

MARKETING STRATEGIES FOR ROMANIAN TRADITIONAL PRODUCTS

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Abstract

The article presents the main agro-food marketing strategies (product, price, placement, promotion) based on two researches (qualitative among producers and key decision makers, and quantitative among urban consumers) in South Muntenia Region. The main objective of the research was to determine the extent to which the small traditional producers have the willingness to group together in an associative form. The research shows that traditional manufacturers encounter barriers to the valorisation-marketing of products to end-users. At the same time, urban propensity to traditional products has been reported. Based on the conclusions drawn from the qualitative research, a model has been developed that includes the main dimensions of sustainable development (economic, ecological, social and cultural dimension). Qualitative research has led to the hypotheses for quantitative research, which was based on a questionnaire consisting of dichotomic and multichatal questions. Following the research, a set of strategies were proposed to support traditional producers. Research has been limited to the South-Muntenia area, with research being extended at national level in the future.

Key words: marketing strategies, capitalization, traditional products, marketing research

INTRODUCTION

The article addresses an important problem of small traditional producers, that of selling products. In order to present a better image of this reality, we conducted two researches, a qualitative one and a second quantitative. The researches were carried out in the South-Muntenia area and had a series of well-defined objectives, which were confirmed by the researches. The article starts with some conceptual delimitations of traditional products, and then a SWOT analysis of the agro-food sector in Romania is carried out. The research methodology, qualitative research, objectives and conclusions, quantitative research with purpose, objectives, assumptions, results and conclusions will be presented. After research and identification of the problems faced by small producers, some marketing strategies will be presented in agriculture, both in support of small producers and in support of urban consumers. The

article ends with the presentation of the conclusions and limits of the research.

MATERIALS AND METHODS

The purpose of the research is to develop a model to support small individual producers or producers who normally have major difficulties in realizing production. For this we had to carry out two qualitative research to better identify the problems faced by small producers, and to provide us with the bases of the second, quantitative research.

RESULTS AND DISCUSSIONS

The traditional product: A theoretical point of view

From a theoretical and legislative point of view, the traditional product is a "food product made in the national territory and for which local raw materials are used, which does not have food additives, with a

traditional recipe, a way of production and / or processing and a traditional technological process and distinguishable from other similar products belonging to the same category.

For a product to be considered as traditional in the sense of the law, it is, besides being natural, produced in peasant households, the National Register of Traditional Products (RNPT) of the Ministry of Agriculture and Rural Development must be registered.



Fig. 1. The logo of traditional product in Romania

SWOT analysis of the agri-food sector in Romania

Agri-food sector has a lot of *strengths*, like:

-Romania holds 6% of the eu-27 Agricultural Surface Used, which is a very important potential;

-Agricultural Surface Used per inhabitant is 0.411 ha, occupying the 6th place in the eu-27, while the european average is only 0.234 ha / inhabitant;

-the existence of an irrigation infrastructure, a factor favoring productivity growth.

The main *weaknesses* of agri-food sector are:

-Poor equipment from a technical point of view;

-lack of investment;

-the small percentage of organic surface area reported to Agricultural Surface Used;

-Low productivity;

-The need to register in the National Registry of Traditional Products (RNPT), many individual producers being unable to do so.

Agri-food sector has also a lot of *opportunities*, like:

-a large number of unused agricultural areas;

-increased export demand for bio-Romanian products;

-pooling of agricultural land would increase the competitiveness of the sector;

-setting up non-bank institutions for microfinance;

-Increased foreign investment.

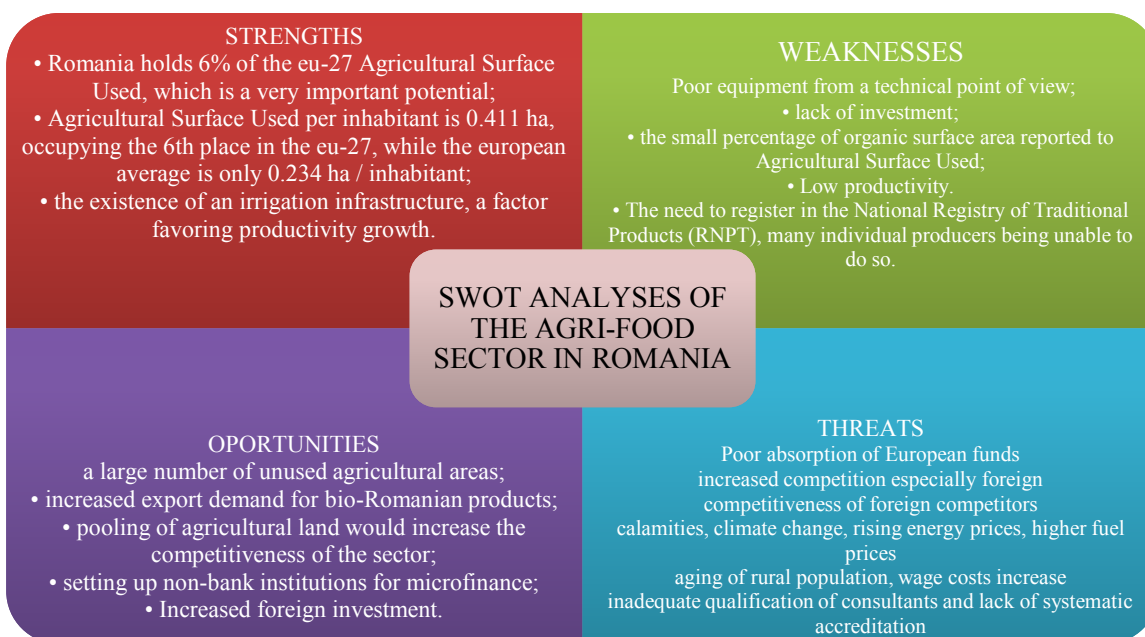


Fig. 2. SWOT Analyses Of The Agri-Food Sector In Romania

Source: Own design.

The main *threats* of the sector are:

-Poor absorption of European funds;

- increased competition especially foreign;
- competitiveness of foreign competitors;
- calamities, climate change, rising energy prices, higher fuel prices;
- aging of rural population, wage costs increase;
- inadequate qualification of consultants and lack of systematic accreditation.

Qualitative research

Research Methodology:

The purpose of qualitative research is to identify the main problems faced by small traditional product manufacturers in capitalizing on their products.

The objectives of the qualitative research are:

Q1. *Critical analysis of the existing legal framework.*

Q2. *Determining the availability of small producers to join a producer association.*

Q3. *Identifying the mayors' motivation to support such an initiative.*

Q4. Identifying ways to shorten the logistics chain.

Q5. *Create a procurement and distribution model that will support subsistence households.*

Q6. *Creating traditional shops in the county seat.*

Q7. *Creating an online platform (ecoboutique.ro).*

The information was collected from 02.12.2017 to 10.01.2018 in the South Muntenia area. The individual interview was the main method used.

The sample consisted of 7 mayors and 9 traditional rural producers.

Interviews took place at the headquarters and at the manufacturers' home.

Analysis and interpretation of the data obtained

The critical analysis of the existing legal framework is the first objective that has been reached in the interview. Production and mayors were very angry at the fact that the state is supporting the big producers to the detriment of the small ones.

The second objective, *Determining the availability of small producers to join a producer association* has highlighted that the manufacturers do not understand the associative form and the benefits of the

association. Producers have the impression that if they associate themselves to come back to a form of communism, they think the association can strip them of the earth.

Objective 3, *Identifying mayors' motivation to support such an initiative* has shown the motivation of mayors who would not support such an initiative in compassion for the citizens, but for strictly electoral reasons and to build a good image in the community, help them in winning the next election. Support often ceases when asked to provide certain logistical facilities, namely transport and the location of the collection centers.

The help of mayors consists of consulting and supporting the obtaining of necessary permits and approvals.

Identifying ways to shorten the logistics chain is the fourth objective for qualitative research. Those interviewed said it would be a great help because they would relieve them of the roads they spend almost daily in the city where they spend the whole day selling their products.

At the same time, those involved in the research were delighted that they would not have to make an effort to pay the cost of transport to go with the products in cities.

It was furthermore clear that he would agree to sell his products in any payment condition, on the spot, weekly or even monthly, if the mayor guarantees them that the products will be paid.

Goal 5, *Creating a procurement and distribution model to support subsistence households* has been met. The pattern found is to create local purchasing centers and traditional shops, both physical and online, where purchased products are made available to urban consumers.

Here two types of organization were investigated, the first being the association of small producers, who alone manage the whole business flow, the second being the involvement of a third party to handle the whole process.

In choosing the two ways, the winner was the latter because the small producers are reluctant to join, as we have seen in the second goal.

Those involved in the research have found it useful to create traditional shops in the county's capital cities, this being the sixth objective of our qualitative research. The objective has been met and we have learned that all the manufacturers and mayors involved have appreciated that more traditional shops could be set up because each producer has a number of loyal customers, many of whom are disappointed that sometimes they can not find suppliers at known places, being driven by law enforcement. At the same time, the existence of shops would also ensure an adequate level of hygiene.

The last goal, *Creating an online platform (ecoboutique.ro)*, has been fulfilled, even if the interviewed agree that this new type of modern trade has a number of advantages, the most important being the time saving.

Conclusions

Following qualitative research, we found out that small producers are disappointed with the existing legal framework. They believe that the state is not doing anything concrete to support them.

In doing so, they do not see association as a form of salvation, associating the association with the communist period.

It was found that those who could help them a little, or the mayors of their communes, would only be involved with the motivation to gain electoral or image capital. The most involved in the research consider the collection centers a viable solution.

At the same time, producers believe that developing a network of traditional shops would solve some of the problems.

Quantitative research

Research Methodology:

The purpose of the research is to identify consumers' perception of the consumption and acquisition of traditional indigenous products. Research objectives. The main objectives of this research that derive from its purpose are as follows:

Q1. *Identifying Romanian consumers' preferences regarding traditional products versus industrial products.*

Q2. *Identifying why consumers buy traditional indigenous products.*

Q3. *Identify the stores where traditional products are purchased.*

Q4. *Identifying the frequency of buying traditional products*

Q5. *Identify the extent to which price is a decisive factor in the decision to buy domestic products.*

Q6. *Identifying the most bought traditional products.*

The hypotheses of the research are formulated in the form of an anticipation of the answers regarding the investigated issues.

H1. *Over 70% of consumers prefer traditional products to the detriment of industrial ones.*

H2. *Over 50% of consumers prefer traditional products due to their better taste.*

H3. *Over 50% of consumers purchase traditional products from agri-food markets.*

H4. *More than 50% of respondents buy traditional products weekly.*

H5. *More than 50% of respondents consider price to be a decisive factor in the purchase decision*

H6. *The most traditional products are fruit and vegetables, followed by dairy, cheese and meat products.*

The data were collected between December 2 and 20, 2017, on a sample of 147 respondents, 77 women and 70 men from the South Muntenia area, using a questionnaire. The questionnaire was composed of closed, open, dichotomous, trihotic and multihomous questions and covered all existing possibilities.

Analysis and interpretation of the data obtained

The first objective of this research is to identify Romanian consumers' preferences regarding traditional products versus industrial products and was reached by answering the question: Do you prefer traditional products to the detriment of the industrial ones? Of the 147 respondents, 118 consumers (80%) responded that they preferred traditional products at the expense of industrial ones. This confirms the hypothesis that more than 70% of consumers prefer traditional products to the detriment of industrial ones.

To the question What are the reasons why you buy traditional products? the answers can be seen in Figure 3.

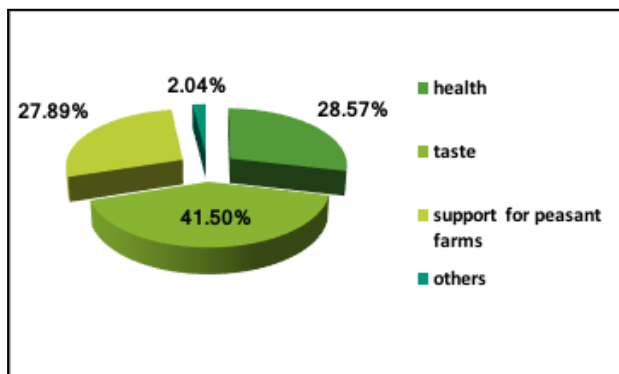


Fig. 3. Reasons why you buy traditional products
Source: Own results.

The above figure shows that taste is the main factor in the decision to purchase traditional products by 41.50%. Thus hypothesis 2 is partially confirmed, because although most consumers purchase traditional products for taste, the percentage is not as high as it was estimated.

Objective 3 The identification of the shops where the traditional products are purchased was reached through respondents' answers to the question "How do you get used to buying traditional products?". The answers can be seen in Figure 4.

It can be noticed that the agro-food markets are preferred by the respondents in the proportion of 53% and the traditional stores in the proportion of 31, 82%. This confirms the hypothesis that more than 50% of consumers buy traditional products from agri-food markets.

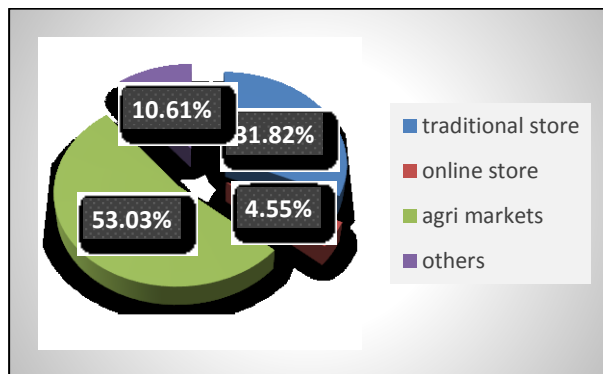


Fig. 4. Places where food is purchased
Source: Own design.

These results show that respondents have more confidence in agri-food products by associating them with traditional products, which in some cases is not true.

In terms of purchasing frequency, the results in Figure 5 show that most respondents buy traditional products weekly, while only 12 respondents purchase these types of products per month.

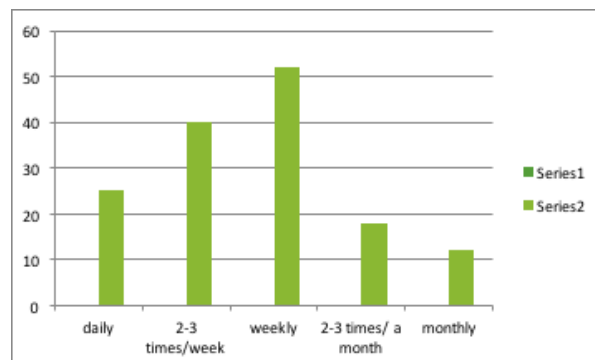


Fig. 5. Frequency of buying traditional products
Source: Own design.

Another objective of the research is to identify the extent to which price is a decisive factor in the decision to buy domestic products. In response to the respondents' answers, the price of the products is high. Although the consumption of these products is most often once a week (35, 37%), the respondents want to buy traditional products several times a week, but not - and can afford because of their high price. At the same time, respondents are aware that the price of these products should be higher than conventional ones because they are more tasty, healthier and contain no food additives. This confirms hypotheses 4 and 5.

The ultimate goal of research is to identify the most purchased traditional products. As a result of the respondents' responses, it was found that the most traditional products purchased were fruit and vegetables, followed by cheese and dairy products.

Conclusions

The results of this research have highlighted that respondents prefer to purchase traditional products at the expense of industrial ones. The most traditional products purchased are fruits and vegetables, followed by cheese and meat products. They are purchased because they are tasty, healthy and look good. The price is the

main impediment to the purchase of traditional products. If their price were lower, consumers would be allowed to buy traditional products several times a week.

Marketing strategies in agriculture

Intensive agriculture does not lack resources. Moreover, it has become a very profitable business.

Subsistence agriculture, however, is in a great stalemate. This deadlock is primarily caused by the lack of initiatives, both among producers and authorities.

In all debates, concerns are about large producers, what subsidies to receive, how to be supported, that is, the small producer must live to the limit of subsistence.

However, whether we want it or not, a natural question comes to mind, is it right?

No, it is not fair either from a social point of view, from an economic point of view or from an ecological point of view.

Organically speaking, small producers are those who usually do not use chemical fertilizers, first because they do not allow them, and secondly because they do not practice a way to produce intensive.

In spite of this, the state, through its policies, stimulates the big producers, who have an intensive production system without a policy of environmental protection.

It would be right for the polluter to be charged and not to receive the same subsidy as the one that does not pollute, while not being competitive on the market.

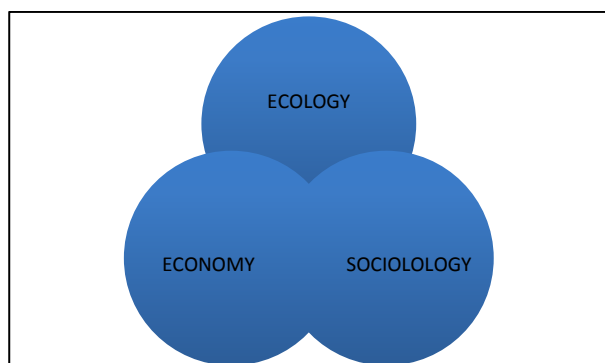


Fig. 6. Schematic representation of sustainable development: at the confluence of the three pillars
 Source: S. Bonetti 2009, in D. Goldbach, 2012, p.58.

Model to support small manufacturers

Under these circumstances, we propose a model to support small producers, a model that will put into practice will solve most of the problems of small producers.

In our model, small producers will deliver the products to a collection centre, with the products being paid on time or on time, depending on the choice of each manufacturer.

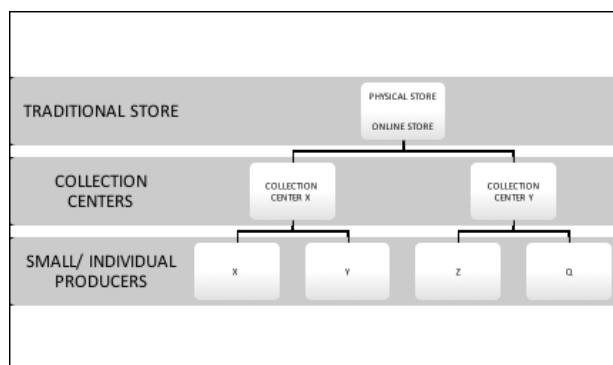


Fig. 7. Model to support small manufacturers
 Source: Own design

From the collection centre, the products will be delivered directly to the physical store / stores in the urban agglomerations where they will be redeemed.

Product capitalization will be done through both "traditional trade" and an online store.

Advantages for manufacturers:

- Reliability of recovery;
- greater profit, not having to pay for transportation or rental of a stall;
- Time savings due to the fact that they are no longer travelling to tens of kilometers away, nor are they staying with the products for sale;
- efficiency.

Benefits for consumers:

- safety. The products will be marked with the date of production and the name or the manufacturer's name. At the same time, they will be checked in the collection centres.
- convenience. The products can be ordered on an on-line platform, to be received at home or picked up directly from the physical store.

In the realization of the model it must be taken into account that the third part, which makes possible the realization of the logistic chain, can be a cooperative / agricultural association or a trading company, and by

quantitative research we will find out which variant is viable.

The limits of research

The first limit of research is given by the scale of the research, which was done only on a certain area and on a small but representative sample.

In the future, this research will need to be developed at national level, knowing that the problems faced by small producers differ from one geographic area to another.

The conditions for qualitative research were not the best, intending in the future to generate superior interview and observation conditions.

[4] Ordinului Ministerul Agriculturii și Dezvoltării Rurale Nr. 724 din 29 iulie 2013 privind atestarea produselor tradiționale.

CONCLUSIONS

In conclusion, based on the two researches initiated and carried out in the South-Muntenia area, small traditional producers have many problems in the distribution. The state does not support him enough, they are divided into subsistence peasant households and do not want to associate. Mayors in their communes may only engage in electoral use. Under these circumstances, the creation of a logistical supply and distribution logistics is vital.

Research has found that small producers would agree to renounce the old model to sell their products and sell them to collection centers and urban consumers would be willing to buy traditional products from traditional stores, physically and online.

This model would come in both the producers 'and consumers' support, being an ecological, equitable social model and, last but not least, economically viable.

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