



CHARACTERISTICS OF AGRICULTURAL MARKETS AND MARKETING MIX OR 5 P'S

Dr. Birendra Kumar

Asstt. Professor

Deptt. Of A.E.S.

C. S. A. U. A. & T Kanpur

Dr. Ajay Kumar Srivastava

Teaching Associate

Department of A.E.S.

Characteristics of Agricultural markets:

- Perishability of the product.
- Seasonality of production.
- Bulkiness of products.
- Variation in quality of products
- Irregular supply

Characteristics of Agricultural markets:

- Small size and scattered production
- Processing

Marketing mix or 5 P's of marketing includes,

Definition: The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

- 1. Product decisions,
- 2. Price decisions,
- 3. Place decisions,
- 4. Promotion decisions
- 5. People

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1.Product decision:

- Product means goods or services offered by the firm to its customers.
- A product has mainly four components
I- Product range ii- Service iii- Brand iv- Package
- Found that the new ideas relating to the products are diffused through the market in a systematic stages as follows:
 1. **Awareness:** People have heard about the product but lack full information to purchase
 2. **Interests:** Customer develop interest
 3. **Evaluation:** Decides whether to buy the product
 4. **Trial:** Samples the product
 5. **Adoption:** Integrates the product into a regular

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- **2. Price decisions:**

It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors.

There are different types in fixing prices. They are:

- **Cost based pricing:** cost + profit margin
- **Return on investment pricing (ROI):** certain amount of return on investment
- **Discount pricing:** some % discounts are allowed
- **Loss-leader pricing:** involves offering one or more products in a product mix at a specially reduced price for a limited time
- **Psychological pricing:** emotionally satisfying

3. Promotion decisions:

- ❖ Promotion implies efforts made to communicate customers and build up demand for the products through advertisement/demand creation activities.
- ❖ Also include marketing strategies using various methods for informing customers and convincing them to buy.
- ❖ Promotions modify customers' behaviour influence towards buying decision.
- ❖ Promotion mix chosen by the firm is usually includes advertising, personal selling efforts, general publicity & sales support programme.

4. Place or physical distribution decisions:

- refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. In fact, the mantra of a successful retail business is 'location, location, location'.

5. People:

- Important as constitute consumers and their changing behaviors due to changes in the demand influencing people. Their study becomes important and accordingly the strategies are made in the Marketing strategies.

MARKET SEGMENTATION

Meaning:

is part of marketing management strategies where firm distribute its product or service to the customers in order to satisfy their needs and to accomplish the firm's objectives.

Definitions:

- **Philip Kotler** : MS is the subdivision of market into homogenous subsections of customers, where any subsection may conceivably be selected as a target to be reached with a distinct marketing mix.

- **W. J. Stanton** : MS consists of taking the total heterogeneous market for a product and dividing it into several submarkets or segments where each of which tends to be homogenous in all significant aspects.

Fundamental aspects to be considered in determining the firm's market segment are:

1. Size of Consumers: Should be reasonably large to be a profitable group, i.e., Consumers' number & their purchasing power (Important for firm).

Ex: Markets for luxuries- Comparatively small but wealthy. Malabar Gold, TanishQ, Reliance Retail, etc.

2. Nature of Demand: High in terms of demand. Ex: Come from sizeable consumer groups (Income, Rural/Urban, Age, Gender, etc)

3. Changing behaviour of consumers be Measurable:

Consumer behaviour depends upon economy, status, quality, safety, comforts etc.

4.Position/Status(Size/Volume): of the firm in the industry& its ability to complete with others.

5. Firms image among the customers(Consumers Loyalty).

Adequate share in the market is possible only when the firm stresses on quality, reliability, integrity & service rather than low prices.

