

# AGRICULTURAL PRODUCERS' STRATEGIC MARKETING TRANSFORMATION TOWARDS SUSTAINABLE PATTERNS IN THE CONTEXT OF ACHIEVING HIGHER PRODUCT PERFORMANCE

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## Abstract

*The purpose of this paper is to provide an insight into the influence of certain elements of sustainability included in marketing strategies of agricultural companies as the main prerequisite for achieving greater efficiency of their products. Strategic marketing transformation is the result of transformation of organizational culture mediated by market orientation. This research uses a quantitative approach, a stratified proportional random sampling method, with a sample size of  $n = 147$  respondents. The main primary research was conducted using the survey method on a sample of respondents in the Republic of Croatia. For the analysis and processing of the collected data, descriptive analysis, measure of central tendency, measure of dispersion, measure of asymmetry and roundness, then bivariate analysis, and multivariate methods were used. The results of the research confirmed the multidimensionality of the product's effectiveness. The performed regression analysis shows the existence of predictive ability of appropriate elements of marketing transformation in the process of defining and offering effective products on the market ( $p < 0.001$ ). This knowledge would be useful to agri-food entrepreneurs in the context of defining effective and competitive marketing strategies as an opportunity for development and their economic prosperity.*

**Key words:** agricultural producers, strategic marketing transformation, sustainable patterns, product performance

## INTRODUCTION

It is very certain that the key to the successful market positioning of any successful business entity, as well as the aging of its competitive advantage, is a well-prepared and elaborated marketing strategy (Saqib, 2021) [18]. In the context of market orientation, this should be the primary effort of enterprising and successful managers who run either large systems or small companies, regardless of the sector or industry in which they operate. Therefore, the marketing strategy is an important component of the overall business strategy that should not be neglected at any stage of the business. Also, a shift in the development of the marketing paradigm is more than evident as a result of the times and conditions that have been set not only in front of the corporate world, but also in general the conditions of modern development of human society in general. In this sense, sustainable development should be mentioned, as a new pattern of economic development, so accordingly marketing itself had to undergo

some kind of changes (Au-Yong-Oliveira and Sousa, 2022) [2]. It can be argued that marketing is in a phase of a kind of evolution, it is being fundamentally reconsolidated as a response to sustainability practices. Therefore, this means that for the development of marketing strategies, it is mandatory to include certain elements of sustainability that will be clearly manifested in strategic marketing practices and the marketing mix (Morgan et al., 2019) [13]. But, on the other hand, it is not easy to define and implement, because the consumer is the one who represents the central component and marketing organizations must adapt to his newly created consumer patterns, wishes and needs (Mazurek-Łopacinska et al., 2022) [11]. Therefore, the integration of sustainability into the marketing strategy is another unique task and goal. On the other hand, a sustainability marketing strategy not only results in added value for the consumer, but also in building long-term relationships with consumers, which are not only beneficial for

business, but also for society and ecology (Park et al., 2022) [16].

The company's production and logistics goals derive from general corporate goals, of which maximum consumer satisfaction is one of the most important (Metz et al., 2020) [12]. All other goals therefore derive from this fundamental goal. Accordingly, one of the key issues is to develop the concept of product performance, that is, to enable the maximization of value for the consumer. In terms of organizational management, this is possible through the application of a holistic approach where the marketing function will directly or indirectly coordinate with all functions, and ultimately with whole organizational processes. Therefore, it is important to understand the marketing function as the main mediator in the coordination and organization of most business processes within business systems (Bauer et al., 2004) [3]. In this context, the marketing function is an indirect agent that enables the overall quality of the process, and ultimately it manifests itself as the ultimate output in the form of superior products, i.e. satisfied consumers (Csikósová et al., 2018) [7].

Although, theoretically and declaratively, the role of marketing interfunctional coordination is not disputed at all, still a relatively large number of companies encounter difficulties in the form of interfunctional communication and coordination, primarily due to unclear or poorly defined dialogue between individual functions within the company, which in turn causes reduced efficiency. Such problems can be overcome through certain phases of research of the external marketing environment, strategic marketing planning, or during the operational application of certain marketing activities, but also during final reporting (Zhang et al., 2016) [23]. One of the solutions for such improvements can be the application of the paradigm of marketing transformation towards sustainability. It represents significant improvements, primarily in the domain of delivering greater value or benefits for consumers through efficient products (Sánchez-Fernández and Iniesta-Bonillo, 2009) [17]. In fact, the

fundamental prerequisite for the delivery of effective products is the continuous development and application of innovative sustainable business experiences (Weinstein, 2020) [21]. Values and benefits delivered to consumers represent a kind of dedifferentiation strategy (Almquist et al., 2016) [1]. Therefore, the transformation of the marketing organization according to sustainable patterns in the context of achieving greater product performance is a strategy of competitive positioning and differentiation (Waljiyanto et al., 2022; Biloslovo et al., 2020) [20], [5]. This approach encourages the creation of longer-term and more stable relationships between consumers and organizations and is the assumption of their firm and permanent relationship (Zanchett and Paladini, 2019) [22].

Such a transformation should first of all be understood as a paradigm shift of the internal organizational management system (Cowan-Sahadath, 2009) [8].

In general, the transformation or change of an organization is the application of a more advanced, innovative or simply more efficient planning and planning system, with the purpose of adapting to processes in the external marketing environment (Errida and Lotfi, 2021) [9]. Organizational changes are largely caused by changes in organizational culture. Organizational culture represents an agile system represented by leadership (Ibidunni and Agboola, 2013) [10]. In the context of organizational culture, it is possible to understand the concept of market orientation, where according to Narver et al. (1998) in the process of creating and delivering superior value for consumers, the entire system is involved, which especially applies to all employees. As mentioned earlier, employees are encouraged to take this approach through the creation of an adequate organizational culture and market orientation. Furthermore, it is also recognized through specific focused planning, i.e., consequently through making focused business marketing decisions. Market-oriented companies regularly collect data about their consumers, competitors, and the market in general, thus

creating a picture of demand. In this sense, through a series of strategic operational actions, companies are enabled to create superior consumer value (Schulze et al., 2022; Noble Noble et al., 2002) [19], [15].

Knowledge about the effect of market orientation on product performance is important as an element for making strategic management decisions. positive effect on the product performance. Without the dynamic application of the concept of market orientation, it is not possible to assume desired product performance (Carbonell and Escudero, 2010) [6].

In this context, the purpose of this paper is to provide an insight into the influence of certain elements of sustainability included in marketing strategies of agricultural companies as the main prerequisite for achieving greater efficiency of their products.

## **MATERIALS AND METHODS**

The primary empirical quantitative research was conducted on a deliberate sample of experts representing business entities in the agricultural sector in the Republic of Croatia. The research unit is represented by a person, that is, an individual representative of an agricultural enterprise. Given that it is primarily a quantitative research, it was conducted using the survey method, and a survey questionnaire was used as a research instrument. Questionnaire variables (except sociodemographic questions) were constructed using a five-point Likert scale.

The target group of respondents consisted of a total of 200 respondents. A total of 147 correct answers were received, 53 answers were excluded from further research due to incomplete data. The questionnaire consisted of 38 questions, mostly closed-ended.

The empirical part of the paper was based on data collected through field research.

For data analysis, univariate analysis, and bivariate analysis (correlation analysis and regression analysis) were used. All collected data were processed and analyzed with the help of the statistical program package IBM SPSS 22.0, as well as MS Office Excel.

The assessment of the actual values of the model was checked on a sample of respondents, and reliability was determined for all variables from the model with the help of the Cronbach  $\alpha$  coefficient.

## **RESULTS AND DISCUSSIONS**

### **General research results**

Respondents answered in the research by a simple procedure of rounding the selected among the offered answers, rating from 1-5, average values and exact amounts. The survey showed that the respondents were mostly men (56%), and there were a little less woman (44%). The average age of the respondents was 42 years, they had an average of 17 years of experience in agricultural production.

The research covered all Croatian regions, so it can be said that it is national research. The largest number of respondents is from the field of vegetable production, 37% of them, while livestock farmers made up 17% of respondents, fruit growers 13% of respondents, and cow breeders 26%. The rest of the sample is represented by beekeepers and honey makers with 4%, and growers of medicinal plants with 3%.

The largest number of respondents have completed some form of secondary school (61%), while those with completed college or university degree make up a slightly smaller number (35%), and a very small number of respondents have only completed primary school (3%). In the sample there were even respondents with the title of Doctor of Science (1%).

### **Research results of strategic marketing transformation on product performance**

For the purpose of researching the factors of marketing transformation on product performance, a study was conducted on the impact of certain elements of sustainability included in marketing strategies and market orientation on the effect of greater product performance. For the purposes of carrying out the research construct, two measurement scales were used that measured product performance as a dependent variable and marketing transformation as an independent variable, which includes elements of

sustainability included in marketing strategies and market orientation.

To measure the perception of product performance (PP) as a dependent variable, a measuring scale was constructed with the aim of evaluating the respondents' attitudes and opinions related to aspects of those internal and external attributes of the product that bring the greatest value and benefit to consumers.

The independent variable of marketing transformation (MT) is formulated with two dimensions: strategic marketing through the inclusion of elements of sustainability (SM) and market orientation (MO). For the independent variable of marketing transformation (MT), a particle reliability and multidimensionality check was performed. In order to be able to perform a factor analysis of 22 particles using the Varimax method with Kaiser's criteria, it was necessary to initially perform the KMO (0.721) and Bartlett's test ( $\chi^2 = 2670.359$ ,  $df = 148$ ,  $p < 0.001$ ). Factorization resulted in two factors, strategic marketing and market orientation. Both factors had a satisfactory level of reliability. After the factor analysis, a simple correlation and regression analysis was performed. (Table 1).

The results of the psychometric analysis of the measuring instrument indicate internal

consistency, the Cronbach alpha coefficient is 0.881, and the total explained variance is 71.13%.

Table 1. Correlation matrix of the dependent variable PP and the independent variable MT

		PP	TM
PP	Pearson Correlation	1	0.633
	Sig. (2-tailed)		0.000
	N	147	147
MT	Pearson Correlation	0.633	1
	Sig. (2-tailed)	0.000	
	N	147	147

Source: author's calculations based on own research.

Therefore, the construct is reliable. The same procedure was carried out for the dependent variable of product product performance perceptions (PP).

Considering the positive Pearson's correlation coefficient, it can be concluded that there is a statistically significant connection between the variables from the construct ( $p < 0.001$ ). The next step of analysis was regression analysis (Table 2).

Table 2. Evaluation of the representativeness of the regression model for the dependent variable PP

Pearson's correlation coefficient R	Coefficient of determination R <sup>2</sup>	Corrected coefficient of determination	Estimated standard error	Change statistics				
				R square change	F change	df1	df2	Sig. F change
0.633	0.421	0.407	0.43715	0.421	87.102	3	144	0.000

Source: author's calculations based on own research.

Table 3. Regression model coefficients for the dependent variable PP

Model	Non standardized regression coefficients		Standardized regression coefficients	t	Sig.
	B	Standard error			
Constant	3.567	0.447		6.671	0.000
PP	0.079	0.153	0.324	0.636	0.000

Source: author's calculations based on own research .

The following table presents the regression model for the dependent variable, the effective product (Table 3).

The independent variable has a statistically significant influence on the dependent

variable ( $p < 0.001$ ), where the standardized coefficient was 0.324. These two investigated variables had a coefficient of determination (R<sup>2</sup>) of 0.421. This concretely means that 42% of the variation of the product

performance is the result of variation in the marketing transformation. Therefore, the results of correlation and regression analysis show the existence of a statistically significant relation, and at the same time it can be considered that the marketing transformation has an impact on the development of effective products in the investigated companies, which was also confirmed by the relatively developed coefficient of determination.

## CONCLUSIONS

It is quite certain that the intermediary role of the marketing function is strongly present in the agricultural sector too. It is almost impossible to imagine modern and competitive agricultural production, i.e., the placement of its finished products on a saturated and highly aware market without the active mediation of the marketing instrument. The consumer has been at the centre of the marketing efforts of companies in all sectors and industries for a long time, which is why all efforts to research and serve him as best, faster, and more precisely as possible are clear. Marketing strategic orientation has a big contribution to all of this. Today, it is greatly influenced by contemporary trends both on the demand side, but the influence of the general environment is also important, which increasingly creates the general climate and trends that later result in consumer behaviour. Certainly, it should be emphasized that such changes are taking place due to the comprehensive acceptance and application of general patterns of sustainability. And for such goals to be possible, marketing organizations are under pressure to deliver increasingly valuable and high-quality products. Therefore, the logical transformation is in the direction of meeting the ever higher and more demanding criteria of consumers in terms of the delivery of values and benefits that are demanded today. These changes can be interpreted in the context of a change in the paradigm of an individual's life and through the prism of sustainable development, but also of economic crises that are becoming more frequent, longer lasting and more intense.

In this sense, marketing transformation represents a reaction on the supply side in the sense of adapting, developing, and offering efficient products that represent the delivery of benefits and value for consumers who are critical and expect marketing organizations to behave in the same way.

The results of the research confirmed the multidimensionality of the product performance and confirmed the psychometric characteristics of the measuring instrument for marketing transformation in such a context. The performed regression analysis shows the existence of predictive ability of appropriate elements of marketing transformation in the process of defining and offering efficient products performance on the market ( $p < 0.001$ ), and the results of the research are in line with the general world trends because, empirically speaking, consumers are increasingly looking for and encountering products from which they demand greater performance in terms of the benefits and value they deliver. This fact must be an input to agri-food entrepreneurs in the context of defining effective and competitive marketing strategies as an opportunity for development and their economic prosperity, but also for general consumer satisfaction through the delivery of products of superior value and benefit.

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