

Role of agricultural marketing in economic development

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Роль сельскохозяйственного маркетинга

в экономическом развитии

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Abstract: *at this conjuncture reforming of agrarian sector of economy especially actual is an introduction of the concept of agromarketing allowing the agricultural enterprises it is better to adapt for negative factors of environment.*

Аннотация: *в сложившихся условиях реформирования аграрного сектора экономики особо актуальным становится внедрение концепции агромаркетинга, позволяющей сельскохозяйственным предприятиям лучше адаптироваться к негативным факторам внешней среды.*

Keywords: *marketing, agro-industrial complex, agrobusiness, agromarketing.*

Ключевые слова: *маркетинг, агропромышленный комплекс, агробизнес, агромаркетинг.*

Agricultural marketing is frequently distinguished from marketing as it is described in the business literature because agricultural marketing theory focuses on policy, distribution channel, and efficiency issues, and has not evolved with a marketing management orientation. Business marketers have developed an interdisciplinary and strategic approach to research while agricultural marketing researchers continue to rely on economic principles. In this thesis the extent of the apparent gap between the disciplines is reviewed. The role that marketing management and strategic management have in agriculture is investigated, first within a general theoretical context, than more specifically at the farm business level.

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, advertising and sale. Some definitions would even include «the acts of buying supplies, renting equipment, (and) paying labor», arguing that marketing is everything a business does [1]. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance.

Markets are the context, both physical and conceptual, where exchange takes place. Marketing includes all activities from the producer to the final including processing and distribution systems. The term producer includes farmers or pastoralists and the manufacturers of production inputs when they produce the commodity being marketed. The term consumer is used for anyone who is the final consumer of a product or the final user of a production input (e. g. pastoralists may consume butter and veterinary inputs). The retailer is the final link in the chain from producer to consumer. Hence, an urban butcher is a retailer and so is a vaccinator in the government veterinary services who delivers a vaccination. The wholesaler delivers the product to the retailer. The term farm gate is the location of a sale where a farmer keeps his or her animals or produces his or her crop (i. e. on a farm in the case of settled cultivators or at an encampment in the case of pastoralists). The terms market actors and market agents are used interchangeably to represent any persons participating at any level of the market.

The objectives of marketing vary. For the individual producer or consumer, the objectives may be to maximize benefits from the resources available and to expand marketing operations in order to increase wealth. From a societal viewpoint, the objectives may be to encourage efficient allocation of resources, to create wealth and promote economic growth in order to improve the general welfare of society. Important considerations may also be to improve distribution of income between sectors of the economy and to maintain some stability of supply and demand for marketed goods.

Agricultural marketing in Uzbekistan normally begins at the level of the individual smallholder. Producers usually carry out some or all of the marketing steps. Often, because producers are also consumers, little of what is produced is marketed. Livestock owners may be only marginally market-oriented. Because of traditional attitudes towards wealth in cattle, owners may choose to hold cattle rather than market them.

Today in Uzbekistan more than 73 thousand farms, from which more than 28 thousand — versatile are. In 2012 the Council of farmers of Uzbekistan urged to protect the rights and legitimate interests of representatives of this branch was created. In the village more than 1,5 thousand mini-banks, nearly 2 thousand machine and tractor parks, about 2,5 thousand points on realization of fuel and mineral fertilizers render services. In addition, 1,5 thousand associations of water users, more than 350 consulting centers are created.

Approaches to the Study of Agricultural Marketing.

There are three main ways to study agricultural marketing. These are:

- The Functional approach.
- The Institutional approach.

- The Behavioural approach.

The Functional approach. The marketing process can be broken down into functions.

Marketing functions can be defined as major activity performed in accomplishing the marketing process.

There are three major functions in this process listed below:

- (a) Exchange functions.
- (b) Physical functions.
- (c) Facilitating functions.

Exchange Functions – Buying (procurement, finding source of supply) and selling (merchandising, promotion packaging and advertising).

Physical Functions – involves handling, movement and physical change of the product– Storage (making good available at desired time), processing (manufacturing activities) and transportation

Facilitating functions – Financing (to carry out the marketing) , risk bearing (accepting possibility of loss in Marketing of product e. g. physical and market risks)- insurance provision, standardization (measurement and maintenance of quality)

Market intelligence: Is the function of collecting, interpreting and dissemination of market information.

Advantages of Functional Approach:

- This approach is useful in analyzing marketing costs and studying the differences in costs between commodities.
- Three characteristics of the functional approach.
 - Functions are costly but add value.
 - Can't eliminate the functions, thus the costs.
 - Functions can be performed anywhere in the marketing systems.

Institutional Approach: Emphasizes the «Who does what» of marketing.

Middlemen of marketing – assemblers, wholesalers, brokers, retailers, order buyers, information providers, etc.

Uses of institutional approach:

- help to look at specialization due to efficiencies such as:
 - division of labor and specialization;
 - economies of scale and size;
 - reduced market search and transaction costs due to middlemen.

Behavioural Approach. Studies agricultural marketing from a systems approach such as:

- I/O system;
- power system;
- communications system, etc.

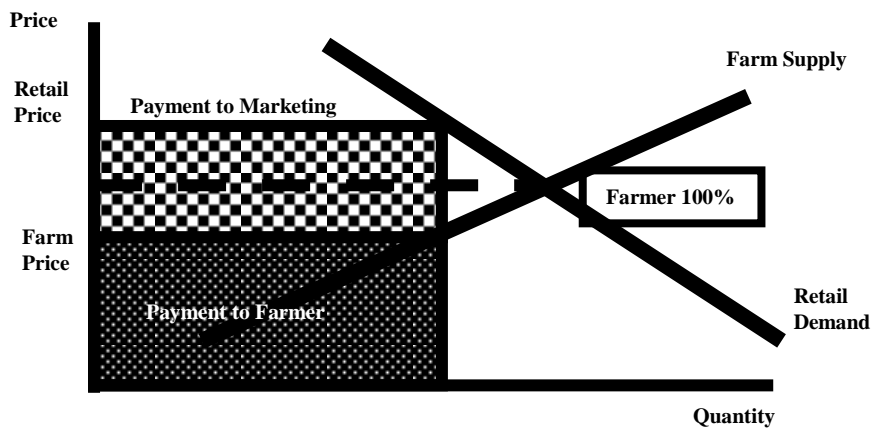


Figure 1. Who Pays For Rising Marketing Costs?

The economic doctrine that the consumer is Queen or King in the marketplace that is driven by consumer demand is known as Consumer Sovereignty. This is the concept that each consumer decides independently what to buy and that the combined individual decisions directs all production and marketing activities in the economy. But consumer demand is influenced by effective Advertising and Promotions.

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