

**BANAT UNIVERSITY OF AGRICULTURAL SCIENCES AND
VETERINARY MEDICINE TIMISOARA**
FACULTY OF FARM MANAGEMENT



ENG. MOISA SEBASTIAN

PhD THESIS ABSTRACT

**THE ROLE OF PROMOTIONAL MIX IN
DISTRIBUTION AND SALE OF FOOD PRODUCTS**

**THESIS ADVISOR:
PROFESSOR, IOAN FRUJA, Ph.D.**

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ABSTRACT

Both on the internal and world markets, in particular the growth of competition in distribution and sale of food products is increasingly difficult for the companies that are active in this area, either in production or in the sphere of trade, to maintain the market and moreover, to increase business by increasing sales volume of products. Under these circumstances, the promotional mix lies an extremely important role.

The present work approaches one of the topics of high current, i.e. THE ROLE OF PROMOTIONAL MIX IN DISTRIBUTION AND SALE OF FOOD PRODUCTS, which creates a subject of interest for specialists, as providing identity implies the existence of a strong organizational culture (which is formed over time), as well as promoting their own brands.

During my thesis I analyzed the importance of the promotional mix in promoting food products, both in economic, statistical, and sociological point of view, achieving a public opinion poll on the impact of advertising on the advertising consumer, as applicative part.

PhD thesis conducted an analysis of food products consumption, the behavior of food products consumer, and not least of the promotional mix and its role in distributing and selling food products, taking into account the specifics of the internal and international market and the situation the vast majority of firms producing food products are in. PhD thesis is structured in six chapters during which an analysis of the promotional mix and its role in distributing and selling food products is achieved.

Chapter 1, entitled AGRIFOOD CONSUMPTION OF POPULATION, is dedicated to presenting some considerations on the concept of consumption, the reproducibility and the relationship between consumption needs and consumption. Consumption, according to the studies conducted by J.M. Keynes, is the first component of effective demand for goods and services. This is achieved according to the level of income and a number of other subjective and objective factors. In general, any consumption is based on income. Therefore, a part of income held by individuals and legal entities, including the state, will be used to buy consumer goods and services for the purchase of personal or collective services. In Romania, the statistics made in this area used the following structure of total consumer expenditure: food products and soft drinks, alcoholic beverages and tobacco, clothing and footwear, housing, water, electricity, gas and other fuels, furniture, equipping and maintenance of housing, health, transport, recreation and culture, education, hotels, cafes and restaurants, communications, other products and services. Starting from the idea that the need is the factor that, under certain conditions, triggers the individual behavior, a fundamental approach is sought, with profound implications on the efficiency of promoting food products.

Linking quantitative and qualitative food production with consumer demand is the major imperative of contemporary civilization. According to this goal, it should be known the specificity of food demand, which is determined by the actual needs of consumers. One is searching for an answer to consumers who wants to know the value of using food items in the dynamic market of food products.

Permanent changes of alimentary behavior, of the mode of nutrition, but also of the process of

obtaining food products are closely linked to developments in the human race. To these changes contribute in a very large extent the growth of culture and human civilization, scientific and technical discoveries, research in the food and nutrition area. Diversifying the food products, quantifying their metabolic effects and correlating food with the nutrition health of the population resulted, over time, in the affirmation of the need for a careful design of the food products, which should take into account the nutritional value of food products and the expected result on the nutritional plan.

The degree of satisfaction with multiple physiological, spiritual or social needs of the population is stressed by the volume, structure, quality and consumption dynamics. The population consumption refers to a wide variety of goods, some may be essentials (bread, meat, milk, vegetables or clothes), and others can support a postponement of meeting the needs related to them and are considered luxury goods. The analysis of the products and the groups of products consumption must not only consider their quantitative evolution but also their quality, too.

People have many and varied preferences and they have limited quantities of resources when to meet them. Thus, one can show that to maximize the expected total satisfaction to be achieved by the consumption of various goods or services, consumers will choose, at a time, as the optimal combination of consumption, a combination that will simultaneously fulfill the wishes and preferences in relation with their possibilities. Consumer decision is taken, in most cases, compared with net income personal development, as personal consumption depends to a large extent, on the net income. The reached level in consumption is therefore determined by individual income. When income level is lower, people are oriented primarily to satisfy their basic requirements, in which case psychological factors (tastes, preferences, desires) that prints variability at the individual level is acting with less intensity.

Given the current economic conditions of our country, every individual makes, consciously or not, a plan for savings on which he will make future purchases of goods and services. It is noticed that on short-term, income growth is accompanied in most cases, by increasing the level of savings, while their decreasing causes the fall in income economies.

Changing expectations on the relationship between the present and future consumer spending is generally determined by the changes occurring in the development of the purchasing power, which, as it is known, is depending on the level of prices, to which the report is in inverse proportion. At the same time, it is noticed the existence, at the level of the consumer, of a whole set of elements, that combined, form a true program of consumption. Among these we can mention: consumer income, the price at which products can be purchased, tastes and preferences to products, ranked by the degree of the satisfaction that it offers etc.

One can say that in the current situation in which the majority of Romanian consumers are, prices and purchasing power can be defined as "factors of choice". As it is known, to meet a certain level of desired utility, the consumer will have to use best the available income.

Hence, the consumption is based on the individual need but the consumers' choices are not made at random. Also, sometimes the individual behavior in purchasing a good or service is not closely related to the satisfaction of his physical needs (such as food required daily for survival, the existence of a shelter, etc.), nor depend they exclusively by its purchasing power because other factors too may act on it at the same time, in the same sense or in different directions. A more and more important concern is, nowadays, the food problem, both nationally and globally, and it is aimed, primarily, to find more effective solutions of the ratio

between resources and needs of the consumer. Given that the global food production is heavily influenced by factors such as population growth, water resources, agricultural land area, the capacity (yield) fishing areas, climate, we can say that there was a significant increase in food demand lately, which led to changes in size and structure of the supply of agricultural products.

Chapter 2, called THEORETICAL AND METHODOLOGICAL PROBLEMS CONCERNING THE MEASUREMENT AND ANALYSIS OF HOUSEHOLD CONSUMPTION, has been dedicated to presenting the most important features of the market by reference in particular to the concept of market economy. Although the concept is a recent one, appearing in the literature in the second half of the twentieth century, the theoretical concept of market economy has generated many definitions or interpretations. Because the process of transition to the market economy is not a natural process, but a directed, controlled and regulated by the major institutions governing a country, we should not miss the fact that statistical data concerning the consumption of a country not only shows how people live that country, but they reflect how it was and how the country is still headed.

Therefore, the structure, size and dynamics of consumption during the transition to market economy has a dual meaning, the first reflecting the fact that the economy of such countries starts to tend to a market economy, and the second certifying or refuting the economic strategy practiced within a certain period of time by a country.

The social and economic "market economy" system defines the current level of development of capitalist economy in the developed countries of the world. The formation of market economy is a new process, an extremely complex one, requiring multiple economic, social and political mutations. Their operation is conditioned decisively by the content and quality of promotional business mix, and with the emergence and development of this system, in which the population demand has the dominant place, the economists' concerns have focused on developing statistical models in which it should be included as explanatory factors a large number of economic phenomena that economic theory is based on by explaining the size, structure and variation in time and space of the population consumption in a given country.

The consumption concept must be presented and analyzed in conjunction with the need, the latter referring to all human needs, economic units and institutions for goods and services considered to social scale. In the context of such a sense, it is considered that, while the men - or society - are the subject of needs, their object is the consumption of goods and services. The conceptualization of the notions of consumption, its structure and its determination of the various indicators is important for improving and developing the business, since different categories of consumption put their imprint on the targeting efforts of the entrepreneurs who produce consumer goods or services, and on the activity of distributors and other agents acting in the market.

The mechanism of functioning of the market economy is represented by the primacy of the demand on the supply, statistics having an essential role in the correct characterizing, as volume and structure, to meet the basic, fundamental and higher order needs system, and in estimating their evolution in the future. Based on this true and complete information, the development of a socio-economic system can be directed, regulated and controlled in line with the expectations of the population, and this cannot be ignored because the needs emerge, evolve and meet at individual level who wishes and shows through voting in the democratic system on which is based the political organization of a free market economy.

Chapter 3, AGRIFOOD MARKETING MIX, is referring to the marketing mix role in the analysis of sales and promotion of food products activities. Marketing mix represents all the activities of a company aimed at achieving its objectives. These actions include all of the means that aim in the conventional manner at the following four policies: product policy, pricing policy, distribution policy and promotional policy.

The product policy is being developed based on the product character and its demand parameters. The structure of the product policy is the product feature, which determines its destination if it is a consumer good or an investment product. The product with more complex features requires more attention from specialist firms.

Developing any product is based on an expressed or a probable desire of consumers, which the manufacturer is trying to give a concrete content material. To achieve its purpose, the food product must be known, accepted and adopted by consumers in their food habits.

The product is determined by three main elements: advantages (core) of the product, product attributes, and marketing services.

The benefits of the product are what the customer buys. It is about the essential advantages offered by the producer to the buyer. The product's yield materializes its benefits. The main task of the person responsible for marketing is to sell advantages to the client.

The product attributes are those product features that make it attractive for the customer: quality, packaging, brand, size, color, style, taste, etc. The product attributes serve as guards for modernizing and diversifying the range of products. Therefore it is necessary for firms to develop different policies to improve product quality, packaging, marking according to concrete requirements of the client.

Food intended for final consumption, and human consumption is the result of a business organization composed of manufacturing, distribution, and promotion companies, belonging to different economic fields.

The price of the product is a complex marketing mix element. Price formation is a quite difficult process because you must take into account the contradictory interests of producers and consumers and compromise solutions should be found for both parties. If the price is unreachable to consumers, it becomes a barrier to promoting the product and meeting customers needs. But if the price does not cover the costs of production and does not guarantee the manufacturer a sufficient profit, then it leads to restriction of production.

Price is the only a variable of the marketing mix that influences directly the commercial success and the financial equilibrium of the firm. Although the possibilities for maneuver are limited, the decision of establishing the level of price related to the product or service offered on the market is based on several objectives that relate primarily to the turnover, profit rate, the physical volume of sales and competition.

Promotional policy involves the use of a range of actions and means of informing consumers, both to meet the comprehensive needs of the consumer, by buying products, and increasing sales and profits of enterprises. Promotion policy fulfills both an economic role and a social one. It is based on direct activities, as well as on indirect or nonpersonal ones, and where a number of media may be present.

Promotion includes all marketing activities designed to create and stimulate demand consumption through informative and convincing communities of the market enterprise. It includes several types of activities: advertising, personal sales efforts, public relations, use of brands, special promotional activities. Setting promotion structure is influenced by the market size, the nature of the product and its life cycle.

Marketing communication includes all signals emitted by a trader to its customers, potential customers, business partners (suppliers, customers), the opinion leaders, the competitors, institutions or staff to facilitate trade relations.

Communication system of an enterprise involves the use of various forms of information and incentives for consumers, designed to present company, its products and services, able to determine a number of favorable changes in the mentality and habits of the consumer. These issues are discussed at length in the chapter 4, chapter dedicated to studying the promotional mix.

Distribution policy of an agricultural product reflects marketing decisions on the specification of marketing channels, the choice of intermediaries and of forms of distribution for each category of product or service by the producer although in practice more independent enterprises participate.

Distribution strategy should be linked to overall strategy of the agricultural market, taking as the starting point the consumer and the opportunities to meet the customer requirements.

Choosing the enterprises that will distribute the product involves conducting preliminary investigations of the distribution channels in order to determine the optimal distribution. The analysis may involve the volume of sales done by each intermediary, and the cost of distribution to each channel of distribution used.

The choice of the strategic variant of the distribution of agricultural products and food products will have to take into account several criteria of which we include: size of the distribution channel, distribution extent, degree of enterprise participation, degree of control over brokers, the elasticity of the distribution, logistics of goods, distributing company image, etc.

The aim any business tends to is that consumers reach the products or services offered, and the satisfaction that we provide them. The notion of distribution meets a set of organizational, economic and technical activities, rather heterogeneous, that are meant to direct the products and services flows in a more favorable manner both for the participating companies and to final consumers. As a result of the importance that distribution submits, it is included as a variable in the marketing mix with the mission to bring harmony, in time and space, to the relationship between supply and demand.

Chapter 4, PROMOTIONAL MIX, presents promotional strategies and techniques that can be used to increase sales of food products.

These strategies and techniques have been addressed within a broader concept, namely the promotional mix in conjunction with other elements of marketing mix. Promotional policy is not designed separately, but together with the contribution that it can make to promote the general objectives of the company and on the other hand, because activities, strategies, techniques, methods, media and promotions are designed in close interdependence, in the concept of promotional mix.

A significant place in the marketing communication of the modern enterprise is taken by the promotion, respectively the promotional policy and its concrete forms of manifestation. The contribution of the promotional activity in the process of goods and services achievements on the market cannot be questioned if the decisive role of various measures to promote the completion of economic performance is taken into account. The promotion policy development involves a detailed knowledge of economic and social environment in which business operates, of the market and its operating mechanisms, of the ways partners take action, of competitors and, last but not least, a strategic approach to promotional activity in

conjunction with overall company policy.

The multitude of instruments and the specific activity of the promotional activities tag the process of strategy development, too. Accordingly, the promotional strategy is, in most cases, a combination of actions and subordinate means to global marketing objectives of the company designed to help achieve them. Increase exports, enhance and diversify the uninterrupted production of goods and services for material and spiritual needs of society, expanding economic cooperation and technical-scientific with other countries in a globalized world economy requires, first, prospecting systematic actions and knowledge of the internal and external markets, to convince potential buyers on the quality and value for use of our own products and, on the other hand, efforts for the establishment and improvement of a modern and efficient system of communications.

For the organizations that opened this millennium, the powerful changes that occurred in the last period in the world, both economically and in terms of social, political and cultural did that the need for communication to become more acute.

The role of promotional mix in the sale and distribution of food products lies in the ability to attract more consumers and to convince them to buy into higher promoted product / service, leading to boost profits. An important effect which promotional mix has on sales is the need to low the cost per unit.

Another indirect consequence is make the consumer loyal to a brand - brand loyalty, the consumer preferring the product in question at the expense of others, being less sensitive to price increasing, offering companies the possibility of increasing prices without losing customers and therefore increase profits, boost exports.

Also, the participation of the firms in fairs and exhibitions, as part of the promotional mix, has undoubtedly the advantage of meeting face to face of the merchant with future clients. Both the internal and the international competitive market has shown that it is not enough to have a quality product to get effective, consumers must know about its existence, they must see and analyze it, compare it with competing products. The most appropriate framework, which enables the possibility of direct connection of potential customers with the company offers, favorable to complex promoting the products and, not least of the marketing, are the fairs and exhibitions.

Both advertising and sales promotion have essential roles during the launch. Thus, sales promotion posters in stores or through exposure to beneficial incentives are designed to support the penetration of new products in stores, while intense publicity is intended to inform consumers on product attributes.

Other forms of promotion such as price reductions and the distribution of samples, combined sales, associated promotion have the role to stimulate the testing of products. Sales promotion requires the participation of the target audience - customers, distributors - consisting of using a coupon, participating in a draw, use / consumption of a sample or requests an offer by retailers. Sales promotion works best in combination with advertising in the conventional or unconventional environments. They are two complementary marketing communication tools, their planning and implementing together will increase effectiveness.

The role and importance of promoting sales increased worldwide over the past twenty years. Both the total amounts allocated to promote sales increased and also the share paid by companies to promoting actions. Statistics shows the share of sales promotion in the total expenses of marketing communication to a

figure between 60% and 75%.

The specific of promotional mix results in particular from the fact that media and promotional tools are adapted to the concrete conditions on the Romanian market and they take into account the Romanian consumer behavior analysis. It was also considered the strong influence of the promotional factors and the need for the use of promotional or effective methods and tools for creating and strengthening the image of products, brands, companies.

Chapter 5, entitled BEHAVIOR OF FOOD PRODUCT CONSUMER, presents theories on the consumer behavior and the type of his purchasing.

We insisted in this chapter on matters relating to lifestyle and consumer behavior, therefore, we have achieved an overview of the lifecycle feature contemporary Romanian society. It is distinguished, on agricultural products and foodstuffs, both a purchasing behavior and consumption specific to the final consumer, and a buying businesses behavior whose main activity is the production and / or marketing of agricultural products. In the latter case, the purchasing behavior is represented by the decisions that the company adopt in connection with the purchase of agricultural products and / or food, including the default process of evaluation and selection of suppliers and brands.

As for food companies, their purchasing behavior presents, in general, peculiarities of purchasing behavior manifested in the business market: large quantities purchased, more than one person is involved in the decision to purchase, who are well prepared and the decision is based generally on preset, objective criteria.

Consumer food products behavior, for the consumer market, presents a number of features compared with other categories of goods.

Purchases of agricultural products are largely the result of spontaneous decisions. It is estimated that up to 40% of purchases of agricultural products are the result of a process of reflection, are scheduled in advance, being made in general by both family members. The rest of purchases made, approximately 60% are the result of spontaneous needs, determined by sensations caused by the sensory properties of food products.

Major changes in the market of food products are generated by the influences that the age exerts over of purchase behavior and food consumption. Given that, over time, recorded changes in age structure of population, requirements, preferences, attitudes to the different consumer segments formed by this criterion will reflect in changes of the structure of agricultural products, the buying habits consumption and population from the respective markets. Food consumption habits are influenced by cultural norms of a nation, which is transmitted from one generation to another, as well as social class or social status, they are also heavily influencing the purchasing behavior and food consumption of individuals. Research has shown that membership of a particular social class influences the long-term behavior of individuals as consumers.

In some European Union countries (countries where the standard of living of the population is high) a number of studies have highlighted the following trends in the evolution of the purchasing behavior and consumption of food: food is purchased in small quantities and more diverse, and consumption is more a pleasure than a necessity.

The main elements that lead to substantial changes of behavior of food consumption in the EU refers to changing family structures, demographic aging, the evolution of the role of women in society, family

budgets and urbanization.

In Romania in the recent years, there is a trend in raising the share of prepared products and half-prepared food found on the market. Explanations could be the increasing number of employed women, the desire to use more effectively the time so gained during cooking, the trend of increased revenue, etc.

The last chapter of this PhD thesis, chapter 6, THE INFLUENCE OF PROMOTION ON CONSUMER BEHAVIOR, examines consumer behavior, which was considered that should be the starting point in designing strategies and promotional techniques and more. Also, in this chapter it was realized a comparative study regarding the efficiency of promotion by means of leaflets and catalogs used by some supermarkets and hypermarkets at the local level (Billa, Selgros, Metro, Kaufland, Real and Profi) and also a survey on the importance and effectiveness of promotion by means of leaflets and catalogs belonging to the stores mentioned above.

These marketing tools used by companies are specific to the type of retail trade, being distributed every two or three weeks.

In the opinion of specialists, leaflets and catalogs are one of the most effective forms of promotion, even more effective than the promotion of classical advertising (TV, radio, newspapers, magazines, etc.).

Promotion catalogs in stores are a marketing and negotiation process, and the aims pursued by both parties are to increase sales period and ensure a future stream of loyal customers who return to the store and buy the promoted product. Due to their strength of impact, retail catalogs are a convenient way to promote especially for suppliers with products that do not enjoy great popularity. It is noted the large number of products without the brand or brands at the beginning of the road. Also, catalogs and leaflets have a greater importance for intermediaries, the customers who have small retail shops in the neighborhood.

According to some studies, compared with a normal period, the sales of a product may increase by including ad folder with about 30% over a period of about 3 weeks they offer. Unlike a similar product on the shelf, a product found in the folder can be sold with 30-100% better than an unpromoted product.

Based on this study, it was also achieved a survey showing the importance and efficiency of promoting with leaflets and catalogs, where it appears that the vast majority of people interviewed seek advertisements in a percentage of 85% and 15% are not interested in any advertisement.

The influence of the decision to purchase of the consumer is clearly demonstrated by our study, as a percentage over 62% of people interviewed admit that they are influenced by advertising to purchase a product. From here emerges the importance of advertising in the sale of products in general and food products in particular. The consumer is influenced in a relatively high percentage of advertising to purchase a product found in advertisements, regardless of the medium used for these ads. Also, advertisements in agricultural products have the largest share in the interest of the people interviewed, with a percentage over 51%.

The preferred media channel / promotional support of the respondents is television (with a share of almost 77%), followed by leaflets (almost 47%), radio (nearly 18%) and finally on the other materials (nearly 15%). This only confirms the importance of leaflets and brochures to proposals contained in the super / hypermarkets existing locally.

The survey we conducted confirmed that the interests of consumers to promotional activity is increasing, the causes that could influence this phenomenon is primarily the media and practiced advertising

aggressively in shops, and secondly to mimic practiced trends and attitudes in developed countries.

In the case of food products the main objectives pursued by the consumer from advertising are: the price of products, given the lower income, interest in new, less known agricultural products, and not least the tendency of formation of a fidelity to certain food products from certain brands.

I am convinced that the promotional mix is particularly important in the sale and distribution of food products, which is also the objective of this thesis. This assertion is supported by the conducted survey, which shows that the consumer decision to purchase is influenced by promotion, and from the compared study results the importance of catalogs and leaflets used by the big stores in the distribution and sale of food products.