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**THE ROLE OF INTERNATIONAL  
MARKETING IN PROCESS OF  
INCREASING COMPETITIVENESS OF  
AGRICULTURAL AND  
FOOD PRODUCTS**

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## **1. INTRODUCTION**

There are many definitions that describe the concept of international marketing.

**The key word in all definitions of international marketing lies not in the way in which researchers describe the actual process, activities or transactions of international marketing, but in the fact that this process, these activities and transactions, take place across national and political boundaries.**

**Marketing of agricultural and food products basically means that agricultural producers and processors best achieved long-term goals and ensuring vitality, if they are in their production and also in their overall business orientation facing to customers and their needs.**

**Functions involved in the marketing process of agricultural and food products are classified into 3 groups:**

- 1. The exchange, which involves buying and selling;**
- 2. Physical function, which includes storage, transport and processes (determined by the processing of agricultural products before presenting to the market);**
- 3. Improvement of the process, including standardization, financing, carrying the risk and marketing intelligence collection, processing and interpretation of information for marketing decision-making;**

**Reasons for turning company business to international market are numerous: production, market, technological, competitive, financially.**

**It is interesting that Serbian companies in the field of agriculture the primary motive for export - financially, while marketing and technology almost unidentified.**

**Accordingly, international marketing can be described as a market direction and coordination of business activities in order to achieve successful internationalization of business entities and their adequate integration in the foreign environment.**

**From the standpoint of the company - the international marketing strategy enable to targeting marketing activities in a way that contributes to achieving the goals that they have in mind, when making decisions about hiring international companies. At the level of the national economy, design of international marketing strategy means to achieve a surplus in merchandise trade.**

## 2. THE BASIC ASSUMPTIONS OF COMPETITIVE EXPORTS OF AGRICULTURAL SECTOR

As the basic assumptions of providing modern concept of competitiveness of domestic agricultural sector can be stated as follows:

- Increasing investment in technology and innovation, and productivity growth;
- Achieving higher production, changing its structure and ensure stable export supply;
- Accomplish the strict standards of quality control (adapting to EU standards in the field of veterinary, sanitary and phyto-sanitary requirements, environment protection) and the overall harmonization of legislation with the WTO rules and the EU;
- Developing marketing strategies, accentuating non-price elements of competition and product brand;
- Organized activities of domestic producers and exporters; One of the ways to increase the competitiveness of the Serbian economy and the agrarian sector - is the development of the business environment through clusters or "sectoral clusters."

**No less important prerequisite of achieving competitive exports of agricultural products from Serbia is the entry into the WTO, which accounts for about 95% of world trade.**

**Order entering to the WTO will be in accordance with national interest of Serbia, it is necessary, first of all, that the above increase the overall productivity of domestic agriculture and its efficiency in order in terms of price and quality can compete in export markets and the domestic market, which will be opened by the very act of lowering tariffs.**

**This would be done most of the work in the EU accession process, which most of its rules based on those of the WTO.**

**In this process, the most important is to determine a national strategy and set priorities in order to protect the domestic market and the most vulnerable segments of the agricultural production in Serbia.**

### **3. INTERNATIONAL MARKETING OF AGRO-FOOD PRODUCTS**

Using comparative advantages and traditions, which Serbia has in the field of agricultural production requires processes of transformation of local agriculture and all forms of business entities in the industry.

At the same time, characteristics of agricultural products and their use, as well as the characteristics of supply and demand, affect that program marketing activities of these products is considerably specific. In designing international marketing of agricultural and food products is useful to explore *Philip Kotler* on marketing challenges faced today by businesses.

Asked the assembled manager's how their marketing tools working well, the answers were as follows:

- their products are not much different than the competition;
- forego a large number of expensive services and extras to get to the sale;
- their pricing forming promptly reacting to price forming of competitors;
- advertising becomes more expensive and less efficient;
- too much is spent on sales promotion.

### **3.1. PRODUCT**

**The specificity of the product in the marketing mix of agricultural products derived from the very specifics of agricultural production, which is a consequence of its biological character.**

**Namely, production program of agricultural producers is largely determined by the nature of soil, crop rotation, climate, the presence of vegetation period in crop and livestock production, and taking into account all of these factors need to be done adapt products to market.**

**In addition, given that agricultural products in a large percentage of homogeneous, there is little opportunity for product differentiation, especially those products that are inputs for the food industry.**

**But, for those agricultural products, which are sold at the green market and / or through the supermarket, there are some possibilities for differentiation primarily through two main characteristics of products, including: packaging and marking. A particular aspect of agricultural products is the quality and brand.**

## 3.2. PRICE

Possibility to make influence on prices of agricultural products is less than the price of industrial products. For a large number of agricultural products, generally speaking, there is a market of perfect competition.

Both, the supply and the demand side, there are more participants in the exchange of the product are homogeneous. Regarding the impact on prices, both, in theory and practice, can be distinguished between two types of actors in the market for agricultural products: first, those who have the potential to significantly affect the market price of their products and secondly, those who by nature of their activities do not have that option.

Since, most agricultural products have a stock exchange price, it is clear that international competition based on price, is more intensive. In this sense, Serbian producers and exporters, turn to export of agricultural and food products, which require more processing stages, and for which there is a possibility of differentiation, either through views of autochthonous products, high quality and /or environmental safety.

Export of agricultural products from Serbia, an important element of competitiveness in the future will be developing and improving non-price aspects of competition: quality, innovation, design, packaging, reliability and speed of delivery, trademark, ability to satisfy the specific demands of consumers and the like.



### **3.3. DISTRIBUTION**

**In Serbia, the producers of agricultural products have a limited choice of alternative sales channels in the domestic market. Namely, a large number of farmers directly sell their products to the nearest local market consumers and/or retailers (middlemen), while a certain number of sales to processors. In Serbia, this area is a major marketing problem.**

**Lack of a well organized system of purchasing, efficient trade network and a traffic infrastructure - prevents the mobilization of all available market surplus in all areas of low demand and, at the same time, limiting the exercise of two fundamental objectives: consolidation of supply for export and balance, and decrease the price in the domestic market.**

**Specifics of agricultural production and agricultural products condition that the problems of distribution, namely channel sales, transportation and storage (stocks) of agricultural products in large developed countries. Therefore, the role of the productive world's stock exchanges and auctions is developed in trade of agricultural products.**

### **3.4. PROMOTION**

Promotion has less important role in the agricultural marketing program, compared to industrial products. In general, a large producers or associated manufacturers can have products with the brand.

This is about a strategy that normally implemented through generic advertising and promotion of certain products.

In addition, the generic advertising and promotion are not just as an instrument of market competitiveness of individuals, but as a phenomenon that has overall benefits from the point of spreading the knowledge of people about adequate nutrition.

Numerous companies have internationalized its business by franchising. Namely, the franchising system represents cooperation and mutual business relationship between independent economic entities, which regulate franchising agreement, pursuant to which a franchisee-franchise holder gives right to franchise to use the trademark or commercial formula marked by a sign (trade mark) according to clearly defined terms of the contract, with the obligation to permanent professional help with easier operation, and to charge a franchise.

Companies McDonalds, KFC (*Kentucky Fried Chicken*) and Avis entered in a numerous of countries just on the basis of its retail franchise concepts, and at the same time made sure that their marketing is culturally relevant.

#### **4. INTERNATIONAL MARKETING IN THE EXAMPLE OF INDIGENOUS PRODUCTS OF PROTECTED ORIGIN**

**In Serbia, there are a number of specific and sensitive ecosystems, within which the present flora and fauna with a large number of biological types of international importance.**

**Extremely rich genofond of wild plants and animals, as well as a large number of indigenous populations of cultivated plants and domestic animals are very important as genetic resources for medicine, agriculture, forestry, biotechnology, and can be used for the further economic development of our country.**

**Serbia should exploit existing potential and capacity to become a regional leader in conservation, management and utilization of genetic resources.**

***Genetic resources from Serbia* can be used for obtaining autochthonous products of protected origin in conditions of global change, and placed on the European market. These products can be offered as products that are the result of the comparative advantages of Serbia in relation to the European market.**

*International marketing program autochthonous products of protected origin* provides orientation to real and anticipated needs of European citizens as consumers, the economy and society, and effective product sales in the European market. Specifics of these products and their use, as well as the characteristics of supply and demand affect that program marketing activities of these products is considerably specific.

The primary importance of marketing in this area is reflected in the establishment of the communication flow between producers of local products protected origin from Serbia and European consumers.

*The product* is a very important tool in the marketing program of autochthonous products protected origin

Specificity of autochthonous products protected origin in the marketing mix of agricultural products derived from very specifics of agricultural production, which is a consequence of its biological character.

Regarding brand development of autochthonous products of protected origin from Serbia, it is important to point out that Serbia is still mainly exported only raw agricultural products and that no other product in this sector with the name of the most recognizable in the world or European market.

From the standpoint of *price competitiveness of brand autochthonous products with protected origin*, Serbia has different characteristics. Due to small holdings, it has higher costs of production for basic types of grain, which causes the price competitiveness in trade of these products.

Generally, the ability to influence the prices of agricultural products is less than the price of industrial products.

*The distribution* of such activity includes all those activities that are necessary to produce a protected autochthonous origin from the manufacturer distribute to European consumers and users of products. From the producers of autochthonous products protected origin are expected to:

- identify and define European geographical areas and identify potential customers;
- assess the level of unsaturated demand among customers within a defined market area;
- consider the competition in the market (knowledge of current and potential competitors, where are they located and what services are provided).

## **CONCLUSION**

**Most of agricultural products has stock exchange value, and international competition based on price is more intense.**

**Bearing in mind the current level of production and the competitiveness of domestic producers, it can be concluded that we are assuming the fulfillment of quality control standards, in the global market regarding terms of export of agricultural products - we are competitive only if we differentiate offer, in terms of exports of high-quality products at higher processing stages, organic food products with the brand and/or mark of autochthonous origin.**

**Agricultural products have little opportunity to implement strategy of differentiation, but with these products can be best checks a talent for marketing.**

**Namely, the possibilities of differentiation are limited by the fact that the largest number of agricultural products and some food (raw meat) is homogeneous in its basic market, commercial and technological decisions.**

**The exception is certainly production of food products, healthy, organic food, and placement of agricultural products through supermarkets, where the possibilities of differentiating offerings, mainly based on the packaging marking and labeling products.**

**Finally, the implementation of international marketing strategies, as a prerequisite for the competitiveness of agricultural producers and exporters in the world market, basically means the selection of the optimal combination strategy of market segmentation and product differentiation, which are often used simultaneously.**



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**Thank you for  
your attention**