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Agricultural Marketing

Meaning of Market :

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.In common parlance, by market is meant a place where commodities are bought and sold at retail or wholesale prices.

Thus, a market place is thought to be a place consisting of a number of big and small shops, stalls and even hawkers selling various types of goods.

The one party (seller) sells a product or service to a buyer for money benefits. Most of the time there are more than single buyers and seller in the marketplace. The value and prices of product and service are based on the law demand and supply in the market.

Market Definition : The set of all actual and potential buyers of product and services.The sellers offer products/services and communication. In return, they receive money and information from buyers and markets.

Definition of Marketing :

Definition by Philip Kotler : Marketing, more than any other business function, deals with customers. Creating customer value and satisfaction are the heart of modern marketing thinking and practice. Marketing is the delivery of customer satisfaction at a profit. The two fold goal of marketing is to attract new customers by promising superior value and to keep current customers by delivering satisfaction.

Marketing has been defined by the American Marketing Association as – “Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user”.

In the words of Cundiff and Still – “Marketing is the term used to describe collectively those business functions most directly concerned with the demand stimulating and demand-fulfilling activities of the business enterprise”,

Scope of Marketing :

The scope (subject matter) of marketing is as follows :

(1) **Products and Services** :

Products and Service are the basic element of marketing. If there is no product there is no marketing. It is concerned with the nature and type of products, product quality and design, product planning and development, product decisions relating to branding, labelling, packaging, trademarks etc.

(2) **Marketing Research** :

Though products and services were the starting point under traditional marketing, modern marketing starts with an analysis of the various aspects of market and related areas. It includes an analysis of nature and types of customers, size of market, customer attitude, buyer behaviour etc. An in-depth analysis of customers and markets is a prerequisite for every marketer to have a successful marketing.

(3) **Channel of Distribution** :

The pathway through which the goods move from producer to consumer is the channel of distribution. It includes a number of intermediaries like wholesaler, retailers, jobbers etc. Channels by moving the goods help in transferring the ownership of goods from seller to buyer

(4) **Physical Distribution** :

The physical movement of the goods from producer to consumer is physical distribution. It includes transportation, warehousing, inventory control and management, order processing etc.

(5) **Promotional Decisions** :

Howsoever good a product is, it has no value if it is not properly promoted. Promotion has the basic objective of informing the market about product availability and creating a demand for it. Different promotional tools are there like advertising, sales promotion, personal selling, publicity, public relations etc.Classification of Markets

Now we have seen what is a market. Let us learn more about the classification of markets. Broadly there are two classifications of markets – the product market and the factor market. The factor market refers to the market for the buying and selling of factors of production like land, capital, labor, etc.

Classification of markets :

(I) On the Basis of Geographic Location :

- ★ Local Markets : In such a market the buyers and sellers are limited to the local region or area. They usually sell perishable goods of daily use since the transport of such goods can be expensive.
- ★ Regional Markets : These markets cover a wider are than local markets like a district, or a cluster of few smaller states

★ National Market : This is when the demand for the goods is limited to one specific country. Or the government may not allow the trade of such goods outside national boundaries.
★ International Market : When the demand for the product is international and the goods are also traded internationally in bulk quantities, we call it an international market.

(II) **<u>On the Basis of Time</u>** :

★ Very Short Period Market : This is when the supply of the goods is fixed, and so it cannot be changed instantaneously. Say for example the market for flowers, vegetables. Fruits etc. The price of goods will depend on demand.
★ Short Period Market q: The market is slightly longer than the previous one. Here the supply can be slightly adjusted.

lll.Long Period Market: Here the supply can be changed easily by scaling production. So it can change according to the demand of the market. So the market will determine its equilibrium price in time.

IV.On the Basis of Nature of Transaction:

Spot Market: This is where spot transactions occur, that is the money is paid immediately. There is no system of creditFuture Market: This is where the transactions are credit transactions. There is a promise to pay the consideration sometime in the future.

V.On the Basis of Regulation:Regulated Market: In such a market there is some oversight by appropriate government authorities. This is to ensure there are no unfair trade practices in the market. Such markets may refer to a product or even a group of products. For example, the stock market is a highly regulated market.

Unregulated Market: This is an absolutely free market. There is no oversight or regulation, the market forces decide everything

Definition of Agricultural marketing: Agricultural marketing is inferred to cover the services involved in moving an agricultural product from the farm to the consumer.It is also the planning,organizing,directing,and handling of agricultural produce in such a way as to satisfy the farmer,producer and the consumer.

Agricultural marketing is the study of all activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the fa to the consumers.Agricultural marketing is mainly the buying and selling of agricultural products.

Simply, the activity of buying and selling of agricultural inputs and products is called agricultural marketing.The market where the activities of buying and selling of fertilizers,seeds pesticides, agricultural tools,etc that are necessary for agricultural production and development is called the market of agricultural inputs and tools.

The activities of buying and selling of food grains,cash crops, vegetables,dairyproducts,fishery,and horticulture products are also the part of agricultural marketing.Like in other markets, mutual interaction between buyer and seller is also necessary in agricultural marketing.Without the roleof farmers, Agricultural marketing is not possible.But the role of farmers is both as buyer and seller in agricultural marketing.

They become buyers in agricultural inputs and tools and become sellers in the markets of agricultural products.

Integrated Marketing:

Integrated Marketing Definitions:;

Integrated Marketing is an approach to creating a unified and seamless experience for consumers to interact with the brand/enterprise; it attempts to meld all aspects of marketing communication such as advertising, sales promotion, public relations, direct marketing, and social media, through their respective mix of tactics, methods, channels, media, and activities, so that all work together as a unified force. It is a process designed to ensure that all messaging and communications strategies are consistent across all channels and are centered on the customer.

Integration means communicating a consistent identity from message to message, and medium to medium, and (more importantly) delivering consistently on that identity. It requires not only the identification of a powerful, unifying strategy and compelling voice for your brand, but the discipline to roll it into every aspect of your organization—from advertising to sales, customer service to customer relationship management programs (and beyond). It’s not for the faint of heart.

Demand, Supply and Price :

Demand and Supply :

In a market where price is not controlled, market price for a product or service is determined by the interaction of demand and supply; that is, the consumers' willingness and ability to buy the product, and the sellers' willingness and ability to produce and sell the product. The next several sections review these two basic economic concepts.

Determinants of Demand :

The level of demand for a product is determined by the following factors:

Consumer tastes and preferences -- is the consumer interested in Product A or Product B.

For example, will the consumer prefer a food product wherein the consumer can identify who, where, and how the underlying agricultural commodities were produced, or will the consumer be satisfied with a food product without knowing who, where or how it was produced?Number of buyers in the marketAn increased number of interested buyers or consumers will lead to an increased demand for the product.What is the market? Does the market include all persons in the world or only those who can effectively buy the product? What impact do advances in information and transportation technologies have on the number of buyers in the market?Consumer income

Will an increase in the consumer's income lead to more consumption of the product (then the product would be considered a normal product) or less consumption of the product (then the product would be considered an inferior product)?

What might cause a consumer's income to increase? Note that this question assumes the consumer also is a producer and that production and sales generates the income with which this individual can then consume.

Increased productivity due to advancing production technology?

Increased productivity due to learning about the availability and application of production technology?

Increased price for the product the consumer is producing? More people are buying the product the consumer is producing thereby generating more income for this consumer to spend on other consumer products?

Price of related goods, such as substitutes, complements, or independent (with no impact)

For example, as the price of fuel rises, I am less interested in buying a vehicle that has low-gas mileage. Fuel complements the vehicle and a rising fuel price diminishes my demand for a vehicle that gets few miles to a gallon and increases my interest in (demand for) a vehicle that gets better gas mileage. In this example, fuel complements a vehicle.

Another example: "As the price of labor increases, I am less interested in hiring additional workers and more willing to invest in equipment that reduces the number needed workers." My demand for equipment increases while my demand (quantity demanded?) for labor decreases as a result of increasing labor costs. In this example, equipment is a substitute for labor.

Does information and transportation technology increase the number of substitute products that consumers can consider?

Consumer expectations of the future

For example, buy more now if I think the increase in the price of this non-perishable product will be greater than the cost of storing the product.

Another example: "I will not replace my computer now even though it is getting old; I expect that information technology (IT) will continue to advance thereby lowering costs of future IT equipment . Accordingly, I will use my current computer that is adequate for now and plan to replace it with a computer in the future that has even more capability than the computer currently on the market." This expectation about IT lowers demand for computers that are currently on the market and raises demand for future computers.

Meaning of Supply: The quantity of q commodity which the producer or firm brings to market for sale at q particular market price at a given time is called "supply".

Determinants of Supply:

The level of supply for a product or service is determined by the following factors.

1).Resource or input costs

For example: an increase in the cost of livestock feed will cause me to sell the livestock at an earlier time and at a lower weight thereby reducing my output of "pounds of livestock."

2).Production technology

An advance in the technology used to produce a product will lead to an increase in the production of that product; as food processing became more automated,

What impact is production technology having on the quantity of the goods available in your market?

3).Taxes and subsidies

A supplier will reduce production if the cost of production rises as the result of a tax or other government-imposed cost on the production process

A supplier will increase production if a government program subsidizes the producer's income or otherwise pays a portion of the supplier's production cost.

4).Price of other goods the supplier could produce

How does this relate to opportunity cost?

Supplier's expectation about the future

Expectation about future price of product, which reflects expectations about future demand and future supply of the product.

How might the supplier's expectation about future communication and transportation technologies influence the supplier's concept of future prices?

Expectation about total cost of production which reflects expectations about future cost of inputs and future production technology.

Number of sellers/suppliers in your market

What impact is information and transportation technology having on the number of sellers in your market?

An increase in the demand for your product without an increase in supply will lead to a higher market price for your product.An increase in supply of your product without an increase in demand will lead to a lower market price for your product.

What can a business owner do to influence demand or supply? How do these strategies relate to the topics discussed in the changing agriculture industry? How do these strategies relate to the topics discussed in managing a business?

Relationship between Determinants and Market Price

It is important to distinguish between "change in demand" and "change in quantity demanded," and to distinguish between "change in supply" and "change in quantity supplied."

A "change in demand" or a "change in supply" means one of the determinants of demand or supply has changed. This shift in the demand or supply will lead to a change in the market price.

A "change in the quantity demanded" or a "change in the quantity supplied" means the consumers or producers are responding to a change in the market price. For example, a change in consumer preferences (a determinant of demand) will cause a "change in demand." This will impact the market price for the product. In response to the difference market price, producers will alter the amount they produce; that is, a "change in quantity supplied."

Note the distinction between these four concepts (change in demand, change in supply, change in the quantity demanded, and change in the quantity supplied) as well as their relationships.

Defining the Product Market:

When applying the concepts of demand and supply to a situation, carefully define the market being analyzed. For example, the market for a renewable fuel is different than the market for the vehicles that will use the fuel, and the market for the crop that will be used to produce the fuel. These are three distinct markerts with three distinct supply and demand relationships, and three distinct sets of determinants of supply and demand.However, there will be relationships among the markets; for example, the supply of vehicles that use renewable bio-based fuels will impact the demand for the fuel; that is, as the supply of the vehicles increase, the price for the vehicle should decrease thus causing the demand for the fuel to increase. Restated, the price of the vehicle (a related product) is a determinant of demand for the fuel. The vehicle and fuel are distinct markets, but they are related and thus influence one another.

A market can also be defined by time; for example, what is the demand and supply for a product during June and what is the demand and supply for that product December.

It is critical that the "market" be carefully defined, otherwise, there is a risk that the analysis will be confused and incorrect.

Price of the commodity:

Generally, the price and the quantity supplied are directly proportional.At higher prices more quantity of goods will be supplied and at lower prices less quantity of goods will be supplied.

The reason is that at a higher price, the profit per unit is also higher, given the cost of production.

Agricultural Prices: Agricultural produce prices determine the incomes of the farmers thus,it is important to have proper level and structure of prices to satisfy the various people in the economy like consumers, industries or exporters.

Demand for Agricultural products:

Demand for most farm products is inelastic.People can consume only so much then they are satiated.Even if price drops they will not buy much more.

Factors affecting demand

The general factors affecting demand of agricultural commodities include: disposable income, population, consumer tastes and preferences, substitutes and other products. Disposable income refers to the income left for spending on goods and services or for savings after taxes have been deducted. For superior goods such as stake there is a direct relationship between income and demand of the good. For inferior goods such as beans there is an inverse relationship between income and demand for the good. A rapidly expanding population will directly increase demand, contributing to general economic prosperity. However, per capita income levels must be maintained or raised. A change in consumer preferences and tastes affects the demand of individual commodities more than it affects aggregate demand. The introduction of completely new products also tends to shift demand levels among commodities.

Marketable surplus:

By describing something as "marketable," people in the business world mean that it is fit to sell on the market. Surplus is the amount of product that a company manufactures or produces in excess of what is necessary to continue operations. Marketable surplus is a term that agriculturalists use to refer to a specific type of surplus that farmers and ranchers deal with.

Definition

Farming requires investment. Farmers must make financial investments in labor, tools, fertilizer and land. They must also invest in seeds. If it is the farmer's first year to grow a certain crop, he probably has to purchase seeds from someone else. A farmer must also invest in the form of personal labor. The marketable surplus for an agricultural entrepreneur is the surplus of produce that exists after the point at which he can make back any money he paid to laborers or used to buy tools, fertilizer and land. If he takes some of the crop for his own family's consumption and to use as seed for the next year, he must account for this as well before calculating the marketable surplus. In this way, marketable surplus is what a farmer makes for his personal labor.

Use:-

Marketable surplus is the portion of a harvest that a farmer can sell on the market to earn a profit. With this profit she can reinvest into farming operations by purchasing more land or better farming equipment. She may also simply save this profit or use it to purchase personal items.

Uncertainty

In agriculture, farmers and ranchers can never know exactly how much product their efforts will yield for a particular season until it is over. For this reason, a farmer may not know what his marketable surplus will be until he actually harvests his fields. This uncertainty of the size of a crop's marketable surplus lends a certain level of uncertainty to the farmer's income expectations.

Marketed Surplus:

Another term that closely relates to marketable surplus is marketed surplus. In some cases, these terms may be interchangeable. The principal difference is time perspective: marketable surplus is produce that a farmer currently has on hand to take to market to earn a profit, while marketed surplus is what she has already taken to market to earn a profit.

The marketplace in which a final good or service is bought and sold. A product market does not include trading in raw or other intermediate materials and instead focuses on finished goods purchased by consumers, businesses, the public sector, and foreign buyers.

Product marketing is a process of promoting and selling a product to a customer. Also, product marketing is described as being the intermediary role between product development and increasing brand awareness.

There are different types of product markets and it’s always a good idea to see who is playing in these market segments.

Market Overview:

The agriculture industry in India reached a value of INR 56,564 Billion in 2019. The agriculture industry represents an important component of the Indian economy both in terms of its contribution to the GDP as well as a source of employment to the majority of the country’s population. This sector is currently showing immense opportunities, with India presently being one of the world’s largest agricultural producers by value. A number of transformations have taken place in this sector over the past few decades. These include - rising penetration of the organized sector, growth in contract farming, agriculture becoming more mechanized, easy loan facilities, rise of exports, use of agrochemicals and high yielding seeds, and an increasing role of the private sector in processing, branding and marketing, etc. Looking forward, IMARC Group expects the market to exhibit strong growth during 2020-2025.

India is the second-largest populated country accounting for 18% of the total world population. With an increase in the population, the need for various agricultural products has increased significantly. This rise has prompted the farmers to adopt enhanced technologies and methods in dairy, fisheries and livestock in order to meet the diversified food needs of the people. Additionally, more than 50% of India’s population is dependent on agricultural products which is further promoting the growth of the market.

Over the past few years, India’s GDP has been growing at a steady pace which has resulted in a rise in the disposable incomes of the consumers. This rise has driven the agriculture market both in terms of the producer and consumer. It has enabled farmers to invest more in advanced agricultural infrastructure such as irrigation facilities, quality seeds, equipment’s, fertilizers, warehousing, cold storage, etc. It has also increased the consumers purchasing power creating a positive impact on the domestic demand of agriculture products.India represents one of the most bio-diverse countries in the world. The country encompasses various types of climatic conditions and soil types suitable for cultivating a large number of cereals, fruits, vegetables, flowers, cash crops, etc. The Indo-Gangetic plain, for instance, represents one of the most fertile lands across the globe. In addition, India also represents the second largest fish producing country in the world. The country has diverse resources ranging from deep seas to lakes in the mountains and more than 10% of the global biodiversity in terms of fish and shellfish species.

Government support plays a vital role in the growth of the Indian agriculture sector as agriculture remains a primary means of livelihood for more than 50% to 60% of the India’s total population and as such represents the most important vote bank for any government. The Indian government is providing subsidies to farmers on water, power, agricultural equipment, fertilizers, hybrid seeds, etc. The Government has also exempted agriculture income under the Indian income tax act, meaning income earned from agricultural operations is not taxed. Moreover, both state and central government often waive off loans given to farmers.

The introduction of contract farming has also created a positive impact on the agriculture industry. Contract farming reduces the load on the central and state level procurement system by increasing the private sector investments in agriculture. It also provides more exposure to the farmers to world class mechanized technology related to agriculture.

The emergence of modern retail has also been an important catalyst for the agriculture industry. Modern retail helps in the elimination of middle men from the distribution chain, thereby providing better remuneration to the farmers. Organized retail enables the farmers to directly sell their produce to modern organized retail networks, thereby helping them to get a better price as compared to small-scale local vegetable markets. These retailers have also started signing supply agreements with various farmers which further assures them of a minimum income. Moreover, these agreements help farmers in reducing wastage, transportation costs and providing fresh supply of food items to the consumer.

The establishment of rural banking and credit system has also played a pivotal role in the growth of the agriculture industry. The transformation of agriculture from subsistence to commercialisation requires investment on the farm along with the use of modern inputs. With the availability of credit, the constraint on certain inputs like seed, fertilizer, pesticides, hired labour, etc. has been reduced.

This new report from IMARC Group entitled “Agriculture Industry in India: Growth and Opportunities” provides an exhaustive insight into the Indian agriculture industry along with its various segments and sub-segments. This report has divided the Agriculture Industry in India into 17 segments and has provided a thorough analysis for each segment such as current and historical market trends, drivers, challenges, market structure, competitive landscape, market forecast, etc. This study is a must-read for investors, manufacturers, consultants, researchers, marketing strategists and anyone who wants to get a deeper insight into the agriculture industry in India.

Theories of markets:-

Here are ten marketing theories worth brushing up on to help make your content even more effective.

1.Maslow’s Hierarchy of Needs

First theorized by Abraham Maslow in 1943, this five stage model can be divided into our most important needs including: physiological, safety, love, esteem and self-actualization. Maslow believed that we must first satisfy lower level “basic” needs before progressing on to meet higher level “growth” needs. Once our needs have been reasonably satisfied, we may then be able to reach the highest level of self-actualization. This applies to both marketing and writing, because it is our job to create a need for our customers and provide fulfillment of that need. The more convincingly we do this, the more likely customers are to act upon this need.

2.Consistency Theory

This theory states that when our inner systems – made up of beliefs, attitudes and values – all support one another, we find comfort and contentment. If things were to fall out of alignment, this results in the discomfort of cognitive dissonance and our desire to regain balance. The most valuable part of this theory for marketers and writers comes from the point that we also have a very strong need to believe we are being consistent with social norms. When our inner systems conflict with social norms, we are more likely to choose the social norm and risk the inner dissonance for fear of social exclusion. Understanding this concept provides writers with the power to persuade customers by appealing to their desire to "fit in."

3.Elaboration Likelihood Model

Another very well-known communications theory, this model suggests that there are two ways in which persuasion occurs. First, there is the central route. This is when attitude change stems from purposeful evaluation, also referred to as "elaboration." Second, is the peripheral route. This is when there is little elaboration and attitude change does not come from inference but rather through association. By understanding the two means for persuasion, we are able to more critically focus the message of our writing and marketing toward establishing one of these means. As a result, we will create change within our customers and persuade them into action.

4.The Extended Self

This theory states that possessions reflect the identity of the possessor. Ultimately, our possessions contribute to our identity. To effectively market a product – or possession – we must seek to understand how these shape the identity of the consumer. We can then appeal to the needs outlined in Maslow's Hierarchy or to the need to "fit in" as described in the Consistency Theory. With the idea that possessions are an extension of our own self, the valueof having material possessions greatly increases.

5.Flow (or Optimal Psychological Experience)

Flow is an optimal state of balance between our challenges and skills. We've likely all felt it at one time or another; it is that rewarding feeling when we stretch ourselves to overcome an obstacle and are able to do so successfully. Flow is also enhanced by symbolic elements, concrete goals and immediate feedback. Flow is enjoyable, not because it's easy but because it's fulfilling. When crafting a marketing message and addressing a need for your target audience, carefully consider how you can create this sense of "flow." This might be by helping them become more effective, organized or by enhancing their natural skill set.

6.Network Theory

This theory is very broad in that it refers to the study of relationships. A large focus of every successful business is relationship building. This theory describes the patterns and motives of people's interactions which lead to the relationships they create. As a writer, understanding human behaviors is a huge advantage for better connecting with them through content. We are better able to motivate and incentivize certain actions by creating this "network" feeling.

7.Planned Behavior

The concept of the theory is that intentions toward behaviors can be predicted with high accuracy. Taking into account attitudes, subjective norms and perceived behavioral control, we can better understand what drives people to behave in the way they do. We can also predict when someone will likely deviate from an expected behavior. In both marketing and writing, planned behavior is an important concept because it gives us a baseline for how our target audience most commonly acts in certain situations. We can then aim to promote or change this behavior through our messages.

8.Institutional Theory

Institutional theory is closely tied to “company culture.” It suggests that the actions of businesses and the outcomes of these actions are influenced by the knowledge systems, beliefs, and rules that characterize the context of the organization. Put another way, the words and actions we choose should directly reflect the image we want to portray of our business. This is critically important for writers as they have the power to shape a brand with their content. Always review your words while reflecting on the image you’re trying to create to be sure the two align.

9.Game Theory

There are many more complex ways to summarize this theory, but most simply put it states that a successful business must be able to put itself into the “shoes” of its rivals and reason from their perspective. While we may never know with full certainty what our competition is thinkingor planning to do next, the strongest businesses think strategically and make educated guesses. For writers, this is an important theory because we must be able to anticipate our competition’s next move and put it into words before they do.

10.Marketing Orientation

This theory maintains that to be successful, businesses should determine customers’ needs and wants, and satisfy them more effectively than their competitors. This seems pretty obvious, right? However, so easily we forget this very basic idea that to offer the best service, we must be the best at identifying the needs of our customers and identifying the most effective way to meet these needs.

Overall, these ten marketing theories provide valuable insight into the behaviors of our target audience and our competition. As writers, we should continue to grow our understanding of these theories to increase the effectiveness of our messages. When quality writing is combined with the power of marketing, it produces results that truly stand out!

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