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Recent Developments in Beef Marketing Strategies at Producer and Industry Level: A Case of Izmir, Turkey

[1]G. Saner, [1,2]F. Cukur and [2]T. Cukur
[1]Department of Agricultural Economics, Faculty of Agriculture, Ege University, Izmir, Turkey
[2]Department of Economics and Administrative Programs,
Milas Sitki Kocman Vocational School, Mugla University, Mugla, Turkey

Abstract: This study aims to discuss beef market structure in Turkey and beef marketing strategies in Izmir province level of Turkey. Reliable economical development for animal production in Turkey can be reached by effective marketing. For this reason, marketing strategies are investigated in producer, firm and producer-firm level. The other objective of this study is to determine the marketing margin from beef producer to meat consumer. Sales methods, place preference reasons at producer level, market research goals and strategies and target goals for ensuring marketing organization activities at firm level are examined.

Key words: Beef marketing, beef producer, marketing strategies, marketing margin, Izmir, Turkey

INTRODUCTION

Demands of agricultural products have been increasing parallel to the rapid population around the world. When the condition is taken into consideration that 60% of nutrition must be vegetables and 40% must be animal products, the importance of meat and meat products for human nutrition has become more prevalent. Red meat production in 2006 was 438530 tons and 77.70% of this quantity is obtained from beef and veal in Turkey (TURKSTAT, 2006). Consumption of red meat in Turkey has been decreased in the recent years and red meat consumption per capita was 9.4 kg in 2005. According to studies, average meat consumption per capita must be 63-73 kg year^{-1} for well-balanced and sufficient nutrition (Anonymous, 1999). According to projections between 2007-2013, beef production will be increased 1.2 times and the demand for the beef will be increased 1.3 times (SPO, 2006a).

Meat and meat products industry in Turkey have an important place in food industry. By the year 2004, it constituted 14.38% of food industry production value, 3.51% of food exportation value, 29.21% of food importation value and 17.43% of domestic food demand (SPO, 2006b). Increasing the production and quality of meat and meat products in Turkey according to today's conditions has a great importance in terms of increasing the contribution of stock rising for the nation's economy. But this can only be reached by effective marketing. The two most important groups for marketing of meat and meat products are producers who ensure the raw material and firms who process it and present it to the consumers. In this study, beef market structure and marketing strategies that are performed in Turkey are taken into consideration subsequently, the findings of the study, which was conducted in the province of Izmir have been presented as marketing strategies at the producer level, firm level and producer-firm level. The marketing margin has been determined at this stage. The problems and defects of beef marketing in terms of the producer and the firm have been revealed and concrete suggestions have been made.

MATERIALS AND METHODS

The main materials of the study are the data collected from the producers in Bergama, Odemis and Tire; the most important districts in Izmir in terms of the number of cattle and the data taken from meat and meat products firms, which are active in Izmir (Saner and Cukur, 2005). The survey has been conducted with 60 producers and 11 slaughtering firms who have been selected with purposive sampling method.

Surveyed farms have been divided into three groups; <25 head of cattle, between 25-39 head of cattle and >40 head of cattle. Also, registered firms lists have been obtained from Aegean Region Chambers of Industry and Izmir Chamber of Commerce for the aim of determining the firms who embraced the study. After comparing both enrollments, it was identified that most of the firms had been closed down or have changed their activities.

Corresponding Author: Gamze Saner, Department of Agricultural Economics, Faculty of Agriculture, Ege University, 35100 Bornova, Izmir, Turkey

A final list was prepared after eliminating those firms. After the determination of the final list, the firms were divided into two groups, processor firms and slaughter-processor firms. The number of processor firms totaled 8, whereas the number of the slaughter-processor firms totaled 3. Producers and firms survey findings are enclosed for the production year of 2003.

Beef market structure and marketing strategies in Turkey: Marketing channel in Turkey and research area has a confusing structure. A high number of middleman attract the attention within the marketing chain. The channels in the beef marketing chain can be divided into two groups; production market and consumption market. The production market consists of village collectors, animal merchants and beef producers. Whereas, the consumption consists of commission merchants, wholesale butchers, exporters, meat and meat products industry firms. Butchery animal and red meat marketing in Turkey is shown in Fig. 1 (Saner and Kaya, 2002). However, animals raised by the producers reach to the consumer as meat passing through various marketing channels.

Beef marketing strategies that are implemented in Turkey at the level of producers and firms are very different from the strategies that are implemented around the world. These variations occur from the point of view of producers due to the fact that cooperatives are not in marketing channel and there is high number of intermediaries.

From the firm's point of view, variations occur because there is no product and price difference; there is lack of the cold chain and incomplete standardization studies. Especially, in developed countries, producers are organized and cooperatives/unions are taking part of the chain. Thus, this condition in developed countries has different structure from the marketing chain in Turkey (Fearne and Hughes, 1998).

When the meat integrated firms in developed countries have been examined in terms of obtaining raw material and marketing, it is seen that classification of carcasses according to the Europ standard system is being implemented for the butchery animals as well as product and price differentiation. Especially, in the West European countries price differences per kg of carcass meat between the different categories in the EUROP system are significant (Boer and Sybesma, 1995). The EUROP standard is used in the settling of payments (Nielsen and Jeppesen, 2001). The aim of this study, is to pay the producer according to the animal's carcass

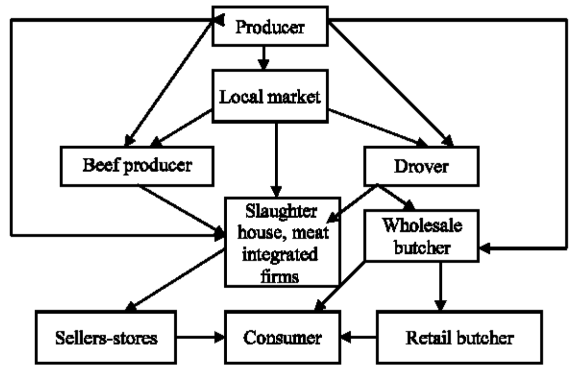

Fig. 1: Butchery animal and red meat marketing in Turkey

weight, fat ratio and etc. Besides this, consumers can also buy their preferred meat in terms of quality and cost. The European Union will also continue to keep its carcass classification rules under constant review in order that beef producers are encouraged to improve the quality of their animals and carcasses, so that higher quality beef is supported (European Commission Directorate, 2004).

In this way, both the producer and the consumer can be protected in price term. Also, it should be taken into consideration that the meat and meat products processing firms are implementing standardization, whereas standardization is still a big problem in Turkey.

RESULTS

Marketing strategies at the level of producer in research area: One of the most negative factors that affect the stock raising is the lack of an efficient marketing system. This problem lengthens the marketing chain and causes high prices. According to a survey conducted in Turkey, only 30-35% of the price consumers pay for beef reach the producer. Producers share that the consumers pay to red meat is 37%, however, the share of wholesalers is 38% and the share of retailers is 25% (Günes *et al*., 1998).

In general, the producers prefer the marketing strategies that ensure the highest price for their animals they raised and the strategy that increases their income. Butchery animal sales agents have been shown in examined firms in Table 1. It is examined that 83.33% of the producers market their products to the drovers and 11.67% of them market their products to the butchers. The ratio of the producers that market their product to the integrated firms is 1.67%. Carcass purchase has a great importance for meat integrated firms and butchers purchase (Turner *et al*., 1999). It is examined that the producers prefer to sell butchered animals as live animals and they use piece method (Table 2).

Table 1: Places of butchery animal sales in farms surveyed

	Farm groups							
Places of sales agents	1st group (<25)	(%)	2nd group (25-39)	(%)	3rd group (40<)	(%)	General	(%)
Direct retailer butchers	-	-	5	31.25	2	10.53	7	11.67
Meat integrated firms	-	-	-	-	1	5.26	1	1.67
Drover	24	96.00	10	62.50	15	78.95	50	83.33
Wholesaler butcher	1	4.00	1	6.25	1	5.26	2	3.33
Total	25	100.00	16	100.00	19	100.00	60	100.00

Table 2: Sales methods of butchery animal in farms surveyed

	Farm groups							
Marketing method	1st group	(%)	2nd group	(%)	3rd group	(%)	General	(%)
Live animal	23	92.00	9	56.25	15	78.95	47	78.33
Carcass	-	-	6	37.50	3	15.79	9	15.00
Live animal + Carcass	2	8.00	1	6.25	1	5.26	4	6.67
Total	25	100.00	16	100.00	19	100.00	60	100.00

It is seen that when producers are making preferences for sales places they especially takes the price (31.25%) and payment method (26.04%) into consideration (Table 3). If the payment is in cash and the animal is taken at its place, this makes things easier for the producer.

Providing an effective marketing structure for beef production can only be reached by shortening the marketing channel from producer to consumer and decreasing the marketing margin, only the essential functions must remain in the channel. It is indicated that the margin of beef is high in Turkey. Margin is not only dependent on the structure, function and success of the market, offers and demands to the product but also the price of the product. In Table 4, absolute and relative margins are calculated, which occurred at every stage in the marketing channels at the producer level.

When, the places that the producer markets the animal is taken into consideration, it is obvious that the marketing margin is close to each other. The highest relative margin is at the stage of producer-drover. However, it is seen that 59.54% of the price that the consumer pays reaches the producer, while, 41.46% of the price occurs as the share the intermediary takes.

A difference occurs between the prices that the producers take because the product reaches the consumer directly and the marketing channel is short with respect to the examination place. According to the findings of some studies, 50-60% of the price that the consumer pays reaches the producer (Sakarya *et al*., 2000). There is a need for better producer-processor co-ordination to reduce the fluctuations in margins within the channel (Gibbs and Shaw, 1995).

It is found that 71.67% of the examined farms give importance to the quality of the animal on meat marketing whereas, 25.00% gives importance to both quality and amount. It is identified that stock, nourishment, care and fat ratio are the factors determine the quality of the meat according to the producers. Quality of the animal is especially important during the sales (Table 5).

Quality is the most important factor between the buyer and the seller and 42.59% of the firms have reached an understanding about the quality matter. Quality criteria's of the buyers are living weight, fat ratio and outer appearance. The second important criteria for the buyer, is the appropriate price choice between the buyer and the seller.

The problems of the firms related to marketing are low prices (47.73%), patterns of payment/collection difficulties (23.86%) and high number of middlemen (12.50%) (Table 6). According to producers, the source of these problems is the lack of effective cooperative structure in Turkey.

Marketing strategies at firm level in research area: At the slaughtering industry level, it is seen that the preferred strategies are the strategies that focuses on the consumer and strategies aims the highest profit. The firms marketing strategies that are examined in this section have been considered from various aspects. From this aspect of view it is identified that the firms consider cost + profit margin at the ratio of 45.45%, while, determining the product sales price. It is also identified that 36.36% of them consider the market price, while determining the price.

Forming the quality and quality standards is one of the most important criteria in target markets where the surveyed firms are active, but beef quality has been very difficult to control in this study. Likewise, quality is an important criteria for consumer preference. So many factors affect meat quality operations before and after the slaughter have an important affect for the quality of the meat. According to the findings of a particular study, color of the meat is one of the most important criteria for the consumer to measure the quality of the meat

Table 3: Place preference reasons of the surveyed farms for selling the animals

	Groups of firms							
Preference reasons	1st group	(%)	2nd group	(%)	3rd group	(%)	General	(%)
Price	12	36.36	8	29.63	10	27.78	30	31.25
Payment method	8	24.24	7	25.93	10	27.78	25	26.04
Slaughter appropriateness	1	3.03	-	-	1	2.78	2	2.08
Continual purchase-confidence	7	21.22	8	29.63	9	25.00	24	25.00
Advance	-	-	1	3.70	2	5.55	3	3.13
Other	5	15.15	3	11.11	4	11.11	12	12.50
Total	33	100.00	27	100.00	36	100.00	96	100.00

*>1 answer has been taken

Table 4: Beef marketing margin at producer-consumer level in farms surveyed (2003)

Distribution channels	Producer price (euro)**	Consumer price (euro)**	Absolute margin	Relative margin	Consumer price/producer price
Producer-drover	3.56	6.53	2.97	45.45	54.55
Producer-processing firm	4.09	6.53	2.49	37.27	62.73
Producer-wholesaler	4.03	6.53	2.55	38.18	61.82
Producer-retailer	3.86	6.53	2.73	40.91	59.09
General	-	-	-	-	59.54

*Carcass (cutting) price had been taken into consideration; **1 Euro = 1.653 Turkish Liras

Table 5: Factors that the buyers pay attention during the sales

	Farm groups							
Factors	1st group	(%)	2nd group	(%)	3rd group	(%)	General	(%)
Quality	20	42.55	12	48.00	14	38.89	46	42.59
Appropriate price	18	38.30	8	32.00	14	38.89	40	37.04
Selling method	5	10.64	3	12.00	-	-	8	7.41
Other	4	8.51	2	8.00	8	22.22	14	12.96
Total	47	100.00	25	100.00	36	-	108	100.00

*>1 answer has been taken

Table 6: Marketing problems in the surveyed farms

	Farm groups							
Problems	1st group	(%)	2nd group	(%)	3rd group	(%)	General	(%)
Low price	16	55.17	11	50.00	15	40.54	42	47.73
High number of intermediaries	3	10.34	2	9.09	6	16.22	11	12.50
Cash collection difficulties/patterns of payment	2	6.90	5	23.73	14	37.83	11	23.86
No problem	8	27.59	4	18.18	2	5.41	13	15.91
Total	29	100.00	22	100.00	37	100.00	88	100.00

*>1 answer has been taken

(Önenc, 2003). Also, it is examined that taste and shelf life of dark colored meats are shorter than normal beef. But beef consumption changes to the preferences of consumers. For example, the beef consumers in Southern Europe are used to a lighter colour beef than Northern Europeans (Nielsen and Jeppesen, 2001).

Due to the shortness of shelf life, returns can be seen for meat and meat products. These meats can be distinguished by the consumers and due to this, important problems have occurred in terms of marketing. Bright red colored meats and meats that have physical attractiveness are more preferable by the consumer. This shows that the color of the meat is an indication of freshness and the consumer establishes a relationship between the color of the meat and its freshness (Onenc, 2003). On the other hand, the quality of the meat is related with the care and nutrition conditions of the producer that provides the raw material to the firm. Due to this, the quality of the meat must be evaluated in the process that starts with the producer. Slaughter methods are also an important factor for the quality of the meat. Live animals are butchered mostly with a knife in the interviewed firms. Postponing the slaughter, transportation, etc. also has negative effects for the quality of the meat (Onenc, 2003).

The firms who gave importance to the quality criterias were 63.64% and those who gave importance to both quality and amount were 36.36%.

When, product distribution channels are taken into consideration, the wholesalers rank first with a ratio of 37.50% and retailers are second with a ratio of 31.25%. It is determined that 25.00% of the firms market their products by stores and other channels except for hypermarkets. However, due to their low ratio to total production, hypermarkets have more importance in the marketing channel.

Another important point for firms is the advertising procedures of the product. The ratio of the firms that advertise their product is 72.73%. A 33.33% of them preferred periodicals and newspapers, whereas, 26.67% of them preferred television.

Goals of marketing research must be brought up in detail in terms of marketing strategies. Table 7 has been prepared for this aim and as it is seen, firm indicates that price determination is the most important goal with a ratio of 36.84% and determining the target consumer sector is the second factor. Guessing market size is the third goal among the market research goals (Table 7).

Concepts that are taken into consideration by the firms for determining the marketing strategies has great importance. For firms, importance of fixing the price and price takes the first place with a ratio of 36.00% secondly, knowing the consumer and distribution channels are other important factors with a ratio of 24.00%. According to the findings of the study related to beef market in EU, the competition between the firms in the beef market mainly based on price, then scale, reputation and efficiency, but in Denmark price and nationality branding are very important in beef market (Nielsen and Jeppesen, 2001).

Selecting the most appropriate one among the various market research procedures are important criteria in terms of marketing strategies. It is identified that the surveyed firms prefer market research directing towards the price and the ratio is identified as 26.92%. This is followed by the procedures that are aimed at demand with a ratio of 23.08% (Table 8).

It is identified that the surveyed firms are mostly active in forming quality standards for determining the studies aimed to increase the market share, with a ratio of 40.00%. New product developing follows this ratio with 30.00% (Table 9).

New market access is the first goal of the firm to be active in market organization (29.63%). This is followed by the aim of increasing the product quality and ensuring continuity of the quality (25.93%) and satisfaction of the client is the third goal (Table 10).

Marketing strategies at producer-firm level: The most important input of the firm that processes meat and meat product is, live animal or carcass. Firms can provide raw material from various places.

A mutual marketing strategy establishes at the point between the producer and the firm. The producer wants a high price for the animals that he raised, whereas, the firm wants to take the raw material at a lower price. According to one study, meat industry firms provide their raw material from beef producers (85% of the firms), their own farms (65% of the firms) and drovers (40% of the firms)

Table 7: Market research goals of the surveyed firms

Goals	Priority	(%)
Product price	1	36.84
Determining the target consumer sector	2	26.32
Guessing the market size	3	15.78
Market trends	4	10.53
Acknowledgement of the market	4	10.53
Total	-	100.00

Table 8: Market research strategies of the surveyed firms

Market research strategies	Priority	(%)
Price	1	26.92
Demand	2	23.08
Consumer profile	3	11.54
Product tests	3	11.54
Distribution channels	3	11.54
Satisfaction of the consumer	4	7.69
Mark image	4	7.69
Total	-	100.00

Table 9: Activities of the surveyed firms in order to increase the market share

Related activities	Priority	(%)
Forming quality standards	1	40.00
New product developing	2	30.00
Selectiveness in determining the market place	3	20.00
Advertisement	4	10.00
Total	-	100.00

Table 10: Target goals of the surveyed firms for ensuring marketing organization activities

Target goals	Priority	(%)
Access to new markets	1	29.63
Increasing the product quality, ensuring continuity of the quality	2	25.93
Satisfaction of the client	3	18.52
Ensuring continuity for the profitability	4	11.11
Developing new varieties to meet the needs of different markets	5	7.41
Trade marking and support it by promotion	6	3.70
Ensuring the development of human sources systematically	6	3.70
Total	-	100.00

*>1 answer has been taken

(Günes *et al*., 1998). Parallelism is seen when providing raw material systems are taken into consideration at the surveyed firms. A 27.20% of the firm provide the raw material as live animal from the producer and as carcass from the other firms. This is followed by carcass buying from the middleman with a share of 18.20%.

It is determined that 45.50% of surveyed firms provided raw material from districts of Izmir city. Other provinces of the Aegean region followed this ratio with a ratio of 27.20%.

Stock of the animal is one of the other points firms take into consideration while providing raw material. Firms mostly prefer the animals that have culture stock and this ratio is 54.50% among all of the firms. It is indicated that the reason of this preference is the quality and durability of these animals, but providing raw material in that quality in time is a common problem among the firms. When the conditions of price determination of the surveyed firms is taken into consideration, stock exchange quotation is more effective (54.50%) in both carcass buying and live animal buying. Market price follows this ratio with a rate of 36.40%.

Firms are one of the most important markets for the producers, but the producers that select the firms for the selling place of their animals may prefer other channels due to high price cut.

The firms, which are in the scope of the study sell their animals mostly to the drovers. The ratio of the producers that market their product directly to the firm is very low. Also, producers may prefer different marketing channels because of the cuttings made by the firm. Likewise, if indented fattening is implemented in the future, it is seen that 41.67% of the producers will not allow this kind of production method in their firms whereas, 35% of them are affirmative. Producers, which may perform indented production are affirmative due to the guarantee that they will have more products at the rate of 61.90% and higher prices. Producers have no confidence in firms because of the problems, which occur in the method of payment.

DISCUSSION

A radical marketing structure will be the best way to present a solution for the existing problems about the marketing of meat and meat products in Turkey needs. The high number of intermediaries complicates the structure.

Principally farmers should access whole informations related market. Thus, marketing extension has a great importance from the point of view of both the farmers and the agribusiness. Marketing extension is a key factor in enlighting the farmers and in removing their marketing constraints. The marketing extension envisages educating the farmers, traders and consumers, regarding marketing to bring desirable changes in their knowledge, attitude, skill and interest. It includes:

- Advice in product planning
- Securing market for farmers
- Training and advice on important marketing practices
- Advice on establishing and operating rural markets etc. setting up of physical distribution system for agricultural produce (Anonymous, 2009)

On the other hand, contribution of stock rising to national economy must be increased and production-industry integration must be provided to increase the added value of stock rising. To provide totalitarian approach to the problems of the sector, an integration model should be provided that is dependent on vertical integration from producers to integrated firms that are manufacturing meat and meat products and lastly the consumer. According to one study, both British and Canadian beef producers have indicated that vertical and horizontal coordination are very important to the future prosperity of the beef industry (Spriggs *et al*., 1999).

Codex studies related to the carcass rating in Turkey will enhance marketing functions and this will ensure that the producers take their deserved price and also ensure to give healthy and high quality products to the consumers. For that reason convenient meat classification system as Europ system in European Countries is very necessary in Turkey and in research area. Most of the slaughterhouses in the sector are closed due to their unhealthy working conditions. The number of firms and slaughterhouses that gives importance to hygiene should be urgently increased in Turkey. Also, the sector and the establishments responsible for implementing the laws should be more effective. One of the major successful product developments in Turkey is the introduction of controlled atmosphere in the packaging of beef in some integrated meat firms and the processed meat products are becoming more and more popular for Turkish consumers that have high income and preferences of meat consumers are changing in recent years. On the other hand, the consumption of beef will show a decreasing trend in Turkey by the reason of high price and low income per capita.

The profitability of the beef sector will increase by providing more effective marketing in healthier conditions and decreasing the number of middlemen.

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