

AGRO-ALIMENTARY PRODUCTS' LOGISTICS

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Abstract

In the sustainable development for foods industry are more and more important the physical distribution, logistics and supply chain management activities. Agro-alimentary production is separated on consumption by different heterogeneous activities in time and space. Logistics has the role to conduct the goods and information waves from producers to consumers. In agro-marketing vision, raw agro-materials, processing agro-materials, other materials and goods, information' flow planning, doing and controlling from the origin point to consumption point as to satisfy the clients needs is the purpose of logistics in agriculture and food industry.

Keywords: *Agro-marketing, agriculture, agro-alimentary product, logistics, supply chain management*

Practical data

The agriculture and agro-alimentary products market is a very particular market. Discovering market possibilities, innovating and coordinating the producers and market chain operations is the marketing role.

The agro-alimentary demand is very diverse and is influenced by many factors like:

- The alimentary consumption
- The peoples alimentary needs (including the alimentary product purchasing, on populations categories, young generation' preferences, which are different from classical consumption' schemas, individual preferences influence in choosing foods process, decreasing calories needs because of sedentary life etc.)
- Demographically factors (population dimension, density, age structure, urbanization process etc.)
- Politically and economically factors
- Technologically factors (including the modern food preparation methods in industry and at home)

- The modern foods distribution methods (favoring industrial alimentary products, in attractive packages) etc.

The agro-alimentary market is influenced, on its side, by various factors:

- the supply conditional elements: production dimension, prices level, services' quality etc.;

- The distribution' conditional elements: distribution channels variety, physical distribution' conditions etc.;

- Communications policy' elements: advertising, sales promotion etc.

- Some micro environmentally factors like suppliers, competitors, consumers etc.

- Macro environmentally factors: economically, demographically, law and politically factors, naturally and technologically factors.

Agro-marketing means some elements assembly that unleashes demand.

The agro-marketing strategy concerned, trough others, markets, competitors consumers.

In the same time, it must be considered the marketing-mix vision that means the product policy, the price, the distribution and promotional policies.

Based on an idea, the product is, in the same time, the material substance of this product, a set of intangible attributes that are assembled into an identifiable form, a lot of information concerning it and a certain image of consumers about this product.

Customers have certain expectations about the product they buy and it is helpful to recognize what is termed as expected product.

The generic product is the core idea of a product. Consumers have expectations for it: what it will do, convey and so forth.

Generally, the suppliers try to offer a product that exceeds the customer's expectation and this is termed the augmented product.

In the same manner, the agro-alimentary product can be understood in three dimensions: generic product, expected product, augmented product.

So, the agro-alimentary product can be approach from many directions:

- It can be the tangible object of a customer buys: tinned food, jam, tomato sauce etc.

- It can be a set of benefits sought by consumers. Often there is a core need overriding desire for satisfaction, so the product can be understood like a solution to a customer's problem

- In the most cases, the core benefit is supplemented by a series of additional attributes that, together, combine to make up the tangible product: packaging, styling, quality, brand name and so on.

Like other products, the agro-alimentary product has a life cycle, going from its sales and profit during the time:

- Inception & development
- Introduction
- Growth
- Maturity
- Decline.

The introduction program of a new agro-alimentary product include some particularly steps:

- Social needs identifying
- New product ideas identifying process
- New product ideas selecting process.

The price of agro-alimentary product is an important strategic variable because is the most important element of production restructuring, resources allotment, the most important organization and product positioning parameter.

Between price strategy and other marketing-mix elements is an organic connection.

Price connects and harmonizes the product and the environment, the demand and the supply. Price is the one of the promotional activity objective and, through its opening and keeping distribution channels possibility reflects the distribution policy and covers the distribution's costs.

The price strategy must be formulated going from some strategically elements: the level of prices (influenced by costs, demand and competition), the prices mobility (influenced by the product's life cycle) and the product diversity level (influenced by the product scale dimension).

The promotional policy is important because has the role to communicate, to inform the customers about new or improved products, stimulate and drive the organizations' and peoples' demand.

The promotional tools that are used in agro-marketing are the following:

- Advertising, that is an impersonal form of communication about ideas, goods, services, an identified sponsor pays that. It is usually transmitted by mass media (news-papers, magazines, television, radio), by direct mail, outdoor billboards, printed materials (flyers, calendars, catalogs etc.)

- Personal selling is person-to-person communication in which the receiver provides immediate feedback to the source's message
- Sales promotion, a marketing activities assembly concerning the consumer purchasing stimulation (price-off deals, rebates, premiums, in-store displays, sampling, coupons, contests etc.)
- Public Relations, a promotional activity that aims to communicate a favorable image of the product or its marketer and to promote goodwill. These activities are directed to some certain publics' categories
- Sponsoring
- Trade shows and exhibition participation.

As a marketing-mix element, the distribution policy is a logistic component.

Considered as a strategic organizations' resource, in agro-alimentary product enterprise, the logistic system includes:

- The physical distribution, assuring for the clients the products availability (including transportation, storage, protective packaging, warehousing, bulk breaking, information management etc.
- Providing and supporting products activity (concerning the internal materials flow from the enterprise, as raw materials, other materials or semi-manufactured products etc., between the different manufacturing process steps
- Procurement activity (acquisition, purchasing of raw materials, materials, components, semi-manufactured products) concerning the relationships between the enterprise and its suppliers.

The logistical operations are correlated with value chain than is a tool used to identify the modalities that allow increasing the value for the clients. In Michael Porter's vision, the value chain includes two categories of activities:

- Primary activities (inbound logistics, operations, outbound logistics, marketing and sales, services);
- Support activities (firm infrastructure, human resources management, technology development, procurement).

In to a modern approach, agro-alimentary products' logistics refers to some important activities like: customer's service, commodities purchasing, transportation, storing and inventory management, warehousing, informational system and supply chain.

Customers' service is very important in agro-alimentary products because depend on it the real products availability for the client. Customer service represents satisfying clients' needs and sales activities chain.

The clients of agro-alimentary production can be: other manufacturers, industrial distributors or users, wholesalers, retailers, public institutions or schools (like the case of some programs concerning supplying milk or bakeries), ordinary people.

A high level of customer service means: an appropriate order processing and assembling time, stock availability, an appropriate delivery time, consistency, clients objections' response, urgency situations service, availability, sales terms, packaging, cooperation etc.

Goods purchasing concerning the goods and services acquisition process, on an optimal cost, from reliable and competent sources.

In agro-alimentary manufacturing sector, the specialists must analyze some important criteria like sources' number (one or more suppliers), sources' proximity, sources' dimension or sources' origin.

The suppliers can be internal or external sources like farmers, individually producers, companies for agricultural products, intermediary agents etc., zoo-technique farms, international trade agents etc.

The actually tendencies favors the decreasing sources' number, mostly considering the partnership relations.

A very important aspect is contracts' negotiation, especially in externally acquisition process.

The **transportation** activity –concerning the physically movement of goods and persons between two points- is considered one of the most expensive logistics' element. The choosing process of transportation vehicles is influenced by several factors like merchandises' characteristics, clients' service level, the logistically component, territorially dispersion level, the organizations' resources, transportation network characteristics, materials handling conditions etc.

On internal area, the agricultural products are carried by trucks or by rail. The external suppliers used railroad transportation, sea or river transportation (especially for cereals, sugar, frozen meet, rise etc.) or special trucks (for animals, for milk, for oil etc.).

The agro-alimentary finished products are delivered especially by trucks and, for a few kinds of products, by air.

In transportation operation, the specialist must analyze some aspects like: transport selection and evaluation, costs and performance measurement, transportation and routes programming.

In transportation mode choosing process there are some important characteristics that must be considered: door-to-door delivery time (speed), number of geographic points served (availability), ability to be on time (dependability), ability to carry the various products (capability), number of scheduled shipments per day (frequency) and cost per tone-mile (cost).

Storage management and stocking and inventory management are very important activities that compose logistics.

Storage management is concerned with the size, number and location of facilities to house inventory and a way of safeguarding against inability to meet demand.

Now, there are automated equipment and computerized inventory systems that allow the firm to react rapidly to customer needs.

Storage of products is an expensive activity, for it involves the costs of storage space, handling and insurance.

Stock' dimension influence logistically service improvement, demand and supply relationship equilibration, costs decreasing.

It can be decreased the stocking costs by reducing the size of the inventory, but then the marketer runs the risk of losing sales when the products are unavailable.

Stocks generate important costs like goods acquisition cost, maintaining stocks cost, stocks breaking cost (determinate by the products' absence when are demand by customers).

For specialists, planning and controlling stocks operations are very important, because the stocks level influence the activity' efficiency.

Many producers used now the concept of "just-in-time" purchasing (developed by Toyota and other Japanese manufacturers), that involves buying in small quantities to reduce inventory-carrying costs and obtain delivery just in time for use.

Informational system and supply chain management are the essence of partnership relation integration. The information is very important because allow to connect the partners and contribute to strategies and operations inter-correlation in supply chain.

The informational system must allow the correspondence between suppliers' relationship management, the internal supply chain management and the customers relationship management.

Developing a logistics strategy, some of the important criteria refers to market coverage, channel control, costs, dimension and intensity of physical distribution, legal aspects etc.

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