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FINANCIAL NEEDS ANALYSIS OF FARMERS AS A FACTOR TO DIFFERENTIATE THE PRODUCT POSITIONING OF COMMERCIAL BANKS

ABSTRACT

This study, based on a structured survey of 33 Bulgarian agricultural producers, explores the specific financial needs of farmers and how these shape the effective positioning of financial products offered by commercial banks. The research examines several key financial instruments, including working capital loans, overdrafts, advance financing credit lines, investment loans, and revolving credit. Each need was evaluated using a six-point Likert scale and analyzed using cumulative scoring and the Fishbein method to determine the significance of each factor in product positioning. Based on the results of the survey the following conclusions are identified: (1) Financial institutions must better differentiate their products based on farmers' needs across different financial categories, especially in regions with high land acquisition costs or growing mechanization demands; (2) Strategic positioning markers, such as loan size, repayment terms, and purpose, are essential tools for aligning bank offerings with the realities of agricultural production. (3) There is a critical opportunity for commercial banks to enhance their competitiveness by offering value-added services such as business consulting, more flexible collateral requirements, and financing options

aligned with subsidy cycles.

KEYWORDS: positioning, financial products, financial needs, farmers, strategy for positioning

JEL: G21, M31, Q14

INTRODUCTION

Differentiation is a fundamental approach to developing a positioning strategy. It may also be interpreted as a concept or vision for market development. In this context, differentiation represents the process of distinguishing a firm's product from those of its competitors.

Positioning constitutes the final stage in the process of target market development and is of crucial importance for achieving market success. The core idea of positioning is that competing products must differ from one another (Iyer, Davari, Srivastava, and Paswan, 2021). Positioning theory asserts that a product must be distinguished from its competitors in a meaningful way in the minds of consumers. Merely advertising the benefits of a product—especially if those benefits are also offered by competitors - proves ineffective, even when supported by an extensive and aggressive advertising campaign. It is not enough for a company to simply inform potential consumers that its product is superior in one or more key attributes. Rather, the firm

must identify an unoccupied space in the consumer's mind and propose a unique approach to capturing consumer attention.

To achieve effective positioning, each company must differentiate its products from those of competitors. Differentiation is the process of creating tangible and intangible distinctions based on one or more product characteristics that set the offering apart from major competitors (Andonov, 2014). This is the stage during which the product must be prepared for mental positioning in the consumer's perception. Marketing managers must decide in what ways the product will differ from and resemble competing products. In doing so, they essentially lay the foundation for future product or brand positioning, as the product's predefined characteristics - *points of difference* and *points of parity* - determine how and where the product will be positioned relative to its competitors. Furthermore, they influence the brand's ability to maintain its competitive position against both established rivals and new substitute products entering the market (Andonov, 2014).

Once the competitive frame of reference for positioning is established—by defining the target market and the nature of market competition - marketers can identify suitable points of parity and differentiation for their products. Points of parity may be defined as attributes that are not necessarily unique to the company's product. These attributes may also be shared with other competing offerings. Points of parity appear in two principal forms: category and competitive parity (Baack, Wilson, and Charles, 2016). *Category points of parity* are associations that consumers perceive as essential for assigning a product to a given category. In other words, these are necessary but not sufficient conditions for consumer choice. Points of parity within a specific product category may evolve due to technological advancements or changes in consumer behavior. It is important to note that achieving parity on attributes prioritized by consumers is a critical condition for market success. Examples of such attributes include product design, packaging type, quantity, and product insurance. For a product to be successful in the market, it must achieve similar or comparable ratings (relative to direct competitors) in the minds of consumers regarding its core characteristics. Under these conditions, the company's product will have the opportunity to realize superiority or advantage in other characteristics where competing products are perceived as weak or insufficient.

For a company and its product to achieve points of parity regarding a specific attribute or customer benefit, it is essential that "a large portion of consumers believe that the product meets their specific requirements" (Gul and Jamil, 2021). In the theory of marketing positioning, the concept of a "zone of tolerance or acceptance" is introduced, within which the points of parity for a product must fall in order to succeed in the market (Udriyah and Azam, 2019). Customers must feel that the offered product adequately combines all important characteristics and benefits relevant to their needs.

For example, when seeking an investment loan, customers prioritize factors such as the grace period and the expectation that repayment can follow a flexible instalment schedule. If competing loan products offer similar conditions, consumers—assuming all else equal—will base their choice on other specific characteristics and benefits associated with the loan product.

Points of differentiation refer to attributes or benefits that customers frequently associate with a particular product. These represent "positive evaluations and perceptions that customers do

not find in the same way in competing products from the same product category" (Sahi, Gupta, and Lonial, 2018). These clearly expressed and recognized associations, which define the points of differentiation, can be related to customer perceptions regarding any characteristic or utility of the product. In the loan market, examples of such points of differentiation could include guarantees of the lowest interest rates, opportunities for refinancing, or flexible changes in the principal repayment schedule.

Establishing clearly expressed positive associations with a product—that is, creating points of differentiation—is a critical factor for the success of marketing specialists, as these actions are crucial for achieving effective competitive positioning in the market (Lilien, 2007).

Research Objective. The objective of the present study is to identify differentiation markers for positioning financial products offered by commercial banks to meet the needs of agricultural producers.

Methodological Approach

An organized survey is conducted to identify the financial needs of agricultural producers regarding the following financial products: (1) Working capital loans; (2) Overdrafts; (3) Credit lines for advance financing under direct payment schemes and measures; (4) Investment loans for purchasing land and machinery, or for production needs; (5) Revolving credit lines. These products represent the most frequently positioned financial offerings by commercial banks, which have addressed farmers' financial needs in the market over the past six years.

The farmers' preferences are evaluated by using the Fishbein model (Andonov, 2014). The model is among the most widely used frameworks for analyzing consumer needs and belongs to the category of multi-attribute models. These models assume that a consumer's attitude toward an object is determined by the beliefs they hold about multiple attributes of the object. Applying a multi-attribute model implies that consumer attitudes toward a company, product, or brand can be forecasted by identifying relevant competitive beliefs and combining them to derive insights into the overall consumer need concerning the objects in question.

Data Collection for the Application of the Fishbein Model. The required information is collected through a structured survey in which respondents (agricultural producers) assess each attribute of each offered financial product using a Likert scale. Each respondent is asked to evaluate every attribute across each financial product, providing a quantitative expression of their preference (attitude). A six-point Likert scale is utilized, as follows:

- 1 – Completely dissatisfied;
- 2 – Slightly dissatisfied;
- 3 – Neutral;
- 4 – Slightly satisfied;
- 5 – Mostly satisfied;
- 6 – Completely satisfied.

Survey card and interpretation of Results. Each respondent completes a survey card structured as shown in Table 1, using the six-point evaluation scale. The data from all completed

cards are aggregated into a single, comprehensive master card. The aggregated results are interpreted using the following formula:

$$A_{ijk} = \sum (\beta_{ijk} \times I_k)$$

where:

- i denotes the attribute,
- j denotes the brand (financial product),
- k denotes the consumer (agricultural producer),
- I_k is the importance weight assigned to attribute i by consumer k ,
- β_{ijk} is the belief of consumer k regarding the degree to which the product satisfies attribute i ,
- A_{ijk} is the overall attitude score toward the financial product.

Table 1. Survey card.

Attribute	Importance
"Proposed loan amount"	
"Approved initial loan amount"	
"Purpose of the loan"	
"Currency in which the loan is granted"	
"Loan repayment term"	
"Interest rate on loan repayment"	
"Availability of a grace period"	
"Fee for reviewing the loan application"	
"Loan management commission"	
"Early loan repayment commission"	
"Method of loan repayment (number of installments, and repayment options such as via received subsidies or through another loan)"	
"Type of collateral (type of pledge)"	
"Requirement for a guarantor"	
"Requirement for insurance"	
"Possibility for business consulting provided by the bank"	
Overall Attitude Score (Aijk)	

Source: Own interpretation

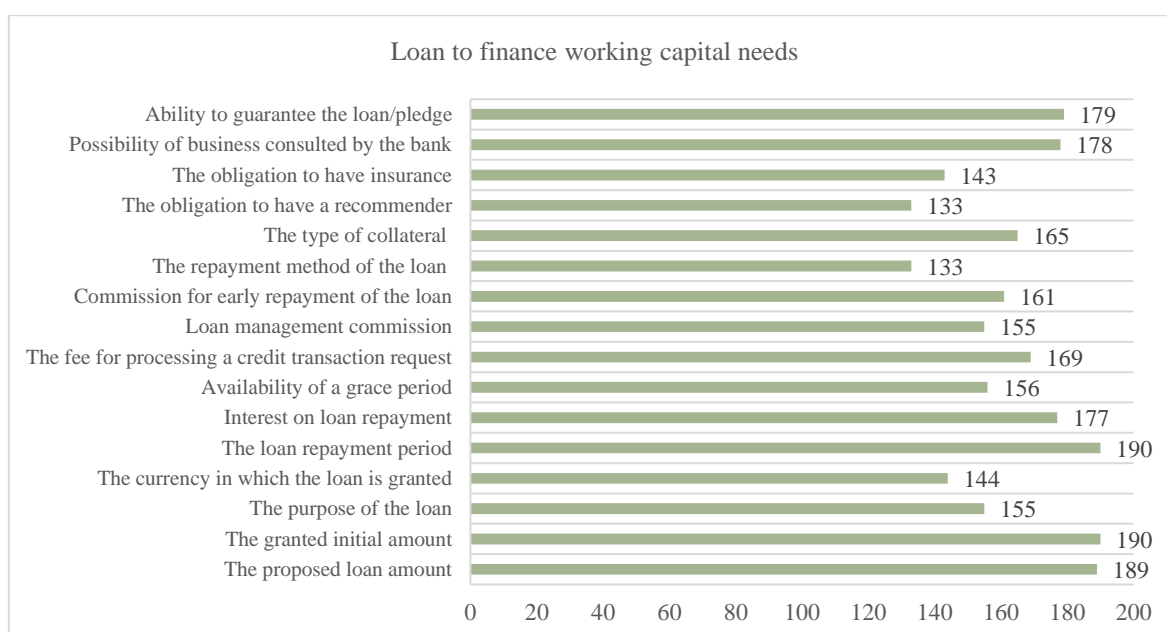
By completing the super-card, two valuable outcomes are achieved. The first outcome is that the super-card identifies the most significant attitudes from the perspective of agricultural producers when making decisions regarding the consumption of specific financial products offered by commercial banks. The second outcome is that the super-card facilitates the definition of key markers for future financial product modeling, as well as the appropriate positioning strategy to be adopted.

Analysis of the Results

Using the method of expert evaluation, combined with a Likert scale, the most important needs of farmers within each product group were identified. Figure 1 presents the assessment of farmers' needs within the product group “credit for financing working capital,” based on the survey results. The study included 33 respondents (farmers). According to the cumulative evaluation, the following needs were identified as the most significant within this product group:

- (1) the initially approved loan amount (with a cumulative expert evaluation score of 190 points);
- (2) the loan repayment period – 190 points;
- (3) the proposed loan amount – 189 points.

Figure 1. Identification of farmers' needs in positioning the financial product "Working Capital Loan".



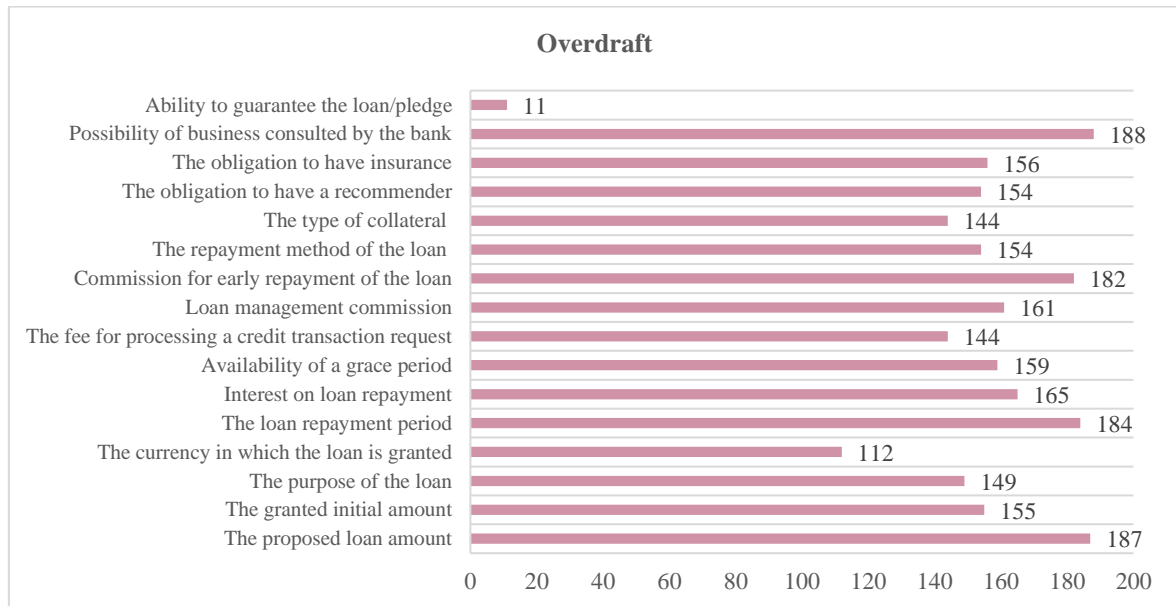
Source: Survey conducted among 33 agricultural producers. Each respondent assessed each need using a six-point Likert scale, where 1 – completely dissatisfied, 2 – somewhat dissatisfied, 3 – neutral attitude, 4 – somewhat satisfied, 5 – rather satisfied, and 6 – completely satisfied.

These three needs were indicated by the farmers as the most critical factors influencing their consumption of working capital financing loans.

In Figure 2, the assessment of farmers' needs within the product category “Overdraft” is presented. According to the survey data, the most significant needs identified are:

- (1) the possibility of receiving business consulting services from the commercial bank, with a score of 188 points;
- (2) the proposed size of the overdraft – 187 points;
- (3) the repayment period of the overdraft without penalty interest – 184 points.

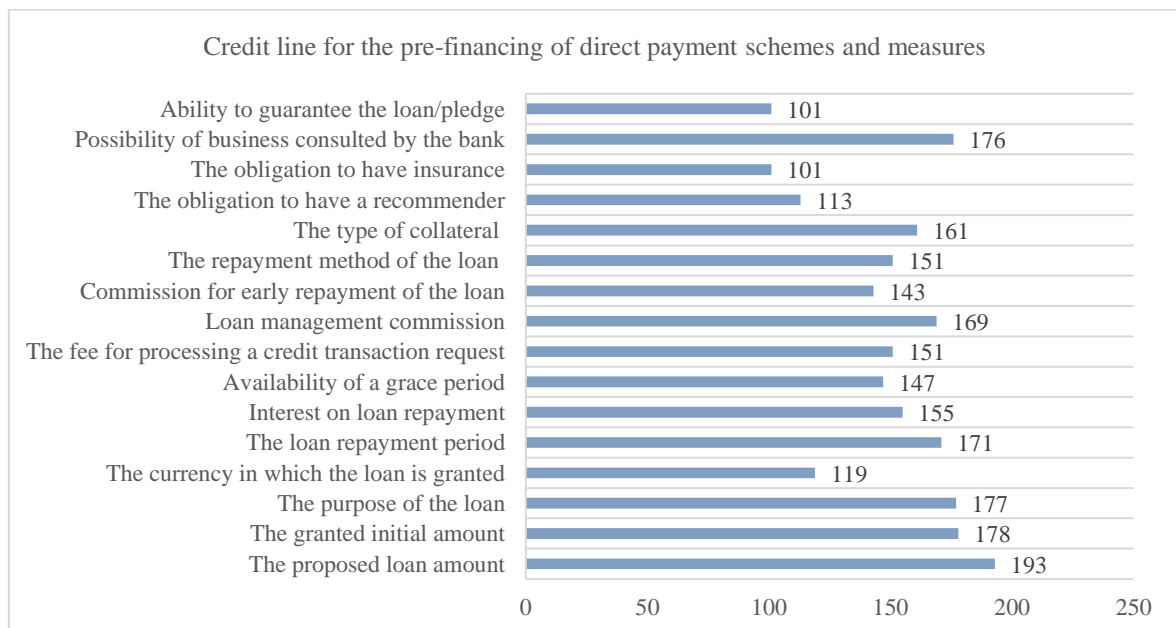
Figure 2. Identification of Farmers' Needs for Positioning the Financial Product “Overdraft.”



Source: Survey conducted among 33 agricultural producers. Each respondent assessed each need using a six-point Likert scale, where 1 – completely dissatisfied, 2 – somewhat dissatisfied, 3 – neutral attitude, 4 – somewhat satisfied, 5 – rather satisfied, and 6 – completely satisfied.

Each need was evaluated based on a cumulative score. The following figure presents the assessment of farmers’ needs regarding one of the most popular financial products within the agricultural sector: loans for advance financing under schemes and measures for direct payments.

Figure 3. Identification of Farmers' Needs for Positioning the Financial Product “Credit Line for Advance Financing of Schemes and Measures for Direct Payments.”



Source: Survey conducted among 33 agricultural producers. Each respondent assessed each need using a six-point Likert scale, where 1 – completely dissatisfied, 2 – somewhat dissatisfied, 3 – neutral attitude, 4 – somewhat satisfied, 5 – rather satisfied, and 6 – completely satisfied.

Each respondent assessed each need using a six-point Likert scale as described above. The cumulative score for each need was used for analysis. According to the surveyed farmers, the three most important needs in this product group are:

- (1) the proposed loan amount, evaluated with 193 points;
- (2) the initially approved loan amount requested by the farmer – 178 points;
- (3) the purpose of the loan – 177 points.

Competition among commercial banks in this product group is particularly intense.

Almost all 13 commercial banks offering financial products tailored to farmers' needs provide credit lines for advance financing of schemes and measures for direct payments. Most banks require a signed financial support agreement between the farmer and the State Fund Agriculture (SFA) as collateral for granting the loan.

A smaller number of banks, demonstrating a highly proactive and client-oriented approach, accept merely the submission receipt of the aid application filed with the SFA as sufficient collateral.

The state's active intervention in the financial support of agricultural activities over the past 15 years has led to several adverse consequences for farmers, including a sharp increase in farmland prices, dependence on subsidies, and the entry of "new players" primarily aiming to maximize subsidy absorption.

These negative trends, resulting from national and European subsidization policies, have created much larger investment needs for farmers seeking to expand their operations.

The main limiting factor for this expansion has become the high price of agricultural land, especially in Northeastern Bulgaria.

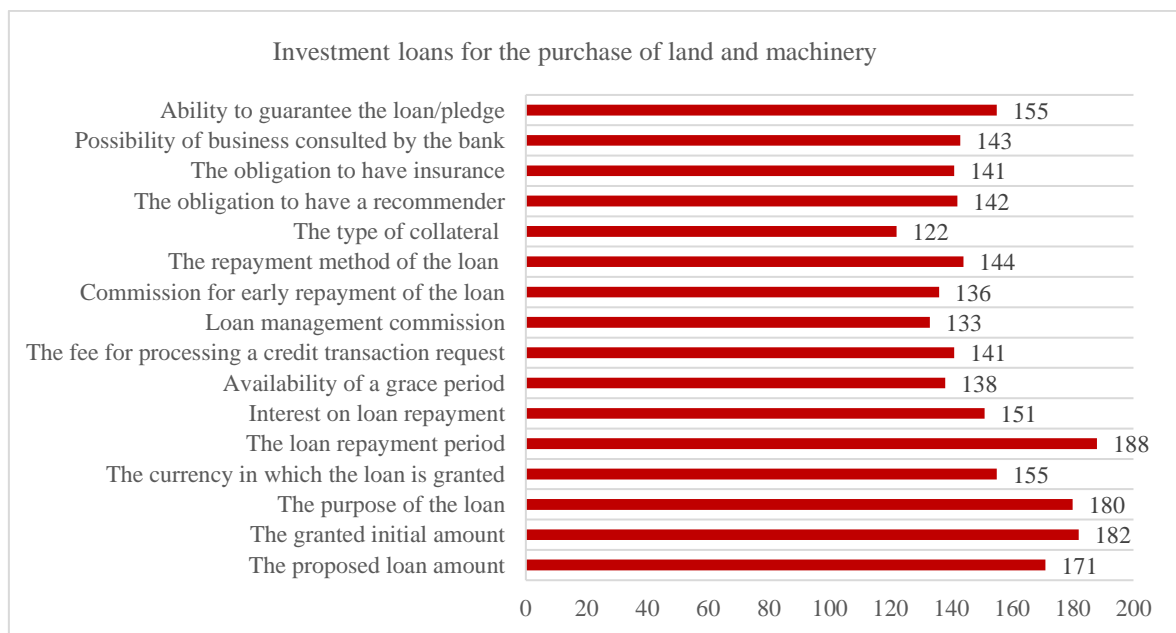
The expensive land resource necessary for expanding agricultural production has driven significant interest among farmers in another financial product — the **“investment loan for the purchase of land, machinery, and equipment”** (see figure 4)

Within the consumption of this financial product, the following key needs were identified:

- (1) the loan repayment period – 188 points;
- (2) the initially approved loan amount – 182 points;
- (3) the purpose of the loan – 180 points.

These three needs are considered primary drivers in the consumption of this particular product group. It should be noted that, according to data from the Bulgarian National Bank, the average size of an investment loan in the "Agriculture" sector exceeds BGN 186,000. This highlights the strategic importance of this financial product in meeting the financial needs for the realization of farmers' investment strategies in Bulgaria.

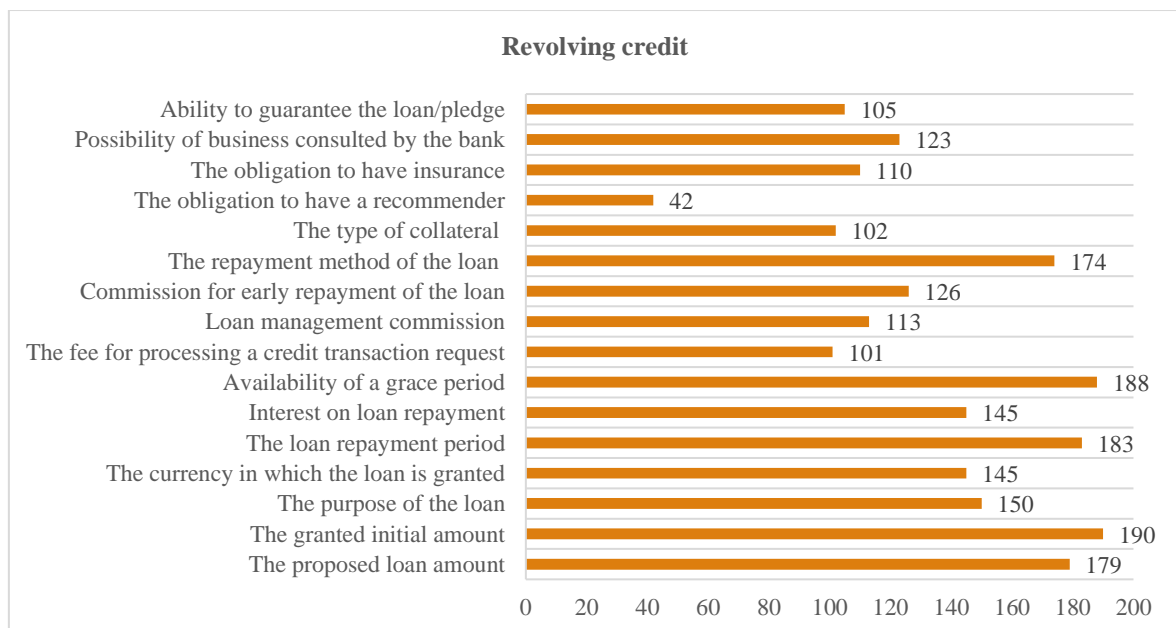
Figure 4. Identification of Farmers' Needs for Positioning the Financial Product “Investment Loan for Purchase of Land, Machinery, and Equipment.”



Source: Survey conducted among 33 agricultural producers. Each respondent assessed each need using a six-point Likert scale, where 1 – completely dissatisfied, 2 – somewhat dissatisfied, 3 – neutral attitude, 4 – somewhat satisfied, 5 – rather satisfied, and 6 – completely satisfied.

The following figure 5 presents the most significant needs of farmers in relation to the financial product category “Revolving Credit.” This is the product category with the least competitive activity among commercial banks.

Figure 5. Identification of Farmers’ Needs for Positioning the Financial Product “Revolving Credit.”



Source: Survey conducted among 33 agricultural producers. Each respondent evaluated each need using a six-point Likert scale: 1 – completely dissatisfied, 2 – somewhat dissatisfied, 3 – neutral, 4 – somewhat satisfied, 5 – rather satisfied, and 6 – completely satisfied.

The evaluation of each need is presented as a cumulative score. Revolving credit is not a preferred product in the financial portfolios of commercial banks.

According to the survey data, the three most important needs within this product group are:

- (1) the initially approved amount of the revolving credit – 190 points;
- (2) the existence of a grace period – 188 points;
- (3) the loan repayment term – 183 points.

The survey results aimed at identifying the key financial needs of farmers when utilizing financial products in Bulgaria show that the greatest needs lie in two areas: working capital and investment financing. These two needs received the highest cumulative scores across all evaluated product groups.

Table 2. Markers for Modelling the Product Positioning Strategy of Commercial Banks Serving Farmers' Financial Needs.

Product Type	Positioning Markers	Marker Significance
Working Capital Loan	(1) Initially approved loan amount; (2) Loan repayment period; (3) Proposed loan amount	(1) Very high; (2) High; (3) Medium
Overdraft	(1) Access to business consulting from the commercial bank; (2) Proposed overdraft amount; (3) Overdraft repayment period without penalty interest	(1) Very high; (2) Very high; (3) Very high
Credit Line for Advance Financing of Schemes and Measures for Direct Payments	(1) Proposed loan amount; (2) Initially approved loan amount requested by the farmer; (3) Loan purpose	(1) Very high; (2) Very high; (3) High
Investment Loan for Purchase of Land, Machinery, and Equipment	(1) Loan repayment period; (2) Initially approved loan amount; (3) Loan purpose	(1) Medium; (2) High; (3) High
Revolving Credit	(1) Initially approved amount of revolving credit; (2) Existence of a grace period; (3) Loan repayment period	(1) High; (2) Medium; (3) Medium

Source: Survey results obtained through the application of the Fischbein method.

This assessment provides valuable information on the key needs of farmers that should be taken into account when formulating a strategy for positioning financial products. These core needs serve as **strategic markers** in shaping the financial product portfolio. These markers perform two main functions:

- (1) they allow for differentiation and adaptation of the product group to meet client requirements;
- (2) they enable control over the adherence to the positioning strategy, serving as milestones that guide the product positioning process.

The following table 2 presents validated markers used in the strategic positioning of financial products for farmers' needs.

CONCLUSIONS

This study, based on a structured survey of 33 Bulgarian agricultural producers, explores the specific financial needs of farmers and how these shape the effective positioning of financial products offered by commercial banks. The research examines several key financial instruments, including working capital loans, overdrafts, advance financing credit lines, investment loans, and revolving credit. Based on the results the following conclusions are identified:

1. **Financial institutions must better differentiate their products** based on farmers' needs across different financial categories, especially in regions with high land acquisition costs or growing mechanization demands.
2. **Strategic positioning markers**, such as loan size, repayment terms, and purpose, are essential tools for aligning bank offerings with the realities of agricultural production.
3. There is a **critical opportunity for commercial banks to enhance their competitiveness** by offering value-added services such as business consulting, more flexible collateral requirements, and financing options aligned with subsidy cycles.

Based on the the conclusion of the survey, the following recommendations should be taken:

- (1) Banks should **adopt a customer-centric approach**, integrating advisory services and offering flexible financing solutions tailored to farm size, region, and production focus.
- (2) Policymakers should **monitor the secondary effects of subsidy mechanisms** to mitigate land speculation and ensure equitable access to financial instruments.
- (3) Further research is needed to explore **regional variations** in farmers' financial needs and how banks can adapt their portfolios accordingly.

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