

Marketing Strategies for Agricultural Holdings

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Abstract: *Improvement of the marketing activities constitutes an important way to increase the holdings' efficiency. They are an assembly of activities, techniques, methods and procedures which have the role of adjusting the agro foods supply to the specific demand. So, becomes possible satisfying the consumers through giving them the goods which they want in the demanded quality and extend, within the suitable place and time period, but also, with a maximum profit for the entrepreneurs. The paper indicates some strategic directions concerning the development of the marketing activities within the agricultural holdings.*

Keywords: *marketing activities, consumers, assembly of activities, agricultural holdings.*

1. The importance of marketing strategies for agricultural holdings

The whole set of economic or marketing activities which are meant to achieve the policies and market strategies of agricultural holdings will be integrated in a *marketing strategy*.

The marketing strategy will settle for the next period: general long term objectives which take into account the present position of agricultural holdings and the prevision for the directions and action means; short term objectives, which include the distribution strategies for products with distribution and promotion elements. Other objectives which can be found in a marketing strategy include: penetrating a specific market segment with own products, changing on long term the production's structure in accordance with the consumers' demand, evaluating the products (settling domestic prices, analyzing the competition's prices and settling competitive prices), improving the products' promotion (discovering potential clients, preparing the specific documents, launching offers, establishing direct relations with clients), concrete selling and advertising methods, etc.

For the design of a marketing strategy it is necessary to conduct studies inside the marketing department, which will determine the possible and necessary directions for the evolution of the wine products demand and wines in particular.

Among the factors which are taken into account the following are included:

- the production's capacity of the business enterprise. The complete and better use of this capacity must be included in the marketing program;
- the production's adaptability – an important factor to be analyzed and predicted because inside the agricultural production the changes of the program are difficult to accomplish when they are directly connected with the change in the production's assortment structure;
- the products' quality, which must satisfy the pretensions of the buyers regarding the wrapper appearance, the proprieties of the product and advantageous prices.

The investigations necessary for knowing the agricultural products market pursue to get answers to questions like:

- What products do the buyers prefer?
- In what quantity is each product sold every year?
- Who are the consumers?
- Where are the products consumed?

- How often are the analyzed products sold?
- How are the products used?
- What other products compete for the same use?
- Which are the resources used in obtaining the products?
- The buyers' knowledge degree regarding the company's products and trademarks.

In the design of a marketing strategy it is necessary to cover a few stages, which are presented in figure no. 1

<p style="text-align: center;">I. THE ANALYSIS</p> <ul style="list-style-type: none"> - choosing the market; - individualizing the market segment, the consumer segment, the competition; - analyzing the product; - the analysis of the company's situation; 	<p style="text-align: center;">II. CHOOSING THE OBJECTIVE</p> <ul style="list-style-type: none"> - the company's strategy; - choosing the objective and the consumer; - defining the product; - the market's objective; - the economic performances;
<p style="text-align: center;">III. PARTIAL ACOMPLISHMENT</p> <ul style="list-style-type: none"> - the marketing program; - the product policy; - the price policy; - the distribution policy; - the selling policy; - the promotion policy; - the services policy; - the market opportunity; 	<p style="text-align: center;">IV. CONTROL</p> <ul style="list-style-type: none"> - the economic calculus; - the advantages of the company's strategy.

Fig. 1 The marketing program's stages

If the first two stages have the role to investigate the external environment, to research the present and future consumption needs, which will have to be satisfied by the unit's production and in accordance with which the objectives will be settled and the adequate strategy designed, the third stage pursues to settle the grounds regarding the products, the prices, the distribution and the promotion.

Combining the four fundamental elements constitutes **the marketing mix**, integrated in an action plan designed to ensure the maximum efficiency in using the company's resources. Each of the marketing mix's components – the product, price, distribution and promotion policies – contributes to achieving the wanted objective, but only the correlated action of all components determines the right orientation of the agricultural holdings towards the market and the general efficiency's growth.

The structure of a marketing mix is different from one economic sector to the next, and contains a unique combination of the product, price, distribution and promotion policies, specific to each economic agent.

2. The product policy

The goal of the product policy is to ensure the adequate adaptability of the supply which must satisfy the needs, wishes and other demands that appear in the process of choosing a product by the consumers, on the basis of the conclusions reached in a market study. At the same time, when finalizing this component of the marketing mix, the marketers will also take into account making products which will ensure profit through the distribution volume during their entire life cycle.

Essentially, the product policy settles the structure of the products which will be commercialized, the production's dimensions, the attributes of each product (style, wrapper, logo, quality) and indicates the directions towards which the economic agent will have to channel its financial and human potential.

Establishing as main objectives for the following period the general profitability's growth, increasing the sales volume, keeping and consolidating its position on the market or the conquest of new market segments, the agricultural holdings will have to orientate towards maintaining the products with a high level of efficiency and towards improving the assortment's structure.

Obtaining a growth of the agricultural holdings' economic performances is possible only to the extent in which they concentrate their attention on making quality wine products according to the foreign market's demands and to the extent in which they render profitable all their advantages, which involves designing diversified **product strategies**. These can be:

- *the assortments' stability strategy* – is used to maintain the position earned by the company on the national and international market and the prestige among its clients;
- *the assortments' limiting strategy* – is used to simplify the assortments' structure by eliminating the assortments with low profitability and a low figure sales;
- *the assortment's diversifying strategy* – is used to vary the ways of satisfying the need for which the product was designed and thus increase the consumers' number;
- *the assortments' differentiating strategy* – is used to separate the products of a company from similar products, existent on the market, and to maintain constant some of their characteristics;
- *the strategy of perfecting the products* – targets the periodic improvement of the qualitative parameters for keeping the present costumers and potentially modifying their consumption habits, so that it results a demand's growth and implicitly the extension of the market;
- *the assortments' renewal strategy* – the agricultural holdings will have to be preoccupied with making new products for the present market or to make new products for new segments of consumers.

Product strategies must render profitable the favourable conditions which the agricultural holdings benefit from, such as: economic resources, ecological and climate related resources, geographical position, tradition, the experience of the labour force, etc., so that it generates profitability through the products supply for which there is already demand and which offer certain advantages in comparison to the competition's products.

3. The price policy

The price policy can be considered a continuation of the product policy. Beside the elements which are tied to the production process and the use value of the obtain products; it also includes elements that express the market conditions in which the product will be released. For an economic agent the price is the sum of money which a product will bring through its confrontation with the market. It can facilitate the choice of buyers who look for a product by also taking into consideration the price's level and structure, especially when correlating it with the quality of the merchandise.

Prices have a fundamental role in the marketing mix, they measure the economic activity of the producer, the expenses and financial results, they allow the comparison of own products with similar products from other producers and they generally show the adaptation level of the production to the environmental requirements and the degree to which the essential marketing functions were accomplished. The concrete ways of approaching and using prices by the producers form the content of some *price strategies*.

Price strategies can be different from one producer to the next, or can differ for the same producer from one period to the next, in accordance with the adopted marketing policy, with the product policy – which expresses the objectives, but also the production possibilities of the unit, the economic and legal frame-work, the competition with similar products, etc. The trademarks which characterize a price strategy refer to the prices' level and accessibility, to their diversity and mobility in time.

The prices of the agricultural produces *are fluctuant* and depend on a series of factors, such as: their perishable degree, depositing possibilities, rarity, quality, the degree of solicitation on the market, etc. Some of the products, like wines, champagne, strong drinks, have a lower perishable degree and fewer stocking possibilities; but they are strongly influenced by the psychological factors of the demand. Through an adequate depositing, the prices of these products could be less influenced by the seasonal fluctuations and they could be sold at relatively constant prices for a longer period of time. In this case, the manufacturing, manoeuvring and depositing expenses will rise, and the stability of the prices is justified only in special cases, when the need to stay on a certain market segment or to penetrate new market segments is imposed. Normally, the prices of these products (especially wines) differ in accordance with the manner of presentation, the preservation, the wrapping package, the concentration, the year of origin, the quality, the harvest and in accordance with the elements of financial nature (taxes, duties, contingents, etc.).

The prices' flexibility is higher for products sold in a raw state and in this case they are correlated with their freshness. Thus, higher prices can be practiced for products which are new in the season and have higher quality; and lower prices can be practiced for products which lose their new status during the season.

The prices of the agricultural produces are also influenced by the *products' destination*, their level being determined by: the commercialization through middlemen and the length of the distribution channel, the manufacturing with own wine-making capacities, the commercialization in its own network and direct trading.

The prices of the agricultural produces can also differ in accordance with the *orientation of the products* towards the domestic or external market. Thus, the products destined for domestic consumption will have lower prices and the products destined for export will be sold at higher prices, but these prices could also be fluctuant, they have a smaller connection with costs and will be checked with precision only when the products reach the external market and will be confronted with its characteristics.

The agricultural companies will practice different levels of prices to make their product more accessible to consumers in accordance with the *market segments* they are addressing. They can establish reasonable prices for the products destined for the large public with medium income or higher prices for the products with a superior quality accessible to consumers with high incomes. This way a diversity of prices is ensured in accordance with the assortments and the different qualities of the products, with the consumers' incomes and the demands of the market.

The adopted price strategies will also be influenced by the way the notion of *prices' mobility* is understood, which should be changed in accordance with the trajectory of the life cycle for agricultural produce, the seasonal oscillations and the changes of the market's conditions. The mobility of the prices can be practiced in different stages of the product's life, forcing either the prolonging or the shortening of the life cycle, or allowing the penetration of new market segments, the consumption's growth, etc.

The practice of reducing the prices in order to increase the consumption of agricultural products has psychological implications on the consumer and in order to reach its goal – the stimulation of the demand and the growth of the producer's profit – it must be well correlated with a promotional policy, otherwise lowering the price might be associated with the idea of a drop in quality. Drops in prices are also practiced in the cases of an abundant production on the market and promotional efforts are also necessary to enforce the products.

Higher prices can be practiced when the firm's production constitutes a supply of products for which the demand is superior or when the firm wants to impose an image of superior quality products. Between these two extremes an agricultural holding must promote a policy to fix the prices which will ensure reaching the objectives of the marketing program and reaching a certain value level for the sales that the agricultural produce becomes profitable.

4. The distribution policy

The opportunity offered by Romania's integration in the European Union also means for our country an intensification of the efforts for creating specific structures for the market economy at the level of the European ones in the field of rendering profitable agricultural produce.

The distribution refers to the technical and economical processes that intervene between various economic agents and which take place in the time and space that separates the moment of the actual closing of the production from the moment of the acquisition by the final buyer.

By following the growth of the economic efficiency on the itinerary taken by the merchandise from the producer to the consumer, adopting the distribution policy of a firm implies elaborating a strategy that refers to:

- "the itinerary" covered by the merchandise on the market until it reaches the consumers (the distribution channel);
- the physical distribution of the merchandise (the network of units, endowments, personnel).

The distribution ends the economic cycle of an activity and practically finalizes the producer's economic activities and facilitates the recovery of the resources allotted for the goods and especially the much-awaited profit. The distribution also represents an important factor for satisfying the needs of the consumers, by offering them the chance to choose from a wide range of assortments only the products that they need.

A feature of the agricultural produce's distribution in Romania is represented by the existence of inadequate and inefficient forms of distribution. The present institutional frame-work is not meant to stimulate cooperation between economic agents: the producers form the viticulture sector and the wine-making sector on one side, wholesalers and by retail sellers on the other side.

The general need to raise the economic efficiency of the agriculture holdings enforces an improvement of the activities in all the economic sectors, and this means that the distribution sector will also have to be subjected to actions of re-examination and reorganization in accordance with European models and standards, in connection with the rationalization of the distribution channels and the necessary logistics.

The transformations of the present distribution systems for agricultural produce must be significant and must head towards promoting various commerce forms, used presently by the European Union, such as practicing a direct, associated or integrated commerce.

The need to improve the economic efficiency of the merchandise's distribution firstly entails **the rationalization of the distribution channels**, which means choosing the most advantageous channel for the producer.

An advantageous form of organizing the commercialization of the agricultural produce can have at its base the turning into account through distribution channels without middlemen, which means passing the wine products directly from the producer to the consumer through *immediate sale after harvesting* or through subsequent sale, in which case all the material conditions necessary for the distribution will be ensured (means of transportation, sorting possibilities, minimum conditions of transformation, depositing areas). A direct distribution can also be considered the one through stores or own stalls, because the producer and the middleman are mixed and thus a direct circuit for the products is formed through a very short channel.

Another way of distributing is the distribution channels with middlemen, who have a few choices depending on the number, the way and the manner in which different middlemen interfere.

These choices can be:

- channel of distribution with one middleman: producer – wholesaler unit – consumer which is the shortest channel with wangles;
- channel of distribution with two middlemen: producer – storehouse owned by the firm which sells by retail – by retail store – consumer;
- a long channel of distribution, with at least three middlemen: producer – a transformation process inside the company specialized in the industrialization of agricultural produce – storehouse (wholesale, by retail) – by retail store – consumer.

The middlemen economic agents who come into sight on the channel of rendering profitable the agricultural produce have the role to ensure the contact between suppliers and clients, to finance supplies, to negotiate and settle prices when taking merchandise from the producer and delivering it to the consumer.

Because, in the end, the prices for farm produce depend on the channel it takes, by increasing the competitive side through the used high prices, the producer might use shorter or direct channels with a higher efficiency, but also other distribution forms for which they will assume the organizational functions of wholesale. Thus, vertical integration forms will appear and the producer will handle the wholesale and by retail units also.

The reorganization of the farm produce's distribution, sustained by an adequate legal and institutional frame-work, will have to facilitate and stimulate the vertical integration of the economic agents, who carry out the product channel for production – processing – commercialization, and the shaping of horizontal associative structures.

Materializing the *associative structures* confirms the advantages of the horizontal cooperation between same profile partners, who handle together the enlarged patrimony on the principle of joint decisions, which will have consequences in the management of the association and will direct the commercialization policy or the financial relations. The main advantage of these partnerships is the embracing of a unified strategy for agricultural produce, which won't compete with each other, so that the attention of the producers can turn towards finding ways to reduce production costs as an immediate mean to grow the economic efficiency.

The advantages of the *integrative structures* derive from the characteristics of the vertical cooperation and they lead to an obvious efficiency of the distribution activities, just as for the other type of activities meant to obtain and make profitable the agricultural products. Thus, an integrative structure for agricultural products will generate multiple effects, such as:

- the possibility to better ensure the technical and material resources is created, including through the production of resources inside the company. For example: the raw material needed for wine products will come from own farms, and the selected engrained material necessary for these products can be delivered by the seed beds of experimental farms;
- turning into account the products can be made in better conditions as a result of a unitary organization of the marketing activity at the level of the entire integrative structure. This is a consequence of the studies and actions taken by experts organized in a marketing department;
- the possibility to better ensure the financial resources of the integrative unit, which will have advantageous relations with banking institutions, because of its dimensions;
- more advantageous and competitive prices can be practiced on the market as a result of the middlemen's elimination, which otherwise would have led to successive rises of the prices;
- superior technical and material conditions and the general better use of all resources will be ensured, which will correspond in a lower costs' and prices' level and in obtaining a higher profit.

Next to the rationalization of the distribution channels of the agricultural products, another way to make the distribution efficient is the **rationalization of the logistics for the products' distribution**.

Referring to the organization and the leading of the moving operations for agricultural products inside the distribution channels, the physical distribution of the products (logistics) has as

main purpose the reduction of the distribution costs. The integrated system of actions which constitutes the object of the physical distribution is made from multiple activities, such as: transportation, processing and conditioning, organizing the storehouses, checking the stocks, preparing the merchandise for sale, analyzing the informational data, the distribution, the sale, etc.

To create channels to render profitable the agricultural produce, which will allow the reaching of quality standards in accordance with the requirements of the European Community; it is necessary to carry on an extensive investment program. This program will materialize in the rehabilitation and modernization of the technical and material endowments for all the links in the distribution process and in the logistics' improvement, so that a profitable commerce will be practiced.

For the farm produce (fruits, vegetables, meat, milk) with a high degree of perishable, moving the product from the producer to the consumer must be made quickly, and thus direct channels of distribution or channels with a low number of middlemen are recommended. Middlemen are selected on the basis of the special technical endowments for the storing of the products (refrigerating units), that can maintain uninterrupted the cooling chain from the producer to the consumer.

During the physical distribution of the products, an activity which must be very well organized is the transportation activity. The decisions regarding transportation include the mean of transportation (by train, by car); the type of the mean of transportation, which must be adapted to the place and the purpose of the transportation – loading capacity, speed of transportation, technical condition; the duration of the transport, which is conditioned by the product's features; wrapping package, which determines the needed protection and the arranging of the product inside the vehicle; the transportation's cost.

5. The promotional policy

The marketing efforts of the producers involve a permanent communication with the external environment, with the market and the potential consumers, who will be guided in their buying actions through careful informing.

Informing the public about the offered products has the role to stimulate and direct the products' demand and thus contribute to the growth of the producer's economic efficiency, who improves a series of economic and financial indicators: the distribution volume, the transportation expenses, the profit, the speed of transportation, etc.

The informing and stimulation activities are based on a system of means of communications meant to show the economic unity and the products, in order to cause favourable changes in the mentality and buying habits of the potential consumers and for the rise of the distribution.

The range of promotional activities is wide and includes advertising, promoting sales, public relations and other means of promotion.

The main promotional activity is advertising by using commercials and free publicity. Essentially, commercials are an impersonal presentation of the product or the economic company with the purpose to maintain the consumer's interest alive or even to change his/hers behaviour so that a sale is generated. For the purpose of commercials to be reached, they will be delivered to the public through means of mass-communication.

The constant presence of the Internet in the Romanian society creates new possibilities for agricultural holdings to affirm rapidly their existence in a virtual environment, which is spread at world-wide level, turning to the electronic space for advertising and for the development of a business environment.

Regardless of the way in which the commercial is made, to obtain the wanted results it is necessary for the advertisement to respect some indispensable conditions: to draw attention, to give a convincing presentation of the product or the company, to show information about where the

product can be purchased, to emphasize a need by offering reasons to buy and, of course, to invite the public to buy the product.

Other activities with a promotional character and a beneficial effect over the global image of the business corporation and its products could be: press, radio and television appearances of company leaders, who make infomercials during interviews, to popularize the exceptional results and received awards at national or international competitions, publishing favourable reviews written by experts, editing specialized publications to popularize the successes, catalogues with the products and their features, publishing specialized magazines, etc.

Promoting at the selling place is a very important technique for the promotional strategy and it must be used on a large scale in the stores' network for agricultural products. This type of promotion is a kind of silent argumentation and has the purpose to determine the customer to immediately buy the presented products. As means of eloquent convincing are used: the optimum exposure of the products on the shelf, in the windows and inside the store; using labels which offer useful information about the product, the price and the quality; bringing to the foreground the products which were advertised in newspapers, radio and TV commercials; selling products under the brand of the company; selling large quantities at special occasions; offering gifts to some clients; giving discounts for buying large quantities; granting fidelity bonuses; etc.

Public relations are also a promotional activity, and it can be done by participating at symposiums with a agricultural theme, by participating at fairs, exhibitions and festivals, where the buyers' interest could be aroused by exposing the products in well-decorated stands and putting at the disposal of the interested persons the specific documentation; organizing competitions, giving free samples, etc. Public relations try to create a sympathy climate towards the company, brand and product and have a long-term effect.

It is important for the agricultural holdings to be more preoccupied to enforce their *own brands* for the products, as representative elements for their quality.

In the conditions of a sharp competition, agricultural holdings must be interested in developing their sales in a profitable manner, which means giving a special attention to advertising activities, which could constitute a promotional program as part of the marketing program. The results of the promotional activities must followed continuously, because it is known that supporting an add campaign for a product means allotting important funds, which should be covered entirely from the profit brought by the advertised product.

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