

The Design of Organizational Structure Flow in the Distribution and Capitalization Process, Specific for the Integrated Units from the Product Chain "Meat and Meat Products"

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Abstract. The economic efficiency is a concern of researchers in agricultural economics, and also of consumers who wish to be informed about all stages and processes from raw material to finished product that are found on store shelves. At present, the agro-alimentary integration of firms in Romania is absolutely necessary in order to enter on the European market with competitive products. Therefore, the chain study involves the analysis of fundamental issues, namely: • identify the main stages (raw material production, transport, storage, inventory system, processing and products trade); • review the mechanisms that occur between them. To identify the main problems occurring in the chain "meat and meat products" as well as implement the opportunities offered by external environment, the authors conducted a SWOT analysis. Based on the conclusions drawn from the SWOT analysis, the authors propose a flow of organizational structure, able to respond to consumer demand and ensure the increase of competitiveness on a rapidly changing and relatively saturated market.

Keywords: distribution, chain, integrated units, meat

INTRODUCTION

The purpose of this paper is to identify the main agents involved in the product chain "meat and meat products" and the importance of each chain, from the production of feed inputs up to the final consumer. An important issue facing the meat market is the ability to anticipate and quantify the behavior of individuals acting on the market.

The consumption needs for agricultural and food products evolve with the economic and social development. In recent years, consumers are willing to give up certain advantages that differentiate the products, choosing quality and low prices.

Besides economic factors, the population food consumption depends on: demographic variables (education level, age structure and degree of population aging, the employment rate of the population etc.), social variables (degree of urbanization, infrastructure of rural area, employment diversification, access to information etc.) and other variables (geographical location, religion, dietary habits, psychological factors related to individual tastes and preferences) (Chiran A. *et al.*, 2003; Constantin M. *et al.*, 2009; Pekar V., 1997).

The informations on the product chain is an important tool for companies to adapt to market requirements and consumer preferences and also to be identified opportunities by producers, traders and processors.

MATERIALS AND METHODS

The SWOT analysis conducted in this paper highlights the strengths and weaknesses on the chain "meat and meat products" and identifies issues that might promote or threaten the

activities under it. After analyzing the main stages of the chain "meat and meat products", it was designed a specific distribution and recovery flow for integrated units.

RESULTS AND DISCUSSION

In Romania, the animal production in agriculture has a significant share (about 39%) and is one of the main activities in rural areas.

According to MADR, in Romania, meat production (live weight) decreased in the period 2007-2010, from 1503 thousand tons to 978 thousand tons.

Instead, the capacity for processing meat and meat products in 2007-2009, rose from 1672 thousand tons / year to 1880 thousand tons / year.

The number of meat processing units in the same period increased from 1007 to 1012, due to the competitiveness increased programs promoted by MADR.

The annual average consumption of meat and meat products (fresh equivalent) per capita declined in 2006-2009, from 69.9 kg to 67.5 kg (Agricultura României în cifre. Ministerul Agriculturii și Dezvoltării Rurale, 2010).

Romania, due to the large share of rural population and employment mainly in agriculture, is a country in that operates food consumption patterns differentiated by residence area: urban and rural.

The food consumption in urban areas relies mainly on purchased food for consumption and depends largely on consumer's income and prices on the market. There is a tendency to homogenize the food behavior due to aggressive advertising of the big agri-business and fast food firms, more active involvement of women in professional activities outside the home and other factors leading to an internationalization of food consumption patterns.

The food consumption in rural areas is mainly based on the consumption of food produced in their own household. In rural areas, the consumption of household members depends on the size of farmland owned and yields obtained and less on the money income level (5, 6, 7, 10, 11).

The distribution of agri-food products has an active role in achieving the proper flows involved in providing the products and is a very complex activity by intermediaries' diversity, of operations and processes that are taking place in each distribution considered channel (Petcu Monica-Aureliana, Sobolevschi Iulia David, 2008).

The distribution approach is done on two levels:

- spatially - approach who puts in connection the production centers with the consumption ones, indicating intermediaries, means of transport, storage and intervention points for the products, so that the products are supplied close to the final beneficiary, so the channel can provide the competitive advantage of reducing the cost of the consumer movement;

- temporal - approach to ensure the synchronization of operations, to be shortened the circulation time and products to be provided to consumer closer to the consumption time. The rotational speed in distribution channel provide the recovery of products shipped by the manufacturer, in the optimal time for its cyclicity activities, to all structures involved in the distribution channel and also the satisfaction of demand in time and request parameters, providing the competitive advantage of reducing the cost of waiting, disruption of activity, breaking stocks etc.

There are three general options for distribution: intensive, selective and exclusive distribution.

Intensive distribution aims to provide a saturated market by using all available sales points.

Selective distribution involves a producer that is using a limited number of sales points in a geographical area to sell his products. One advantage of this approach is that the manufacturer can choose the most appropriate or efficient markets.

Exclusive distribution is an extreme form of selective distribution where only a wholesaler or distributor is used in a geographical region (Chiran *et al.*, 2003; Gîndu *et al.*, 2005).

In Romania, the distribution of meat and meat products is achieved in specialized or general stores, in bulk or prepackaged in small quantities (Chiran *et al.*, 2004).

Depending on the thermal treatment, meat products fall into one of the following groups:

- a) cooked meat products such as: ham and rolls, salami, sausages, diet products;
- b) smoked meat products such as: smoked bacon, smoked ham;
- c) smoked and cooked meat products such as: sausage, specialties, rolls;
- d) cooked meat products double-smoked, such as: sausage, specialties;
- e) cooked meat products, double smoked and dried, for example: salami, sausage, specialties;
- f) smoked and dried meat products, such as: pastrami;
- g) dried meat products, such as: sausage, specialties;
- h) cooked and dried meat products;
- i) processed by cooking meat products such as: curd meat;
- j) sterilized meat products such as: canned meat, pastries, meat pasta, canned diet mix (Ordinul nr. 560 din 16 august 2006 pentru aprobarea normelor cu privire la comercializarea produselor din carne, 2007).

The SWOT analysis in the product chain "meat and meat products", highlighted several issues, such as:

- strengths:
 - significant natural potential for feed production and animal husbandry sector, which provide opportunities for production to meet domestic needs and export the meat, bringing high-income to the producers;
 - tradition in the practice of animal husbandry activities;
 - expanded volume of the internal market of meat;
 - high quality of genetic material for large manufacturers in Romania;
 - in major supermarkets retail selling takes place in a high hygienic quality;
 - large network of small shops providing good access to meat products to the consumers;
 - a wide range of traditional meat products.
- weaknesses:
 - the animals farms for meat are small with poor housing conditions;
 - poor quality of genetic material of small producers;
 - animals for meat feeding is of poor quality, leading to a low conversion and high production costs;
 - meat quality is not in the EU standards level;
 - Romania neighboring are strong competitors on quality and prices of meat;
 - improper packaging and labeling of meat products;
 - wholesale distribution sector is highly fragmented;
 - few promotional materials and low quality of traditional meat products;
 - insufficient information on the introduction of modern technologies in traditional farming systems for species / breeds / lines for meat.

- opportunities:
 - increase competitiveness in recent years in the chain;
 - increase in foreign direct investment and domestic ones;
 - market development for alternative meat products;
 - chilled products market development;
 - demand for traditional products, of quality;
 - possibility to integrate the companies in the chain.
- threats:
 - aging the workforce in rural areas;
 - difficult access to credit system that prevent the modernization production system;
 - still a large volume of imports at low prices that threaten the sustainability of integrated livestock farmers and processors;
 - shortage on material resources market;
 - high taxation;
 - reducing consumer purchasing power;
 - growing demand for substitutes products;
 - ignorance of specific legislation and opportunities for existing funding sources.

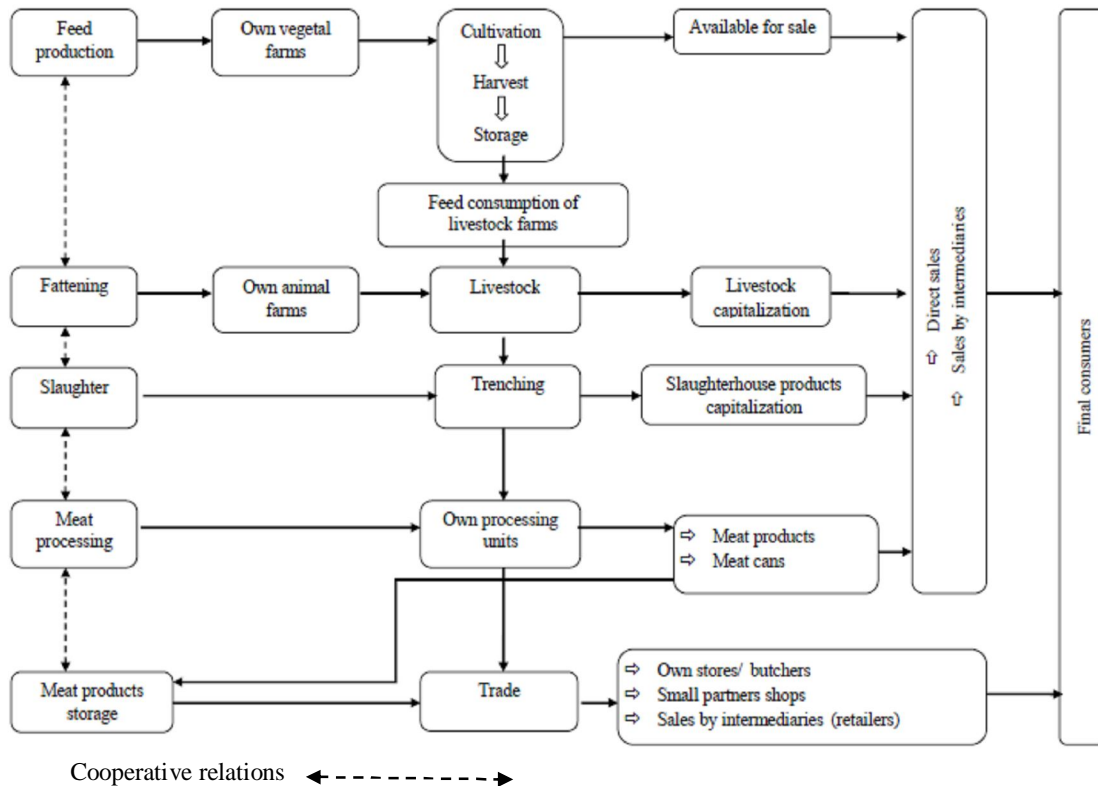


Fig.1 – The organizational flow in the distribution and recovery process specific for the integrated units within the product chain "meat and meat products"

The structure in the distribution and recovery chain specific for integrated units in the "meat and meat products" chain includes the following elements:

- feed production, which is raw materials required for breeding farms;

- meat production, which is raw materials used in meat processing plants;
- slaughter;
- meat processing;
- storage of meat and meat products;
- trade of finished products (stores /butchers, small shops partner, sales through intermediaries).

Among these elements are relations of cooperation, the information traveling in both directions (Fig. 1).

CONCLUSIONS

1. Agents involved in the product chain "meat and meat products" are: vegetable farms, which provide the necessary feed, livestock breeding farms for meat, food units, companies supplying the units within the chain with raw materials, supplies and equipment, transporters, wholesalers, retailers and the final consumers.

2. To increase revenues and to change the self-consumption into the commercial production is necessary to increase the livestock for meat and the birth rate and also growth to slaughter weight.

3. Adapting livestock farming to intensive breeding for meat systems can significantly reduce the fattening period due to a high feed conversion rates.

4. Increasing the quality of meat can be achieved by providing a superior genetic material, improving the quality of feeding and housing conditions. Making quality products is essential to agri-food companies to change their consumer demands and to cope with internal and external competitive environment. Consumers attach higher value to agricultural and agri-food products quality, so their price is not a determinant of consumer choice. The common principles underneath any quality policy, is to prevent production errors. The replacement of failures identification with a prevention strategy must start from raw materials to continue with the manufacture, marketing and to complete with the feed-back of tracking products into consumption.

5. Integration on the product chain "meat and meat products", respectively the expanding of activities previously performed by suppliers and customers, means increased profitability and business complexity, achieve economies of scale and scope, cost savings and increased control over the chain. This way it can be created a competitive advantage to strengthen the competitive position of companies on the market.

6. The distribution of meat can be improved by increasing the retail trade, distribution of traditional meat products, application of product tracking system (traceability) in the chain, etc.

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