

Profiling the strategic marketing activities of the organisations of producers of organic products in Bulgaria

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Abstract

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Bulgaria has a relatively small, but fast growing sector of organic production. The agricultural area under organic plant growing has tripled in more than two years – to reach 161 thousand ha in 2018 – of which 89 thousand ha of arable land and 33 thousand ha of perennials. The number of organic producers has almost doubled during the same period, reaching 7000 farms. This study examines the strategic marketing activities that organic producers' organisations perform, as well as the level of implementation of these activities by their members – producers of organic products. For the purposes of the survey, a questionnaire has been developed, through which a consultation is conducted with the managers of the selected organisations. This questionnaire aims to gather information on the degree of implementation of marketing strategies by the organisation of organic producers. The study found serious gaps in the implementation of strategic marketing activities in the investigated organisations of organic producers. Activities that are the basis of the overall process of marketing management (operating information system, market segmentation, developing a profile of the target market, quantifying marketing goals, building a system to control the implementation of marketing strategy) are underestimated (in whole or in part), which calls into question the quality of those being implemented. It is necessary to direct efforts and investments in improving the marketing management of these organisations by *inter alia* functioning of a leading unit, such as marketing department in the management of business processes in these organisations.

Keywords: organic producers; marketing strategy; organisation of producers; strategic activities

Introduction

Bulgaria has a relatively small but fast growing sector of organic production. The agricultural area under organic plant growing has tripled in more than two years – to reach 161 thousand ha in 2018 – of which 89 thousand ha of arable land and 33 thousand ha of perennials. The number of organic producers has almost doubled during the same period, reaching 7000 farms (Borisov et al., 2019)

The interest in organic products from producers is mainly due to subsidies from the Rural Development Program (RDP) – Measure 11 and the use of priority in financing through investment Measure 4 (Radev et al., 2019). Another

important factor for growth is the growing demand and consumption of organic products in EU countries, the second largest global organic market after the United States (Kolaj et al., 2019). There are growing successful examples of native organic products, and the continued focus of the Bulgarian organic operators on foreign markets (Popov, 2017); (Nikolov et al., 2020).

Organic products are those produced by applying the methods and practices of organic production of plant and animal products in compliance with the regulatory requirements of the European Union and Bulgaria (Popov, 2013). Organic farming, as a system for the production of agricultural products, contributes to the recovery and recycling of

natural resources. This production also contributes to the protection of human health, as it prohibits the use of synthetic pesticides, mineral fertilisers, growth regulators and genetically modified organisms, as well as the use of antibiotics and hormones.

In recent years, there has been a rise in the unification and cooperation of producers in order to improve the marketing of the products they produce (Popova, 2019). Producer organisations are an association of individuals or legal entities in the field of organic products and goods offered for consumption by end customers on the Bulgarian and European markets. The members of such organisations have many years of experience and know-how in the production and supply of organic products and organic foods, established in this market, which aims to better promote organic products, ways, methods and places to offer this type of goods, as well as their advantages and qualities for the end user, to add value and increase their revenue (Popova, 2019).

All members of the organisation unite around the concept of marketing organic products and organic food, including:

- promotion of organic products and organic foods
- introduction of quality standards and use of a common trademark certifying the quality and origin of organic products
- deploying a chain of stores that offer organic products;
- popularising and informing producers about the possibilities for switching to organic food production;
- informing and popularizing the end users about the qualities of the organic products and their advantages;
- attracting new companies, new producers and shops to offer organic products, using the standards introduced by the association and guarantee the quality of organic products;
- attracting suppliers of primary organic products of animal and plant origin, in order to establish the quality of the offered final organic products in the chain of stores of the producer organisation.
- The organisation of organic producers aims to carry out, coordinate and control the subsequent processes after the production of organic food, until the final organic products reach the stores. Some of the products and services that the organisation can offer are:
- delivery of specialised packaging for organic products and organic foods of all kinds, preserving their qualities and enabling maximum ease of transportation and storage;
- specialised transport, meeting all criteria and requirements for transport of ready-packaged organic food to the chain of stores;

- introduction of the products produced by members of the producer organisation in the chain of stores of the organisation, as the quality will be guaranteed personally and responsibly by the organisation itself;
- marketing of organic products and organic foods of the organisation.

However, it is appropriate to conduct a study on the available opportunities for effective implementation of marketing of organic products and organic foods by members of such organisation of organic producers, and formulation of targeted recommendations.

The aim of the current study is to analyse and determine the profile of the strategic marketing activities that organic producers' organisations.

Material and Methods

The marketing strategy is a sequence of specifically implemented marketing activities aimed at achieving the strategic marketing goals of the business organisation (Borisov et al., 2020) The larger the organisation, the clearer the distinction between marketing goals and strategic ones. For small organisations, marketing goals are mostly strategic goals (Borisov & Behluli, 2019).

This study examines the strategic marketing activities that organic producers' organisations perform, as well as the level of implementation of these activities by their members – producers of organic products.

The object of our study are the organisations and their members (business organisations) in Bulgaria. An organisation of organic producers is a company that is registered as such under the Commercial Law, keeps accounts under the Accounting Law and is registered in the Commercial Register of the Registry Agency of the Republic of Bulgaria.

The Commercial Register of the Registry Agency of the Republic of Bulgaria was used as a source for forming the sample, in which all registered organisations of producers of organic products are entered (31.12.2018). The obtained general population consists of 10 542 organisations /companies/ engaged in the production and trade of organic products in the country. In the formation of the sample, the method of simple random sampling was used, as its constituent units were selected by irreversible selection. The sample size is 206 organisations, members of 31 organic producer organisations.

After identifying the objects of research, the survey itself is organised – questionnaires with questions are made, personal interviews are organised and conducted with the owners or managers of the selected organisations.

For the purposes of the survey, a questionnaire has been

developed, through which a consultation is conducted with the managers of the selected organisations. This questionnaire aims to gather information on the degree of implementation of marketing strategies by the organisation of organic producers. In order for the marketing strategy to be complete, it must be based on an in-depth analysis of the internal and external business environment, be provided with the necessary resources and coordinated with the other functional strategies, etc. We accept the observance of the technology for development and implementation of a marketing strategy as a basis for its evaluation. Each stage of the technology contains strategic marketing activities, the implementation of which leads to increasing the quality of the marketing strategy of the researched organisation. The main activities in the respective stages are presented in Table 1. Based on the evaluation of the conducted strategic marketing activities we form a rating for the quality of the marketing strategy. Each activity is evaluated on the scale “Fully performed”; “Partially performed”; “Not performed”.

Results

The analysis in this section aims to determine which marketing activities are carried out by organic producers' organisations and whether the organisations have a functional marketing unit.

Regarding the establishment of a marketing unit, 60.6% of the organisations answered that they have such a unit in

their structures. Among the respondents with a positive answer, those whose marketing department is represented by a single specialist is also included (Figure 1).

The issues related to the implementation of marketing activities are 15 in total and cover the main stages in developing a marketing strategy. The answers received reveal some important trends in the state of the industry. Slightly higher than half of the organisations (57.6%) have built an information system for collection, processing and analysis of marketing information, but in 12.1% it is partially built, and in 30.3% such system does not exist. This shows an underestimation of the information by marketing managers. Without such a system, it would be difficult to provide the necessary and reliable information that is important not only for marketing activities, but also for the management of the organisation as a whole.

However, a significantly higher percentage (78.8%) of the respondents answered that they perform an analysis of the external environment, another 12.1% perform a partial analysis and only 9.1% do not analyse the factors of the external environment. Comparing this result with the previous two, we can assume that such analysis in a significant number of cases is not based on systematic information and is not performed by marketers.

The organisations in the branch are focused when formulating their mission i.e. 93.9% give a positive answer and only 6.1% a negative one. 78.8% of the organisations that answered “yes” stated that the staff is familiar with and ful-

Table 1. Strategic marketing activities by stages in the development, implementation and control of marketing strategy of the organisation of organic producers

Stages in the development, implementation and control of marketing strategy	Strategic marketing activities
1. Expressing the mission of the organisation and defining its long-term goals	Clearly define the mission of the producer organisation
	Introducing employees to the mission of the organisation and sharing it with them
2. Market segmentation and selection of target market (s)	Market segmentation
	Development of a profile of the target segments
	Development of a marketing mix for each target segment
3. Performing strategic analysis	Building an information system for collecting, processing and analysing marketing information.
	Conducting an analysis of the external business environment
4. Setting marketing goals	Setting quantitative marketing goals in writing
	Linking marketing goals with the results of strategic analysis
5. Development of alternative marketing strategies and selection of such (s) for implementation	Clear definition of marketing strategy
	Basing the marketing strategy on a certain competitive advantage
	Coordinating the marketing strategy with the other functional strategies
	Providing the marketing strategy with the necessary resources
6. Implementation of the marketing strategy	Clear responsibilities for staff implementing the strategy
7. Control over the implementation of the marketing strategy	Building a system for monitoring the implementation of the marketing strategy

Source: Own investigations.

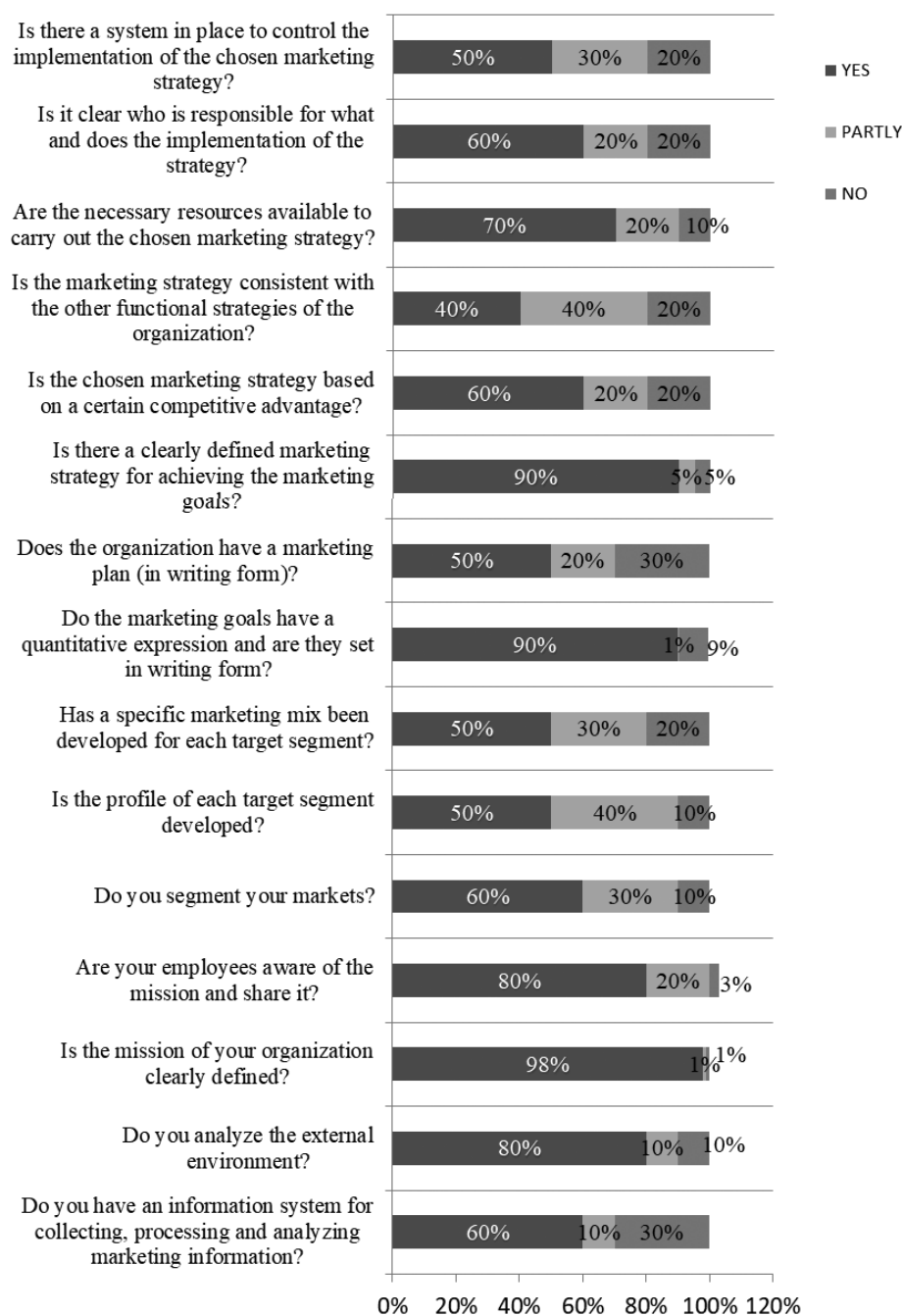


Fig. 1. Degree of implementation of marketing activities in the studied organisations of organic producers

Source: own survey, 2018

ly shares the mission of the organisation, with 12.1% it is partial and only in three organisations (9.1%) is not shared. The answers determine a good level of staff motivation in the industry.

The following questions are related to the basis of modern marketing and the modern management of company i.e. segmentation and market positioning. According to the received answers, 66.7% of the organisations segment the

market, 9.1% declare that it is partially implemented, and 24.2% do not apply it at all. Regarding the question “Are you developing a profile in the target markets” only 48.5% answered in the affirmative, 21.2% answered “partly”, and 30.3% did not build an end-user profile. Regarding the development of a specific marketing mix for each target segment, 54.5% of the organisations developed such, 15.2% developed it partially, and 30.3% did not develop it at all. The structure of the answers to these questions shows that a significant number of organisations in the industry do not use some of the most important tools that provide conditions for more efficient service in the market.

Responses to the question “Do the marketing goals have a quantitative expression and are they set in writing as a basis for marketing planning” show that 54.5% of respondents answered positively, 6.1% answered “partial” and 39.4% answered “no”. The answers signify that in a significant number of organisations this important stage of the development of marketing strategy is neglected. Failure to set clear, specific goals dramatically reduces the quality of the entire planning process in the organisation, which is a common phenomenon in the industry.

Responses to the question “Does your company have a marketing plan” show that 69.7% of the respondents answered positively, 24.2% do not have one, and 6.1% partially develop this type of plans. An explanation of the results can be found in the size of the companies i.e. the small companies (which dominate in the industry) rarely spend time and resources to develop marketing plans.

The answers to the next question show that 75.8% of the organisations have a clearly defined marketing strategy, 12.1% have such partially defined, and 12.1% do not have one. In 84.9% of the entities, the marketing strategy is based on a certain competitive advantage, in 12.1% this is not the case, and in 3% it is based in part. Similar structure of answers was obtained to the questions “Is the marketing strategy consistent with the other functional strategies” and “Are the necessary resources available to conduct the chosen marketing strategy?”

A high percentage of positive answers (78.8%) were received to the question “Is it clear who is responsible for what and does the implementation of the strategy”, but another 12.1% of organisations do not have a clear delegation of rights and responsibilities in this area, and in 9.1% it is partial. The results show that difficulties are rare here.

This is not the case with the control of the implementation of the marketing strategy. Just over half of the organisations (54.5%) have a system for such control, in 15.2% it is partially built, and 30.3% do not have one, i.e. do not control the implementation of their marketing strategy.

Conclusions

In the studied organisations of organic producers there are serious gaps in the implementation of strategic marketing activities. Activities that are the basis of the overall process of marketing management (operating information system, market segmentation, developing a profile of the target market, quantifying marketing goals, building a system to control the implementation of marketing strategy) are ignored (in whole or in part), which calls into question the quality of those being implemented. It is necessary to direct efforts and investments in improving the marketing management of these organisations. It is necessary to place as a leading unit – the marketing department (structure) in the management of business processes in these organisations.

The main strategic marketing activities that organisations perform are goal setting and analysis of the marketing environment. Organic producer organisations have the drive and resources to carry out these marketing activities to help their members. The results of the analysis indicate that there is insufficient coordination between the marketing activities that organic producer organisations perform and those that members carry out. This proves that the degree of integration in terms of strategic marketing in producer organisations is low. This can be explained by the desire of members to preserve their freedom in the implementation of their marketing activities at the expense of the principle of solidarity.

Producers and traders of organic products realise significant shortcomings in implementation of the marketing approach to efficiently managing their business. The implementation of the investigated strategic marketing activities is related to the presence of a marketing unit in the structure of the organisation. In those of them in which the marketing unit exists, the gaps in following the marketing strategy are minimal, while in the organisations that do not have such unit, marketing activities are completely or partially underestimated, which leads to sluggish market results.

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