

DISTRIBUTION AND PROMOTING STRATEGY OF AGRICULTURAL AND AGRO-FOOD PRODUCTS (A CASE STUDY AT “KOSAROM” TRADE COMPANY OF PAȘCANI, IAȘI COUNTY)

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ABSTRACT - Within the marketing mix, distribution is a very important part, considering the four distinctive elements: distribution intensity, length of distribution channel, strategy of distribution and distribution control system. For the companies that improve the products, which will be processed industrially, there are many distribution circuits: traditional circuits, semi-integrated circuits and integrated circuits. In Romania, there are many forms of distribution, which are generated mostly by the type of economic agents involved in this process. The objectives of the distribution strategy were proportions and directions of the product flow (offer size, delivery rhythm, target market segment, distribution forms and path), but also providing a high quality distribution (reducing the distribution costs, increasing the adaptability of distribution system towards the changes that occur on the market, increasing the control level of an agricultural company over the distribution channel). Promotion is another important element of the marketing mix. The promotional operations are made of at least three actions: consumer's, distributor's and

a commercial action organized by the distributor. The promotional strategy of a product may be concentrated or focused, with differences on certain segments of the market or undifferentiated. According to the used criteria, other types of promotional strategies can be used, such as strategy of exclusive promotion of a product or service, strategy of promoting the global image of a company or its extending, strategy of permanent or intermittent promotion, offensive or defensive strategy, promotion strategy by using own means or specialized agencies. Starting from these aspects, the goal of the authors was to emphasise the most significant characteristics of distribution and promotion of the agricultural and agro-alimentary products at “Kosarom” Trade Company of Pașcani, Iasi County.

Key words: distribution, promotion, strategy

Rezumat - Strategia distribuției și de promovare a produselor agricole și agroalimentare (studiu de caz la S.C. “Kosarom” S.A. Pașcani, județul Iași). In

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cadru mixului de marketing, distribuția reprezintă o verigă deosebit de importantă, dacă avem în vedere cele patru elemente caracteristice : intensitatea distribuției, lungimea canalului de distribuție, strategia distribuției și sistemul de control al distribuției. Pentru firmele care valorifică produse ce urmează a fi procesate industrial, pot exista mai multe circuite ale distribuției : circuite tradiționale, circuite semiintegrate, circuite integrate. În România există o multitudine de variante ale distribuției, generate, mai ales, de tipul agenților economici implicați în cadrul acestui proces. Obiectivele strategiei distribuției vizează, în principal, dimensiunile și direcțiile fluxului de produse (mărimea ofertei, ritmicitatea livrărilor, direcționarea teritorială, segmentele țintă ale pieței, căile și formele distribuției), cât și asigurarea unei înalte calități a sistemului de distribuție (reducerea cheltuielilor de distribuție, creșterea adaptabilității sistemului de distribuție la schimbările ce apar pe piață, creșterea gradului de control a firmei agricole și/sau agroalimentare asupra canalului de distribuție). Un alt element al mixului de marketing este reprezentat de promovare. Operațiunile promoționale sunt alcătuite din cel puțin trei acțiuni : o acțiune la consumator, o acțiune la distribuitor, o acțiune comercială organizată de distribuitor. Strategia promoțională a unui produs poate fi concentrată sau focalizată, cu diferențieri pe anumite segmente ale pieței sau nediferențiată. De asemenea, în funcție de criteriile utilizate, se poate opta pentru alte tipuri de strategii promoționale, cum ar fi : strategia promovării exclusive a unui produs sau serviciu; strategia promovării imaginii globale a firmei sau a extinderii acesteia; strategia promovării permanente sau intermitente; strategia ofensivă sau defensivă; strategia de promovare cu mijloace proprii sau prin agenții specializate. Pornind de la aceste aspecte, autorii și-au propus să evidențieze cele mai semnificative aspecte privind distribuția și promovarea produselor

agricole și agroalimentare la S.C. „Kosarom” S.A. Pașcani, județul Iași.

Cuvinte cheie: distribuție, promovare, strategie

INTRODUCTION

A scientific approach of the implementation of the marketing mix in integrated agricultural systems is not only a simple operation of making a quantitative ratio between effort and effect, but it also involves a graduate statistical analysis, corresponding to the mode of information structuration, according to our goals and objectives.

Our study focussed on the analysis of “Kosarom” firm groups from Pașcani, which is the first company from Romanian food industry that became private in 1992, through the Privatization Pilot Programme of the Government.

The investigations were carried out based on technical and investment data, given by the departments of the analysed unit. Starting from cooperation and integration in Romania and in other countries, from the forms of agro-food integration and from the studies concerning the food system and the stages of agro-food products, we have shown some concepts concerning the distribution and promotion of agro-food products with their specific characteristics.

MATERIALS AND METHODS

The theoretical grounding was accomplished by consulting the national and international literature regarding the

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distribution of agricultural and agro-food products and promoting strategy, with special emphasis on animal origin products. We pointed out the aspects concerning the content and factors that influence distribution and promotion, criteria of choosing the best strategy or the management that will be practiced.

For materializing the theoretical aspects, the authors carried out a case study at the “Kosarom” Trade Company of Pașcani, Iași County.

RESULTS AND DISCUSSION

Numerous studies published in Romania and other various countries pointed out that, within the marketing mix, distribution and promotion are extremely important (Assael, 1990; Brosselin, 1981; Chiran et al., 2001; Chiran et al., 2007; Chirouze, 1986; Dayan, 1992; Gîndu and Chiran, 1998; Gîndu and Chiran, 1999; Gîndu and Chiran, 1999; Jugănar, 1996; Popescu et al., 1994).

The changes that took place in the external environment of animal breeding companies led to the

elaboration and adoption of the most adequate strategies of distributing and promoting animal origin products, with the purpose of satisfying the consumption request and increasing the profitability, not only for the production units, but also for the distribution and trading units.

The studies of agro-food marketing experienced a wide area of practicability, in which the distribution and promotion of animal origin products are important fields.

The distribution includes the time and space that separate production from consumption. Over this period, many technical and economic processes take place, using specific organizational forms.

The physical distribution includes not only the product flows (transportation, storage, sorting, pre-packaging and expedition), but also the informational and money flows, which contribute to its achievement (*Figure 1*).

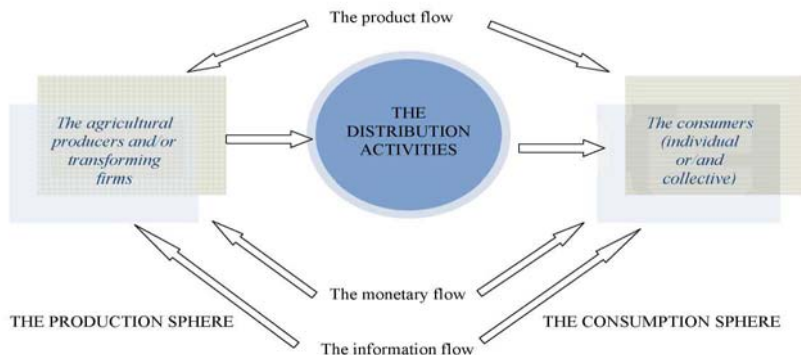


Fig. 1 - General layout of animal product distribution
(According to A. Chiran et al., 2007)

These flows allow the passage of products from the stage of production to consumption or usage.

Choosing a distribution strategy is based on the analysis of a group of factors, among which the desired performance plays a very important role (Figure 2).

The distribution type is given by the merchandise and economic characteristics of the animal origin products. The corresponding circuit is presented in Figure 3.

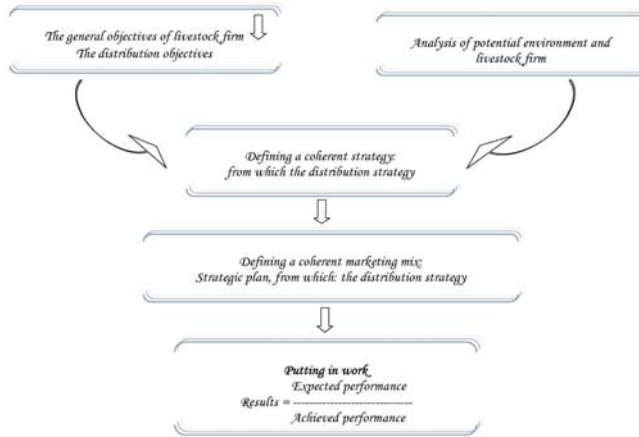


Fig. 2 - Choosing a distribution strategy for animal products
(According to A. Chiran et al., 2007)

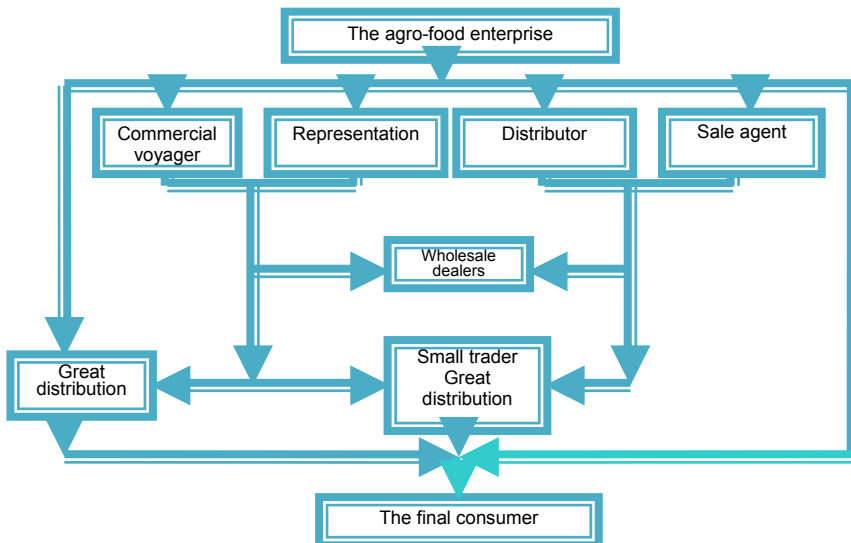


Fig. 3 - Direct and indirect distribution circuit for agro –food products

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At the “Kosarom” Trade Company of Pașcani, the distribution of agro –food products is carried out by using a self-distribution system, which is characterized by the following aspects:

- ♦ Own car fleet that includes 80 motor vehicles equipped with cooling installations, for ensuring the adequate temperature during product transportation;

- ♦ Daily deliveries from the slaughterhouse of Pașcani (with a capacity of 30 tons / day) to all the distribution points from the following counties: Iasi, Botoșani, Neamț, Bacău, Suceava, Vaslui, Galați, Brăila, Tulcea, Constanța, Brașov, Buzău and București;

- ♦ During the transportation, the drivers are responsible for taking and giving the merchandise to the clients;

- ♦ Selling points are divided into four categories: own stores; franchises (stores that sell only “Kosarom” meat products); hypermarkets (Carrefour, Kaufland, Metro, Selgros and Billa) and custom retail (food-profiled stores);

- ♦ The distribution process is conducted according to the number of orders made by sales agents from each area;

- ♦ Periodically, in various stores from different distribution areas, a questionnaire-based survey is made, in order to verify whether the distribution responsible employees followed all the rules (wearing gloves during product manipulation, delivering merchandise on time, observing all the rules regarding

invoices and protocols and making sure that the delivered products are not expired).

Promotion consists in the totality of marketing activities that have the purpose to create and develop the consumption demand by convincing communications between company and market.

The promotion of agro-food products consists in using actions and means for consumer’s information, for maximizing the index of satisfying the needs of consumers’ consumption, by acquiring products and increasing the sales and the profit of the agro-food company (Gîndu and Chiran, 1999).

Promoting sales is a process that associates a group of communication methods and techniques, animated within a commercial action plan of the company, in order to create or change the consumer’s behaviour on long or short-term, at the desired targets (Chiran et al, 2006).

Depending on the promoting activity generator and the target-segment of the market, we found the following promotion categories:

- ♦ **At the distributor;**

- ♦ **At the consumer;**

- ♦ **Commercial;**

- ♦ **Stimulating the distribution network.**

At the “Kosarom” Trade Company of Pașcani, the most important promotion actions of agro-food products are the following:

- ♦ **Radio and TV commercials** (“Kosarom” caravan, partnership with Radio 21, notoriety rising campaign in the southern region of the country, in December 2007 at Kiss FM Radio);

- ♦ **Outdoor Billboard** – in the important cities in which the “Kosarom” products are present, there are different size-mesh banners;

- ♦ **Point of sale marketing (POS)** – posters with the company’s logo and representative pictures (indoor, outdoor, on the windows of the stores);

- ♦ **Attending various events (concerts, holidays and celebrations)** – tents, barbeques, t-shirts, caps, contests that are sponsored by “Kosarom”;

- ♦ **Picnics** – where the company offers samples of its products to the people at the picnic; the “Kosarom” promoters cook the products together with the people already present there and they give tips regarding cooking and spicing the meat;

- ♦ **Contests and prizes in “Kosarom” stores** – when collecting 20 points (each point is given for 20 lei shopping), the costumer receives a barbeque set containing an umbrella, a thermo-isolating handbag and customized barbeque tools;

- ♦ **Sampling activities at the stores** – tasting “Kosarom” products;

- ♦ **Campaigns for the shop assistants’ loyalty** – depending on different prize levels, according to the sold quantity, the shop assistants got various prizes (in May 2008, they have won cosmetics and hair dryers);

- ♦ **The “mysterious client” method** – the shop assistant that recommends “Kosarom” products to undecided costumers wins an instant prize (objects or money);

- ♦ **Raffles and contests for the costumers** – usually around the holidays: for buying products that value at least 20 lei, they receive a coupon and they have the chance to win different prizes (e.g.: microwave ovens);

- ♦ **Special prizes accorded to the managers of the stores:** for the managers who achieve the highest sales (laptops and LCD-s);

- ♦ **Customizing the shop assistants’ outfits** – caps, t-shirts, blouses and aprons with the “Kosarom” logo on them;

- ♦ **Visiting the “Kosarom” production factories in Pașcani** – for example, four winners of the Radio 21 contest were given the chance of visiting the production section in Pașcani (“Kosarom”), Roman (“Suinprod”) and Râzboieni (“Avi Top”), as well as different tourist sites in the area;

- ♦ **Flyers and brochures in the stores** – they are offered to the costumers, with the purpose of informing them about the company.

CONCLUSIONS

Within the marketing mix, distribution and promoting strategies play an essential role.

The physical distribution includes, besides the product flows, the informational and monetary flows.

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Choosing a distribution strategy is based on analyzing a group of factors, among which the desired performance plays a very important role.

The "Kosarom" Trade Company of Pașcani uses a self-distributing system, with points of sale found in 12 counties and Bucharest.

Promoting the products at "Kosarom" Trade Company of Pașcani is based on several actions: radio and TV commercials, outdoor *billboard*, point of sale marketing (POSM), attending various events (concerts, holidays and celebrations), campaigns for the shop assistants' loyalty, contests and prizes in the "Kosarom" stores, "mysterious client" method, raffles and contests for the customers.

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