

INFLUENCE OF MARKETING INSTRUMENTS ON THE FORMATION AND USE OF MARKETING POTENTIAL OF AGRICULTURAL ENTERPRISES

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Abstract

The article presents the results of research of theoretical, methodological and practical aspects of marketing mechanism formation of agricultural enterprises development. The essence of the notion «marketing mechanism of agricultural enterprises development» is defined. This mechanism is considered as a set of management levers of economic, organizational, analytical and diagnostic aspiration, means, principles, methods and marketing tools, which are used in the activity management, directed to the transformation of enterprise potential into the concrete production results, capable to satisfy the consumers' needs at the market, providing the agricultural producers with the weighty levers in competitive fight. The suggestions concerning the methodical approaches to the evaluation of the marketing mechanism efficiency of agricultural enterprises development are formulated. They provide for the complex analysis of application efficiency of structural components of this mechanism, which are: market segmentation and choice of target segments; positioning of agricultural enterprise production; formation of effective assortment policy; formation and realization of strategy of bringing new products to the market; differentiation of price policy; optimization of sales system; construction of effective communication policy. The assessment of these components will make it possible to identify potential opportunities for the improvement of some of them. Methodical approaches to the estimation of marketing instruments influence and intangible assets on the formation and use of marketing potential of agricultural enterprises are worked out in the article. With the help of correlation-regression analysis a number of interdependencies between the investigated features has been revealed. The proposals regarding the allocation of agricultural enterprises with high, medium, satisfactory and low level of marketing potential use are formulated. The proposed gradation and its implementation methodology makes it possible to assess the impact of marketing potential on the market position of agricultural enterprises.

Key words: agricultural enterprises, cluster, competitiveness, marketing, marketing mechanism, marketing potential

INTRODUCTION

The priority of development of the agricultural sector is determined by the exceptional importance of agricultural production both for human activity and for the society as a whole [10]. In the current crisis, it is the agrarian sector that has been recognized as a strategic priority for the development of the domestic economy in the short term, since the effective operation of the agroindustrial complex provides a significant share of revenues to the state budget through export operations [11, 5, 6]. Agriculture is the resource base of many sectors of the national economy, the key to food security of the state [13]. It is extremely important to ensure the efficient operation of agricultural enterprises, which is largely determined by the results of

their activities in the sale of their products [1, 3].

Today, it is difficult for agricultural companies to compete in the market. This situation is caused by a high level of instability due to imperfection of the economic mechanism, underdevelopment of market infrastructure, lack of necessary information about market state and practical experience in a dynamic competitive environment [4]. The driving force in resolving of the most of these issues may become the formation of a marketing mechanism for agricultural enterprise development based on the elements of integration and innovation, which will allow to use the opportunities in order to prevent the crisis processes impact on their effectiveness [9].

MATERIALS AND METHODS

The theoretical and methodological basis of the research was the situation in the domestic and foreign economic science as for the issues of formation and development of marketing mechanism, the marketing activities of agricultural enterprises. To accomplish the article tasks such scientific and special research methods are used: scientific induction and deduction – with justification of the essential characteristics and determination of the economic nature of marketing mechanism" concept; the historical and logical – to study the evolution of the marketing mechanism essence; abstract and logical – for theoretical generalizations and conclusions formation; comparison and synthesis – to identify the features of formation marketing mechanism in the agricultural enterprises; correlation and regression analysis – to identify and assess the impact of factors on the marketing mechanism of agricultural enterprises; monographic – in the assessment of the marketing capacity of selected typical agricultural enterprises and the efficiency of its use; an expert survey - to assess marketing potential of selected agricultural enterprises; integrated assessment for integrated diagnostics efficiency of organizational measures on creation of the agricultural cluster according to process and indicators developed by the authors.

Sources of information which were used by authors include legislative acts of the Verkhovna Rada of Ukraine; the official data of the State statistics service of Ukraine, Main Department of statistics in Lviv oblast, information of agricultural enterprises; domestic and foreign scholars investigations of the problem, personal observations of the authors.

RESULTS AND DISCUSSIONS

The formation and use of marketing mechanisms is important for the solution of complex problems related to ensuring effective management of agricultural enterprises. The concept of «marketing mechanism» is a system of management

levers, combined with the marketing tools, resources, principles, methods, marketing principles, used by agricultural enterprises in the business management aimed at transforming potential of an enterprise in specific performance are able to meet the needs of consumers on the market.

Detailed functions of the marketing mechanism can be allocated to three groups: the analytical (separation of the market into segments and study of the behavior of consumers in these segments, the market research, study of the behavior of competitors), strategic (creation of strategies, market selection, market development, market stimulation, market promotion); resulting (implementation of marketing plans, marketing programs, marketing projects) [14]. Taking into account the specificity of agricultural enterprises activity, it is appropriate to consider their competitiveness which is interrelated of the competitive advantages of products offered by them. Competitiveness of agricultural products reflects its ability to meet the needs of consumers more fully in comparison with similar products, available in the consumer market. It is defined by the following competitive advantages: quality and its technical characteristics, price characteristics, a purchase incentive system [7].

Competitiveness is the ability of enterprises to carry out their development using the tools of the marketing mechanism to preserve existing and forming new competitive advantages. For an integrated estimation of agricultural enterprises competitiveness it is advisable to consider such characteristics as the competitiveness of the product of the enterprise on the market, logistics of product distribution, marketing communications, product differentiation [2].

There are three directions of efficiency assessment of the agricultural enterprises marketing mechanism development: strategic, tactical, operational [12]. Taking into account the principles of the system approach, a complex approach to the evaluation of the effectiveness of this mechanism to implement based on the analysis of its components, which are actions with: market segmentation

and selection of target segments; agricultural enterprises products positioning; formation of effective assortment policy and implementation of launchin new products to market; differentiation of price policy; sales system optimization; building of an effective communication policy.

During the study, regional peculiarities and agricultural enterprises development regularities as an object of study have been identified. Analysis of the processes of their development over the last decade indicates instability with a tendency of agricultural production development decrease in medium and large agricultural enterprises, reduction of their number.

The analysis of the Carpathian region and Lviv oblast agricultural enterprises gross output production volumes dynamics (in constant 2015 prices), indicates a significant increase during 2000-2015. Livestock production increased at a higher rate due to the development of poultry and pig breeding in the agricultural enterprises. However, the high proportion of unprofitable agricultural enterprises in Lviv oblast indicates the need for the business entities to look for new tools in order to improve the efficiency of their operations. One of the factors, that affects the achieving of enterprise certain goals, is its potential, part of which is marketing.

Taking into account the results of the study, the theoretical foundations of the concept of «marketing potential of agricultural enterprises» have been developed, which is defined as potential own resources of enterprises, which ensure its costant competitiveness to occupy broad competitive advantages market niche, form a development strategy for the future based on such marketing tools as quality management; strategic planning and product, competitors and consumers behavior control; strategic planning and conducting effective marketing activities in the sphere of demand study, commodity, price, communication and sales policy.

The marketing potential of agricultural enterprises is based on the resource marketing potential, the total potential of marketing tools and potential of intangible

assets. The activities of the entity on the market is determined by complex of factors of influence of external and internal environment. The main factors of influence which determine the character of formation process of agricultural enterprises marketing potential of include: the level of staff qualifications (professionalism of marketers), the logistics system, which is built on the basis of long-term relationships, marketing information system, the level of correlation "price-quality", positioning system, pricing, market share, consumer awareness of a brand, under which the company operates, the structure of the assortment policy, the availability of own distribution network, consumer value for the consumer from the consumption of the product, the level of innovative technologies use in the production process, the duration of the production process, the level of labor productivity [13].

Taking into account certain facts, the ranking of agricultural enterprises by level of marketing intensity that allowed identifying industries with high, medium, satisfactory and low level, was made.

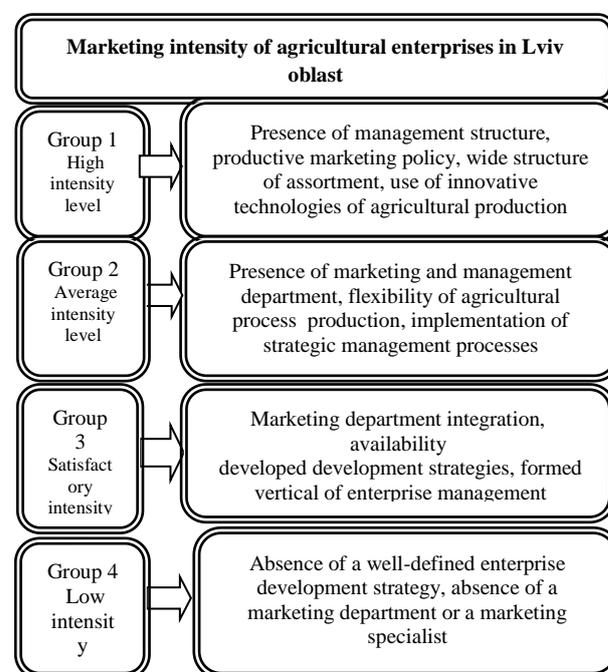


Fig. 1. Ranking of agricultural enterprises by feature marketing intensity

Source: Generalized by authors based on [3, 5, 6].

The characteristics of marketing activity management of the enterprises for each of the

selected groups are generalized. Enterprises with low levels of marketing potential operate in an unattractive market for themselves. The reasons for such problems may be the low level of specialists-marketers qualification, the discrepancy of management organizational structure to modern market requirements, the inadequacy of the marketing-management system, the unjustified ambitious views of enterprises management.

The characteristics of agricultural enterprises marketing potential using were investigated on the example of three enterprises, identified as model ones - Apogey Agro LLC, Privat-Agro-Lviv LLC, Agro-Progress PE. The weighting factors of of these enterprises marketing potential components were determined on the basis of a questionnaire. Respondents, when completing the proposed questionnaire, had to indicate the degree of their agreement with the proposed statement on the following scale: 0 - completely ineffective; 0.25 - not effective; 0.5 - ineffective; 0.75 - more effective; 1.0 is quite effective. The results of components evaluation of resorce marketing potential of these enterprises are given in Table 1.

According to a similar methodology, the model agricultural enterprises marketing tools potential and the potential of their intangible assets were evaluated. In marketing tools potential the main components were pointed out, namely: analitical (displays technology of sales, processing and storage of data), production (relates to the procedures of market segmentation, the assortment study, pricing), sales (development of sales strategy, forecasting, preparation and implementation of operational plans and marketing activities) and communication (organization of promotional activities). In the composition of potential intangible assets potential image of the enterprise and technological intangible assets are allocated and evaluated [6].

Evaluation of model efficiency of agricultural enterprises of marketing activity was made. It takes into account the market share of enterprises, includes comparison of marketing expenses with revenues from sales and net profit, determining the share of these costs in the gross expenditure of the entity.

Table 1. Results of marketing potential resource components estimation of Lviv oblast model agricultural enterprises

Factor	Indicator	Weighting Criteria	Enterprise			Overall score
			1	2	3	
The potential of real resources	Marketing automation tools (computers, IP telephony, etc.)	0.36	0	0.57	0.34	0.66
	Local area network for computer communications	0.32	0.89	0.72	0.32	0.68
	WEB-directory	0.22	0.79	0.61	0.1	0.3
	WEB server	0.1	0.81	0.62	0.0	0.14
	Total weight / rating	1.00	0.81	0.62	0.24	0.44
The potential of financial resources	Volume of own marketing financial resources	0.19	0.76	0.71	0.44	0.43
	Financing of marketing logistics	0.14	0.66	0.62	0.39	0.25
	Financing of marketing research	0.1	0.73	0.54	0.12	0.14
	Financing of new products development	0.15	0.76	0.69	0.29	0.28
	Financing of branding and image support	0.2	0.62	0.53	0.27	0.3
	Financing of sales	0.23	0.8	0.58	0.11	0.37
	Financing of marketing service	0.13	0.60	0.52	0.21	0.18
	Financing of staff training	0.06	0.59	0.53	0.19	0.08
	Total weight / rating	1.00	0.84	0.71	0.29	0.27
Labor resources potential	Personnel policy of the enterprise in the sphere of marketing	0.2	0.79	0.61	0.27	0.4
	Sales staff planning	0.15	0.49	0.48	0.18	0.36
	Staff training and qualification	0.1	0.67	0.59	0.21	0.36
	Remuneration of staff	0.18	0.79	0.74	0.31	0.55
	Level of professional competence	0.1	0.72	0.69	0.57	0.64
	Staff's ability to adapt professionally	0.07	0.71	0.65	0.48	0.57
	The reputation of managers	0.06	0.76	0.71	0.39	0.51
	Availability of staff experience in marketing	0.14	0.67	0.59	0.44	0.54
Total weight / rating	1.00	0.74	0.67	0.29	0.49	

Source: Generalized by authors based on [1, 7, 9].

The profitability of marketing expenses in the investigated enterprises which is an integrated assessment of marketing activities effectiveness.

A distinctive feature of the modern market environment is the variety of integrated structures, which are widespread in the agricultural sector, providing a significant impact on the activities of many farmers. System management of the marketing mechanism of agricultural enterprises, which is based on the concept of integration is defined as a set of principles, functions, administrative relationships and mechanism of production distribution and income distribution based on marketing tools, as to result of the interaction leads to the development of agricultural enterprises and the implementation of their mission - to meet the market needs and demands of consumers in the quality agro-food products [8].

One of the most appropriate forms of integrated units in agricultural production are clusters and association established in their framework. A leading, pivotal role in shaping of agro-industrial cluster plays the main sector, which includes agricultural producers, processing enterprises which ensure uninterrupted processing of agricultural raw materials and production of finished products, as well as a network of branded stores. The clustering process gives the possibility for a small size and interconnected small enterprises to complement activities of each other, increase productivity, innovate, improve product quality, form relationships of trust, exchange the ideas and information, work together to coordinate actions, stimulate products sales, strengthen the competitiveness of economic entities [13].

It is determined that the tools of marketing, that are primarily associated with the process of business entity internal system adaptation to external and internal factors of the business processes with the aim to capture target markets, are targeted on search of prospects for the agricultural enterprises development. An important task in the activities of agricultural enterprises is the effective analysis and forecasting of the marketing environment and economic situation on agricultural markets with the aim of creating competitive positions, synchronization of own management decisions with objective changes in the environment. Agricultural enterprise can not control all factors and influence them. Thus, improving the efficiency of marketing activities in agricultural enterprises on the basis of marketing action mechanism and the effect of marketing environment factors is essential [6].

Studies show the necessity to consider the marketing environment of agricultural enterprises functioning from the standpoint of its internal and external components, with the latter distributed on microexternal and macroexternal environment. The internal factors are those, which are directly involved in the activities of agricultural enterprises, and which are under their control [7]. External marketing environment of the agricultural enterprises are factors that act outside of such

enterprises and they can not be influenced by them. External marketing environment includes economic, demographic, political-legal, socio-cultural, natural, geographical, and technological factors. The micro-external environment includes entities that can be influenced by an agricultural enterprise in a particular way: consumers, customers, buyers, competitors, suppliers, intermediaries, contact audiences.

Evaluation of competitiveness level of model agricultural enterprises of Lviv oblast according to integrated indicators of economic activity efficiency and the effectiveness of the marketing mechanism development were made (Table. 2). Figures showed a close relationship between the relevant integral metrics.

Table 2. Evaluation of model agricultural enterprises competitiveness of by integrated performance indicators

Enterprise	2016	2017	2018
Integral indicator of economic activity efficiency			
Apogee Agro Ltd.	1.45	1.75	1.87
Privat-Agro-Lviv LLC	0.79	1.25	1.2
PE "Agro-Progress"	0.78	0.74	0.79
Integral indicator of development marketing mechanism effectiveness			
Apogee Agro Ltd.	0.85	1.1	1.2
Privat-Agro-Lviv LLC	0.58	0.7	0.83
PE "Agro-Progress"	0.4	0.46	0.6

Source: Generalized by authors based on [3, 6].

According to analysis results a set of recommendations aimed at the development of agricultural producers through the improvement of their marketing activities has been developed [10]. They provide for the formation of competitive integrated organizational structure of agricultural enterprise marketing activity management on the basis of efficient information system with the involvement of a complex of marketing instruments.

CONCLUSIONS

Scientific results gave reasons for such theoretical, methodological and applied nature conclusions:

-Marketing mechanism of agricultural enterprises development is a set of managerial

levers of economic, organizational, analytical and diagnostic areas, facilities, principles, methods and marketing tools which are used in the management of activities aimed at transforming potential of an enterprise in specific production results that meet the needs of consumers in the market, giving farmers the most important levers in competitive fight.

-Principles of marketing mechanism are formed on the basis of an integrated system of marketing tools interaction, systematic management of which is implemented through the analytical, strategic and productive functions. Methodical bases of agricultural enterprises marketing mechanism formation are in a certain order of actions to achieve the goals set by enterprise and are implemented based on the model, which contains the following structural components: market research to determine threats and opportunities for the development of the enterprise, internal planning, operational activities, motivation system, control of marketing activities.

-Competitiveness is defined as the ability of the enterprise to carry out development in certain areas, using the marketing mechanism tools, taking into account the changing conditions of the external environment for the maintenance of existing and the formation of new and better competitive advantages that will help to achieve the desired economic results in the process of certain strategies implementation.

-The application marketing is important not only mechanism in the activities of agricultural enterprises but also created with their participation of integrated units. Participation in the cluster gives the opportunity for agricultural enterprises to improve product quality, improve assortment policy, to encourage sales with marketing tools.

-An important task in the activities of agricultural enterprises is the analysis and forecast of the marketing environment and economic situation on agricultural markets with the objective of creating competitive positions, synchronization of its own management decisions with objective changes in the environment. It is necessary to consider

the marketing environment of agricultural enterprises functioning through the prism internal and external environment factors.

-The application of the competition map will help to form the tactics of production and enterprises marketing activities. Positioning of the entity in a competitive map is used to assess the level of competitiveness of integral indicators economic efficiency and marketing mechanism development.

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