



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.



SEP 23 1987

University of Newcastle upon Tyne.

**DISCUSSION PAPER**

Department of Agricultural Economics *and*
Department of Agricultural Marketing

UNIVERSITY OF NEWCASTLE UPON TYNE

Department of Agricultural Economics

Department of Agricultural & Food Marketing

DISCUSSION PAPER

DP 19

August 1986

MARKETING AND AGRICULTURE

An Essay on the Scope of
the Subject Matter of
Agricultural Marketing

Christopher Ritson

Department of Agricultural & Food Marketing

Preface

This paper is a revised version of Part I of the Centre for Agricultural Strategy's Report, "The Teaching of Agricultural Marketing in the U.K."* (which is now out of print). This, in turn, reflected ideas I had been developing for several years and which had been the subject of a number of academic seminars. The paper attempts to reconcile conflicting views on what constitutes "agricultural marketing" and to provide an answer to those in the agricultural industry who ask the question "what is marketing?". As such, I hope it will provide useful introductory reading for students, in Agricultural Colleges and University Agricultural Faculties, taking marketing courses.

Christopher Ritson

August 1986

* Jollans, J. L. (Ed.) The Teaching of Agricultural Marketing in the U.K., C.A.S. Report 8, Reading, April 1985

CONTENTS

INTRODUCTION

1. MARKETING

1.1 Definitions

1.2 Phases in the Evolution of Marketing

1.3 Marketing Theory

1.4 Marketing Research and Marketing Communication

2. AGRICULTURAL MARKETING

3. THE CHANGING ROLE OF MARKETING IN AGRICULTURE

3.1 Why is Agricultural Marketing Different?

3.2 Implications of E.E.C. Membership

4. THE SCOPE OF MARKETING

REFERENCES

INTRODUCTION

The Review Article by David Bateman remains the most comprehensive account of the British agricultural marketing literature. A few key sentences set the tone of his article and provide the starting point for this paper.

"Agricultural marketing policy has been the traditional subject matter of agricultural marketing".

"The subject 'agricultural marketing' has a longer history as a recognised area of study (at least in Britain) than does 'marketing'."

"Marketing has become an academic subject in Britain only since about 1960. Its points of contact with agricultural marketing . . . are not conspicuous."

"Marketing has developed with a business orientation, agricultural marketing with a policy one, and this accounts for the fact that the two approaches sometimes appear to have the same language but to be unable to communicate."

(Bateman, 1976)

In this paper, I first introduce the subject matter of "marketing" (as opposed to "agricultural marketing") and sometimes refer to it subsequently as "business marketing" to avoid ambiguity.

The second section, similarly, provides a brief introduction to the traditional subject matter of agricultural marketing.

In the third section I attempt to explain why agricultural marketing developed along a different path from business marketing. I argue that some of the subject matter of business

marketing has, over the past decade, become absorbed into agricultural marketing. As a result, what was previously a dichotomy between business marketing and agricultural marketing (referred to by Bateman) has been internalised within the broad subject matter of agricultural marketing. This in turn has led to considerable confusion, and indeed disagreement, over the place of marketing in agriculture. I go on to suggest, however, that it is perfectly possible to place the traditional subject matter of agricultural marketing in the context of business marketing, once that it is recognised that, traditionally, some of the basic business marketing functions have, for agriculture, been assumed by government. Recognising this helps to clarify the scope of the subject of agricultural marketing and to explain why agricultural marketing developed a "policy orientation".

The fourth section returns to the subject of marketing and discusses recent thinking by academic marketing specialists about the scope of the subject, with particular reference to the relationship between marketing and the public interest.

1. MARKETING

1.1 Definitions

It is normal to introduce a subject by defining it, and usually a selection of definitions is provided. The subject of marketing possesses a more varied selection of definitions than most. However I think it is possible to separate most definitions into one of three kinds. First, there are the smart slogan-type definitions. Here are two examples:

"Marketing is selling goods that don't come back to people who do" (Anon).

"Marketing is getting the right goods to the right customer at the right time, of the right quality and at the right price."

(Detta O'Cathain in her much referred to talk at the 1981 Oxford Farming Conference, shortly after her appointment as one of Peter Walker's "marketing advisors", but of older origin.)

This kind of definition is useful only in focussing the mind on some of the relevant issues; they are certainly of little help in teaching.

Second, there are definitions which are essentially descriptive and identify "marketing" as part of the economic system:

"Marketing - the performance of business activities that direct the flow of goods and services from producer to consumer or user."

(Enis, 1977)

"Marketing is the creation of time, place and possession utilities.

Marketing moves goods from place to place, stores them, and effects changes in ownership by buying and selling them.

Marketing consists of the activities of buying, selling, transporting and storing goods.

Marketing includes those business activities involved in the flow of goods and services between producers and consumers."

(Converse, Huegy and Mitchell, 1965)

"Marketing is - the process whereby society, to supply its consumption needs, evolves distributive systems composed of participants, who, interacting under constraints - technical (economic) and ethical (social) - create the transactions or flows which resolve market separations and result in exchange and consumption."

(Bartels, 1968)

This category of definition corresponds most closely to what would be likely to be found in an agricultural marketing textbook. For example:

"The performance of all business activities involved in the flow of food products and services from the point of initial agricultural production until they are in the hands of consumers."

(Kohls and Uhl, 1980)

Third, there are definitions which see marketing more as a philosophy; an attitude of mind; a way of thinking in business:

"Marketing is not only much broader than selling, it is not a specialised activity at all. It encompasses the entire business. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise."

(Drucker, 1954)

"Marketing is the way in which any organisation or individual matches its own capabilities to the wants of its customers."

(Christopher, Macdonald and Wills, 1980)

That specified by Food From Britain is something of a hybrid: "Finding out what customers want that you can produce and supplying it efficiently - at a profit - over the long term."

When teaching "marketing" (as opposed to "agricultural marketing") I use:

"Marketing is the process, whereby, in order to fulfill its objectives, an organisation accurately identifies and meets its customers' wants and needs."

1.2 Phases in the Evolution of Marketing

It is, of course, possible to go back into the depths of history and find someone who once said something which can be described as "recognising the importance of marketing". But a credible case can be made that marketing as a subject of study was born when Adam Smith wrote:

"Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce."

(Adam Smith, The Wealth of Nations, 1776)

Substitute "Common Agricultural Policy" for "Mercantile System", and this statement would provide an excellent beginning to a paper devoted to arguing the need for improved marketing in agriculture!

The contrast in the marketing definitions - at one extreme referring to a part of the economic system; at the other seeing it as an (essential) philosophy for successful business - has its roots in the historical evolution of the subject.

Three phases in this evolution are identified by Kotler (1972), and described thus:-

"One of the signs of the health of a discipline is its willingness to re-examine its focus, techniques, and goals as the surrounding society changes and new problems require attention. Marketing has shown this aptitude in the past. It was originally founded as a branch of applied economics devoted to the study of distribution channels. Later marketing became a management discipline devoted to engineering increases in sales. More recently, it has taken on the character of an applied behavioural science that is concerned with understanding buyer and seller systems involved in the marketing of goods and services."

One should, I think, add that the most recent phase has absorbed much of the material of the earlier phases, rather than replacing them.

Some marketing texts see a strong relationship between the changing structure of the economy and the evolution of the subject of marketing (see, for example, Baker (1979), Oliver (1980). To do so over-simplifies a complex picture, but it is perhaps nevertheless helpful to consider a link between the pre-occupations of the subject and economic developments. Briefly then, the industrial revolution created, for the first time, a major physical separation between producer and final consumer, and marketing was equated with getting the product from producer to consumer in the most efficient manner.

The second phase is usually equated with the interwar depression, though arguably developed earlier. There was intense competition between firms and increasing industrial

concentration. Firms went out to sell their produce; branding, advertising and promotion increased, and price became an important management decision. But much of this happened without market research. It was an essentially production-orientated approach; marketing was a branch of management devoted to "hard selling".

The third phase can be seen as a consequence of the post-war growth in consumer real incomes; this led to the development of the "modern marketing concept" or "consumer orientation" during the 1950s. Barwell (1965) defines the marketing concept thus:

"The marketing concept is a philosophy, not a system of marketing or an organisational structure. It is founded on the belief that profitable sales and satisfactory returns on investment can only be achieved by identifying, anticipating and satisfying customer needs and desires - in that order.

It is an attitude of mind which places the customer at the very centre of a business activity and automatically orientates a company towards its markets rather than towards its factories. It is a philosophy which rejects the proposition that production is an end in itself, and that the products, manufactured to the satisfaction of the manufacturer merely remain to be sold."

This third phase added two important areas to the subject matter of marketing; these were the application of the "behavioural sciences" to understanding consumer behaviour; and market research - to identify the requirements of customers as a prerequisite of profitable business. In addition, the definition of 'product' needed to be changed.

A manufacturer may view a product in terms of its physical qualities; but consumers buy these physical qualities as but one element in a bundle of psychological and physiological want satisfactions.

1.3 Marketing Theory

Most writers agree that marketing does not possess a central core of theory which it can call its own; rather it applies a hybrid of other disciplines to its own area of interest. Usually, three base disciplines are singled out. These are:

1. Economics:

successful marketing requires an understanding of the behaviour of the economic system, in particular the behaviour of markets; of the economic behaviour of consumers; and of firm revenue/cost/output relationships.

2. Behavioural Science:

applied to consumers, the science of human behaviour adds to marketing an understanding of certain aspects of the behaviour of consumers, which are ignored by economics, but vital to successful marketing. The underlying separate academic disciplines are psychology, sociology and (especially for food marketing) anthropology.

3. Quantitative techniques:

are necessary in order to analyse and interpret data about the market.

1.4 Marketing Research and Marketing Communication

One rather crude division of the subject matter of marketing, which I nevertheless find helpful, is to distinguish between that part of the subject which is directed towards understanding (and forecasting) the marketing environment within which the firm operates, which we can refer to as "marketing research and analysis", and that which is concerned with the organisation's own attempt to influence the market for its product. The latter is referred to as "marketing decisions" or "marketing communication". The set of variables available to an organisation with which it may influence its market is conventionally called the "marketing mix". The term was originated by Borden (1964) who quoted a colleague describing a business executive as a "decider", an "artist" - a "mixer of ingredients". (Borden, 1964)

The variables which form the marketing mix can be categorised in various ways (Borden himself subdivides into ten), but the most popular is known as "the four P's":

Product

Price

Promotion

Place (rather than "distribution", which unfortunately begins with a "D")

2. AGRICULTURAL MARKETING

Marketing first became an issue for agriculture in the UK shortly after the first world war. Between 1922, with the Linlithgow Report, and 1947, with the Lucas Report, there were a series of committees of enquiry into the marketing of agricultural products. All, to a greater or lesser extent, were directed at what were perceived to be two major problems connected with the marketing of agricultural products.

First, there was the question of market power:

"The farmer stands alone at the end of a long line of distributive agencies" (Linlithgow). In other words, the multiplicity of agricultural units and their remoteness from their final markets places farmers in an unfavourable position in relation to the stronger and more organised businesses which purchase their produce. Thus there developed the idea that it was necessary to give farmers "countervailing power" in the market.

The second problem concerned the efficiency of the food marketing (for which read "distribution") sector. This itself had two facets. The first was the view that costs in food processing and distribution were "excessive". This was sometimes associated with the claim that there were "too many middlemen", still a common criticism of the marketing

system for agricultural products, particularly now in Mediterranean and developing countries. This interest in the impact on farming of the overall cost of food processing and distribution led to the contribution of the food marketing sector often being referred to crudely as "the marketing margin" and to the "analysis of marketing margins" as one area of study within the subject of agricultural marketing. A related approach, which recognises the increasingly complex nature of the food marketing chain is the so-called "structure/conduct/performance" approach to the study of the behaviour of food marketing firms. (See for example O'Connell (1979) on marketing margins, and Howe (1983) on structure and competition in the U.K. food industry.

The second aspect of inefficiency might be labelled "the performance of the market". This was concerned with the efficiency with which the price mechanism transferred information between producer and consumer. Agricultural markets were observed to be characterised by erratic and cyclical price movements which conveyed no useful market message, and marketing margins were thought to be insensitive and thus failing to transfer important information between farming and food retailing, such as for example retail prices failing to fall as much as farm product prices after good harvests.

The Government's response was the agricultural marketing acts of 1931 and 1933 which provided legislation enabling the eventual establishment of marketing boards for most agricultural products, with the aim of improving the efficiency and performance of the food marketing sector, and giving farmers countervailing power.

In short, then, the subject of agricultural marketing developed as the study of the economic structure and efficiency of the agricultural marketing sector, and the Government's role in intervening to improve the performance of agricultural markets and increasing the share of expenditure on food received by farming. Thus, to repeat the quotation with which I began, "agricultural marketing policy has been the traditional subject matter of agricultural marketing".

This has been, and in some cases continues to be, exclusively the way 'agricultural marketing' is interpreted in teaching institutions and many agricultural organisations in this country (and indeed much of Western Europe and North America). Why this should be so, I consider in the next section, but it is interesting at this stage to quote from the letter from the Rector of King's College, University of Durham, to the Chairman of the University Grants Committee following the announcement by the Minister of Agriculture on 16th May, 1963, that funds were to be provided to establish a Department of Agricultural Marketing at what

was shortly to become the University of Newcastle upon Tyne:

"Experience has convinced both the Ministry and King's College that there is an extreme shortage of economists adequately trained to study distribution economics, and that the changes in the agricultural policy of the U.K. that may be expected will make it desirable to build up studies in marketing to the point at which they at least equal the national effort in production economics."

and

"This development is regarded as being particularly timely, during a period when there is a national need to increase the annual turn-out of men and women with degrees in economics and with post-graduate training in some aspect of applied economics. Business studies and management studies are examples of one form of applied economics; the proposed Department of Agricultural Marketing is another."

"The study of agricultural marketing is concerned with the efficiency of the use of resources in processing, handling, and distributing food, fibres and other agricultural products. It applies economic principles to the problems of identifying and satisfying the needs and preferences of consumers, by the most effective use of markets, processing plants, transport, advertising, and retail outlets."

This last sentence is the only hint in the documentation of any recognition of the existence of the modern marketing concept, though, quite quickly, the work of the Department itself did reflect recognition of this. But outside a few enclaves, it is really only within the last decade that the term marketing has come to be commonly used in agriculture as it would be in business (including of course the food industry). Previously, the only obvious link between "business marketing" and "agricultural marketing" was the first phase in the development of the subject of marketing, referred to in section 1.2.

We are currently in the middle of what is, arguably, a third period of topicality for marketing in British agriculture. (The first preceded the agricultural marketing acts; the second followed decontrol of agricultural markets in the 1950s - and coincided with the establishment of my own Department.) The third phase began in the late 1970s and was given momentum by the 1979 election and the appointment of Peter Walker's marketing advisers, leading eventually to "Food from Britain". And this third phase is characterised by business marketing. To over-simplify a little, one might say that the recent topicality of "marketing" for agriculture is associated with a belief that the prosperity of farming, in a period of open competition with Continental produce and in the context of overall static demand (in terms of quantity), is dependent on the sector adopting the modern marketing concept.

So I should now like to turn to the questions of why agricultural marketing has differed from business marketing; and why belatedly the marketing concept has come to have widespread support as relevant to British farming.

3. THE CHANGING ROLE OF MARKETING IN AGRICULTURE

3.1 Why is Agricultural Marketing Different?

There are, I think, three features of agriculture which have, together, led to the somewhat detached and individual character of agricultural marketing.

First there is, of course, the structure of farming, with many thousands of small businesses. Second is the fact that, at least as produce leaves the farm, in most cases the product of one farm is, perforce, much the same as that of another. Milk is milk; grain is grain.

It is these two features together which give agriculture its unique position. There are other sectors dominated by small businesses. But I think I am correct in saying that they are almost always market-related small business, i.e. they serve local markets. Farming is unusual in that the structure, of many thousands of small businesses, is production, not market, related - that is, the small business structure emerges because of the land-based nature of production, rather than because of the requirement to be located near the customer.

I should like at this stage to introduce another definition of marketing, that used by a colleague at Newcastle, David Lesser:

"The object of commercial marketing is profit maximisation through the creation and exploitation of monopoly advantages. The monopoly advantage can be anything from a product-idea to favourable access to consumers." (Student handout)

This is perhaps the most honest definition - and it is certainly the most helpful for our present purposes. Monopoly means the ability to supply something that others cannot. The monopoly can range from complete control of a market for a product, to some slight product difference - if only in the minds of consumers - which allows you to obtain a premium price. Most industries dominated, because of location reasons, by small businesses have the opportunity to improve their marketing - there are opportunities for creating and exploiting monopoly advantages in local markets - be it hairdressers or taxi firms or restaurateurs or whatever. With some notable and interesting exceptions, farmers do not.

The third important distinguishing characteristic of agriculture is the remoteness of the farmer from the final consumer. The value of food typically doubles between farm gate and retail sale, and during this process is usually controlled by businesses under ownership independent of farming. Thus marketing, in the sense of efficiency of distribution was, and still is, of great importance to the

prosperity of farming. Further, most of the opportunities for profitably matching business activity to consumer requirements occur in the food marketing sector. It follows that, for agriculture, improvements in marketing in order either to obtain a bigger share of consumer food expenditure (efficiency in food distribution, or market power vis-a-vis the marketing sector) or to share in enhanced consumer food expenditure (by creating monopoly advantages in retail markets) required government intervention, government control or government support. Thus agricultural marketing becomes agricultural marketing policy. When you scratch the surface, there really is not such an enormous gulf between 'marketing' and 'agricultural marketing' - the difference is only that one involves government policy, with all that that entails; the other does not.

Indeed, it is perfectly possible to interpret agricultural marketing policy as government control of the marketing mix for farm products. It just so happens that the marketing has concentrated on one element in the marketing mix - price, and to a lesser extent, one other - distribution. This does not mean that it has been "bad marketing". Any private organisation would have done likewise.

Consider, for example, what would be the marketing strategy of British Leyland if the Government banned imports of cars; or, should we say, charged a compensatory tax (variable

levy) on any cars imported at less than £10,000; or, perhaps, said to British Leyland: "produce as many cars as you like; we will buy them off you at £10,000 each if you wish to sell to us". In these circumstances, one would not expect much attention to "product" or "promotion". One would imagine that a pretty rudimentary car would be produced and that the Sunday colour supplements would not be full of advertisements for it. The Company would concentrate on pricing to maximise profits, and efficient distribution to ensure that as much as possible of what the consumer paid reached the Company. In other words, it would exploit the monopoly advantage given to it by Government. It is competition that leads to the attempt to gain monopoly advantage by product features and promotion.

3.2 Implications of E.E.C. Membership

Why, then, has this latest phase of interest in marketing in agriculture been characterised by - let us say 'marketing', rather than 'agricultural marketing'? There are, I think, two reasons for this. First, the picture I have painted above, of a sector dominated by thousands of small firms producing a uniform product is, of course, an oversimplification. A number of developments in recent years have provided opportunities for some farmers, in some circumstances, to create and exploit monopoly advantages. We have had the growth in farm-gate sales, fueled by increasing car ownership and the desire for quality and variety in food

purchases. Here there are opportunities for developing local monopoly advantages. Certain sectors are, in fact, dominated by a small number of firms. The celery market is controlled, I believe, by two growers; the onion market by a handful. It is no accident that farmer marketing seems to have been more successful in the fruit and vegetable sector. Generally, there are fewer suppliers, and the product is less processed and is intrinsically more varied, so there are more opportunities for product identity to be imparted at grower stage. But even in the higher value-added product areas, such as meat, concentration at the retail end has also had the effect that the provision of certain consumer product characteristics may require product differentiation at the raw material stage, giving producers some opportunities to establish (admittedly weak) monopoly advantages, by attention to product, and, sometimes, promotion.

It is here, incidentally, that the relationship between "improved marketing" and "co-operation" appears. By grouping together in the disposal of their produce, farmers are more likely to be able to supply the required quantity of product-differentiated produce; more likely to be able to be involved in promotion; more likely to be able to exercise a local monopoly advantage; and may wish to become involved in activity down the food marketing chain, taking their business interests nearer to the final consumer.

However, these changes in the structure of the U.K. market for farm produce have been taking place gradually over the past thirty years. Although they have been important in influencing the current interpretation of marketing in agriculture, I believe that a more fundamental factor has been British membership of the E.E.C. Consider for a moment the origin of improved profitability in business on account of 'better marketing'. The source is consumer expenditure; it is money that would have been spent on something else. What else? There is a sense in which a business marketing gain is nearly always at someone else's expense.

To over-simplify a little, most of the potential gain to farmers or farmer groups from the kind of independent marketing initiatives discussed above is likely to be at the expense of other agricultural producers (and in some cases firms operating in the food marketing sector). The successful beef marketing co-operative may be successful because it sells more beef - but it will be an increased market share that it has won; or it may be successful because it obtains premium prices for its carcasses - but it is unlikely that consumers will as a result be spending more on meat. In other words, it is an increased share of consumer expenditure on beef (or at least on meat, or even on food as a whole) that it has won. Similarly, the successful self-pick farm will have been successful at the expense of another self-pick operation, or of produce

passing through traditional fruit and vegetable channels. The overall, biologically determined, static demand for food means that farmers are generally fighting for market share. Observe a farming group which increases the prosperity of its members by successful marketing and, if you look the other way, as like as not you will see others who have, as a consequence, been adversely affected.

This does not mean, one should hasten to add, that because of this, marketing is against the public interest (it might be, but for other reasons discussed in the next section). Just as economic progress requires profit-seeking farmers to adopt new technology in production, so it requires them (and others) to take marketing initiatives which accurately identify and exploit consumer requirements. (It is, after all, the current contention of those urging improved marketing for agriculture that farmers have concentrated too much on the former.) But it does mean that the adoption of better marketing techniques by individual farmers or groups does not necessarily mean improved prosperity for farming as a whole. It has long been recognised that output-inducing technological innovation in farming tends to benefit consumers but does not necessarily lead to farming as a whole being more prosperous; so it is with improved marketing.

Let us, however, return to "traditional agricultural marketing". One problem when a government intervenes to

improve the position of one section of society is that it usually has an adverse affect on another - it is a transfer. In the case of product subsidies, the transfer is explicit. If a monopoly marketing board pushes up consumer prices by controlling supply, the transfer is at least conceptually clear, even if its magnitude is difficult to measure. In other cases, the very existence of the transfer may be challenged.

The momentum behind the government agricultural marketing initiatives of pre-war and post-war, (but pre-C.A.P.) days was concerned with the prosperity of farming as a whole. Maintaining the interpretation of government marketing policy as government control of the marketing mix, then it was distribution and price which were the subjects of attention. Distribution referred to the performance of the market, and any gains might be seen as an exception to the rule that one person's marketing gain is usually at someone else's expense. Price gains were of four kinds - tax-payer subsidies; an increased market share at the expense of imports; increased consumer expenditure on food by supply control (or 'orderly marketing' as it is sometimes euphemistically called); and the possibility of an increased farmer share of consumer expenditure by the exercise of countervailing power; all are transfers. The reduced import share was, politically, the most attractive in that the transfer was from foreigners. Indeed, import saving, it was

claimed, was in the national (not just farming's) interest - a claim challenged by others because the marketing policies used to promote import saving involved raising farm product prices, so that a transfer from British consumers and/or taxpayers was also involved.

Now the interesting feature, in this context, of British adoption of the C.A.P. is that, although the level of protection against third countries has been raised, that within the E.E.C. has been removed. The British Government has largely lost its capacity to influence the general prosperity of British farmers, independent of the rest of the E.E.C., by control of the U.K. market. In winning, and defending, the market share of British agriculture, the other two elements of the marketing mix - i.e. product and promotion - have suddenly become much more important. The country's agriculture finds itself in a position comparable with that of the food manufacturer; fighting for a more or less static market in competition with a few competitors. This is where Food From Britain comes in. We have "Nation State Competition". Suddenly, the marketing problems facing British agriculture as a whole look much more like those facing any large business. This then, I think, is the second reason for "business marketing" appearing now to be of importance to U.K. agriculture. (The two reasons are of course connected in as much as a national organisation like 'Food from Britain' might encourage farmer group initiatives aimed at competing with other European organisations).

In a way, the exception proves the rule. The sector which has clung on most grimly to independent market control is liquid milk. The Milk Marketing Board was severely criticised, until recently, for its lack of "marketing"; but, arguably, viewed as a business its marketing was superb. It supplied a quality product and exploited an exceptionally strong monopoly advantage. There was the little problem that it could not actually control production, and so some of its output went to a market for which there was strong competition from imports. The Board therefore applied, very skilfully, one of the techniques open to the business marketing manager - price discrimination. Effective distribution was also important. But it is only really the potential end to the protected liquid market that has led the M.M.B. to become involved in the full marketing mix in order to attempt to sustain the prosperity of British milk producers.

4. THE SCOPE OF MARKETING

In the previous section I attempted to explain why the traditional subject matter of agricultural marketing has differed from that of business marketing; why, belatedly, the business marketing approach has become absorbed into agricultural marketing; and how, by recognising the role of government in the marketing mix for farm products (and indeed, one might add, in certain aspects of marketing research and forecasting) the traditional subject matter of agricultural marketing can be seen to be quite consistent with that of business marketing. The conclusion would be that it is perfectly proper for agricultural marketing to encompass both its traditional subject matter and be viewed as an application of mainstream marketing to agriculture and food . As such, however, the scope of the subject might appear very broad.

In this context it is worth noting that there has, of late, developed an interesting debate on how broad should be the scope of marketing. This debate seems, in a sense, to be reducing even the apparent differences between "marketing" and "agricultural marketing".

In any subject, which both is an area of academic study and possesses an active role in the commercial world, there tends to develop a dichotomy between what I shall label the "practitioners" and the "academics". The former tend to

regard the latter as producing material often of no "practical value" (frequently disparagingly labelled "theory"); the latter find many of the former narrow-minded and limited in their thinking. The fact of the matter is that the same word often means something quite different when used by the academic as opposed to the practitioner. Thus "marketing" as a description of an area of study and body of knowledge does not necessarily mean the same as when it is used to describe a business activity. The same I am sure will apply to many other subjects - from music to architecture.

It is this kind of distinction which lies behind different views on how broad should be the scope of the subject of marketing. A narrow view would be that marketing is a branch of management, restricted to profit-seeking firms. Broader views extend marketing to non-profit making organisations; include the study of the marketing behaviour of firms and the explanation of the function of markets; and the study of the extent to which the marketing system meets the public interest. The following table, which is based on a development by Oliver (1980) of a classification suggested by Bartels and Jenkins (1977) helps to place the narrow definition in context.

TABLE 1: A Classification of Marketing Subject Areas

	Positive	Normative
Micro	1. Micromarketing theory undertakes to explain how and why marketing processes are managed as they are within firms.	2. Micromarketing models are constructs of how marketing should be conducted for the best achievement of the objective of the firm.
Macro	3. Macromarketing theory undertakes to explain the functioning of the composite marketing mechanism both as a result of and as a determinant of the economic and social environment.	4. Macromarketing models are constructs of how the general marketing process should be conducted in the best interests of society.

In this case, "micro" refers to the individual firm or household; "macro" to aggregation at the level of the market. "Positive" refers to an attempt to gain a better understanding of some aspect of behaviour; "normative" means assessing to what extent that behaviour is achieving (or is likely to achieve) certain specified objectives. It will be clear that this classification is broad enough to cover anything that might be found under the banner of agricultural marketing (traditional or modern). A few examples might help:

(1) would embrace studies of the marketing behaviour of firms (for example, the decision-making process in a marketing cooperative) or the behaviour of food consumers.)

(2) represents the core area of business marketing management, but I would also include here marketing policy when it is seen as government assuming the marketing functions of agriculture, as discussed above. To the extent, however, that the objective is raising the prosperity of farming as a whole by action at aggregate market level (e.g., supply control, generic advertising) then Government marketing policies might more appropriately appear under (4).

(3) relates to that part of the traditional subject matter of agricultural marketing in which we attempt to understand the behaviour of the food marketing sector - that is the analysis of marketing margins, the behaviour of farm product prices, and the "positive" approach to marketing policies - in which we simply attempt to understand better how the policy mechanisms work and how they influence the market.

Under (4) I would include the "structure/conduct/performance" approach to the food sector and the more detached approach to agricultural marketing policy in which we are concerned with the extent to which the policies meet the public interest (however defined).

Using this approach, Table 2 attempts a broad classification of the various topics taught under the agricultural and food marketing banner.

TABLE 2 Agricultural and Food Marketing -
a classification of subject areas

	Positive	Normative
Micro	1. Study of the behaviour of food consumers. Study of the marketing behaviour of firms in the agricultural/food sector.	2. Application of marketing principles to firms in the food marketing sector. Farmer marketing (including co-operative marketing). Government marketing initiatives on behalf of farmers (e.g. marketing boards) [also (4)]
Macro	3. Study of the behaviour of agricultural and food markets (e.g. marketing margin analysis, price analysis, effect of agricultural policies).	4. Application of structure/conduct/performance approach to the agricultural and food sector. Public interest aspects of agricultural policies.

It is worth noting that Bartels and Jenkins see "management" as the implementation of normative models and thus restrict the term "marketing management" to (2) and (4). Interestingly, we often use the term "management of the market" to refer to government agricultural marketing policies.

It should also be pointed out that a "narrow" view of marketing would not ignore cells (1), (3) and (4), but would regard their presence as necessary only as a prerequisite of (2). That is, successful implementation of a marketing plan

in business may require an understanding of the behaviour of the consumer, of the behaviour of markets and indeed an understanding of the wider social implication of the firm's policies; but this would be a means to an end. In a broader definition of the subject they would be legitimate subjects of study in their own right.

Perhaps the most interesting aspect of the debate over the scope of marketing concerns the normative/macro cell under what I term "marketing and the public interest". There is growing concern as to whether the modern marketing concept is valid in the wider interests of society. Because of the extent of government involvement in the marketing of agricultural products, it is almost second nature to those of us concerned with agricultural marketing to cover the public interest aspects of the subject. But many business marketing experts have probably not given this subject any thought, and those who have, have tended to take one of two stances - either:-

"successful marketing must be a good thing - if consumer wants are accurately identified and fulfilled, it must be good for you";

or

"whether or not successful marketing is in society's interest is none of the business of the marketer - as long as it meets the organisation's interest - that is enough".

Increasingly, however, both approaches are being questioned.
To quote Kotler (1980):

"Some marketers have raised the question of whether the marketing concept is an appropriate organizational goal in an age of environmental deterioration, resource shortages, explosive population growth, worldwide inflation, and neglected social services. The question is whether the firm that does an excellent job of sensing, serving, and satisfying individual consumer wants is necessarily acting in the best long-run interests of consumers and society. The marketing concept sidesteps the conflict between consumer wants, consumer interest, and long-run societal welfare."

Kotler is here reacting to the influence of the environmental movement in the U.S.A. Another influence has been "consumerism" - which might lead to a comment along the lines of: "if the modern marketing concept is successful in enabling businesses accurately to identify and meet consumer requirements why has there been a spontaneous development of organisations to defend consumer interests from big business?"

In my view, the concern over the relationship between successful marketing and the public interest can be separated into three issues.

First there is what economists refer to as a divergence between private and social costs and benefits. The most prominent example here is the environmental impact - i.e. pollution, unsightly factories, litter, depletion of scarce resources. Other examples might be rural depopulation

caused by industrial concentration, and even unemployment. (In many labour-surplus low-income countries, businesses accept a "social responsibility" for employing more labour than business economics would dictate).

Second is the question of whether the individual is the best judge of his own welfare. This raises complex philosophical issues over "freedom of choice", but most people accept that there is an area of personal consumption where, in the interests of the consumer himself, government intervention is required (for example, certain narcotics, seat-belt legislation, and of course products for children).

Kotler uses the example of MacDonalds to illustrate both points:

"As a concrete instance, consider once again McDonald's. It is doing an excellent job of meeting the wants of the American people for quick, inexpensive, tasty food in attractive surroundings. But is it really serving their long-run interests? Two recent criticisms that have been levelled against it by consumer and environmental groups are that:

1. McDonald's serves tasty but not necessarily nutritious food. The hamburgers have a lot of fat in them. McDonald's promotes fries and pies, two products that are dear to American taste, but are high in starch and fat.
2. McDonald's uses up a great amount of paper in providing its food. The hamburgers are first wrapped in tissue paper and then placed in paper boxes, presumably to keep them warm. This results in substantial paper wastage and cost to the consumer.

Thus in the effort to serve consumers' wants, questions can be raised about the uncovered social costs."

The third issue is the claim that consumer wants may be "created" by successful advertising and promotion. Most marketing specialists would deny that consumers wants are "created" by business - only "accurately identified". Others are concerned that, in some sense, people are made less satisfied (and therefore less "happy") as a consequence of becoming aware of the possibilities for enlarged consumption. (See, for example, Hirsch, 1977, and Mishan, 1984.)

From the point of view of the "marketing concept", the question revolves around whether government legislation can be expected to deal adequately with the public interest aspects of successful marketing (e.g. by taxing pollution, subsidising employment, controlling advertising, and so on).

A growing belief that perhaps it cannot has led in recent years to the call for a new concept to revise or replace the marketing concept. Kotler proposes "the societal marketing concept". His definition is:

"The societal marketing concept is a management orientation that holds that the key task of the organization is to determine the needs and wants of target markets and to adapt the organization to delivering the desired satisfactions more effectively and efficiently than its competitors in a way that preserves or enhances the consumers' and society's well being.

The underlying premises of the societal marketing concept are:

1. Consumers' wants do not always coincide with their long-run interests or society's long-run interests.
2. Consumers will increasingly favor organizations which show a concern with meeting their wants, long-run interests, and society's long-run interests.
3. The organization's task is to serve target markets in a way that produces not only want satisfaction but long-run individual and social benefit as the key to attracting and holding customers."

(Kotler, 1980)

Thus, there is the view among some academics that the subject is evolving into a fourth phase (to add to the three discussed in section 1) in which explicit study of the relationship between marketing and the public interest becomes important. And it is this aspect of the subject which reflects much of the preoccupation of agricultural marketing. Even where government involvement has been explicitly to meet producer interests (in, for example, the marketing boards) the producer interest has always had to be exercised with the knowledge that marketing advantages have been given by government and could be taken away (indeed the Boards possess independent members charged with protecting consumer interests).

The past five years have seen in the U.K. a rapid growth in the view that, in two important areas, the pursuit of profit within the agricultural and food sector is not serving the wider interests of society. The first concerns agriculture and the environment, which is not directly a marketing

issue. But one example will serve to illustrate the link. As far as the cereal grower is concerned, successful marketing has almost become synonymous with producing grain suitable for selling efficiently into intervention. The exaggerated claim would be that some successful grain farmers produce grain that the country does not want and destroy the environment in the process!

The second example concerns food and health, and the debate on this topic illustrates well the question of how far should marketing as a subject embrace the public interest. The food manufacturers, and to some extent the farming sector, is interested in the topic, because there is growing evidence that, perhaps substantial, changes in the pattern of demand for food products in the U.K. are occurring on account of people's concern over the relationship between diet and health. Anticipating these changes is a vital part of forecasting in marketing for the food and farming sector, and knowledge of consumer attitudes to food and health is an important area of research in order to devise a successful marketing mix for a food firm's products. In that sense, the issue is unambiguously part of marketing (as far as agriculture and food are concerned). Slightly more removed from this would be a rather more detached and long term aspect of forecasting, in which an attempt was made to assess the extent to which this issue might influence the direction of government policies affecting the marketing

environment of food and farm firms. But do we stop there? - that is, using the classification above, are those aspects of cell (4) relevant only as an input to cell (2). Or is it a legitimate part of the subject of marketing in its own right? For example, should the academic marketer study the reaction of food manufacturers and farming organisations, as a marketing phenomena?

Have you looked at a packet of sugar lately? Did you know that . . .

"Silver Spoon Granulated Sugar is a pure natural food. It is an invaluable part of any well-balanced diet, giving unique taste and texture, as well as providing a vital ingredient, energy. This sugar is 100% British and has been carefully prepared to the highest standard of quality and purity - Silver Spoon sugar contains no additives or preservatives. . . . There are many other quality Silver Spoon sugars. . . . They are all as wholesome and natural as the sugar in this pack."

REFERENCES

- Baker, M. J. "Marketing an Introductory Text", 3rd Ed, MacMillan, 1979
- Bartels, R. "The General Theory of Marketing", Journal of Marketing, Jan 1968
- Bartels, R. and Jenkins, R. L. "Macromarketing", Journal of Marketing, Oct, 1977
- Barwell, C. "The Marketing Concept" in Wilson, A. (Ed) "The Marketing of Industrial Products", Hutchinson, 1965
- Bateman, D. "Agricultural Marketing: A Review of the Literature of Marketing Theory and of Selected Applications", Journal of Agricultural Economics, May 1976
- Borden, W. H. "The Concept of the Marketing Mix", Journal of Advertising Research, June 1964
- Christopher, M., McDonald, M. and Wills, G. "Introducing Marketing", Pan, 1980
- Converse, Huegy and Mitchell "Elements of Marketing", 7th Edition, Prentice Hall, 1965
- Drucker, P. F. "The Practice of Management", Harper and Row, 1954
- Enis, B. "Marketing Principles: The Management Process" 2nd Ed, Goodyear, 1977
- Hirsch, F. "Social Limits to Growth", Routledge and Kegan Paul, 1977
- Howe, W. S. "Competition and Performance in Food Manufacturing" in Burns, McInerney and Swinbank (Eds) "The Food Industry: Economics and Politics", Heinemann, 1983
- Kohls and Uhl "Marketing of Agricultural Products", 5th Ed, Macmillan, 1980
- Kotler, P. "A Generic Concept of Marketing", Journal of Marketing, April 1972
- Kotler, P. "Marketing Management: Analysis, Planning and Control", 4th Ed, Prentice/Hall, 1980
- Linlithgow Report ("Final Report of the Departmental Committee on Distribution and Prices of Agricultural Produce") CMND 2008, 1924
- Lucas Report ("Report of the Committee Appointed to Review the Working of the Agricultural Marketing Acts") H.M.S.O. 1947

Mishan, E. J. "G.N.P. - Measurement or Mirage?", National Westminster Bank Quarterly Review, Nov 1984

O'Connell, J. "A Critique of Attempted Analyses of Aggregate Marketing Margins", Journal of Agricultural Economics, May, 1979

Oliver, G. "Marketing Today", Prentice/Hall, 1980

The Department of Agricultural Economics and the Department of Agricultural and Food Marketing launched the following series of Discussion Papers in the Spring of 1982. The titles available are:

- DP 1 Evaluation of 1982/83 Price Proposals for the CAP
Kenneth Thomson and Lionel Hubbard
- DP 2 Forecasting EEC Support Prices
Christopher Ritson
- DP 3 Cereals and the CAP
Kenneth Thomson
- DP 4 CAP Budget Projections to 1988
Kenneth Thomson
- DP 5 Herd Size and the Impact of Reducing EEC Dairy Support Prices
Lionel Hubbard
- DP 6 The CAP for Fruit and Vegetables: Its Impact on Third Countries
Christopher Ritson and Alan Swinbank
- DP 7 The Urban-Rural Income Gradient and the Pressure of Demand on Labour
Martin Whitby and Lionel Hubbard
- DP 8 The 1984/85 CAP Price Proposals: An Evaluation and Some Observations
David Harvey and Kenneth Thomson
- DP 9 Sheep Numbers and Heather Conservation on Common Land in the North of England
Michael Topham
- DP 10 Agricultural Marketing: Its Relevance to the UK Farming Sector
Rosalind Warren
- DP 11 Setting Optimal Advertising Budgets in the Northern Ireland Milk Market
Paul Hayden
- DP 12 An Economic Analysis of the UK Early Potato Market
Benedict White
- DP 13 Economies of Size in the England and Wales Dairy Sector
P.J. Dawson and L.J. Hubbard

- DP 14 Forecasting Milk Output in England and Wales
 Benedict White
- DP 15 Cereals in the EEC: Policy Options and Their Impact
 on the UK Market
 R.M. Warren and G.J. Brookes
- DP 16 Future Prospects for Cyprus Citrus Exports to the EEC
 Helen Williams
- DP 17 Models and Milk: A Comparison of Two Approaches to
 CAP Analysis
 K.J. Thomson and A.J. Oskam
- DP 18 A Model of Import Demand for Grain in the Soviet Union.
 C.T. Ennew
- DP 19 Marketing and Agriculture - An Essay on the Scope of the
 Subject Matter of Agricultural Marketing
 Christopher Ritson

These papers are priced at £3.00 each (including postage and packing in the UK and Eire) and are available from the Department of Agricultural and Food Marketing, The University, Newcastle upon Tyne, NE1 7RU, or by telephone on Tyneside (091) 232 8511 Extension 2932 (Agricultural and Food Marketing) or 2900 (Agricultural Economics). Please make cheques payable to the University of Newcastle upon Tyne and send to the Department of Agricultural and Food Marketing.

