APPLICATION OF HOLISTIC MARKETING IN THE FORMULATION OF A BUSINESS CONCEPT OF AGRICULTURAL PRODUCERS FROM SOUTH SERBIA

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ABSTRACT
The purpose of this paper is to analyze business concept of agricultural producers in Serbia and to show the necessity to define a new concept based on a holistic marketing approach. The components of holistic marketing are viewed from the standpoint of small scale fresh food producers in Serbia as economic entities. Analysis of current business situation, position of Serbian agricultural producers in agri-food supply chain and problems which they are facing are defined. Results of the analysis show the existing business orientation of producers and reveal their views regarding future business orientation. A presented solution to overcome the existing problems includes modernization of business by using combination of holistic marketing elements to create business concept which will provide conditions for improving competitiveness of agricultural producers. The conclusion has indicated the necessity of a new marketing approach for small scale producers in order to meet the challenges of modern business.

Keywords: Holistic marketing, agricultural producers, agri-food supply chain, producer organizations, Republic of Serbia

JEL: D47, M31, M38, O13, Q13

Introduction
Modern agri-food supply chains represent globally connected systems and networks with a large number of complex relationships between participants, who replace the autonomy and independence of traditional chains, with continuous innovation of products, processes and forms of cooperation (van der Vorst et al., 2007; Zylbersztajn, Omta, 2009). Today’s market puts pressure on agri-food supply chains, directing them towards improving coordination between buyers and sellers and towards continuous

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innovation, development and improvement of quality, logistics and information flows (Ruben et al., 2006). Successful coordination, integration, and management of key business processes among supply chain participants determine their competitive advantage and success (Himanshu et al., 2012).

Modern chains must be organized in order to respond to the challenges posed by intense competition and by consumers, whose increased expectations regarding price and quality becomes of great importance, as they are able to choose from a number of products offered by competing chains. Market development place dynamic demands on the agri-food supply chain performance, which drives the change of roles, activities and strategies of participants, both in developed and developing countries (van der Vorst et al., 2007; Milojević et al., 2020). According to Ruben et al. (2006), in order to bridge the gap between local economic development and global chain integration, it is necessary to create new institutional and organizational marketing networks that enable producers to meet business requirements and standards, to adjust their deliveries and align them with consumer requirements and become a recognizable part of the global supply system. These requirements can be met by marketing-oriented producers and businesses.

Adopting a holistic marketing model can affect the competitiveness of each participant in the agri-food supply chain and the competitiveness of the entire chain. The concept of holistic marketing starts from the development, design and implementation of marketing programs, processes and activities, which recognizes the breadth and interdependence of effects (Keller, Kotler, 2006). By adopting a holistic marketing approach, agricultural producers as participants in the chain can develop their marketing strategies and programs based on the components of holistic marketing. These programs must be designed depending on the characteristics of agricultural production, products and distribution processes, and then included in the business activities of the company. A change in the business concept of producers that leads to the improvement of their business, can further affect all related parties in the chain and ultimately to the improvement of business and competitiveness of the entire supply chain.

The paper brings holistic marketing approach to the context of the agricultural producers’ business concept, based on the characteristics and specifics that arise from the nature of agricultural activity and production of fresh food. The main topic of this paper is to propose a model of marketing structure based on the principles of holistic marketing, which can improve the market position of small producers of fresh food, based on the analysis of the characteristics of the supply chain of fresh food (fruits and vegetables) and the position of small producers in Serbia. Modern marketing models of supply-chain organization can be used as a basis for redesigning the existing market of fresh fruits and vegetables in Serbia, in order to improve the position of small producers in the chain. The aim is to develop a model that modernizes the fresh food supply chain through the application of holistic marketing as a solution to overcome some of the existing problems in the production and distribution of fresh agricultural products.
Holistic marketing concept in the agri-food sector

Marketing challenges are most serious in areas where it is most difficult to identify sustainable strategies to improve market access, and that is precisely the fresh food production sector. Agricultural producers who have not accepted the marketing concept in business are always at a disadvantage in relation to intermediaries in the supply chain and often are obligated to accept unattractive conditions. In order to achieve a competitive advantage, they must consider future market changes, and align supply with consumer demands and needs and the ability to create a sustainable competitive advantage. A holistic marketing approach can play a key role in this process. A comprehensive, holistic, approach to marketing and business development, considers a range of marketing constraints to improve the conditions in which producers participate in the market. By adopting a holistic approach, a company can balance market requirements with technological, infrastructural, educational and legal requirements.

The implementation of a holistic marketing approach in the food production sector aims to create an efficient integrated network for the movement of safe agricultural products by covering all four components of a holistic approach, using a unique and functional business concept. From the aspect of agricultural producers as economic entities, and given the new marketing environment, the components of holistic marketing can be viewed as follows.

**Relationship marketing** as part of a holistic marketing philosophy is focused on long-term relationships with all key partners to the mutual satisfaction, which will enable earnings and business sustainability. Relationship marketing aims to create a marketing network consisting of the company and its stakeholders with whom it has built mutually profitable business relationships. This marketing network is a unique and invaluable asset of the company. Increasingly, competition is not between companies but between marketing networks. (Kotler, Keller, 2016)

Producers as participants in agri-food chain must develop close and long-term relationships with all stakeholders inside and outside the chain - individuals and organizations that can directly or indirectly affect the success of their marketing activities. Relationship marketing aims to build strong economic, logistical and social ties between relevant partners. In addition to agricultural producers, the key elements of the chain, whose relationships are most important to the success of the chain, are their suppliers, distributors, wholesalers, retailers, customers and consumers. Relevant ministries, faculties, institutes, banks and insurance companies, chambers of commerce, business associations, business support organizations and national and regional development agencies are also important actors for agricultural producers. According to Lambert and Cooper (2000) the ultimate business success of an individual business depends on the ability to manage the integration of the individual business into the complex network of business relationships and processes. This imposes the need to implement new organizational systems that aim to improve logistics, efficient use of information, increased use of new technologies, and improve quality management.

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New generation cooperatives are being developed, which strengthen the position of agricultural producers by forming strategic partnerships and vertical alliances that strengthen the sustainability of partnerships formed through supply chains (Cook et al., 2001; Zylbersztajn, Farina, 1999). Stakeholders, together with the participants in the chain, can form an effective marketing network with clearly defined roles of all members of the network dealing with food issues, directly or indirectly. By joining the marketing network, modern fresh food supply chains gain a competitive advantage in domestic and international markets.

**Integrated marketing** develops marketing activities and creates marketing programs, in order to create, communicate and deliver values for consumers above expected or usual. The planning and implementation of any marketing activity is done so that all other marketing activities are taken into account. By integrating marketing activities and processes, their combined effects are maximized. (Kotler, Keller, 2016)

By integrating business activities with marketing activities, agricultural producers can communicate with customers in all phases of the business process - procurement, production and sales, thus strengthening the effect of marketing activities on customers. The planning and implementation of any marketing activities aims to improve the business process, and is done keeping in mind all other business activities. This approach creates a unique experience of consumer interaction with producers, creating and directing communications so that everyone works together to create and deliver greater value to the customer.

**Internal marketing** has the basic task of hiring, educating and motivating capable, talented employees who want to nurture existing and gain new consumers. Holistic marketing explains that marketing activities are not only extremely important externally, they are also of great importance internally in the company. Internal marketing is done at multiple levels and in multiple departments, but it is common that marketing functions must be coordinated according to the customer’s point of view. (Kotler, Keller, 2016)

Agricultural producers as internal users play a key role in marketing their products and selling products to external customers. As Serbia is dominated by small producers who are faced with limited resources, information and knowledge, they implement internal marketing activities themselves. Their education is usually not in the domain of market research, logistics, sales, finance and other business functions and does not enable the implementation of customer-oriented marketing activities. By organizing producers into modern marketing organizations as modern forms of association, the amount of knowledge and experience at the organizational level is expanded, marketing relationships are accepted and internal marketing activities are implemented within the organization. By combining business functions, significant resources are created and specific knowledge is combined, which increases the business potential of the organization. Joining producer organizations best illustrates the meaning of a holistic approach aimed at maintaining and growing in an increasingly demanding market. By building quality marketing relations, agricultural producers organized in associations
create two-way communication with all stakeholders and their activities, except with internal members, can be implemented together with institutes, ministries, faculties, professional services, chambers and others whose purpose is to help agricultural producers gain competitive advantage.

**Socially responsible marketing** refers to the understanding of broader interests and codes of ethics from all areas of marketing, environmental protection, respect for legal and social activities and marketing programs. The concept of socially responsible marketing requires adherence to the social and ethical aspects of marketing practice. Socially responsible marketing of a company encompasses different types of social initiatives of the company. (Kotler, Keller, 2016)

Environmental protection, food safety, the use of modern clean technologies in food production, socially responsible and ethical behavior, fair trade, are today used as powerful marketing tools to communicate with consumers and a significant factor in the competitiveness of agricultural producers. For consumers, issues of food safety, production conditions and environmental impact play a more significant role in purchasing decisions (van der Vorst et al., 2005; Perčić & Spasić, 2021; Simić et al., 2021). These trends lead retailers to use product quality traits in their marketing and competition strategies, and food producers are urged to place greater emphasis on product quality traits (Bijman, 2002; Lakićević et al., 2022). Producers use these tools to create and maintain their reputation, which further affects the reputation of the chain and the reputation of retailers. The inclusion of the fresh food supply chain in international trade flows is accompanied by measures that impose quality standards relating to chemical residues in food, additives and microbiological contamination. The sustainability of the chain can be improved through the application of marketing measures, such as environmental labelling, differentiation of food products that are compatible with special safety and health standards, and within national and international standards and socio-cultural customs.

**Analysis of the position of south Serbia agricultural producers in the fresh food supply chain as a basis for applying a holistic marketing approach**

The most important participants in the fresh fruits and vegetables supply chain in Serbia are: large importers and traders of fruits and vegetables; retail chains and their distribution network; packaging companies and their network of suppliers; traders on the wholesale open market who supply smaller markets; buyers / resellers “from trucks”; sellers at the green markets (Živkov, 2010; Lojanić et al., 2021). The products of a large number of small, mostly disunited producers are collected by aggregators in the service of small number of strong wholesalers. Wholesalers then sell to retailers, who are exclusively oriented towards intermediaries or importers of agricultural products, or sell to exporters. Participants in the upper levels of the existing chain have the greatest impact on the creation of economic policy towards small producers. Small producers realize most of their fruits and vegetables production through short chains. In addition to selling to wholesalers, they sell directly through green and open markets.
small number of producers have direct access to retail chains or processors in the food industry, or export their products. Small producers lack access to major markets for fresh produce, which leaves them vulnerable to market strength, and makes them easy to exploit by domestic buyers (Sexton, 2013).

Fresh food market in the Republic of Serbia is quite chaotic, disorganized and unregulated, and we can say that the market is dominated by aggregators and large buyers. Most fresh products in Serbia are taken directly from producers by intermediaries, i.e. buyers who sell them on the consumer market. Intermediaries between producers and retailers are wholesalers. A large number of buyers are domestic, local or regional wholesalers that have developed retail networks, or are owned by (mostly foreign) trade groups with a developed retail network and variety retail formats. A number of international retail chains present in Serbia and neighboring countries form regional purchasing / distribution centers and aggregate or import fresh fruits and vegetables for the needs of their retail network.

In order to identify the limitations of Serbian producers as a basis for creating a chain model that would improve their market position, the existing business concept of small fruits and vegetables producers and their position in the sector and relationship other participants in the supply chain were analyzed. Based on the obtained results, a model of marketing concept was proposed, that is adapted to the needs of small agricultural producers in order to successfully meet the needs of end consumers.

**Materials and methods**

The producers’ business operations were researched through survey, in order to discover their business behavior and business concepts. The answers of one hundred and twenty surveyed fruit and vegetable producers from Jablanica (95) and Pčinja (25) district in Serbia with an annual production of 40 - 2000 tons of fresh fruits / vegetables were taken for analysis. The survey was conducted at the end of 2019, just before the outbreak of the Covid-19 pandemic. The global pandemic spread disruptions in the supply chain, the so-called ripple effect, and, in just a few months, revealed how vulnerable many global supply chains actually are and how important an efficient way of managing business operations and supply chains is (Mihajlović et al., 2021). Disruption particularly affected long agri-food supply chain, with a large number of participants and intermediaries, which provides a basis for further analysis.

Jablanica and Pčinja districts make up 7.1% of the territory of the Republic of Serbia, and 5.2% of total population, according to 2011. Census of Population, Households and Dwellings in the Republic of Serbia. In the structure of the economically active population of Jablanica district, 21,14% are individual agricultural producers, and 8,04% in Pčinja district, while state average is 9,18%, according to 2011. Census. The share of Agriculture, Forestry and Fisheries in regional GDP in 2019 is 10% in Jablanica district, and 6,88% in Pčinja district, while state average is 7,20%. This shows the high share of agricultural activity in the Jablanica and Pčinja region.
Results

The answers show the existing business orientation of the producers and reveal their views on the direction of business activities in the future.

Table 1. Questions from the survey with the aim, purpose and analysis of the answers.

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Aim</th>
<th>Purpose</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Which sales channels you use the most?</td>
<td>To discover the producers decision on the choice of market for product placement.</td>
<td>Whether producers opt for the wholesale or retail market.</td>
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<td>The answers show that fresh fruits and vegetables producers, most opt for the wholesale market. Producers opt to sell most of their production directly from home to wholesalers and distributors or middlemen, who take over the goods directly from producers, or to sell their goods through wholesale open markets. This shows that producers are production-oriented. Sales to the wholesale market show that producers do not contact consumers, but organize their production based on the demand of intermediaries, and choose crops that suit intermediaries. This limits the development of production and innovation needed to achieve the export competitiveness of domestic agricultural producers.</td>
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<td>2</td>
<td>On what do you base your competitive advantage over other producers?</td>
<td>To discover how producers differentiate themselves from competitors.</td>
<td>How business orientation affects the competitiveness of producers.</td>
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<td>The answers are related to the decisions of producers on the selection of sales channels. Producers are focused on products and production, and the basic questions they ask are how to produce and achieve quality. The lack of information is reflected in the lack of interest in innovations in production. Less than one third of the surveyed producers opt for market research and adapting their production to consumer needs.</td>
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<td>3</td>
<td>In order to expand capacity and increase competitiveness, what would you choose?</td>
<td>To detect changes in the business concept based on market trends.</td>
<td>Will producers change their business orientation based on experience.</td>
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<td>Producers in the largest percentage (43%) opt for increasing the area under crops instead of increasing yields on existing plots due to the introduction of modern techniques and technologies in production (20%). There is a similar percentage of producers who opt for the introduction of new sales channels (34%) and the establishment of associations with other agricultural producers (39%). This indicates the presence of marketing orientation in one third of the surveyed producers.</td>
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<td>4</td>
<td>Forming producers association is the right way to reduce buyers’ pressure on producers?</td>
<td>To discover if there is a need for producers to cooperate.</td>
<td>At what level are producers aware of the impact of the association on their business.</td>
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<td>There is a high awareness of the need for producers to cooperate. Over 80% of respondents believe that by associating they can improve their market position. Compared to developed countries, the lack of association represents a limiting factor in the development of fruit and vegetable production. Therefore, it is necessary to form modern organized producer associations’ modeled modern cooperatives in the European Union.</td>
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<td>5</td>
<td>What are the reasons to form or be involved in the producers association?</td>
<td>To discover producers needs imposed by deficiencies in their operations.</td>
<td>Cooperation indicates the concentration of resources and opportunity for marketing orientation.</td>
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<td>The main reasons for the cooperation are still focused on improvement of production and products. Nevertheless, components that indicate marketing orientation, such as joint advertising and promotion (30%) and product certification (41%), were identified as reasons for formation of producers association by respondents.</td>
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<td>6</td>
<td>What is the level of producers’ associations’ impact on pricing?</td>
<td>To detect whether associated producer have power to affects their market position.</td>
<td>Associated producers have the ability to dictate prices.</td>
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<td>Half of the respondents believe that the producers association would increase their influence on product pricing. In a situation where buyers dictate prices, producers are in a situation to follow the decline in sales by lowering prices. Associated producers have a greater ability to strategically approach the pricing policy that can be used as an element of the marketing mix. Pricing policies should be aligned with the other elements of the marketing mix, in order to implement the marketing strategy of positioning in the selected market segment.</td>
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<td>7</td>
<td>To what extent does an increase in supply due to association with other producers affect bargaining power?</td>
<td>To discover if the supply of associated producers brings more power in negotiation.</td>
<td>Associated producers dictate the terms in the negotiations.</td>
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<td>More than half of the respondents (56%) believe that by associating they would have a better position when placing products on the market. Over 30% of respondents are of the opinion that they would have a better position in relation to buyers when negotiating the terms of sale.</td>
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<td>8</td>
<td>Are producers’ associations sustainable in the long term?</td>
<td>To discover if producers believe in the sustainability of the association.</td>
<td>Sustainability of the association is a prerequisite for the development of relationship marketing.</td>
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<td>Two-thirds of respondents are positive about the long-term sustainability of producers associations. The answers clearly show that marketing orientation is present with most respondents. Producers increasingly want to be oriented towards the creation of marketing networks with the aim of improving the business concepts in order to properly meet the needs and habits of customers.</td>
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<td>9</td>
<td>Are the contractual arrangements with customers favorable only for customers, but unfavorable for agricultural producers?</td>
<td>To reveal the existence of long-term purchase contract.</td>
<td>Contracted production indicates the creation of a marketing network and marketing orientation.</td>
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<td>Producers are still uncertain about doing business with well-known customers. Despite the fact that there is a long-term cooperation, contractual relations have not yet become the basis for the formation of a long-term business relationship. This is one of the limiting factors for the formation of marketing networks and the development of marketing orientation of agricultural producers.</td>
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<td>10</td>
<td>Contracts with customers provide additional security in planning production and sales?</td>
<td>To discover where the producers activity is concentrated.</td>
<td>For the marketing orientation, attention should be on the needs of consumers.</td>
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<td>Producers who have long-term cooperation with well-known customers don’t have a contracted production with them. The surveyed producers opt for contracted production, increased security and development of marketing networks. This shows that producers accept the implementation of relationship marketing.</td>
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<td>11</td>
<td>Working with just one customer ensures good business?</td>
<td>To reveal the share of producers orientated on production and product.</td>
<td>Indicates the presence or absence of marketing orientation.</td>
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<td>Three-quarters of the response show that sales represents main problem for producers. Doing business with one customer, such as a retail chain, would eliminate a large number of intermediaries who appear when placing products on the market. Producers believe that in this way they can eliminate uncertainty in production, so they can concentrate on the ordered production and achievement of product quality and safety required by the customer.</td>
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<td>12</td>
<td>Confidence in customers can be obtained even without contractual arrangements?</td>
<td>To discover whether the contractual arrangements are crucial for building trust between producers and buyers.</td>
<td>It shows the conditions for the development of relationship marketing.</td>
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<td>Half of the respondents believe that long-term cooperation with customers’ needs to be ensured through contractual arrangements. In that way, it is possible to produce for a well-known customer and secure sales. This confirms that major problems for producers exist on the sales side compared to production side.</td>
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<td>13</td>
<td>What is your level of trust in customers?</td>
<td>To discover at what level buyers are using their power in relation to producers.</td>
<td>Greater customer strength affects the level of development of marketing relationships.</td>
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<td>Producers are still unsure of their customers. Supply-chain structure, number and variety of customers brings confusion to the market and do not encourage producers to raise the level of trust in customers.</td>
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<td>14</td>
<td>Is it possible to stay loyal to customers, even if something goes wrong?</td>
<td>To discover if long-term relationships are not threatened by short-term problems.</td>
<td>Shows the level of development of relationship marketing.</td>
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<td>Producers are optimistic about long-term cooperation with customers. They are of the opinion that changes in the market can have an adverse effect on both producers and their customers, and that market fluctuations are short-term and transient, and it is possible to continue cooperation after their completion. This shows that producers are striving to develop relationship marketing.</td>
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<td>15</td>
<td>Does the increase in supply due to the associating reduce the need for contractual arrangements with customers?</td>
<td>To discover that producers associations have access to wider markets.</td>
<td>The increase of producers’ market power affects the development of marketing orientation.</td>
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<td>Half of the respondents believe that by increasing the supply, it is necessary to ensure safe sales through contracts with customers. Others believe that with a larger supply they can attract a greater number of buyers with whom they can negotiate terms of sale and prices. This can provide better terms of sale and prices in relation to the contracted sale. In this way, producers can offer products to a wider market and develop a marketing orientation.</td>
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<tr>
<td>16</td>
<td>What are the possible changes in customer behavior?</td>
<td>To discover how often sellers change buyers.</td>
<td>Frequent changes of buyers represent short-term cooperation and the absence of relationship marketing.</td>
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</table>

The answers show that the surveyed producers are mostly devoted to their customers, and that they strive to develop relationship marketing. Only a small percentage (6%) of respondents did not develop strong customer relations. They sell products to customers when they find that they got a good offer, without the need to develop long-term cooperation with the customer.

Based on the obtained answers, it can be concluded that the surveyed producers are mainly oriented towards production and products, and have not developed marketing orientation in business. They produce a small assortment and mostly small quantities of products that they sell locally, to intermediaries and wholesalers, which push them further towards retail. Producers do not change distribution channels in order to eliminate intermediaries and reduce the number of participants in the chain. They gain a competitive advantage by lowering prices by reducing costs. Producers don’t have enough information, they do not research the market in order to expand and adapt to current range of demand. Cooperation with buyers is low, and there is no networking present in order to create stable chains. This makes them uncompetitive and vulnerable to buyers. The strategy of price competitiveness affects the reduction of quantity and quality, without investing in technology and innovation in production.

However, the answers show a great interest for producers associating, and forming marketing networks and long-term cooperation with buyers. The development of relationship marketing aims to build and develop deep and long-lasting relationships with buyers, to the mutual satisfaction, which will enable income and maintaining business. Customers represent the key group of partners in relationship marketing. With the development of relationships marketing, producers focus on long-term customer relations, rather than short-term arrangements and individual sales. In addition to customers, producers can build relationship marketing and strong economic and logistical ties with other producers through producers associations. In this way, marketing networks can be created with the aim of building mutually profitable business relationships. A joint activities in the areas of market research, logistics, sales, finance and other business functions enables the implementation of customer-oriented marketing activities. By producers associating, relationship marketing is accepted and developed, business functions are combined, and resources are created that can enable producers to develop in a market that is becoming increasingly demanding. By building marketing relations, associated producers create two-way communication with all interested parties.

**Discussions**

Accelerated modernization of local and regional value chains and urbanization of distribution channels and the development of society are factors that influence the development of marketing orientation of agricultural producers through the
formation of modern associations of producers (van Dijk, Trienekens, 2012). Producer associations should be developed as functional producer organizations, and growers should be educated to develop skills in management, establishing marketing links and more efficient horizontal links.

From the very beginning of formation, producer organizations need to follow a more offensive marketing strategy. The main elements of their marketing strategy are market research, establishing direct links with major retailers, brand development and promotion, product innovation and differentiation, and high product quality (Bijman, Hendrikse, 2004). The goal is for producer organizations to be recognized as suppliers of top quality products and become the preferred supplier of major retail chains, to be innovative in marketing and in new product development, and to provide wide range of diverse fresh product categories throughout the year (Bijman, Hendrikse, 2003).

A liberalized market system offers small producers the opportunity to come together and rethink their solidarity and generate collective action from their members, to take advantage of economies of scale, reduce transaction costs, and improve their individual productivity and chain positions (Sautier, Bienabe, 2005). The functions of new organizations include standardization, joint planning, forecasting, contracting, order management, and in the long run (Buckley, Mithie, 1996). The result is an increase and improved performance of these associations, recorded through their higher turnover and income for members. Associated and organized small producers can survive competition and establish successful business organizations.

The way of doing business in the fresh food sector in Serbia imposes an urgent need to establish a marketing structure that must be professionally managed and competitive, in order to provide small producers a number of different choices for selling their products. Such a structure should help improve marketing efficiency by promoting the direct connection of a large number of producers into modern marketing organizations. According to Bijman (2002), the aim of establishing this organizations lies is in costs reduction, increasing the volume of work and operations, adding value to the products, improving market orientation and improving coordination in the production and distribution chain, and increasing the efficiency of sales and logistics. These organizations are focused on marketing functions and promotion marketing system through following activities.

First, taking into account the large number and low economic strength of the most of small scale agricultural producers in the fruit and vegetable sector in Serbia, they are unable to connect to customers. Therefore, producer organizations should be organized as rural agro-centers that could take over the function of wholesale on the production side, and enable small agricultural producers to concentrate a larger quantity of products of uniform quality and form a collective offer of a larger number of growers. On the other hand, members of the producer organization can jointly invest in static and mobile capacities for collecting and storing products, which can serve to preserve product quality after harvest (Food and Agriculture Organization of the United Nations,
2017). This can enable the concentration of a larger amount of fruits and vegetables in one place, collected from remote areas, in order to preserve the quality of the product and protect it from decay after harvest. With joint transport capacities, they can deliver their products to larger markets, where higher demand is concentrated.

Second, rural agro-centers do not include only the collection and storage of agricultural products, but also activities that focus on the development of rural areas. The newly formed market-oriented agro-centers must stimulate investments in modern agricultural production, the introduction of quality and food safety standards in production and the implementation of an efficient marketing strategy. The joint use and organization of equipment and capacities used to preserve the quality of products after harvest, as well as the implementation of best marketing practices are key in improving the selling price for producers. Thus, in the region in which they produce, small producers must be aware of the economic and organizational advantages of modern agricultural cooperatives.

Third, an important part of a marketing strategy is to establish a producer organization as a brand. All products should carry a unique logo of the producers’ organization, which should stand for quality and expertise. The branding of the organization is initially intended to build an image among wholesalers and retailers, while over time the brand of the organization develops into a consumer brand. (Bijman, Hendrikse, 2004). Branding of producer organization can provide opportunity for marketing of rural area. Rural areas require a marketing strategy to develop products, bring in customers and, possibly, to attract tourists. A regional brand can solve economic problems and give perspective to residents of the region including better quality of all contents of the region and branding of all regional segments as nature, heritage, domestic food and more (Brkljača et al., 2022).

The development of the marketing network can encourage the establishment of new agricultural organizations and associations, which can find a good and long-term partner in companies within agro-centers. Users of the modern agri-food network in Serbia can be small and medium-sized agricultural producers, traders (wholesalers and intermediaries), retail chains, institutional buyers and consumers. In addition, other users will be processors, service providers, transporters, financial organizations. The structure thus formed can meet the specific requirements of all these actors with tailor-made content for each of them. In this marketing network model, the organized agricultural producers jointly control production through more than one phase of production and marketing, and through a certain level of processing. This will inevitably lead to an increase in production with higher quality. Availability of larger quantities of products with certified quality and the presence of efficient logistics that minimizes product and quality loss meet customer interests. Small agricultural producers within association have better infrastructure for storage and handling of products and can establish a transparent and efficient pricing system. Additionally, with more alternatives for selling their products they can realize their production with a higher percentage of participation in the consumer spending.
Conclusion

Producer associations, which represent a business concept long present in agricultural production, are accepting marketing orientation and transforming into modern producer organizations in response to the dominant position of large business concepts in food production and sales. Despite the fact that producer associations in Serbia in the earlier period proved to be a useful form of organizing small agricultural producers, today they represent a business option that producers have abandoned. Therefore, in Serbia, the dominant individual producers, with outdated production, who do business without real and timely information, with a lack of knowledge and experience in other areas crucial for business, are divided and with a lack of financial power and ability to offer products to a wider markets.

The presented results of the survey showed that small and medium producers have chosen the association as a solution that will enable them to join the modern market chain, expand the market for their products and strengthen cooperation with individual customers, retail chains, through contractual relationships. The development of marketing relations in the agri-food supply chain in Serbia is a key factor for the application of a holistic approach to marketing. Through marketing relations producers’ organizations are strengthening cooperation with key customers and participants in the chain. The main goal is to develop close, long-term relationships with all participants in the chain that can directly or indirectly affect the success of the producers. However, before forming organizations with other producers, it is necessary to accept the appropriate marketing principles. Only then will they be able to design marketing activities with other participants in the chain and combine them into integrated marketing programs in order to create, communicate and deliver value to consumers, which exceed their expectations.

In order to take advantage of the food supply opportunities of a growing group of consumers, it will be necessary for small producers in Serbia to build capacities to deliver products that retailers will want to put on the shelves. They will have to innovate and reduce costs, and increasingly respond to consumer demands and needs, in terms of food quality and safety. Therefore, a conceptual approach has been offered that can help agricultural producers to be included in the chain. If they do not adapt, they will increasingly feel cut off from the food sector, which is recording great growth in the world. Their scattered products will depress domestic product prices and will further increase the cost-price pressure. The traditional market will continue to meet the demand of the largest part of the domestic population through food delivery and subsequent distribution by various small traders and retailers. These chains are characterized by fragmentation, highly variable standards and poor infrastructure and lack of logistical support. At the same time, a large domestic and international Western-style retail chain delivers goods and services with a global standard to the upper and middle class in all major cities. The involvement of agricultural producers in these chains is possible through the connection of entities through modern forms of association, with the aim of organizing the functional purchase and aggregation of agricultural products. This organized collection of products for a well-known customer, which meet the required standards, is the basic link in the

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application of a marketing approach that connects supply and demand and which enables the effective application of complex marketing principles.

Limitations to the introduction of new concepts are always present, pressures for short-term results are high, information is lacking, and unexpected events work against the establishment of agro-centers or production zones. Therefore, it must be completely clear to producers what the formation of producer organizations and the establishment of agro-centers mean for their business (in terms of costs, added value, required investments, institutional context, taxes, fees, import and export duties, and so on). If there is no possibility to provide clear information to interested producers, this is the main reason for creating an unwanted delay in the implementation of the new chain concept.

Limitations for further study is the sample size of participants, since pandemic continuous outbreak makes it impossible to gather a large number of agricultural producers in one place, as was the case during the first survey. Second, the COVID 19 pandemic postponed the general population census and the agricultural census in the Republic of Serbia, whose data are of great importance for comparison and further analysis. Given that the COVID 19 crisis has significantly affected the marketing orientation in almost all sectors of the economy, especially in food production, we expect that further analysis based on new data will provide significant information on the change of business concepts’ in the sector.

Conflict of interests

The authors declare no conflict of interest.

References


