



## PILOTING JOB ROTATION PROGRAMME FOR EMPLOYMENT DEVELOPMENT IN AGRICULTURE

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## AGRICULTURAL MARKETING

E-Learning Training Materials– ENG-04

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# **AGRICULTURAL MARKETING**

## **E-Learning Training Materials – ENG-04**

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## AGRICULTURAL MARKETING

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### AIM

To meet training needs in order to complete missing in agricultural marketing caused by insufficient knowledge and/or training karşılmak

### TARGET

To teach the basic principles of agricultural marketing to candidates and workers at agricultural cooperatives and agro-industry enterprises and ensure their production to reach to final consumers under the best conditions.

### OUTPUTS

1. They know the importance of agricultural marketing.
2. They know that right post production procedures increase value of production and they are more careful about.
3. They attach importance to communication between producers and consumers.

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\* The authors are not responsible for the translated work.

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## 1. GENERAL INFORMATION AND DEFINITIONS

### 1.1. What does marketing means?

“All processes from production to final consumers through processing and distribution” are defined as marketing (Güneş, 1996).

- Using of the term marketing is very broad and according to the marketing specialists it is used wrongly most of the time.
  - One of the common mistakes is that to use “marketing” in a meaning of selling a product of a company to consumers through advertisements etc.
  - However, the meaning of marketing should not be that narrow.
  - What is important is not to sell out a product but to satisfy its consumers.
  - This refers that marketing is not only a broader than selling but also covers a company comprehensively.
- A summary definition of marketing is that style of a company or person to combine consumer needs and their (his/her) competencies.
- According to another definition, marketing is defining and meeting of consumers’ requests and needs in order to reach companies’ target.
- In a broad definition, marketing is a science which investigates supply, demand, price and costs in various times, places and shapes during transportation of goods and services from producers to consumers.

Marketing can be defined functional or organizational. Defining marketing based on processes and activities is a functional approach; deal with policies of product, price, distribution and promotion is an organizational approach. While the functional approach is at the forefront in developing countries where marketing infrastructure is insufficient and consumers’ needs are cannot be met enough, organizational approach are more important in developed economies where marketing infrastructure is enough, consumers who reached to the saturating point have enough knowledge and income. Organizational approach is more at company level. Importance issues in the definition of marketing:

- Marketing is towards meeting requests and needs of people.
- Marketing makes exchanges easier and real.
- Marketing consists of various activities.
- Marketing activities are carried out by individuals or institutions.
- Goods, services and ideas can be subject for marketing.
- Marketing activities should be planned and controlled.

## **1.2. Relations between marketing and other sciences**

The marketing has to work together with the other sciences because its working area is the market where producers and consumers meet, and deals with supply, demand, price and market policies. The most important sciences that marketing works with are economy, behavioural sciences and econometrics.

Economy and marketing: Knowledge on economics is necessary for a successful marketing. It is need to know market structure, consumer behaviours, and relationships between price, costs and income.

Behavioural sciences and marketing: In order to analyse behaviours of consumers and entrepreneurs/managers properly, it is necessary to cooperate with behavioural sciences such as psychology, sociology and anthropology.

Econometrics and marketing: There are many advanced qualitative and quantitative econometric analysis techniques which are used in marketing. It is necessary to use these techniques in order to collect, analyse, interpret data regarding markets, identify consumers' preferences and improve marketing strategies.

## **1.3. Components of marketing**

The components of marketing are one of the main concepts regarding modern marketing approach. They are tools which are used in order to reach objectives in a market chosen by a company as target.

The components of marketing are known as “marketing mix” or “4Ps of marketing” (Figure 1). The first P (component) is product itself. Marketing increases benefits of product through making changes in its shape. The second P, price, is established according to its features, it takes its place in markets and provide ownership benefit to consumers who buys it. Third P is “place” and refers distribution which is one of the functions of marketing. Products are transferred from its production place to many other places and its place benefit is increased through distribution. The other component (P) is “promotion” which consists of activities towards informing consumers about product and positioning it in market.



Figure 1. Marketing Mix (4Ps)

Currently, it is used 6Ps instead of the 4Ps:

- People whom the targets of the marketing activities should towards.
- The importance of people health has created a new understanding of food and people was added as another component of marketing in order to emphasize its importance.
- The sixth P of the marketing mix is "pace".
- Acting faster than the other is one of the musts of today's marketing.
- Being informed about innovations/new developments and implement them on time are accepted as the biggest competition advantages.
- Digital systems and "e-business" have made marketing services easier, faster and cheaper in many areas.
- Thanks to digital systems people are able to access to all information they need faster than ever.
- People who know these systems are able to increase number of their clients through taking strategic decisions in time.
- Thanks to new techniques companies can transfer their products to final consumers faster and more efficiently.

## 2. AGRICULTURAL MARKETING

All activities from decision of what is going to be produced to transport products to final consumers are called agricultural marketing. Thanks to agricultural marketing goods and services produced are processed, being ready in time and place as consumers want (Figure 2). On the other hand agricultural marketing deals with all services which increase process, place, time and ownership of products.

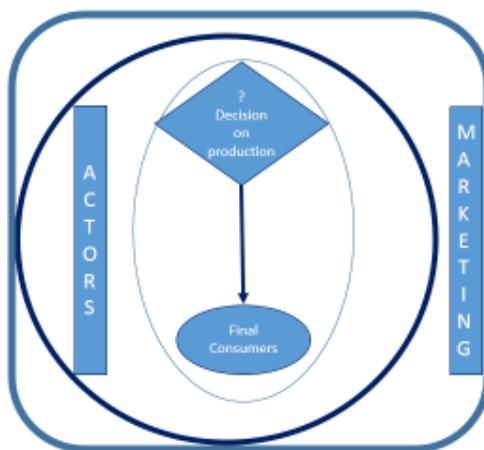


Figure 2. Mechanism of Agricultural Marketing (Giray, 2015)

Agriculture and food sector or marketing are paid particular attention by public and private sector thanks to their specific economic and political features. This requires special expertise. The factors why marketing of agricultural and food products (agro-food) have special requirements are listed below:

- Continuous demand for nutrition of all people needs sustainable supply of agro-food marketing.
- Almost all agro-food products are easy perishable.
- If they are not properly produced/processed/stored/, it creates a risk for human health.
- Food sector has strong distribution system which is specialised and became a business.
- In developing countries with high income, there is a high level of products diversification in food sector and it is related to the industries of other consumption goods.

Decisions on production and from provision of inputs to products flows to final consumers, and feedbacks from consumers to producers are important in terms of health and socio-economy. This flow is illustrated in Figure 3.

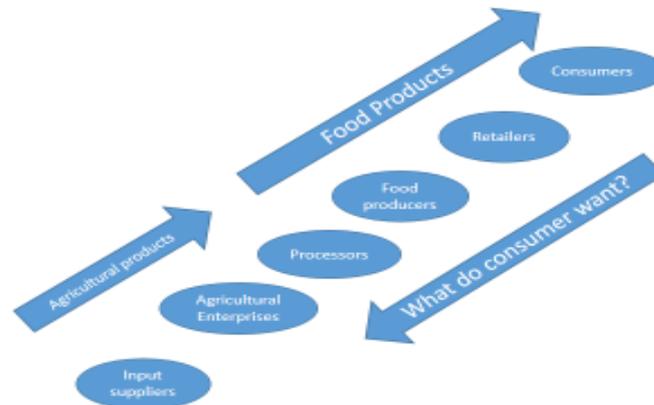
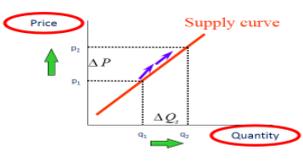
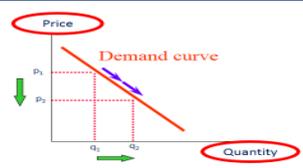


Figure 3. Flows and Actors in Agriculture and Food Markets

## 2.1. Powers in Market

There are three powers which play in the market and affect marketing, namely by “supply” representing production side; “demand” representing consumption side; and “state policies” which is a regulating and/or intervening mechanism in order to provide equilibrium between first two powers. General information regarding supply and demand are summarised in the Table 1.

Table 1. General information on supply and demand

	Relationship with price	Graph	Factors affecting
<b>SUPPLY</b>	Holding all other factors constant, the price of a good or service increases as its supply increases and vice versa.		<ul style="list-style-type: none"> <li>Price of the product</li> <li>Inputs prices</li> <li>Prices of alternative prices</li> <li>Non-economic factors (capacity, technology, weather conditions, etc.)</li> </ul>
<b>DEMAND</b>	Holding all other factors constant, the price of a good or service increases as its demand decreases and vice versa.		<ul style="list-style-type: none"> <li>Products prices</li> <li>Consumers' revenue</li> <li>Consumers' population</li> <li>Non-economic factors related to consumers' features and preferences</li> </ul>

## 2.2. Services of Agricultural Marketing

Producing as high qualified production is essential but not sufficient for being “good value”. It is only possible if products can be present in time, place and type where consumer wants. Marketing services provide utilities of form, place, time and property of agricultural marketing. Marketing services in the chain from producers to final consumers are divided in two groups: “main services” and “auxiliary services” (Gunes, 1996). Both services are illustrated in Figure 4.

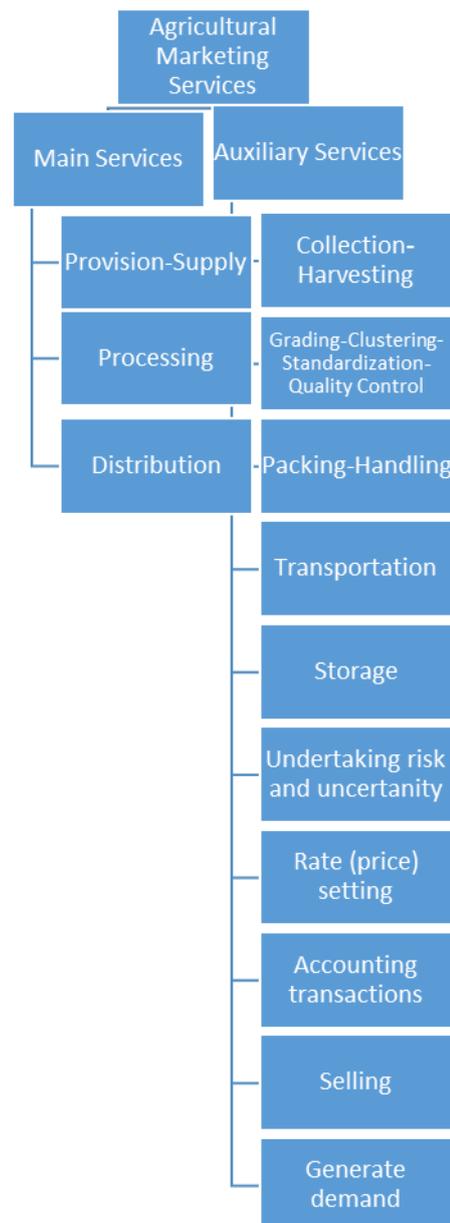


Figure 4. Agricultural Marketing Services

### 2.3. Marketing Tools

Marketing tools are defined as methods used for producers and companies in order to reach target group. Its aim is to reach target group faster and more efficient. The tools can be changed and diversified according to technological improvements. Currently, live and internet tools are used in marketing as well as conventional marketing tools. These tools are explained in Table 2 (Emeksiz et al., 2005).

Table 2. Marketing tools according to types

TOOLS	EXAMPLE
Conventional marketing tools	Advertisements, leaflets, certificates and awards, news bulletin, press and information, public service announcements.
Live marketing tools	Celebrities, marketing representatives, open house, conversations and presentations.
Internet marketing tools	Web pages, electronic bulletin board, electronic newspapers, e-mail, link to other web sites, service lists.

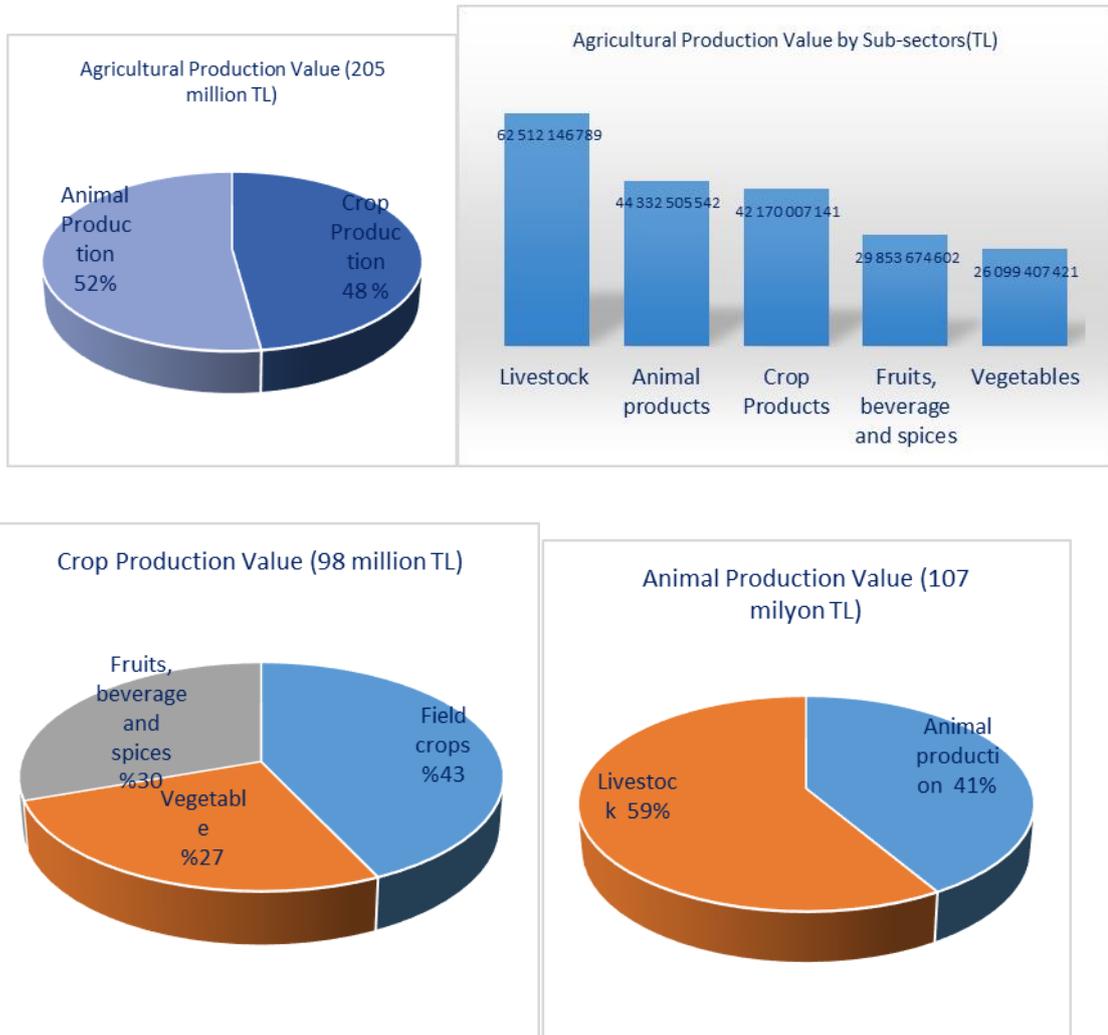
Marketing tools are not towards selling, they are communication tools which make marketing between producers and consumers easier. It is a messaging process in order to stimulate target group through marketing communication (Kocabaş et al., 1999). Marketing components and company activities should be considered as a part of the message sending to target groups. In order to plan and implement communication strategies for agro-food products efficiently the issues listed below should be taken in to account (Emeksiz et. al., 2005):

- Companies should know economic, social, cultural and legal business environment.
- Financial structure, production capacity, human resources, demand generation activities, quality-price relationships should be analysed well.
- Partnerships, targets towards selling and promotion, product/market strategies should be identified clearly.

Value chain from producers to consumers should be followed and analysed, necessary arrangements and updates should be done, continuously.

### 3. GENERAL EVALUATION

Differences in agricultural production structure, climate, geography, culture, nutrition habits and demand of consumers in different countries affect also agricultural marketing and actors. Agricultural products reaches to final consumers through different stages and ways after production which is called marketing channels. There are cooperatives, traders, distributors, wholesalers, retailers and the other middlemen beside the public purchases of agricultural products in these channels. When the number of middlemen increases marketing channels become longer. A well operating agricultural marketing provide a better distribution of added value among actors in supply chain, and sufficient and healthy products to consumers.



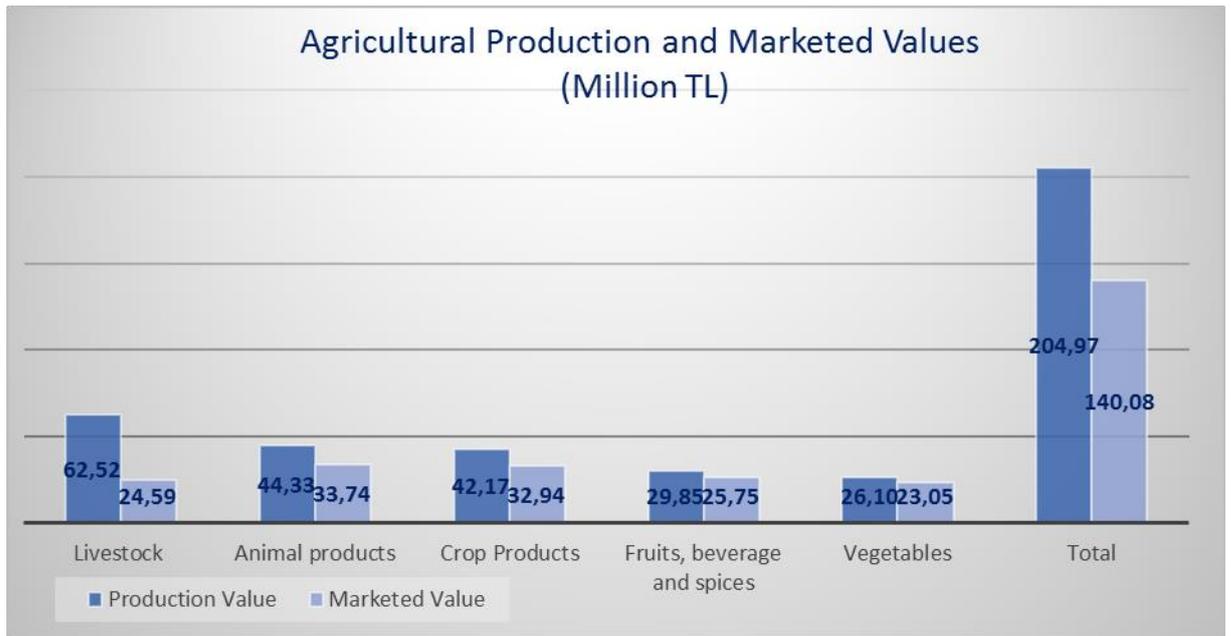


Figure 5. Agricultural Production and Marketed Products Values in Turkey in 2014 (TÜİK, 2015)

#### 4. QUESTIONS

1. “Agricultural marketing is a process starts before production.”  
 True       False
2. “Holding all other factors constant, the price of a good or service increases as its supply increases and vice versa.”  
 True       False
3. “Holding all other factors constant, there is a positive relationship between quantity of product demanded and its price”  
 True       False
4. Which is not one of the issues takes place in the description of marketing?  
 Marketing deals with meeting human needs and requirements.  
 Marketing makes exchange process easier.  
 Marketing consists of various activities.  
 Marketing is mainly a selling activity.  
 Marketing is done by individuals and organisations.  
 Goods, services and thoughts might be marketed.  
 Marketing activities should be planned and controlled.
5. Which one is not a main power plays in the markets?  
 Supply       Demand       State       Cooperatives

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