

## MARKETING SERVICES ON THE FOOD MARKET

L Z RESCU CAIUS\*<sup>1</sup>

<sup>1</sup>*Vasile Goldi West University Arad, Romania*

\*Corresponding author's e-mail: caius.lazarescu@yahoo.com

***Abstract:** Agriculture has been defined and regarded over the years as an activity which involves cultivating the land. This definition limits agriculture to crops. However, agriculture has two main branches: cultivating vegetables and growing animals. Yet, agriculture has developed a new branch i.e. the food sector. Food industry involves a multitude of economic activities such as production of food for human consumption, manufacture and trade of agricultural goods and provision of necessary equipment for the production of goods (engines, machines, tools and fertilizers). Different services such as agricultural works and consultancy are also included in the area of food industry. Advertisement of agricultural products and food can be ensured only by marketing services and requires knowledge of agricultural and food market.*

**Key words:** marketing, market, agricultural food, product

### INTRODUCTION

**Marketing studies** are needed in food area as well, as they involve researching the market to be familiar with trade issues. Knowledge of trade issues is an essential objective when approaching the market and eliminating the risks. The political and economic changes that Romania faced after 1989 brought about changes in the legislation and in the type of economy. Agriculture experienced deep changes as well, especially regarding the legal status of land. Agricultural marketing aims to present concepts and methodologies in this field, issues of market knowledge and requirements within range of food products for all concerned.[2]

These changes call for a thorough study and analysis of trade aspects starting with changes in economy.

The analysis and evolution of trade situation should take into consideration three stages in the trade liberalization:

- Stage I: between 1990 and 1992 is characterized by contradictions such as: custom protection and tax dispersion or no taxes for food products imported for trade purposes;

- Stage II between 1993 and 1996 was characterized by the introduction of a new list of taxes for those agricultural products that ensure medium custom protection. Another characteristic is the administrative restriction for exports which referred to quantity limits and certain interdictions. Trade activity in food sector was characterized by export bars;

- Stage III takes place after 1977 when big changes in food trade take place due to market liberalization, namely the liberalization of exports and imports. Limits could no longer be set in this period and therefore the import rate has increased significantly. The state had to interfere with measures that would help the export of poultry and pork. It offered state subventions in these areas. Market liberalization was based on CEFTA agreement.

### MATERIALS AND METHODS

The analysis of the marketing study should highlight the strong and weak points as well as the agent's resources. This first analysis has to be conducted on a prior period and should assess the sales and the compatibility of the economic agent on the market. For the current period, the study of marketing analysis should highlight: real competitors, potential competitors, providers and clients. The most important part of the study focuses on

competitors that should always know the real market share and its evolution, the competitors' image with the consumers and their strong and weak points.

Objective– strategic objectives have to be set based on market analysis: turnover, market share, market expansion opportunities, the economic agent's picture and the picture of products sold on the market, other objectives such as reorganizing the trade strategy, sell points, etc.

Planning the strategy– trade strategy focuses on the means that help in the achievement of the objective of this stage. It can be defined in terms of:

- Product position on the market. The strategy should individualize the product so that it can be easily identified and differentiated from similar products on the market;
- Means of applying the strategy such as: product policy, advertising strategy, price and ways of distribution.

The decision of using the strategy – the strategy or the strategies set after the marketing study will be presented to the manager who will take a decision after a careful analysis:

- Accepts the strategy if it is a safe one;
- If there are more strategies, they will select the one they consider the most efficient;
- Turns down the strategy or the strategies and demands new strategies;
- A new marketing study.

### **Agricultural and food product market**

Market is a coherent whole, a system or network of relationships sale - purchase of goods and services between the Contracting Parties, which on the one hand, are joined by business and on the other hand, are in power relations. [2].

The market is represented by the product and service sell-buy relationship. The agricultural and food product market shares the same characteristics with any other market. They emerge as offer and the humans' need for consumption emerges as demand.

#### *The structure of agricultural and food products*

Food market has the following structure:

- Inputs or offer – are provided by local production including consumption, import, foreign help and national reserves;
- Outputs or demand – are provided by the local population's consumption, raw materials for industries that manufacture vegetable or meat products, export rate, national reserve and international obligations;
- The market which is the place where offer and demand meet.

#### *Functions of food market:*

The main functions of food market are:

- The function of providing population agricultural and food products;
- The function of providing raw materials for the manufacturing industry;
- The function of providing agricultural and food products for the national reserve for cases of emergency or other special situations;
- The function of providing goods for export;

#### *Market structure according to the type of transaction*

- Goods and services market;
- Land Market;
- Capital market;
- Labour market;
- Production factors market (machines, pesticides, seeds, fertilizers);
- Capital and securities market.

Market structure according to product offer:

a) *The vegetable offer consists of;*

- Crops market;
- Vegetable market;
- Fruit market or Orchardist market;
- Wine market, refined beverage market or the winery market;

b) *The offer of food products involves:*

- Meat production market;
- Milk production market;

c) Company market;

d) Farmer market

Etc.

Market structure according to coverage area:

a) Internal market: local, regional and national;

b) External market – worldwide;

Market structure according to the degree of dispersion:

- Retail market;

- Concentrated market: food halls, hypermarkets, wholesale markets, agricultural stock market.

Agricultural or food market is the area where producers display their product or products.

The size of agricultural or food market depends on the development opportunities and therefore it can be intensive or extensive.

- The intensive manner is assessed by increasing the average quantity of purchased or consumed products by a legal entity or a person in a certain amount of time.

- The extensive manner is assessed by the agricultural or food company's ability of attracting potential consumers.

## RESEARCH RESULTS

Growth of an agricultural or food company can be assessed after it witnesses higher demand of products, namely more consumers. Another indicator is the intensity of consumption, the quantity of purchased goods in a certain amount of time.

The population covering an area consists of consumers and non-consumers. The balance between them can vary from one product to the other as can the balance between relative and absolute non-consumers.

- Relative non-consumers are consumers that use a product only in certain circumstances. They can be also called potential consumers certain

- Absolute non-consumers are part of the group that never uses a certain product, for example people who never eat pork or alcoholic drinks.

The retail sector registers a growth by 22.32% on the internal market between 2009 – 2014 (table 1, fig 1). Empirically or scientifically consumers looking to choose goods and services to best satisfy the need, which obliges service providers or manufacturers of goods to study two variants empirical and scientific needs of consumers. [3]

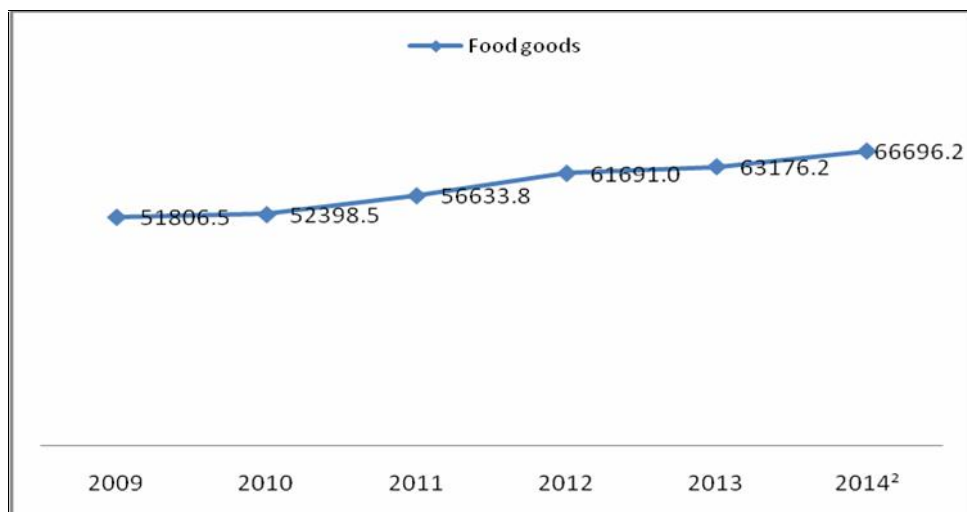
**Table 1.**

### Retail Food Goods (Mil. RON current prices)

	2009	2010	2011	2012	2013	2014 <sup>1</sup>	2009/2014%
Food goods	51806,5	52398,5	56633,8	61691,0	63176,2	666962,2	22,32

Source: ASR-2015, Cap 19.1 Retail

<sup>2</sup> Provisional data



**Figure 1. Evolution of food goods retail (Mil RON current prices)**

Source: ASR-2015, Cap 19.1 Retail

<sup>2</sup> Provisional data

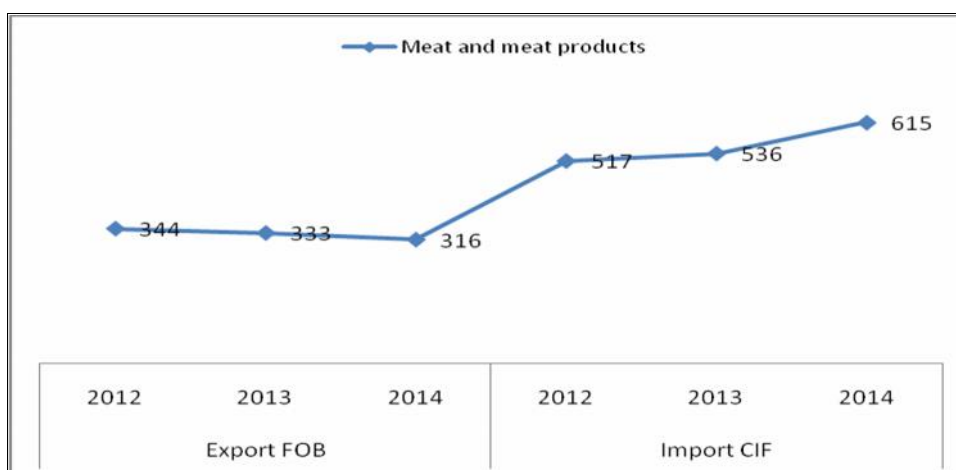
In Romania, the import rate is higher than the export rate for the main food products, namely meat, meat, dairy products and eggs. The analysis of statistical data points out an increase in the consumption of food goods and imports in this period. Consequently, we notice a lower self-consumption rate.

**Table 2.**

**International trade with goods according to CSCI, Rev. 4<sup>1</sup> (Mil. Euro)**

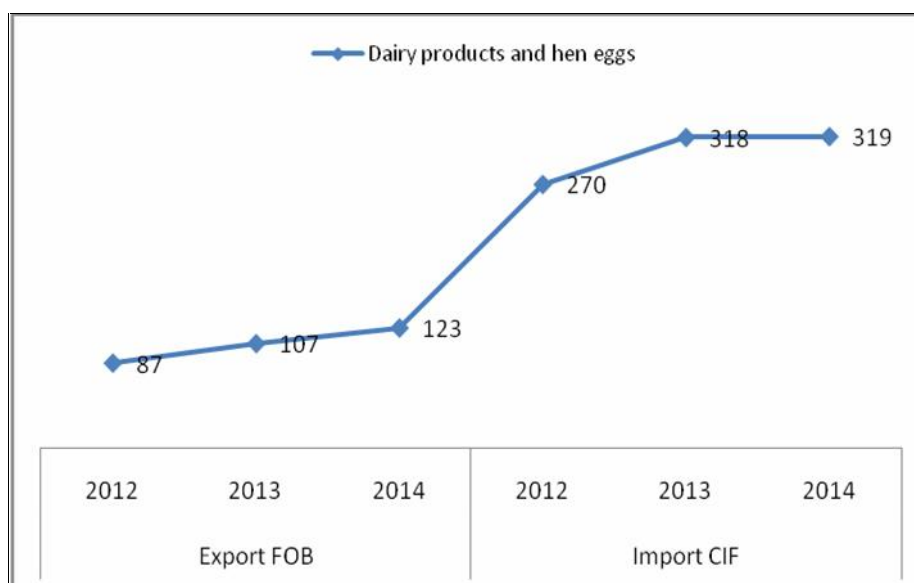
	Export FOB			Import CIF		
	2012	2013	2014	2012	2013	2014
Meat and meat products	344	333	316	517	536	615
Dairy products and hen eggs	87	107	123	270	318	319

Source: A.S.R. 2015 Chapter 18.3 International trade with goods according to CSCI, Rev. 4<sup>1</sup>) CSCI, Rev. 4<sup>1</sup> - Standard Classification of International Trade.



**Figure 2. International trade with goods according to CSCI, Rev. 4<sup>1</sup> (Mil. Euro)**

Source: A.S.R. 2015 Chapter 18.3 International trade with goods according to CSCI, Rev. 4<sup>1</sup>) CSCI, Rev. 4<sup>1</sup> - Standard Classification of International Trade.



**Figure 3. International trade with goods according to CSCI, Rev. 4<sup>1</sup> (Mil. Euro)**

Source: A.S.R. 2015 Chapter 18.3 International trade with goods according to CSCI, Rev. 4<sup>1</sup>) CSCI, Rev. 4<sup>1</sup> - Standard Classification of International Trade

## CONCLUSIONS

We could say that by food products we refer to the economic are in two ways:

- post – harvest when the agricultural goods are manufactured and turned into food products, which are later distributed to reach the consumers;
- pre-harvest represented by economic activities related to provision of goods and services that are useful in agriculture i.e. in the manufacturing and distribution of fertilizers, different materials, fuel, machines, etc.;

Besides the sectors involved in the food industry, there are also activity fields that do not produce food products, for instance the production of textiles like wool, cotton, silk or production of alcohol used in the industry. These goods are not meant for consumption and they are part of the agroindustry.

Thus, we could say that food processing activity refers strictly to the multitude of economic activities involved in the manufacture of food products and it is part of the agroindustry. Papers in the field of food consumption point out that food consumption has increased and so have the imports and the internal trade. This growth means lower self-consumption of goods produced in personal households such as meat and milk, poultry and eggs.

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