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**DEPARTMENT OF AGRICULTURAL
ENGINEERING**

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**AI3018-AGRICULTURAL BUSINESS
MANAGEMENT**

UNIT 3: AGRICULTURAL MARKETING

MARKETING MANAGEMENT

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Marketing Management in Agribusiness

- **Marketing management** in agribusiness involves the application of marketing principles and strategies to agricultural products and services. The primary goal is to meet consumer demands for agricultural products while maximizing profitability for the business. It is about effectively promoting and selling farm products, managing market channels, positioning agricultural goods, and creating value for both the consumer and the agribusiness.
- Marketing management in agribusiness focuses on developing marketing strategies and tactics that cater to the complexities of the agricultural sector, which may include perishable goods, seasonality, and the evolving demands of consumers.

Key aspects of marketing management in agribusiness include:

- **Market Research:**
 - Understanding the needs and preferences of consumers is crucial. This involves gathering data on market trends, competitors, consumer behavior, and agricultural product prices. Conducting surveys, focus groups, and analyzing industry reports help agribusinesses make informed decisions.
- **Segmentation, Targeting, and Positioning (STP):**
 - **Segmentation:** Identifying different segments within the agricultural market based on factors like demographics, income levels, location, or product preferences. For example, targeting organic consumers versus conventional consumers.
- **Targeting:** Choosing which segment(s) to focus marketing efforts on. For example, focusing on urban consumers who prefer organic produce.
- **Positioning:** Crafting a unique image and value proposition in the minds of the target customers, emphasizing product quality, sustainability, or local sourcing.

- **Marketing Strategy Development:**
 - Developing a comprehensive marketing strategy to promote agricultural products. The strategy must consider the product's lifecycle, market trends, and consumer behavior. The strategy also involves decisions on pricing, distribution channels, and promotional tactics.
- **Promotion and Advertising:**
 - Promotion in agribusiness includes advertising campaigns, public relations, events, and digital marketing that raise awareness of agricultural products and services. Agribusinesses also often use seasonal promotions to cater to peak demand periods.
- **Branding and Differentiation:**
 - Creating strong brands for agricultural products helps build trust with consumers. Differentiation strategies can include organic certification, eco-friendly packaging, or unique value propositions like "farm-to-table" freshness or direct sourcing from local farms.
- **Sales and Distribution:**
 - Sales strategies include establishing effective sales channels (e.g., farmers' markets, online stores, wholesalers) and negotiating with distributors. Distribution involves logistics management, ensuring that products reach the market in the right quantity, quality, and at the right time.
- **Marketing Environment in Agribusiness**
- The **marketing environment** refers to the external factors that influence an agribusiness's ability to promote and sell its products. Understanding the marketing environment helps agribusinesses adapt to changes and capitalize on opportunities.

The marketing environment in agribusiness consists of:

1. Microenvironment:

- These are the factors within the immediate environment of the agribusiness that directly affect its operations. They include:

- **Suppliers:** The businesses or individuals providing agro-inputs such as seeds, fertilizers, machinery, and labor.
- **Consumers:** The target audience who purchase the agricultural products. Their needs and preferences, as well as buying habits, influence the marketing decisions.
- **Distributors and Retailers:** Intermediaries who help deliver products to consumers, such as wholesalers, grocery stores, or farmers' markets.
- **Competitors:** Other agribusinesses that produce similar products and target the same customers. Competitor actions can directly affect pricing, product offerings, and market share.
- **Partners:** This could include agricultural cooperatives, research institutions, government agencies, or NGOs that can support agribusinesses through resources, funding, or information.

2. Macroenvironment:

- These are broader societal forces that impact the agribusiness industry. The macroenvironment includes:
- **Economic Environment:** Economic factors such as inflation, interest rates, disposable income, and employment levels affect consumer purchasing power and spending on agricultural products.
- **Political and Legal Environment:** Government regulations, policies, and trade agreements (e.g., tariffs, import/export policies, subsidies, and agricultural policies) impact how agribusinesses operate and market their products.
- **Technological Environment:** Advances in technology such as biotechnology, precision farming, e-commerce, and digital marketing techniques influence production, logistics, and consumer interaction with agricultural products.
- **Social and Cultural Environment:** Changes in consumer attitudes, lifestyle preferences, and cultural practices (e.g., increased demand for organic and locally sourced foods) can create market opportunities or challenges.
- **Environmental and Ecological Environment:** Sustainability concerns and climate change can affect production, sourcing, and packaging, driving demand for eco-friendly or sustainable agricultural practices.

- **Marketing Mix in Agribusiness**

- The **marketing mix** refers to the combination of strategies and tools that an agribusiness uses to promote and sell its products. The marketing mix is often described using the **4 Ps** (Product, Price, Place, and Promotion), which are adjusted based on market conditions and customer preferences in agribusiness.

1. Product:

- **Product Variety:** Agribusinesses offer a variety of products, including raw agricultural produce (e.g., fruits, vegetables, grains), processed products (e.g., jams, juices, packaged foods), or value-added goods (e.g., organic food products, gourmet items).
- **Product Quality:** Quality standards are important, especially for perishable products. Quality can be maintained through careful production practices, storage, and processing techniques.
- **Branding:** Branding in agribusiness helps differentiate products from competitors and build consumer loyalty. This can be through certifications like "organic," "fair trade," or by highlighting attributes like "locally sourced" or "non-GMO."
- **Packaging:** Packaging is essential for the protection, preservation, and appeal of agricultural products. Innovations in packaging (e.g., eco-friendly or sustainable packaging) can influence purchasing decisions.
- **Services:** Offering additional services such as home delivery, recipe ideas, or information about product origins can enhance the value of the product.

2. Price:

- **Pricing Strategy:** Setting the right price is crucial for agribusinesses. The pricing strategy can include:
 - **Cost-based pricing:** Setting a price based on the cost of production plus a markup.
 - **Competitive pricing:** Pricing products in line with competitors.
 - **Value-based pricing:** Setting a price based on the perceived value of the product by the consumer, often used for premium or differentiated products.

- **Discounts and Promotions:** Offering seasonal discounts, bulk pricing, or promotional offers (e.g., "buy one, get one free") can encourage purchase behavior and increase sales volumes.
- **Pricing Challenges:** Pricing in agribusiness can be complex due to the seasonality of production, fluctuations in raw material costs, and varying supply-demand dynamics. Additionally, government policies and tariffs can impact pricing.

3. Place (Distribution):

- **Distribution Channels:** This refers to the way agricultural products move from the producer to the end consumer. Channels may include:
 - **Direct Selling:** Direct sales at farmers' markets, farm stores, or via online platforms.
 - **Wholesale Distribution:** Selling large quantities of products to wholesalers who then distribute to retailers or food service companies.
 - **Retail Distribution:** Selling through grocery stores, supermarkets, or specialized retail outlets (e.g., organic food stores).
- **Logistics:** Managing transportation, warehousing, and delivery systems to ensure products reach their destination in good condition and in a timely manner.
- **Supply Chain Management:** Efficient supply chain management ensures that products are available to customers when needed, while minimizing costs. This includes controlling inventory, managing relationships with suppliers, and coordinating distribution efforts.
- **Online Sales:** E-commerce is becoming increasingly important in agribusiness, especially for direct-to-consumer sales. Online platforms allow businesses to reach broader markets, especially for niche or specialty products.

4. Promotion:

- **Advertising:** Using various media to raise awareness of agricultural products. This includes traditional media (TV, radio, print) as well as digital marketing (social media, search engine ads, content marketing).

- **Public Relations:** Building a positive image of the agribusiness by engaging with the media, creating educational content, or involving the company in community or environmental initiatives.
- **Sales Promotion:** Special offers, discounts, or bundled packages to stimulate consumer interest and purchase behavior. For example, offering discounts on bulk purchases for farmers or retailers.
- **Personal Selling:** Personal interaction with customers at events like farmers' markets or in-store demonstrations to promote products and build customer relationships.

Conclusion

- **Marketing management in agribusiness** requires a deep understanding of the market dynamics, consumer behavior, and the unique challenges faced by agricultural producers. The **marketing environment** is influenced by external factors such as economic conditions, technological advancements, and social trends, which require agribusinesses to stay adaptable and responsive to changes.
- The **marketing mix** (Product, Price, Place, Promotion) provides a structured approach for agribusinesses to develop strategies that align with their target audience's needs and expectations. By managing the marketing environment effectively and employing the right marketing mix, agribusinesses can increase their reach, boost profitability, and foster long-term relationships with consumers.