AGRICULTURAL DIRECT MARKETING AND RURAL DEVELOPMENT

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ABSTRACT. Agricultural direct marketing implies the selling of agricultural, mainly horticultural products directly to the public either through on-farm markets (farm-shops), community-based farmers’ markets, or post, electronic mail and internet web order. These types of distribution channels can supply customers with fresh, ripe and healthy produce without the physical and social costs of transportation. In our view direct marketing alone is not competitive enough, as it should combine innovation with the complexity of multifunctional agriculture, rural development and countryside management. The synergies from decreasing local unemployment, entertainment and rural education (edutainment) of city dwellers, local craft products, organic production, pick-your-own (PYO) and agritourism can balance out the above mentioned disadvantages. The important barriers are the increasing rural traffic, a certain degree of environmental contamination and the limitation of the role of professional marketers and dealers. Direct marketing deserves state subsidies in the preliminary phase of implementation.

Keywords: direct marketing, rural development, agricultural products

A few decades ago it was only natural for a farmer to meet the consumers of his products, thus having the possibility to present his establishment and determine directly the customers’ needs. But, once the commerce started to develop, the producer moved away more and more from the customer and the intermediaries in between (distribution chain) took a share of the profit. Through this research and development paper we want to bring our contribution to the direct marketing (no intermediaries) of the goods offered by Romanian (small) producers and those in the Carpathian Curve. We will reach our goal by presenting state-of-the-art direct marketing methods and international experiences, pointing out the legal basis and developing an IT data base as a support element. The long term purpose of this program that expands over a number of years is to establish a national direct marketing network and to support it through online and printed updated catalogues, online, printed or personal advice, distance learning, regular training and retraining for agriculturalists and their managers (through the Rural, Etnocultural and Eco-balneary Association in Bicfalau, Covasna district).

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Although direct marketing (zero-level channel) implies all direct selling methods where the producer and the customer meet directly on the market we would like to point out certain aspects. For the moment, direct marketing conducted by farmers and agriculturalists does not involve teleshopping or a large number of flyers in mailboxes nor does it involve visits from sales agents. Direct marketing for agricultural produce implies the following:

- The sale takes place in the producer’s yard, on the street, at a nearby marketplace or in a store;
- Marketplaces and stores are organized by producers’ associations;
- Regular home delivery in case of subscription or occasional delivery in case of catalogue order;
- Home delivery or delivery to a given address in case of mail, e-mail, internet, telephone or fax order;
- Direct supply for large restaurants, butte ries and catering services providers;
- Direct delivery for charity associations (especially in crisis situations).

According to the definition of zero-level channel, the *pick-your-own movement* is also considered direct marketing, but this is such a specific type that we will discuss it only in the connex phenomena part of our paper as we do not wish to create confusion.

The direct sale of folk art products or handcrafted products made by peasants or services which can only be offered directly – such as agritoursim - is also considered direct marketing. Nevertheless, such activities do not imply agricultural products. It is however possible to classify them as products or the multifunctional agricultural economy. According to a less compelling definition, another form of direct marketing, or at least a step into this direction, implies the shortening of marketing channels and removal of certain intermediary levels. In respect to home delivery we consider only direct delivery by the producer as direct marketing. We will refer to shorter channels that do not involve retailers or home delivery as home shopping, as it is presented below:

Main advantages of direct marketing:

- Elimination of expenses and profits connected to intermediation (distribution channels);
- Quick selling of fresh, healthy products (mainly vegetables, fruits and eggs);
- Trust, quick response, self regulation of the relation consumer-producer.
The main cause that triggers producers to implement direct marketing is related to price reduction policy. This refers to price competition, slow growth in selling prices for agricultural goods, which does not take into account inflation, or even price deduction caused by tight competition. However, even if the prices are as low as they presently are it is still difficult for producers to sell their goods in supermarkets. As a result they have to find alternative solutions.

The quality of the product and the relationship between the producer and the customer represent the main advantage. Quality is not assured by norms or ISO standards but by the person as the producer becomes an acquaintance of the customer which in many cases is more valuable than the best documentation. The social gain consists of the possibility to eliminate cost reduction based agriculture which in its turn reduces the quality of the products specific to this sector of activity with many small producers and customers.

The main idea of this research is that direct marketing in itself does not offer enough advantages to farmers. This is because up until now direct marketing has been more of an induced solution, one of the means to overpass commercial dependence. If we combine the techniques of direct selling with the methods and purposes of rural and regional development known throughout Europe, the synergistic effect offers competency to direct marketing.

Hereinafter are the factors that must be combined:
Labor market

- Increase the number of rural workplaces, the standard of living, the market and the purchase power;
- Bring forward local products, enlarge production, the production of fresh, new goods;
- Bio production, ecological agriculture, integrated and sustainable agricultural production;
- Local industry, handcrafted products, special local services;
- Create workplaces for women, elderly, youngsters, and other minorities in the countryside;
- Connect the organization of farms and households; household economy;
- Create workplaces for physically and mentally challenged people;
- Pick-your-own movement, farm visits, technology presentation;
- Maintain small countryside farms, compensate the non-economic scale.

Rural lifestyle

- Develop infrastructure, water, electricity, pluming, roads, rail roads, telephone/fax, ISDN;
- Education and entertainment for urban inhabitants, especially children, in the countryside (edutainment);
- Reduce the differences between rural and urban, deeper understanding by better knowledge;
- Agritourism, rural boarding houses, green tourism, nature protection;
- Rural exhibitions, farm-shows, conferences, regional development manifestations;
- Research, conservation and maintenance of the cultural heritage, folk art;
- Telematics, computer science, intelligent region, on-line offers, and web sites.

This means that direct marketing must be integrated in the line and practice of multifunctional agriculture, regional and rural complex development.

If the synergetic effects are not strong enough then for starters it is necessary for the state to offer subsidies, material assistance. In Austria, Germany and USA direct marketing is supported by the state and regional organizations. In Washington there are exhibitions for farmers organized outside, in front of ministries. Thoughtful knowledge of the details of these programs would help us in the European integration process.

Direct marketing can also lead to disadvantages such as a limitation in the number of traders and decease in their market, environmental pollution as a result of increased rural traffic. But these disadvantages can be controlled so that they become minor in comparison to the advantages.
This research aims to create possibilities for the Romanian producers through the development of methods, innovative adaptation within the country of origin, scientific analysis, practical presentation of these possibilities, organization of a computerized data base, and experience exchange based on the following models: ENESD, EU DG VI., and EU LEADER OF THE European Parliament, OECD, USDA, and the German model CMA. The term Carpathian Curve Region is not just a fashionable artifice within this program, but a real objective in order for the results to be capitalized in other regions of the country.

The practical part of this research consists of establishing a regional development strategy appropriate for the agrarian regions that have fallen behind or are unbecoming. This strategy is akin to the European Union’s programs such as: LEADER (Liaison Entre Action de Développment de l’Economie Rurale) and ENESD (European Network of Experiences in Sustainable Development). An experimental project (or a pilot project) comprises 16 regions in the Covasna district (area: 205.2 km², population: 10,452, density: 5.87 inhabitants/km²) where we started the implementation of ten different projects which focus on village embellishment, fruit trees implantation, folk art impelling, intelligent region projection, direct marketing and developing a data base for local products. According to the LEADER models, we consider that it is important for the development concepts to be innovative, applicable in other regions and internationally assessable. Our research group wishes to create the theoretical and practical bases for the development of these projects, among others by taking on, elaborating and adapting the informational base of the European program LEADER (European Rural Development Network and LEADER European Observatory).

Conclusions

Through this research and development paper we want to contribute to the direct selling, with no resort to the intermediary commerce, of the goods offered by Romanian (small) producers and those in the Carpathian Curve by presenting state-of-the-art direct marketing techniques. This research aims to create possibilities for the Romanian producers through the development of methods, innovative adaptation within the country of origin, scientific analysis, practical presentation of these possibilities, organization of a computerized data base, and experience exchange based on the following models: ENESD, EU DG VI., and EU LEADER OF THE European Parliament, OECD, USDA, and the German model CMA. Despite its numerous advantages, direct marketing cannot spread on its own. This is the reason why direct marketing must be combined with the elements of regional and rural development. After incipient state subsidies the favorable, complex synergetic effects can trigger the sustainability of the system.
REFERENCES

Draft: Links between direct marketing and home delivery