

Introduction to agribusiness and marketing

Agribusiness includes not only those that farm the land, but also: the people and firms that provide the inputs (e.g. seeds, chemicals, and credit); process the output (e.g. milk, grain, and meat); manufacture the food products (e.g. ice cream, bread, and breakfast cereals); and transport and sell the food products (e.g. restaurants and supermarkets) to consumers. Agriculture has undergone a rapid transformation as new industries evolved and traditional farming operations grew larger and more specialized. The transformation did not happen overnight, but came slowly as a response to a variety of forces.

A definition of agribusiness was provided by the Australian Department of Agriculture, Fisheries and forestry. The ADAFF called the agribusiness sector a “chain” of industries directly or indirectly involved in the production, transformation, or provision of food, dairy, fibre, organic fertilizer chemical and pharmaceutical substrates.

However, can best be defined as series of services involved in moving a product from the point of production to the point of consumption. It is a series of interconnected activities involving: planning production, growing and harvesting, grading, packing, transport, storage, agro-and food processing, distribution and sale.

The Agribusiness System consist of , Agricultural input sector Production sector and Processing manufacturing sector. It is important to visualize these three sectors as interrelated. The success of each part depends heavily on the proper functioning of the other two.

The Input sector. This sector is a large part of agribusiness. It provides producers with the feed, seed, credit, machinery, fuel, chemicals, they need to operate.

This sector provides 75% of the input used in production agriculture. Improvements in the quality of purchased inputs have been a large source of efficiency gains for the entire system.

The Production sector. The middle part of agribusiness is the production sector. In recent years, producers have specialized into one or a few crops or types of livestock in order to be able to increase the efficiency of their operations and become production experts. The agricultural production sector has been the cause of much of the change in agribusiness. They, in turn, have been changed by development in other areas of agribusiness, particularly in technology.

Processing/manufacturing sector. Employs millions of people in a variety of businesses ranging from grain elevators to fruit and vegetable- processing plants to supermarkets to fast-food restaurants. The businesses in this sector acquire raw agricultural commodities from producers and then process them into food products that are sold at times, at places, and in forms that are desired by consumers. The cost of these activities is called the marketing bill.

Conflicting Needs of Producers and Consumers and Marketing plays a key role in the success of any economy by bridging the gap between the differing needs of producers and consumers. Marketing helps producers to decide what products to produce and when to produce them. Marketing also helps consumers by letting them know what products are available at what price. When done well, it leads to greater satisfaction for consumers and higher profits for producers.

Role of Marketing in the Agribusiness System

In any economic system there are always barriers between producers and consumers that prevent producers from efficiently meeting consumer needs. These include separations of space, time, information and ownership. The role of marketing system is to overcome these separations by building a bridge between producers and consumers

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Role of Marketing in the Agribusiness System: Storage: Agricultural supply is seasonal while demand is continuous. This gives rise to the need for storage. The storage function is one of balancing supply and demand. It overcomes the separation of time by keeping the product in good condition between production and the final sale.

A farmer, merchant, co-operative, marketing board or retailer who stores a product provides a service. And should earn a profit from that service. Both growers and consumers gain from a marketing system that can make products available when it is needed.

Role of Marketing in the Agribusiness System: Transportation: The transport function is chiefly one of making the product available where it is needed, without adding unreasonably to the overall cost of the produce. It overcomes the separation of space by moving the product from where it is produced to where the consumer is willing to purchase it

Role of Marketing in the Agribusiness System : Processing: This function is responsible for changing the form of a commodity to a form that has greater value to the consumer. The form-changing activity is one that adds value to the product.

Role of Marketing in the Agribusiness System: Standardisation: Establishment and maintenance of uniform measurements of produce quality and/or quantity. Simplifies buying and selling as well as reducing marketing costs by enabling buyers to specify precisely what they want and suppliers to communicate what they are able and willing to supply with respect to both quantity and quality of product.

Role of Marketing in the Agribusiness System: Financing: An inevitable lag between investing and sale and someone must finance the lag. The question of where the funding of the investment is to come from, at all points between production and consumption, is one that marketing must address.

Role of Marketing in the Agribusiness System: Market intelligence: As far as is possible marketing decisions should be based on sound information. The role of market intelligence is to reduce the level of risk in decision making. It establishes what products are right for the market, which channels of distribution are most appropriate, how best to promote products and what prices are acceptable to the market.

Issues for Agribusiness

In today's global marketplace, the impact of technology has pervaded almost all fields of business. In the manufacturing industries, technology has gone beyond its initial role as a substitute for human power to become a value-adding component. In service industries, it is a unique tool to enhance services in all aspects of the service business's endeavours, whether these be operations, marketing or human resources. The emergence and adoption of internet technology as an electronic

medium of communication and commerce is bringing about changes not only in how firms operate and conduct business but in how they compete and offer greater value

