



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*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](mailto: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.*



## A STATE AGENCY PERSPECTIVE ON INFORMATION AND RESEARCH NEEDS

*Mel Jefferson*

*Virginia Department of Agriculture and Consumer Services*

The Virginia Department of Agriculture and Consumer Services' Division of Markets is made up of four main areas: Market Development, Market News, Product Promotion, and Grading Services.

Product Promotion, our newest section, was conceived in 1969 to meet the growing needs of Virginia agriculture producers to efficiently and effectively promote their products to a more sophisticated and informed consumer group.

There are eleven commodity commissions in Virginia serving the following industries: apple, beef, corn, egg, bright flue-cured tobacco, dark fire-cured tobacco, peanut, pork, sweet potato, seafood, and soybean.

These commissions were established directly by state law or through referendum after establishing legislation.

The average age of Virginia's commissions is twenty years. The national average is nineteen years.

In Virginia, the governor appoints members to eight of the commissions. Other sources of appointment include producer elections; the Virginia Department of Agriculture; and the commodity commissions themselves.

All commissions utilize mandatory assessment on commodities.

Commission functions as established by law include education, promotion, and research.

The Department of Agriculture provides the various commissions with administrative, clerical, personnel, and management services and legal advice. It is also our responsibility to ensure all commissions expend their funds in accordance with state rules and regulations.

The Product Promotion section works with nine of the eleven commissions on a "per project request" basis. Most projects are based on matched funding between the department and the commission (not necessarily 50-50 split). Projects include the commodity promotion calendar, brochures, and special projects such as trade shows, workshops,

etc. The same functions are provided for approximately ten related associations statewide.

Also, in new action taken by the legislature this January, a state wine advisory board was established that will operate similarly to commodity commissions but with more flexibility. Our wine marketing specialist in Product Promotion will serve in an ex officio capacity on this board. We in the Division of Markets are acutely aware that the key to a successful program, working with and through the various commodity commissions, is in creative generic marketing of Virginia agricultural products.

The American Marketing Association Board has just released a new definition of marketing.

*Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.*

Corporate leaders are discovering that their most powerful competitive weapon is marketing. In a recent nationwide study conducted by Coopers and Lybrand and Yankelovich, Skelly and White, more than half of the polled executives at 250 corporations ranked marketing as the most important strategy for the '80s.

Virginia is just completing the third phase of a generic promotion campaign that has proved highly successful. The We Have It Made In Virginia (WHIM) campaign was an in-state consumer awareness program designed to promote products produced, processed, manufactured, or assembled in Virginia.

The total project was a cooperative effort of three state agencies: the Department of Agriculture, Division of Tourism, and Division of Industrial Development.

The goals of WHIM were three-fold: 1) to increase awareness of Virginia-made products; 2) to increase the consumer's ability to identify Virginia products in retail stores; and 3) to increase sales of Virginia products. Market research was conducted for acceptance of the theme, logo, etc. through a statewide phone survey. It should be noted that the state contribution was matched 10:1 by private sector in-kind contributions throughout Virginia.

The state tested the concept in the Tidewater area before offering it to the rest of the state.

One thousand stores and more than 200 Virginia manufacturers participated in the Tidewater area. The results were highly favorable showing:

1) A distinct shift in consumer attitudes and a substantial increase in the number of consumers who would buy a particular brand because it was made in Virginia.

2) Eighty percent of that area's consumers were aware of the programs after the test campaign.

3) Seventy-one percent of area consumers felt that state funds should be spent to support such a program.

Statewide coverage of the WHIM Campaign will be completed this month in southwest Virginia.

Final project statistics are not all in, but where sales were tracked at retail stores with scanning operations, the identified Virginia-made products showed substantial sales increases of from 15% to 600%.

As the WHIM campaign continues, special emphasis will be given by our Product Promotion staff to work with retailers in promoting Virginia agricultural products. The WHIM campaign is an exception to most generic promotion programs. Usually sales cannot be tracked easily. As more and more generic promotion is done, it's important that we be able to track sales for valid evaluation purposes.

The concern for evaluation continues to be primary. In addition to the problem of isolating other variables that affect demand, measuring the effectiveness of generic promotion is difficult because the total effect is not evident in the immediate sales response. Consumers do not always respond immediately to advertising promotion programs. Often sales increase notably only after an extended advertising campaign, and sales do not drop immediately when the promotion ends.

A recent United States Department of Agriculture (USDA) research report on generic advertising stated three main issues on how generic advertising affects consumers.

1) Provides them with useful information about specific commodities, including nutritional information and recipe ideas, while introducing them to a greater variety of foods.

2) Cost passed on to consumer in product price.

3) May affect loyalty to specific brands and reduce entry barriers to new or lesser known brands.

Increased demand for products benefits the consumer by creating greater competition that is then reflected in food prices. Generic advertising assists all sources of supply from small to large. Producers benefit from expansion of channels to move products.

The complexity of today's marketplace and a more knowledgeable consumer base leads me into discussion of the expressed need for more dollars being placed in marketing research.

At the recent National Food Policy Conference in Washington, D.C., which covered all dimensions of food and agricultural policy in 1985 and beyond, a common thread emerged from all major speakers — dealing with this country's farm plight through reduction of the federal budget deficit, resource conservation, and *market development*.

Past history has dictated that the major portion of public dollars be used in research for production agriculture. Land grant universities have been "heralded" for being in the forefront in domestic and international research arenas. And they should be commended for their tremendous research efforts.

David Call, vice president of Cornell University, in discussing possible scenarios for the future of agriculture, said, "There is no way to cut off gains in productivity in agriculture. There is enough in the pipelines right now in the way of new technology to maintain a 1½% to 2% gain in productivity until the year 2000"[1].

Knowing that these biotechnologies are in the works that far into the future, the time is right to move from a *reactive* marketing approach in the agricultural industry to *proactive* marketing. In order to design effective, efficient commodity programs to meet today's complex consumer and producer needs, we feel it is imperative to pump more dollars into marketing research. Priority energies are needed beyond the production levels through the processing, packaging, handling, and retailing systems to the consumer.

Just how important is today's consumer in this scenario? In 1981 16% of disposable personal income was spent on food. Because the farm value of food is likely to register a decline in 1985, the United States consumer will spend only 14.6% of disposable income on food, arguably the world's best food bargain. In Japan, 21% goes to food, in the Soviet Union 33%, and in China 60%.

Today's consumers are more sophisticated, educated and more open-minded about new foods and new ideas related to food selection. Weight loss books continue to rank second on the best seller lists.

My marketing staff has been telling me about Grazers, and being a former dairyman I thought I knew what grazers were, but these aren't the four-legged kind! They are young upscale urban professionals who eat out two to three times a week, look for quality food at a good price, and are "into" gourmet foods, esoteric items such as buffalo milk cheese (which I understand is very good), and a variety of cuisines. In the '70s, the *food price* was the key issue to consumers in the marketplace. Today there is heightened awareness of health concerns, the need for more accurate nutritional information, and quality food products even at a higher price. In 1985 American consumers will spend \$410 billion on food.

Stephen Greysor, professor of marketing at Harvard Business School indicates that "the competitive environment has been radically altered by *shifting consumer values*, deregulation and foreign competition."

The Kroger supermarket chain which conducts 250,000 consumer interviews each year, has, as a result, added flower alleys and fresh-fish counters to its stores, a prime example of consumer influence. "Marketing is now central to success at any company in any business,"

says Greysor. It's going to make the difference between the winners and losers"[2].

In Virginia this past year, the need for a marketing program was made apparent with the emerging broccoli crop in Southside, Virginia. A producer cooperative was formed for the purpose of quality control, and packaging and shipping programs were instituted for an integrated operation. Virginia Broccoli Week was designated by the Governor and as a result this emerging crop grossed farmers approximately \$750,000. That is just a small example of the difference marketing can make in the industry.

The bottom line as we see it is this. Marketing research is needed for product growth and development both on a domestic and international level. New strategies in market development are needed now for agriculture to stay competitive in domestic and world markets. And we think the mixing of public monies through public institutions with those from the private sector, similar to production agriculture, is imperative for effective commodity promotion programs and agriculture in general to be on the "cutting edge."

#### REFERENCES

- [1] Call, David. "New Directions and New Pressures: What are Possible Scenarios for the Year 2000?" Paper presented at National Food Policy Conference, Washington DC, March 1985.
- [2] Foltz, Kim, Michael Reese, Nadine Joseph. "To Market, to Market." *Newsweek*, Jan. 1984, pp. 70-72.
- [3] United States Department of Agriculture. "Generic Advertising of Farm Products." *The Reporter*, Dec. 28, 1984, p. 1.