



## MARKETING STRATEGIES FOR SPECIALIZED FARMS

Sherzod Hamdamov

Tashkent State University of Economics, Uzbekistan

Voice of Research

Volume 5, Issue 3

December 2016

ISSN 2277-7733

### Abstract

*Uzbekistan, country which is situated in Central Asia, is characterised with huge amount of agricultural resources. It is a leading economy of exporting agricultural products to CIS countries, especially Russia and Kazakhstan. Government of Uzbekistan has been supporting development of entrepreneurship in the sphere of agriculture, one of the successful results of which is presence of specialized farms almost in each region of country. At present, the main task for specialized farms is to provide both domestic and foreign markets with qualified agricultural products. In the conditions of competition and free market relations, farms need to have and use appropriate strategies, especially marketing strategies for gaining good positions in domestic and foreign markets. This article explains how specialized farms to succeed on gaining competitive positions in markets through developing and implementing effective marketing strategies.*

**Keywords:** *marketing, marketing activity of farms, agricultural enterprises, specialized farms, product sales markets, market conquest.*

Marketing activity of farms consists of lengthy processes that are hard to specifically identify and understand, this process of business planning, growing product, implementation of plans, evaluation of prospects and their analysis, creation and distribution of ideas, goods, products, services, and their further sale to meet the needs of consumers and make a profit. Farmers should be interested in making the right decisions that relate to their business customers (processing plants, markets, and supermarkets), competitors (other manufacturers of product) and intermediaries (suppliers of material and technical resources). In the marketing activity there should be conducted to monitor how customers make their choice, the demand for which products is higher, how to meet customers' requirements.

### Marketing in System of Management of the Farm

The modern market of agricultural products establishes a new level of requirements for farms, which requires them to radical rethinking of the strategic goals and methods to achieve them. Farms are different from other agricultural enterprises so that they, in many cases, are small-scale, their production volume is small, and it arises the problem of formation and realization of agricultural product batches. Now one of the main tasks of scientists must be analysis, development and implementation of key elements of the system of marketing activities for small agricultural producers. Since competitive pressure from foreign producers is becoming more powerful every year, and losing their rather shaky position in local markets is unacceptable for Uzbek farmers.

Farms are different from other agricultural enterprises so that they, in many cases, are small-scale agricultural units, and the output is small, and this arises the problem of creating and implementing parties of agricultural products (J. W. Looney, 2009). Analysis and search for new markets is also causing difficulties, because in the staff of farms, as a rule, there are no qualified marketing managers. The driving force in solving majority of these problems can be an organization of effective marketing activities, which would greatly facilitate both the production and market activities of farms, would allow them to significantly strengthen its

position in the market of agricultural products and inputs (M. L. Atkins, 2014). There is a need for submission of on-farm activities with the requirements of the environment through market research, conducting a commodity, price, sales and communication policy. All this includes marketing approach in the activities of farms.

### About Marketing Strategies

Development of an effective marketing strategy for the farm is one of the most important stages in the activity of producers of vegetable products. As in other commercial activities, seller of vegetables should have specific skills and abilities in the future sale of the harvest and its storage. Definitely, there are factors that are out of control. Reducing factors of risk of crop failure and the uncertainty of farm management should be kept to a minimum, and farming activities are focused on making a profit.

In conditions of Uzbekistan farmers should ideally focus on the production of so-called "core cultures", which are in great demand among the processing enterprises, and, if possible, maximally avoid non-profitable crops. Marketing strategies of producers of agricultural products can be divided into 4 categories (John C. Abbott, 2007):

Product sales markets. Product sales market partially depends on the expected volume of production growing. In general, the greater the volume of products is grown, the greater the number of possible alternative distribution channels of product. Small producers can only be limited to local markets, while large producers can go to both the national and international markets;

Making decisions what and when to grow, how to store the harvest, as the pre-sale preparation, packaging and transportation will be carried out. Thus, when the supply of vegetables to be ahead of time to take care of cooling systems of products in the field for the purpose of its further transportation to processing enterprises;

Assessment of strategy - understanding the opportunities and potential of the economy. What volumes of product can be treated by a farmer, what resources it has, what is needed to use, where to get, how much it will cost, what



effect will be received by a farmer, what is the expected profit; Sale - the maximum product sales. The best market for manufacturers - not just the market that offers the highest price, but also one that meets its specific features at any time (volume of sales, purchasing power of customers, competition and others).

Each farm should look for alternative ways of sales, hold market niches to increase profits in order to ensure economic independence.

General marketing strategy of activity of farms will determine the future policy of pricing for each particular case of production. Of course, the buyer dictates its own price for the goods, but the farm has to work out its own strategy of pricing for 3-5 years and correct price based on costs in the future. We can distinguish two phases of market pricing: Market conquest: maximum realization of goods manufactured through its sales on agreements, as at processing enterprises, and other markets (shops, supermarkets, public catering establishments). Application of modern technologies of growing product will provide economy with an opportunity to collect high-quality products in large volumes, that will reduce its cost;

Focus on high profit: diversification of product, cultivation on individual plots of products under special orders of processing enterprises and other markets with special requirements regarding quality standards, the size, for which the price will be higher.

An integral part of planning of business activities on the farm is definition of a diversified business strategy of enterprise for growing certain crops that have a high demand in the market and are fewer grown in conditions of Uzbekistan.

It was established that the competitive ability of farmers is determined by the extent to which goods and services produced by the farming enterprises in the framework of a single national economy in a free-market, meet the requirements of domestic and foreign markets.

#### **Development of Marketing Strategies for Specialized Farms**

In the most common form, marketing is a relationship between two parties: a thorough study of the market and potential consumers and comprehensive promotion of products (services) to these consumers. The main formula of marketing is as follows: "Produce what is sold rather than what is produced" (Dee Blick, 2011). Production of goods on the parameters corresponding to the needs of the consumer - it is only half the story. It is needed to deliver to the potential customer and create the conditions for conversion of needs into real demand. The commercial success of the farm to a greater extent depends on how efficiently organized by the movement of products in the

sphere of circulation. According to marketers, commodity circulation on the significance is second only to the quality of products as the main reason of supplier selection. The main elements are: Scheme of spreading your product: by their own way, through distributors, shops and the like. Pricing: how will you determine the price of the goods (services), how much profit you hope to have, to what extent you can reduce the cost, so that it could give the opportunity to recoup costs and obtain reasonable profit. Advertisement: how much money you can allocate to it, in what form and by what means you will advertise your business? Methods of stimulating consumers: how and by what means you will attract new customers - expand marketing areas, increase production capacity, improve products (service), provide guarantees or additional services and the like. Formation and support of a high opinion about your business: how and by what means you will achieve a strong reputation of your products (services) and the company itself.

#### **Conclusion**

At present, Uzbek specialized farms need to export their agricultural products not only to CIS countries, but also to other foreign countries, including India and China. We know that Indian large domestic market is highly open to foreign producers, and Uzbekistan has competitive advantage and critical successful factor to enter Indian market of dry fruits rather than other neighbour countries. But to enter and strengthen strong position in such global competitive market requires Uzbek specialized farms to actively and effectively use competitive marketing strategies. That's a pity, because of not having such strategies Uzbek entrepreneurs have not entered in such a competitive markets yet. I guess it's necessary to create special educational institution to train entrepreneurs in agricultural sphere how to develop and implement marketing strategies for export activities. And, moreover, here we should use Indian experience on concept of "coopetition" (mixture of words "competition" and "cooperation"). By this concept, specialized farms willing to export their products should join to one cluster, where they can easily carry out their export activities by strong support of cluster administration and so on.

#### **References**

- J. W. Looney. Profitable farm marketing strategies. UK: Doane Information Services, 2009.
- M. L. Atkins. Deer Farm Business Plan. New-Delhi: BizPlanDB, 2014.
- John C. Abbott. Agricultural Marketing Enterprises for the Developing World. CUP Archive, 2007.
- Dee Blick, The Ultimate Small Business Marketing Book. Filament Publishing Ltd, 2011.