

AEM 503

AGRICULTURAL MARKETING

Lecturer
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Course Outline

1. Marketing Concept
 - Concept and definition of market
 - Types of product demand
2. Economics of marketing
 - Marketing as profitable-value addition products
 - Values of form, time, place and possession utilities
 - The role of marketing in Agriculture
 - Peculiarities of agricultural products marketing

4. Marketing Channels and Functions
5. Marketing Research
6. Pricing and price determination
7. The Structure, Conduct and Performance (SCP) paradigm
 - Perfectly competitive markets
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- imperfect competition: monopoly, monopsony, oligopoly, oligopsony
- Profit-maximizing conditions and pricing strategies of firms acting in markets with different structures
- Measures of market concentration- Gini coefficient/Lorenz curve, Herfindahl index, Herfindahl-Hirschmann Index
- Marketing margin and marketing efficiency

7. Marketing strategy

- Offensive Strategy
- Defensive strategy

What is marketing?

- *Marketing can be defined as all activities involved in the production and flow of produce from point of production to consumers.*
- customer value
- opportunity costs
- Utility- form, place, time and possession

- Selling versus Marketing Concept
- getting consumers what they seek, *regardless of whether this entails coming up with entirely new products.*
- **Supply side**
- **Demand side:** Consumers

Marketing Channels

Farmers

Consumer.

Farmers

retailers

Consumer

Farmers

wholesalers

retailers

Consumer

Marketing Functions

- a. Exchange function:
 - i. Buying (Assembling)
 - i. Selling
- b. Physical function:
 - i. Storage & Packaging
 - ii. Processing
 - iii. Transportation & Distribution
- c. Facilitating function:
 - i. Standardization (grading & quality)
 - ii. Risk Bearing
 - iii. Market Intelligence (Ads & promotion)
 - iv. Financing

Price Determination

- those that are based on the cost of production
- those to which some margin is added
- A Mark-up or mark-on
- B Discriminatory pricing
- C Psychological pricing
- D Geographical pricing
- E Promotional pricing

Marketing Strategy

- Basic strategies for influencing demand
- 1. Attract non-users 1. Increase willingness to buy
 - a. Demonstrate benefits of product form
 - b. Develop new product forms with desired benefits
 - c. devise more product complements
 - d. simplify use (easy to use products are more likely to be desired)

Marketing Strategy Cont'd

- 2. Increasing ability to buy
 - a. Offer lower prices or credit
 - b. Increase ability to sample
 - c. Provide greater availability
- 3. Increase rate of purchase among users 1. Broaden usage occasions
 - Provide examples of additional uses of product
- 4. Increase consumption levels
 - a. Lower prices, special-volume packaging
 - b. Improve buyers' perceptions of product benefits

Marketing Alternatives for Growers

- . Some farmers are looking for more profit and decreased scale of production
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- b. Consumers desiring direct market relationships in order to have –