

# Marketing Agricultural Produce

## **Definition of Marketing - what is marketing?**

**Marketing is an influential aspect of daily life.**

- \* Marketing is a system which combine activities of organizations and individuals with the purpose to assist process of trade and exchange in order to achieve customer demand.**
- \* Human activities directed to satisfy needs and wants through an exchange process.**

**The purpose of Marketing:**

- \*The right product at the right place, at the right price at the right time.**
- \*Stimulating the demand of customers.**
- \*Managerial efforts to match product with market.**

## **Marketing Activities:**

1. Identifying the needs and wants of the consumers.
2. Planning and developing the product to satisfy those needs and wants .
3. Showing the advantages of products upon other competitors products.
4. Convincing consumers to purchase products or services.
5. Distribution of the products to customers at the right place and at the right time.
6. Establishing the condition for sale -price terms of sale, payment etc.

**Marketing is consist of several components:**

**P - product**

**P - price**

**P - place/ distribution**

**P - promotion**

**P - packaging**

**The relations and the connections among all these components is called “Marketing Mix”, which help to achieve the final results of marketing.**

**Product** - anything which can provide utilities to customers such as: goods, services, ideas.

The production of the product include the need to decide on: quality, design, packaging, services, use instructions, brand name of the product.

**Price** - price depends on the kind of product: its function, reliability, aesthetics and quality - as well as on the production costs.

**Distribution**- making product available to customers. How to choose the appropriate distribution channels, such as, importer, wholesaler, retailer - Chain stores etc.

**Promotion** - all activities aimed to increase the selling by persuading the customer of the particular qualities and advantages of the product.

**Before production we should ask ourselves the following questions :**

**Who are our potential customers?**

**What are their present and future needs?**

**How can we satisfy these needs?**

**Can we offer a product the customer will appreciate?**

**Can we communicate with customers?**

**Can we deliver competitive product?**

**Why should customers buy from us?**

**The purpose of these points called also “ business plan” is help to foresee and avoid possible risks.**

## **Marketing Agricultural Produce**

**Agricultural produce differs from other manufactured products because of their particular characteristics.**

- 1. Perishable products with short shelf life.**
- 2. High sensitivity to external conditions.**
- 3. Limited possibilities to change time of harvest.**
- 4. Limited period of storage, even in optimal conditions.**
- 5. Fluctuation in supplied quantities due to external uncontrolled conditions, weather, diseases etc.**
- 6. In a free market the price is strongly affected by the law of “ demand and offer”.**
- 7. Market information to farmers to decide upon future produce is not available.**

## Summary

**To sum up what we have just said, it is essential to take a special care on how to handle the product after harvesting- Post Harvest treatment.**

**We need to establish an infrastructure and logistics to be able to bring to the markets and the consumers high quality produce to achieve good selling price.**

**Poor handling of one or several factors of post harvest treatment, could harm the produce strongly and the result may be very low prices or lack of demand which means great losses and higher costs.**



## **Channels of distribution**

There are a few products which customer will make efforts to seek out. Exclusivity products like designer dress, jewelry or special brand products.

Products should be ready and available to customer.

**Distribution - decisions that should be taken?**

- \* direct or indirect channels.**
- \* single channel or several different ones.**
- \* how to make those channels available.**
- \* building relationship with intermediaries.**
- \* ownership and investment within the channel.**

# The length of Distribution Channels

## Direct

Producer ----->pick your own --> consumer

## One intermediary

Producer -->Supermarket--->consumer

## Two intermediaries

Producer-->wholesale market->retailers->consumer

Most of agricultural produce around the world are sold via the wholesale markets or central markets.

Wholesalers are receiving the produce from the growers on commission basis or buying it at fix prices, offering the produce to retailers,

**Greengrocers, local markets, hotels, restaurants etc.**

### **Local Open markets in main cities**

**Another form for selling agricultural produce is open markets. For example in South America -" it is called Feria". Growers and small wholesalers bring their merchandise to the open markets twice week.**

### **Chain C Stores - supermarkets**

**The tremendous development of chain stores all over the world in the last 15 years in selling food and other agricultural produce have changed completely the traditional commercial structure.**

**Chain stores are gaining more volume of sale of fresh food products and pushing away the traditional retailers.**

**Within the European countries supermarkets have reached the share of 65% -70% of the selling volume. In England chains have already reached 80% of the sales. In Switzerland Germany and the U.K it is almost impossible to find retailers or greengrocer shops.**

**Chains stores are already buy direct from growers and are even involved in long term production contracts with big exporters or growers. This facts have influenced the function and the commercial activity of Wholesale Markets which have lost big part of their sales finding ways like specializing in new products etc.**

**“Product Category Manager” services supplier company which is buying the produce direct from the growers, preparing and repacking each product for “self service” sale, as well as ready to eat products.**

## **Selection of Channels**

**How to reach the relevant customer considering:**

- \* potential customer requirements.
- \* our organization resources.
- \* competitors and distributors activities.

**We have to ask the following questions:**

- \* The nature of the channel.
- \* The behavior of channels and the firm/organization.
- \* Managerial problems and decisions.

# Marketing Information

**Marketing information is required for successful trade**

**Categories of marketing information:**

- \* markets and environment information.**
  - \* customer and potential customer inform'.**
  - \* competitors inform.'**
  - \* product, price, place, promotion activity and other inform' about offer and demand.**
  - \* information regarding distributors and special sale campaign.**

**Collecting marketing information is much more difficult than manufacture or operational information.**

***Marketing decision are made on the time dependent, with no value after time.***

## **Customer Environment Information.**

- **Customer satisfaction surveys.**
- **Customer inform' can be: qualitative, quantitative.**
- **Type of customers:**
  - Consumers- single or household.**
  - Producers - part of chain row materials.**
  - Commercial - market resale.**
  - Governmental/ international markets.**

## Competitors Information

*The success of a product depends on the alternative in front of the customer.*

Update the competitor profile:

- what they are doing
- what products they are offering
- when are they offering
- why and how they are performing
- any other relevant information

**In order to succeed do better than your competitors.**