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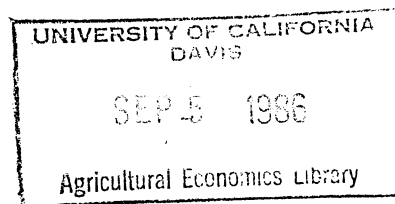
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Agribusiness Marketing: Another Core Course
in Agribusiness Curriculum



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Agribusiness is a major part of our economic system. Agribusiness in the United States contributes about 20 percent to GNP and employs approximately 23 percent of the labor force (Woolverton, Cramer and Hammonds). In 1980, agriculture input supply industries employed about 7.6 million people; 3.3 million people were engaged in agricultural production; and the commodity processing, food manufacturing, and distribution sector employed slightly more than 12.7 million people (Anderson).

The first agribusiness academic program was established at Harvard Business School in 1956. There are now about 60 agribusiness programs in the United States, most are offered by Agricultural Economics departments in land grant institutions, but some non-land grant schools have agribusiness programs as do a few graduate schools of Business Administration (French, Niles and Westgren). In land grant Agricultural Economics departments, 50 percent to 80 percent of the graduates are employed by agribusiness firms (Litzenberg, Gorman and Schneider). Consequently, there has been considerable interest in designing curricula for agribusiness students. Litzenberg, Gorman and Schneider surveyed 58 U.S. colleges and universities in 1983 to determine the "typical" agribusiness undergraduate program. They found most schools exposed students to a broad range of courses including technical areas such as the natural sciences, quantitative analysis and economics as well as the functional areas of management, marketing and finance. They concluded that compared to agribusiness employer expectations, most programs were deficient in the functional areas and even when functional courses were included, they often were not taught with an emphasis on agribusiness (Litzenberg, Gorman and Schneider).

Schools of business generally build curricula around the three major functional areas of management, finance, and marketing. Courses in organizational behavior, operations research, business law and business policy are added to the functional core to round out the student's educational program. Departments of Agricultural Economics tend to offer just one functional course to agribusiness students, agribusiness management. This course is usually designed to introduce the student to management theory, management functions, personnel management and the other functional areas of marketing and finance. In some schools, case studies are used in an attempt to help the students consolidate the theories and concepts.

Agricultural Economics departments offer courses in marketing and finance, but these tend to be traditional courses oriented to production agriculture. In finance, this does not necessarily present a problem. The concepts and analytical tools used in farm financial management are similar to those used in off-farm agribusiness firms. However, in marketing, the student who understands only production agriculture commodity marketing is at a severe disadvantage. Most entry level job opportunities for agribusiness majors are in marketing. Production agriculture commodity marketing courses are insufficient preparation for input marketing, commodity merchandising and food marketing positions. Agribusiness firms have long complained to agriculture economics departments about this situation to no avail. Reasons for not adding a separate course in agribusiness marketing include lack of resources and lack of qualified instructors for the course. Another reason is Agricultural Economics professors, because of their training, have incomplete understanding of marketing concepts and practices except as related to agricultural production.

A typical agricultural production commodity marketing course would include the following general topics: definition of agricultural marketing, the importance of agricultural marketing, marketing institutions and their roles, price analysis, the futures markets, government programs and commodity specific marketing such as grain, livestock, cotton, dairy, etc. To be fair, some authors of textbooks used in these courses have expanded to include marketing in the input industries and food marketing. However, the courses taught generally do not give students an understanding of topics such as the marketing concept, managing the marketing mix, the role of the product manager, preparation of the marketing plan, marketing analysis and formulation of marketing strategies. Students must understand these topics in order to function successfully in a marketing position upon graduation. Unfortunately, most agricultural college graduates do not receive this training in school. They must learn this on the job, in company training programs, individual reading or in night school. A well-designed agribusiness marketing course taken at the undergraduate level would help students in interviewing for entry level marketing positions and help them achieve success earlier. What follows are discussions of what should be taught in an agricultural marketing course as well as objectives for teaching, a typical course outline with selected readings, and a discussion of using case studies and an applied marketing project.

Objectives of Teaching Agribusiness Marketing

The main objective of teaching the agribusiness marketing course is to teach students the underlying economic principles and strategies of marketing agribusiness products. Students should be expected to understand the underlying economic theory of agribusiness marketing strategies as well as their application to various agribusiness situations. This can be accomplished by providing sufficient course material to answer the following questions:

- a) Why is there a need for agribusiness marketing strategies? A discussion of the economic market structure of the agribusiness sector and relationship between economic market structure and agribusiness marketing strategies should be provided by the instructor.
- b) What are agribusiness marketing strategies? Descriptive definitions of the various agribusiness marketing strategies should be provided by the instructor.
- c) When and how to use agribusiness marketing strategies? The instructor should rely on case studies and the applied agribusiness marketing project to illustrate the use of agribusiness marketing strategies under various situations.

Agribusiness Marketing Course Outline

A suggested course outline, list of readings and discussion of case studies and marketing projects are included to provide agribusiness marketing faculty a starting point for the development of their course curriculum. The outline and readings are meant to be suggestive and individual faculty should expand or change the content/readings according to specific needs.

Topics

Selected Readings^{a/}

I. Introduction

- A. Overview of the Agribusiness Sector (2):10-12; (4):5-8; (7):4-7
- B. Agribusiness Marketing Stages/Functions (1):13-16, 58-84
- C. What is Agribusiness Marketing? (1):4-6; (4):8-9

II. Economic Theory of Agribusiness Marketing Strategies

- A. Economic Principles - Demand and Supply (4):147-162; (6):101-107;
(2):69-106
- B. Economic Market Structures and Effect on Agribusiness Marketing Strategies (2):233-243; (4):176-183;
(6):36-51; (9):49-61;
(12):23, 393-399
- C. Measuring Market Concentration (7):78-79; (11):51-60,
145-152; (13):50-57
- D. Market Structure of the Agribusiness Sector (1):482-485, 491-492,
494-495, 498, 500, 504-506;
(4):90-94, 183-187;
(7):75-82; (10):135-147;
(11):154-160; (12):384-387;
(14):39-40, 43-47

^{a/} The number in the parenthesis corresponds to the selected readings bibliography.

III. Development of Agribusiness Marketing

Strategies

- A. Developing an Agribusiness Marketing Plan, Managerial Marketing and the Marketing Mix (1):270-274, 299-313;
(4):62-63, 281-282;
(5):4-8; (7):382-383;
(14):55-119
- B. Understanding Consumer Behavior (1):314-320; (3):75-88;
(4):39-41; 43-44, 70-85;
(6):372-382; (7):94-97
- C. Importance of Agribusiness Product Characteristics (1):325-328; (3):90-102;
(7):385-386
- D. Case Studies (5):307-323; (8):19-22,
283-286

IV. Agribusiness Marketing Strategies

- A. Agribusiness Pricing Strategies
 - 1. Monopoly and Oligopoly Pricing (6):390; (11):278-279,
293-322; (13):216-238
 - 2. Processor Pricing Strategies (1):355-376; (3):152-156;
(7):398-402; (12):86-90,
110-112, 208-213;
(14):234-259
 - 3. Retail Pricing Strategies (1):376-383; (3):143-152;
(6):391-393; (7):445-448;
(12):213-215
 - 4. Price Discrimination (6):393-395; (13):253-257
 - 5. Case Studies (5):273-275, 229-234;
(8):171-178, 347-350,
187-193, 359-362

B. Agribusiness Product Differentiation/
Innovation

1. Product Differentiation (1):328-339; (3):356-366;
(4):89-90; (6):395-400;
(7):387-392; (9):18-21;
(10):77-80; (11):241-245;
(12):84-85, 156-157,
203-205; (13):332-334
2. Research and Development (11):184-189; (13):346-366
3. Case Studies (5):185-198, 292-302,
346-361, 394-402; (8):39-48,
291-294

C. Agribusiness Packaging/Labeling

1. Packaging (1):341-351; (3):130, 133,
260-273; (7):386-387
2. Branding (1):351-352; (3):251-260
3. Case Studies (5):303-304

D. Agribusiness Advertising/Production

1. Promotion and Advertising (1):388-403; (3):131-132,
275-285; (4):284-288;
(6):382-390; (7):84-85,
392-394; (10):80-90;
(11):245-255; (12):217-219
2. Case Studies (5):283-291; (8):3-8,
275-278, 139-148, 335-338,
229-248, 375-381

E. Agribusiness Indirect Price Strategies (3):122-137; (7):395-396;
(10):235-236; (11):255-258

- F. Agribusiness Merchandising (3):120-122; (7):442-444;
(12):216-217
- G. Agribusiness Location/Transportation (2):176-183; (4):94-97;
(6):401-406; (7):73-75;
(14):399-410
- V. Evaluating the Agribusiness Marketing Program
 - A. Feasibility Analysis (6):406-413
 - B. Evaluating and Projecting Performance (1):417-424
 - C. Marketing Audit (1):424-425

Selected Readings for the Agribusiness Marketing Course

Agricultural and Food Marketing Texts

1. Branson, Robert E. and Douglass G. Norvell. Introduction to Agricultural Marketing. New York: McGraw-Hill Book Co., 1983.
2. Dahl, Dale C. and Jerome W. Hammond. Market and Price Analysis-The Agricultural Industries. New York: McGraw-Hill Book Co., 1977.
3. Darrah, L.B. Food Marketing. New York: The Ronald Press Co., 1971.
4. Kohls, Richard L. and Joseph N. Uhl. Marketing of Agricultural Products, 6th ed. New York: MacMillan Publishing Co., 1985.
5. O'Dell, William F., Ruppel, Andrew C., Trent, Robert H. and William J. Kehoe. Marketing Decision Making - Analytic Framework and Cases, 3rd ed. Cincinnati, Ohio: South-Western Publishing Co., 1984.
6. Purcell, Wayne. Agricultural Marketing: Systems, Coordination, Cash and Futures Prices. Reston, Virginia: Reston Publishing Co., Inc., 1979.
7. Rhodes, V. James. The Agricultural Marketing System, 2nd ed. New York: John Wiley and Sons, 1983.
8. Talarzyk, W. Wayne. Cases for Analysis in Marketing, 3rd ed. Chicago: The Dryden Press, 1984.

Industrial Organization and Market Structure Texts

9. Caves, Richard. American Industry: Structure, Conduct, Performance, 5th ed. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1982.

10. Connor, John M., Rogers, Richard T., Marion, Bruce W. and Willard F. Mueller. The Food Manufacturing Industries - Structure, Strategies, Performance, and Policies. Lexington, Massachusetts: Lexington Books, 1985.
11. Koch, James V. Industrial Organization and Prices. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1974.
12. Moore, John R. and Richard G. Walsh. Market Structure of the Agricultural Industries. Ames, Iowa: The Iowa State University Press, 1966.
13. Scherer, F. M. Industrial Market Structure and Economic Performance. Chicago: Rand McNally College Publishing Co., 1970.

Business Decision Making Text

14. Mantell, Leroy H. and Francis P. Sing. Economics for Business Decisions. New York: McGraw-Hill Book Co., 1972.

Agribusiness Case Studies and Marketing Projects

Agribusiness case studies and applied marketing projects are academic substitutes for "real world" agribusiness marketing experiences. They serve to link the various agribusiness marketing strategies as well as provide simulated "hands-on" agribusiness marketing experience. The major objective is for students to learn how to apply agribusiness marketing strategies in as close to an actual agribusiness marketing situation as possible.

The advantages (Thompson and Strickland) of assigning agribusiness case studies and an applied marketing project to students include:

- a) Providing practice situations for the application of agribusiness marketing strategies without the risk of the student making costly business mistakes.
- b) Developing student creativity, diagnostic problem solving, analytical and evaluation techniques, and the formulation of workable plans of action.
- c) Providing an exposure to a range of different agribusiness firms and alternative agribusiness marketing situations.

The agribusiness case studies focus on one or a limited number of agribusiness marketing strategies, whereas the applied agribusiness marketing project is concerned with the development of an agribusiness marketing plan and the integration of several agribusiness marketing strategies. There generally does not exist a "right" answer to the case studies or a "best" agribusiness marketing project. What is required, is for the student to demonstrate agribusiness marketing analysis and decision making which can be recognized by the student's ability to identify potential marketing problems and issues, make marketing suggestions, and defend the marketing analysis.

Due to the time constraint (generally the agribusiness marketing course is taught in one semester) the number of agribusiness marketing case studies must be limited. As illustrated in the course outline, the case studies should be limited to a few topics such as: strategy development and consumer behavior; pricing, product differentiation/innovation; packaging/labeling; and advertising. Similarly, the agribusiness marketing project should be assigned early in the course (e.g., after Section IV.D. - Agribusiness Advertising/Promotion) in order for students to have sufficient time for completion of the project. The topics applicable for an agribusiness marketing project can vary according to the instructor's preference, but some potential topics could include:

- a) Marketing of a value-added processed product such as a frozen dessert, beverage or breakfast cereal.
- b) Marketing of an agribusiness input such as an implement, ag-chemical or seed.
- c) Marketing of an agribusiness service such as pesticide application or agricultural managerial services.

The use of case studies and an applied marketing project is not to substitute away for on-the-job agribusiness marketing experience. Instead, case studies and marketing projects complement the in-class lectures/readings by providing practice situations of agribusiness marketing decision making.

Summary

Over 50 percent of the graduates from land grant Agricultural Economics departments are employed by agribusiness firms. However, the marketing courses generally taught in Agricultural Economics departments tend to be traditional courses oriented to production agriculture. Agribusiness firms have voiced their concern about this issue.

An alternative or complementary course to the traditional production-oriented agricultural marketing courses is presented. This course, Agribusiness Marketing, is designed to give students an understanding of topics such as the marketing concept, managing the marketing mix, the role of the product manager, preparation of the marketing plan, marketing analysis and formulation of marketing strategies. The main objective of teaching the agribusiness marketing course is to teach students the principles and strategies of marketing agribusiness products by presenting the economic theory of agribusiness marketing strategies as well as their application to various agribusiness situations. Case studies and an applied agribusiness marketing project are assigned materials for students in order to supplement the course lectures and subrogate for "real world" agribusiness marketing experiences. The course should not be considered as a panacea for Agricultural Economics departments or as a "ticket" for employment by students, but rather as a fundamental course in the analysis and application of agribusiness marketing.

References

Anderson, W. "Marketplace: Trends in Agribusiness." Feedstuffs March 22, 8 (1982).

French, E.E., J. Niles, and R. Westgren. "Agribusiness Management Classroom Education." Unpublished paper presented at the Western Agricultural Economics Association Meeting in San Diego, CA, July 10, 1984.

Litzenberg, K.K., W.D. Gorman, and V.E. Schneider. "Academic and Professional Programs in Agribusiness." Amer. J. Agr. Econ. 65 (1983): 1060-1064.

Thompson, A.A. and A. J. Strickland III. Strategy and Policy: Concept and Cases. (Plano, Texas: Business Publications, Inc., 1981) pp. 203-206.

Woolverton, M.W., G.L. Cramer and Timothy M. Hammonds. "Agribusiness: What Is It All About?" AGRIBUSINESS: An International Journal 1 (1985): 1-3.