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# MARKETING MYOPIA

by

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## I. INTRODUCTION

Developing agencies in research, extension (production and marketing), training (formal and informal) have been used to correct distortions of the market and Government interventions have been carried out largely through them. Now they are accused of themselves causing distortions:

- (1) Because of the manner in which they operate
- (2) Because they are regarded as subsidies.

These points of view are especially relevant in the face of the call for liberalized trade and need for increased competitiveness.

This presentation seeks to discuss the conflict that exists between the operation of these agencies and their private sector clients -- farmers, exporters and service providers.

## II. COMMENTS FROM PREVIOUS PRESENTATION

I will first of all refer to some of the comments that came out of the previous presentations:

### Hon. Minister

Called for investigating the functions of support institutions.

### Professor Christy

Made a call for continued learning and strategic thinking

### Professor Headley

Made a plea for us to learn to communicate to policy makers and public at large.

### Osmar Benitez

"I know, what I know and know what I do not know." Made a call for institutional reform.

### Albert Williams

Made a plea to get more involved -- be market driven.

### Dr. Small

Made an appeal for us take heed of the opportunities in biotechnology.

### Dr. Valenzuela

Reminded us of the need to be aware of the impact of trade on the environment.

### Mr. Raymond Austrie

Made mention of the new diversification paradigm based on the free market system.

### Stephen Williams

Called for more in-depth review and understanding of the marketing side.

**Kusha Haraksingh**

Said we needed to "control the discourse on trade".

**Dr. Altee Braithwaite**

Called for agriculture to be more market oriented with greater role of the private sector.

**Ronald Ramkisoan**

Said we needed to be aware of the dichotomy between static and dynamic state.

**Dr. Jolly**

Reminded us of the need to take care of our human resource.

**Nasser Mustapha**

Asked the question... market system will result in efficient allocation of resources but will it meet needs of people?

**David Abdullah**

Made an important statement "We have produced important people, but we do not have important states. We need to bring people into the decision making process."

**Dr. Rankine**

Referred us to the marginalised consumers.

**Dr. Ranjit Singh**

Indicated in his opening comments that poverty had become more pervasive.

**Ashley Cain**

Made a call to get our quality right.

**Taimoon Stewart**

Spoke to the need to protect the name "Caribbean".

**Curtis Macintosh**

Called for efficiency in resource use, gains and losses being balance.

**Sharon Roberts**

Said that in order to live well a country must produce well.

**Edward Evans**

Issued a challenge to the proponents of free trade.

**Joseph Seepersad**

Referred to the prophets of doom and gloom in relation to free trade.

**Ballyram**

Free trade not synonymous with liberalized trade.

**C.Y. Thomas**

Woke us up to the realities of the new world order

"The trade and trade related concerns of these agreements, clearly touch on matters which had previously defined the sovereign right of a country, example, the right to choose its own path of development, to shape its national economic and social policies, to express its attitude towards equity and social justice and to determine the permissible level and sectors, which it wishes to open to foreign control and ownership."

Given these comments, what is the current reality of the supporting institutions? How do we expect these institutions to function?

This paper attempts to address these and other questions, and will be structured along the following lines:-

- a) The present characteristics of the organizations

- b) The challenges being faced by the organizations and
- c) The way forward.

## II. CHARACTERISTICS OF ORGANIZATION

Given the historic dependence of the agricultural sector on aid, the direction followed has been externally governed, resulting in ill-defined programmes. With the need for increased competitiveness, the sector finds itself struggling to gain its own momentum, without the means of directing the agenda. There is a basic conflict between dependency and competitiveness, and the development institutions find themselves in unfamiliar territory. In this territory new paradigms exist.

### What are the new paradigms?

#### Call to be

- Market led
- Client focused
- Private sector led
- Competitive
- In continuous training
- Company focused

There is an emerging conflict between non-profit agricultural development organizations and the profit oriented production and marketing firms. This conflict arises from the differing *modus operandi* of these firms. The increasing need to be competitive drives the decision making process in the profit firm, while philanthropic ideals guide the non-profit firm, without due consideration to cost. The fundamentally different internal management style of the two firms is the basis of the conflict. The effectiveness or

relevance of the programmes is measured by using different methods. The objectives, the focus, the end results of the programmes are entirely different.

There is a need for a greater **marketing** thrust throughout the Caribbean at all levels in every sector. There is a lack of marketing orientation or a marketing culture. Institutions are dependent on a budget given to them and clients are tied to them, being obligated to depend on their services, as there is no competition or incentive to do otherwise. Government pays dearly for this type of service.

The agricultural sector has not developed a market culture. The production of goods and services are not market-led. Decisions that affect the sector from policy formulation to implementation are informed not by officials from the marketing end or by the entrepreneurs, but by the public sector officials who are usually insulated from risk and real time decision making which affects financial returns. Yet, in turn, these decisions have a major impact on the financial returns of the entrepreneur in the private sector.

The author contends that a marketing philosophy being the guiding force in all organizations would allow for greater efficiencies in the use of all goods and services.

*Conflict between the private sector/profit oriented and public sector/development institution is due to the differences in the management style, the mission statement, and quite often the Psyche of the Chief Executive Officer.*

This conflict does not necessarily indicate that management is poor in anyone of them,

but that due to the major differences in the Posture and psychology - Positioning of the organization, the management style is influenced by and informed by a different need, a different information base, a different rationale for its existence, or determination of its survival.

How and why do these factors have such a wide and in-depth impact on the modus operandi of the institutions? The single factor of not being market driven has a far-reaching impact on decision making throughout the organization. What determines the work programme and how is it developed? The entire programme developed by these institutions can be totally irrelevant for the sector and its immediate clients, yet they continue to survive year after year because the Governments are locked into a belief that they have to pay for these services because they need them. Yes, we need development facilitation agencies, but each must be analyzed from the point of view of the effectiveness and of course, relevance of its programme, timely delivery -- cost effectiveness, and relevance to the needs of the client (end user).

**The author further contends that this marketing myopia has caused major inefficiencies in the agricultural sector, serious problems to the environment as well the entrepreneur. These can be characterised as follows:**

- a) Lack of preparedness to meet chances in the market place.
- b) Environment Degradation: a significant degradation of the environment has resulted from the inappropriate use and abuse of agricultural

inputs, which are provided through grant funding.

- c) Non-emergence of key support services: such as market intelligence services, appropriate modes of transportation. Development of opportunities in biotechnology, with special reference for the Caribbean.
- d) Inefficient use of scarce resources: Human, capital, material, and ecosystem, which are so scarce, on ill-conceived projects.
- e) Missed Investment Opportunities: While waiting on grant funding, instead of going to the bank to finance viable projects.
- f) Misdirected, emasculated intellectuals
- g) Mistrust between public and private sector.

The competence of public sector officials who are in key decision making positions is neither one that is in demand driven nor market oriented. It is an elitist type of training that results in an individual divorcing him/herself from the market and the clients. As a result, personal convictions rather than realities in the market place largely influence programmes.

Most institutions are supported and developed with project financing from international funding agencies. The clients are not the main focus in terms of the output of these institutions. The focus is rather one of pleasing the funding agencies who provide the aid. Once their demands are met, the main clients (the farmers/exporters) are usually neglected.

The same market myopia continues to lead to missed opportunities, government taking advice from public officials who are not trained in or motivated by marketing philosophies. It also results in public sector institutions approaching funding agents rather than the banks. Such officials are not convinced that their programmes could be market-led and sustained, based on real clients' needs, or could be financially viable. There are ill-advised interventions with regard to standards, and unrealistic demands on the sector in policy formulation. This results in a cycle of inefficiencies and dependencies characterised by an endemic system of decision making, which makes us noncompetitive.

The new world order requires strategic planning and decision making processes that are market driven. With WTO agreements in agriculture, the call is for fewer subsidies and privatisation of research and other support to the sector. This means that the officials need to assess and value their input. The programmes must be market driven, i.e. -- meeting clients' needs they must be timely, and priced competitively.

#### **IV. CHALLENGES FACED BY ORGANIZATION**

##### **Being prepared for the competition Determining policy options**

How prepared are we to deal with large corporations that are the competition or the potential client? What economic theory are we guided by -- import substitution, comparative advantage, and repetitive advantage?

##### **Ensuring that "all due diligence" considerations are in place**

#### **Dealing with the new paradigms -- no more exotic, only mainstream Traceability/ Certification Procedures**

How prepared are we to take on the new opportunities in developing the support services? Are we ready to take up the opportunities to develop organic products and the relevant inputs --nutrients and pest management products? Can we develop new technologies, i.e., storing of bananas for six (6) months or hurricane resistant crops?

##### **Challenges**

- i. Develop new technologies
- ii. Ownership of technologies
- iii. Vertical integration
- iv. Balance profit motives with concerns for social considerations.
- v. Sustainability and competitiveness
- vi. Response to private sector orientation
- vii. Ability to cost inputs, including research, in a realistic fashion.
- viii. To be self-supporting
- ix. Transform ourselves from theoretical economists to traders and other practical operators.
- x. Taking responsibility for our development

#### **V. THE WAY FORWARD**

##### **What needs to be done**

1. Training orientation -- continuous responsive
2. Develop relevant communication skills -  
- listening and responding to the needs of clients and the general consumer who is increasingly health conscious and the policy maker.
3. Acquire greater share of the market for survival.

4. Develop Business opportunities in-
  - certification
  - development of new varieties
  - developing and patenting new technology
5. Maintain balance between trade/development functions. Earn to support -- not beg to support.
6. Investment opportunities to be developed.
7. Regional marketing programme to be integrated into Caribbean Export Promotion Agency
8. Marketing function to be addressed in agriculture at SCMA meetings -- informed and guided by marketing officials.
9. Investors in agricultural sector to be included in conferences, discussions, decision making processes, dealing with trade agreements.
10. Investing past the farm gate beyond which is 70% of the value of the goods by the time it gets to the consumer. Hence the need for vertically integrated systems.

11. Marketing and promoting sustainability as well as social consciousness i.e. green products.
12. Monitoring changes on global level, remaining ahead of the game.
13. Moving from country to company focus.
14. Identify and develop companies through which our ideas will be channeled.

## VI. CONCLUSION

What we need to learn from the marketing system is strategic thinking and client oriented attitudes. The discourse on trade in the region needs to be informed from a marketing perspective. The programmes in agricultural production, research and training all need to be market driven. Our programmes need to be guided by a need to be competitive within the context of profit maximisation and social considerations. We need to invest more in the agricultural sector, recognising the opportunities as they arise. We need to be market driven.