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OPPORTUNITIES AND THREATS FOR THE ROMANIAN AGRO FOOD INDUSTRY

OPORTUNITĂŢI ŞI AMENINŢĂRI PENTRU INDUSTRIA AGROALIMENTARĂ ROMÂNEASCĂ

GABRIELA CHIRLA[1], SABINA FUNAR[1], ADRIANA MAN[1], OLIMPIA ŢUGUI[1]

[1]University of Agricultural Sciences and Veterinary Medicine Cluj-Napoca, Horticulture Faculty, Cluj-Napoca, Romania; gabriela_chirla@yahoo.com

Abstract: *The aim of the present study is to identify the major opportunities and threats for the Romanian agro food industry using the marketing audit specific tools represented by the PEST and SWOT analysis. The results obtained after using PEST analysis were synthesized using the SWOT analysis section regarding external environment. The main conclusions of the study indicate that the external environment is a source of many opportunities and threats and the task of each enterprise is to exploit or avoid them according to their own marketing strategy.*

Key words: *marketing audit tools, PEST, SWOT.*

INTRODUCTION

All companies operate inside a macro-environment which is a "powerful force" and the failure of not taking its' influence for the business into consideration can have disastrous consequences (Proctor, T., 2000). Houben et al. (1997), considers that the good performance of a company is a result of the correct interaction between the company's management and the external environment.

The relevance of analyzing the macro-environment consists in the large scale-forces and factors that can influence the future of a company but over which the company has very little control (Kotler et al., 2005). Within a marketing audit process, the marketing environment audit represents the first step. The scope of this process is identifying the main opportunities and threats that are provided by the political-legal, economical, demographical, socio-cultural and technological factors. An opportunity is associated with the eventual positive effects for the company or industry while the threats

are changes in the environment that affect the prosperity of the industry (Proctor, 2000).

MATERIALS AND METHODS

The opportunities and threats for the Romanian agro food industry were identified using two types of analysis specific for the marketing audit process for "evaluating the marketing performance of an organization" (Medis, 2009). The first marketing audit tool used in order to identify the major macro-environmental trends is the PEST analysis (represents an acronym from the four macro factors that are analyzed: political-legal factors, economical factors, socio-cultural an technological factors). For each of the four factors, relevant variables were established for the agro food industry and analyzed using statistical data. The results obtained were synthesized using the SWOT analysis which is an acronym from strengths, weaknesses, opportunities and threats (Hill and Westbrook, 1997). The first two components refer to the internal and specific situation of an industry or an enterprise while the last two components at the major trends from the external environment common for all the enterprises within a certain sector of activity.

RESULTS AND DISCUSSIONS

The opportunity offered by the political-legal factor refers to the easily access to the European market from 2007 when Romania became a member of European Union having positive influence for the agro food enterprises. The trade was facilitated being tax free. A major threat refers to the high amount of agro food products from the other European countries penetrating the Romanian market. Other threats with negative consequences for the consumption refer to: the increasing level of the value tax added with 5% and the taxing of the meal tickets.

A first opportunity identified in the economic environment is related to the high share of the agro food products in the monthly consumption of a person (around 40%) which indicates that the demand for these products is relatively constant and strong. The low share of agro food products in the export categories is an opportunity because it indicates that the national competition is not developed. The increasing trend of the food internal commerce can be considered as an opportunity for increasing the production. The stabile and low level of the interest rate is considered to be

an opportunity for the enterprises to obtain cheaper credits in order to proceed to investments for new technologies and expanding their activity. The main objective of the Romanian National Bank is to reduce the inflation rate in the next three years with positive influence for the consumption and the level of the agro food prices. The low level of the unemployment rate is considered to be an opportunity because of the level of consumption which increases when the consumers have monthly regular incomes.

The first threat identified analyzing the variables from the economic environment is the low monthly amount of money of a person limited to the average level of 200 euros. Another threat identified- the low contribution of the agriculture to the gross domestic product registering even negative values- affects the raw materials supply chains of the enterprises forcing them to find alternative ones outside the national market. The direct consequence is that the high level of the exchange rate increases the prices of the agro food products and affects the consumer purchasing power.

The opportunities identified after analyzing the socio-cultural factor refer to the Romanian beliefs regarding meat products which are considered to be a necessary component of a complete meal. Dairy products are associated with the concept of health, aspect that could be exploited profitably by the dairy enterprises. There are some important changes in the breakfast habits regarding food consumption, the margarine is less preferred in favor of pate products and yoghurts. The main threats identified refer to the natural increase which has been negative for 19 years having negative implications for the agro food consumption and demand on long term because of the decreasing power of consumption and the reducing number of young population. A present threat for the agro food industry is being represented by the retailers' brands which are cheaper and in direct competition with the traditional producers inside the retailers' stores. The most concerning threat is the major change in the consumer behavior (the consumer buys less or in smaller quantities). The alimentary trends are a long term threat for the meat processors specially the vegan and vegetarianism but they are also an opportunity for the industry specialized in the conservation of fruits and vegetables. The religious variable is to be considered as a possible threat because of the post period which is characterized by the reducing level of meat products consumption during almost 100 days but is also as an opportunity for some enterprises specialized in the processing of soy.

The technological factors are specific for each type of enterprise from the agro food sector but a common threat is the widespread of the Internet and the easiest access to information about the products and social trends.

CONCLUSIONS

It can be concluded that the marketing audit tools used in the present study (PEST and SWOT) offer a general view over the macro-environment for the agro food industry, highlighting the major threats and opportunities for each of the four factors analyzed common for all the enterprises in the sector. For a complete SWOT analysis each enterprise must establish its strengths and weaknesses and correlate them with the opportunities and threats identified in order to establish their market strategy.

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