

## ASPECTS REGARDING THE MARKETING STRATEGIES FOR SMALL AGRI-FOOD PRODUCERS. A CASE STUDY ON "LEGUMELE DE ACASĂ" TÂRGU FRUMOS

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### Abstract

The agricultural sector is one of national importance, at present over 20% of the active population of Romania working in this economic branch. Although Romania has the largest number of agricultural holdings in the European Union, with 33.2% of their total number, only provides 3.4% of the standard production of the European Union. In Romania, only 1.5% of the total agricultural holdings are represented by large, industrialized and performing farms, being registered in total over 3.5 million subsistence and semi-subsistence farms. With 91.8% of the agricultural holdings with an area of less than 5 hectares, Romania faces a paradox: the smallest ratio between the number of agricultural holdings and production. Most agricultural holdings are facing problems in terms of capitalization of production, the lack of effective marketing strategies mirroring in the low income recorded. The purpose of this case study is to analyze how a small-scale agri-food local producer managed to implement effective marketing strategies that led to an increase in the income and profitability of the activity. The analyzed data highlighted a series of main marketing strategies that were implemented by "Legumele de Acasă", a small agri-food producer based in Târgu Frumos, Iași County, Romania. Leading to positive results, the main marketing strategies the unit implemented successfully are: Social Media Marketing, publicity through recommendations and *Word of Mouth*, differentiation from competition through products and distribution and the creation of a local community around its brand by participating at and organizing events aimed at attracting more customers and studying the habits of the target audience. Through these marketing strategies, the local agri-food producer "Legumele de Acasă" has managed to attract and maintain a stable customer base that has gradually increased over time. A notable aspect that differentiated "Legumele de Acasă" from other local producers, is that the budget required to implement these marketing strategies was low compared to big producers, most of the strategies being implemented by the producer itself, with minimal costs.

**Key words:** marketing, local agri-food products, marketing strategies, small farms, Social Media Marketing.

The high natural fertility of the soils and the diversity of the climate gives Romania a high potential in terms of field vegetables production, but the favorable pedoclimatic conditions are not sufficient to increase the productivity in this sector.

The production levels of domestic products have dropped dramatically in recent years, transforming Romania from a predominantly exporting country into an importer of vegetables. Romania imported vegetables and fruits worth 783.1 million euros in the first half of 2018, while the exports value was almost ten times lower, according to centralized data from the National Institute of Statistics. Under these conditions, Romania's deficit in international trade in vegetables and fruits amounts to 704.5 million euros (INS, 2018). Among the causes of this phenomenon with negative effects on the national

economy are the large number of small-scale agricultural units, the low degree of endowment of farms with modern technical means of production and harvesting, the low yields per hectare, the increase of the frequency of extreme climatic phenomena with effects on production (MADR, 2017).

It can be observed that the factors which influence the productivity in the vegetable sector present a certain interdependence, the large number of small farms decreasing the possibility of agricultural farms to equip themselves with efficient technical means, irrigation systems or other methods to improve the effects of extreme climatic phenomena, which, in turn, lead to a low yield per hectare. Given the fact that over 20% of Romania's active population is active in the agricultural sector (INS, 2019), the efficiency of

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this sector is imperative, being necessary results able to positively influence both the national economy and daily living of the population involved.

The process of nationalization and collectivization of agricultural lands in the communist period and, subsequently, the return of the nationalized lands to the former owners through a defective system had repercussions on the infrastructure, the production and exploitation systems and on research in the agricultural field. Currently, the effects of these actions are felt and the main concretisation took the form of a high fragmentation of agricultural lands. Of the total number of agricultural holdings of the European Union, Romania occupies a large share compared to other Member States, accounting for 33.2% of their total number (Eurostat, 2013).

Although the share of agricultural holdings

of Romania is high, in terms of productivity this country is not among the leading member countries, only 3.4% of the standard production of the European Union being provided by Romania. One reason for this is the lack of efficient industrialization and technology within subsistence and semi-subsistence agricultural units, which occupy the largest share with 3.5 million, while only 1.5% of total agricultural holdings are represented by large farms. The lack of funds needed for investments in this sector is felt among small-scale agricultural units, leading to the fact that most of the land remains unexploited, Romania presenting a low percentage of agricultural areas exploited in the EU. The statistical data gathered by INS show a decrease of the area cultivated with vegetables, from 253.4 thousand ha registered in 2007, to 226.3 thousand ha registered in 2018 (*table 1*).

Table 1

**The evolution of the area cultivated with vegetables in Romania between 2007 - 2018**

Specification	UM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Surface	thousand ha	253.4	268.6	267.1	262.7	263.4	258.9	259.0	239.4	239.4	228.1	224.6	226.3

Source: INS Statistical Yearbook of Romania, 2007-2018, Crop production at the main crops 2018 INS

Thus, it can be observed a gradual decrease of 27.1 thousand ha in 2018 compared to 2007, but the most drastic change is a predominant report starting with 2014, when the agricultural area cultivated with vegetables decreased with 19.6 thousand ha compared to 2013 (*table 1*).

With 91.8% of the agricultural holdings with an area of less than 5 hectares, Romania is facing the lowest ratio between the number of agricultural holdings and production. Most small farmers face problems in terms of productivity and production value, the lack of implementation of effective marketing strategies being felt in the recorded income. As regards the fragmentation of agricultural land, a number of factors are involved, with several parties with power of decision, the process is an arduous one and subject to delays of different natures. As concerns other factors that could improve the situation of capitalization of agricultural production the decision-making power belongs to the management of each agricultural holding. Thus, the agricultural units must find efficient methods of capitalizing on the production, which will be applied successfully and which will give the maximum efficiency. A series of marketing strategies targeting an effective promotion of the obtained agricultural products, their distribution and sale must be implemented by each unit, taking into account all the factors that intervene on the market in the capitalization

process (Chiran A., Dima F. M., Gindu E., 2007).

In addition to the productivity related factors and the judicious use of resources, the increasingly fierce competition in the agri-food sector puts its mark on how small-scale agricultural units and producers manage to withstand the current market and develop successful businesses (Hoffman L., 2007).

## MATERIAL AND METHOD

The necessary studies to elaborate the present paperwork were performed during 2019 using as sources of information secondary data, particularly analyzing a series of marketing activities and strategies implemented by the analyzed agricultural unit, together with its online communication channels: the website and official pages on social networks, online marketing campaigns that are implemented in the virtual space, its online store and articles published about the unit in local and national newspapers. Also, primary data sources, such as interviews with the owners of "Legumele de acasă" Târgu Frumos were gathered during the reasearch.

## RESULTS AND DISCUSSIONS

In an increasingly abounding market of global companies implementing marketing strategies with large budgets, the success of small and medium-sized companies lies in how they

manage to find a suitable niche and apply effective marketing strategies in terms of involved resources vs. obtained results (Gîndu E., 2006).

Analyzing a series of marketing strategies implemented by the local producer of agri-food products "Legumele de acasă" Târgu Frumos and a series of interviews with the business owners, it has been noticed a tendency of stabilization on the local market and an increased notoriety of the brand in the last years.

With a production area of 2 ha, „Legumele de acasă” Târgu Frumos is one of the agricultural units based in Iasi County, Romania, which has as main activity the cultivation and capitalization of vegetables. The unit represents a relevant example of a small-scale domestic producer, which provides end-users with vegetables and greens as an alternative to imported ones. The unit was created through the initiative of two associates, after one of them accessed European funding, respectively a project through the European Agricultural Fund for Rural Development and the Agency for Financing Rural Investments under Sub-measure 6.1 - *Support for the installation of young farmers during the financial year 2014 – 2020.*

The unit carries out its activity in the field of production and capitalization of vegetables and greens in protected areas, respectively in greenhouses and solariums based on the radius of the city of Târgu Frumos, Iași County. Unlike other competing units in the area, the approach of the two associates is different in the way they promote their products and distribute them to the final consumer. Thus, the unit carries out campaigns to promote the products through online communication channels, via email and social networks and the distribution of the products is

done personally at the customers' domicile or workplace, or at certain meeting points.

The analyzes carried out concluded that the manufacturer has daily interventions on the online channels where communicates directly with the potential or existing customers regarding the way of obtaining the products, the way of capitalization, the meeting points for the actual purchase and other important information. This type of direct communication, although requires significant time resources, brings a series of advantages over a classic strategy of product promotion and capitalization:

a. there is no intermediary between the producer and the final consumer. The two associates of the unit establish a daily contact through online communication channels and through direct meetings with the final client are able to receive a direct feedback and opinions regarding their products and marketing strategies;

b. the potential or existing customers can observe, through the producer's images and movies posted on Internet, how the cultures are evolving, how they are planted and harvested;

c. there can be a much greater degree of confidence regarding the quality of the products due to the direct meeting between the producer and the buyer;

d. the producer is able to develop a closer relationship with the target audience, by exchanging information, by direct feedback, by continuous pre- and post-sale communication.

Depending on the season and the market demands, the offer of "Legumele de Acasă" has been diversified, currently reaching over 20 types of products (*table 2*).

**Table 2**

**The main crops capitalized by the agricultural unit "Legumele de acasă" Târgu Frumos, Iasi County, 2019**

No. crt	Product category	Product name	
1	Fresh vegetables	Asparagus	Cauliflower
		Leek	Spinach
		Red lettuce	Pink radishes
		Green lettuce	Red radishes
		Celery	Green tomatoes
		Corn for popcorn	Cherry tomatoes
		Hot peppers	Tomatoes
		Cucumbers	Yellow tomatoes
		Pumpkins	Multicolored tomatoes
		Eggplants	Carrots
		Bell peppers	White onions
		Bulgarian peppers	Green onions
2	Greens	Parsley	Parsley root
		Grass parsley	Thyme
3	Processed Vegetables	Pickled cabbage	Vine leaves in brine
		Pickles	Yellow / red tomato juice

Source: The sale offer listed on the official Facebook page and website of "Legumele de Acasă" Târgu Frumos

The complete product variety, shown above (*table 2*) is produced throughout the year, by rotation. In addition to the production of fresh vegetables and greens, the unit aims at developing a supply of processed vegetables, which brings a greater profit and offers the possibility of sales for longer periods of time, the production being less affected by perishability and seasonality. In addition, lately it was registered a high demand for these kind of products among the targeted public in Iasi County, especially regarding the traditional products obtained from processed vegetables. Due to a constant increase of demanding observed among their clients, "Legumele de Acasă" Târgu Frumos gradually diversified and increased its production according to the customer demand. Through customer loyalty strategies and by diversifying the range of products according to the season, a stabilization of the number of persons served has been achieved, the sales and deliveries being realized on the basis of prior programming, due to the high number of requests from the part of new and loyal customers.

Being involved in a production activity characterized by seasonality and perishability, the vegetable producers must implement efficient and prompt marketing strategies in order to capitalize the production on time. The marketing strategy of the local producer „Legumele de acasă” Târgu Frumos has as its central point the targeted promotion on niches of customers spread geographically in the area in which the unit operates. This limited strategy in space and time has as a reason the necessary resources as regards the product promotion and placement:

- through specific niche oriented communication campaigns with personalized message the sale can be done in a shorter time;
- the *door-to-door* distribution policy involves the coverage of a territorial area, restricted on the one hand, but presents competitive advantages on the other.

The main capitalization channel is represented by „Legumele de acasă” website, which is structured as an online store where each product is presented through photos, price, description. This channel offers the possibility of ordering online with home delivery option, providing the target audience an easy mean of purchasing.

The products are distributed only in Iasi county by producers or their employees, twice a week: on Wednesdays and Saturdays. During the week the orders are picked up and processed, one day before delivery the baskets of vegetables are prepared, and then the fresh vegetables are delivered at home / work place / meeting point established with the client.

The key messages which are pointed out in their advertising campaigns are focused on the idea of high quality products, natural and healthy, carefully grown vegetables, without the use of harmful chemicals. Due to the lack of financial resources necessary for the implementation of offline advertising campaigns, the only advertising channels utilized so far are online channels: through social media networks, website and online platforms belonging to a series of partners.

Facebook was the main channel that facilitated the promotion of the company on the local market. Through this social media platform, "Legumele de Acasă" Târgu Frumos succeeded to inform a large number of people about the company's offer. Through a series of special groups created on Facebook the producers made their first sales in Iasi county, followed by the creation of a personal page for communicating weekly offers, distribution days, meeting points and news about production. The main Facebook groups in which the producer advertises its products are "Iașul vrea produse locale" ("Iași wants local products") with over 37.500 members and "Iașiul vrea produse naturale" ("Iași wants natural products") with over 40.000 members. The official Facebook Page of the producer has more than 3200 followers and likes who are constantly buying their products. Also through this communication network, the producer has been able to increase a loyal weekly customer base – with the help of positive reviews and *word of mouth* advertising which is one of the key factors that generate discussions and interaction in online.

In online medium control over the spread information about a brand is almost impossible. With a widespread negative impression rate and a low public attention retention in the absence of constant communication, the company has managed to attract attention in a positive way and to have the desired impact on the public in Iasi county area. A positive reputation in online has helped to attract the attention of the press, "Legumele de Acasă" Târgu Frumos benefiting of unpaid and viral reports and articles in local and national press, which highlighted the novelty of the business approach and the innovative marketing strategies adopted by the company. Until present, well known media publications, such as ProTV, Antena 1, TVR1 have produced and published articles and TV shows in which the owners of "Legumele de Acasă" Târgu Frumos presented their business and successfully promoted themselves without investing in advertising budgets, benefiting of publicity through mass media (*figure 1, 2, 3*).



Figure 1. Free article about "Legumele de acasă" Târgu Frumos published in "Adevărul" – a national circulation newspaper  
Source: www.adevarul.ro

"Adevărul", a daily national circulation newspaper available also online, is one of the most popular mass-media publications in Romania, with more than 20 millions of visits per month according to Audience and Internet Traffic Study (SATI). "Adevărul" published an entire article about the development of "Legumele de Acasă" Târgu Frumos with the help of internet and how this

mean of communication was integrated in their marketing strategy (figure 1).

Other local publications published articles about "Legumele de Acasă" Târgu Frumos, the unit being considered an example of positive communication, with an effective marketing approach (figure 2).



Figure 2. Free article about "Legumele de acasă" Târgu Frumos published in a local newspaper

Besides articles published in written press, "Legumele de Acasă" Târgu Frumos benefited of publicity on national scale during one of the most

watched news bulletin in Romania – ȘtirileProTV (figure 3).



Figure 3. News report about "Legumele de acasă" Târgu Frumos - Știrile ProTV

In an economy characterized of fierce competition, where articles in newspapers and news reports exceed by far the advertising budget of small local agricultural units, obtaining a positive publicity in the program of national publications is a marketing efficiency attestation, an objective aimed by every company. Through a balanced combination of online and offline advertising actions, authentic and direct contact with customers, real-time adjustment of the offer and messages according to the received feedback from the market, high quality of the delivered products, "Legumele de Acasă" Târgu Frumos managed to consolidate the image of authentic and domestic brand in the field of production and capitalization of vegetables and greens in Iasi County.

### CONCLUSIONS

In an increasingly abounding market of global companies implementing marketing strategies with large budgets, the success of small and medium-sized companies lies in how they manage to find a suitable niche and apply effective marketing strategies in terms of involved resources vs. obtained results.

With the help of online communication channels, brands succeed to implement various marketing strategies in order to meet the consumers desires, through key messages oriented in positioning themselves as more active and locally oriented, involving low marketing budgets.

Positioned as local agri-food producer through efficient marketing strategies positively influenced "Legumele de Acasă" Târgu Frumos reputation on the market and has increased its number of loyal customers. Regarding the grounds attesting to the company's growing awareness, we mention:

- implementing online marketing campaigns on Facebook and Google helped "Legumele de Acasă" Târgu Frumos capitalizing its products and creating a strong and loyal customer base of more than 200 weekly customers, each with a medium shopping basket value of 100 lei; with the help of online channels, the unit succeeds in selling all its products online, distributing their products in stores and supermarkets being not necessary;
- "Legumele de Acasă" Târgu Frumos has create a strong connection with the local target audience through its communication messages, reflected in the rise of reactions on its Social

Media presence – more than 3200 likes and active followers on its official Facebook Page, constant orders through messages and comments;

- the unit gained visibility on local and national market through a series of articles and reports published in national newspapers and TV news bulletins well known in Romania, such as ProTV, Adevărul etc;

- creating strong community ties while meeting local needs or tastes through its range of locally tailored products "Legumele de Acasă" Târgu Frumos managed to enter an already crowded market of local and imported agricultural products, difficult to access by small producers with low marketing budgets.

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