

## DEVELOPING AND IMPLEMENTING STRATEGIC MARKETING IN SWINE FARMING (CASE STUDY AT S.C. FERMUSIN S.R.L. LIEȘTI, GALAȚI COUNTY)

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### Abstract

Both nationally and in Galați County, agriculture is one of the basic branches of the economy, with a considerable contribution to GDP. In Romania, for 2007-2013 period, the rural development sector (including agriculture) is supported by the implementation of the National Rural Development Programme (NRDP). According with this program, the Romanian agriculture has many opportunities, such as: availability of large, increasing markets, both domestically and in Europe; potential to fight against climate change by developing and using renewable energy, including the production of biofuels from agriculture and forestry biomass; vertical coordination between processors of agricultural products, supermarkets chains and farmers; potential to improve the management of natural resources through training and advice, focused on environmental protection; capitalization of financial support granted by the NRDP to implement local development strategies etc. In this respect, also in Galați County, is intended to be projected and implemented strategies for the development of agriculture in general and also in livestock sector, especially based on the National Strategic Plan 2007-2013, strategies with national applicability. A very important element in this work is related to encouraging the farmers to accept the market demand and to improve their marketing strategy. Improving trading systems so that farmers be granted with a higher share of market prices may involve upgrading transport infrastructure and systems. Other measures involve: providing loans to traders and processors, forming farmers associations for joint capitalization of products on the market etc. Small farms are major players in most developing countries, including Romania. Therefore, for their development, macroeconomics must be stable and public goods in rural areas must be funded by the state (rural roads, education, health, agricultural research and extension, information dissemination). Also, institutional innovation plays a vital role in providing materials and services in which the state should be involved in its coordination to overcome issues like: supplies of raw materials and finished goods, financial, technical and marketing aspects etc. Research results in SC FERMUSIN S.R.L. Liești, Galați County are original elements that can be used by farmers to improve and expand farming activities in order to achieve performance and efficiency.

**Key words:** marketing, strategies, swine

In Romania, for 2007-2013 periods, the rural development sector (including agriculture) is supported by the implementation of the National Rural Development Programme (NRDP).

The absorbency of the EAFRD (European Agricultural Fund for Rural Development) program funds in 2012 was 41.9% of the total allocation of the measures launched, 42.0% of the payments made by A.P.I.A. (Agency for Payments and Intervention in Agriculture) and 58.0% of the payments made by PARDF (Paying Agency for Rural Development and Fisheries) together with the Managing Authority (Barbu C.M., 2006; Toma Elena, Dachin Anca, Alexandri Cecilia, 2009; Zahiu Letiția, Dachin Anca, 2007).

The highest values of the payments were made on the measures:

- 322 - Village renewal and development, improving basic services for the economy and rural population and upgrading of rural heritage;
- 121 - Modernization of agricultural holdings;
- 123 - Increasing the added value of agricultural and forestry products;
- 312 - Support for creating and development of micro-enterprises.

NRDP addresses to Romanian rural territory, respectively, 93.6% of Romania which corresponds to 48% of the total population. The program is based on an integrated territorial

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approach by ensuring complementarity, consistency and compliance with other EU and national funds (Fruja I. and colab., 1994; Gavrilescu D., 1996; Gîndu Elena and colab., 2005). Through LEADER Axis from NRDP, in Galați county, in 2011, was approved The Local Action Group - AREA DEVELOPMENT ASSOCIATION TECUCI, which consists of the following municipalities: Bălășești, Buciumeni, Corod, Cosmești, Costache Negri, Cudalbi, Drăgușeni, Ghidigeni, Gohor, Nicorești, Poiana, Priponești, Țepu, Valea Mărului, Pochidia și Tutova. In 2012, they were selected for funding other three Local Action Groups (GAL): Dacic Forests GAL - Galați and Vrancea counties; Low Meadow Siret GAL and Local Development Plan of Covurlui GAL (Nicolau Camelia-Viorela, Drobotă Benedicta, 2010; Chiran A. and colab., 2001; Dinu E., 2000; Lazăr T., Gheorghiu Luise, 2005; Popa I., 2004).

In the Measure 214 - Agri-environment payments, Galați drew funds totaling of € 4,437,216.43, the largest being the Package P4 - green crops, about 73%.

In the Measure 215 - animal welfare, have made payments amounting to approx. € 4.03 million in pigs and 0.52 million € in poultry.

In the field of animal production, the following measures have been identified:

- 112 - Establishment of young farmers;
- 121 - Modernization of agricultural holdings;
- 141 - Support for semi-subsistence farms;
- 215 - Animal Welfare Payments.

## MATERIAL AND METHOD

The case study was performed at S.C. FERMUSIN S.R.L. Liești, Galați County and aimed at developing and implementing strategic marketing activity for growing pigs for meat. The company was founded in 2006 with the object of activity "Growing pigs" (CAEN code 0146).

S.C. FERMSUIN S.R.L. Liești, Galați County, by modernization of existing production halls and purchasing technological equipment, in compliance with the rules, aimed at developing

business by maximizing occupancy of existing production halls, that do not meet the technical modernization, modernization at the highest European standards by improving technology and equipment productivity and by reducing unproductive additional costs and specific consumption (Rădulescu C.V., 2003; Voicu R., 1999; Bălăceanu Cristina, Apostol Diana, 2012; Chiran A. and colab., 2007).

In 2006, the unit had a total of 96 breeding sows and 480 fattening pigs. In 2007, S.C. FERMSUIN S.R.L. Liești activity has doubled, reaching 185 breeding sows and 1250 fattening pigs. The company had an accelerated growth rate, today having a total of 475 breeding sows and 4380 fattening pigs (Câmpenu B., 2009; Chiran A. and colab., 1995; Oancea Margareta, 2003; Chiran A., Gîndu Elena, 2007).

Since 2008, the unit provides about 50% of its raw material for feed from an area of 101.7 hectares cultivated with forage.

## RESULTS AND DISCUSSIONS

The purpose of strategic marketing strategies is crossing in a reasonable timeframe to a realistic development model generating high added value, driven by interest in knowledge and innovation, oriented to continuous improvement of people's lives and their relationships in harmony with the environment.

For the next period, the objectives of S.C. FERMSUIN S.R.L., Liești, Galați County are technical, economical, financial and environmental ones. The supply and marketing situation analysis S.C. FERMSUIN S.R.L. Liești points out that in 2011 there were 1560 births, while the average number of piglets / litter was 10.5 heads, so that the total number of piglets reached 16,380 heads. Given the mortality losses resulted in a final total of 12,285 pigs fattened and sold for slaughter. For the period 2012-2016 the unit proposes a significant increase in production capacity (tab. 1).

There is a projected an accelerated growth rate, enough so that by the year 2016 offer for live pork could increase by almost 60%.

Table 1

**Production capacity forecast for 2012-2016 in S.C. FERMSUIN S.R.L. Liești, Galați County (kg pork live)**

Specification	YEAR I – 2012	YEAR II – 2013	YEAR III – 2014	YEAR IV – 2015	YEAR V – 2016
Piglets for fattening and delivered (100-110 kg)	1073632	1234680	1384841	1526478	1712362
% compared to the year I (2012)	100.0	115.0	129.0	142.2	159.5

The main suppliers of S.C. FERMSUIN S.R.L. Liești, Galați County operating on internal

institutional market, are located in the South-East and surrounding Galați County (tab. 2).

Table 2

**The main suppliers of S.C. FERMSUIN S.R.L., Liești, Galați County**

Suppliers	Products/services	Quantity (tone)	Value (thousand lei)
S.C. Noack România S.R.L. București	Ascolac	45	121.5
	Prestarter for piglets	50	110.0
S.C. Tecas România S.R.L. București	Premix	160	288.0
S.C. Vegetal Prod. S.R.L. Galați	Cereals	1,300	650.0
S.C. Helianthus Oil S.R.L. Tecuci	Sunflower feed	150	133.0
S.C. Mândra S.A. Bârlad	Soybean feed	10	85.0
S.C. Farmavet S.A. București	Veterinary medicines and utensils	-	23.5

The main customers of the unit are legal entities (companies, agricultural companies) engaged in food trade or who are processing pork meat (tab. 3):

Table 3

**The main customers of S.C. FERMSUIN S.R.L., Liești, Galați County**

Customers	Value – thousand lei	Share %
S.C. Șerbănești Livada S.R.L.	6446.1	76.0
S.C. Alimento S.R.L.	593.7	7.0
S.C. Conserv S.A.	424.1	5.0
S.C. Saltempo S.R.L.	848.2	10.0
S.C. Floarea Salcâmului S.R.L.	169.6	2.0
Total	8481.7	100.0

Risks and difficulties in the capitalization of products are represented by massive imports at lower prices than the Romanian market.

Features seasonality - products obtained after slaughter pork products are eaten all year round, but especially during the cold season. Regarding the development of products obtained in the observation unit, there are not characteristics of seasonality, since for their sale, the company has signed firm contracts, S.C. FERMSUIN S.R.L. Liești, being a member of the National Federation of Agricultural Producers of Romania (FNPARG). In the context of European integration and representation at EU level, national interest and FNPARG is represented by the first adaptation to European standards in force.

In the swine farming field, is active the Council Directive no. 91/630/EEC of 19 November 1991, laying down minimum standards for the protection of pigs. According to the objectives achieved that lead to an improvement in general of Romanian agricultural sector indicators, and thus to improve the FNPARG image at European level, are provided:

- increasing the number of supported holdings belonging to members of associative forms;
- improving the overall performance of the farm;
- improving quality standards;

- increasing the number of farms upgraded with modern technological equipment that allow agricultural and ecological processes a better return;

- reducing production costs, leading to an increase in value added.

All this will lead to an increased in competitiveness of the Romanian agricultural sector and to boost export competitiveness in the domestic sector, which will require a more rapid adaptation to technological and quality standards of the European Union.

It will make use of two types of channels for addressing customers:

- a direct channel for individual customers, individuals who purchase directly from the headquarters of seller;

- short indirect channel, for organizational customers: road traveled by animal products move from S.C. FERMSUIN S.R.L., Liești specialized slaughterhouses and then to companies who process these products and for final consumers.

In S.C. FERMSUIN S.R.L., Liești, the marketing mix focus on: planning production according to market demand, sales pricing according to supply and demand changes occurring on the market, using short distribution channels, promotion of products offered on the market (tab. 4).

Strategic planning of marketing at S.C. FERMSUIN S.R.L. Liești will take place on several levels, namely:

1) higher organizational level - which takes into account aspects of company mission, general long-term objectives, the portfolio company development strategies and resources - with the main instrument the company's strategic plan;

2) functional level - relating to company functions being planned separate functions: research and development, production, human resources, finance, accounting and marketing.

**Marketing mix in S.C. FERMSUIN S.R.L. Liești, Galați County**

PRODUCT	PRICE
Careful coordination of production with consumer demand; Increasing the products quality offered on the market; Prepare a delivery-sales program to establish a permanent link between the rhythm, size and manufacturing structure, on the one hand, and customer requirements specified in received orders and contracts, on the other hand. With this correlation, the company provides continuity in selling products and thus the production activity.	The fixing of prices based on price acceptability (psychological price) that the consumer is willing to pay to buy the product (in a certain amount), production costs, the prices of the major competitors, profit margins; Review of prices at intervals to allow the fructification of changes on the market.
PROMOTION	PLACEMENT (DISTRIBUTION)
Continuous improvement of the company image in the industry; Diversified Advertising, public relations, advertising at the sale.	The use of channels with the least amount of intermediaries; The use of rapid transportation.

Control and adaptation - while implementing marketing strategy will be evaluated and checks the results obtained a process that will follow both the quantifiable and the non-quantifiable effects generated by operational strategies.

Evaluation of strategy involves performance measurement of S.C. FERMSUIN S.R.L. Liești, while controlling involves comparing the predicted results with the results.

The purpose of this process is to monitor and evaluate the differences between objectives and business performance and to guide or correct methods and techniques consistent with the strategy of the external environment changes.

Strategic control system is focused on the identification based on experience and a thorough internal situation and external conditions of the company, of strategic elements showing the highest probability of deviation from actual performance to the standards set.

Performance evaluation will be made from time to time. Performance comparison results with objectives and other quality items will be correlated with the importance they have in the evaluation process. If performance falls within acceptable limits, the control ends and work follow its preceding course before evaluation and strategic control. Otherwise, proceed to change plans and strategic objectives.

If there is a performance difference, it must be analyze the factors that have led to this variation and adoption of measures to regulate the situation.

In order to eliminate differences in performance can be identified in several ways:

- change of (a) partial strategy, which requires the adoption of a new plan for allocating resources and modifying strategic plans to improve the conduct of business;

- integrating new activities into the company's portfolio;
- removal of the company's portfolio of activities that recorded performance gaps;
- cooperation with suppliers, trade unions and even some competitors to obtain favorable legislative regulations;
- change the objectives because in some cases, setting strategic objectives was made according to optimistic forecasts, in which the performance gap is due not only with deficient performance, but setting a too high level goals.

## CONCLUSIONS

S.C. FERMSUIN S.R.L. Liești, Galați County, has as activity of growing pigs, now having a total of 475 head of breeding sows and 4380 fattening pigs. SWOT analysis conducted at S.C. FERMSUIN S.R.L. Liești, highlighted strengths (high natural potential for producing feed for livestock sector, desire and capacity for innovation) and weaknesses of the company (high production costs, low level of computerization of society, low marketing) and identified opportunities (increasing demand for quality products, investment opportunities through the National Rural Development Plan) and threats (risks) (unfavorable evolution of the economy, difficult access to the credit system, unfair competition, massive imports at prices low, etc.).

S.C. FERMSUIN S.R.L. Liești through marketing mix must plan production according to market demand, negotiate the selling price of meat (carcass, cut pieces or processed products) according to changes of supply and demand on the market that appear, use shorter distribution channels and various methods and techniques to promote the company and the products offered on the market.

It is recommended the improvement of agri-food trading market (agricultural bourses, cold housing for storage meat and pork products) so that farmers be granted with a higher share of sales prices, which may help motivate them to provide top quality products market.

It is still necessary to support rural development networks that play an important role in building the capacity of production and exploitation of rural communities, improving communication and wellbeing within them. Farmers may have easier access to information and news on the market; find partners and reliable collaborators for continued development and business efficiency.

Farmers should be encouraged to base their marketing strategies according to the market demand for a higher recovery of the products produced and entering on new market segments.

Economic efficiency can be achieved by the integration of the vegetal sector, animal breeding and the processing within agro parks. Competitiveness in agriculture can be achieved through farm with multiple activities; market oriented, by association and cooperation, grants access for the necessary investments in farms and processing units etc.

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