farms and facilitate the adoption of latest technology in order to increase yields and improve farmers' livelihood. Such knowledge is typically communicated through extension services that help rural people to gain new knowledge, learn new skills, and adopt new attitudes. Good communication is the essence of good extension services (Leagan, 1963). However, the information such as new modern agronomic techniques to increase yields often fails to reach small scale farmers. This suggests that some information has not been communicated effectively through the extension services.

Recent developments in agriculture have expanded the role of extension services to include agro dealers, input suppliers and produce buyers as agents. This inclusion represents the growing importance of agricultural value chains (Syngenta Foundation, 2010). Freeman and Kaguongo (2003) as cited in Krausova and Banul (2010) there is an emerging need for the private sector-led development of agricultural input market. However these agents from different organizations often work in parallel in a particular area, without coordinating their efforts (Zhou, 2010). Thus, the private-led development in input market is needed in ensuring that knowledge and information are communicated to the farmers. This study will investigate how input suppliers (the fertilizer industry) communicate to the farmers.

In the case of fertilizer industry, communication is essential to the organizations in distribution network, building the rapport with consumers and to ensure sustainability of the organizations themselves. Communication by the fertilizer industry is important to create awareness of the role of fertilizers in food production. Moreover, effective communication skills are important in generating consumers' confidence.

Moorman *et al.* (1994) highlights that timely communication boosts trust by helping to resolve disputes and reconcile expectations and perceptions. Effective communication requires effective strategy - a coherent plan of action. These communication activities are important for proper functioning of the organization. By

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communicating, organizations build market-based assets such as consumer satisfaction, brand value and reputation of the company and thus, strengthening their position in the competitive environment (e.g., Choi and Wang, 2009; Forman and Argenti, 2005; Hooley *et al.*, 2005).

Literature Review:

The role of information in agricultural industry is undeniable. In order to reach farmers effectively, there is a need to deploy the information through relevant and suitable channel to the farmers and the input and output marketer. It is important on the basis that independent smallholders are rural based and with limited literacy skills. Therefore, the medium of communication must be compatible to them. Knowledge on agronomic factors is important to the farmers in increasing productivity and to sustain the environment. And small-scale farmers often lack specialized technical knowledge to increase their crop productivity. In the study, the researchers looked in the view of input supplier of fertilizer in spreading knowledge and information to the small holder farmers through the marketing communication strategy.

Marketing Communication:

Communication assists businesses to develop and prosper, initiates relationships and enhances the effectiveness of organizations and permits people to understand one another. Communication allows knowledge and information to be disseminated to consumers. With the right communication channel, consumers can be educated and valuable information is easily transferred. For information to be useful, the information must be communicated in an effective and understandable way to the intended beneficiaries. (FOA, 2003). However, in numerous farming populations, information is unavailable due to the communication channel that is beyond reach by the farmers (Escalada and Heong, 2004).

Communication has become the ultimate element in marketing strategy. With the present market challenge, more effective and faster communication is essential (Gonzales *et al.*, 2004). The era of information has been the contributor to the major changes in the value of communication in all types of organizations. In the past decade, the marketing communication concept has turned into the maxim for the corporate communication and marketing communication strategies for many companies (Kitchen, 2003; Holm, 2006).

With good marketing communication, the fertilizer suppliers will enhance their competitiveness and this will attain long-lasting rapport with consumers and satisfied consumers tend to return for the same products or services and it is important for the organizations' performance in the long run which will lead to the success of the organizations. These consumers will not only continue repurchasing but will also promote the company to potential consumers. Research has shown that consumer orientation positively influence organizations performance (Deshpande *et al.*, 1993).

Marketing communication strategy is about finding the needs of the market, where the organizations operate in the effort to meet these needs (Kotler, 2005). It is important in building consumers' acceptance on a particular product. Marketing action also has the potential to affect brand equity because it represents the effect of accumulated marketing investments into the brand (Yoo *et al.*, 2000). Organizations strive to enhance their competitiveness and this will be attained by long-lasting rapport with consumers and a good communication. Satisfied consumers tend to return for the same products or services and it is important for the organizations' performance in the long run which will lead to the success of the organizations. Thus, engaging in marketing communication is essential in order to retain the satisfied consumers.

Advertising, direct selling, personal selling, sales promotion and marketing public relation are the marketing mix that are highlighted in the study. Baker (1994) states advertising are a kind of promotion where they are to reach the target audience of prior to their advertising medium. Advertising enable repeated marketing campaign to increase the awareness to new consumers and for the aware consumers to remember and learn more about the brand. Advertising builds the brand image and capable to stimulate short-term sales (Kotler, 1991).

According to Foster (1998), personal selling could include communication tools like face-to-face sales meeting, telephone sales, video conferencing, trade fairs, exhibitions and conferences. It provides personal communication which allows for feedback and adjustment (Kotler, 1991) and it offers the chances to close sale.

Direct marketing on the other hand, can be defined as an interactive system of personal and intermediary-free dialogue which uses one or more communication media to affect a measurable behavioral response at any location, forming a basis for creating and further developing an ongoing direct relationship between an organization and each of its consumers individually (Kitchen & Pelsmacker, 2004 p.64-65). The objective of direct marketing is to create personal and persuasive communication with prospective consumer.

Sales promotion is a tool to persuade potential consumers to buy now rather than later. It is aim to boost sales in short run. Method of sales promotion are coupons, voucher, free gifts, competition where buying a product entitled consumers to take part in the competition and loyalty card where the consumers get points which can later swap for goods or money. Sales promotion offers consumers incentive for buying a product (Kotler, 2004).

Marketing public relations (MPR) is the practice of organizing the information flow between an organization or an individual and the public. Public relations involve a variety of programs designed to promote or protect a company's image or its individual products (Kotler, 2000, p.605). The main objectives of MPR are to gain awareness, to promote sales, and to form communication between consumers and product/brand (Karadeniz & Cdr, 2009). Awareness of a product leads to the acceptance of the product.

Consumers' Acceptance:

Consumers are the lifeblood of any organization. Without consumers, a firm has no revenue, no profits and therefore no market value. In this study, it will look into the influence of marketing communication strategies to consumer metrics and their impacts on the brand equity of firms. As marketing strives for greater accountability, it is critical to understand how customer metrics link to profitability and firm's value. **Customer metrics** include a variety of constructs and this study will focus on the metric which are consumers' satisfaction, consumers' loyalty and intention to purchase because of their prevalence in use and maturity in measurement (Gupta and Zeithmal, 2006). Satisfaction was viewed as an immediate post purchase evaluation or emotional reaction (Oliver, 1993).

Consumer loyalty is the intentions to perform a series of behaviors that indicate the motivation to maintain a relationship with the company as well as the allocation of a greater proportion of amount spend to the company, participate in positive word of mouth and repeat purchase (Zeithaml *et al.* 1996). Loyalty has been measured behaviorally as repeat purchase frequency or relative volume of purchasing (Tellis 1988); and attitudinally as repurchase intentions (e.g., Reynolds and Arnold 2000), intention to recommend to others (e.g., Mattila 2001). Consumer satisfaction is the result of continuing brand loyalty which has been known to improve financial performance of the companies (Torres-Moraga *et al.*, 2008).

Brand Equity:

Aaker (1991) defines brand equity as "a set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or that firm's customers" (p.15). Christodoulides and de Chernatony (2010, p.48) recently defined brand equity as "a set of perceptions, attitudes, knowledge, and behaviors on the part of consumers that results in increased utility and allows a brand to earn greater volume or greater margins than it could without the brand name" after looking at brand equity through information economics and psycho-cognitive perspective. In marketing literature (Keller, 2003; Rust *et al.*, 2004; Frank & Pieter, 2010), brand equity is a multidimensional concept that evaluates customer mindset measures including awareness and attitudes. Aaker (1991) in his model used brand awareness, brand associations, perceived quality and brand loyalty as indicators of customer-based brand equity. In marketing communication these indicators are the significant components of branding strategy (Munoz and Kumar, 2004; Celi and Eagle, 2008) and important parts that impact brand equity.

The Relationship Between Marketing Communication and Consumers' Acceptance:

The relationship between marketing communication strategy and consumers acceptance can be rectified by Mason and Leek (2012) found that the use of appropriate communication method in performing tasks leads to high level of satisfaction to the consumers which directed to the consumers' acceptance. Previous studies also show that loyalty is positively influenced by customer satisfaction (Anderson & Sullivan, 1993; Bloemer & Ruyter, 1998; Da Silva & Syed Alwi, 2006; Yang & Peterson, 2004). Cestone (2004) stress that if an organization decided in improving its brand equity, marketing communication strategies should focus on satisfying the consumers.

The Relationship Between Marketing Communication and Brand Equity:

There is ample evidence in literature that suggests the relationship between marketing communication and brand equity. Previous studies have reported that advertising spending promotes the creation of successful brand equity (Maxwell, 1989; Boulding *et al.* 1994). Keller (2001) emphasizes on the importance of marketing communication in creating brand equity. Brand awareness can be generated through effective marketing communication (Madhavaram *et al.* 2005). Effective communication is crucial in the creation of brand equity measures such as brand awareness and brand loyalty (Brunello, 2013).

Conceptual Framework:

Based on literature review the researchers develop a conceptual framework for the study. In the framework, marketing communication strategies as the independent variable is hypothesized to have significant influence on consumers' acceptance the dependent variable. It is also hypothesized that the brand equity has a mediating effects on marketing communication strategies and consumers' acceptance.

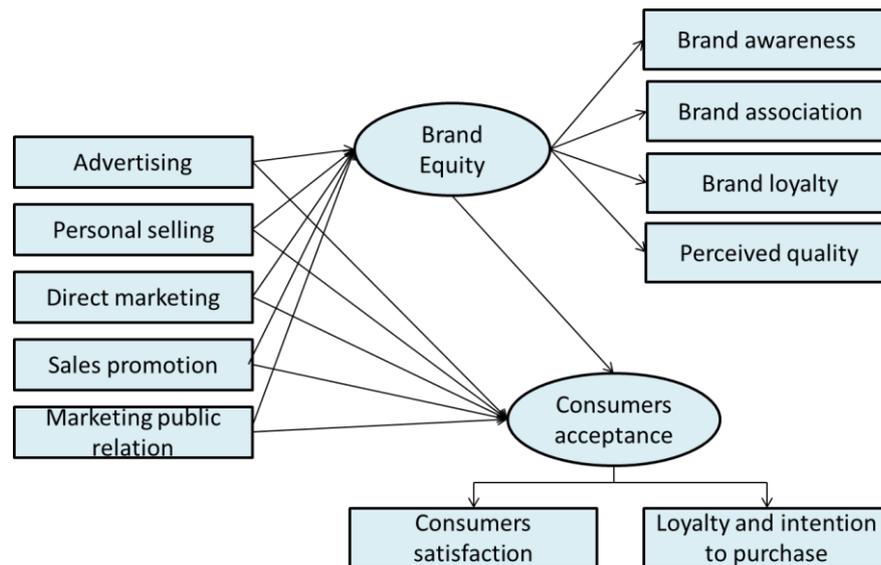


Fig. 1: Conceptual Framework.

The hypotheses can be tested by employing structural equation modeling analyses. Structural equation modeling will enable the validation of causal relationship among all the endogenous and exogenous variables in the framework.

Conclusion:

This paper presents a conceptual framework linking marketing communication strategies to consumers' acceptance and brand equity for fertilizer industry in Malaysia. We believe that with appropriate quantification and measurement of the exogenous factors in the framework, it will become a robust model for empirical testing. The testing and analytic model can be established by employing structural equation modeling for causal analysis. Findings from such robust modeling mentioned above shall contribute well for insights into developing and implementing effective marketing communication strategies in the Malaysian fertilizer industry.

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