

FROM FARM TO TABLE. MANAGEMENT AND MARKETING FOR SMALL FARMERS

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Abstract

Management and marketing strategies for agrofood production and European distribution policies for agriculture are centered on production. EU and Romania pay huge subsidies to farmers. However, all these policies concern the first link in the chain of food production and distribution. The Romanian small farmer is stimulated to produce raw materials then to sell them at a very low price in the absence of adequate storage spaces. This can increase the value added by selling finished products. Even if it produces finished products, the small producer does not reach the consumer but an intermediary, a link in the distribution chain, as in vegetables and fruits production. In this article we propose a model to shorten and streamline the distribution chain from producer to consumer. The first strategy is to create an associative form that establishes policies regarding the production, what to produce and in what quantities, depending on the demand on the market, whether to sell unprocessed products or to make some small canned goods. The second is the realization of a price strategy, which will be realized after a research among the consumers. The third policy is to determine how the products are distributed and exactly where. The last strategy, but not least, is to create a local brand and promote it among consumers. There will also be small processing units for finished products. All decisions will be made after conducting a research among consumers, the necessary research to find out the consumers preferences regarding the price, brand and other aspects that will be the basis for realizing the policies of the associative form. One of the biggest challenges will be to convince the small Romanian producers to associate, being very well known that they do not want to associate unless they have a real motivation, which is most often financial or the safety of selling of their products. We choose an interdisciplinary approach, using both management and marketing tools due to the complexity of the studied problem, both upstream, that is production, and downstream, distribution.

Key words: management, marketing, agrofood, production, distribution, association, farmers

INTRODUCTION

The importance of the subject is given by the fact that small producers live on the brink of subsistence, most of them selling their products along the roadsides or near the markets in the city. Most of the time they do not have access to the agri-food markets.

Therefore, small producers are humiliated, often fined by the police and after paying for transport they are left with a small amount of money, sometimes nothing. The purpose of this paper is to create a simple and efficient model with the help of management and marketing strategies that will support the small farmers. They must sell their products at a fair price and be sure that they do not work in vain. This would help the local economy.

This also ensures consumers access to fresh local products. To carry out the work we conducted a qualitative study among small

producers to see if they agree to be part of an association. During the research I carried out a qualitative research among small producers and the results were not what we expected.

Finding a model by which small producers can be helped is the ultimate goal of the paper. This would prove social responsibility, in the context where the producers are local, from the rural area, of small size, and the consumers are from nearby cities.

The research results will be presented in the next part.

MATERIALS AND METHODS

The purpose of the research is to find a more profitable way for the little farmers to extend their businesses, compromises which they would be able to make as creating the associations, the availability to focus on

storage, on the processing and distribution and not just selling the raw material.

The research was made in Teleorman County between 07th of February and 26th of March 2020.

A number of twenty small farmers was interviewed at their farms.

In this regard we identified five research objectives, as following below:

Q1: Identifying the availability of small farmers to associate.

Q2: Identifying the possibility to create some storage and processing centers.

Q3: The possibility of creating a chain of their own distribution.

Q4: Identification of willing to work with big chains of supermarkets.

Q5: Possibility of creating your own local brand.

The questioner's questions were:

Q1: Are you willing to associate?

Q2: Would you like to have a storage and processing center?

Q3: Would you like to create your own distribution chain?

Q4: Are you willing to work with the big supermarket chains?

Q5: Do you want to create your own local brand?

RESULTS AND DISCUSSIONS

A theoretical approach

The biggest problem we have at the rural level is the fact that although we are in the top 6 EU countries by agricultural area, we are not performing.

The lack of performance is given by the fact that the agricultural areas are not planted together, on large areas, but on the contrary, there are many and with very small areas, which ensure the subsistence of farmers' families.

If at European level the key to success is given by the association in different forms and by the support of the Governments, in our country we have both problems related to the association and to the financing.

The number of individual holdings is around 80,000 holdings [7].

According to National Institute of Statistics [9], the mechanization in agriculture is weak, the number of tractors being less than 200,000, not to mention sophisticated agricultural equipment.

The problems do not stop at the fact that we have many subsistence farms and are not mechanized, but go further, in the sense that these farms work very small areas under 0.1 ha, 3,158,890 households, between 1 and 2 ha 746,430 units and 929,273 works between 2 and 5 ha [7].

Analyzing the situation of Romanian households, we realized that in our country we have a number of over 2.6 million family gardens, from which they feed their own families and whose surplus is capitalized in various forms.

From year to year, the rural population has decreased dramatically [6].

We all know that young people in our country have emigrated in search of a better life, leaving villages deserted or with an aging population.

Elisabeth Laville talks in her book "L'entreprise verte" (green organization) about the new social and human imperatives [8].

The same paper shows that the economic paradigm must be changed, taking into account this time both the social and the ecological dimension [8].

In a old paper, we made a SWOT analyses of the agri-food sector in Romania, and we found a lot of weakness, among all, low productivity. One of the threats was the poor absorption of European funds and aging of rural population [1].

In order to answer these problems faced by the Romanian village, the work "Green Management" comes with a model of good practices, seeing everything as an ecosystem [3].

A marketing strategy would be very good to redesign the producer-consumer relationship, for the benefit of both parties [2].

Consumer satisfaction is poor when purchasing peasant products on the side of the road, often on sidewalks and we propose a model to change this, both for the benefit of the consumer, especially related to health, and the financial gain of the child manufacturer.

In the work "Limits of certainty", the value and time are discussed. If we look at the small producers, they spend more time on the road, while they are selling the products, than they are actually working the land. This paradigm must change and we will propose some solutions [5].

In State of the World 2008: Innovations for a Sustainable Economy, it is shown that we must move from traditional economic growth to economic development, a development that must focus on the well-being of the people, and not a blind growth, at any cost.

However, in our country this new development model is left to wait and we must act now by creating a new economic model [4]. The same idea is addressed in the paper "Economic growth and the natural environment" [10].

Qualitative research

The sample structures

In the sample we included small local producers of subsistence farms, people who have no other income, surviving by selling products near markets.

In terms of age, 20% of those interviewed were between 46 and 60 years old and 80% over 60 years old, meaning older people.

Regarding education, as shown in the table, all people have primary and secondary education. In terms of income this is below 200 euros for 80% of the respondent, which shows a direct link between low income and the need to sell products to survive.

15% earn between 200 and 400 euros and only 5% over 500 euros. It was found that most live alone or with a partner (35% alone, 60% with a partner) while only 5% in families of three members (Table 1)..

The discussions with them were both at their households and at the points of sale, near the markets or in communal fairs.

For the first objective (Identifying the availability of small farmers to associate), we asked the producers if they "are willing to associate".

At this question, only 15% of the answers were "yes", and the most of them, 85%, were "no". As we can see in the table above, small producers are not willing to cooperate or adhere to a form of association. When they were asked why they didn't want this, they

failed to give a conclusive answer, so I concluded that this has more to do with the fear of the unknown and the way they used to work, even if rudimentary, for them it is an already known model, making performance being something they are not thinking about.

It's a system I don't understand.

Maybe if they would see success stories, then they would reorient and look at the association as an opportunity.

Many of the respondents asked me at the end of the interview who would be the leader of the association.

Table 1. The sample structure

| Characteristics | Share in the sample | Results |
|--------------------------|---------------------|---------|
| Age groups | 46-60 | 20% |
| | Over 60 | 80% |
| Education | ISCED 4 or less * | 100% |
| Monthly income | <200 EUR | 80% |
| | 201-400 EUR | 15% |
| | >500 EUR | 5% |
| Number of family members | 1 | 35% |
| | 2 | 60% |
| | 3 | 5% |
| | >4 | 0% |
| Gender | Male | 35% |
| | Female | 65% |

* *ISCED = International Standard Classification of Education. ISCED 4 or less is roughly equivalent up to post-secondary non-tertiary education.*

Source: Field survey, 2020.

The analysis of data

Table 2. The results

| Questions | Measurement | Results |
|--|-------------|---------|
| Are you willing to associate? | Yes | 15% |
| | No | 85% |
| Would you like to have a storage and processing center? | Yes | 75% |
| | No | 25% |
| Would you like to create your own distribution chain? | Yes | 5% |
| | No | 95% |
| Are you willing to work with the big supermarket chains? | Yes | 35% |
| | No | 65% |
| Do you want to create your own local brand? | Yes | 60% |
| | No | 40% |

Source: Field survey, 2020.

“Would you like to have a storage and processing center?” is the second question, and it serves the second objective, “Identifying the possibility to create some storage and processing centers”.

Most of them, 75%, agreed with the storage centers, but when it came to open processing units, they were reluctant, raising different problems or barriers, such as legislative, bureaucracy, additional expenses and especially the lack of financial resources for investments.

Only 25% of answers were “no”.

When asked if they know that non-reimbursable European funds can be accessed for processing units in rural areas, they nodded negatively, saying they did not believe this, considering that it was not possible for anyone to give them money for nothing.

The possibility of creating a chain of their own distribution was the third objective and for this we applied the next question: “Would you like to create your own distribution chain?”.

Regarding the creation of their own distribution chain, most of the interviewed farmers (95%) were not willing to try it on the grounds that it is a very complicated problem that goes beyond them.

However, they would be willing to help someone integrate into a ready-made chain.

Identification of willing to work with big chains of supermarkets is another objective of our research and for this we asked the small farmers if they “were willing to work with the big supermarket chains?”.

35% agreed and 65% weren't agree to work with the big supermarket chains.

Most of the arguments were that they hit barriers at the entrance to these supermarket chains, where the import products have priority over the domestic ones. They also argued that they cannot deliver products all year round as supermarkets need them, due to the lack of stores, therefore the big chains prefer to work with importers.

“Do you want to create your own local brand?” was the last question.

When we talked about the possibility of creating a new local brand, they seemed to not know what we were talking about, not understanding the concept very well, and then

after a few examples they became excited by the idea having as motivation a kind of local patriotism, 60% answered positive and 40% in negative (Table 2).

Conclusions

Qualitative research among small farmers has shown us that small farmers are not willing to do anything extra work to become more efficient.

The association seems not realistic for them, the requirements of supermarkets seem impossible, and the creation of storage and processing centers are not easy to reach.

Under these conditions, creating their own distribution chains and creating their own brand seems like an utopia.

However, they would be willing to sacrifice but to do something in their place, without having any additional responsibilities.

Management and marketing strategies for small farmers

We propose below a model whereby small farms become a successful business model meant to ensure a sustainable development of the community. In the qualitative research it was done and noticed that small farmers are not willing to associate, this is due primarily to the lack of information. In order to determine the farmers to associate, they must be presented with success stories from the country and from abroad, especially a model of good practices in which are highlighted the advantages and opportunities of the association.

This could be part of a project funded with non-reimbursable European funds.

In our model we propose redesigned agricultural policies.

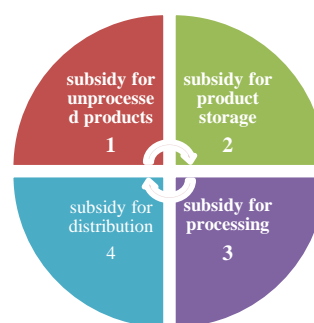


Fig. 1. A new four-step subsidies model
Source: Own design.

At present the subsidies are given only on the basis of agricultural production of raw materials, which is totally wrong because the value added is little.

In our model (Fig. 1), we propose that the subsidies be divided into four phases, as follows:

- subsidy for unprocessed products;
- subsidy for storage;
- subsidy for processing;
- subsidy for own distribution.

This would stimulate the processing and shortening of the distribution chains, in the sense that the products would arrive directly from the farmer on the shelves of the stores and later on the consumers table.

For this, the European Union must adapt its agricultural policy, especially regarding subsidies in the sense that the subsidies must follow the product from the raw material stage to the finished one from the shelves of the stores.

For the raw material to be processed, the first step is to create modern deposits of sufficient capacity to provide the raw material for processing throughout the year.

Thus the farmers will no longer be forced to sell the raw material at ridiculous prices.

Regarding the distribution of products, besides the classic channels, we set up the creation of online stores and other brands, for example "Product in Teleorman".

Online stores and "Product in Teleorman" must come as a healthy alternative to imported products and consumers will be aware that besides the quality and health benefits due to local products, by buying them they will support the local economy, being a proof of responsibility social.

Regarding the marketing strategy I proposed an integrated model (Fig. 2) based on the marketing mix, respectively:

- product policy;
- price policy;
- distribution policy;
- promotion policy.

Regarding the product policy, we propose the transition from unprocessed products, to their processing, the manufacture of preserves, candied fruits, etc.

Fresh products of the highest quality will be used, which will be found under the brand name "Product in Teleorman".

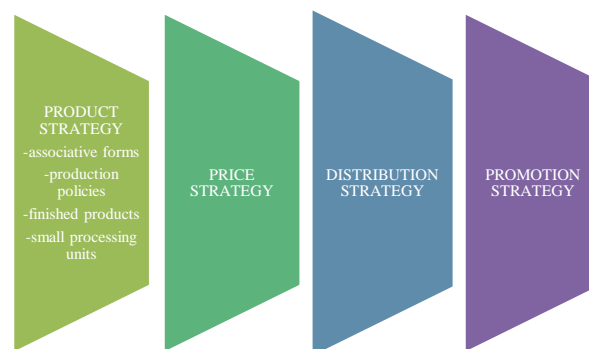


Fig. 2. Management and marketing strategies for small farmers

Source: Own concept.

The label of the product will have the map of Teleorman county and, the commune where the processing unit is will be marked with a point on the label's map.

The processing units will be small to medium size, and will consist of ten to twenty small producers. The product range will be formed according to the specifics of the manufacturers. Regarding the price strategy, we propose a fair price, consistent with the quality of the products. The distribution will be done first of all in the online stores as well as in the brand stores "Product in Teleorman". The promotion will be done online and in stores through tastings and printing materials. For a successful promotion a beautiful story will have to be created meant to develop in the consumer the feeling of local patriotism (Fig. 3).

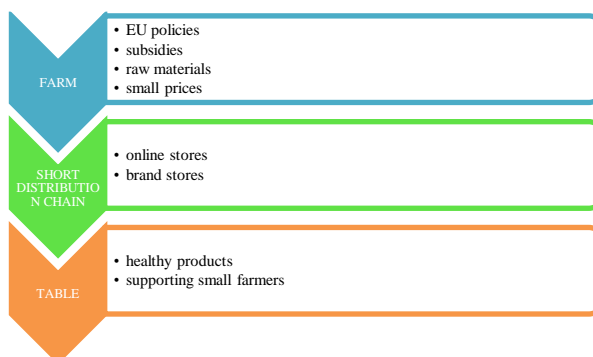


Fig. 3. From farm to table, short chain

Source: Own concept.

The limits of research

The research has quite a few limitations, first of all because it was limited to a small

geographical area and to a number of twenty respondents.

At the same time, we consider that the situation differs from one area to another, depending on the predominant cultures in the area and the propensity of the producers for the business, being common ones that are oriented more towards trade others towards production.

CONCLUSIONS

We can conclude by saying that as the small European farmers managed to associate, create well-known brands (of cheese, wine, pasta, etc.) and short distribution chains, this would be possible with us too, with the involvement of both farmers and authorities.

Unfortunately, the biggest challenge is not changing the mentality of the small producers, who when they see promising prospects will be eager to associate and develop, but rather to change the European policies.

The great European powers do not want finished products from Romania but raw materials that they will process and resell them to us, as finished products with high added value through supermarkets in our country.

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