

Management of the Distribution of Agri-Food Products in Romania

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Abstract

The distribution activity is a transfer of the product from producer to consumer so that a connection is made between a production as concentrated as possible and a volume as fragmented as possible.

Distribution is defined as the set of "economic and other activities, through which material goods and services are oriented through the market to their destinations, as well as the processes of distribution and redistribution through which income is distributed to various activities." The distribution activity achieve the totality of the "economic and technical-organizational processes regarding the management and transmission of the flows of goods and services from producer to consumer, in conditions of high economic efficiency".

The process of the product circuit is given by the distribution activity and by the set of relationships generated in the market sphere by the transfer of the product from producer to consumer.

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1. Introduction

Distribution management plays an important role where the needs and opportunities of the presence of intermediaries are justified by the functions they perform.

Distribution-specific functions can be:

- The information function - achieved through the information flow of the enterprise in two ways: from producer to consumer (availability, characteristics of related products) and from consumer to producer (new potential markets, current marketing problems, competitive market);
- The function of availability – by building the utilities of space and possession, bringing the product in front of the consumer in accessible places in a way that would allow him to enter into possession of the product.
- The demand function - supported by the provision of commercial services, by ensuring an appropriate level of customer service, by using persuasion methods, in the sense of purchasing the products of the respective company.

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The macroeconomic functions of the distribution are based on a grid of functions that target the distribution at the microeconomic level such as:

- making the sale, concluding commercial transactions; ending the sale by taking the order, packaging, shipping, delivery;
- the financial development of food products intended for sale;
- relationships with potential buyers maintained through the provision of marketing services
- preparation for the sale of products
- motivation through: promotion, presentation of the offer;
- maintaining stocks for sale in shipping depots, commercial warehouses;

2. Management of producer groups

Producer groups represent forms that under the law are supported in the establishment activity by providing internal and external sources of financing.

Agricultural consortium is a form of organization without legal personality for the organization of agricultural services, where there are not enough people. The purpose of this agricultural consortium is to maximize efficiency through the use of technology and to meet the requirements of the consortium members for the availability of new equipment.

The differentiation of the distribution functions at microeconomic level can be classified as follows:

- functions of distribution channels: transaction, purchase, sale
- logistical functions: sorting, storage, transport;
- promotion functions: marketing.

This classification has similarities with the analysis of functions performed by different authors, which emphasizes the purpose of distribution channels.

The decision issue was structurally analyzed in two stages: the first stage refers to the advantages of specialization, and the second stage to the efficiency of contacts between the partners participating in the distribution process.

Distribution depends on the nature of mobility, which is why it is viewed in two dimensions in the food trade system.

1) Distribution management is based on the system of relationships between the three important areas of the market:

- Production - making food products;
- Food consumption - meeting consumer needs;
- Food transmission - commercial transactions, from producer to consumer;

2) The distribution process includes management and marketing activities related to the transfer of goods.

Another definition of distribution is based on the relations between the four components of the marketing mix (the "4 P": product, price and product promotion), for each component of the marketing-mix, From the perspective of a

manufacturing company, the following questions are asked about the forms of distribution of products:

- Product
 - What are the most appropriate distribution methods ?;
 - What adaptations need to be made to the existing distribution modalities?
- Price
 - What prices / costs can be practiced in the distribution methods ?;
 - What effect will it have on other markets?
 - Where are the company's products sold? ;
- Promotion
 - What is the target clientele ?;
 - What are the marketing methods and techniques used?
 - What kind of management and marketing structures are needed.

3. Policy on the marketing of agri-food products

The policy in the field of agri-food products is viewed predominantly in terms of quality. In international standards, quality policy is considered to be "the set of guidelines and general objectives of an organization regarding quality, as they are officially expressed by the management of the organization at the highest level."

In this set of production and marketing structures, European policy to promote the quality of agri-food products is a component of the Community's agricultural policy (CAP). It is aimed at businesses, public authorities and consumers at the same time and aims to establish a necessary framework for improving the quality of agri-food products, the competitiveness of European businesses and the lives of citizens.

With the help of the Community Agricultural Policy (CAP), the European Union encourages farmers to obtain high quality agricultural products. In recent decades, the CAP has undergone changes in the transition from the quantitative aspect of agricultural production to its qualitative aspect.

At the beginning of its development in the 1960s, the main purpose of the CAP was to ensure the food security of the citizens of the Member States. At present, in the conditions in which the initial goal has been reached, for many agricultural products the European Union ensuring the consumption from the domestic production in proportion of 100%, the CAP has reoriented towards the qualitative aspect of the agri-food products, and less towards the quantitative one. This is one of the reasons why European quality policy is said to be a transcendent policy, as it harmonises with the national policies of the Member States, with the policy of sustainable agriculture, in order to substantially increase their effect.

a) Identification of products by which EU standards are considered regulations that provide, for a significant number of agricultural products and for certain finished food products, product definitions, minimum standards, product

categories and labeling requirements for consumer information. Most Community marketing standards define the agricultural and food products they regulate in a way that sets out a clear set of common rules for the description of the product.

b) Requirements for agricultural production are a prerequisite for sale to consumers. Fresh fruits and vegetables may not be sold to consumers unless they are in poor condition, with reference to batches of products affected by rot, stains, dirt, parasites, if undeveloped.

c) Quality and size categories include mandatory classification systems, they have been transparently placed on the market to allow consumers to compare product prices. For example, eggs must fall into one of four categories - "XL", "L", "M" and "S" - and classified according to the production method: "hen's eggs raised in cages", "hen's eggs raised in ground sheds", "hen's eggs raised in the open air" or "organic eggs", the fulfillment of all these requirements in marketing requires that each state adopts adequate distribution policies, focused on the qualitative requirements of quality in the agri-food chain.

The set of marketing and distribution management requirements is generated by the impulses for significant changes in the structure of distribution channels such as: the appearance of a new product on the market, quantitative and / or qualitative changes of customers, the emergence of new technologies in the system (bar code, automatic transport and storage systems, remote data transmission, customer credit cards), the emergence of new forms of organization of trading companies, the intensification of vertical competition, etc. It follows that the participant on the international agri-food market must meet these new requirements, but there are also difficulties in marketing agricultural products, emphasizing:

1. agricultural production is of a food nature, the products are perishable and appear on the market in the same season. Demand for food consumption varies while industrial demand may be speculative with a direct influence on declining food prices;

2. problems related to product collection due to dispersal of agricultural products, preservation of perishable food;

3. the state that can intervene in: setting: the "ceiling price" (for consumer protection) and the "maximum price" (consumer protection); creation of markets of national interest - distribution.

The agri-food producer has three alternatives when it comes to deciding on distribution policy: direct selling, selling through intermediaries, "dual" policy, combining direct selling with selling intermediaries.

The distribution company has the role of intermediary between producer and consumer, its contribution being the provision of products and services, marketing has an important role - meeting the needs of consumers.

4. The market and its forms

The market represents supply and demand is given by consumption needs (productive or individual). The market is like an economic sphere and is based on the ratio between supply and demand of a good or service and their passage in the form of sale-purchase documents.

The criteria of market forms in the economy are: market objective, meeting place, market size.

Types of markets: goods and services market, money market, labor market, capital market.

The problem arises in Romania of achieving a functional agricultural market for all products in an institutional framework and the existence of structures, requiring the creation of market institutions, staff training and financial resources.

The commodity market is the market that trades agricultural products economically. The objective of the agri-food market is manifested between the partners through the involvement of the company having as objective the sale and purchase of products / services, rents, employment, capital loan, services. In foreign trade in agricultural / agri-food products are services designed for exporters in order to establish direct contact with buyers.

The performance of agromarketing returns to the perfect market in which demand and supply remain constant and the price is uniform.

Agricultural product market problems:

- Management products
- Terms and conditions of sale-purchase between the producer and the buyer agreed for the purchase of crops or products of animal origin
- Organization and management of storage spaces
- Use of an information system for trading agricultural products, preparation of operating regulations and rental procedures

In order to promote a real trade policy, both producers and distributors must analyze all the particularities of agricultural products. The form of covering the agri-food market aims at food security being characteristic of the degree of food consumption insurance at national and territorial-administrative level.

Form of coverage of agri-food products:

- Current where food commodities are included;
- Where the food is tested by the consumer;
- Exclusive products have a unique character.

4.1 The activity of management and promotion of agri-food enterprises

Companies can promote and adopt management and marketing strategies through which they make their services or products known.

A large share in companies budgets is represented by advertising activity, companies allocate a lot of money for promotion, such as classic commercials (TV,

radio, cinema) or commercials that are based on prints (brochures, leaflets, catalogs).

In Romania, companies in this field use the services of advertising agencies.

Marketing campaigns must fulfill five basic functions: informing, convincing, reminding, adding value and supporting the company's efforts.

5. Methods for improving the management of the distribution of agri-food products in Romania

1. Studying consumer behavior

Consumer behavior can be studied by:

- dissatisfaction
- instability
- demanding
- curiosity

Attention to the most important preferences of consumers: processing, serving, geographical area, product specificity.

Knowing consumer behavior is an important aspect of distribution management and marketing so that the goal of making new products and ensuring a balanced diet is successfully achieved.

Customer relationship management develops the relationship between the company and the final consumer, being carried out in three stages:

- Updating the services offered
- Processing consumer behavior data
- Continuous improvement of customer needs

The management strategy based on information technology ensures a correct communication between the organization and the client. These strategies involve the adoption of decisions based on the choice of potential customers, by developing the strategic management of customer relations.

Solving the problems in the agri-food sector

The analysis of the supply chain consists in the study of an agri-food product from the raw material to the consumable food product. The identification of problems in the agri-food sector is based on an analysis carried out on three levels:

- A “macro” level has an important role in the technological process, knowing the action of the upstream and downstream, the type of consumption, production.

- A “micro” level has an important role in the material circulation of goods and services, added value, price distribution.

- An “ecological” level has an important role in sustainable development programs, concerns associated with the environment in order to avoid the waste of scarce resources and pollution.

6. Conclusions

The management of the distribution of agri-food products plays a very important role for all the economical agents in the market. Thus, by placing the product in the right place, at the right time and according to the market demand at that time, a high level of consumer satisfaction can be achieved. A correct management system ensures the connection between the consumer and the producer, the connection through which the performance of the distribution channel depends.

Creating local action groups so that small producers in the agri-food field benefit from an efficient network containing storage spaces in optimal conditions of products and ensuring their delivery in the best conditions. Another important factor is to ensure a market, through which the products made available to the consumer are standardized according to the requirements of the field. Through these actions, wholesale markets can be formed placed in economically important areas that could support exports.

The increase of the distribution performance of agri-food products can be obtained through a management system based on customer loyalty and a correct offer in terms of quality and price and by developing new products based on consumer feedback obtained through market research conducted in order to analyze their requirements, this can be achieved only through a sustained relationship between the company and the consumer.

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