

Introduction

Matthew Meulenberg

European agriculture, in particular in the EC, has expanded since World War II because of a demand pull and a technology-subsidy push. Immediately after World War II food demand increased because of growing populations and larger incomes. Changes in life style, values and norms influenced the composition of the consumers' food basket, which has shifted from carbohydrates to animal proteins and fresh fruit and vegetables. Improved production efficiency and the CAP have stimulated agricultural production.

But European agricultural markets are changing since the eighties. Food demand is increasing slowly: food consumers are saturated in terms of volume and prefer better to more. Norms and values, in particular with respect to health, environment and animal welfare, are changing. Agribusiness companies and retail chains become bigger, often by internationalization. Large retail chains and alliances of retail companies have developed substantial bargaining power. Innovations in the field of electronic communication, computer technology and biotechnology create new opportunities in production, logistics, information systems and decision support systems. At present, the market situation is also changing because of political changes, like 'Europe 1992,' a changing CAP and a renewal of the GATT treaty.

In connection with these developments in European agriculture

Matthew Meulenberg is Professor of the Department of Marketing and Marketing Research at the Agricultural University Wageningen.

[Haworth co-indexing entry note]: "Introduction." Meulenberg, Matthew. Co-published simultaneously in the *Journal of International Food & Agribusiness Marketing* (The Haworth Press, Inc.) Vol. 5, No. 3/4, 1993, pp. 1-4; and: *Food and Agribusiness Marketing in Europe* (ed: Matthew Meulenberg) The Haworth Press, Inc., 1993, pp. 1-4. Multiple copies of this article/chapter may be purchased from The Haworth Document Delivery Center [1-800-3-HAWORTH; 9:00 a.m. - 5:00 p.m. (EST)].

and agribusiness, agricultural marketing is changing too. A 'State of the Art' survey on agricultural marketing in Europe is timely therefore. We are grateful that many marketing scholars have accepted the invitation to analyze agricultural marketing in their respective countries. This volume is the result of their efforts. It offers a lively picture of European agricultural marketing. It shows both the similarity and the specificity of agricultural marketing in various countries. In this introduction to the volume we will consider in particular the main similarities in European agricultural marketing, as they appear from the contributed papers.

A common characteristic of agricultural markets in various European countries is a stagnating food demand in terms of volume. Population growth is weak. In some countries, like Germany and Belgium, population growth disappeared completely, but in some Mediterranean countries and in Ireland it is substantial yet. The trend towards a lower per capita consumption of carbohydrates and fats and towards a higher consumption of animal proteins seems to reach maturity stage. For instance, in Northern countries like Germany and the Netherlands, consumption of some types of meat is decreasing and that of bread and potatoes is somewhat increasing again. Health considerations and animal welfare arguments play an important role in this respect. The European food consumer appears from various surveys as more quality conscious, also with respect to environmental issues.

Another common characteristic of European agricultural markets is a severe competition between suppliers of agricultural and food products. Competition is severe because of a slowly increasing demand for food combined with a huge agricultural production potential, because of open EC markets, respectively because of internationalization of agribusiness—and of the important role of food retail companies. Food retail companies have substantial bargaining power vis-à-vis food industries because of a large company size and of strong position power in the channel (being the gate to the food consumer). This bargaining power is reinforced by the limited capacity of food producers to be unique in the market by creating unique attractive product properties.

Company size in European agribusiness and food industry has increased in order to realize economies of scale in marketing poli-

cies like branding and product innovation. This expansion of multinational food and agribusiness companies is in many countries a challenge to national companies, in particular to farmers' co-operatives, which as a result merge into larger units and often try to build up international positions.

The changes of the CAP, the McSharry plan, and the renewal of the GATT agreement imply, apart from direct income support, more market and less subsidies for EC agriculture. Government support is also decreasing since many governments curtail national support programs, like those in the field of research and extension.

While agricultural markets in many European countries show the same developments, one may also notice many differences: for instance, in particular Dutch and German consumers seem to be much concerned about environmental issues, Spanish agriculture is involved in the transformation towards a modern type of agriculture; Germany is facing the task of integrating East and West German agriculture, Hungarian agriculture is hovering on the brink of a market economy and France along with some other mediterranean countries are in particular concerned about the development of agribusiness.

The major shift in European agricultural marketing, as it appears from various contributions to this volume, is towards more market-customer orientation and, as a result, more concern about product development, branding and customer relationships. Product policy and promotion have become very important in agricultural marketing. While effective and efficient performance of traditional marketing functions—exchange, physical and facilitating—is necessary in every marketing operation, it is not sufficient. Consumer orientation is increasingly the starting point of marketing operations in agriculture and agribusiness. Marketing management has become of strategic importance in European agriculture and agribusiness too. Integrated marketing operations through the food chain are increasingly important in particular for perishables. As a result traditional agricultural marketing institutions, like technical markets, marketing boards, and co-operatives, are searching for maintaining or reinforcing their position by developing marketing strategies which fit to the needs of today's markets. In particular it is important to fit

farmers' decisions about the agricultural product properties into customer oriented marketing policies.

Clearly, the stage of development in this trend towards consumer orientation and marketing management differs between products and countries. Some products, like grains, are still of the commodity type and efficient/effective performance of marketing functions—exchange, physical and facilitating—is the core of the marketing operation yet. However in the case of dairy products and fresh horticultural products sophisticated marketing management procedures are needed for an effective marketing operation.

Development in agriculture also differs between European regions, which has its consequences for marketing operations. Nevertheless the contributions to this volume demonstrate that in most countries customer orientation and product, respectively promotional policies, have become important ingredients of European agricultural marketing.

The evolution in the practice of agricultural marketing goes along with the development of agricultural marketing as a discipline. This discipline is shifting from the functional, and institutional approach towards more attention for marketing management. Consumer orientation as a starting point of agricultural marketing operations is stimulating the study of consumer behavior in the agricultural marketing discipline.

Another development in the agricultural marketing discipline is a greater interest in analyzing agricultural marketing as an integrated marketing operation throughout the marketing channel. For that reason vertical marketing systems and other theories and concepts about the structure and functioning of marketing channels become increasingly relevant to agricultural marketing.

Foregoing developments stimulate the development of agricultural marketing towards a multidisciplinary science.