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AGROMARKETING AS A TOOL FOR MANAGING THE COMPETITIVENESS OF THE AGRARIAN SECTOR: A CASE FROM KAZAKHSTAN

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Abstract

The present research investigated the agromarketing as a tool for managing the competitiveness of the agrarian sector: a case from Kazakhstan. Agro-industrial marketing, as an independent direction of modern marketing is the process of organizing and managing the production of agricultural products, raw materials and food to meet the needs of individual citizens, the industrial sector and society as a whole.

Key words: Agromarketing, Creative activity, Innovation, Agricultural production and Agro-industrial complex.

1. Introduction

The term “marketing of agribusiness” was first formulated by Davis (1997) and was introduced into economics relatively recently - at the end of the twentieth century. Agromarketing is the totality of all business activity involved in the flow of food products and services from the beginning of agricultural production to consumer groups (Akhmetova, 2021). The concept of agromarketing in most sources is defined as the activity of a company, focused on the consumer and aimed at optimizing the entire process of product movement: from the production stage to the consumption stage. Russian scientists define “agromarketing as a type of purposeful creative activity to foresee, plan, organize and manage consumer demand for goods, services, ideas of agricultural production through exchange” (Tsyarkin Yu and Lyukshinov, 2020). Almost a similar definition is given by the Russian economist Grekov (2006). According to Grekov (2006), Agromarketing is an activity to anticipate, plan and meet consumer demand for

goods and services of the agro-industrial complex based on an analysis of market conditions, an adequate policy in the field of production, pricing and sales of products”.

2. Literature Review

These definitions of marketing, from our point of view, need to be clarified and supplemented, since, firstly, agromarketing is not only "creative activity", but also standard marketing procedures based on the use of marketing mix tools; secondly, the above definitions do not cover all elements of the agromarketing system, but only some of them (Kohls and Uhl, 2020). In addition to the sphere of production, pricing and sales of products, the process of organizing the movement of goods to the consumer belongs to the most important elements affecting the state of the agricultural market, that is, the agromarketing system includes a set of interrelated elements and information flows that allow us to establish feedback with the markets for the goods of the agro-industrial complex (Alshanov, 2018). The competent use of agromarketing tools helps agribusiness enterprises to be effective and

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competitive in the market. Agromarketing as a separate area of marketing includes the study, forecasting and implementation of entrepreneurial activities of economic entities of the market in the field of production, processing, storage, delivery to the consumer and sale of agricultural products in order to increase the efficiency of the enterprise (Umarkhodjaeva, 2018).

3. Analysis and Results

As you we see, modern definitions of agromarketing do not contain any differences from the definitions of marketing in other areas of activity. Meanwhile, agromarketing is different from other types of marketing. These differences are due to the peculiarities of the activity of the agro-industrial complex and should be taken into account when forming a marketing mix system or when using marketing tools locally in most agricultural enterprises:

- Agromarketing service deals, as a rule, with essential goods, usually perishable. This requires ensuring that demand is met not only in the required quantity and quality, but also in the shortest possible time.
- The discrepancy between the periods of production, processing and consumption poses the task of forecasting demand, researching the market situation based on the time gap between the phases of reproduction.
- The fact that the main means of production in agriculture is land, requires the determination of the volume, range and quality of products based on the productivity of the soil, depending on natural and climatic conditions.
- The variety of forms of ownership forms a multi-structured agrarian economy and the corresponding competition. This necessitates the use of various marketing strategies. In addition, one should not forget about the high share of imported products with which domestic businesses have to compete.
- The seasonal nature of agricultural production requires marketers to direct

their efforts towards not only selling the harvest obtained during the period of its abundance in the market, but also the ability to preserve it for the entire period of consumption, as well as until the time when prices for products increase and supply falls.

- Agricultural products have a constant demand and a long life cycle, which makes it difficult to choose a strategy for expanding the range. Research by marketers in this area should be aimed, first of all, not at searching for product innovations and consumer requests, but at finding additional consumers, including in the international market.
- The low level of technical equipment of the branches of the agro-industrial complex and the implementation of the achievements of scientific and technological progress in comparison with other spheres of the economy do not contribute to the growth of labor productivity and the competitiveness of the agricultural sector. In this regard, marketers need to deal with the issues of leasing, technology transfer and innovation together with other services of the enterprise.

Economic reforms in this area have led to the creation of a diversified economy. The current stage of its development is characterized by the creation of fundamentally new conditions for entrepreneurial activity. First of all, we are talking about increasing competition both in the domestic and foreign food markets. The main competitors in these markets are countries with a developed agricultural sector of the economy, which allocate huge funds to subsidize agriculture. An economic situation is being formed, when the market orientation of agricultural production is actualized. In this situation, marketing comes to the fore, allowing maximum consideration of changes in market conditions, market behavior of agricultural consumers, segmentation of consumer and raw material markets and other factors. From our point of view, the active use of the principles, methods and tools of marketing is one of the



areas of ensuring food security in the country, a means of overcoming the consequences of the crisis in the agro-industrial complex, increasing its competitiveness, which is especially important in the context of strengthening integration processes in the world economy.

Agromarketing can be defined as a complex of interrelated organizational, technical, financial and commercial functions of an enterprise, aimed at ensuring the sale of agricultural products in accordance with the needs of consumers with a benefit for the enterprise. In other words, the competent use of agromarketing tools helps agribusiness enterprises to be competitive in the market. As a separate direction of marketing, agromarketing includes the study, forecasting and implementation of entrepreneurial activities in the field of production, processing, storage, delivery to the consumer and sale of agricultural products in order to increase the efficiency of the enterprise.

Exploring the marketing mix, it should be noted that it is systemic. Marketing mix tools, used systematically, have such an impact on the market and the consumer that is not characteristic of any of them, used separately, that is, the qualities of each of the system tools are lost if it is used outside of connection with other elements. For example, an increase or decrease in the price of a product will be effective only in the event of changes in product policy, distribution and promotion policies. One of the key tasks of the state in the field of agrarian policy is the construction of management systems adapted to modern economic conditions, focused on restoring manageability in the sectors of the agro-industrial complex. The need to form such a management model for the agro-industrial complex is due to the fact that the transition to the market has led to the complication of economic conditions, increased competition between agricultural producers. The implementation of the selected priorities requires the creation of an appropriate management mechanism, the subsystems of which are: indicative planning, financial levers, industry

management based on market approaches, in particular, agricultural marketing tools.

Agromarketing as a system has not yet become widespread in the formation of agriculture in Kazakhstan. This is explained, firstly, by the fact that agricultural products are insufficiently produced and the level of competition is low; secondly, some heads of enterprises have a wrong idea about the role of marketing in market conditions, Soviet psychology is triggered when the head of an enterprise, first of all, thinks not about how and where to sell products, but, first of all, about how to sell them. produce. As a result, consumers' demands are not fully satisfied, and the quality of products and the level of service are reduced. In our opinion, in the current conditions, it is agromarketing as a system that is designed to solve the accumulated problems of the agricultural sector. It is marketing that will allow reorienting agro-industrial production and the sale of agricultural products to address food security issues, reduce food imports, increase local content, etc. trade not only at the stage of implementation, but already at the stage of determining the volume and structure of production through the effective use of the production capacities of enterprises, the formation of mutually beneficial conditions for all market participants, to maximize their strengths and opportunities to meet the needs of customers and make a profit, to predict the activities of the enterprise taking into account the influence of factors of the internal and external marketing environment. A marketer of an agricultural enterprise is responsible for a wide range of issues: analysis of market conditions, volume and structure of demand, study of the influence of factors on the activities of an agricultural formation, and the development of development forecasts on this basis. This presupposes a high level of his professional training and knowledge of agricultural marketing tools.

In our opinion, at the present stage of economic development, one should talk not just about the use of marketing tools at domestic enterprises, but it is advisable to talk about



marketing management. After all, without solving the internal organizational problems of enterprise management, without having developed a pricing strategy, it is too early to talk about promotion methods, market research and full satisfaction of the demand of consumers of agricultural products. An even greater need for marketing management arises from agro-industrial enterprises that are engaged in the export of their products. The result of a weak marketing study of product sales issues may be a situation similar to the situation with the grain harvest in 2010, when the grown wheat had nowhere to go. A marketing approach in this case would allow:

- Make multivariate forecasts of grain harvest at min, opt and max indicators of yield and sown areas.
- Develop forecasts of the volume of exports, taking into account already identified and potential buyers.
- Analyze the state of the infrastructure (elevators, availability of wagons for transportation, etc.) required to support export-import operations.
- Study the needs of the domestic market, processing and livestock industries.

Such studies would help answer the questions: how much and what types of cereals should be grown and how to properly manage the grown crop (Alshanov, 2018). Due to the fact that in Kazakhstan the use of agricultural marketing tools has not yet received proper distribution, it is difficult to assess the effectiveness of using this tool in the domestic agricultural market. Generalization of foreign experience in the use of agromarketing tools shows its effectiveness. For example, in the USA, which ranks 3rd in the world in pork production and 4th in the production of beef, the share of marketing costs in the retail price of 1 kg of beef is approximately 43.2 %; pork, respectively - 55.8 % (Umarkhodjaeva, 2018). It was the use of agro-marketing tools that brought the United States to the level of the leader in the production of agricultural products in the world.

The main reasons hindering the development of agromarketing in Kazakhstan:

underdeveloped infrastructure, lack of complete information on the state of the domestic and foreign markets of agricultural products, lack of personnel with marketing experience, lack of funds to create a marketing service. Agro-industrial enterprises use only separate marketing tools and strategies, which does not give a full-scale effect. The current economic situation in the republic does not allow the majority of commodity producers to use the entire marketing system. So, in 2006, the national managing holding "Kaz Agro" was created, the purpose of which was the development of a competitive, export-oriented agro-industrial complex. The holding includes joint stock companies Food Contract Corporation, Mal Onimderi Corporations, Kaz Agro Finance, Fund for Financial Support of Agriculture, Kaz Agro Finance, Agrarian Credit Corporation, Kaz Agro Garant, Kaz Agro marketing. The mission of JSC "Kaz agromarketing" is to increase the level of efficiency of agribusiness by providing wide access for agricultural producers to information and advisory and consulting services. For the subjects of the agrarian market, Kaz agromarketing JSC provides a wide range of services:

- Analysis of markets for selected agricultural products
- Constant price monitoring for agricultural products
- Consultations on agribusiness issues via the hotline and online
- Development and examination of business plans and projects in the agricultural sector
- Organization of training seminars and specialized trainings
- Holding exhibitions and fairs of agricultural products
- Development, implementation and maintenance of information technologies in the agro-industrial complex.

In the context of globalization of markets, the access of domestic agricultural producers to the foreign market is impossible without interaction with information, consulting and



marketing services abroad. In these conditions, the role of marketing at the macro level is especially growing. It is for this reason that Kaz Agromarketing JSC entered the Agrimis system, in which more than 20 countries of the European Union operate, and became a full member of the Association of Food Marketing Agencies in the Asia-Pacific Region. The authors of this work participated in the examination of the effectiveness of the measures of the Program for the implementation of the Concept of sustainable development of the agro-industrial complex of the Republic of Kazakhstan for 2006-2010. A questionnaire developed by Kaz Agromarketing JSC was used, the purpose of which was to clarify the attitude of the target audience to the measures being implemented. The survey was conducted in four regions of Kazakhstan: North Kazakhstan, East Kazakhstan, Kyzylorda and Atyrau regions and was representative. The following picture emerged from the survey of respondents: 44 % of respondents, when asked about the possibility of receiving services, answered that there were difficulties in obtaining services, 37 % believe that it is difficult and practically impossible to obtain benefits under the program. Averagely, 45 % of the respondents answered that the goals of the Program were not achieved, 32 % were achieved, but not completely, only 23 % answered that the goals were fully achieved.

When studying the impact of the introduction of cluster initiatives in the agri-food sector, the respondents answered that the created clusters are still functioning ineffectively: 20 % of the respondents noted that the clusters have increased the efficiency of their activities, 77 % believe that their creation did not affect the state of the agro-industrial complex in any way. With regard to new mechanisms for regulating food markets, in particular, the activities of Kaz Agro JSC, the respondents interviewed noted that the holding's activities are not always effective. Cooperation with Kaz Agro JSC was carried out by 11 % of the respondents in the futures system for purchasing grain in 24 % in other forms of cooperation, 46 % of the respondents noted that they did not cooperate. When asked about the state of product quality control, 33 % of

respondents noted that the quality control system meets the standards, 40 % have complaints about the work of laboratories and 27 % believe that there have been no positive changes; 40 % of respondents believe that the technical equipment of the branches of the agro-industrial complex has increased due to the leasing of machinery and equipment, 8 % increased due to the creation of service centers, 22 % note that the state administration bodies have not carried out measures to modernize the agro-industrial complex and 31 % believe that that the equipment has deteriorated.

In the course of the survey, 56 % of respondents noted improvements in the financial and insurance infrastructures of the agro-industrial complex due to the development of microcrediting, an increase in the volume of guaranteed and grain receipts, and support for insurance in crop production. Totally, 44 % note that there have been no changes. Such surveys allow drawing conclusions about the effectiveness of the management subsystem, the use of marketing methods and tools, and making competent management decisions. To increase the impact of such activities, it is necessary to move from episodic surveys to surveys and observations on an ongoing basis, using their results to adjust the activities of both the managing and the controlled sub-systems. Like any new undertaking, the creation of a development institution has caused an ambiguous attitude on the part of economists, often critical. From our point of view, development institutions in their current form and structure did not meet expectations: having concentrated all regulatory and distribution functions, they could not significantly increase the efficiency of the economy, the activities of some of them, according to the Accounts Committee (for example, JSC Center for Engineering and technology transfer”) has been unprofitable since its inception.

4. Conclusions

Summary, the activity of Kaz Agro JSC, from our point of view, is also not devoid of shortcomings. The most significant of them are:



- Weak interaction of institutions whose activities are aimed at the implementation of the same tasks (Government, Ministry of Agriculture, Kaz Agro).
- Lack of proper planning and poor use of marketing tools have led to significant imbalances between the volume of grain production and the capabilities of the infrastructure that provides storage and transportation of products.
- JSC "Food Contract Corporation" in the years of high harvest cannot cope with the sale of the purchased volume of grain and the implementation of export operations, which entails serious losses. Instead of improving management efficiency, a new structure was created in Food Contract Corporation JSC, thanks to which, according to the Ministry of Agriculture and Kaz Agro, the state will be able to regulate the price in the market, which suits both farmers and consumers within the country.
- It was not possible to overcome the influence of factors constraining the development of crop production.

In particular, these are: extensive technologies for the cultivation of agricultural crops, the absence of large vegetable farms using high technologies of land cultivation, low efficiency of the use of irrigated areas, violation of the timing of agricultural work, insufficient use of fertilizers and means to combat diseases and pests of agricultural crops, lack of modern technical equipped storage facilities for vegetables, which leads to a low yield of agricultural crops and a decrease in the shelf life of vegetables, fruits and potatoes, their procurement and processing is not established. Weak work on diversification, the dominance of "monoculture" (grain), insignificant shifts in animal husbandry, etc. Thus, the activities of agricultural enterprises in the new market conditions require improved management based on the use of tools and methods of agricultural

marketing that can increase the efficiency of the agricultural sector.

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