Marketing Management in Agri-Business Organization

Rahul Duhan[1], Mr. Vikram Sindhu[2], Dr.Rajesh Gera[3]

[1]Business Executive, Agri Business Incubation Centre CCSHAU Hisar
[2]Business Manager, Agri Business Incubation Centre CCSHAU Hisar
[3]Principal Investigator, Cum-Additional Director of Research CCSHAU,Hisar

Abstract:
Strategic planning and execution are key components of marketing management in agri-business organisations, with the goal of maximising the reach and profitability of agricultural products. Traditional marketing concepts are blended with the specific difficulties and possibilities of the agriculture industry in this area. Important components include agriculturally specific advertising efforts, distribution methods, price strategies, product creation, consumer behaviour study, and market research. Supply chain knowledge, product seasonality, and familiarity with regulatory frameworks are all essential for successful marketing management in the agribusiness sector. Modern agri-business marketing techniques are greatly influenced by technological advancements and environmental initiatives. Businesses in the agricultural sector may get an edge in the market, strengthen relationships with customers, and expand their reach via the use of data analytics and digital technologies. Sustainable practices are becoming more important as stakeholders and customers want goods that are both ecologically and socially responsible. To keep up with the ever-changing nature of the agribusiness industry, this abstract focuses on the most important parts of marketing management and how new strategies are needed.

Keywords: Marketing, Management, Agri-Business Organization, Agricultural Marketing, Commercialization

1. Introduction

The term "agricultural marketing" refers to the business processes that go into moving farm, horticulture, and related products from manufacturer to buyer. All the steps involved in the marketing of agricultural products from producer to consumer, including storage, transportation, processing, and ownership transfers, are encompassed in agricultural marketing. The agricultural sector is the foundation of India's economy.[1] The agricultural sector employs 170 million people out of a total workforce of 320 million. It generates a profit while meeting the nutritional needs of India's massive population. The agricultural sector in India expanded significantly and quickly after independence, expanding at a pace of 2.6% annually. In terms of global milk output, India is at the top.[2] India produces more coffee than any other country, and it ranks second in the world for groundnuts, rice, wheat, and tobacco. Even while India has more arable land than any other country, its poor productivity means that its agricultural yields are disappointingly low only 30% when compared to global norms. The lack of information among our manufacturers is preventing India's appropriate technology from being completely deployed. Farmers toil away at their fields all day and night in the hopes of reaping more rewards, but they are consistently disappointed. Marketing in the agricultural sector requires careful planning and preparation.[3]

The agricultural markets of developing nations, such as India, are characterised by a lack of resources, including transportation, communication, the rule of law, access to capital, etc. The market fails as a result of this. To get "prices and institutes right," market-oriented liberalisation was paved the way for by a focus on market failure. The rise of state-run marketing boards and producer marketing chains, including credit unions, farmer cooperatives, and wholesale cooperatives, is a direct result of this trend. If the state is serious about bolstering the competitive marketing system, then producers will have access to prices that are competitive in the market. While this is happening, marketing organisations must ensure that all interactions between producers and the retail/consumer price that farmers get are as efficient and transparent as possible.[4]

2. Market Analysis in Agri-Business

To better comprehend the market's dynamics, spot opportunities, and build strategies to boost competitiveness, agri-business organisations must do thorough market analyses. Market segmentation, consumer behaviour, and the general dynamics of supply and demand in the agriculture sector are all part of this process.In agribusiness, market segmentation is breaking the larger market down into smaller groups of customers that share certain traits or have similar wants.[5] Geographical location, demographic characteristics (such as age, income, and education level), psychographic characteristics (such as lifestyle and values), and behavioural features (such usage rate and brand loyalty) are all potential bases for these segments. Since various locations have distinct climates, agricultural techniques, and crop compatibility, geographic segmentation is especially essential in agri-business.

Marketing management in the agribusiness sector relies heavily on an understanding of customer behaviour. Cultural, social, personal, and psychological elements are only a few of the many that impact consumer behaviour in this industry. Consumer preferences and purchasing habits are influenced by cultural variables, which include values, beliefs, and traditions.[6] A person's social circle, including their relatives, friends, and acquaintances, can have a substantial impact on their choice to buy a certain product.To ensure that output is in line with market demands and to prevent shortages or surpluses, agri-businesses must analyse the dynamics of market demand and supply. A number of variables, including rising incomes, changing eating habits, and a preference for organic and regionally produced goods, drive the agri-business market. Government policy, trade rules, and worldwide market trends are some examples of external variables that could affect demand.[7]

3. Product Management in Agri-Business Organizations

Agribusiness product management is essential for the timely and accurate distribution of agricultural goods to consumers. From brainstorming and design to branding and packaging, it covers it all. Meeting customer requests and increasing the sector's competitiveness and sustainability are both achieved through effective product management in agri-business.In the agribusiness sector, product development refers to the process of making new products or bettering old ones in response to customers' evolving wants and demands.[8] Research and development (R&D) is a common first step in this process; it involves investigating potential new farming practices, seed types, and manufacturing approaches. New innovations including precision agricultural technology, organic farming methods, and genetically modified organisms (GMOs) have completely transformed the industry. Improved agricultural techniques, greater crop yields, and longer product shelf lives are all results of these innovations.[9]

One of the most important parts of managing products in the agribusiness sector is branding. Agricultural products need to be given a distinct personality in order to stand out from the competition. Building trust and loyalty among consumers is the goal of effective branding, which involves conveying information about the product's origin, value, and quality. Companies that promote themselves as being dedicated to organic farming and fair trade, such as "Organic Valley" and "Fair Trade," have done rather well in the marketplace.

Product management also heavily relies on packaging. Its functions include attracting customers, conveying crucial information, and protecting the goods. Innovations in agri-business packaging prioritise ease of use and environmental friendliness. With growing consumer awareness of environmental issues, the demand for packaging materials that are both biodegradable and recyclable is skyrocketing. Smart packaging technologies, like QR codes, also tell buyers about the product's history, manufacturing method, and nutritional content.[10]

4. Pricing Strategies in Agri-Business

Agribusiness pricing strategies are vital for long-term profitability and market competitiveness. Production expenses, demand in the market, level of competition, and customer behaviour are some of the elements that impact price decisions. Examining the specific possibilities and threats faced by the agri-business industry, this section explores the different pricing techniques used by this sector.A number of factors influence agribusiness pricing. Input costs, including those for seeds, fertiliser, labour, and equipment, are the starting point for setting prices.[11] Additionally important are the dynamics of supply and demand in the market; when the former is greater than the latter, prices tend to rise, and vice versa. Furthermore, agricultural products are generally priced to prevent losses due to their perishability, which forces fast sales. The decision-making process for prices is further complicated by external variables including subsidies, programmes, and international trade rules.

In cost-plus pricing, a predetermined percentage is added to the manufacturing cost to get the final selling price. This is a popular method. All expenses will be fulfilled and a profit will be made using this strategy.[12] Even though it's simple, this method might cause you to overcharge or undercharge relative to your competition if it doesn't reflect current market circumstances.Competitive pricing and value-based pricing are two market-oriented pricing techniques that are also common. Setting prices that are competitive with the market means that things will continue to be appealing to buyers. Instead of basing prices only on manufacturing costs, value-based pricing takes into account how much a product is worth to the customer. Products with distinct characteristics and advantages, like organic food or those with certain certifications, profit greatly from this approach.[13]

5. Distribution Channels in Agri-Business

An essential part of every agri-business is the distribution network that carries goods from the farm to the customer. Products are transported from fields to markets in an efficient manner through well-designed distribution networks, which help to keep their quality and minimise losses. Depending on the product, region, and market, the intricacy of these channels might range greatly.

Types of Distribution Channels

- **Direct Distribution:**Without going thru any middlemen, this route allows producers to sell straight to consumers. This concept is often used in CSA programmes, roadside stalls, and local farmers' markets. Producers may get the full retail price, build connections with customers directly, and get feedback instantly through direct distribution. A major obstacle for small-scale farmers is the amount of time and energy needed for marketing and sales.[14]

- **Intermediary Distribution:**One or more middlemen, including distributors, retailers, and wholesalers, are involved in this channel. Producers sell their wares to middlemen, who subsequently distribute them to customers. Bigger enterprises and commodities with wider distribution networks often use this paradigm. To improve distribution efficiency, intermediaries might offer value-added services including packaging, warehousing, and shipping.
- **Online Distribution:**Online distribution channels have grown in significance in agri-business due to the proliferation of e-commerce. Online marketplaces, corporate websites, and social media platforms provide a platform for agri-businesses and farmers to sell their products. This strategy broadens the market reach while enabling companies to meet the unique needs of specialised markets and individual consumers. Managing logistics, such as shipping and handling, to guarantee product quality upon delivery is the main difficulty here.[15]

6. Traditional methods of sale prevailing in India

Markets in India have been around for a long time, and the majority of them take place in rural regions. Most of the country's estimated 20,000 to 45,000 small and marginal farmers sell their goods and buy inputs in periodic markets called rural primary markets (RPMs), such as haats, shandies, mandis, painths, and fairs. various marketplaces sell agricultural commodities using various ways. For many years, the Hatha system was the norm in India's agricultural states, and it is still widely used today. Under this system, the buyer and the seller's commission agent negotiate the price of the goods. The system uses codes to determine the cost of the goods.[16]

In private discussions, customers visit the commission agent's stores at a time that is convenient for them, examine a sample of the goods, and then make an offer on the spot. Even now, individual talks between buyers and sellers occur in communities. The buyer offers a price after the commission agent brings a sample to the buyer's shop under the Quotations on the Sample clause. The highest bidder gets the produce.

Without a prior agreed-upon price, the Moghum Sale Method relies on the parties involved just communicating verbally about the sale of goods. At a commission agent's shop, potential purchasers examine a stack of agricultural goods, make their voices heard with their offers, and the highest bidder walks away with the goods.[17]

7. Cooperative movement in India

People formed cooperatives when they realised they could meet shared needs via pooling their resources and working together. This included producers, customers, workers, borrowers, and suppliers/distributors. In a cooperative, everyone who uses the service gets an equal vote in how the business is run, and everyone who is a part of the business shares in the good times and the bad times according to how much they're used. Efforts to get higher pricing for the crop in India included cooperative marketing. Cooperative marketing societies are defined by the Reserve Bank of India as "an association of cultivators formed primarily for the purpose of helping the members to market their

produce more profitably than possible through private trade." This definition provides an institutional framework for understanding cooperative marketing.[18]
With its own branches and the cooperative marketing network, the National Agricultural Cooperative Marketing Federation of India Limited promotes the cooperative selling of agricultural goods for the benefit of farmers. It was established in 1958. Bypassing intermediaries, it purchases agricultural goods from producers in controlled marketplaces.
There have been three areas in India where continuing coordination attempts have led to simultaneous action: commodity and industry evolution, supply chain integrated technology model evolution, and promotion regulation of these mechanisms.

8. Recent trends

As a result of developments in the market for both inputs and technology. The focus of the agricultural industry has shifted from deficit to surplus. Farmers are seeing improved profits because to new marketing tactics like contract farming. More and more farms are using contract labour these days. Companies like Tata, Birla, Mahindra, and many more are getting into and growing in the agriculture industry. Commercial and regional banks, with their extensive branch networks of 68,000 and more, are incredibly powerful when it comes to funding agricultural businesses. [19]
Reduced tariff and non-tariff barriers to cross-border flows of agricultural output and increased openness of financial markets have resulted from bilateral, regional, and trade agreements, which have improved capital flow into developing countries, particularly in the form of Foreign Direct Investment (FDI). Institutional innovations such as mega markets, producer associations, and contract farming are also transforming the food procurement and distribution system. The Agriculture Produce Marketing Committee oversees 7165 of the nation's 7310 wholesale markets (APMC). In accordance with the regulations of the APMC market, all goods offered for sale by farmers must be shown openly on the auction floor.There, purchasers, accompanied by commission agents and APMC officials, place bids on the price, and the goods are awarded to the highest bidder.[20]

9. Conclusion

It is absolutely necessary for the success of agri-business organisations to have marketing management that is effective. Agribusinesses are able to develop solid marketing strategies that assure both sustainability and profitability if they have an awareness of the specific issues that the agricultural industry faces and take steps to solve those challenges. These challenges include seasonality, perishability, and changeable market circumstances. Through the use of contemporary marketing strategies, such as digital marketing and data analytics, these organisations are able to expand their market reach, increase their consumer interaction, and strengthen their loyalty to their brand. Furthermore, in order to have a robust supply chain and a competitive edge, it is vital to cultivate good connections with stakeholders. These stakeholders include farmers, distributors, and customers. In order to maintain their relevance, agribusinesses need to regularly adjust their operations to accommodate shifting customer tastes and regulatory contexts. When everything is said and done, the implementation of comprehensive marketing management concepts not only drives sales and growth, but it also helps to the entire development and stability of the agricultural business.

E-ISSN: 2582-2160 ● Website: www.ijfmr.com● Email: editor@ijfmr.com

References:

1. Brithal, P. S., & Singh, H. (2007). Linking farmers to market for high value agricultural commodities. Agricultural Economics Research Review, 20(conference issue), 425-439.
2. Godara, R. (2006). Rural job opportunities agribusiness centres – some realities. Kurukshetra, March, 14-17.
3. Mintel Group LTD. (2014). Global market research & market insight.
4. Bairwa, S. L., & Kushwaha, S. (2012). Agro industry scenario in India. In S. P. Singh (Ed.), Agricultural research and sustainable development in India (pp. 159-182). New Delhi: Bharti Publications.
5. Bairwa, S. L., & Kumar, P. (2014). Agribusiness potential of north eastern states: A SWOT analysis. In Singh et al. (Eds.), Agribusiness potentials in India: Experience from hill states (pp. 544-556). Guwahati: EBH Publishers.
6. Baruah, B. K. (2008). Agribusiness management, its meaning, nature and scope, types of management tasks and responsibilities. Department of Agricultural Economics Farm Management, Assam Agricultural University, Jorhat.
7. Larson, R. B. (2013). Addressing the needs of the agribusiness fringe. Paper presented at the Agricultural and Applied Economics Association's 2013 AAEA & CAES Joint Annual Meeting, Washington, D.C.
8. Pandey, M., & Tewari, D. (2010). The agribusiness book: A marketing and value-chain perspective. Lucknow: IDBC Publishers.
9. Puri, V. (2012). Agribusiness: A great career opportunity for talented people. International Food and Agribusiness Management Review, 15(Special Issue A), 27-30.
10. Mathews, C. (2014). Red Arrow wins Governor's State Export Award. Gannett Wisconsin Media.
11. Kotler, P., & Keller, K. L. (2012). Marketing management (14th ed.). Upper Saddle River, NJ: Prentice Hall.
12. Van Tilburg, A.&Kuyvenhoven, A. (Eds.). (2007). Agricultural markets beyond liberalization. New York, NY: Springer.
13. Baker, M. J., & Hart, S. J. (2016). The marketing book (7th ed.). Routledge.
14. Beierlein, & Osburn, D. D. (2019). Principles of agribusiness management (6th ed.). Waveland Press.
15. Gillespie, J. M., & Sitkin, A. (2018). Modern livestock and poultry production (9th ed.). Cengage Learning.
16. King, R. P. & Sonka, S. T. (2010). Agribusiness economics and management. American Journal of Agricultural Economics, 92(2), 554-570.
17. Kohls, R. L., & Uhl, J. N. (2002). Marketing of agricultural products (9th ed.). Prentice Hall.
18. Norwood, F. B., & Lusk, J. L. (2018). Agricultural marketing and price analysis. Waveland Press.
19. Saxena, R. (2009). Marketing management (4th ed.). Tata McGraw-Hill Education.
20. Van Fleet, &Seperich, G. J. (2014). Agribusiness: Principles of management. Cengage Learning.