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MARKETING AND THE "GREEN PAPER": AN ALTERNATIVE VIEW

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The following remarks are directed at the notions of marketing and marketing policy contained in chapter six: Agricultural Marketing Policies, of that document entitled "The Principles of Rural Policy in Australia: A Discussion Paper", otherwise known as the "Green Paper" [3]. To some extent this exercise is a semantic one. However, some comments appear in order since the particular usage of the two concepts have significant effect on the tenor of the chapter and, presumably, the inferences that can be drawn from it.

The approach to marketing adopted in the Green Paper is known as the functional approach. This considers marketing to consist of a number of activities which it classifies into specific components—exchange functions (buying and selling), physical functions (storage, transportation, processing), and facilitating functions (grading, finance, carrying of risk, market intelligence). All these activities do occur in marketing. However, there is a fundamental difference between this approach and that commonly accepted by those involved in marketing. This is that the functional approach implicitly defines marketing as a bundle of residual or intervening activities between farmer and consumer, rather than as a philosophy.

The difference can be explained in terms of the polar views of selling and marketing, the former view being that which is definitionally implicit in the functional approach.

Marketing, for all intents and purposes, is generally seen as something more than the technical organization (storage, grading, market intelligence, etc.) of the activities needed to sell a product, to deliver it, and be paid for it. At the extreme, "selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product to cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it" [6, p. 50]. Thus, marketing looks upon an industry from the point of view of its ultimate purpose or justification, that is, from the point of view of the consumer. It is assumed that consumers are only interested in the satisfaction of their individual needs and expectations. An industry, or the products therefrom, are of no interest *per se*. This view has led to the development of the so-called **marketing concept** [see 5, p. 17], which states that a consumer orientation reinforced

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by integrated marketing and directed toward the generation of consumer satisfaction is the key to satisfying organizational goals. The marketing concept thus reverses the logic of the sales concept (synonymous with the functional approach).¹

This paradigm of marketing is certainly at variance with that employed in the Green Paper. Its most immediate and obvious implication is that marketing subsumes production. Any delineation between the two is utterly illogical. The difficulties in maintaining the position that marketing and production are separable throughout the Green Paper, even given the functional approach, are apparent. The prime example is that where vertical integration occurs, that is, where there is no clear discontinuity between production and marketing. The limited applicability of the functional approach also expresses itself in the difficulty of generalization. Farmers individually, or groups thereof (such as Economic Wool Producers), inferentially do not make marketing decisions, simply decisions to produce.

The marketing concept can be further extended within the context of general system theory. As such, it can be considered as a particular form of *that philosophy or approach taken by an individual or organization which takes the point of view of that of its environment*, and in which the task of management is “to match constantly the actual and potential capacities of the system to the actual and potential requirements of the environment” [1, p. 10].

It can be seen then that the marketing concept is applicable to any (*a priori*) defined system, and is particularly valuable in understanding “multiechelon or multilevel, multigoal systems” [4, p. 200] such as are typified by many agricultural industries. It concentrates on exchange and the activities associated with its facilitation, or, in system’s terms, on the responsive and adaptive behaviour of a system to its environment as the system seeks to optimize its particular objective function. The concept is positive and purposeful.

Given this view, that of marketing management also becomes something quite different. The domain of its concern, rather than that solely of the functions of transport, storage, grading and so on, is extended to encompass essentially four activities—analysis (market intelligence and research), organization (system structure), planning (utility mix creation—time, place, form, ownership and information), and control (system alignment to objectives).² The content of this chapter of the Green Paper can thus be recast. In this framework, it is immediately apparent that the chapter is concerned primarily with organization and to a lesser

¹ It is obvious that the activities of selling and marketing, observably, can be one and the same thing in certain circumstances—for example, at auctions; and that selling can be the optimal approach in relation to certain short-term objective functions.

² Further elucidated, analysis is the study of markets and the marketing environment, with a view to identifying opportunities and threats. Organization concentrates on the system and its organization for marketing effort, basically in terms of strategy (what can we do). Planning is concerned with specifically marketing decisions (pricing, promotion, distribution, product formulation). Control is concerned with the need for continuous measures to insure the achievement of objectives and realignment thereto.

extent with control (sections deal with co-ordination and integration, co-operatives in rural industry, organized marketing, and international marketing arrangements). Analysis (a section on market information and communication) and an aspect of planning (a section on promotion) are mentioned only peripherally.

The stress of the chapter on organization and control is not surprising, and can be explained in a restricted sense by the theory of countervailing power (*see* [2]). The theory argues that organizations subject to power will tend to search for ways of exercising countervailing power over the power holders. “. . . Private economic power is held in check by the countervailing power of those who are subject to it. The first begets the second” [2, p. 111]. Organization and control though, are necessary but not sufficient conditions for the attainment of organizational objectives. The interdependencies which exist between the four activities mentioned demand the formulation of an integrated approach. To the extent that analysis, and in particular planning are not recognized there must result overall sub-optimization.

Finally, there is the question of agricultural marketing policy.

Policy has always implied the question “what *ought* we do”? It is the first expression and guiding image of normative thinking and action. The purpose of policy is thus “to give direction, coherence and continuity to courses of action” [7, p. 25]. If it is accepted that policy making is the setting of governing relations or norms rather than of goals, objectives or ends, then the Green Paper largely achieves this. However this chapter, as a statement of agricultural marketing policies, leaves something to be desired. It is descriptive and, at best, course-holding. Those policy statements which do emerge appear to have resulted from intuitive strategies, and from the current operation and presence of existing institutions and instrumentalities in Australian agriculture. The lack of agricultural marketing policy, so disguised, is in this sense self-perpetuating, since there has been no recognition of the logical and practical need for a policy design for agricultural marketing as a necessary first step.

In sum, the overall effect of the chapter engenders a feeling of some disappointment. The result however is in large part determined by an antiquated and inappropriate notion of marketing.

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