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# **Navigating Market Dynamics: Formulating Marketing Performance Programs for Fertilizer and Pesticide Distribution Companies**

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### **ABSTRACT**

Dynamic changes in the business environment the business environment continues to change rapidly, influenced by factors such as technological advances, regulatory changes, and market trends. Improving operational efficiency Operational efficiency is the key to improving a company's profitability and competitiveness. Fertilizer and pesticide distribution companies need to ensure that business in the industry is sustainable. Research on the formulation of marketing performance programs can help the company to identify ways to improve its business sustainability, and can increase its chances of achieving long-term success in this competitive and dynamic industry. Data collection was carried out through distributing questionnaires given to fertilizer and pesticide distribution companies that have been determined and sampled for research, then analyzed using SEM-PLS analysis. These factors are product diversification has a positive effect on business sustainability, product diversification has an effect on marketing performance, strengthening distribution networks has a positive effect on business sustainability, strengthening distribution network networks has a positive effect on marketing performance, increasing operational efficiency has a positive effect on business sustainability, and increasing operational efficiency has a positive effect on marketing performance marketing performance program is a system designed to measure the effectiveness of various marketing activities that have been carried out by fertilizer and pesticide distribution companies. By evaluating these programs, companies can identify best practices, uncover areas that need improvement, and allocate resources more efficiently. Some of the programs that can be implemented include marketing ROI analysis, marketing performance dashboards, customer satisfaction surveys, social media sentiment analysis, customer loyalty programs, A/B testing, customer lifecycle analysis, and competitor analysis. By implementing these programs consistently and conducting regular evaluations, companies can improve marketing performance, achieve sales targets, and strengthen their position in the market.

**Keywords:** marketing performance; distribution companies; fertilizers and pesticides.

## **1. Introduction**

Agriculture is a major economic sector in developing countries. The role or contribution of the agricultural sector in the economic development of a country occupies a very important position. This is partly due to several factors according to Totok Mardikanto, (2007: 3) in (Jeliantika & Lastari, 2022). Economic thinkers have long realized that the agricultural sector has a major role in the economy, especially in the early stages of development. A growing agricultural sector that produces a large surplus is a prerequisite for starting the process of economic transformation. The non-agricultural sector is generally too small to fulfill this role. The role of the agricultural sector in economic development is very important because most members of the community in poor countries depend on this sector (Muchendar et al., 2020).

According to Wiley & Weinheim (2007) fertilizers in a broad sense are products that increase the levels of nutrients available to plants and or the chemical and physical properties of the soil, thereby directly or indirectly improving plant growth, yield, and quality. The fertilizer and pesticide industry plays an important role in supporting the agricultural sector, which is one of the main sectors in the Indonesian economy. Distribution companies engaged in this field have a vital role in distributing fertilizers and pesticides to farmers. However, in the midst of increasingly fierce competition and dynamic changes in the business environment, fertilizer and pesticide distribution companies need to continue to innovate and improve their performance to remain competitive and sustainable.

Marketing performance is something that is used for the success of the strategy used by the company in marketing its products in the market (Sugiyarti, G. Et., al 2017). Research on the formulation of marketing performance programs for fertilizer and pesticide distribution companies is important for the following reasons. The fertilizer and pesticide distribution industry is increasingly competitive with many new players entering the market. This forces existing companies to continuously improve their performance so as not to be left behind. Research on the formulation of marketing performance programs can help companies to identify new opportunities, improve operational efficiency, and strengthen their competitiveness.

Dynamic changes in the business environment continue to change rapidly, influenced by factors such as technological advances, regulatory changes, and market trends. Improving operational efficiency is the key to increasing a company's profitability and competitiveness. Fertilizer and pesticide distribution companies need to ensure that business in the industry is sustainable. Research on the formulation of marketing performance programs can help a company to identify ways to improve the sustainability of its business, and can increase its chances of achieving long-term success in this competitive and dynamic industry.

## **2. Literature Review**

### *2.1 Definition of Marketing Performance*

Marketing performance according to Parmadi (2011: 45) marketing performance is a concept for measuring the marketing performance of a product. The quality of marketing performance supported by the company towards consumers and the superiority of new products are factors that can increase the success of new products related to the creation of superior value for consumers. The creation of superior value for consumers is a stepping stone for a company to improve its marketing performance.

#### 2.1.1 Benefits of Marketing Performance

Sampurno (2010: 250) says marketing performance has the following benefits:

- Increase the ability to satisfy customers.
- Impact on company reputation.
- Organizational knowledge and capabilities

Marketing performance can be achieved on the basis of internal organizational objectives including sales, market share, profit, efficiency, customer service, innovation, community social responsibility, customer satisfaction, and organizational development.

#### 2.1.2 Dimensions of Marketing Performance

- Sales Growth

Sales growth is an increase that occurs due to the number of purchases by consumers of a product produced at a company. Sales growth shows how much the same product sales increase compared to a certain year, the level of product sales will always be increased to be able to reach the target set.

- Customer Growth

Customer growth will depend on how many customers are known at what level of average consumption remains, the amount of sales volume is increased.

- Product Success

In addition to sales growth and customer growth, the measure of marketing success can also be seen from the success rate of a product which shows that the company has good performance. Thus, if the success of a company's product is good, the resulting marketing performance can be said to be good.

#### 2.1.3 Marketing Strategy

Marketing strategy is a unified, comprehensive and integrated plan that links the advantages of internal factors in the company's strategy with challenges from the environment of various

external factors that exist and are then designed to ensure that the company's main objectives can be achieved through proper implementation by the company, so that it can avoid attacks from its competitors (Yumanda, 2009).

In the context of strategizing, marketing has 2 dimensions, namely the current dimension and the future dimension. The current dimension relates to the existing relationship between the company and its environment. While the future dimension includes future relationships that are expected to be established and the program of action needed to achieve these goals. Marketing strategy consists of the basic principles underlying management to achieve its business and marketing objectives in a target market, marketing strategy contains basic decisions about marketing, marketing mix, marketing mix and marketing allocation (Kotler, 2004).

### 3. Research Methodology

#### 3.1 Research Framework

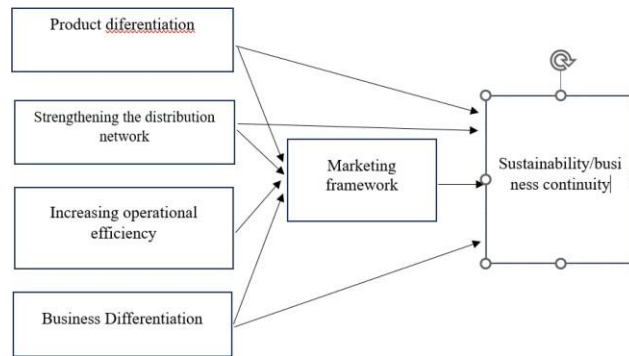


Figure 1. Research framework

In a company, the vision and mission that have been determined together in an organization must be achieved based on a good level of company performance. Therefore, every company in facing competition needs mastery in its knowledge and skills. An explanatory approach is used in this study to analyze marketing performance strategies. Data collection was carried out through distributing questionnaires given to fertilizer and pesticide distribution companies that had been determined and became research samples, then analyzed using SEM-PLS analysis which aims to determine the complexity of the relationship between a construct and other constructs, as well as the relationship between a construct and its indicators.

#### 3.2 Data collection methods

- Focus Group Discussion (FGD)

A data collection technique generally carried out in qualitative research with the aim of finding the meaning of a theme according to the understanding of a group. FGD is intended to avoid a researcher's wrong interpretation of the focus of the problem being studied.

- Interview

This technique is used to collect primary data by interviewing respondents directly to collect marketing strategy data based on a prepared questionnaire.

- Observation

Observation is carried out by looking directly at the object to be studied, especially at the activities carried out by respondents so that a clear picture is obtained.

- Recording

This technique is used to collect secondary data from agencies or institutions that support research.

- Literature and literature study

Literature and literature studies are carried out to analyze the object of research theoretically on issues related to writing, through literature studies of various scientific journals and theses, relevant articles, and other sources that support secondary data.

### 3.3 Data analysis

Data analysis using the path analysis method with software 2.0. PLS to analyze data (nominal, ordinal, interval, and ratio) and more flexible assumption requirements. PLS is also used to measure the relationship between each indicator and its construct.

## 4. Results

In table 1. can be seen the results of testing the research hypothesis, based on the results of hypothesis testing after analyzing the direct effect and indirect effect in path analysis.

Table 1. Research hypothesis testing results

No	Description	tcount	ttable	Conclusion
1	Product differentiation has a positive effect on business sustainability	5,456	1,960	Accept H1
2	Product differentiation has a positive effect on marketing performance	3,972	1,960	Accept H2
3	Strengthening the distribution network has a positive effect on business sustainability	3,951	1,960	Accept H3
4	Strengthening the distribution network has a positive effect on marketing performance	7,063	1,960	Accept H4
5	Improving operational efficiency has a positive effect on business sustainability	6,456	1,960	Accept H5
6	Improving operational efficiency has a positive effect on marketing performance	5,708	1,960	Accept H6

Table 1. shows the factors that have a positive effect on the sustainability of the pestisida and fertilizer distribution business and the factors that affect the Company's marketing performance. These factors are product diversification has a positive effect on business sustainability, product diversification affects marketing performance, strengthening distribution networks has a positive effect on business sustainability, strengthening



distribution network

networks has a positive effect on marketing performance, increasing operational efficiency has a positive effect on business sustainability, and increasing operational efficiency has a positive effect on marketing performance. From the table above, it can be seen that t count is greater than t table so that it is declared accepted.

## **5. Discussion**

### *5.1. Product differentiation has a positive effect on business sustainability*

Based on the results of data analysis, product differentiation has a positive and significant effect on business sustainability in fertilizer and pesticide distribution companies. From the research results it is known that product differentiation affects business sustainability, including building competitive advantage, increasing customer loyalty, strengthening brands, opening new markets, increasing profit margins, and encouraging innovation.

Product differentiation can positively impact business sustainability through various mechanisms. Companies that invest in advertising and R&D to differentiate their products can develop competencies that make their competitive advantage more sustainable (Matraves & Rondi, 2005). Design for sustainability, which includes economic, environmental and social components, can contribute to product differentiation and competitiveness in terms of cost, quality, flexibility and delivery (Obeyed & Mahmoud, 2022). While these studies generally support the positive relationship between product differentiation and business sustainability, they also highlight the complexity of this relationship and the importance of considering various factors such as market conditions, consumer perceptions, and industry-specific characteristics.

### *5.2. Product differentiation has a positive effect on marketing performance*

Product differentiation is a long-term investment that can provide great returns for pesticide and fertilizer companies. By continuing to innovate and develop unique products, it can build a strong brand, increase customer loyalty, and achieve business sustainability. Based on the results of the research analysis, product differentiation has a positive and significant effect on marketing performance.

Product differentiation is the key to differentiating products from competitors in highly competitive markets such as the pesticide and fertilizer industry. This includes increasing customer attractiveness, building customer loyalty, increasing selling prices, strengthening brands, opening new markets. Product differentiation in marketing performance is applied by identifying customer needs, developing unique products, effective communication, building relationships with customers, evaluating and improving performance continuously.

The Kenya Seed Company case study further supports this, showing growth in customer base and number of agents due to product differentiation (Kedera S. Nolega et al., n.d.). For Chinese exporters, product differentiation strategies have a positive impact on export performance, especially when exporting to developed markets. Firms with high innovation and marketing capabilities are more likely to adopt this strategy, especially in volatile markets (Xuenan Ju et al., 2017). These findings collectively underscore the importance of product differentiation in improving marketing performance across various business contexts.



### *5.3. Strengthening the distribution network has a positive effect on business sustainability*

Strengthening distribution networks has a positive impact on business sustainability by increasing competitiveness and improving economic, environmental and social outcomes. Redesigning supply chain networks can lead to reduced costs, improved services, and increased sustainability (Ravet, 2013). Based on the research results, the importance of strengthening the distribution network is to expand market reach, guaranteed product availability, better technical support, increase sales, collect market data, and build strong relationships.

The way to strengthen the distribution network of fertilizers and pesticides is by selecting distributors, conducting product knowledge training, incentives in improving distributor performance, periodic evaluation, collaboration. distributed network strategies based on crowd logistics have shown the most sustainable potential, which highlights the importance of innovative logistics services (Melkonyan et al., 2020). In addition, business network accessibility and customer relationship management contribute to strengthening the familial distribution network and improving marketing performance (Nupus & Ichwanudin, 2021). These studies emphasize the need for companies to integrate sustainability into their operations and distribution strategies to gain a competitive advantage and meet evolving market demands.

### *5.4. Strengthening the distribution network has a positive effect on marketing performance*

A strong distribution network is the backbone for successful marketing of pesticide and fertilizer products. By strengthening this network, it not only increases market reach, but also strengthens relationships with customers, and increases efficiency in product distribution. This is in accordance with the results of the research analysis, that strengthening the distribution network has a positive and significant effect on marketing performance. Business network accessibility contributes to the strength of the family distribution network and marketing performance (Hayati Nupus & Ichwanudin, 2021).

The reasons for the importance of strengthening distribution networks in the pesticide and fertilizer industry on marketing performance are the need for wider market reach, ensuring product availability, better technical support, increasing sales, collecting market data, building strong relationships, and responding quickly to market changes. Measurement of the success of the distribution network running effectively is by measuring sales growth, increasing market share, knowing customer satisfaction, distribution efficiency level, product return rate. Organizational networks have a positive and significant effect on marketing performance, which has an impact on sales turnover, increase, and marketing reach (Wahyudi et al., 2024). In addition, the integration of social networking and customer relationship management enriches customer interactions and provides a way for businesses to manage and measure the use of social networks while attracting social customers (Hayati Nupus & Ichwanudin, 2021). These findings underscore the importance of a strong distribution network in improving marketing performance.



*5.5. Improving operational efficiency has a positive effect on business sustainability.*

Improving operational efficiency is one of the most important factors for the business sustainability of pesticide and fertilizer companies. By improving efficiency, companies can reduce costs, improve product quality and become more responsive to market changes. This will ultimately support marketing performance and improve the company's competitiveness. Research shows that improving operational efficiency has a positive impact on business sustainability. Continuous improvement practices, particularly employee engagement, talent retention, training and feedback, significantly affect financial and operational dimensions of sustainability, with less impact on environmental and social aspects (César-Augusto Bernal et al., 2021). Corporate sustainability has been shown to have positive long-term effects on business performance and stakeholder well-being (Domanović et al., 2020).

Operational efficiency in fertilizer and pesticide distribution not only impacts the company's financial performance, but also has a significant influence on marketing performance. The importance of operational efficiency in this industry is to reduce costs, improve product quality, faster response, competitive advantage. Besides being one of the important factors, operational efficiency also supports production process optimization, supply chain management, integrated information management, and human resource development. To increase transparency and provide a comprehensive picture of corporate efficiency, it is recommended that companies integrate sustainability reporting with traditional financial reporting (Domanović et al., 2020). These findings point to the importance of operational efficiency and sustainability practices in creating long-term value for all stakeholders, especially in developing countries and the manufacturing sector.

*5.6. Improving operational efficiency has a positive effect on marketing performance.*

Research shows that improved operational efficiency positively impacts marketing performance and overall firm performance. Marketing operational efficiency, which focuses on short-term operational dimensions, has been shown to positively influence a variety of firm performance metrics, including overall performance, ROI, new product sales, market share, and sales growth (Mýsra Çađla Gül, 2009; M. Cagla, 2012).

Operational efficiency, which refers to a company's ability to maximize output by minimizing inputs, has a very significant impact on marketing performance. Cost reduction (production costs, distribution costs, marketing costs), product quality improvement (product quality, innovation), faster response (market demand, customer complaints), competitive advantage (efficiency, flexibility). By improving efficiency, companies can reduce costs, improve product quality, and become more responsive to market changes. This will support marketing performance and improve the competitiveness of the company.

In addition, strategic alignment between marketing and information technology (IT) strategies can improve operational performance. A study by Al-Surmi et al. (2021) found that IT

strategy positively affects performance when mediated by marketing strategy. The researchers developed an AI-based decision-making framework that combines these strategies to improve operational efficiency and decision accuracy in complex industrial settings. This framework can help operations executives make more effective decisions, ultimately leading to improved operational performance and, by extension, marketing performance (Al-Surmi et al., 2021).

## **6. Conclusion**

A marketing performance program is a system designed to measure the effectiveness of the various marketing activities that a fertilizer and pesticide distribution company has undertaken. By evaluating these programs, companies can identify best practices, uncover areas for improvement, and allocate resources more efficiently. Some of the programs that can be implemented include marketing ROI analysis, marketing performance dashboards, customer satisfaction surveys, social media sentiment analysis, customer loyalty programs, A/B testing, customer lifecycle analysis, and competitor analysis. Each of these programs has specific objectives, such as measuring the effectiveness of marketing investments, monitoring customer sentiment, and increasing customer loyalty. By implementing these programs consistently and conducting regular evaluations, companies can improve marketing performance, achieve sales targets, and strengthen their position in the market.

The marketing performance of fertilizer and pesticide distribution companies is influenced by various internal and external factors. Internal factors include product quality, price, distribution channels, promotion, human resources, and information systems. Meanwhile, external factors include government regulations, weather conditions, competition, technology, and economic conditions. Good product quality, competitive prices, and efficient distribution channels will increase the attractiveness of products in the eyes of farmers. However, external factors such as climate change, government policies, and competition can also affect marketing performance. To achieve success, companies need to conduct an in-depth analysis of all these factors and develop a comprehensive and sustainable marketing strategy.

To improve the operational efficiency and competitiveness of fertilizer and pesticide distribution companies, several strategic steps need to be taken. Supply chain optimization through the use of technology, efficient delivery routes, and shipment consolidation can reduce operational costs. Product quality improvement, workforce training, and effective warehouse management are also important to maintain customer satisfaction. In addition, companies need to develop comprehensive marketing performance programs, such as market segmentation, marketing personalization, and strategic partnerships. By implementing these programs and regularly evaluating performance, companies can ensure business sustainability in an increasingly competitive industry.

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