

AN ANALYSIS OF THE OLIGOPOLISTIC NATURE OF THE MARKET FOR AGROCHEMICALS IN SRI LANKA

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The marketing strategies by agro-chemical companies in Sri Lanka indicate that it is a non-price competitive market. While there is an apparent rigidity in the price structure, firms are involved in assessing each others marketing strategies, such as radio, TV and poster advertising campaigns, product presentation methods, conduct of demonstrations, and pay offs to officials and village leaders.

The paper attempts to identify the nature of the strategies adopted by five of the leading companies involved in the marketing of weedicides and insecticides in Sri Lanka. The information and data gathered by the author while conducting a survey of weedicide and insecticide marketing in the Polonnaruwa, Anuradhapura, and Kurunegala Districts, form the basis of the analysis, to illustrate the impact of the strategies of non-price competition at the farmers level. The analysis includes the response of farmers to advertising campaigns, the levels of influence achieved through marketing strategies by the different companies, the nature of informal relationships that exist between the dealers and officials, etc.

The paper will be presented in four parts. (1) The theoretical framework of an oligopolistic market and relation of these features to the market for agrochemicals in Sri Lanka. (2) Analysis of the nature of the price structure for weedicides and insecticides and the methods of product differentiation adopted by the different firms. (3) An analysis of the nature of non-price competition adopted by the firms at three different levels i.e. (a) Recruitment of marketing personnel and relationships with the Agriculture Department officials and Research organizations (b) Nature of advertising campaigns and adoption of other methods of persuasion at the regional levels. (c) Selling of products at the farmer level and the nature of the factors of influence. (4) An overall summary of findings and conclusions highlighting the nature of the actual benefits/disbenefits to the farmer from the existing marketing structure.