

ANALYSIS OF NEW BUSINESS MARKETING MODELS AND FOOD SECURITY IN FARMING: CASE STUDY IN SMOLYAN DISTRICT, BULGARIA

Dimitre Nikolov ¹, Ivan Boevsky ¹, Petar Borisov ² and Teodor Radev ²

¹ Institute of Agricultural Economics, Sofia

² Agrarian University, Plovdiv

**"The Common Agricultural Policy of the European Union – the present and the future“,
5-7 December 2017, Stare Jablonki, Poland**

CONTENT

- 1. Introduction**
- 2. Methods and information**
- 3. Analysis of survey results**
- 4. Conclusion**



1. Introduction

- The market access has been often defined as a factor having the strongest impact on agricultural sector activity. Its importance is particularly critical for the small farms, which could not offer their production on the market through single and sporadic sales.
- They could overcome these weaknesses of their business through participation in cooperative marketing.
- This article goal is to establish the advantages and the constraints of cooperative business marketing model for food security in farms of Smolyan district, Bulgaria.



1. Introduction

- Farmers expect some advantages from the participation in such cooperation models.
- These advantages are expected as a result from the direct contact with the final consumers, without external mediators. The implementation of cooperative marketing has its challenges embarrassing its effective use.
- The main constraints are related to the efficiency of processes management and to the coordination of activities of different economic entities.



1. Introduction

- The concept of food security by Kotagama, H. et al., (2012), from a national perspective, is based upon; availability (in adequate quantity, nutritionally balanced, of acceptable quality, culturally preferred and safe), accessibility (in terms of physical transport and economic affordability to purchase) to the nation's population.
- Food security also expects that food availability is reliable and resilient such that food availability is assured at all times. Reliability of food supply although basically depends on weather and the biological character of food production, in modern times it depends on market conditions too.




2. Methods and information

➤ There is a growing body of experience showing that “win-win” outcomes are possible through commercially viable business models – ways of creating value within a market network of producers, suppliers and consumers – which involve small farmers.

➤ These business models for small farmers must deliver essential services to producers and ensure reliable supply to buyers, while also addressing the high transaction costs and risks that buyers face when purchasing from large numbers of fragmented, cash-strapped small farmers.



2. Methods and information

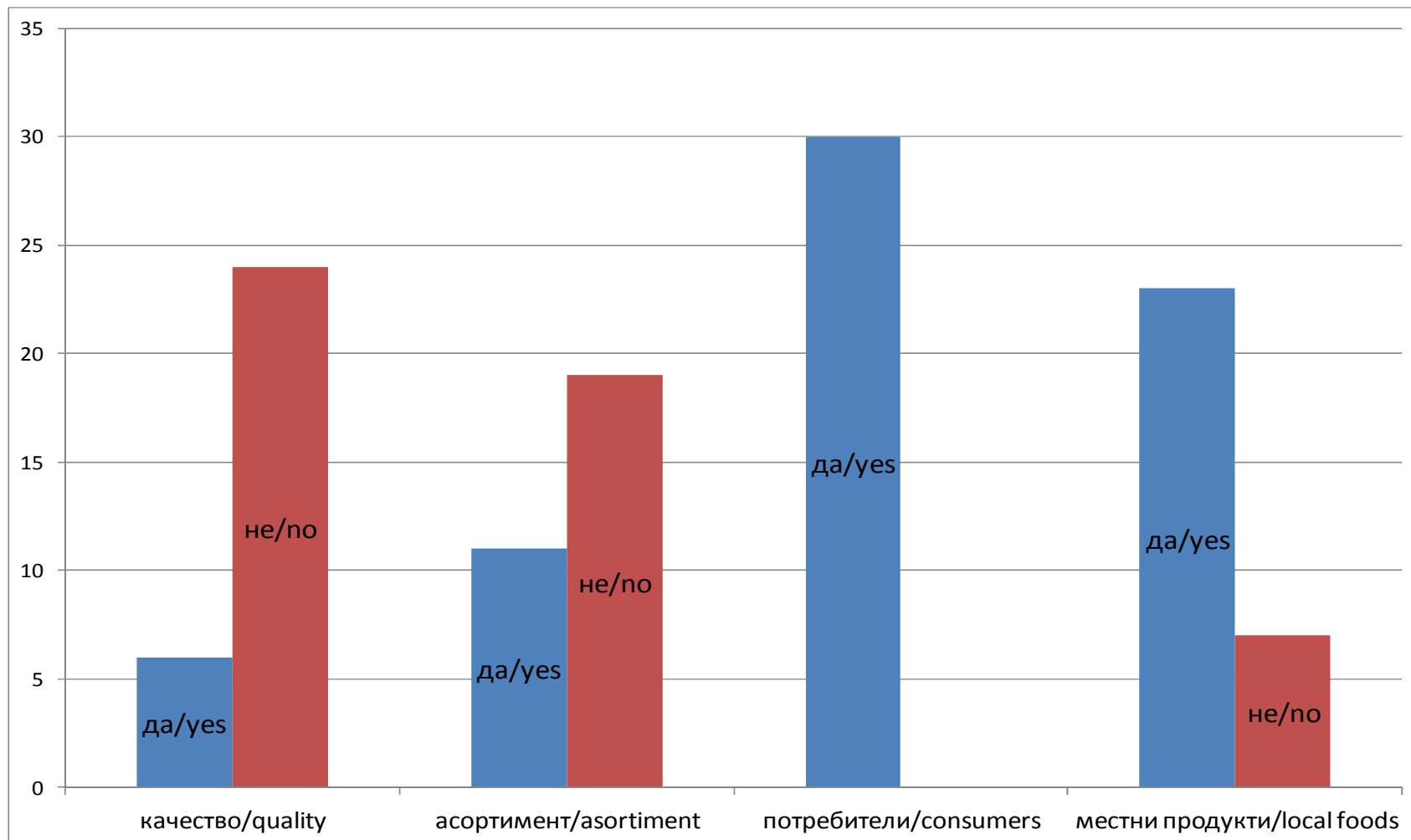
- With reference to the farm's food security, their production activity is concentrated in three typical for the region agriculture activities: producing beans, potatoes and sheep breeding. The mentioned production activities almost all the income from agricultural activity and builds the image of the region.
 - Food security in the area requires small farms unification on the base of cooperative marketing. Cooperative marketing is every contract for marketing activity cooperation and it could be realized under different forms. Farmers can cooperate also for increase their market power in purchasing production factors.
- 

3. Analysis of survey results

- To study the public goods insurance, including the food security from agriculture based on survey of 30 farmers in Smolyan district.
- From the surveyed entity there are a small number of producers, which are members of agricultural association. Barely 7% declare to be active cooperative members and look for a profit on the base of common interest and similar problems solution, as agricultural producers.
- The interest in participation in agricultural associations is very low and could be explained by the lack of recognition of cooperatives as an effective structure from the farmers' side.

3. Analysis of survey results

IMPACT OF COOPERATIVE MARKETING ON FARMS INTEGRATION IN THE FOOD CHAIN



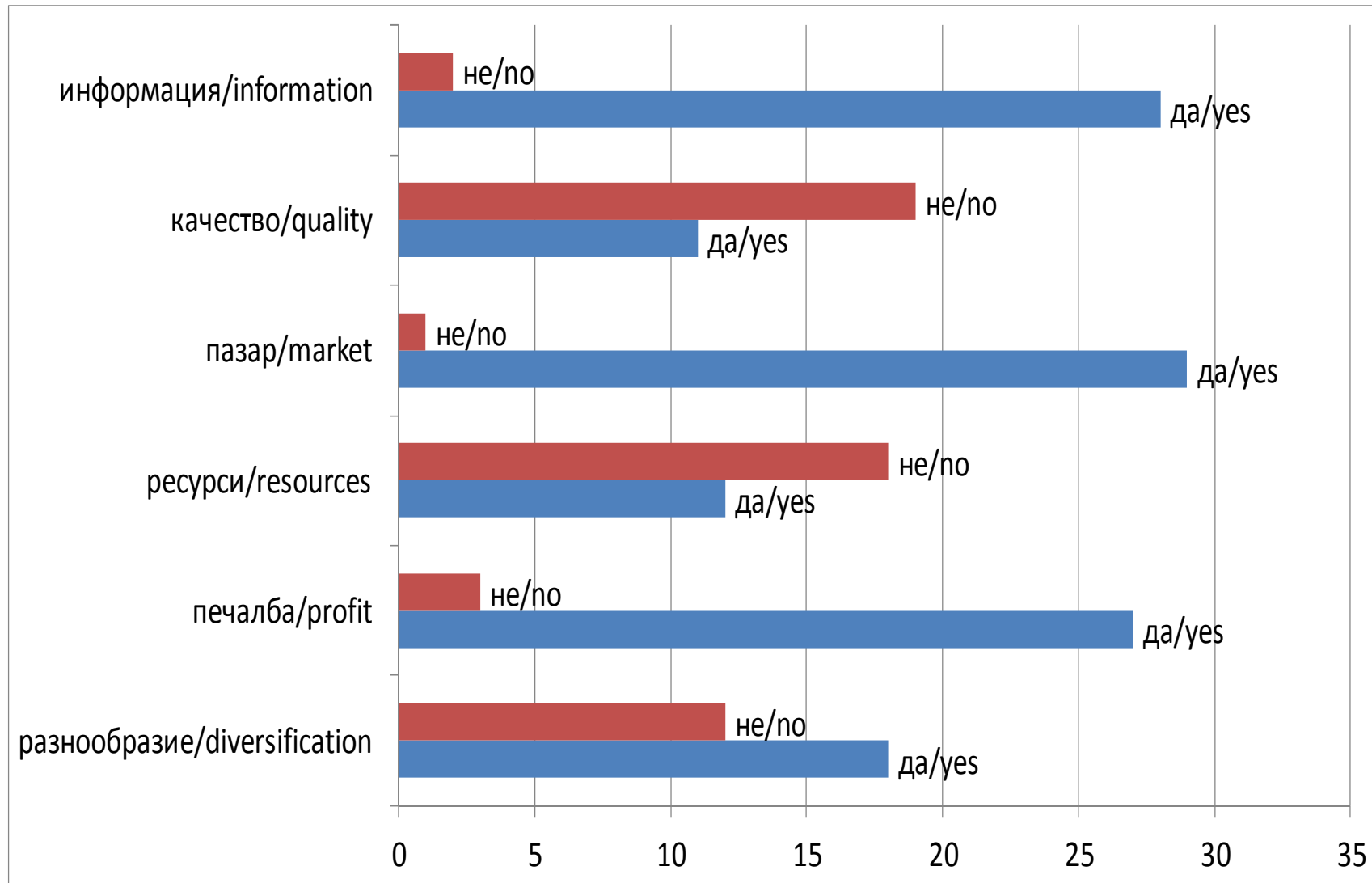
3. Analysis of survey results

- Regarding to the improved integration, the farmers from the region expect from the cooperative marketing to insure the direct contact with the final consumers, without mediators.
- This will give them the possibility to be aware with consumers' requirements, on one hand, and on the other hand they could offer their products with accent on their specificity and presenting the advantages of their business and region.
- The way of realization is to offer local products with guaranteed origin. Interesting is the fact that most of respondents think the cooperative marketing would not lead to increasing of products' quality.



3. Analysis of survey results

COOPERATIVE MARKETING IMPACT ON AGRICULTURAL ACTIVITY



3. Analysis of survey results

- The cooperative marketing can influence also the agricultural activity of farmers participating in this cooperation form.

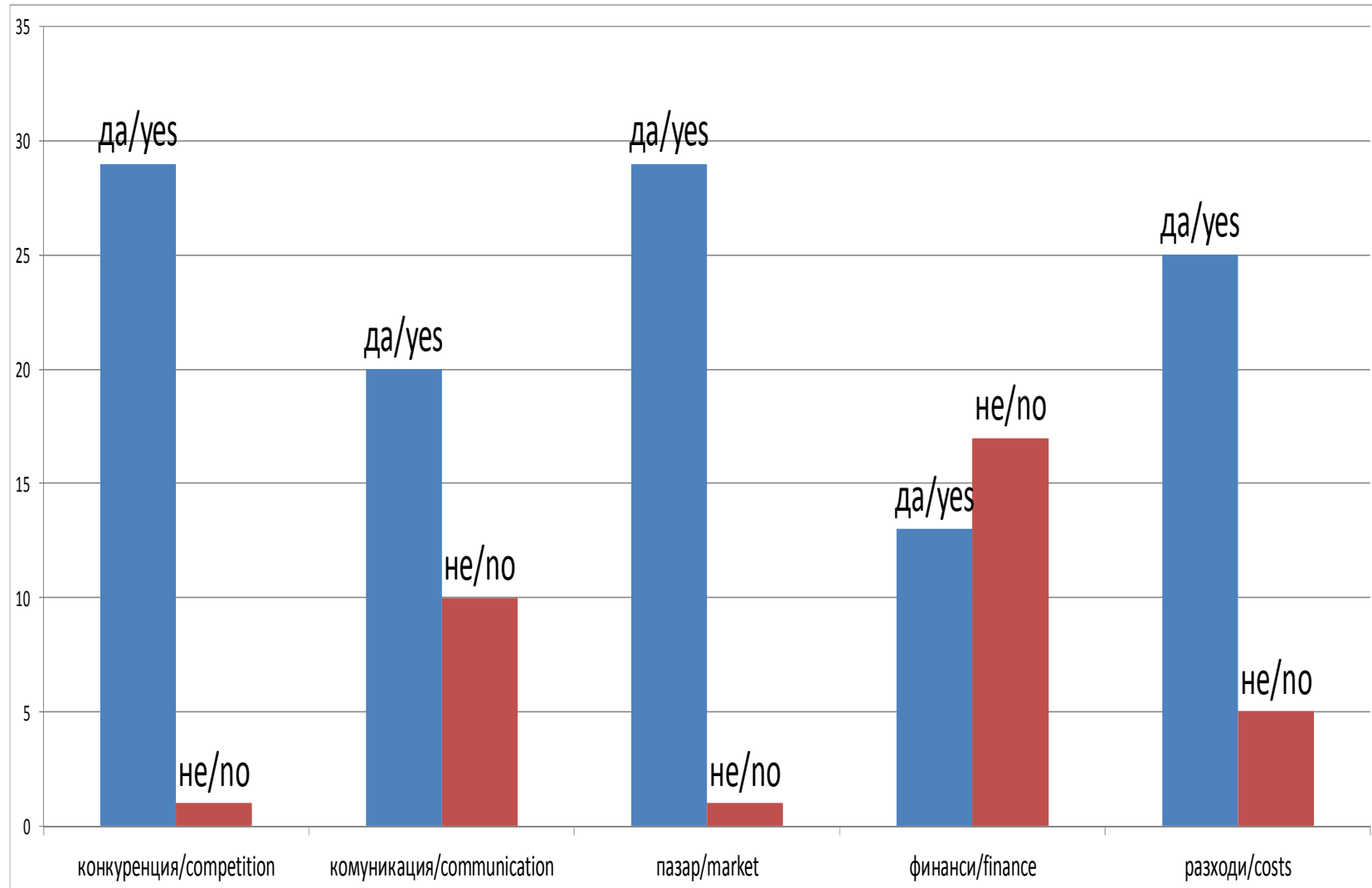
- There are three basic benefits:
 - 1) better awareness of market requirements;
 - 2) market access facilitation;
 - 3) realization of higher profit from the activity.

- Big part of respondents thinks that the cooperative marketing could insure opportunity to diversify their sources of income.



3. Analysis of survey results

MOTIVATION FOR PARTICIPATION IN COOPERATIVE MARKETING



4. Conclusion

- The cooperative marketing model is an opportunity for production activity organization and for products distribution through cooperation between farmers.
- The collaboration gives opportunities for better resource use and increase of activity efficiency. Agricultural producers could coordinate their actions related to the output and offer wider range of goods and bigger quantities on the market.
- The associations for cooperative marketing could utilize the region advantages through offering products with clear identification for origin and guaranties. This will allow the positioning of products having unique qualities, differentiating them from other market goods.

4. Conclusion

- This way the massification of products could be overcome and concrete agricultural market segments will be covered, which do not manifest such price sensitivity as the mass consumer.
- The cooperative marketing implementation has its challenges, hindering its introduction and effective use. The main restrictions are related to the efficiency of processes management and the coordination of activities of different economic agents.
- The associations for cooperative marketing could utilize the region advantages through offering products with clear identification for origin and guaranties. This will allow the positioning of products having unique qualities, differentiating them from other market goods.

4. Conclusion

➤ The present study is within the project PROVIDE (PROViding smart DELivery of public goods by EU agriculture and forestry), funded under Horizon 2020 Programme. Call identifier: H2020-ISIB-2014-2; Topic: ISIB-01-2014. <http://www.provide-project.eu/>





THANK YOU
FOR YOUR ATTENTION !

