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SOME CURRENT ISSUES IN THE MARKETING OF AGRICULTURAL PRODUCTS*

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The subject of 'marketing' as a field of agricultural policy and applied research is discussed in this paper. Agribusiness approaches to marketing advanced in recent years are argued to have made little contribution to policy or research and are rejected in favour of the more traditional framework of applied economic analysis. Developments in government policy on national statutory marketing authorities for agricultural products are appraised along with some evidence on the allocation of research effort revealed in professional journals. It is argued that more research should be conducted on the impact of the promotion of agricultural products and on the efficiency and distributional impact of marketing policies of statutory marketing authorities.

Like my predecessors, I have read earlier presidential addresses before embarking on my own attempt. Apart from the pleasant experience of professional introspection thus afforded, it did assist me to reflect on shifts of emphasis over time. Parish (1969) provided a fruitful landmark in that respect with a discussion of the role of the agricultural economics profession and a suggestion that, in the context of presumably diminishing marginal returns as the ratio of agricultural economists to farmers rises, we should diversify to other fields of applied economics.

In subsequent presidential addresses (Dillon 1972; Harris 1974; Musgrave 1976) a view was expressed that agricultural economists should put more effort into research, policy and education in agricultural product 'marketing'. More recently Watson (1980) and Quilkey (1986), perhaps coincidentally, appear to have responded to such a view in delivering their presidential addresses on wool marketing and product promotion, respectively. You may be relieved to know that I do not plan to consider either of these topics in detail despite their considerable impact on my daily life.

The topic I intend to address is related to earlier pleas for more attention to marketing issues but specifically to some recent devel-

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opments in this field and to whether our profession should become more involved in marketing in terms of research and policy advice.

Little can be achieved by debating the definition of marketing. For my purposes the fairly broad and widely adopted definition, that marketing includes all activities from the farm gate to the final consumer, should suffice. In this sense marketing involves a complex and interdependent set of production and selling decisions and includes activites such as quality variation, promotion and the provision of information, handling and distribution, and stockholding. An earlier proposition advanced by Phillips (1968), that marketing should be narrowly defined to involve primarily the gathering and communication of information, seems not to have gained significant support although, in my opinion, the co-ordinating and informational role of prices is central to market performance.

The market outlook for Australian agriculture appears to be worsening significantly, as indicated at the 1986 National Agricultural Outlook Conference. During such times there are frequently calls for more emphasis on marketing. In an interview about what was called the crisis in farming, the Minister for Primary Industry said that '... in many industries the [research] priority should be all about marketing, promotion, product description, packaging ... rather than more and more work on production' (*Australian Financial Review*, 26 August 1985). A much shriller tone was struck in the title of the July 1985 Riverina Outlook Conference: 'Beyond the Farm Gate: Market or Perish'.

Sargent (1985) argues that major structural changes in the agribusiness sector are altering the framework for the marketing of agricultural products and is sharply critical of both the agricultural economics profession and of large agribusiness companies. It is suggested that the neo-classical theories of economists, with their free trade tradition, lead to a preoccupation with perfect competition and the theory of comparative advantage. This is claimed to be a problem because the role of large agribusiness firms is ignored and because 'conventional, neo-classical economic theory forms the basis on which rural policy is made in Australia' (Sargent 1985, p. 211). Most of us would be delighted to think that this claim contained significant grains of truth, that policy makers could dispense with issues of equity and that Sieper's (1979) demonstration of the empirical support for a distributive theory of regulation was without foundation.

My purpose in referring to Sargent's book is to point out the stark contrast it affords between what seem to be widely held public views of the economics of agricultural marketing and the views generally held by economists. By comparison, text book treatments of agricultural marketing (for example, Campbell and Fisher 1982; Watson and Parish 1982) make virtually no reference to the structure of agribusiness firms and product selling dimensions other than prices. Rather, they are primarily concerned with the price formation process, institutional arrangements and descriptive material about selected issues in the marketing of individual commodities.

The Agribusiness Approach to Marketing

Expressions of concern about the relevance and role of economics and

agricultural economics in relation to marketing are not new. The term 'agribusiness' appears to have been coined by Goldberg (1967) in the United States as an allegedly new approach to marketing and production of agricultural products. Its origins lie in business management training and particularly in the Master of Business Administration training program based on case studies at Harvard University.

The agribusiness concept appears to be a generalised approach to viewing production and the series of subsequent marketing activities up to final consumption as an interrelated and integrated set of activities. Similar agribusiness approaches were advanced in Australia by Chandler (1974) and Watts (1974) and more recently by Haines (1985). They argued that farmers need to become more 'market oriented'. Advocacy of this view appears to be from the standpoint of participants in the selling process of the firm, rather than the observer status which agricultural economists so often seem to adopt, and which is primarily concerned with the economic consequences of industry level marketing policies.

This agribusiness approach seems to have made limited headway in tertiary institutions or in the pages of our professional journals. Whether it is in any sense a substitute for the types of analyses of marketing issues which economists have undertaken is questionable. However, although marketing strategies and agribusiness approaches are rarely addressed in teaching and research by agricultural economists, these are the issues that tend to predominate in marketing debate and in practice in large agribusiness firms and statutory marketing authorities.

Proponents of the agribusiness approach do not offer a rigorous and analytical base as a substitute for the microeconomic concepts of economics. As Watson (1982) suggests, reliance on case studies is indicative of the absence of general principles or a theoretical framework capable of consistent application. Rather, the business concepts of decision making applied by individual firms in more concentrated secondary and manufacturing industry are used. Such concepts may not be readily transferable to an agricultural context. Perhaps the best example of this is the proposition that individual farmers need to become more 'marketing oriented' in order to improve their profitability. Such an approach may be understandable in secondary and manufacturing industry where individual firms frequently face downwardly sloping demand functions which enable them to make use of a marketing policy (other than taking or responding to market prices), to adopt policies of varying product quality and to advertise their products.

Those who argue that farmers should become more marketing oriented are proposing that individual farmers should allocate more time, effort and finance to non-price marketing policies. This implies a view that the marginal returns from such a reallocation of effort away from production activities are greater than the marginal costs, without the provision of evidence on this point.

Economists, by way of contrast, emphasise the role of prices in determining industry level market outcomes and in most cases see individual producers as 'price takers'. It appears that agribusiness concepts of marketing are unlikely to apply to individual farmers,

except perhaps in some more specialised, concentrated or spatially segmented industries where the individual firm is not purely a price taker; but they may apply in instances where farmers have combined, or have been combined, through co-operatives or compulsory marketing boards.

Some Developments in Marketing Policy

Marketing boards, or statutory marketing authorities, represent the major form of regulatory intervention in agricultural marketing in Australia. A central feature is their compulsory nature, with legislative backing and often with taxes on sales of the products in question to finance physical marketing activities, promotion and other marketing functions.

Harris, Crawford, Gruen and Honan (1974) highlighted concerns about efficiency in marketing; it was argued that the role of government should be to facilitate improvements in marketing efficiency in a competitive environment. More recently, Balderstone, Duthie, Jarrett, Eckersley and McColl (1982, p.72) adopted a similar approach, advocating '. . . a marketing system for rural commodities which exposes producers and consumers to the prevailing market forces and has sufficient flexibility to react to those forces'.

To a large extent marketing boards are concerned not with efficiency but with distributive questions and attempt to alter the balance of bargaining power in favour of farmers. In some cases this concern appears to have been the explicit legislative intent of governments. In others it could reasonably be interpreted as the intent; why wait until there is a low price and income crisis in the wool industry to introduce a price stabilisation scheme if the sole concern of such a scheme is with pricing efficiency? An alternative proposition is that the scheme was introduced to alter the balance of power over marketing activities in favour of producers compared with marketing firms. This seems a more plausible explanation and is consistent with Sieper's (1979) hypothesis of a distributive motivation in regulation. If it is accepted that distributive questions are the preoccupation of marketing boards, it hardly seems surprising that the work of economists on efficiency, and specifically on pricing efficiency, is often seen to be of questionable relevance.

Primary producers and their organisations appear to see statutory marketing authorities as responsible to them. This has been reinforced by institutional developments such as the formation of the National Farmers' Federation and its various commodity councils. The latter appear to be developing stronger links with the marketing and policy decision making of relevant marketing boards; in the wool industry this link is formalised in the Wool Industry Act 1972.

Product promotion seems to be one of the primary marketing instruments judged by producers and statutory marketing authorities to be worthwhile. Apart from the performance of grain handling authorities, there seems to be less interest by primary producer organisations in the efficiency of the marketing infrastructure. This enthusiasm for promotion does not seem to have been backed up by evidence on the profitability of promotion. The Industries Assistance

Commission (1976) questioned the advisability of producer funded promotion of agricultural products with the possible exception of international wool promotion.

In the early 1970s, the then Labor Government initiated legislative changes which, on the surface, appeared to make marketing boards more commercial and businesslike. Apart from superficial aspects, like renaming them as 'corporations', a potentially more significant element was the inclusion on their boards of members with special qualifications and/or relevant commercial expertise. Such members, it was presumably expected, would foster business approaches to marketing and management in marketing boards. The present Labor Government appears to be extending the logic of this approach in several ways, as exemplified by changed arrangements for boards in the meat and wheat industries and a recent white paper on statutory marketing authorities (Department of Primary Industry 1986).

This most recent approach was foreshadowed by Miller (1984) who advocated a more commercial and businesslike approach by statutory marketing authorities. He recognised that '... competitive pressure is the best single way to ensure that people in business organisations are motivated to perform efficiently' (p. 5) and argued that the boards should be remodelled along the lines of joint stock companies. However, he did not go so far as to advocate voluntary primary producer participation in selling products through these statutory marketing authorities. This would be the most tangible and practical demonstration of competitive pressure, offering the potential to raise the failure rate of boards to levels akin to co-operatives in the Australian experience, and allowing the market to identify those with something to offer producers.

This commercial extension of statutory marketing authorities advocated by Miller seems to include some approaches lifted from business or agribusiness ideas about marketing. One of these is the requirement that all such authorities prepare long-term corporate plans for approval by the Minister for Primary Industry. One could dwell on the virtues of such a requirement; perhaps it is time to abandon a business concept once bureaucrats have caught up with it to the extent of making it compulsory, about five years after the Victorian Football League appointed a corporate planner!

I question the extent to which a corporate plan, in the usual business sense, has much relevance to statutory marketing authorities. Given their compulsory nature prescribed in legislation, such authorities probably should not be either planning the take over of their competitors in the private sector, or shifting from one area of business to another, as Elders, BHP or CSR seem wont to do. The requirements for statutory marketing authorities to have a corporate plan may serve to clarify their objectives and strategies and provide a basis for subsequent evaluation of their performance. However, as a device for setting the direction that such organisations will take in the future, it seems to presume that such issues were not resolved before the enactment of enabling legislation.

Agricultural economists could, I believe, do more to appraise the performance by these authorities of the marketing strategies they adopt and at much less expense than some of the current proposals to make

them more commercially accountable to producers. The alternative proposed appears to be to democratise statutory marketing authorities, as indicated in the recent restructuring of the Australian Meat and Live-stock Corporation. Relevant producers have been given votes depending on the number of sheep and cattle they have, regardless of whether they are meat producers. Annual shareholder meetings are now conducted in a public sector imitation of similar formalities paraded annually before shareholders in companies in the private sector. Whether this approach will really do much to improve the accountability of a statutory marketing authority to a relevant set of primary producers, a frequently stated objective, or to enable objective and cost effective evaluation of their performance, seems doubtful. More serious attempts could and should be made to encourage statutory marketing authorities to behave competitively. One option would be the introduction of competitive alternatives to make their provision of marketing services contestable, as has happened with trading in feed wheat in the domestic market.

A principal effect of compulsory single-commodity statutory marketing authorities is to encourage policy makers and others to ignore the joint product nature of much of agriculture. In research, agricultural economists often appear to have encouraged this trend; agricultural marketing literature itself is usually heavily oriented toward single commodities, with little attention to interactions between commodities. The Bureau of Agricultural Economics is largely structured around individual commodities and the National Agricultural Outlook Conference is similarly organised. Added to all of this, the structure of the National Farmers' Federation with its individual commodity councils has further institutionalised a segmented approach. In contrast, many farms produce two or more of the three major commodities (wool, wheat and beef), for which there are separate, independent and seemingly unrelated marketing arrangements. The mixture of long standing stabilisation policies for wheat, the introducton of a floor price scheme for wool in the 1970s and relatively free pricing arrangements for beef has probably created significant long-term distortions in resource allocation.

Implications for Agricultural Economics Research

I now wish to introduce the second aspect of my intended theme — that is, whether agricultural economists should do more research on agricultural marketing in response to the policy and agribusiness developments noted above. An obvious starting point is to assess the allocation of research resources over time relative to the pleas contained in earlier presidential addresses. This is followed by suggestions for research in the areas of product promotion and the performance of marketing functions.

Allocation of research resources

Phillips (1975) produced a taxonomy of agricultural economics research based on a subjective appraisal of types and areas of research appearing in four Australian journals over the period 1958 to 1973. The journals were the *Australian Journal of Agricultural Economics*, the

Review of Marketing and Agricultural Economics, the *Economic Record* and *Australian Economic Papers*. A summary of Phillips' results is shown in Table 1. It can be seen that marketing is the largest component by number of articles (21 per cent) although farm management research and aggregate production research combined represent 28 per cent. About 40 per cent of all articles were judged to be analytical and 20 per cent theory or methodology. In the case of marketing, 50 per cent were judged to be analytical but only 5 per cent to be theory or methodology.

Subjective though such a classification must be, I felt it justified to attempt an update along similar lines to Phillips' taxonomy but also singling out research on developing countries and environmental economics. My attempt to classify articles published in the *Australian Journal of Agricultural Economics* and the *Review of Marketing and Agricultural Economics* over the past 12 years is summarised in Table 2. These data are not comparable with Phillips' earlier work because two of the journals he surveyed have been excluded. It appears, nevertheless, that there has been continued concentration on marketing (28 per cent of articles) and reduced emphasis on research technique. There also appears to have been some overall shift to 'analytical' research (54 per cent of the total). Other features of the past decade or so have been increased attention to applied problems using econometric or related statistical techniques and some diversification into environmental and development economics.

It is not easy to read much into these data. They could reflect difficulties experienced by the editors of the journals in attracting 'good' manuscripts, as much as the balance of research effort. Over the period there has been considerable growth in the output of research results through other channels such as publications of the Bureau of Agricultural Economics and state governments, contributed papers at conferences, university monograph series and Industries Assistance Commission reports. Our journals may have become a progressively more biased sample of professional output.

Virtually none of the marketing articles refer to imperfect competition or the role of agribusiness firms and very few of them refer to factors other than price in market outcomes. In most of the marketing articles it is assumed that the market being analysed is competitive, or would be competitive in the absence of some specific piece of intervention under consideration. In this respect those who see factors other than price and non-competitive elements as pervasive in market outcomes will find our published analyses of marketing issues incomplete.

In my view, research which agricultural economists classify as 'marketing' should instead be called 'price analysis'. It is mostly concerned with industry level market outcomes. There is not the parallel which is evident on the production side, where farm management research is devoted to individual firms and aggregate production research deals with industry level questions. The theory of the firm and its application to individual firm decisions, it seems, has rarely been applied to marketing firms.

Given their widely shared neo-classical training, perhaps agricultural

TABLE 1

Journal Articles Classified by Type and Area of Research: 1958–73

Research area	Theory/ methodology	Policy	Analytical[a]	Descriptive and reviews	Total
Marketing/consumer research	4	11	40	26	81
Farm management	18	0	49	2	69
Research technique	36	0	6	3	45
Aggregate production	2	9	14	14	39
Other	19	48	43	39	149
Total	79	68	152	84	383

[a] Problem solving by deduction or empirical analysis.
Source: Phillips (1975).

TABLE 2

Journal Articles Classified by Type and Area of Research: 1974–85[a]

Research area	Theory/ methodology	Policy	Analytical	Descriptive and reviews	Total
Marketing	10	12	57[b]	5	84
Farm management	7	1	22	7	37
Aggregate production	11	7	45[c]	4	67
Research technique	16	0	2	3	21
Agriculture in developing economies	0	2	13	2	17
Environmental economics	2	2	5	0	9
Other	3	27[d]	13	12	55
Total	49	51	157	33	290

[a] Articles were classified by what was assessed to be their major objective.
[b] Includes all demand and price analysis studies, studies of specific topics such as grading, handling, transportation and international market and trade analysis.
[c] Includes studies of production functions, econometric supply analysis, input demand and supply, decision analysis and risk.
[d] Mostly general policy articles about sectoral effects of government policies.

economists find it comfortable to confine empirical research to industry level prices and related measurable variables and to emphasis efficiency implications of marketing policies. Much of our research in marketing supports this hypothesis; the huge amount of published work on wool marketing may primarily reflect the ready availability of price and quantity data. In terms of the volume and value of commodities involved, other important areas, such as contract marketing of many products for domestic consumption, receive almost no analysis; in fact I am unaware of any journal article on the topic since the mid-1960s. This could reflect a lack of data and, perhaps, the more intractable nature of the market structure involved.

Research on product promotion

As mentioned earlier, promotion of agricultural products appears to be developing into a larger issue in marketing. However, Australian agricultural economists have not been attracted into research in this area on a signficant scale, as measured by journal article output, although several papers in this area have appeared at recent conferences. A recent endeavour in which I have been involved (Dewbre, Thomson and Richardson 1986) has prompted me to think about the link between work of market researchers and the theory and modelling framework used by economists.

In promotion or advertising decision making, market researchers have developed a wide range of response models, often allowing for lags, dynamic adjustment and various functional forms. A review of such models by Little (1979) indicates their lack of theoretical underpinning; such models would generally be regarded by economists as incomplete in the sense of leaving out primary variables hypothesised to influence demand, such as prices and income. Little (1979, p. 663) rejects the use of econometric models within a framework of economic theory as being too inflexible. In many cases market researchers do not even appear to use analytical models, or attempt to quantify advertising response. Rather, they seem content with reporting the results of surveys of consumer respondents in which product (brand) awareness and preferences are elicited. A popular version of the application of such work is to report survey results for test and 'control' markets, analogous to the split lot trials common in agricultural experiments, but with little control.

In my view the use of economic theory and models could help to reduce these deficiencies in much market research. Modifications to the theory of consumer behaviour first proposed by Lancaster (1966) can be appealed to for theoretical underpinning of surveys to study consumer preferences and utility; consumer preferences can be related to bundles of characteristics elicited from carefully constructed surveys of consumers. Thomson, Beare and Coote (1986) applied the theoretical base proposed by Lancaster. What is perhaps more important is that more complete analyses could be undertaken by including relevant economic variables (prices and incomes) in resultant models to test for promotion effects.

I would argue that we do not allocate nearly enough effort to analysis of demand for rural products compared with supply. Perhaps the Bureau of Agricultural Economics, or some other agency, should be implementing a national consumer panel along similar lines to existing producer panels and surveys such as the Australian Agricultural and Grazing Industries Survey. This could be of value in analyses of a range of market parameters and in answering questions about quality segmentation of the supply of a product, the effectiveness of promotion and whether there are cancelling effects of competitive promotion of substitutable agricultural products in the domestic market. Market parameters relevant to many marketing policies implemented in Australia could also be more reliably estimated, although it hardly seems a legitimate allocation of public funds for them to be used in marketing strategies designed to optimise a redistribution from consumers to producers.

Performance of physical marketing functions

Rural products all go through such transformations as transport, processing, packaging and distribution before final consumption in Australia or export destinations. These processes, performed by marketing boards or agribusiness firms, add significant value to products and, based on a value criterion, may constitute a larger industry than agricultural production itself. Agricultural economists do not seem to have been greatly involved in analyses of such marketing activities, except perhaps for the extensive literature on product classification and grading, with heavy emphasis on the objective measurement of wool, and periodic bursts of enthusiasm for spatial equilibrium analyses of transportation and plant location.

The literature on product grading has been concerned significantly with questions of the implications of more objective grading and classification schemes for pricing efficiency. Distributional implications can be important as well, and work by Findlay (1980) on the adoption of sale by sample and objective measurement of wool is illustrative; Findlay suggested that managerial attitudes among wool-broker staff and perceptions of the distribution of benefits and costs of the innovation were vital to the adoption of the measurements. Such questions of distributional impact in uncertain competitive conditions, in addition to effects on pricing efficiency, may well be the major factors influencing adoption of innovations in the marketing system.

In the case of wool marketing innovations, fairly simple econometric studies of price efficiency could be combined with operations research studies as a basis for costing changes to components of the marketing system. The combination of such research approaches leads to benefit–cost analyses of the adoption of innovations. It can also go some way toward explaining distributive impacts and the positions of various market participants on the adoption of innovations. Objective measurement of wool seems to have succeeded as an innovation because of the scope brokers saw in it for reducing in-store costs and because it reduced risks for buying houses in meeting processors' raw wool specifications. In turn it led processors to narrow the specifications of mean fibre diameter (the major determinant of the value of wool) in their orders, with improvements in the efficiency of price signals to producers and increased scope to squeeze the margins of wool buying houses.

These aspects are, I believe, illustrative of the general type of economic environment in which marketing innovation and changes in the marketing performance of statutory marketing authorities and private firms must be considered. One does not get far in appreciating the nature of the process of innovation before distributional impacts begin to dominate.

Interactions between statutory marketing authorities and private agribusiness firms can also be central to changes in market performance. Again using the example of wool, an instrument of public intervention, such as the reserve price scheme, typically has unintended side effects in relation to innovations. One such side effect has been to reduce the effectiveness of market forces in discriminating between 'successful' and 'unsuccessful' innovations; this was shown in research by Jackson

and Spinks (1982) for jumbo bales and computerised tender selling. Subsequently, and after further reviews, the Wool Corporation discounted the floor price to reflect market acceptance, with the discount reflecting the results of econometric price analyses. In this case it could be argued that the Wool Corporation was being more commercial about the impact of the failed innovation than its broker proponent who may have been prepared to sustain losses and cross-subsidise because of other strategic considerations in the market. It seems to me that applied research by economists has great potential in such circumstances to contribute to improved performance of the marketing system.

The scope for, and the attraction of, research in many of the areas of performance of the marketing system may be enhanced if such research is viewed as the application of the theory of the firm and of price theory. There is no difference in principle between the production of a service which transforms products and conventional commodity production. There is, in this context, scope for many applications of conventional production economics to marketing problems, rather than the conceptual and judgmental business approaches discussed earlier.

Empirical studies of risk and its implications for producer decisions and efficiency of resource allocation seem something of an Australian specialty. Despite this and the uncertain nature of prices on world markets, there has been virtually no analysis, apart from the extensive literature on intertemporal price formation through futures markets, of the impact of risk on marketing firms or on the supply of and demand for marketing services. Exceptions are some modelling work by Quiggin (1983) on shifts in wool demand, and empirical work by Spinks and Monty (1985) on the impact of additional information about value determining attributes of wool on expected returns and variance of returns to processors. There seems to be very considerable scope for agricultural economists to extend the frame of reference of their work to include empirical analyses of riskiness in marketing systems and its impact on firms participating in the provision of marketing services.

Much of the observed intervention in agricultural markets seems to be explainable in terms of efforts to change the balance of bargaining power. While it is understandable that economists have generally found questions of the distribution of returns intractable, they could usefully research the performance by statutory marketing authorities of marketing functions. This could take the form of assessments of the performance of intervention in altering the distribution of returns in markets as a reflection on the bargaining power goal implicit in so much regulation of agricultural markets. It is, however, extremely difficult to assess whether market outcomes have been altered by changed marketing arrangements through government intervention. The compulsion involved in marketing boards generally means that empirical comparisons with market outcomes in the absence of intervention are not possible. Avenues for making comparisons of market outcomes with and without intervention include simulation based on knowledge of the market structure as done by Campbell, Gardiner and Haszler (1980), comparisons between time periods in which different intervention arrangements were in place, and international comparisons. All these approaches suffer from the

deficiency that they involve assumptions of the constant or comparable market structure, despite differences in intervention levels which may themselves constitute structural change.

A related issue is that of the implications for the bargaining power of primary producers of the increasingly concentrated and vertically integrated structure of the marketing system for many agricultural commodities. This development, common for products such as chickens, pig meat and potatoes, is likely to alter the distribution of risks and expected returns among market participants. This, combined with the market power aspirations of companies involved, could lead to significant cross-subsidisation of some marketing activities by others (for example, in less competitive markets), resulting in potentially less efficient market signals to primary producers.

Summary and Conclusions

My address has ranged over issues which I believe should be of concern to agricultural economists. Changes in the system of marketing agricultural commodities in Australia, some due to regulatory intervention and some due to the changing structure of the market, will present challenges to applied researchers in agricultural marketing. A principal challenge, I believe, is to apply production economics and price theory to the study of marketing issues both in aggregate and at the individual firm level.

Marketing policy development by government appears to be entering a new phase in which statutory marketing authorities are, at least superficially, being made more like commercial business firms. This includes placing leaders from private enterprise on their non-executive boards, holding annual 'shareholder' meetings and producing corporate plans. Steps that would really make them commercial, such as removing the element of compulsion, still seem some way off, although some small steps appear to be emerging to make markets in which statutory authorities operate more contestable.

The agribusiness concept seems to have gained very little acceptance in the past 20 years and appears to have produced no significant analytical or research results. Distributional issues implicit in the agribusiness approach are, however, the primary focus on statutory marketing authorities, co-operatives and the major agribusiness firms. The performance of all these participants in the market could, I believe, be evaluated more fully by economists. Such evaluations could include empirical work on the effects of risk on returns to marketing firms, case studies of the role, impact and adoption process of innovations in marketing systems, and further studies of the effectiveness of promotion of agricultural products.

In making these suggestions I am not necessarily arguing for more resources to be directed to applied research on marketing, but rather a broadening and re-orientation. Perhaps we should be looking more at marketing systems across commodities and less at the efficiency of price formation for individual commodities, although this is limited by the considerable extent to which research is undertaken on issues which meet with the approval of industry funding bodies. While distributional effects of marketing policies are difficult to analyse, they will become

increasingly recognised as the major focus of much intervention in commodity markets and must receive more attention in applied research.

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