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Animal products market study: Between scientific rigor and reality

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ANIMAL PRODUCTS MARKET STUDY - BETWEEN SCIENTIFIC RIGOR AND REALITY

ANCUȚA MARIN¹, RODICA CHETROIU², LIDIA IURCHEVICI³

Abstract: *The paper represents the result of the efforts made to develop a market study within the first subsystem of the marketing - the entries on the market, meaning the production sector, by applying a questionnaire addressed to the producers of cow's milk, sheep meat, pork, broiler. Even though the number of the questionnaires fulfilled (from 69 animal farms) is insufficient for the information contained to be statistically validated as a representative sample, given the data and information received from the producers who were opened to participate in this study and who deserves our appreciation, we felt that they must be known. The results of the opinion poll show that the respondents do not, in general, conclude contracts for the sale of the products, and the valorisation of the production takes place on the local and county market, only the larger farms delivering on the national market. The production sold is generally unprocessed, in a proportion of about 65%. The sources of financing of the activity are own sources in the proportion of 40-60%, loans 30-50%, subsidies 10-65% and access of European funds 10-15%. The questionnaire also reveals the problems that the breeders encounter during the production. Many of them invoke the low selling price of production, the fact that the takeover of the production has an irregular frequency, and the payment is made late.*

Keywords: *market, milk, meat, producer, questionnaire*

JEL Classification: *O12, O13*

INTRODUCTION

The marketing is a system that, under structural aspect, comprises three subsystems: inputs, represented by domestic production (excluding self-consumption), imports, national reserves and foreign aid; the market itself, represented by the confrontation of the supply with the consumer demand; outputs, represented by the consumption of the indigenous population, the raw material for the processing industries, the availability for export, the national reserves and the international obligations. Considered as a mechanism, the market for animal products comprises competition, demand and supply, prices, promotion, etc.

MATERIAL AND METHODS

The paper represents the result of the efforts made to develop a market study within the first subsystem of the market - the market entry, meaning production sector, by applying a questionnaire addressed to the producers of cow's milk, sheep meat, pork, poultry. After sending the questionnaires to a significant number of producers and their various associations, only 61 completed questionnaires were received. Subsequently, the questionnaires were also sent to the agricultural departments and only 8 completed questionnaires were returned.

From a statistical point of view, their number is insufficient for the information contained to be validated as a representative sample. However, given the data and information received from the producers who were open to participate in this study and which deserves our appreciation, we considered that they should be known. The paper presents, in summary, the most important aspects regarding the sale of animal products from the farms that participated in this study.

The processing of the answers from the received questionnaires was done using the applications available in the Excel program.

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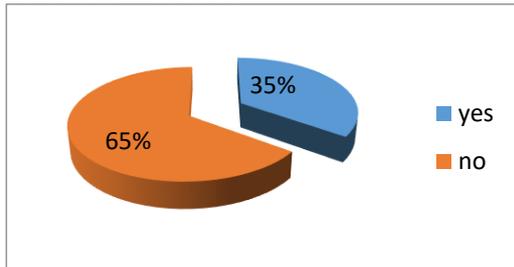
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RESULTS AND DISCUSSIONS

Milking cows

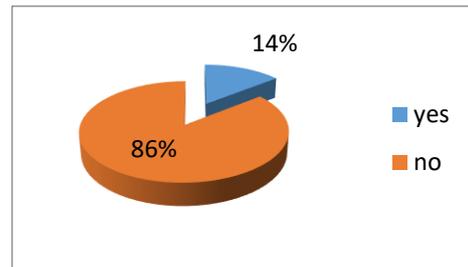
The farms analyzed have a variable size, between 11 and 466 cows. Most fall in the size class below 50 heads, the others being large and very large. From Chart 1, it appears that 65% of the interviewees do not plan their activity, do not conclude contracts in advance for the sale of the production obtained, nor consult materials or market studies for a better information on the marketing of the production (Chart 2).

Chart 1 – Planning activity based on contracts concluded in advance



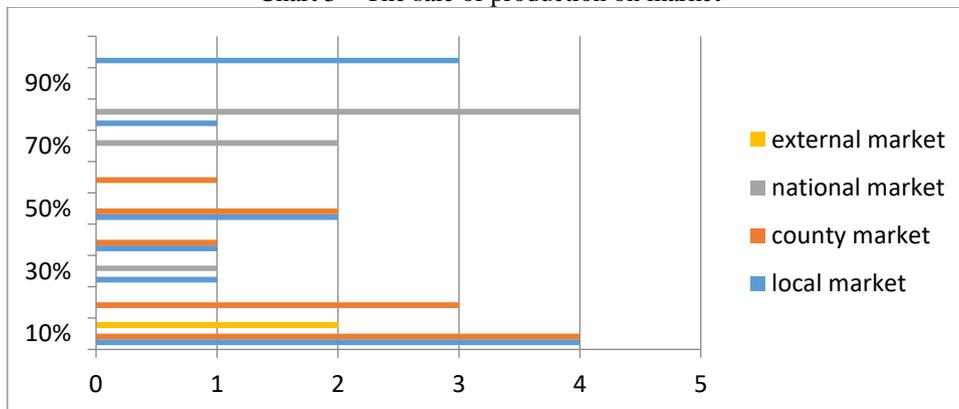
Source: own calculations, following questionnaire

Chart 2 – Studying marketing materials



Almost three quarters of those surveyed obtain incomes of over 10,000 lei annually, while the rest have incomes below 10,000 lei annually, the activity of raising dairy cows proving to be profitable. Most of the producers sell their milk production on the county market, respectively national, very few (2 farms among those questioned) being those who export (Chart 3).

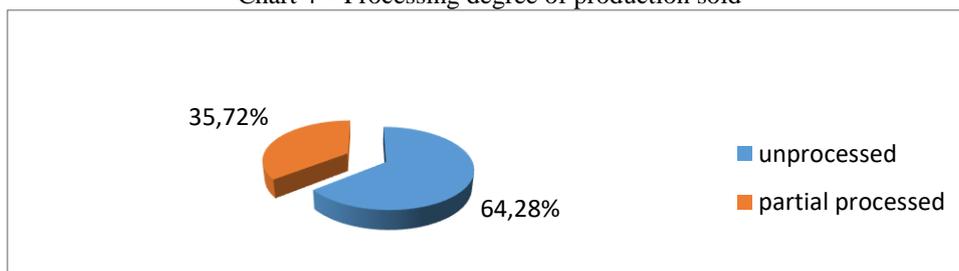
Chart 3 – The sale of production on market



Source: own calculations, following questionnaire

As for the destination of milk production, most farms sell their production directly (at the farm gate), which is 64.28% unprocessed, respectively 35.72% partially processed (Chart 4).

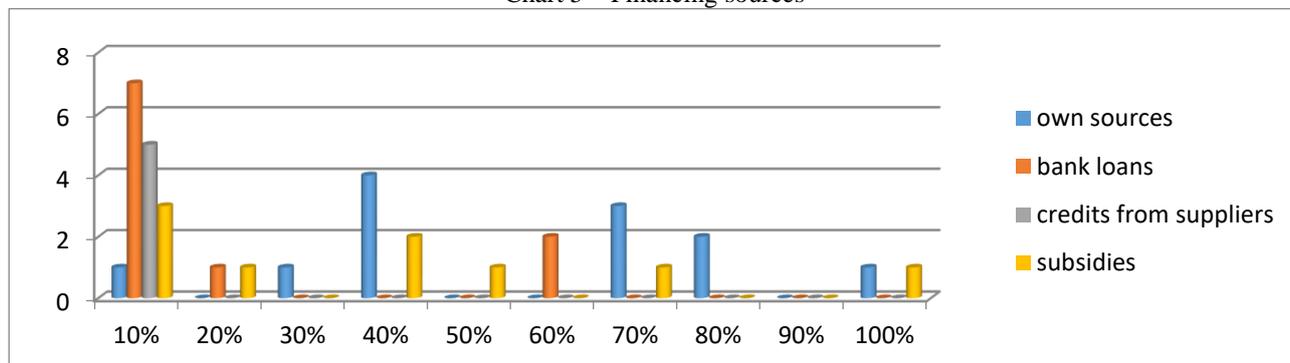
Chart 4 – Processing degree of production sold



Source: own calculations, following questionnaire

As shown in Chart 5, 71% of those surveyed are based on their own sources of funding in proportion of over 40%. In addition to financing sources, half of those surveyed take bank loans and 35% credits from supplier. 64% of the respondents applied for subsidies, for 4 of them representing less than 20%.

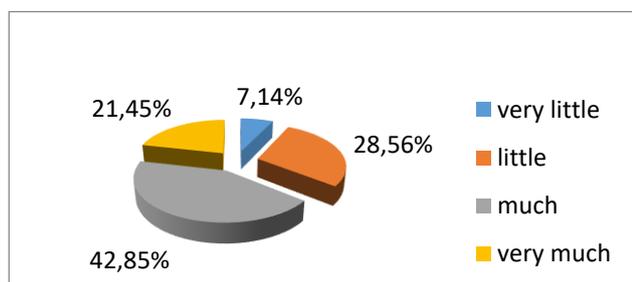
Chart 5 – Financing sources



Source: own calculations, following questionnaire

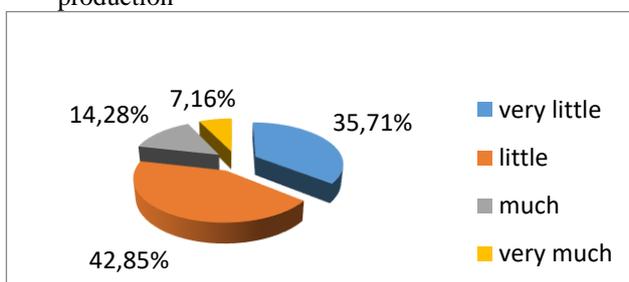
The questionnaire highlights the problems that dairy farmers have encountered during the production process. Many of them have complained about the low price of milk production, and the payment is late. Other farmers reported lack of work force and too many intermediaries, which leads to far too high prices for shelf products (from 0.9-1.2 lei / liter at the farm gate, at a price around the value of 5 lei at shelf). According to the respondents, the influence of competition on the output of the production is large or very large (64.30%). Only one third of those surveyed considered this influence to be small and very small (Chart 6).

Chart 6 – Influence of competition on the market



Source: own calculations, following questionnaire

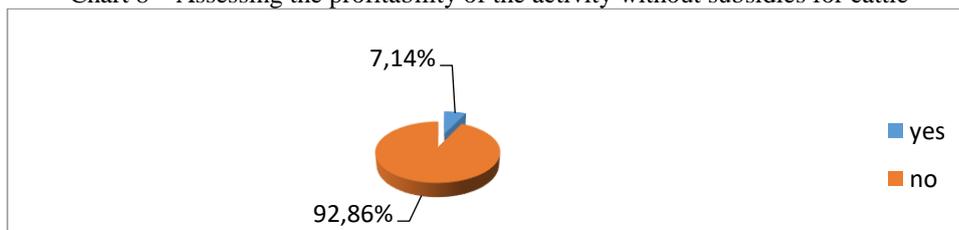
Chart 7 – Degree of covering demand by domestic production



From the answers received, it turns out that 21.44% of the interviewed farmers appreciate that the demand for milk is covered by the domestic production, the rest of 78.56% considering that this cannot be done 100% of the Romanian farms (Chart 7).

A very large number of respondents consider that their activity could not be profitable without the subsidy for the bovine species (Chart 8).

Chart 8 – Assessing the profitability of the activity without subsidies for cattle



Source: own calculations, following questionnaire

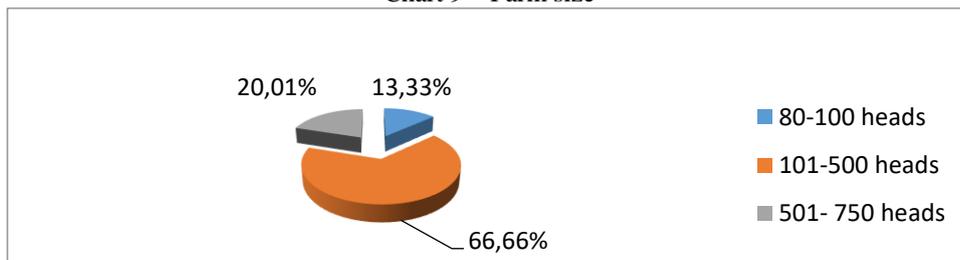
Even if 64.28% of the respondents consider that accessing European funds is a solution for the development of the production activity, they will not resort to this solution for the development

of their activity, as they consider "too big a headache". A high percentage (78.57%) of farmers do not want to go to banks for loans, because they consider that interest and commissions are too high and unsafe. At the same time, half of those surveyed see a solution in association / cooperation.

Sheep

The farms analyzed have a variable size, between 80 and 750 heads. Most are in the size class 100-500 heads (66.66%), followed by those with large holdings, over 500 heads, respectively 20% of the respondents (Chart 9). One of the biggest problems identified by the questionnaire is that no respondent plans his activity based on previously concluded contracts.

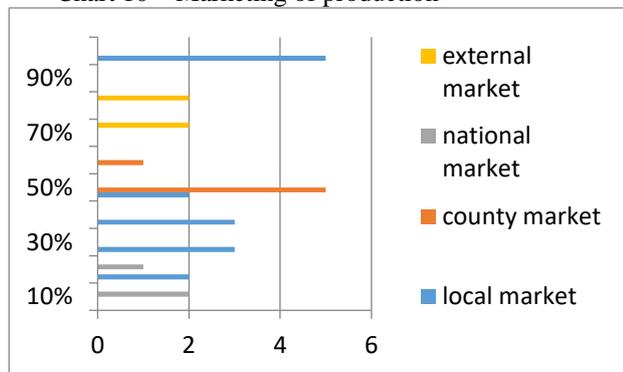
Chart 9 – Farm size



Source: own calculations, following questionnaire

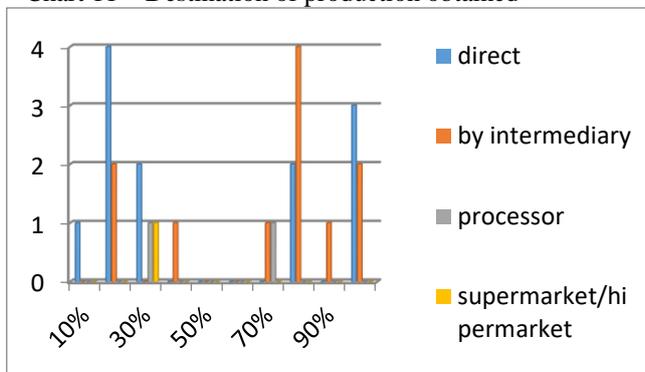
As shown in Chart 10, marketing of production is generally done on local market, for export delivering only 4 of the respondents. We observe in Chart 11 that the destination of production is generally for sale at the farm gate and through the intermediary. Very few products reach the processor and almost none in supermarkets or hypermarkets, a possible explanation being that related to the eating habits of Romanians who consume less sheep / lamb meat, except for the Easter holidays.

Chart 10 – Marketing of production



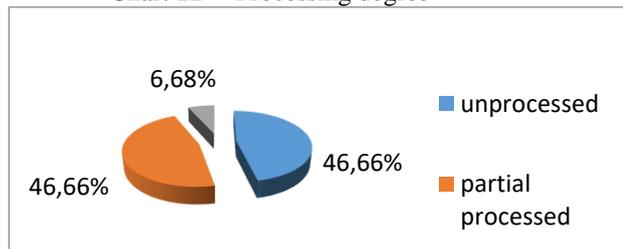
Source: own calculations, following questionnaire

Chart 11 – Destination of production obtained



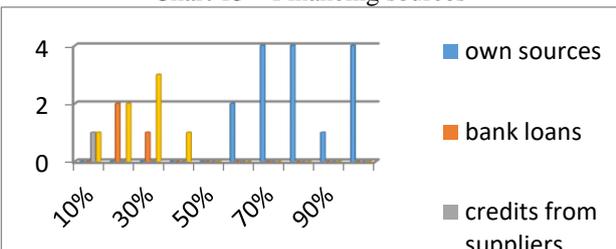
Production is sold in proportion of over 93% unprocessed or partially processed (Chart 12). Sheep breeders, from father to son, are accustomed to doing their business using their own money. Only 3 respondents took bank loans, which accounted for 20-30% of the total funding sources used (Chart 13).

Chart 12 – Processing degree



Source: own calculations, following questionnaire

Chart 13 – Financing sources



Two farmers from the respondents have accessed European funds, respectively Sub-measure 4.1 - Farms. As for future access, 60% of subjects do not want to access European funds, the reason being too bureaucratic.

Swine

The farms analyzed have a variable size, between 100 and 100,000 heads. Most (over 82%) are under 30,000 heads. One of the major problems identified by the questionnaire is that about 71% of the interviewees do not plan their activity and do not conclude contracts in advance for the delivery of the obtained production.

More than half of those surveyed (64.72%) obtain incomes over 50,000 lei per year, while 17.64% of them have incomes between 10,000-50,000 lei per year, pig raising activity proving to be profitable.

Most pig farmers sell their produce on the county and national markets. Of those surveyed, none has export sales (Chart 14). Most of the respondents sell their production directly (at the gate of the farm), in proportion of over 80%. However, there are no respondents to produce for supermarkets or hypermarkets (Chart 15).

Chart 14 – Marketing of production

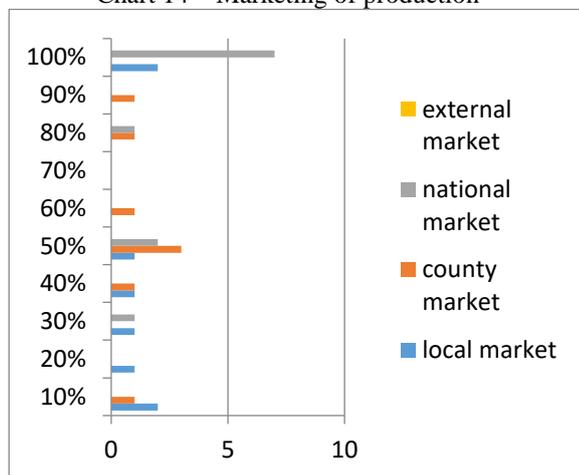
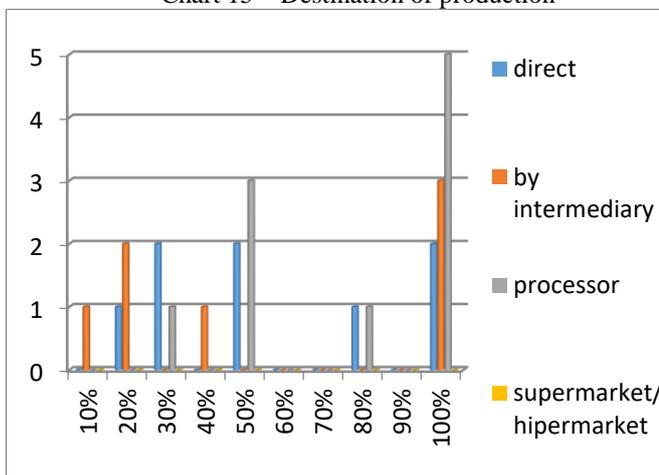


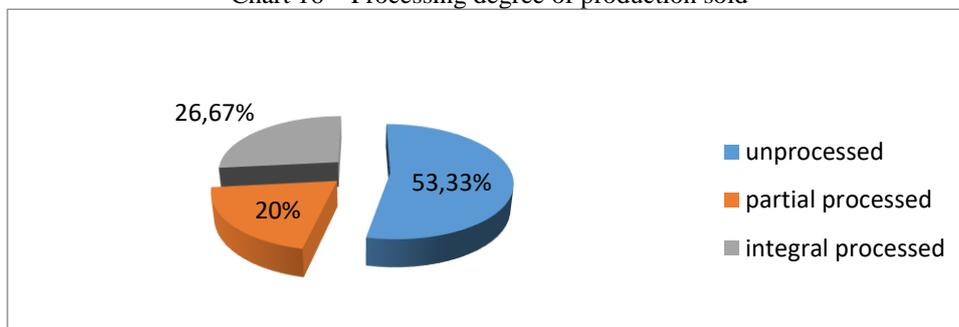
Chart 15 – Destination of production



Source: own calculations, following questionnaire

The production delivery is made of 73.33% unprocessed or partially processed (Chart 16).

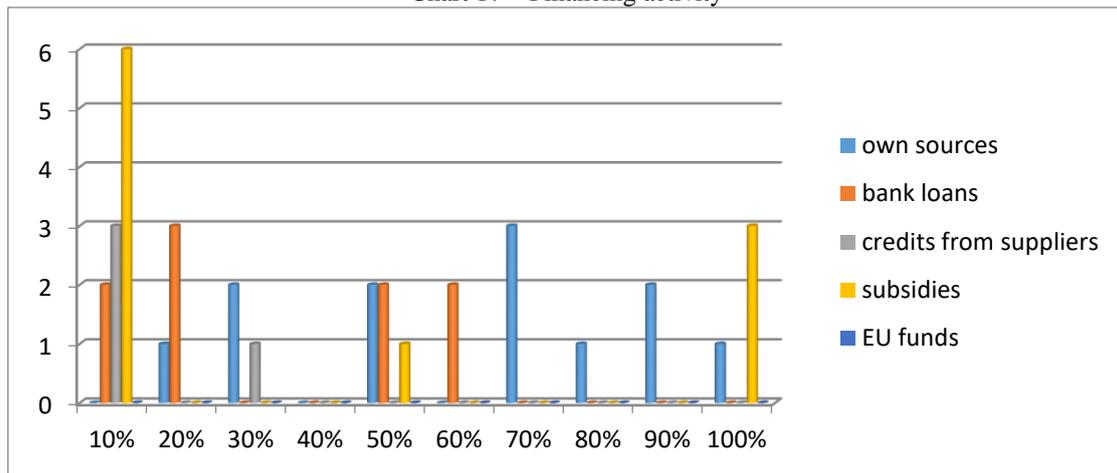
Chart 16 – Processing degree of production sold



Source: own calculations, following questionnaire

Over 50% of those surveyed finance their activities from their own sources and less than half resort to bank loans, supplier credits, subsidies. None of the respondents have accessed European funds. (Chart 17).

Chart 17 – Financing activity



Source: own calculations, following questionnaire

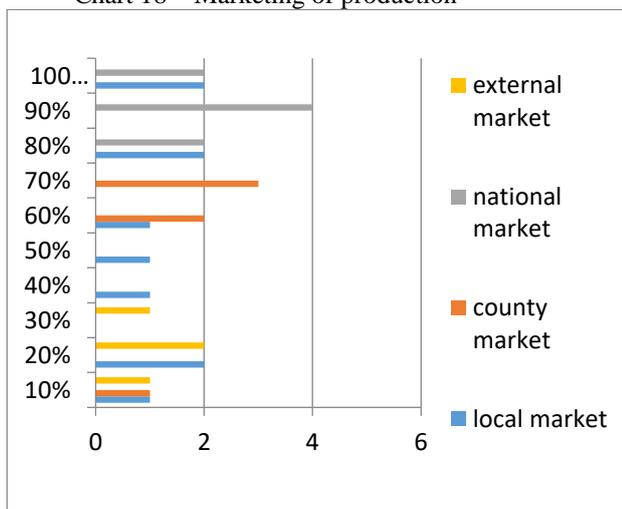
Another question regarding the sale concerned the problems encountered by them. Respondents noted the followings: restrictions following the evolution of outbreaks of African swine fever; low demand; low prices; massive imports at non-competitive prices; too many intermediaries; late payments. From the answers, it turns out that 60% of the interviewed farmers appreciate that the demand for pork is covered by the domestic production, the rest 40% considering that this cannot be done 100% of the Romanian farms.

Only one farmer said he had accessed European funds, applying for "Measure 14 - Pig welfare". Due to the conditions to be met, even in the future pig farmers do not want to access European funds.

Poultry

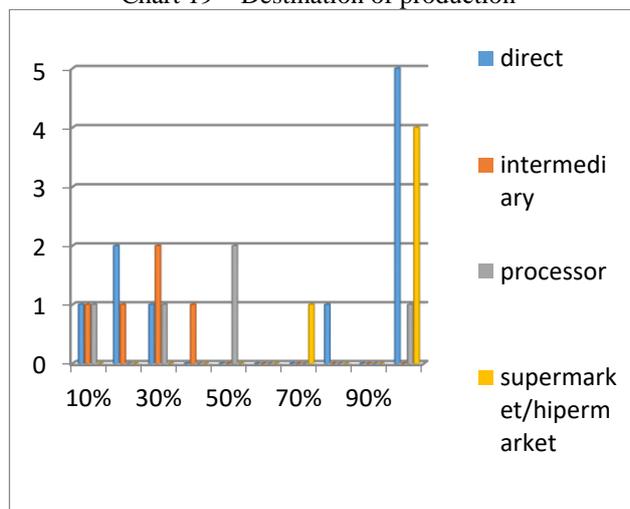
The farms analyzed have a variable size, between 15 and 1,025,100 heads per series. Most are in the size class over 100,000 heads per series, but we also have very small holdings, below 100 heads per series. One of the major problems identified by the questionnaire is that 53% of the interviewees do not plan their activity and do not conclude contracts in advance for the delivery of the obtained production. Most of the poultry farmers sell their production on the county and national markets, very few being those who export (Chart 18).

Chart 18 – Marketing of production



Source: own calculations, following questionnaire

Chart 19 – Destination of production



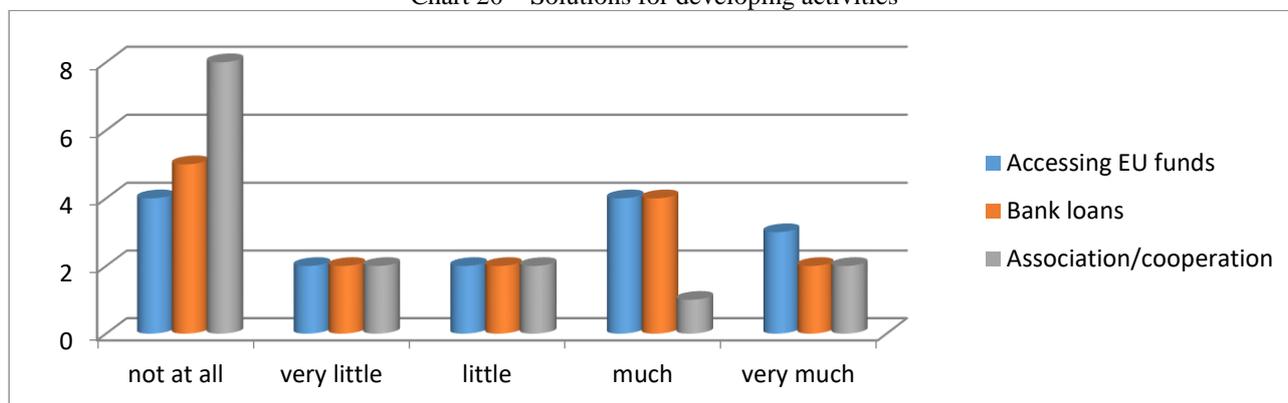
Most of the respondents sale more than 80% of their production direct. Four of the respondents stated that they are using intermediaries and five are delivering directly to the processors.

However, there are 4 respondents who produce exclusively for supermarkets or hypermarkets (Chart 19).

Taking into account the specificity of the activity, the production delivery is generally quarterly and 73.33% unprocessed, or partially processed. 60% of those surveyed finance their activities from their own sources and less than half resort to bank loans, supplier loans, subsidies or European funds.

Another question regarding the sale concerned the problems encountered by them. The respondents pointed out the followings: Romanian products hardly find their place on the shelf; intermediaries in the production chain - the final consumer - there are many and insistent; a jumping market; low prices. 46.66% of the respondents consider that accessing European funds represents a solution for the development of the production activity. 40% believe that by using bank loans, they can develop their business. Unfortunately, only 20% of those surveyed think that the association represents a way of developing / expanding the activity (Chart 20).

Chart 20 – Solutions for developing activities



Source: own calculations, following questionnaire

CONCLUSIONS

In conclusion, we present some of the opinions of the farmers who answered the questions from the questionnaires:

- low price of marketing production;
- the takeover of the production has an irregular frequency;
- payment of the delivered production is made late;
- lack of workforce;
- the large number of intermediaries, which leads to much higher prices for the shelf products;
- massive imports at non-competitive prices;
- the influence of competition is big;
- the activity could not be profitable without the subsidies granted;
- the procedures for accessing European funds are too cumbersome and the files too heavy.

The proposals that farmers have for the smooth running of the activity:

- protecting the business environment, protecting and encouraging Romanian producers and domestic production in Romania;
- subsidizing the Romanian producers; establishing minimum state guaranteed prices for the Romanian producer;
- removing the ticks from the short supply chain;
- encouraging the unification of producers in cooperatives, for the bargaining power;
- support for bank loans; subsidizing part of the interest on bank loans.

Finally, we quote the opinion of a producer: "*Competition is the only thing that makes us stronger, which motivates us to be better, not to be careless, to listen to messages in the market, from the customer, to be close to their needs and to market needs; competition is healthy, but lately it has gone too far from the truth, from the need of the final consumer (low price, good quality)*".

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