MARKETING STRATEGIES FOR PERISHABLE AGRICULTURAL PRODUCTS

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ABSTRACT:

The existence of matter in the physical world is a subject of uncertainty. Not everything that is tangible can stay forever literally. Perishability is in the nature of everything in the universe except for a few things like Diamonds. But there are more important things to humans than diamonds. Humans have ever been trying to preserve things for many centuries. They tried to preserve dead bodies through mummification, memories in the form of books and last but not least the food. Speaking pragmatically, food has been the prime important thing that has been keeping humans busy through the ages. Food is the reason behind hunger which has been the major problem faced by humans for many decades. Imagine, what would have happened if there was no wastage of food at all in the world. What if all the available food is shared across the world unequivocally and proportionately without wasting? There would be no hunger problems, right? If, that is the situation, humans would have focussed on other less important problems like reaching the planet Mars for colonization and could have achieved prominent results than what it is now. Even if Man lives on Mars, he needs food to live on and Mars does not have conditions like earth to supply food. So, prima facie, preservation of food is quite important be it in the past or in the future of mankind. This paper shall try to put forward the potential of the food preservation industry and the marketing strategies that can be practiced in this industry.

Keywords: food processing, content marketing, direct marketing, niche marketing, value chain
Introduction

Initially, agriculture per se is not a business. It was a way of living and a source of food. Over time, as population surged, it turned into a business with more humans depending on the agricultural output and created a demand for it as it is the chief source of food. In fact, the first internationally traded commodity was an agricultural product. Silk and spices were traded from eastern countries to west between 1st century BC and 15th century AD. With the emergence of mercantilism, trade evolved between many nations in the early 15th century and so interdependency arose between countries as a result of this. But the major problem with trading across long distances is the problem of perishability. Most of the agricultural products are susceptible to spoilage with the passage of time. Perishability is the condition of food stuff where they become unpleasant or unhealthy to eat rendering them spoiled. The shelf life period of many agricultural products varies from a few days to a few weeks. They wilt, wither and dehydrate losing the molecular integrity of the product making them lose freshness. This problem is overcome by the methods of preservation. Preservation is a technique of preventing growth of microorganisms as well as reducing the speed of oxidation of fats that cause rancidity. But humans have realised it is just another common problem and came up with the solution of preservation.

Since ages, humans have identified different methods to preserve food. The pre-historic age witnessed the dire need for the preservation of food, since man used to hunt animals for food and the excess food leftovers reminded him of wastage of hard work and time. In an effort to preserve food, man tried various ways which ended up in the discovery of preservation methods. The early techniques of preservation are inferior methods and include drying, smoking, salting, fermenting. In ancient India, women folk used to preserve fruits and vegetables in the form of pickles and food grains in the form of Sandige or pappad or appadam. Pickling involves the process of immersing food in high concentration of salt and oil or vinegar mixture to extend the shelf life. Pickling can be utilized to preserve fruits, vegetables, meat, fish and dairy products. On the other hand, Sandige is a famous South Indian snack which is prepared by grinding food grains like wheat, barley, rice, oats into flour and making fried snacks out of it. In India, Grand mothers are good preservers of food and they know how to add value to the food that is preserved. Exposing foods like vadagam or vadiyam to sunlight helps to capture vitamin D which is an essential vitamin for the strengthening of bones. Today there is a huge market economy depended on the food
preservation industry. This industry is generating lots of revenues and employment across the world. The total market value of food preservation of industry globally is US 2,271 million dollars in 2016 and this figure is forecasted to touch a figure of US 2,714 million dollars in 2023 – according to allied market research report. This indicates that the perishable Agri-products will have an undeniable upward trend in the global market.

The current generation contains people, many of whom are least bothered to cook at home. Rather, they prefer eateries outside. Ready-to-cook is the kind of food stuff that is popular among millennials and generation X. This is the kind of food that contains additives, essence and preservatives to keep them fresh and look delicious. This is the part where the market of preservation industry can have tremendous potential. This is what has given a boost to an industry that has turned the challenge of perishability into opportunity. The perishable nature of the food products has turned out to be a thriving market for food processing businesses. There is certainly a huge market potential in this sector in the future. The food processing industry receives the raw material from the agribusiness which provide fruits, vegetables and dairy products which are mostly perishable. On the contrary, there are also challenges associated with this industry. In the most cases, the preservatives are chemicals like benzoates, nitrites, sulphites, saccharin which can cause health hazards such as blood pressure due to sodium chloride, gastrointestinal problems, heart problems, diarrhoea, kidney failure etc.

Today the food processing industry is regulated by stringent laws that focus mainly on consumer safety, product pricing, product quality and ecological impact. With the situations demanding the need for alliances among farmers, retailers, agribusiness firms and supply chain companies, trends in marketing strategies have changed. Well-planned channels are laid with good networking among these parties. The governments in many countries take an active role in the marketing of the agricultural output. For instance, in India, the Agriculture Produce Market Committee (APMC) is a government body that facilitates the sale of crops after the harvesting by farmers to take place only in regulated market yards like Rythu bazar or Mandis.

The global food preservative market is huge and depends on factors like supply and demand of the agricultural products. Based on the applications, functions, type and geographical location it is classified into the following classes:
Based on type – The food preservatives are two types, natural and artificial. Natural food preservatives include Honey, sugar, vinegar, salt, edible oil, alcohol, natamycin, niacin etc. On the other hand, artificial preservatives include benzoates, sorbates, propionates, nitrites, sulphur compounds etc.

Based on function - Depending on the type of purpose served by the preservatives the market is divided into anti-oxidants, anti-fungal and anti-microbial and others.

Based on application – There are endless applications in the food processing industry by the preservatives. These applications divide the industry broadly into food and beverage industry, meat industry, seafood industry, snacks, oils and fats, poultry, dairy and frozen food, bakery, confectionery, FMCG and others.

The global food preservative market is analysed based on four geographical regions. They are Asia-Pacific, Europe, North America and Latin America. Emerging economies like India and China show a strong growth potential in the food preservatives market assisted by the growth in population development. With an increasing workforce across the globe, the trend will likely show that people are more inclined to eat ready-to-cook food. The market growth rate of food preservation industry is driven by the extensive applications of synthetic and natural preservatives in extending the shelf life period of the perishable food. During the year 2016 the major share of the global food preservatives is dominated by Dairy, Frozen food, seafood, poultry and meat segment. In terms of value, their contribution is valued at 40% of the total market value during that period. While in 2017, Meat, Seafood and poultry alone lead the race in the global food preservatives market. Among these top contestants, dairy and frozen is the investment friendly in the food preservatives market since there is an upward trend in the demand for applications of both natural and synthetic preservatives in this segment. The dairy and frozen food market attract consumers of all age groups. Starting the day with coffee or Tea, people are so much addicted to dairy and frozen foods like Star buck’s coffee, cheese, pastries and in countries like India Tea is an all-time favourite which is consumed during any time of the day. Their applications are included in the daily routine of almost every person. Also, food stuff like ghee, yoghurt, curd, Ice-creams which are all of the day in many countries fall under this segment.

**Marketing Strategies**

Marketing of perishable agricultural output is a challenging activity. It is a well-known fact that consuming fresh produce will always have a good effect on personal health. The nature
of agriculture output depends on factors like soil quality, pesticides used, climatic factors, Agri techniques and methods followed etc. The business of perishable agricultural product requires planning and attention. Outside the business circle, health professionals and Nutritionists always suggest people go for fresh fruits and vegetables. And today the public is more aware than ever about the benefits of consuming fresh produce and nutritional values in them. The farm producers can take advantage of this scenario and move ahead in the business of perishable Agri-products. Companies re increasingly started to market their Agri-products with content related to the nutritional values of the product. The latest trend in perishable marketing is the Content marketing strategy.

Content marketing is a strategic marketing approach that includes the activity of making and sharing of podcasts, videos, social media feeds, blogs that include experiences and feelings of consumers. Content marketing model does not involve promotion of a brand openly. Otherwise, it stimulates the curiosity and interest of consumers in their brand sensitively. Content marketers use their own media houses to build and publish content. Later on, it is shared via social media and blogs by convincing customers and that is how it creates an inbound market. For example, in South India Arokya Milk under the brand of HatsunAgro products, markets its product through content marketing strategy. The advertisement involves the farmers personal life and his dedication in supplying milk to the public. It evokes the interest of the consumers and encourages them to buy the product.

Another area where perishable Agri-products can excel is Niche marketing. Now, niche marketing means targeting a particular segment of consumers with similar attitudes and preferences and selling the product to them. When compared to other commodities with regards to value addition consumer’s perception is quite different in fruit and vegetable segment. For instance, there is an increased demand for the organic food products in the market today. The public is aware about the chemical pesticides and preservatives used in producing Agri-products. So, the trend towards organic food is growing. The supermarket business model is adopting this kind of marketing strategy to attract customers. Organic farms are increasing day by day and the output from them is labelled as organic Agri-product and sold at most supermarkets, hypermarkets. Spencer supermarket in India is an example that sells an assortment of regular, diet foods and organic food as well. Another example, in this market segment is Licious. It is a meat and seafood company that sell their products to targeted customers. It sells and promises fresh meat to its customers. It also targets Islamic
consumers through halal processed meat. This company runs its own supply chain and cold chain to give the customer the best product.

One more important marketing strategy that can be applied to perishable Agri-products is the value chains. “The term value chain refers to the process in which businesses receive raw materials, add value to them through production, manufacturing, and other processes to create a finished product, and then sell the finished product to consumers” – Investopedia. The value chain is a management practice through which a firm tries to create and deliver value to the end consumer without comprising on the value at any point in the Supply chain. The value chain process involves inbound and outbound logistics, operations, marketing, sales and services. This system ensures that the product does not lose its value from the point of production point of sale. For example, Amul India is a company that operates in Dairy and frozen foods segment. The product of Amul says an Ice-cream is shipped from the manufacturing unit in reefer vehicles in cold storage units. The product is shipped to many different places across India crosses long distances. The product is carefully stored in the freezer units and delivered to the consumer without any alteration or losing any initial value. This is how the value is created for the end customer.

There are other marketing strategies like Direct marketing and cooperative marketing strategies available to farmers. In direct marketing strategy, there are monetary benefits to both farmers and consumers as there is no involvement of third parties between them. The direct marketing strategy enables producers to get a better price by selling their farm output directly to the public. Similarly, the public is also well inclined to buy directly from the farmers as they get a fresh and local crop. Consumers also have concern about the healthy diet which makes them buy directly from the producers. Notwithstanding this, co-operative marketing is also a kind of direct marketing strategy, where in, a group of cultivators come together forming a group and create market. The main objective of this marketing strategy is not to gain capital benefits for any single person or owner, but to create benefits to all of the group members proportionately.

Exporting is another major business endeavour if one is looking to make lucrative profits in the perishable agribusiness. Expanding the market in other countries will help firm increase their efficiency and performance as the goods have to go through a lot of requirements and need to meet standards. Firms need to create a unique marketing campaign in order attract
overseas markets. Creating websites to publish the product portfolio and quality standards, taking assistance from export promotion councils will help firms to create market abroad. The firm should also need to attend a lot of B2B and B2c meetings, International exhibitions to exhibit and capture international markets. Following a strategic harvest plan in order to meet standards of International markets and to minimise the usage of pesticide and chemical preservatives is also one good strategy to enter international markets, as there is a huge demand for organic output globally. Processed foods like mango pulp, fruit Jams, Ketchups, sea foods, dairy products, meat, live cattle, edible oil, pulses etc have huge demand in the International market.

Packing and labelling can have a positive outlook on the product from the consumer perspective. Giving details about the nutritional facts along with the ingredients can impact the purchase decisions of consumers. Many fruits and vegetables have significant health benefits like vitamin c that gives immunity power, folic acid and potassium, low calories with high fibre content etc. Content like this on the label helps consumers to buy the product and gain a comparative advantage from another product in the similar segment range. The other marketing strategies are –

- Prepackaged products like pre-cut vegetables packed and ready to use. These products are popular because there is no need to wash, peel and cut them in order to use them. They can be consumed straight from the packet like snacks, or can be used in cooking. People who like to eat raw vegetables like broccoli, carrots, cabbage etc are more likely to purchase these items.

- Party trays and Single serve snacks and meals are latest trends in the fruit and vegetable segment. Providing consumers with light and convenient food like fruit platters, single serve meals, cheese dips etc will help them save time and avoid cooking. This is considered as a good business strategy as many people are ready to buy them.

- Super markets and grocery stores can minimize their wastage of food by utilising fruits and vegetables, which are coming close to their shelf life but are still fresh in making hot and cold food recipes and sell them at their own in-house deli or, in-store bakeries or food bars.

The recent trends in the perishable agricultural business are the retail businesses formats of Super Markets. These supermarkets follow value chain proposition to customers. Price,
merchandise quality and mix, differentiation strategies offered by them are the value addition offered by these business formats. The best example of this business format is Reliance Fresh vegetable marts. They appoint agents to collect fresh vegetables and fruits from nearby farms. Their differentiation strategies have a variety of items such as vegetables for sambhar, pumpkin slices, vegetables for biryani, vegetable for fried rice etc.

**Conclusion**

Perishability is antonym for durability. To endure the farm output for longer duration the farm producers should know more about preserving methods. This helps them to gain comparative advantage in perishable agribusiness. With the advancement of time, many other preserving techniques like canning, freezing, chemical preserving came into application. Building cold storages nearby the farms can help to store the farm output for long periods. There should be an active collaboration between the supply chain providers and farm producers for ensuring the optimum value of the product. Collaboration strategies between suppliers, distributors and supply chain providers can help farm producers to obtain synergy that helps to lead to profitability. There is also a need for realigning the strategies in the retail business model in order to cater to the need of locals in any particular region based on their food habits and customs. Many people today appear to have a purchase behaviour that has a less or no impact on the environment. The packaging and carting should be environmentally friendly to attract young and environment conscious consumers. Organic farming should be taken up on a large scale to target the health and welfare of the consumers. Usage of pesticides and fertilizers which are chemically abundant should be reduced as minimum as possible to improve the soil fertility and for a better harvest.

Today, companies like Priya pickles, MTR foods, OMA Agro, Anu Apallam etc are big names which produce and export pickles and pappad from India. If planned and performed with strategic planning and good management practices there is a never ending potential growth in the perishable agricultural products in the global markets.

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