

PROMOTING ROMANIAN AGRIFOOD PRODUCTS

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Abstract

The purpose of this paper is to highlight the importance of promoting Romanian agrifood products in big chain stores in Romania. The research is based on analysis of trade in Romanian and presentation of the main ways how to promote their big chains in Romania. Creating and maintaining relationships between the big chains and local producers is not new, it has been reinforced with the entry and growth of large retail chains in Romania. The legislative changes introduced in 2016 oblige traders to obtain supplies through the so-called "short chain," that is to buy fresh local produce and regional. This supports small producers, who will have a bigger market outlet. Traders, authorized legal entities are obliged for the next categories such as meat, eggs, fruits, vegetables, honey, dairy and bakery to purchase these products by at least 51% of freight volume from the shelf "short chain for Supply". Exceptions are traders with a turnover of up to 2 million euros.

Keywords:

Commerce, Romanian producers, sale, promotion, legislation

Introduction

Production and distribution of agricultural and agrifood products occupies an important place in the national economy.

Promoting Romanian food products can become an important asset for the rural economy, particularly in disadvantaged or remote areas, both by improving the income of farmers and rural population stability in those areas.

For a smooth functioning of internal market for agrifood, it is necessary to provide operators with tools that enable them to enhance the market value of products, while ensuring the protection of consumers against improper practices and guaranteeing fair trade.

Increased crop and animal production, improving quality and its structure in line with modern nutritional needs are fundamental conditions which offer competitive training and operation of competitive market.

The fact that the level and the structure of the agricultural production are unsatisfactory for a rational consumption and that most of the production is for own consumption have no way to ensure the formation of a functioning internal market. Currently, free entry of agricultural products from the European Union countries will lead to the liquidation of national production for the domestic market and lack of competitiveness of inadequate structure.

The research tries to find the answer to the following question "How to promote, most efficient, the Romanian products in major retail chains of Romanian?"

Research objectives

Through this work we present the evolution of Romania's trade balance in the first half of 2016, the promotion strategy adopted in major retail chains of Romanian food products,

identifying strengths and weaknesses on the promotion of food products and proposing a set of methods and practices on improve the promotion of Romanian products in major retail chains.

The structure of promotional activity, specific for food products, is relatively identical to other categories of goods, the difference lies in the importance that each activity is held in the promotional mix.

The most used tool for consumer goods, advertising is the most commonly used business and agrifood products. Due to the nature needs to be addressed (needs essentials) and the result of the formative element of demand of food products is the population located in the jurisdiction of the company, one of the main media used is television.

The combination between image, sound, movements has a persuasive effect, undeniable importance because of the organoleptic properties of food products in their quality assessment and in triggering consumer appetite.

Overall, the picture presented food products in relevant color, it plays a major role in influencing demand. Thus, they are used as advertising media: press (especially the regular due to the high quality of reproduction and use of color), posters, billboards, catalogs, leaflets, brochures etc. (Țimiraș, 2012).

1. Literature review

The promotion term has its own origins in the Latin word "promovere" which means to move forward. The definition contained in the Explanatory Dictionary of the Romanian Language for the word indicates promote the following meanings: a rise, support, support making progress, to develop (Explanatory Dictionary of the Romanian Language, 1984).

So many can represent elements that can differentiate promotional strategy that can be adopted by a specific company. Among the criteria that could be used, the most significant are: the objectives to be achieved through promotional activity, the role of promotional activity, attitude towards market structure, frequency of delivery timing and the manner of organization of promotional activity (Florescu, 1992).

Marketing policy, which determines a certain "style" and a certain own "way" share of the company implies, first, the choice of marketing strategies in line with the company's resources and the particular market in which the company operates and then determine the structure, dimensions and how it will evolve output (product policy), determining how selling products (distribution policy), pricing appropriate to the products made (price policy) and, not least, a permanent communication market through specific activities, using very different means of action (promotional policy) (Anghel, 2001).

Promotion policy is an important element of global marketing policies of the company. Currently, it is not enough to produce; the product must be known to consumers and have a good image among their existence and development of the enterprise being in a close relationship with the performance of promotional activity undertaken. Also, by using a set of specific tools can help promote changing perceptions, attitudes, feelings, opinions of consumers (Manole, 2004).

Between 10 to 23 March 2016, Carrefour Romania launched the campaign "From Romanian, for Romanian". Campaign aims to help both to support the local economy and creating new jobs in various parts of the country and to promote quality of products manufactured in Romania.

The campaign aimed to encourage customers to choose products manufactured in Romania. From stockings to pottery and from detergents to chocolate and other foods, hundreds of

Romanian products are mainly promoted both in Carrefour stores in the country and in central and local media.

"We are aware concerning the importance of promoting Romanian products among our customers, to support the local economy and help create jobs in different areas of the country. We want to contribute in an active, relevant and real to rediscover the pleasure to buy Romanian products, old products, products of today and tomorrow. Therefore, we want to do and most famous Romanian producers through an altogether different approach to what we know at this time as the market for products manufactured in Romania. The involvement and dedication of the people with which products are performing or reach the homes of Romanians are an important factor in determining product quality. Products manufactured in Romania fail to find the perfect balance between quality and emotion", said Andreea Mihai, marketing director, Carrefour Romania.

2. The evolution of Romania's trade balance in the first half of 2016

In the first three months of 2016, Romania's trade deficit was 973.9 million euros, 162.1 million euros higher than the negative balance recorded in the same period of 2015.

**Table 1 Exports(FOB), Imports(CIF) and ballance FOB-CIF
in january-march 2015/2016**

-million euros-

Specification	Jan. 15	Feb. 15	March 15	Jan. 16	Feb. 16	March 16
Exports FOB	4185.5	4395.5	4800.7	4118.3	4810.6	4917.4
Imports CIF	4364.1	4782.0	5612.5	4497.3	5423.9	5891.3
Deficit FOB-CIF	-178.6	-386.5	-811.8	-379.0	-613.3	-973.9

Source:http://www.insse.ro/cms/files/statistici/comunicate/comert_ext/a15/ce03r15.pdf

Romania in the first half of 2016 exported goods (Intra EU 28 and Extra EU 28) totaling 13846.3 million euros, up with 3.5% compared to the corresponding period of 2015, while imports rose to 15812.5 million euros, representing a jump of 7.1%.

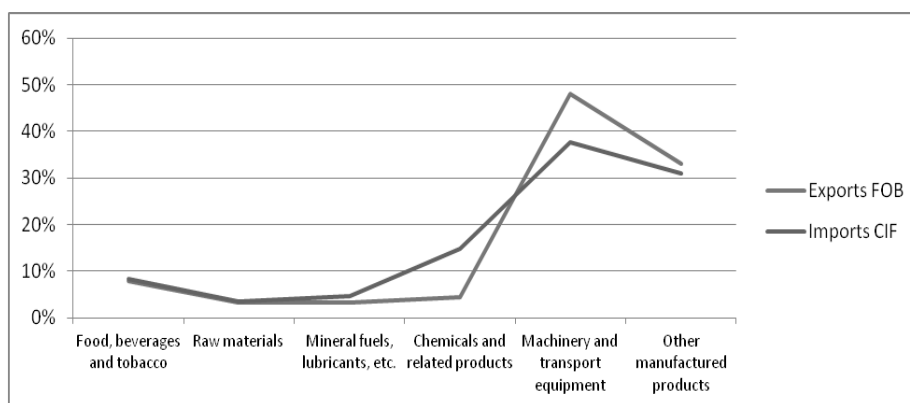
**Table 2 Sold FOB-CIF of Romanian trade ballance,
in the period january-march 2015/2016**

-million euros-

Specification	Jan. 15	Feb. 15	March 15	Jan. 16	Feb. 16	March 16
Intra EU28	-274.1	-478.0	-656.8	-326.9	-652.6	-826.9
Extra EU28	95.5	91.5	-155.0	-52.1	39.3	-147.0

Source:http://www.insse.ro/cms/files/statistici/comunicate/comert_ext/a15/ce03r15.pdf

Cigarettes, wheat and corn are products that have brought the highest revenue from exports in the first three months of 2016, respectively 969.6 million euros. Thus, during that period it was exported 24.900 tons intra and extra EU space of cigarettes, worth 354 million euros, two million tons of wheat (345.3 million euros) and 1.063 million tons of corn (270.3 million euros).



Source: http://www.insse.ro/cms/files/statistici/comunicate/comert_ext/a15/ce03r15.pdf

Fig.1 Romanian international trade structured by product groups in the first quarter of 2016

Agrifood imports in the first months of 2016 were dominated by bakers, pastry and biscuits worth 97.1 million euros (48.800 tons) of pork worth 96 million euros (63.800 tons) and food preparations with a value of 88.5 million euros (23.300 tons).

Compared with the same period in 2015, imports have increased for most groups of food products and mainly wheat (+25.5 million euros), bakery, confectionery and biscuits (+23.9 million euros), having more over the largest share in the structure of imports, food preparations (+18.9 million euros), chocolate (+17.3 million euros), bananas (+16.1 million euros), cheese (+15.9 million euros), tomatoes (+13.3 million euros), citrus (+12.9 million euros), vegetables (+12.3 million euros), coffee (+11.3 million euros) and poultry (+6.2 million euros).

The European Union was the main partner in trade of agricultural products, given that deliveries to Member States had a value share of 60.3% of total exports and intra-Community acquisitions share accounted for 82.2% of total imports (Agribusiness Magazine, 2016).

The forecast for 2022, issued by the OECD and FAO, indicate that global demand for agricultural products remains sustained in emerging countries and less developed countries. Offer not evolve at the same pace with demand, but much slower.

Market imbalances for agricultural products were explained by excess supply over demand, which caused the price to have a downward trend. From 1980 to 1990, demand was higher than supply, which caused the price to rise. The growth trend was maintained until 2007, crisis year, which benefited from grains and oilseeds producers. The losers were breeder farmers and feed manufacturers.

After six years of the crisis, while rising prices of agricultural products, the question on this trend. OECD and FAO invites reflections on the subject, depending on the evolution of global demand. This macroeconomic indicator is considered to be the driving dynamics of agricultural markets.

The imbalance between supply and demand, worldwide, will cause the price developments. For the period in question, the growth of world supply of agricultural products is quite slow and not sufficiently high, especially in emerging countries.

OECD and FAO underline the consumption of agricultural products, which is the main driver of the market. Emerging countries are increasing consumption as a result of pressure from population growth, future levels of life, the formation of the middle class and the changing nutritional system.

3. Promoting Romanian agrifood products in the big chains

Promulgation of hypermarkets law which actually is amending the law 321/2009 on the marketing of food which was designed to facilitate easier entrance of Romanian producers in major retail chains will produce immediate effects in shops and in the relationship between manufacturers and retailers. The long-awaited measure by which traders will be forced to purchase food indigenous by at least 51% of the freight on the shelf in the food chain short, will come into force in January 2017, six months after publication of the enactment in the Official Romanian Monitor and after the Government will publish norms.

A significant part of the articles of the law will come into force three days after its publication in the Official Romanian Monitor.

The amendments to this law are:

- It will change the way it is decided the shelf price;

The selling price to the consumer is purchasing price of food increased by trade margins; and the purchase price of the food includes the purchase price negotiated between retailer and supplier.

If retailers fail to do so, risk fines of between 100 000 and 150 000 lei or even suspension of the operating license up to 6 months.

- The shelf and service fees will disappear;

It is forbidden to ask any trader for invoicing or rein voicing and cash from fees and services provider.

- Acceptance or refusal of fresh products to stores is in place;

Commodity trader may refuse reception given that it does not meet the legal trading, the quantity envisaged in the contract or order or delivery deadlines, reception refusal goods being made upon delivery, otherwise the goods are deemed accepted.

Excepted from this provision fresh food, where quantitative and qualitative reception will be made upon delivery.

- Stores are obliged to create special spaces Romanian producers;

The new law also introduces a requirement that retailers pay "separate areas for display and sale of Romanian products, under the law".

- City Hall will say when the shops will be able to organize promotional events;

Entity authorized legal trader which is engaged in marketing food has the obligation to organize events to promote and sell Romanian agrifood in compliance with veterinary legislation in force. The frequency of these events and hours of operation will be established by decision of the local council.

- Evolution of prices in the concern of purchase and sale;

Big Commercial Networks Association in Romania (AMRCR) has drawn attention on several occasions that the force entry of new law could lead to higher prices of final consumer. This in a context where, in 2015, Romania and Poland had the lowest food prices in the European Union. "The drop in food prices in Romania is a conjectural situation brought but is the concrete result of a competitive system in the highly competitive food trade and courageous measures to reduce fees. Amendments to the law 321 will annihilate this "juncture" Romanian consumer benefit, the market will return to "normal high prices" and will bring about chaos in one of the most powerful economic sectors of Romania, without any real benefit to local producers" specific AMRCR a release. Lawmakers who created the law argue that the normative act will lead to cheaper food products by 20%.

According to the law, "traders- authorized legal entities are obliged categories meat, eggs, fruits, vegetables, honey, dairy and bakery to purchase these products by at least 51% of the volume of cargo shelf specific to each category of products originating in short supply chain".

Short supply chain is a supply chain involving a limited number of operators cooperation and economic development at local and regional level and close relationships between producers, processors and traders.

The law establishes that the fresh meat product labels must last the country of origin of the meat and the processed meat products have passed the percentage of meat from Romania contained therein. The law aims to make that exception traders with a turnover of up to 2 million euros, equivalent in lei. The methodology defining short supply chain shall be approved by Government Decision.

According to Community law, the internal market comprises an area without internal frontiers in which the free movement of goods, persons, services and capital. As such, one of the principles on which the Union is the prohibition of quantitative restrictions on the movement of goods and of measures having equivalent effect.

4. Strong points and weaknesses regarding the promotion of Romanian agrifood products

STRONG POINTS

* High Romanian agricultural potential;

Romanian agriculture is currently operating only at half the potential productivity compared with industry leaders like France. But the potential is huge. Romania has quality land, a large port in Constanta and the Danube access to an absorption rate of EU funds which may increase further.

* Share of rural population still high;

In terms of distribution in the territory, the Romanians have a level of rurality more pronounced, the share of rural population in Romania reflects the higher percentage of it to other EU countries, where rural settlements are less populated and smaller scale as an alternative to urban concentrations. Many of these rural communities contribute in a small way, to economic growth, social structure and also retain their traditional way of life.

* Price evolution of agricultural products and food costs;

According to the National Institute of Statistics 42% of total household spending in our country is the food. This explains the higher prices to us than in other European countries.

* Attracting young people into productive agricultural market in the coming years;

Attracting young people in rural areas is a sustainable method of regeneration and strengthening of rural communities. Addressing this need is related to social and economic progress in general, including improving access to public and private goods and services, food and technical, professional and educational matters. A well developed and functional rural infrastructure is the basis for economic development in rural areas.

Improving productivity in agriculture and farm to market orientation, they can be stimulated by supporting young people to take over management of farms.

Support may be given to young farmers who first established a farm as their heads. The support is granted for investments needed to comply with European Union standards that apply to agricultural production, including those relating to labor safety rules. Young farmers represent the basic category that can improve the productivity of farms and increase market access.

* The Romanian market for agricultural and food products has the potential to absorb a further increase domestic agricultural production;

* The existence of network marketing for large farms;

Development of hypermarkets and supermarkets chains creates a secure market outlets and promote domestic production. Encouraging and supporting them is vital to the future of agriculture in Romania.

* Organic farming development;

Organization marketing organic products is an important element in this sector. Marketing of organic products can be made directly from the farm, or by registered traders to M.A.P.D.R. Organic products are both supermarket networks and in small specialized shops.

A means of presenting organic products and establishing new contacts for commercial purpose is the participation in exhibitions, fairs and other national and international events. A prerequisite for the development of organic farming action to promote the concept of organic farming to consumer awareness on the importance of organic products (quality and health), so they offer a higher price for higher quality products. Producers outreach activities, training and promotion of the concept of organic farming are carried out by state and private organizations.

* Outstanding potential for renewable energy.

It is necessary that these new resources will gradually replace traditional exhaustible resources, ensuring the protection of the natural environment and energy security. The energy sector is vital for economic and social development and improve quality of life.

WEAKNESSES

* Maintaining fragmentation of properties, large number of small and subsistence farms;

The phenome of fragmentation and property parceling and is associated with the farming legacy of stock division, but most often involves failure sequence by parents founded a new family some land areas unequipped with tools or machinery.

* Remaining land uncultivated;

Romanian agriculture is much weaker than that of Europe both as production and as technology, lack of major investments in agriculture (due to lack of funds for financing, but rather difficulty of accessing them), the land fragmentation, property disputes and technology precarious. Romanian products do not always match the quality standards of the EU, which explains the lack of presence in foreign markets, while imported goods have invaded local store shelves.

* The taxing system for agricultural inadequate lands;

* Lack of programs and legislation for the systematic organization of settlements and agricultural land malfunction relationship between cadaster and rural development;

* Older age of people working in agriculture;

Rural areas face a serious demographic crisis given that many landowners are approaching the retirement age.

The blame for this situation would be lack of stimulatory regulations for attracting young people to agriculture and weaknesses restitution law that made owners to receive late property titles. The absence of real concerns of the authorities to grant credits for young farmers appears to be another cause of accelerated aging population.

* Lack of qualified staff for the food industry, qualified for operation of complex equipment, technicians, managers.

5. Suggestions for promotion improvement of Romanian products in major retail chains

Proposals for improving the promotion of Romanian products in major retail chains are:

* A significant increase in interest for purchase and sale of Romanian products from major retail chains by directing their purchases to local producers;

- * Stabilization and implementation of a marketing strategy geared towards Romanian seasonal products, establishing and implementing a plan for culture with local producers;
- * Implementation of a strategy to purchase the Romanian products centrally and locally;
- * Increase the number of advertising campaigns and information to consumers about attracting and keeping local producers of goods in major retail chains in Romania;
- * Simplification of administrative procedures: assessment and selection of suppliers of food products to be made much easier compared to current methods used;
- * Facilitating access of small producers with slow but steady production by big chains.

Conclusions

Law no. 150/2016, which supplements and amends law no. 321/2009 on food marketing, has sparked different reactions in the Romanian society, especially among the large supermarket chains. Legislative provisions laying down an obligation that 51% of the food on the shelves to local production.

Big retailers are forced to reconsider its trade policies, renegotiate contracts in the middle of their deployment, to abandon the facilities and services offered to promote local products, including Romanian and focus to find ways to sustain a cash flow huge, imposed without justification. All this will be reflected on the prices on the shelves and will have major consequences and on programs to support local producers. For Romanian producers promoting food products is a must.

One of the keys to sustainable development of the Romanian economy could be urban-rural partnership by supporting local agricultural economies and return to agricultural trade short circuits.

Great beneficiaries of these changes are local producers by making it a safe and stable outlet but also the end customer who can enjoy 100% Romanian products.

By massive advertising, big stores will not lose, will succeed in attracting increasingly more customers in their stores, this change is actually an adaptation to the new trend. They could put up rural small businesses, most suited to local needs, promote commercial circuits short chains of intermediaries removing existing food market and would preserve the national identity of the Romanian village.

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