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**MARKETING AS A DEVICE FOR SUPPORTING
COMPETITIVENESS OF POLISH AGRICULTURAL
PRODUCERS IN THE CONTEXT
OF INTEGRATION WITH THE EU**

1. Introduction

A continuous increase in supply surplus on food markets is causing more rigorous competition among businesses operating in food industry. Accession to the EU will contribute to even greater competition felt mainly on markets of agricultural products. Therefore agricultural producers are facing very serious challenges that require them to take certain steps to strengthen their position on the competitive market.

On the micro scale it often means a need for more radical reaction to diverse and intensive impact of economic conditions that will still become greater after Poland joins the EU and Polish market becomes more open to the world competition. One should add uncertainty of what new conditions will be, not only the situation of the EU economy or agriculture but also conditions of limited range of impact, but of greater frequency and diversity like movements of competitors.

Polish farmer is in a much more difficult position than his foreign counterpart, especially one from the EU. Unlike other Western countries Poland cannot afford to support agriculture sector with various subsidies or quotas. In addition there are some basic differences between Polish and Western agriculture. Polish agricultural sector generates higher employment, has more diversified agrarian structure, farms have more loose connection with food industry and markets are not organised enough.

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2. Competitiveness of agriculture of the EU countries

The strength of competitiveness of the EU economy comes from modernisation and rationalisation of agriculture production processes that has been carried out for many years now. The EU countries favour so called horizontal approach in supporting domestic producers. It involves actions on general and micro scale that affect state economy and individual industry sectors by eliminating barriers that prevent structural changes. This allows their economies to become more specialised.

Common agriculture policy is developing in such a way so as to maintain agriculture revenues by direct payments payable to farmers. It allows to lower prices so that products exported from the EU can compete with goods from other countries. As a result on official markets downward price trends prevail while agriculture revenues become stabilised.

Therefore we need to examine to what extent actions aimed at supporting agriculture production undertaken so far correspond to present conditions of Polish agriculture in the context of the integration with the EU and internal economic determinants as well as the situation on the world agriculture markets. Foreign producers not only dominate on their domestic markets and have no difficulty in winning our market at the cost of Polish farmers.

As a result, despite some progress being made, Polish suppliers are less and less competitive on our internal market when compared with the EU farmers who have been operating on very competitive, strongly developed commodity markets for many years and achieved a high level of development. They use the latest biotechnology solutions and possess huge capital resources that enable them to adjust to customers' preferences contributing to their more and more favourable and well promoted offer.

When joining the EU we need to meet certain conditions of competition. The situation may improve due to good effects of political transformation and better use of market instruments mainly in the field of marketing that stimulates effectiveness of economic moves. If handled appropriately the position of Polish farms may become more competitive.

3. Marketing activity of agriculture producers

In these circumstances Polish farmers should get involved in profitable activities making good use of opportunities created by new and constantly developing economic reality that enables them to strengthen their position on

domestic market and become more present on foreign markets. Problems related to stronger co-operation with developed countries and consequently higher market requirements which are seen in more commercialised forms of agricultural forms of activities that intensify concentration and specialisation of production clearly indicate a need to increase productivity, enhance abilities of effective farming and first and foremost promote appropriate market behaviour. Farmers should know how to make use of it and how effectively sell their products, capabilities and abilities. Ability to sell is closely related to appropriate market undertaking and use of the most efficient marketing concept.

It is important to take promarket orientation and use promarket farming techniques that suit a given economic situation. The situation may improve due to good effects of political transformation and better use of market instruments (mainly of marketing nature) that stimulate effectiveness of economic moves. In the EU context, the future of agriculture producers depends on marketing and market. Following this direction will stimulate an increase of product mix, development of competition, change of factors in farm environment. In the world economy marketing has become a basic tool for producers to adjust to growth processes and market changes i.e. a way for running a business. Therefore we are trying to find out how to promote this marketing concept and make farmers adopt it as a promarket farming and management method in agriculture (a method that may be useful for the sector to adapt to changing conditions).

Marketing strategy is very hard to adopt for agriculture being a part of economy. Agricultural products exhibit specific characteristics that make them different from other products and require use of specific marketing instruments as we need to bear in mind unequal, seasonal and serial output throughout a year, dependence on climate conditions, choice of the right moment in biological cycle of product development. Besides, there is limited possibility to implement changes in a manufacturing process, little transport susceptibility, diversity in quality between individual batch of products which all in all puts farming activity on high level of risk (Urban 2000, p. 218). In practice a marketing concept for certain products or group of products might be considered. Marketing strategy for milk products will be different than for meat products, vegetables, fruit or corn due to a different demand for these products, different distribution channels, different pricing policy, sales or promotion. Structural adjustment should be carried out within production and distribution chain of a given group of products. From the point of view of marketing concept agriculture cannot be perceived as homogeneous since it includes diverse and heterogeneous components.

When introducing marketing orientation in agriculture in the first stage it is required that all links in the chain of agricultural trade recognise the need for implementing marketing idea. Among rural communities new ideas spread

mainly by the process of diffusion and the whole process may take different route and pace. All trade participants need to undergo this mentality change including farmers, producers, intermediaries and final sellers. This requires support of special marketing infrastructure that will allow market operations be put in the right order. In this area Poland needs to implement well-thought out changes based on experience of the EU countries.

A precondition for professional marketing is to secure decision making backup with marketing research. It is really crucial since now general negligence of marketing research as a source of information can be observed. Macroeconomic research such as statistical estimation of food import is not enough. Microeconomic information is equally important and it can be provided only by analysis of local markets. This is how basic data needed for successful business operation can be obtained. The most important research objective is business forecasting, especially sales forecast. It is necessary to establish and improve marketing information system that involves current information on demand, supply, prices and required outlay (Gaziński, Rutkowska-Rock 1999, p. 58). In the situation of excess of agricultural products on the EU market there is a need for so called early warning information system that would provide information about direction and intensity of possible changes which in turn would allow to shape marketing activities accordingly.

The key issue in putting marketing concept into practice is means of marketing strategy. They focus attention on profiled product policy and efficient consumers' demand. We always bear in mind future purchasers of our products when conducting business. Therefore we need to adjust agricultural products to market demands as for offer standards, introducing complementary products, monitoring and adopting new products tested by competitors. Such an approach is a basic advantage for launching goods successfully on the market. It is advisable for producers to offer the widest range of products that would be future oriented. Mostly it is manufacturing and processing businesses that are capable to do it. If they deal in various kinds of crops it would be advantageous for them to have a rich product line so as they could offer their consumers a wide range of products, gain new consumers and adapt to variable demand.

You can define a number of future-oriented products, especially in case of large farms. Some of them will not manage to operate on the basis of traditional production and will search for alternative solutions. Cultivation of intensive, specialised cultures gives huge market opportunities. As for consumption goods smaller farms will continue to play the major part due to their flexibility and small scale production of customised products as well as good merchandising on local and regional level. Now it is regional specialities and healthy food that gives good market results.

Nevertheless manufacture of agriculture products is not enough. They need to be augmented with use of values typical for given products that make them

distinct from competitive goods. It is advisable to expand product range and develop processing of produce so as to attract as many potential receivers as possible. It is also required to improve overall appearance of the product including its packaging and perfect deliveries, especially quality guarantees.

All this should allow to distinguish the quality of a given product by enhancing its use. This can be done by guarantees, a trade mark i.e. non-standard features which are easy to identify. It also allows for less risky and more favourable launching product on the market, though there is always a high risk incorporated in launching new product, especially when there is a need to attract customers. Innovative products of higher quality and use values are the basis of steady progress and precondition to enter new markets.

Creative activity is based on a product, marketing actions reach far beyond though. Not only do they cover given goods or services, but also price, distribution channel, marketing logistics, sales acceleration, promotion and all innovation instruments.

In Polish conditions the main problem lies in the use of price as a marketing strategy. It is hard to agree with the opinion that consumer orientation on the food market is evolving towards less attention paid to price to the benefit of quality when making a decision on a purchase of a product (Urban 2000, p. 135). It seems that the price will continue to play a decisive role for consumers in their choice (Radzimińska 2002, p. 8), especially that less flexible market for agriculture products, their physical and economic sensitivity to transportation and short storage period, mainly of plant produce, contribute to the fact that the price level depends largely on the crops supply (Łaguna, Rudzewicz 2001, p. 223).

In market economy prices should depend on prices of competitive goods and consumers' acceptance. In practice there is little scope left for manoeuvre in price policy, especially when the market creates a dynamic balance that tolerates only slight price changes that do not cause immediate "self-correcting" reaction from competitors (Thomas 1998, p. 324). Price flexibility of demand of agricultural products is mostly limited and prices are corrected due to market situation. Additionally greater competition also complicates the situation.

Active price policy requires price diversification. Today we can notice different price offer on the market but still on a very small scale. Therefore the main effort should be put on operating with price as a tool when offering goods of various uses in different product groups. In the context of accession to the EU price will play a more significant role in shaping competitive potential of agricultural producers.

More and more attention is paid to distribution of agricultural products and their access to consumers. It is very dynamic and diverse. The choice of distribution channel is based on product specificity, its price, volume and market

location as well as access to those distribution channels. Agricultural products can be sold via several possible distribution channels depending on their use for processing or consumption. Mostly it is direct channels, but sometimes indirect channels are used mainly on good markets because of diversified supply and concentrated processing or a big producer offers products to various receivers (e.g. on a commodity market) or small farmers sell their articles to an intermediary on a marketplace.

Today the main distribution channel in agriculture trade (manly food) is a short, rather wide channel, with low costs and fast flow of products from manufacturers to consumers¹ that allows for relatively many transactions (Urban 2000, p. 143).

In Poland it is infrastructure of sales organisation that requires further improvement. It is important in case of noticeable seasonal and long lasting fluctuations in supply of agricultural produce. Weak distribution determines unfavourable turnover and production. Shortcomings in distribution affecting agricultural producers require improvement by reconstruction and implementation of new objects and modern selling methods.

Solutions to the problem might be diverse. Development of additional services seems more and more significant, on commodity market they could include loading or transport to customers and on consumption market packaging and portioning. Trade in healthy food is a special area where retail outlets need to be given adequate image.

Sales promotion poses a separate problem. In the surplus economy "even the best product does not sell itself". Therefore selling larger number of products requires promotion. It is natural that producers aim at becoming better known and making their offer more popular among present and potential buyers. Different product values and features can be promoted including nutritious, taste and usability value, manufacturer's brand, special character of products for instance their national or regional origin. The most appropriate promotional means for agricultural producers are different forms of outdoor advertising like placing outdoor information notices about selling agricultural goods. A significant role of advertising in local press is also stressed (Ciechomski 1997, p. 94).

However farmers use promotional tools to a small extent. Only big farm owners are interested in promotion, but still on a limited scale. Small farm owners neglect it completely. The reasons behind this are weak economic situation of agriculture as well as lack of promotion skills and habits. Promotional activities that can be observed include primitive advertisement and

¹ Most of them are sensitive to transport and require appropriate storage conditions which is not always possible to secure, for instance due to low level of market infrastructure (both technical and organisational).

elements of personal selling. However, this is promotion on limited scale, aimed at standard target group and accidental in nature. Such promotion stresses informative aspects and lacks elements that would encourage potential customers to purchase a product. Especially it lacks promotional material incentives (complementary promotion). And very often it is material incentives that are regarded as the only way to make a product distinct from a uniform range of products usually offered by small farmers.

Agricultural producers find promotion very problematic especially that communication process with the market is getting more and more difficult. In case of small farmers it is advisable to form local marketing groups that would aim at taking and realising promotional initiatives to sell their produce. Likewise others partners in agricultural trade, farmers will have to master effective sales techniques in order to meet requirements of free trade competition. Development of promotion is needed due to growing bargaining power of distribution channels, competition as well as wider and wider product range.

5. Conclusions

Changes in world manufacture as well as in trade in agricultural products along with Poland's accession to the EU create a new market situation. New structures and mechanisms are becoming dominant in a market economy and they impose certain requirements upon manufacturers. In agriculture the changes will be noticed by increased supply and stronger competition, mainly relating to quality. It means that benefits Polish agriculture may get will depend on its competition abilities that would allow to maintain a part of domestic demand and intensify export. It will largely depend on ability to use opportunities of economic links reaching now international scale and ability of individual agricultural producers to gain competitive advantage over others and consequently to maintain and increase their position on a domestic and foreign markets.

Imitation is a prevailing form of marketing activities. Considering Polish experience in this area or rather lack of experience no wonder farmers cannot propose their customers new solutions. However it is not the best idea to catch up with western competitors by applying western models and consequently innovative strategy in its defence form.

The present situation cannot be regarded as satisfactory. Weakness of producers and companies operating on agricultural market can be seen in their marketing activities and competitiveness. Nevertheless positive examples can be found, but level and scale of changes is limited. It is becoming a principal

problem since marketing is now essential to ensure company's continuous presence on the market and make it competitive.

Marketing activities need to be intensified. They should be targeted at individual products with respect to their specificity and to launch novelties. They require specifying characteristic properties along with elements of marketing mix and considering specificity of agricultural production. It becomes important to determine a size and boundaries of market sectors and to study desirable economic links. Promotion support becomes a crucial element as it is often a decisive factor whether agents will take products and then sell them to the final customer. Agriculture production should aim at enhancing product line along with exhibiting more flexibility, improving quality, increasing supply flexibility, limiting its seasonality. All this will allow to obtain more stability and meet market requirements.

Marketing orientation on agricultural market should bring positive results. They would improve competitiveness, enable farmers to achieve set objectives, enhance profitability and further active development. Implementation of these guidelines will not automatically solve structural and competitive problems Polish agriculture is facing. But following these rules may help to overcome various difficulties. Market oriented activities may become a leading philosophy and method behind farm operation in times of economic transformation. This may also contribute to production boom.

These changes can occur only if farmers change their attitude. High costs and risk pose certain limitations. Application of marketing activities depends on ability to improve so far achievements, mainly financial situation. There is also a need to undertake long term efforts that will allow for achieving planned results in the context of fierce competition after Poland's integration with the EU.

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MARKETINGOWE WSPARCIE KONKURENCYJNOŚCI PRODUCENTÓW ROLNYCH W WARUNKACH INTEGRACJI Z UNIĄ EUROPEJSKĄ

W artykule zawarto ocenę możliwości wykorzystania działań marketingowych dla poprawy pozycji konkurencyjnej rolników na rynku. Wymaga to radykalizacji reagowania na różnorodne i intensywne oddziaływanie warunków otoczenia, które ulegną nasileniu po dołączeniu do Unii Europejskiej i szerszym otwarciu polskiego rynku na światową konkurencję. Z analiz porównawczych wynika, iż zagraniczni producenci osiągają przewagę nie tylko na swoich rynkach, ale również bez trudu zdobywają nasz rynek kosztem polskich rolników. Posłużenie się instrumentami marketingowymi przyniesie zapewne pozytywne rezultaty wyrażające się w poprawie zyskowności i dalszym aktywnym rozwoju. Pojawiają się jednak ograniczenia wynikające z wysokich kosztów i ponoszonego ryzyka. Możliwości sięgania do działań marketingowych uwarunkowane są zdolnością do poprawy dotychczasowych osiągnięć, zwłaszcza w sferze materialnej. Należy również być świadomym długotrwałości podejmowanych wysiłków, które pozwolą uzyskać zamierzone efekty w warunkach silnej konkurencji po przystąpieniu do Unii Europejskiej.