Agricultural Marketing Strategies in Integrated Units  
(Case Study in KOSAROM Paşcani S.A. Group of Companies, Iaşi County)  

Andy-Felix JITAREANU, Aurel CHIRAN  
University of Agricultural Sciences and Veterinary Medicine “Ion Ionescu de la Brad”,  
3 Mihail Sadoveanu Alley, 700490, Iasi, Romania  

Abstract. In today's economy we are witnessing a phenomenon of integration in agriculture and food industry, which is an effect, but also a cause of the marketing and agrobusiness development. In well developed countries, and to a lesser extent in the less developed, such as Romania, we observe a serious intensification of interdependence relations between farms, food companies and distributors. Consequently, there is a phenomenon of growing distance between the place of production and consumption place, with impacts on the population's consumption habits. In these circumstances, marketing aims to ensure that food is brought in the place and form desired by the consumer, which requires that the producing companies must design strategies to adapt to specific conditions of different markets (local, regional, national, international). In this context, agricultural and food marketing becomes, for more and more companies, a kind of marketing whose target is aimed towards meeting society's best conditions and future needs. In fact, the agro-food sector is one of those sectors in which marketing companies are located in full force, agriculture (through interdependence with the natural environment) and food industry (through its impact on food safety and security of the population) occupying a place of great importance in ensuring sustainable economic and social development. As a result of the adjustment process to continue to supply food products to consumers' growing demands, the tendency is to take over more and more agricultural products and process them into food products; the food industry is considerably reducing the time spent by the consumer cooking and it also ensures an assortment structure of agricultural products supply as close to consumers’ tastes as it can be. In this paper, the authors have proposed to address some theoretical and practical aspects related to product strategy, which can be applied to Kosarom S.A. Pascani Group of Companies, Iasi County.  

Keywords: strategy, product, marketing, integration  

INTRODUCTION  

The developed economy and thereby the improved living standards have continuously increased the consumers’ demands. In that context, agrifood marketing becomes, for more and more firms, a company marketing, aimed towards meeting and satisfying present and future needs of the society, in the best conditions. Subscribing to the most recent guidance on marketing theory and practice have made – that of the company marketing - a growing number of agricultural and food companies are paying increased attention to achieving some ecological products and avoiding conflicts with the environment, starting from agricultural production phase to transforming it into food and reaching their final customers.  

In developed countries, all processes aimed at bringing agricultural products from farms to the final consumer, take place along the routes for the product. Their organization aims to
ensure consumer satisfaction, in terms of quality, diversity, price, location of food distribution and economic interests in the succession.

In Romania, the agricultural and food marketing chain is very fragmented. This fragmentation creates difficulties for food processors and traders, who are unable to secure sufficient and consistent quality products that are acceptable to the Romanian market. In these circumstances, the Romanian products enter the formal market with difficulty, mostly peasant production reaching the markets. Integration of agricultural and food products production and trading could solve these issues, thus leading to reduced exports and a boost for the Romanian agriculture.

MATERIALS AND METHODS

The study was conducted in the Kosarom Group of Companies and it concerned the product, pricing and promotion strategies, focused on the following elements: the levels and components of the product, the brand (trademark), the product prices and promotion.

RESULTS AND DISCUSSION

Generically, in the marketing view, the product, as a result of activities of a producer, is the expression of his response to the consumer’s demand. In practice, the product is everything the vendor offers a customer in the exchange process, but the consumer does not buy it for its physical content but for the functions it can fulfill.

Each product has a basic function, which reflects the consumer's purchase motivation, according to the essential advantage compared with the consumer’s needs. They are generally identified by experts in three levels of product:


Total product concept or metaproduct covers all natural elements (corporal - material substance), non-corporal and symbolic communication.

1. corporal components refer to the product and packaging merchandising attributes and their functional characteristics.

2. non-corporal components are related to items without a material body, such as: name, trademark, instructions, warranty, installation and service, the legal protection through patents, licenses manufacturing / trade, transportation and delivery terms, price, payment terms and credit etc.

3. communication components are aimed at all the information that manufacturers and distributors distribute towards potential customers, messages that shape the public’s image of the product and brand advertising, public relations, sales promotion, etc.

4. symbolic components outline the product's image as a synthesis of mental representations such as cognitive, emotional, social and personal.

The most important criteria for goods classification is their purpose, which leads to the next two categories: consumer goods and production goods.

Consumer goods address directly to the final consumer and are bought for personal or household use, being called „the buyer’s goods”: a. common or convenience goods (primary or basic products, time products, emergency products) b. comparable goods or choice goods  c.
special goods d. unwanted goods, which include two categories: - new products and peripherical products.

Being considered a key element in defining product strategy, the brand, with all its implications, has been a concern to marketing professionals because it sets the product apart from the competition, meets basic criteria, adds value to the product and satisfies the psychological needs of the consumer, improving their confidence regarding the quality of the product. The brand is defined by four components:

1. Product attributes, which the consumer is being recalled on;
2. Functional and psychological benefits of the product, for which it is being bought;
3. Buyer’s values, offering a price for product performance, safety and prestige;
4. Personality that is being shaped and which attracts customers to show their own image

Today, the brand is a non-corporal element of the product that gives identity, because the functions it performs:

- Practical function - allows you to easily memorise the brand and the product, then repeat the purchase, if satisfied with the product;
- Security function – the brand ensures product quality;
- Customization function – the brand allows the consumers to assert their originality and personality;
- Playful function - corresponds to the pleasure a consumer may have after purchasing a particular brand;
- Specific function - the brand refers to a single configuration of the attributes – product ratio;
- Distinctive feature – if the brand is the only benchmark for the consumer in product differentiation, in deciding which product to purchase.

In the marketing conception, components that define the product can be divided as follows:

- corporal components - refers to the physical content of the product (wine, cheese, bread, meat).
- non-corporal components - refers to the following elements: product name, brand, product preparation instructions, pricing, manufacturing or trading license;
- communications about the product - refers to messages sent by the manufacturer or distributor intended for the potential consumer;
- product image - refers to all mental representations (cognitive, emotional, social, personal) of the product among buyers.

Thus, when it comes to product selection, consumers put a growing emphasis on non-corporal elements that affect them psychologically (name, brand, price, product image) and to a lesser extent on the content and taste of the products. For example, the blind test results are relevant when attempted to identify criteria for purchasing or rejecting different types of beer. Blind tests have shown that many consumers do not distinguish between varieties of beer, although they are loyal to a certain brand, that it considered superior especially in terms of taste. It is obvious, therefore, that fidelity to a particular brand is determined by other factors and not the product’s taste.

S.C. Kosarom S.A. Pașcani manufactures and markets a wide range of products, which are of the following ranges: sausages, salami, frankfurters, poultry specialties, specialties, ham, dry products, fresh products, vegetable products, smoked products, traditional products.
Since its establishment, S.C. Kosarom S.A. Pașcani aimed to "cover" all the consumers’ preferences and continuously diversify the product mix. Regarding the product as part of the marketing mix, S.C. Kosarom S.A. Pașcani attempted to differentiate from its competitors in various markets through a large number of marketed products. Over time, the so-called „broad peaks” came up, which vary depending on the distribution area, in particular specialties, dried products, traditional products and salami.

Also, as a differentiation strategy, S.C. KOSAROM S.A. Pașcani relied on the quality of its products to enter and maintain its position on markets that are dominated by powerful competitors. In addition, through the good quality of the products, the company justifies their quite high prices, which puts the company in the premium category on the meat products market.

S.C. Kosarom S.A. Pașcani launched a new range of products on the market, under the brand of “Herkule”, which includes salami, sausages, frankfurters, ham and specialties. Herkule products are a cheaper alternative to the established products of S.C. Kosarom S.A. Pașcani. Through this range, the company tries to attract customers from the „economical” segment; marketing these products under another brand name is intended to maintain Kosarom on the premium sector.

During 2006-2008, with a consistent raising of income among the population, there was a significant increase in food sales through modern trade, a growth rate that has outpaced the average expenditure for food products. One can say that there is a trend of increasing share of modern trade in food business, compared with the traditional trade.

S.C. Kosarom S.A. Pașcani designed and implemented a comprehensive logistics distribution system whose objective is to continuously provide fresh, hygienically handled, promptly delivered products, in the exact quantities desired by the customer. The customers also benefit of a fully computerized orders taking dispatch, available 24 hours a day and a car fleet for specialized transport of chilled and frozen food. The staff is well trained in the carriage and food hygiene, members of this team are fully aware of their status as interface between the company and business partners.

S.C. Kosarom S.A. Pașcani has its own fleet for distribution, whose main area is Moldova (Iași, Bacău, Neamț, Suceava, Botoșani, Vrancea), but also other marketing areas: București, Prahova, Buzău, Constanța, Galați, Brașov.

Kosarom products are available in over 1150 outlets, divided into three categories: a. Company stores ; b. “Franchises” ; c. Key - Accounts ; d. Retail Stores.

Price strategies are dictated by the specific objectives of the companies, that may use a wide range of prices, leading to creating a desired image among consumers: price leader, bait price, the magic price, the price of prestige, inclusive price. Any strategy can be applied for a certain time so, usually, the strategy is to revise the prices along with the other changes that occur in the company or in the environment.

S.C. Kosarom S.A. Pașcani prices are above the average meat products price in Romania, since the brand was positioned from the beginning on a premium level. This strategy complements price promotion strategies (and vice versa). Over time, in advertising, S.C. Kosarom S.A. Pașcani insisted on the following ideas and values:
- high quality, natural (without additives or preservatives) products
- 100% Romanian products (traditional)
- modern production equipment and processing technologies
- implementing the most stringent quality standards established by ISO.
Promoting these advantages, an association has been made between the Kosarom brand and the concept of „quality“. Moreover, the company slogan for six years was „The Quality Emblem” and in 2009 was changed to „Enjoy The Difference!”, along with the change of the company’s visual identity. Even if, apparently, the new slogan is different from the old one, it expresses the same idea and the same values listed above: Kosarom means something else. The message refers to the differences between Kosarom products and competitors’ products, but also it emphasizes the idea of flavor, as an important factor in attracting consumers.

The Kosarom brand is being promoted as a premium one, offering high quality products (good flavor, natural ingredients, modern production methods, concern for consumers’ health). The prices they charge sustain these advantages and provide a profile of the buyer - people who are careful about what they eat (concerned about their and their families health) and who are willing to pay more to eat good quality products.

Marketing strategy, as a whole, is a mean of direct or indirect communication with the market. In order to choose, consumers need information - information which to analyze and react to (emotionally, consciously or unconsciously). Advertising assures the link between goods or services and people. To be effective, it must correspond to the products and relevant to the people in expressing and sustaining a competitive advantage. Food is becoming more dependent on advertising, because of the growing number of available products.

Recently, S.C. Kosarom S.A. Paşcani initialized a series of promoting actions involving advertising and TV commercials. To 2008 there were only ads on local stations in Iasi. With the rebranding that took place in the summer of 2008, the company decided that it is time to promote the brand on a national scale. Thus, it made an advertisement that ran for two months on five major TV channels of national coverage.

Radio promotion is a common practice for S.C. Kosarom S.A. Paşcani and it has been used very often in the past five years. In addition to the ‘classic’ product and brand ads, launched at various promotional campaigns, the most important action involving radio took place in spring of 2008, on Radio 21, when, for two weeks, listeners have entered live every morning with Ioan Morar and Daniel Buzdugan and participated in a competition which aimed to find the perfect slogan for S.C. Kosarom S.A. Paşcani. Winners from different parts of the country were invited to a tour that included: S.C. Kosarom S.A. Paşcani production units, (also the slaughterhouses and production units from Suinprod Roman and Avi Top Războieni), the monasteries in Moldavia and Iaşi.

S.C. Kosarom S.A. Paşcani also used promotion through magazines (especially culinary magazines and those aimed towards women), particularly in the campaigns conducted on March 8th. The magazines were chosen according to the target market (women between 35 and 55 years old). Other means of promotion were used, as well: advertising boards are used for street display, banners are generally located at different events (but there are also banners which are permanently displayed), the Internet website was restored and updated; it is used, in addition to information, to support campaigns and competitions (a good mean of interaction between participants and the company).

In addition to these means of advertising, S.C. Kosarom S.A. Paşcani also used others, depending on the context: - caravans and sampling stands in stores. Also, there was a campaign developed in the central and southern part of the country, in which the promoters teams went door to door and offered samples of Kosarom products, inviting potential customers in nearby hypermarkets where the tested products were available; other methods: promotional items offered.
to people passing by near the shops where Kosarom products can be purchased from, shop customization. Customizing the stores consists of: mounting advertising banners (lighted or not) on the stores’ top areas, with or without the company’s logo or slogan, as seen below (Fig. 1).

![Fig. 1. Promotion method - advertising banners](image1)

Another promotion method includes company cars customization: both cargo or passenger carrying cars have posters or sticker letters of various sizes, showing pictures of products, company name and contact information (Fig. 2).

![Fig. 2. Promotion method - company cars customization](image2)

Regarding sales promotion activities, they include:
- Competitions for sellers: they are rewarded with prizes and bonuses depending on the sold quantity;
- Promotions that increase the purchased amount: on a certain quantity of product that is being purchased the customer receives a bonus (either quantitatively or a price reduction). If the action is organized as a contest or raffle (usually during holidays), some customers are rewarded with prizes by drawing lots at the end of the campaign;
- "Mysterious client” actions, which test whether sellers recommend Kosarom products (upon arrangement). If they do, they receive bonuses or prizes;
- Instant contests in stores, such as "Wheel of Fortune", where customers that buy Kosarom products automatically win an instant prize;
- Personalized gifts are offered to all customers without drawing lots. These are, of course, prizes without an important material value, but which may prove very effective, being offered for free.

CONCLUSIONS

Consumers are increasingly focusing on non-corporal elements in the product selection process, with important psychological effects (name, brand, price, product image) and, to a lesser extent, on the products’ content and taste, because of the similarities that exist in this terms between competitors.

The contemporary consumer’s behavior has changed: more and more people prefer a greater variety of products and more purchase opportunities in one place, instead of the proximity of small shops and stores. This is happening because of the cash & carry phenomenon boom and the very rapid increase in the number of hypermarkets.

A price determined in accordance with the existing situation in a market can be the difference between success or failure of that particular company. The whole marketing mix contains potential or actual communication channels fully used, when they are discovered, to stimulate purchase and consumption.

REFERENCES