

AGRICULTURAL MARKETING AND
CONSUMER BEHAVIOR IN A
CHANGING WORLD

**AGRICULTURAL MARKETING AND
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CHANGING WORLD**

edited by

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Printed on acid-free paper.

*This book is dedicated to Matthew T.G. Meulenberg
Professor of Marketing and Marketing Research at the
Wageningen Agricultural University, 1965-1996*

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Preface

This book offers a contemporary perspective on marketing and consumer behaviour with respect to agricultural and food products. The work is a collection of contributions from authors, active in different fields, institutions and countries. This variety of contributors not only makes it possible to have real experts on the different subjects, but it also presents an interesting diversity as to the content of the book. The reader will observe, however, that there is sufficient commonality in the different contributions to ensure the necessary coherence between the fifteen chapters. This common factor is, among other things, due to the following three features.

Connecting features

First, there is the emphasis on *change* throughout the book. The domain of agriculture and food is subject to a process of fundamental changes, caused by factors such as deregulation, globalization, the information revolution, genetic engineering, changes in consumer attitudes, life styles and behaviour, changes in the media and in distribution. The contributions will help understand and interpret these changes and discuss how to cope with them in marketing at different levels of the agrifood chain.

Second, the underlying view in this book is that the *same principles and approaches* apply to marketing in the agrifood sector as to marketing in general. It is shown, for example, that concepts and methods, such as market orientation, competitive strategies, power in distribution channels, brand equity and methodologies for market segmentation developed in general marketing, provide interesting insights into the area of food and agriculture. This does not imply that the agrifood domain does not have specific characteristics that should be taken into account in marketing. One such characteristic is that marketing in the agrifood sector is almost always a joint operation of several parties that cover the stretch between the original producer and the ultimate consumer. For this reason, the marketing channel, consisting of the whole set of parties contributing to the marketing process, should be taken into account. This *marketing channel approach* is a key element throughout the book.

Third, it is demonstrated throughout that an *interdisciplinary approach* is needed to understand what is going on in agricultural marketing. This becomes most clear in the chapters on consumer behaviour with respect to agricultural and food products. Most important there are the behavioral (predominantly psychological) and the economic approaches. Only by simultaneous application of different disciplinary perspectives can a more profound knowledge about the issues and problems in this field be gained.

Brief content of the book

The fifteen chapters of the book are distributed over three different parts.

Part I: The changing competitive environment contains four chapters. Three of them take a broad approach and put the situation of agricultural marketing in the perspective of the changes mentioned earlier. The paper by *Grunert, Harmsen, Larsen, Sørensen and Bisp* focuses on market orientation in food and agriculture, on key success factors and product innovation. *Wierenga* deals with the implications of information technology, the importance of partnerships between companies in the agrifood channel and discusses how these and other elements will determine the future competitive position of individual companies and the sector as a whole. In the third of these “broad” papers, *Janssen and Van Tilburg* shift the scene from marketing in western economies to the issues and problems of agricultural marketing in developing countries and discuss how the marketing systems there should adapt, react, anticipate and initiate in the light of the dynamic environment. In the last paper of Part I, *Den Ouden, Huirne and Dijkhuizen* deal with a more specific topic: how to take into account consumer preferences with respect to animal welfare (an important emerging environmental factor) in decisions on housing, transportation and slaughtering.

Part II: Evolution in channels and institutions starts with the contribution by *Meulenbergh*, who links a classical concept from the marketing field, marketing institutions, to the concept of marketing channels. He shows that the strategic position of many traditional marketing institutions will be affected by current changes. Much empirical work is needed on the balances of power and information between parties in the agrifood channel. In a study on the relationship between manufacturers and supermarket buyers in the food channel, *Van Bruggen and Bucklin* demonstrate how this can be done. As agricultural markets become more volatile and dynamic, farmers will look for possibilities to limit their price risks. One possibility is to hedge on a futures markets, and in the third paper of Part II, *Pennings and Meulenbergh* study the hedging risks that farmers are exposed to when operating on such markets.

Part III: Dynamics in consumer behavior starts with a comprehensive paper by *Steenkamp* that gives a state-of-the-art account of what we know about consumer decision processes with respect to food and how to study these processes. He also discusses cross-cultural and international issues regarding food consumption. *Wedel*

presents a new statistical methodology for the discovery of (latent) sensory dimensions and consumer segments for food products in (barcode-) scanning data. *Van Trijp, Steenkamp and Candel* apply the brand equity approach to measuring the effect of a Dutch pork label (IKB). In an era of increasing consumer concerns about health risks associated with food, such labels may well become important. A new methodology for studying motivations (attitudes, consequences, values) behind consumer behaviour is means-end analysis through laddering. *Audenaert and Steenkamp* present an introduction to this method together with an application to beef.

The last four papers of Part III deal with economic approaches to consumer behaviour. *Böcker* develops a Hotelling type of model for studying effects of product differentiation for varying types of consumer behaviour and firm strategies. The other three papers have in common that they apply a demand system approach to examine various issues with respect to the demand for food products. *Molina and Rosa* test the intertemporal separability hypothesis for Italian food demand. *Barreira and Duarte* study changes in Portuguese food consumption over time. *Angula, Gil and Gracia* study differences in food demand of consumers in different European countries. It is interesting that while major differences used to exist between, for example, the Mediterranean (cereals, fruits, vegetables) and the North-European (meat, milk, dairy products) diets, a convergence of diets is now taking place in Europe.

Idea for the book

Although the changes that take place in the agricultural and food sectors are sufficient reason to compile a book like this, the immediate cause for this volume was the retirement of Professor Matthew T.G. Meulenberg from Wageningen Agricultural University in September 1996. For more than thirty years (since 1965) he held the Chair of Marketing and Marketing Research at this university. As a scientist, a teacher, advisor to the agribusiness and the government, Professor Meulenberg has made an important contribution to the development of marketing, inside and outside the domain of agriculture. He was the PhD supervisor of four of the five editors. In Wageningen an International Seminar (organized by the European Association of Agricultural Economists) was held in his honour in March 1996. The chapters of this book are a selection of the papers presented at this Seminar.

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