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Strategies for Selection of Intermediate Trader for Feed and Veterinary Drug Enterprises

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Abstract Intermediate trader plays an extremely important role in marketing, production, and operating of China's feed and veterinary drug enterprises. China's feed and veterinary drug enterprises should select suitable intermediate traders using such strategies as sincerity, operating capacity, economic strength, business scope, operating place, and excellent cooperation attitude, to promote stable and sustainable development of feed and veterinary drug enterprises.

Key words Feed and veterinary drug enterprises, Intermediate traders, Selection strategies

In present condition of modern market economy, the concept of commodity economy has been deeply rooted in the hearts of the people. This brings various expressions of economic activities. In commerce, traps and dangerous situations appear incessantly. Therefore, people call for sincerity all the time. However, in the high call of sincerity and legal protection market, there are still many enterprises suffering huge economic losses due to improper selection of intermediate traders, even closedown of enterprises^[1]. Especially in the feed and veterinary drug field, due to improper selection of intermediate traders, lots of enterprises are encumbered by intermediate traders or suffered huge economic losses. In this situation, it is of great significance to study how to help feed and veterinary drug enterprises to select intermediate traders between other producers, breeders and themselves, and bring into play the great role of intermediation and market exploitation in the circulation of feed and veterinary drugs.

1 Connotation of feed and veterinary drug enterprises

China's feed and veterinary drug enterprises are generally enterprises registered in China as business entity and engaged in production and processing of feed and drugs necessary in living, aging, disease and death of animal growth and breeding. In China, there are about 2 400 registered feed and veterinary drug enterprises and more than 2 000 types of products of feed and veterinary drugs, while the annual output value is only 15 billion yuan^[3]. According to our survey in the Animal Husbandry Sci-tech Town, Rongchang County of Chongqing Municipality, there are 8 GMP enterprises and about 50 feed enterprises.

2 Strategies for selection of intermediate traders for feed and veterinary drug enterprises

2.1 Sincerity: the first yardstick for selection of intermediate traders When selecting intermediate traders, China's feed and veterinary drug enterprises should take the sincerity as the first yardstick. Sincerity is basic requirement of market economy, and market economy is in fact sincerity economy. But through the times, enterprises not keeping promises are quite a lot. At present, sincerity has become goodwill of business organizations and individuals. Such goodwill is intangible assets of enterprises. For intermediate traders, this is no exception. The same feed and veterinary drug products will sell better in those intermediate traders with excellent goodwill than those without goodwill, because goodwill of intermediate traders increases intangible added value to feed and veterinary drug products. They can obtain sustained trust of surrounding breeders. Repurchase rate will significantly rises, which is favorable for market expansion. If selected intermediate traders have no goodwill, it will have shortsighted action. Breeders have incomplete information about feed and veterinary drug products and they may take fraudulent action for temporary very small profits. Once breeders are not satisfied with products they purchased, they will not consider those intermediate traders. Breeders will also disseminate this information. We know that good deeds are never heard of outside the door, but bad deeds are proclaimed for three hundred miles. Certainly, excellent goodwill of intermediate traders can reduce the difficulty of collection of payment for goods. Therefore, when selecting intermediate traders, feed and veterinary drug enterprises should focus on information about sincerity. For example, they should care about reputation of intermediate traders, comments of people about intermediate traders, and historic data of intermediate traders. In sum, they should not just focus on surface information, but take the sincerity as the first yardstick.

2.2 Operating capability: key target for selecting intermediate traders Production enterprises select intermediate traders for the consideration of goods, cost of sales, benefit, and profit,

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to realize win-win objective through intermediate traders. Operating capability of intermediate traders includes management ability, promotion ability and integrated service ability. Intermediate traders play a key role in success and failure of standardization and high efficiency of sales and management of business organizations. This is closely correlated with development of production enterprises. Therefore, medium-sized and small feed and veterinary drug enterprises must consider management ability and promotion ability of intermediate traders when selecting intermediate traders. For feed and veterinary drug products, it is proper to adopt the method combining local advertisement and after-sale service staff. Feed and veterinary drug products need effective storage, thus may require home delivery service of intermediate traders. It is required to consider whether intermediate traders have necessary materials, technologies and qualified personnel. Therefore, before selecting intermediate traders, feed and veterinary drug enterprises should make overall evaluation of integrated service ability of intermediate traders. Feed and veterinary drug enterprises will provide after-sale services for breeders together with technical personnel of intermediate traders and manufacturers, some need providing technical guidance, financial assistance or installment payment. For intermediate traders in rural areas, it is required to pay special attention to their local influence, especially the influence in majority farmers. Those intermediate traders accepted by most organizations and individuals are favorable for sales of feed and veterinary drugs and other related products and are good at bringing into play their operation ability so as to promote sales. Therefore, operation ability is a key indicator for selection of intermediate traders. As the saying goes, a virtuous man without talent is fool, while a talent without virtue is a bomb, feed and veterinary drug enterprises should grasp this key when selecting intermediate traders.

2.3 Economic strength: one of essential factors Intermediate traders must have economic strength. This is the key for realizing collection of payment for goods and keeping stable cash flow for enterprises. Whether intermediate traders can settle account in time (including advance payment as necessary) largely depends on their financial situation and capital strength. At feed and veterinary drug market, credit sale is always a double-edged sword. Large intermediate traders have large sum of credit sale amount. This is closely connected with the situation that feed and veterinary drug market is oriented towards rural breeders. Some farmers buy feed and veterinary drugs on credit, and make payment after sales of breeding products. If their breeding fails, it is usually difficult to collect the payment. Such situation is hard to change at present. Once selected intermediate traders do not have enough economic strength, it will bring about losses or intermediate traders giving up operation. If the intermediate traders give up operation, it is impossible to collect the credit account. Economic strength and credit of intermediate traders can be obtained through financial institutions, specialized credit investigation organizations, relevant customers and trade organizations. The information obtained from these channels is accurate and reliable, and the cost is low.

Besides, it is required to notice whether the intermediate traders have clear operating policy and concept, or if they have bad custom such as gambling, excessive drinking, and sluggishness, and find out the information of their debt and repayment. Generally, it is not appropriate to select entities without harmonious family as intermediate traders.

2.4 Scope of business: to be investigated carefully The scope of business is equivalent to scope of market coverage. When selecting intermediate traders, it is required to carefully investigate the scope of business. Apart from products of the enterprise, intermediate traders will also sell many relevant products, which will increase sales volume of intermediate traders. For example, some intermediate traders originally sell feed and veterinary drugs, if increasing sales of young poultry and livestock, it may bring about increase in sales volume of corresponding feed, veterinary drugs and relevant products. At the market, the same intermediate trader may sell products of several enterprises. If the product of an enterprise has better performance and higher quality, it will be favored by breeders and accordingly win higher sales volume. At present, for pet feed and veterinary drugs and relevant products, it is better to select universal providers as intermediate traders. When selecting feed and veterinary drug intermediate traders, it is required to make overall analysis on the scope of business, judge whether their scope of business is consistent with the enterprise demand, and whether it is able to increase the sales volume in the existing scope of business. It is feasible to design a series of data indicators to make comparison, assign corresponding weight according to importance, then give scores, to select suitable feed and veterinary drug intermediate traders.

2.5 Place of operation: key object to be investigated The place of operation of an intermediate trader refers to location advantage of the intermediate trader. The ideal place of operation is a place with high flow of customers. If selecting intermediate traders for wholesale of feed and veterinary drugs, it is also required to consider whether the place of intermediate trader is favorable for batch storage and transportation. Generally, it is preferred to locate in hub of communications. At actual feed and veterinary drug market, all places with roads will have intermediate traders. When selecting intermediate traders, it is required to consider whether the place of operation is consistent with the expected sales region. For example, in Chongqing Municipality, the place of operation of intermediate trader should be located in the municipality. Next, it is a fundamental condition whether sales object of intermediate traders are potential customers expected by enterprises. Therefore, production enterprises hope intermediate traders can enter into the expected target market, work hard and finally persuade customers to buy their products, so as to increase the market share and coverage. Besides, it is required to consider whether the place of operation of intermediate traders is favorable for batch storage and transportation of products and favorable for dissemination of information, as well as development situation of breeding industry in the area. For example, in Animal Husbandry Sci-tech

Town, Rongchang County of Chongqing Municipality, more than one hundred feed and veterinary drug enterprises select intermediate traders from Rongchang County and establish sales site.

2.6 Excellent cooperation attitude: indispensable condition

Excellent cooperation relation is an indispensable condition in commercial contact. Corporate culture will influence cooperation between enterprises, and corporate culture is the rich ore having greatest potential value^[2]. Therefore, when selecting intermediate traders, it is required to value the analysis of corporate culture and consider the relationship between intermediate traders and customers, including relationship with upstream and downstream customers. Such information can be obtained through historical record of intermediate traders. Excellent relationship between intermediate traders with upstream and downstream customers can ensure smooth flow of materials and capitals and avoid dull sales, overstock or failure to collect payment of goods. Feed and veterinary drug enterprises should select intermediate traders having cooperation with them. Having cooperative attitude, intermediate traders can cooperate with promotion activities of production enterprises and spare no effort to improve sales volume of products in the actual dealing and sales process. In addition, with excellent cooperative attitude, intermediate traders may actively make payment of goods, or provide assistance when feed and veterinary drug enterprises collect the payment of goods, rather than make some excuse to delay the payment.

2.7 Interaction: common requirement Interaction is inevitable requirement of any economic activity. Only when enterprise entities are willing to carry out interaction, may they realize constant expansion of market in the intense market competition. After feed and veterinary drug enterprises select intermediate traders, they should make effort to persuade intermediate traders to accept their products, because not all intermediate traders are interested in their products. For large feed and veterinary drug enterprises, it is easy to make decisions and implement decisions. Once the intermediate traders are selected, there shall be interaction mecha-

nism between enterprises and intermediate traders. In the benign operation of interaction mechanism, feed and veterinary drug enterprises actively provide multiple-level services for intermediate traders, carry out technical promotion and service promotion to extend marketing activities, so as to stimulate enthusiasm of intermediate traders. Besides, it is required to strictly implement collection supervision of payment of goods, to promptly recoup funds. At the same time, intermediate traders should actively feedback various information, while feed and veterinary drug enterprises should deal with relevant matters in time. Finally, enterprises and intermediate traders make proper adjustment according to market changes. It is ultimately to realize cooperation of feed and drug veterinary drug enterprises and their intermediate traders, and joint development and consolidation of predetermined market.

3 Conclusions

When selecting intermediate traders, China's feed and veterinary drug enterprises should take the sincerity as the first yardstick. Operation ability is a key indicator for selection of intermediate traders. Economic strength is one of essential factors to be investigated. Also, place of operation and scope of business should be surveyed. Besides, excellent cooperative attitude is indispensable. Interaction is a common requirement. These should be considered when selecting intermediate traders, to intensively collect information of business scope, credit, market scope, and service level of intermediate traders, review, and make comparative analysis, then make effective decision in selecting intermediate traders.

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