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Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.) typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c/o Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

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# THE POSSIBILITY OF A MARKETING MANAGEMENT APPROACH IN SOUTH AFRICAN AGRICULTURE

by C.M. DU TOIT  
University of Port Elizabeth

## INTRODUCTION

From the nature of the large number of contributions to the literature on marketing management in recent decades, it appears that the integrated marketing management approach, both in educational programs and in actual practice, has become the accepted norm for a successful marketing effort by the *industrialist* or *merchant*. Uncertainty about the position of the *agricultural* producer has led to an investigation into South African agriculture, with special reference to the wool industry.<sup>1</sup> From the outcome of the investigation it is possible to consider the nature of the need for a new approach in agriculture, the advantages of a management approach, and an outline of the core elements of the marketing management concept which may be considered in the further construction of an agricultural marketing management concept.<sup>2</sup>

## THE NEED FOR A NEW APPROACH

Scholtz<sup>3</sup> had the needs of the seventies in mind when he referred to the production-orientated character of South African agriculture. In his article Scholtz stressed the need for:

- (i) Greater emphasis on marketing amongst all concerned, from the producer to the final distributor;

- (ii) a better understanding of consumer needs among producer majorities on agricultural control boards;
- (iii) more adequate adjustment of production through extension services for producers and the planning of an appropriate price policy; and
- (iv) the promotion of greater organisational co-operation with a view to a purposeful and co-ordinated approach to agricultural marketing.

Scholtz's plea for agricultural *control* boards to become agricultural *marketing* boards in the fullest sense amounts to an endorsement, in principle, of an integrated marketing management approach for South African agriculture.

The Commission of Inquiry into Agriculture also stressed the need for adjustment in the marketing field. Although changes could be expected as a result of the inquiries of the subsequent Commission of Inquiry into the Marketing Act, the practical needs and conditions of the early seventies could be expected to remain important, in several respects, for a long time.

An attempt was made by the author at the academic level to obtain an indication of the nature of the need. In 1973 a questionnaire was sent to departments at South African universities and agricultural colleges which offer courses in agricultural economics and courses of a business economics nature. All departments responded positively, with the exception of the university department from which, in spite of a second request, no reply was received.

Table 1, which is based on the answers received, shows how agricultural marketing is presented by 25 departments.

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1. Du Toit, C.M. 'n Bedryfsekonomiese ondersoek na wolbemarking in Suid-Afrika met spesiale verwysing na bestuursbeplanning, -organisasie en -besluitvorming. Unpublished D. Com. thesis, University of Potchefstroom, Dec. 1973. Research bursaries received from the Human Sciences Research Council and the University of Port Elizabeth are hereby acknowledged.
  2. For the purposes of the article, the term "agricultural marketing" refers to the marketing of the products of the agricultural producer.
  3. Scholtz, A.P. Marketing planning and adjustment in agriculture in the seventies." *Agrekon*, Jan. 1971, pp. 47-56

**TABLE 1 —Presentation of agricultural marketing by 25 university and agricultural college departments**

Form of Presentation	Universities		
	Business economics	Agricultural economics	Agricultural colleges
Agricultural marketing an integral part of general marketing	12	1	2
Agricultural marketing clearly differentiated from general marketing	1	-	1
Agricultural marketing main contents of marketing curriculum	-	4	1
No agricultural marketing	2	-	1

It seems that the majority, namely fifteen departments in all, offer agricultural marketing as an integral part of the general marketing curriculum. One can conclude from this that students, in learning about the different approaches covered in general marketing courses, to a large extent also learn about the management approach.

The question arises what the position is at the minority of departments where agricultural marketing is either clearly distinguished from general marketing or constitutes the main contents of the curriculum. From the information on curricula supplied, it appears that at some of these departments various aspects of marketing management are studied. As far as sources of reference for agricultural marketing are concerned, academics have to rely mostly on their own notes Government publications and textbooks and articles of a functional, institutional or analytical character. In some cases selected chapters from the literature on general marketing management are consulted.

Although students of agricultural marketing apparently have ample opportunity to learn about a marketing management approach, it is not possible to conclude from the information obtained that, at the academic level, integrated marketing management is accepted as a clearly formulated norm for agricultural marketing. Rather the impression one gains that, until the applicability of a management approach in agriculture has been more clearly defined, students and academics will have to rely mainly on the traditional ap-

proaches and sections of the literature on general marketing management. This impression is confirmed by the contents of the following table.

**TABLE 2 —Approaches followed by departments in presenting agricultural marketing**

Approach	Universities			Total
	Business economics	Agricultural economics	Agricultural colleges	
Management	3	1	1	5
Other	8	4	3	15
No indication	2	-	-	2

Table 2 was compiled from answers to a direct question about the approaches followed in lectures on agricultural marketing. It appears that only five out of a possible total of 22 respondents offering courses in agricultural marketing have indicated a management approach, usually in combination with other approaches. The fifteen departments following only other approaches rely mainly on one or more of the functional institutional, product or "analytical"<sup>4</sup> approaches.

Whereas college and university departments obviously stand to benefit from a clearly formulated agricultural marketing management concept, the question could be asked why such a concept was not formulated long ago. An answer to this question should probably be sought in the extraordinary circumstances of the agricultural sector.

From the management point of view the agricultural sector is distinguished from the other sectors by two factors especially. In the first place, weather conditions and low supply and demand elasticity are always a factor in agriculture, so that the producer's position is relatively unfavourable in respect of "....the business

4. An acknowledged authority on agricultural marketing defines an analytical approach as follows: "The analytical approach used here ... breaks marketing problems down into their economic elements and measures demand to determine whether demand creation is needed in the first place, or whether, instead, a change in the form or quantity of the good is needed to meet the demand ..." Shepherd, G.S. and G.A. Futrell. Marketing farm products - economic analysis. Ames, Iowa, The Iowa State University Press, 1970, p.28. This approach must be distinguished from what is sometimes described as an analytical approach to marketing management, but which boils down to a purely quantitative approach to management aspects. See Simon, L.S. and M. Freimer, Analytical marketing. New York, Harcourt, Brace & World, 1970

process by which products are matched with markets."<sup>5</sup> In the second place, as history has consequently shown, joint action, Government-assisted control measures and the development of a complex organisational structure are in most cases indispensable if there is to be orderly marketing. Under the circumstances, the least possible disturbance of the free market mechanism has remained the predominant single norm, albeit possibly to a diminishing extent. At the same time the possibility that a particular, but unidentified, form of marketing management could already have started to develop in South African agriculture has apparently not been fully taken into account.

### ADVANTAGE OF A MANAGEMENT APPROACH

More contemporary than the functional, institutional and product approaches, a management approach generally offers important advantages over most of these traditional approaches. Because the management approach is not necessarily descriptive, a critical and analytical approach to the marketing task is possible. The objectivity achieved in this way fosters scientific progress in the marketing field. Considerable progress is already apparent from the integration into the management approach of a variety of models, principles of the systems theory, simulation methods and quantitative techniques. Whereas the character of certain approaches, especially the product approach, is repetitive, under a management approach the complex problem of finding an optimum combination of marketing instruments contributes to a more fundamental treatment of the problems attached to different products.

The typical viewpoint under a management approach, unlike most of the traditional approaches, is not that of an outsider looking at the economic processes between the point of production and the point of consumption. It is rather that of an involved person actively in search of innovation and the positive, but responsible, pursuit of long-term and short-term objectives. For the decision-maker, consequently, the management approach is an exceptionally realistic one. It is characterised by a problem-solving procedure and a cycle of analysis, planning, operations and control. A distinction is made between environmental factors, management aids and policy instruments. Possibilities and constraints are identified. Competitive requirements are constantly acknowledged.

The management approach does not fail to appreciate the value of other approaches. On account of its

advanced stage of development, the management approach is comprehensive and is therefore able to incorporate contributions from the older approaches. The necessity and nature of marketing functions are comprehended, and distribution channels can be evaluated. Product characteristics are related to management requirements. The underlying market forces are still acknowledged, but are not given a dominating role. There is room for the contributions of the economist, agricultural economist, business economist, psychologist, sociologist and statistician towards a more integrated and synergistic total marketing effort.

With more specific reference to agricultural marketing, a clearly formulated marketing management concept may offer the following advantages:

- (i) Basic and applied knowledge of the marketing task may be supplemented;
- (ii) closer matching of academic and practical training programs with the requirements of management practice;
- (iii) improved adaptation, co-ordination, planning, operations and control at the various levels of marketing and production;
- (iv) better understanding among agricultural producers, producer representatives, manufacturers, distributors and consumers of the market and marketing requirements as they apply to agricultural products;
- (v) improved equilibrium between the agricultural sector and non-agricultural sectors; and
- (vi) the discovery and development of new criteria of efficiency, and, consequently, greater satisfaction of human wants and needs in general.

Since, under a management approach, it is necessary to rely to a large extent upon human capabilities, the limitations of a management approach are to be sought in inadequate training, imperfect knowledge of the principles of responsible marketing management and insufficient control measures. Consequently, a fundamental comprehension of the core elements of marketing management can be seen as an important prerequisite for the formulation and application of an agricultural marketing management concept.

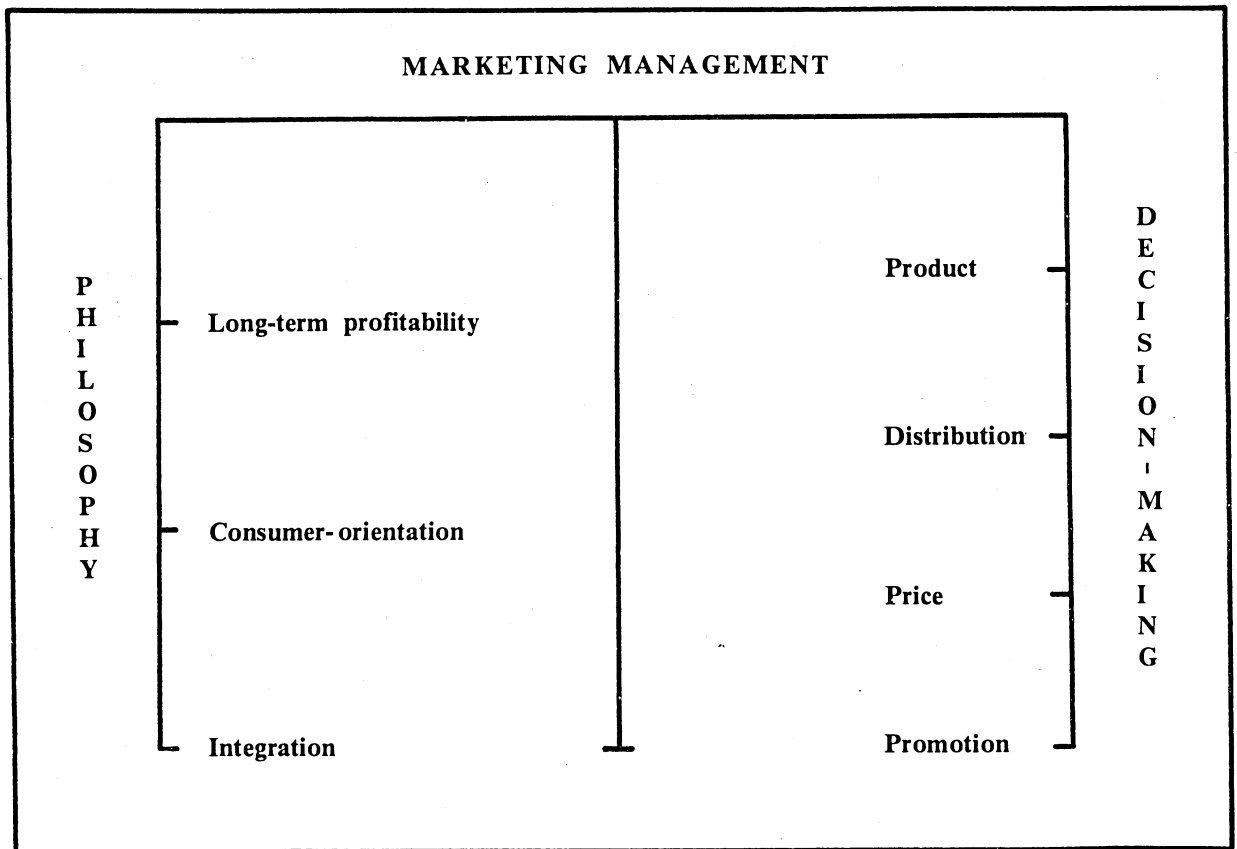
### THE CORE ELEMENTS OF MARKETING MANAGEMENT

The marketing management concept is presented in various ways in marketing literature. Considered fundamentally, and with a view to wide applicability, the concept falls into two main parts, each containing

5. Cundiff, E.W. and R.R. Still. Basic marketing: Concepts, decisions and strategies. Englewood Cliffs, N.J., Prentice-Hall, 1971, p.4

further core elements. The elements indicated in the following sketch appear to illustrate the most important contents of the concept:

The other major part of the marketing management concept is the management component. The management task is often subdivided into elements such a



The first main part represents the "philosophy" of marketing, usually indicated in marketing literature as the "marketing concept". The three core elements of this particular philosophy are in the nature of objectives. The creator of utility (producer) in the first place pursues long-term profits, or, according to Ansoff<sup>6</sup>, the constrained and responsible maximisation of the profitability of resources in the long term. To go into greater detail, the profitability objective is a generalised main objective, made more functional by the formulation of auxiliary objectives, constraints and responsibilities. Consumer-orientation, in the second place, constitutes an important focus for management. On the one hand this implies the acquisition of adequate information on consumer wants and needs. On the other hand a compromise must be found between the consumer's unlimited wants and needs and the producer's relatively scarce means. The third element, namely the integration of consumer wants and needs at all levels of the organisation, consequently becomes indispensable to the most adequate total effort.

planning, organising, co-ordinating and controlling. For the purposes of the marketing part of the management task, it is useful, in accordance with the decision-school,<sup>7</sup> to regard efficient decision-making as the core of the management task. The central decision-making problem of the marketing manager, then, is the planning and utilisation of an optimal combination of policy instruments, usually consisting of a product policy, distribution policy, price policy, and promotion policy. This combination is pursued in the face of largely uncontrollable factors, such as consumer preferences, competition, technological development, legislation and various non-marketing factors.

From the management side of the marketing management concept the necessary existence of some or other *decision-making unit* or *organisation* becomes apparent. Taking the particular circumstances of agriculture into consideration, the question arises whether a single, united, decision-making unit is absolutely essential for effecting marketing management. Three fac-

6. Ansoff, H.I. Corporate strategy. New York, McGraw-Hill Book Company, 1965, p.29 *et seq.*

7. See Rädcl, F.E. and H.J.J. Reynders. Inleiding tot die bedryfsekonomie. Pretoria, J.L. Van Schaik Limited, 1971, p.260

tors, however, complicate any absolute conclusion on the indispensability of a specific type of decision-unit, or even of any of the other elements of the concept:

- (i) The concept elements are of an *abstract* nature and the possibility of other subdivisions cannot be excluded. Owing to the undiscovered possibilities of the marketing concept, absolute clarity on the full contents of the concept has not yet been reached in the literature.<sup>8</sup>
- (ii) The delegation possibilities of management tasks lend a character of *substitutability* to the producer's participation in the marketing management task. Substitutability is also possible in regard to the marketing instruments.
- (iii) The uniqueness of the marketing management concept is to be found not only in the existence of separate parts or elements, but especially in the coordinated and integrated *total effort*.

## CONCLUSION

The necessity for more information on the possibility of an agricultural marketing management concept in South Africa is indicated by both the require-

ments of actual practice and the contents of academic curricula. Several advantages can be gained from a clearly formulated concept. A clear concept can also be considered an important guarantee against economic inefficiency.

The abstractness, substitutability and combined effect of the elements of a marketing management concept preclude any absolute ruling on the minimum requirements for the identification of a marketing management approach. The possibility therefore exists that several forms or degrees of marketing management application may exist. For this reason it is possible, depending on the emphasis required, to refer to "production-orientated" marketing management or "fully intergrated" marketing management.

The essential contents of the marketing management concept, as suggested in this article, are not offered as a complete reflection of the marketing management approach. This concept can only serve, on a hypothetical basis, as a conceptual point of departure when evaluating, firstly, the organisational structure which has developed for the marketing of South African agricultural products, and, secondly, the actual marketing activities. In subsequent articles the organisational structure and marketing activities are more closely examined.

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8. See Kotler, P. Marketing management: Analysis, planning and control. Englewood Cliffs, N.J., Prentice-Hall, 1972, Chapter 24