

Marketing agricultural products

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Some generalizations about consumers & food

1. Many consumers are creatures of habit
2. Some consumers demand more (quantity)
3. Some consumers are more demanding (quality/characteristics)

Witnessing change

- The market for food products has changed markedly in the last 20 (40, 60, 80, 100) years
- Fragmenting consumer demand for food
- Many consumers looking for new or different food products...

...that are...

- More enjoyable to consume
- Easier to use
- Enhance health and/or wellbeing
- Evoke an emotional response
- Address issues important to consumer

A changing landscape

- Shift from commodity world to a differentiated product world
- Use of different production systems
- Production systems impart characteristics that are important to various consumer segments
- Production based food attributes

Product and process attributes

- Verifiable or not? By whom?
 - Communication strategy (and what is your story)
- Standards
 - Public versus private standards
 - CND versus other countries
- Views of consumers versus civil society, and advocacy
 - GEOs; GMOs; gene editing; genomics
- Place of production
 - Local; G.I.s; terroir; identity preservation

Realizing potential value hinges on:

1. Satisfying a demand no one else can meet
 2. Continually meeting consumer expectations
- While minding costs, profitability and, importantly, sustainability of business model and value proposition

Satisfying a demand no one else can meet

- You have to have something someone else wants
- You have to have something no one else has
 - Rare/inimitable “asset”
 - Excludability
- Value created at consumer interface is a return to the “owner” of what is rare/inimitable

Having something some one else wants

- Innovate to meet consumer needs
- (Science) Push versus (Demand) Pull
- Push strategies & technology
- Pull strategies can be successful, but you have to know what the consumer is looking for and what the consumer expects from the good

Meeting consumer expectations

- Expectations with respect to what?
- Performance of characteristics
- Quality of the **product** (i.e. a specific food product)
- Characteristics → Quality → Utility
 - Value-for-money (i.e. Utility/price)

Supply chains to value chains

- Process raw commodity
- Space, time, form – the traditional commodity view
- Add identity and quality characteristics
- Move up (and down) the supply chain
 - Closer linkages with consumers, customers & suppliers (internalized)
- Different production practices/systems focused around intrinsic characteristics

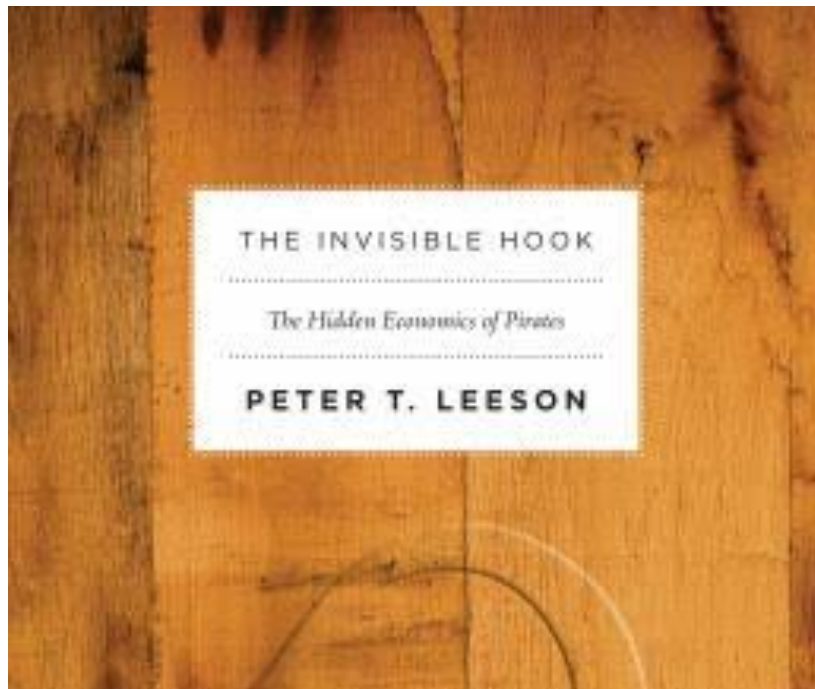
Producer action related to value added

1. Take on space, time and form marketing functions
2. Horizontal coordination & vertical integration to forge stronger ties (B2B; P2P; B2C)
3. New activity or practice to affect identity or quality characteristics of raw product (so its higher value)



COMPLEXITY

Pirates and the economics of organization



- Order without government
- Private 'treaty'
- Choices, actions, consequences
- Incompleteness of 'contracts'
- VCs versus markets
- Facilitating environment

Building value chains

- Trust and relationships
 - B2B, P2P, B2C
- Brand & story
- Scalability, replicability & inimitability
 - Loss of value proposition? Commodification?
- Infrastructure

THANK YOU!



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