

# Does Direct Seed Marketing Matter? Exploration of Attitudinal Change of Partners in the Southern Region of Ethiopia

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**Abstract** – This study explores and compares the performance of alternative formal seed distribution and marketing mechanisms from the perspective of customers and stakeholders. The present paper specifically aims to explore the attitudinal change of partners in the innovation of Direct Seed Marketing (DSM) between Suppliers and Farmers in the seed industry of South region of Ethiopia. In doing so, it investigates the Direct Seed Marketing, and Conventional Public Seed Distribution And Marketing Models from the perspective of partners, identify key drivers of and barriers for the effectiveness of both seed distribution and marketing models, and suggest how the stakeholders, policy makers, and development partners can improve and sustain the best mechanism of serving end customers demand for quality seed supply.

**Keywords** – Direct Seed Marketing, Integrated Seed Sector Development, Public Seed Distribution and Marketing, Seed Stakeholders.

## I. INTRODUCTION

Supplying high quality seed of improved crop varieties, preferred by farmers, in sufficient quantities, in a timely manner, to accessible locations, and at affordable prices is a national development objective pursued by the Ethiopian government to secure food supply for the nation. However, there is a substantial gap between the production of seeds and farmers' demand for, knowledge of, access to, and usage of seeds [1]. The important reasons include a lack of integrated focus between different components of the seed systems, between the different levels, between these seed systems, coupled with the lack of clear roles and responsibilities between different stakeholders of these seed systems [1]-[2]-[4]-[8]. Because of which a well functional seed system has become a concern among policy makers, researchers, seed companies, universities, development workers, partners, NGOs, and farmers. Cognizant of this fact, the Netherlands government together with Ethiopia partners introduced a Local Seed Business (LSBs) and Integrated Seed Sector Development (ISSD) program in the Ethiopian seed system with the aim to strengthen the development of a vibrant, marketoriented and pluralistic seed sector in Ethiopia [5]-[7]-[10]. ISSD program tries to address the relationship between formal and informal seed systems, and develop seed policies for guiding the simultaneous development of both seed systems. Thus providing for the diversity of demand related to different crops, farming systems, and farmers [7]-[8].

Since 2009, numerous consultations were organized at national, regional and local levels, with key seed sector partners, in the development of a pluralistic and

marketoriented seed sector that satisfies farmers' demand for quality seed supply. The centralized public seed distribution and marketing model has long been dominant in the supply of seed for end customer/farmers in Ethiopia. However, the model has been found to be less effective in supplying high quality seed of improved crop varieties, preferred by farmers, in sufficient quantities, in a timely manner, and to accessible locations [1]-[3]. Cognizant of this fact, ISSD together with its partners openly recognized this challenge and responded via partnership projects, by facilitating innovation and learning in the seed sector actors. As a result, different seed companies now participate in Direct Seed Marketing between Suppliers and Farmers.

Using a combination of individual interviews and follow-up group discussions at local and regional level, with key partners (seed companies; farmers; regional, zonal, and local level agriculture, and marketing and cooperative offices), the paper seeks to answer two basic research questions: (1) How do stakeholders or partners evaluate performance of the alternative formal seed distribution and marketing models? (2) How do different evaluations related to the attitudinal change of partners in alternative seed distribution and marketing models?

The remainder of this paper is organized as follows: the next section presents the study's methodology, followed by an overview of the alternative formal seed distribution and marketing models, an investigation into how the conceptualization of DSM has evolved, and the identification of the value outcomes of DSM as discussed in various regular ISSD program multi stakeholder seed platform and core group. The paper then presents main results of the study by investigating into how the performance of alternative seed distribution and marketing models were evaluated, and the exploration of attitudinal change of partners on DSM as identified in this qualitative study. The paper then concludes the main results, contributions, and lessons of this study, followed by a highlight of the important avenues for future research and limitations of the study.

## II. METHODOLOGY

This study adopts a qualitative approach to explore the performance of alternative seed distribution and marketing models in the Southern region of Ethiopia. Seed system performance measures, occur in a wide variety, but the study specifically focus on seed distribution and marketing function. Specifically, it explores the attitudinal change of partners in the innovation of direct (vis-a-vis conventional public) seed distribution and marketing models, as a basis

for improvements in the effectiveness and efficiency of both formal seed distribution and marketing mechanisms in Ethiopia. The study employs a combination of qualitative research techniques using semi-structured questionnaires in the form of key informant interviews and group discussions, with key seed sector stakeholders, in the period between Sep.2010 and Sep.2012, at the local and regional levels. Publications, minutes, official reports, and journals constitute secondary data sources.

### **III. DIRECT SEED MARKETING: CONCEPTS AND EVOLUTION IN THE SEED INDUSTRY OF ETHIOPIA**

In Ethiopia, the formal seed distribution and marketing mechanism has long been dominated by public/state control. Specifically it has been centralized and dominated by public agricultural extension organizations. These organizations perform seed demand planning and forecast from information obtained via the local level agricultural offices, and further aggregate them to determine the quantities of seeds to be multiplied by different seed producing organizations. The produced seeds further undergo a number of steps and channels before reach to the final customers/farmers. Distribution of seed, thus, is centrally organized by government, and being distributed to farmers through local level agricultural offices, farmers' cooperatives, and unions. In this system, there was limited direct contact between seed companies and farmers, due to the intermediary role of multiple public actors and channels, which perform distribution of those seeds produced by these companies. Despite its own strengths, the performance of centralized public seed distribution and marketing model is, however, below its potential. One important reason is the lack of making available to local farmers quality seed of improved crop varieties at the right time, at the right place, and at the right quantity. In addition, a lack of improved seed marketing services before, during and after sales has been identified as a key failure factor accounting for the low performance of public seed distribution and marketing model [1]-[3]-[10]. Cognizant of this fact, ISSD together with its partners openly recognized this challenge and responded via partnership projects, by facilitating innovation and learning in the seed sector actors. As a result, different seed companies now participate in Direct Seed Marketing.

DSM is an alternative marketing mechanism whereby seed companies distribute and market their products and services directly to the end users via their own means [9, p.13]. DSM facilitates the exchange of seeds with farmers in terms of availability and accessibility supported by product information (e.g., varieties, quality, and price) and services (e.g., assurance, reliability, and customer relationship management). Thus, DSM enhances improved seed marketing services, before, during, and after sales by seed companies. DSM works especially for those crops (e.g., hybrid maize) that have higher commercial interest for private sector parties. The public seed distribution and marketing model is expected to fill the gap for those crops that have been left orphaned, those for food security and

some important crops (e.g., self-pollinated crops such as wheat, barley and teff) which have limited commercial interest for the private sector. The Ethiopian seed sector stakeholders, including policy makers, have agreed and became very optimistic to upscale and sustain the DSM approach. They went as far as describing that the DSM approach should involve diversified channels and crops to enhance farmer customers satisfaction, agricultural productivity, as well as for a competitive and more market oriented seed sector development [3]-[6].

### **IV. RESULTS**

#### *A. Stakeholders' Reactions before Implementation of DSM*

Although, most partners (such as the public Ethiopia Seed Enterprise-ESE) were supporting the DSM approach in 2011, the regional public South Seed Enterprise (SSE) general manager and the deputy head of the regional Bureau of Agriculture and Rural Development (BoARD) became reluctant. This mainly originated from the perceived role of private individuals and dealers' involvement, thus the risk of inequalities in seed distribution in one hand, and fear of the unknown or the lack of entrepreneurial spirit in the seed sector in the other hand. Equally important, the SSE has continued to defend its organizational interests (i.e., social responsibility and equitable distribution of seeds to a wide variety of customer segments), and tries to maximize its potential gains by employing the old centralized public seed distribution and marketing model, which often reflects no accountability for its end results. Thus, the SSE manager negatively affected the momentum towards the piloting of DSM approach in 2011, although he had initially agreed to implement the proposed DSM project by using the existing farmers' cooperatives as seed dealers or own agents. SSE general manager stated for example:

*"DSM could not work in the context of Ethiopia where there are no trusted private sector individuals and agro dealers who perform and sell seed in an ethic way to farmers. Their only goal is to maximize profit at the expense of our poor farmers by selling seed mixed with other species and grains, treated with the wrong chemical dose and color, and often by presenting it with a fake package. We do not support DSM now and in the near future because the existing public seed distribution mechanism is the best way to serve our farmers and meet our social responsibility and equitable distribution of seeds at a fair price. We have enough experiences on how illegal traders and private individuals adulterate and sell wrong seed at a higher price. We do not trust them. Therefore, I do not want to experiment DSM rather it is better to strengthen the SSE capacities at all levels. Let us work and implement first the quality assurance and early generation seed supply projects."*

The reaction from the regional deputy of BoARD while rejecting the DSM approach in 2011 after a series of consultations and most the partners agreeing to it:

*"Under the current situation making the seed sector more liberal or letting it outside the control of the*

government is not a best development objective, as well as for our intended goals of transforming Ethiopian agriculture, and improving production and productivity of farmers. We do not trust private individuals or input dealerships, as they do not serve our farmers honestly and ethically. Hence, it is better if we get the lessons from the ongoing DSM in Amhara region before embarking in our region. If we get across promising results that really serve farmers and seed companies, we opt to experiment DSM in the 2012 year.”

#### B. A Change of Opinion after Implementation of DSM

After the rejection of the DSM in 2011, various consultations, platforms, core groups, experience exchange tours, for key seed sector stakeholders of the region were organized. Finally, DSM started in 2012 following the experiences and achievements in Amhara region, and from the exposure visit of model African countries seed sector (e.g., Zambia, Kenya). DSM is piloted in one *Woreda* in the region (*Woreda* refers to the smallest unit of local government in Ethiopia). Two public seed enterprises [SSE and ESE] tested the DSM mainly for hybrid maize seed varieties. Since then, DSM is up scaled and being implemented in more than 20 *woredas* of the region, as well as in more than 100 *woredas* of Ethiopia [as per 2014-2015 cropping season]. Both public and private seed companies, using own dealers, now participate in DSM and are offering seeds of cash and other important crops, although not for all crops to the same extent. Thus, the ongoing ISSD program multi-stakeholder platforms, and partnership processes reflect a substantial change of perspective or attitudes in all seed stakeholders including policy makers as reflected in the following quote of the SSE manager [see Figure 1]:

*“I am very much satisfied by the scenario of DSM to the extent that it is a best mechanism to serve our farmers by making available seeds at the right time, amount, quality, and to the most accessible places with clear responsibility and assurance for all the products [seeds] and services rendered. Really, I was the one who was pessimist about DSM in the previous years. Now, I am the one who advocates for DSM. With this momentum, we really contribute for the production and productivity of farmers, as well as for economic growth of the nation.”*

The regional deputy BoARD [see Figure 1] has also a same feeling with SSE manager by adding the DSM mechanism as the one, which contribute to improved seed marketing services, before, during, and after sales:

*“We are very satisfied by the DSM approach, it helped us a lot to focus on our core business unlike past years. The DSM is not only satisfying farmers demand for quality seed but also helps for the development of a competitive seed sector with multiple channels and input dealerships. By joining our hands, we should sustain and upscale DSM in many *Woredas* of our region. To this end, we should also focus on other important crops often self-pollinated ones such as wheat and teff than focusing only on the high value crop [hybrid maize]. Moreover, the different seed companies should also strengthen themselves to actively participate in the DSM. They should start thinking and cultivating their own dealers for the subsequent years.”*



Fig.1. Deputy of BoARD (left), and SSE general manager (right)

The head of Bona Zuria Woreda Office of Agriculture (WoA), who hosted the piloting of DSM in 2012, also reflected on the DSM mechanism in a promising way. He generalized that he had never seen or experienced in his entire professional experience such supply of high quality seed of superior varieties (i.e., BH-660 and BH-540 hybrid maize), preferred by farmers, in sufficient quantities, in a timely manner, to accessible locations, at affordable prices, supported by varietal information and full time seed marketing services before, during, and after sales. The head [see Figure 2] also acknowledged how the DSM bears assurance and responsibility as compared to the conventional public seed distribution mechanism.

*“In the previous years, there was no responsible body which takes the risk that the offered poor quality seed posed to farmers because of poor physical qualities, germination problem and the resulting crop failure. It was common to hear farmers’ complaint on the physical qualities of the seed during buying, such as of perceived mixture, undersized and non-fresh seeds. However, they were forced to buy as seed was sold to farmers as per the quota [initial government demand planning at local level] requested and brought for supply from the allocated seed enterprises by the WoA. Farmers were also making complaint on germination problem in the field largely due to poor quality of the seed offered, that resulted in crop failure. Similarly, they made complaint for the loss of production potential or decline of the produce. Despite these, the voice of the farmers was not heard and responded in an integrative offering across the various actors, such as via insurance or clear risk sharing arrangement mechanism. Hence, there was no insurance or responsible body, except reporting the problem to the concerned regional BoARD and seed companies by the WoA. However, via DSM both seed enterprises [SSE and ESE] have provided a guarantee to compensate any risk posed to farmers because of their seeds offered. Hence, unlike past years, which farmers develop distrust on the roles of our extension staffs and office of agriculture, now the DSM increased their trust and good relationship. Moreover, almost all of our local farmers are willing to adopt and buy higher amount of improved seed because of the warranty guaranteed by the seed companies. This enables to boost both agricultural productivity and food security of the farmers.”*



Fig.2. Head of Bona Zuria WoA

The end users of seed were also satisfied by the DSM approach. As one farmer [see Figure 3] reported:

*“I have never seen such supply of high quality seed at the right time and most accessible place in my 30 years of farming experience. Previously we did not know both seed enterprises [ESE and SSE]. We were simply saying seeds produced for supply by ESE and SSE. But now, farmers have personally know the sales agents of both seed enterprises as they started to sale their seeds directly to our localities via their own storage [distribution center]. The sales agents also provide information about the varieties, agro ecology, productivity, etc. I am too much satisfied because I can easily buy seed of my preferred variety either from SSE or ESE at any convenient time of a day as they sale seed in all hours of the day.”*



Fig.3. Farmer of Bona Zuria Woreda

## V. CONCLUSION

This study qualitatively explored the performance of alternative formal seed distribution and marketing mechanisms from the perspectives of both customers and stakeholders. The results of this study indicate that DSM is more successful in identifying and satisfying customers' needs more effectively and efficiently than the conventional public seed distribution and marketing model. This is reflected by the diverse views of partners in their level of satisfaction, with DSM in terms of making available to local farmers quality seed of improved crop varieties, preferred by farmers, in sufficient quantities, in a timely manner, to accessible locations, at affordable prices, supported by improved seed marketing services before, during, and after sales. The finding of this study suggests that improving the performance of alternative seed distribution and marketing mechanisms on the key variables identified by this study can indeed contribute to customer satisfaction, agricultural productivity and superior performance for firms. Thus providing for the

diversity of demand related to different crops, farming systems, and farmers.

## VI. LESSONS LEARNED

To fully appreciate the progress made by the LSB project (2009-2011) and the ISSD program (2012-2015) of the Netherlands, one has to recall the situation of linkage among the regional seed value chain actors prior to the start of the cooperation. Thus, the development of partnership and organization of regular discussion forums, platform, and core groups derived towards an integrated effort, with a common understanding and vision for a pluralistic and market oriented seed sector development, through facilitating innovation and learning in the seed sector actors.

This study observed that innovation systems are more complex at the regional level than at local. Often the very nature of the seed distribution and marketing problem is perceived differently by different stakeholders both in terms of personal attitudes and of the speed of institutional change. However, via time the ongoing partnership processes reflect a substantial change of perspective among seed stakeholders. The DSM mechanism has long been regarded as being unaffordable with in a development context or even as being determinant to economic development. Now, many seed sector actors of the region and in Ethiopiaas a whole consider DSM as an important instrument for improved seed marketing services and reduction of poverty. DSM paves the way for new ways of thinking, innovations and institutionalization in the seed sector. Notably, regular multistakeholder discussion forums, and joint planning and action were the key ingredients contributing to innovations in the seed sector, particularly for seed stakeholders shared roles and responsibilities. This indeed could enhance the development of a pluralistic and marketoriented seed system that matches seed security for food security and agricultural growth of the nation.

Complex problems in the real world are rarely solved by a simple technological “fix,” or by the efforts of one discipline or institution alone. Partnerships and joint vision of stakeholders therefore need to include the disciplines necessary to analyze the situation, and the institutions with the power to change it for further up scaling of DSM and its activities. It highlights the integration of different disciplinary perspectives and analysis/action at different organizational levels. Such integration commonly involves using systems concepts to explore interrelationships between different components of the seed systems, between the different levels, between these systems and their changing environments (as influenced by policy and markets).

Learning about such a system can only take place in a real world environment. Even a DSM cannot replicate the complexities encountered or offer opportunities for improving market orientation of seed systems/companies. Therefore, learning about DSM is best organized around a shared “challenge” or agreed “entry point”, which serves as a “platform” where stakeholders can come together

based on mutual trust and clearly defined institutional roles and commitments towards replication of DSM development. This means locating learning within ongoing DSM scenarios– with all their organizational and operational constraints.

### LIMITATION AND FUTURE RESEARCH DIRECTIONS

The present study has examined the performance of alternative seed distribution and marketing and the customer satisfaction and stakeholder's attitude using a qualitative approach in a longitudinal study design. Each of the performance measures investigated in this study could be dynamic in nature, and the finding would not be representative and generalizable to the whole population. This could be a potential limitation, thus future studies investigating the performance of alternative seed distribution and marketing models using a large sample of respondents, crops and farming systems in a quantitative research approach set an important avenue. Moreover, the impact of alternative channels both at the farm household level and the business performance of firms also warrant attention.

### ACKNOWLEDGMENT

Shimelis Altaye Bogale is a Private Seed Sector Support Innovator in the ISSD Ethiopia Program, Southern Nations, Nationalities, and People's Regional State, Hawassa University, Hawassa, Ethiopia. The author is indebted to the anonymous IJAIR reviewers for their insightful and constructive comments for the previous draft of this article. The author is grateful to the special issue editor for his helpful hand along the way. The effort of Dr. Hussein Mohammed, Demeke Samaro, Edeo Mude, Mohammed Hassena, Marja Thijssen, and Walter de Boef in the introduction of DSM to the Southern regional seed industry is gratefully acknowledged. The author wishes to thank the regional seed sector partners and respondents for their valuable input and support. The author remains extending his appreciation to regional Bureau of Agriculture and Rural Development (BoARD), South Seed Enterprise (SSE), Ethiopia Seed Enterprise (ESE), and Bona Zuria Woreda Office of Agriculture (WoA) for their active involvement in DSM innovation. Special thanks go to those respondents, which their views and attitudes expressed in this paper, during the period between September 2010 and September 2012; Ato Debebe Gashawbeza, Deputy of regional BoARD; Dr. W/Michael Alberto, SSE general manager; Ato Ababayehu Lalima, head of Bona Zuria WoA; and Ato Melese Zemariam, farmer of Bona Zuria Woreda.

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Shimelis Altaye Bogale is an author, researcher and innovator. He has a BSc degree in Agricultural Extension from Haramaya University (July 2004), and M.A. in Regional and Local Development Studies from Addis Ababa University (July 2010), Ethiopia. Starting from October 2012, he is in line with the pursuit of doing Marketing study at a PhD doctoral level in Wageningen University, Marketing and Consumer Behavior Group, the Netherlands. S. A. Bogale main interest areas of research include agriculture and seed systems, research and development, marketing and market orientation. His previous publications include: 'Linking Seed Producer Cooperatives with Seed Value Chain Actors: Implications for Enhancing the Autonomy and Entrepreneurship of Seed Producer Cooperatives in Southern Region of Ethiopia,' published in the *International Journal of Cooperative Studies* (2013); 'Analysis of research-extension-farmer linkage in finger millet technology development and delivery in Mecha District of Amhara Region, Ethiopia,' published in the *Journal of Agricultural Economics and Development* (2012); and a book titled 'Enhancing Research-Extension-Farmers Linkage in Ethiopia (2011): Success Factors for Collective Innovation,' published in the *VDM Verlag Dr. Muller* GmbH & Co. KG. He published proceedings on the areas of potato, finger millet, and teff varieties development and adoption in Ethiopia (2005-2010). Above all, he has achieved a breakthrough by introducing the Direct Seed

Marketing (DSM) innovation model in the Southern regional seed industry of Ethiopia. He went all the ups and downs from the inception to the first implementation of DSM in the region, in the period between 2010 and 2012. Now, history does dearly regard him as a pioneer of DSM in the South region along with his colleagues and regional seed partners. For that matter, he is water in the desert for the poor local farmers having an insatiable appetite for quality seed supply and for an improved seed marketing services before, during, and after sales. Due to the amount of small success he has had, he is currently trying to develop that story further in to a full, competent, and independent scholar by conducting a PhD study titled 'market orientation and performance in seed supply systems of Ethiopia.'

*Note: there is no need for color printing*