Food marketing at the sector level: the case of Dutch commodity boards

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Introduction

Agricultural marketing at the sector level is practised in many countries. Its application varies a great deal in responsibilities and activities both between products and countries. Generally, it is institutionalized in different ways, such as agricultural marketing boards, commodity boards, marketing agreements and marketing orders. Sector agricultural marketing is criticized since it benefits the farmer at the cost of the consumer, particularly when it determines production quotas and prices; it is also criticized for being too rigid in adapting to changing marketing structures.

The foregoing reasons underline the need for more research into sector agricultural marketing and some recent interesting contributions have been made4-6. In this chapter, the author has attempted to develop a set of criteria for sector marketing based on its general viability, what marketing functions should take place and on the institutionalization of marketing functions. Using this set of criteria an attempt is made to analyse commodity boards in the Netherlands.

A set of criteria for sector marketing

Some characteristics

Textbooks on general marketing usually use the marketing management approach to solutions of marketing problems, while those on agricultural marketing use the functional, institutional or commodity approaches and concentrate on price formation8,9,11,13,15. In this chapter, the marketing management approach is used as this is the most fruitful one for marketing agricultural products. As such, marketing management is described as9:

... the analysis, planning, implementation and control of programs designed to create, build and maintain mutually beneficial exchanges and relationships with target markets for the purpose of achieving organizational objectives. It relies on a disciplined analysis of the needs, wants, perceptions, and preferences of target and intermediary markets as the basis for effective product design, pricing, communication, and distribution.
It has been argued that the implementation of marketing management in agricultural markets depends on the market structure, in particular on product homogeneity and size of enterprise, and on the dynamics of the market. When agricultural markets are dynamic, i.e. changes in consumer, trade, industry and competition, there is a need for a marketing management policy involving the different elements of the marketing mix. Generally, agribusiness companies are better able to use the marketing mix if they are larger and if their products are differentiated. This is particularly true when market structure is oligopolistic with product differentiation or is monopolistic in nature.

Sector marketing of agricultural products is a special case of macromarketing. It concerns marketing by a large group of companies, but does not consider societal consequences of marketing operations to be a main issue, only a side condition. Before discussing sector agricultural marketing, the concept of 'sector' should be clarified. In this chapter, sector is understood as those undertakings in a country producing and marketing the same generic product. These may differ in size, product line and management, factors which influence the cohesion of the sector and, consequently, the usefulness of a marketing policy for the generic product. Since 'sector' is defined by communality in production and sales of a particular generic product, the sector can comprise undertakings in different stages of the marketing channel. For further information on the subject the reader is referred to the following recent publications. Marketing activities for the generic product are characterized by national or state marketing programmes. They are institutionalized into marketing boards, marketing orders and agreements and into cooperatives or private organizations set up by groups of producers and/or traders. Most organizations aim at creating favourable farm prices and returns through specific marketing programmes. Marketing boards and marketing agreements often have as an objective the raising or maintaining of prices.

Various classification schemes for sector marketing institutions have been proposed. Abbott and Creupelandt distinguished between trading and non-trading boards; Hoos differentiated between export and domestic boards, which in turn were divided into trading and non-trading boards. There are also informal marketing organizations which can be valuable for marketing operations of individual sector members. There has been much criticism of these boards, orders and agreements. One such criticism is that these are monopolistic and, therefore, detrimental to consumers. Another point of critique is that farmers and traders must cooperate with a marketing board. The point is also raised that such organizations are not innovative in production and marketing, as vested interests rather than the innovators have the stronger influence. These discussions point out the usefulness of research on marketing at the sector level. For instance, Hoos raises several questions: 'What should be the composition of the board?', 'Perhaps most crucial, a decision has to be made as to whether marketing boards should be established by legislation', 'Further, what is the best way to keep a board . . . vital and relevant?'. The following section develops a frame of reference which may be helpful in answering such questions and this includes:

- Criteria for ensuring that a sector marketing policy is viable and feasible.
- Criteria for ensuring that a sector marketing policy is effective.
- Criteria for organizing such policies in a proper way.
A set of criteria for sector marketing

Criteria for ensuring that a sector marketing policy is viable and feasible

To investigate whether a sector marketing policy is viable and feasible, certain essential and sufficient conditions are proposed. Essential conditions are those that must be fulfilled to make a marketing policy meaningful. Sufficient conditions are those conditions, some of which have to be fulfilled, which make the marketing process feasible.

Essential conditions are related to the common interests of sector members.

- Products of the various sector members have to be homogeneous for those product characteristics that sector marketing is concerned with. Lack of such homogeneity implies lack of a common basis for a marketing policy and the market interests of individual sector members differ too widely. A corollary of this condition is that a sector characterized by national brands is less suitable for a marketing policy than one characterized by local brands. Brands differentiate between products of different companies.

- There must be some overlap between markets of individual sector members. When individual members supply different markets, they have little interest in joining a marketing programme at the sector level. Presumably, agricultural producers share markets with other colleagues. This is also often true for food industries. However, food industries and food retail companies may be oriented towards different market segments and in that case they are not interested in a sector marketing for the generic product.

- Markets are dynamic and/or marketing operations of individual sector members are inefficient because of diseconomies of scale. If there is no change in consumers, competitors, distribution structure, government regulations and method and size of production, sector members have no impetus to join a marketing programme for a generic product. In reality such a situation could not exist, but those markets closest to this situation are less suitable for marketing programmes at the sector level.

Sufficient conditions have to be met in order to make sector marketing feasible. The following conditions are proposed:

- Companies within the sector are not able to handle marketing problems of the generic product individually. This condition seems obvious, but is worth considering carefully because of the concentration in the food industry and in food retailing. A corollary to this condition is that companies are more inclined to be sympathetic to sector marketing the more the market structure is similar to pure competition. Companies are also less ready to join a sector marketing programme, if they are already participating in large integrated vertical operations involving farmers, wholesalers, food industries and food retailers.

- The generic product is important to the income of individual sector members. If a generic product is not contributing substantially to the income of individual companies, there is no great incentive to join a marketing programme; companies might even leave the market and change to other products if there are structural market problems for the generic product.

- Marketing problems are structural. Producers of a product are more ready to participate in marketing programmes if marketing problems of the generic product are structural and consequently systematic action at the generic level is needed.
• The generic product of the sector in a country or state must be distinguishable from the same generic product of producers from other countries. Marketing programmes for a generic product favour all producers and if the foreign producers profit substantially from the joint marketing efforts of the domestic producers, the latter will be less willing to participate in sector-wide programmes.

If all essential conditions and a number of sufficient conditions are present, analysis of marketing at the sector level should then continue with the examination of the marketing functions to be performed.

Criteria for ensuring that sector marketing is effective

The elements for a marketing policy are those of the marketing mix: product, price, promotion and distribution. Functions for these marketing elements are: marketing intelligence, marketing research, consultation with and advice to relevant marketing parties, development of plans for improving marketing of the generic product, performance of marketing functions on some aspects of the marketing process, execution of a total marketing plan for the product. In this order of marketing functions, the responsibility of a sector marketing organization to the individual sector members becomes greater. Effective marketing of the generic product should contain a combination of functions which suits the marketing problems. For this the following specific criteria are proposed:

• The above order of marketing functions is hierarchical in the sense that each successive function is dependent on the previous ones except when these have become superfluous. This criterion suggests how marketing programmes should be built up. For instance, one cannot abstain from marketing research and yet advise the sector members on the marketing of the generic product; promotion requires market data, market research and consultation with sector members.

• Sector marketing functions should not overlap functions already being effectively and efficiently performed by the member firms themselves. A correlative of this criterion is that marketing organizations should adapt their programmes to policy changes made by individual sector members. Also sector marketing should extend to activities at a later stage in the suggested hierarchy of marketing functions as the market structure becomes more similar to pure competition.

• When products of sector members become more heterogeneous, marketing becomes increasingly concerned with only a section of the marketing mix. Since sector marketing is based on the homogeneity of products, heterogeneity of product forces marketing of the generic product to concentrate on general aspects in which the products of sector members are still similar.

These criteria help in the evaluation of functions to be performed as part of a marketing programme. The next stage is an analysis of the institutionalization of the functions.

Criteria for the institutionalization of sector marketing functions

The different types of agricultural marketing organizations have been reviewed previously. The following are criteria for the institutionalization of sector marketing functions:
The commodity boards system in the Netherlands

The commodity boards system in the Netherlands was established under the Industrial Organization Act of 1950 and embraces all companies participating in the marketing channel for a particular product such as milk. The act was based on the view that people of the same profession have the right to organize their own sector and to manage their own sector problems. Protestant political parties based this view on the concept of sovereignty in one's own socioeconomic business sphere. The Roman Catholic political party supported the view on the principle of subsidiarity: a central organization should not engage in matters which could be handled just as well, if not better, by a local one. Another argument put forward for the development of commodity boards was that of functional decentralization so that not all economic power would be in the hands of the government.

A great many commodity boards were set up in the mid-fifties. They are supposed to engage in improving market relations between the different companies in the marketing channel of the respective product, and are concerned with the markets and marketing of a specific agricultural product. A fundamental property of commodity boards is that both employees and employers are represented on them, in principle, on a parity basis. Although the ideal of worker participation was important for the advocates of the boards, consumers are not represented on them.
By the beginning of the sixties there were fourteen commodity boards in the Dutch agriculture and agribusiness. The authority of commodity boards was formulated in rather general terms in the decrees which established them. For example the Commodity Board for Livestock and Meat has the authority to regulate matters concerning:

- The exchange process between companies in the various stages of the marketing channel.
- The registration of companies and the collection of data from companies.
- The right to set up financial funds aiming at supporting the business of sector members.

It is important to note that no authority was granted to commodity boards to establish business and trading or the export and import of products. Also they have no authority to determine prices without government consent.

Before the establishment of the Common Agricultural Policy (CAP) of the European Economic Community, commodity boards were responsible for:

- Taking measures concerning supply and demand in the respective agricultural product in order to realize the target prices determined by government.
- Issuing orders to standardize market supply of particular products and packaging.
- Imposing levies on marketed products in order to finance promotional campaigns, and research and development projects.
- Collecting market data and doing market research.
- Advising government on marketing problems, agricultural policy and regulations, which influenced the exchange process in the market, like the Food and Drugs Act.

With the advent of the CAP, commodity boards lost some of their authority over regulations relating to agricultural policy and today they act as co-administrator with the government in the execution of CAP regulations. Table 19.1 shows the difference in the economic importance of commodity boards between the various sectors of Dutch agriculture.

The development of Dutch commodity boards is further discussed on the basis of the criteria suggested earlier. It is not this author’s intention to systematically describe the development of all commodity boards, but rather to show their strengths and weaknesses as sector marketing organizations.2.10

Essential and sufficient conditions for sector marketing by commodity boards

Essential conditions for viable marketing as proposed earlier are present in the marketing of Dutch agricultural products. Products at farm level are homogeneous; markets of agricultural producers and processors are geographically the same, and markets are generally dynamic. In relation to product homogeneity, it seems useful to distinguish between agricultural products which reach the consumer after being processed and those which reach the consumer as a fresh product. Marketing problems of products like fresh fruit and vegetables are often those of the generic product. Some agricultural products, like dairy products, are differentiated by processing and brand. For these products the generic characteristics are also very important for market opportunities.

Since Dutch agricultural products are mostly sold in the west European market, there is no need for further discussion on whether the criterion of similarity of markets is met.
Changes in supply are caused by the increase in productivity as a consequence of both technical and product innovation. Changes in demand are the result of changing lifestyle and purchasing power of the consumer, of the increasing market power of retail chains which develop their own retail strategies concerned with the efficiency of their operations, and of the increasing competition caused by the internationalization of food markets and also because of oversupply.

<table>
<thead>
<tr>
<th>Commodity board for</th>
<th>Total expenses (million guilders)</th>
<th>General expenses (%)</th>
<th>Technical and economic research (%)</th>
<th>Promotion and extension (%)</th>
<th>Market regulation and other objectives (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arable products</td>
<td>20.9 (=100%)</td>
<td>89.5</td>
<td>3.8</td>
<td>0.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Grains, seeds and pulses</td>
<td>13.4</td>
<td>2.0</td>
<td>8.3</td>
<td>89.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Potatoes</td>
<td>6.2</td>
<td>2.0</td>
<td>58.3</td>
<td>39.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Feedingstuffs</td>
<td>3.9</td>
<td>3.3</td>
<td>83.1</td>
<td>2.5</td>
<td>11.1</td>
</tr>
<tr>
<td>Agricultural seeds</td>
<td>1.0</td>
<td>10.1</td>
<td>62.2</td>
<td>15.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Dairy products</td>
<td>107.3</td>
<td>21.1</td>
<td>12.9</td>
<td>65.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Ornamental horticultural products</td>
<td>45.0</td>
<td>12.8</td>
<td>23.9</td>
<td>55.8</td>
<td>7.5</td>
</tr>
<tr>
<td>Vegetables and fruit</td>
<td>14.5</td>
<td>42.4</td>
<td>3.3</td>
<td>15.8</td>
<td>38.5</td>
</tr>
<tr>
<td>Poultry and eggs</td>
<td>12.8</td>
<td>42.8</td>
<td>21.7</td>
<td>34.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Livestock and meat</td>
<td>40.5</td>
<td>23.6</td>
<td>21.0</td>
<td>27.7</td>
<td>27.7</td>
</tr>
<tr>
<td>Margarine, fats and oils</td>
<td>4.9</td>
<td>93.8</td>
<td>0.3</td>
<td>0.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Fish and fishproducts</td>
<td>11.4</td>
<td>39.2</td>
<td>1.3</td>
<td>21.4</td>
<td>38.1</td>
</tr>
<tr>
<td>Distilled spirits</td>
<td>1.8</td>
<td>83.6</td>
<td>–</td>
<td>6.2</td>
<td>10.2</td>
</tr>
<tr>
<td>Beer</td>
<td>0.09</td>
<td>97.7</td>
<td>–</td>
<td>–</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>283.6</strong></td>
<td><strong>28.1</strong></td>
<td><strong>16.2</strong></td>
<td><strong>46.2</strong></td>
<td><strong>9.5</strong></td>
</tr>
</tbody>
</table>

Sufficient conditions for a sector marketing policy are suggested earlier.

The criterion that companies should not be able to handle marketing problems of the generic product individually, is relevant to an analysis of commodity boards. At the time of their establishment, many sectors of agriculture in the Netherlands were characterized by features of pure competition. This was true at farm level and, at that time, also to a large extent, of the food-processing industry. Market structure has changed substantially since that time. A case in point is the market for milk, milk products and dairy products. The number of dairy factories decreased from 543 in 1955 to 138 in 1983. Over the same period, the number of companies decreased even more. In fact, today five large cooperative dairy companies
dominate the industry. This concentration has not yet taken place in pig and poultry slaughtering. Concentration is also substantial in the sugarbeet industry, where, in 1982, one company processed 52.6% of the crop\(^7\).

In many sectors of Dutch agribusiness, huge companies have come into existence. They need less support from the marketing programmes of commodity boards which have to take this development seriously. But even today many companies are not able to master marketing problems of the generic product individually. Large companies realize that structural marketing problems, like overcapacity and overproduction or unfavourable consumer attitudes to the generic product, can be solved only by joint action within the sector.

Using the criterion of economic dependency of individual firms on a specific generic product, it can be concluded that this dependency has increased as farmers have specialized. Also many food companies depend to a large extent on one specific agricultural product, like dairy companies on milk.

In the Netherlands, for many agricultural products marketing problems are structural in nature. These problems include overproduction of milk and some dairy products, a strong increase in flower production for which markets have to be developed, an overcapacity in the meat processing business requiring a restructuring of the industry, an overcapacity in bakeries and structural problems in the marketing of potato flour. These examples provide opportunities for commodity boards, particularly since both employers and employees are represented on them.

There is not always sufficient distinction between Dutch and foreign generic products. However, in export markets an indication of the origin of Dutch agricultural products is either required by law or is evident from the packaging. In the domestic market, foreign products are sometimes recognizable by an indication of origin. As many Dutch products dominate the domestic market, the Dutch companies especially benefit from the marketing policy. In this case, the criterion 'being distinguishable from foreign products' loses its relevance.

In conclusion it appears, on the basis of the criteria proposed, that marketing at the sector level is necessary and that commodity boards can contribute to it. However, in many sectors of Dutch agriculture it appears that private and cooperative companies are now more likely to have reservations about commodity boards than when they were first established. Larger companies and product differentiation have increased the ability of individual sector members to handle marketing problems themselves.

**Criteria for the type of marketing functions needed for the generic product**

Marketing activities of commodity boards include all the elements of the marketing mix. As such, commodity boards have been very active in market research and information: they collect market data, carry out market research and commission consumer research.

Commodity boards are centres for the exchange of views and for consultation with advice to the government about marketing problems; they are very well suited for this purpose since all groups operating in the marketing channel are represented on the board. The actual use of marketing elements varies between boards. No one board develops a total marketing policy for a generic product. They have little authority over prices; only for liquid milk and bread, have boards been granted authority by the government to fix minimum retail prices. Promotion is an important activity of some boards (*Table 19.1*). Although boards raise funds,
promotional programmes are run by separate organizations, like the Dutch Dairy Bureau and the Flower Council of Holland. The same applies to research and development; the commodity board finances the research done by research institutions. The boards are empowered to promulgate decrees concerning quality regulations and packaging. Also they act as advisers to the government on both the Food and Drugs Act and a law on the quality of agricultural products.

This review of the marketing activities of commodity boards demonstrates that they cannot solve marketing problems of the generic product independently. Their main marketing task seems to be to support and stimulate marketing actions of sector members and, in addition, to execute marketing programmes on certain aspects of the generic product.

On the basis of the criterion on the hierarchy of functions, it seems that commodity boards have been consistent in the way they have developed marketing functions. The basic functions are collection of market data and market research. Boards consult systematically about marketing problems and frequently advise the government on marketing issues. Their actual marketing programmes relate to certain aspects of the generic product and are often executed in cooperation with other organizations.

Although there seems to be a consistency in the hierarchy of the marketing functions of the commodity boards, they have not been extended so far that boards are able to handle marketing problems on their own. The functions are spread over a number of special organizations and working parties, and this makes coordination sometimes difficult.

The criterion that the functions of a sector marketing organization should not overlap with functions of sector members is important today because of the concentration in the food industry and the retailing industry. Bigger companies prefer to spend money on research and development and on promotion of their own brands instead of spending it on joint projects, beneficial to the industry as a whole. This is becoming especially important in the Dutch dairy sector.

It should be pointed out that, from the beginning, the importance of commodity boards developed differently in different sectors of Dutch agriculture, because of the varying importance of other marketing organizations in their sectors. The cooperative auction system played a central role in marketing fresh fruit and vegetables and did not leave much room for the marketing functions of the Commodity Board for Fruit and Vegetables.

It seems likely that commodity boards are able to adapt to the expanding functions of the individual sector members. One problem could be that commodity boards might limit their functions too easily in order to stay on good terms with large sector members and, therefore, run the risk of being left with an inconsistent marketing programme for the generic product.

The last criterion is that of product homogeneity. Commodity boards have developed to a minor extent in sectors of the Dutch agriculture and agribusiness where product differentiation is substantial. There are small commodity boards in the margarine, fats and oils sector and in the beer and distilled spirits sector (Table 19.1).

It seems to me that on the one hand the marketing functions of commodity boards have become more general and somewhat reduced, because of concentration and product differentiation in food processing, wholesaling and retailing, while on the other hand they are stimulated by many structural market problems for the generic product.
Sector marketing can be carried out by various types of marketing organizations. At the outset, some of these have been reviewed and certain criteria have been suggested which can be helpful in choosing the right type of organization. The establishment of commodity boards is now discussed on the basis of these criteria.

The first criterion is that sector marketing, having important societal objectives, requires an organization based on public law. Commodity boards were established under the Industrial Organization Act of 1950. The societal objective of the boards is the improvement of the exchange process between the successive companies in the marketing channel to the benefit of both the companies and the general public. To achieve this objective, functions like market research do not need the cooperation of all sector members in order to be effective, but other functions like minimum price schemes for liquid milk and bread will only work if every member adheres to the rule. Financial support for promotional campaigns and ‘research and development’ projects for the generic product should also be compulsory for all sector members. Otherwise the so-called ‘prisoner’s dilemma’ will break down collective action. An organization based on public law therefore seems very well suited for some of the marketing functions now performed by commodity boards. Under a private based structure the promotional and research functions of the commodity boards might be at risk.

The second criterion is the fitness to a desirable economic system. The establishment of commodity boards in the Netherlands was based on fundamental views about the optimal economic structure of society. Today the general view is that the Industrial Organization Act of 1950 has not proved to be the ideal basis for structuring Dutch socioeconomic life. Only in agriculture have commodity boards been set up. Political and societal support for this system has substantially weakened. Also participants in the existing commodity boards have not been participating in the system as much as they used to. For instance, the largest trade union in the food industry, the ‘Voedingsbond FNV’, no longer designates members for the commodity boards on which it is entitled to be represented. This union holds the view that commodity boards should have a stronger hold on investment programmes of individual companies in order to solve structural problems in the industry, like overproduction and overcapacity. However this authority was not granted to commodity boards by the Industrial Organization Act of 1950. Also employers are not in favour of granting such authority since it does not fit in with the Dutch economic system, which is an economy based on free enterprise, but at the same time influenced by government policies. Although employers consider commodity boards useful organizations they are anxious that they will not interfere with the functions of individual companies.

This fading enthusiasm of society, politics and even sector members for the commodity board system hardly provides encouragement to boards to engage in new functions required by the changing market situation. Instead, there is continual pressure from sector members and the government to improve the efficiency of operations. Consumer organizations want the authority of commodity boards over regulations on product quality and packaging to be curtailed and the Food and Drugs Act to be the authority.

The third criterion is the flexibility to adapt to changing industry structures. The differences in marketing activities, the evolution of commodity boards in the various sectors of Dutch agriculture, as reviewed previously, and also the present
day evolution of some boards demonstrate their flexibility. An important reason for the commodity boards adapting flexibly to the changing structure and activities of the sector is that many members of the commodity boards are also members of the cooperative groups and other private bodies engaged in marketing of the generic product. The flexibility of commodity boards to changing market situations in recent times goes together with the sharing of more functions with private bodies in the sectors. It implies a loss of the authority of the boards.

The fourth criterion is sufficient authority. The organization should have sufficient authority to realize its functions efficiently. Are commodity boards more or less powerful than other possible sector marketing organizations? Some of these are industry boards, which represent those members at a specific stage of the marketing channel only, e.g. farmers; cooperative unions and private organizations of producers and traders in a particular sector of the Dutch agriculture; national marketing boards, which also trade in products; informal cooperation between companies to handle specific marketing problems of the generic product.

Reward as a basis of authority is difficult to evaluate. Sector marketing functions, like market research, promotion and research and development influence the income of individual sector members only indirectly. Also the quality of people rather than the structure of the organization seems to be more decisive in this respect. Central cooperative organizations and marketing boards with trading power can integrate various marketing activities into a joint marketing programme better than the commodity boards, and this gives the former a greater reward potential.

- Within the authority granted, the coercive power of the commodity, industry and marketing boards with trading powers is stronger than other types of sector organizations, since their authority is based on public law. Commodity boards have a smaller marketing programme than many central cooperative organizations and therefore have fewer issues on which they can exert coercive power.
- Expertise does not seem a strong basis of authority for commodity boards since they delegate marketing functions to specialized organizations or participate in working parties with them.
- Legitimacy is a strong power basis for commodity boards within the authority granted by law. This is a positive point in favour of commodity boards, particularly for the raising of funds for marketing functions.
- Sector members seem less eager to identify themselves with commodity boards than with central cooperative organizations.

From this discussion of institutional authority of commodity boards, it cannot be concluded that they are stronger or weaker than other organizations concerned with sector marketing. Points in favour of commodity boards are the authority invested in them to levy sector members in order to finance marketing projects, and the presentation on a board of all members of the marketing channel for a product. This latter point may at the same time be a weakness because the diversity of interests of different channel members impedes innovative action.

Conclusions

It appears from the analysis that commodity boards have not become the marketing organizations of the various agricultural sectors, as was expected with the passing of
the Industrial Organization Act in 1950. Rather, they have become one of a number of useful sector marketing organizations.

From the beginning, commodity boards differed a great deal in importance between sectors, because of the existence of other marketing organizations, like central cooperative organizations, and because of differences in concentration and product differentiation of industries at the time a board was established. Since then industrial concentration, product differentiation, and the CAP of the European Economic Community have challenged the existence of the boards. On the other hand the large number of structural changes in the marketing of the generic product have become a stimulus to the commodity boards, particularly in the field of market research, research and development, and promotion.

Both the positive and negative factors influencing marketing by commodity boards underline the need for systematic cooperation between the boards and other marketing organizations operating within the sector. They also demonstrate the need for continuous assessment by employers and workers, of the marketing tasks granted to the commodity boards.

References