

Investigating Factors Marketing Pomegranate in Fars

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Abstract

Marketing agricultural products while establishing a balance between supply and demand in various stages of production to final consumption stabilize farm income and satisfy consumer demand. Therefore, agricultural marketing study seems necessary. In this study, pomegranate marketing in Fars province was investigated and its various marketing channels were also evaluated. In this paper, we have proposed the significant factors affect marketing margin of raised pomegranate in Fas (Iran) in 2012. The results showed that the total marketing margin, wholesalers and retailing are 240, 100 and 140 Rials respectively. Received portions of producer wholesaler and retailer of total price are also 74.5, 15 and 10.5 percent. Estimated Marketing cost model is 240 Rials is equivalent to 14 percent. The standard to certify the transparent market indicates that the direction of marketing pomegranate is not transparent, which decreases the effectiveness of market. Results to estimate the functions of marketing margin by mark up model indicated that price, Marketing cost and transportation cost are directly associated with the marketing margin at retailing level. Also evaluations show that not being aware of market state, lack of infrastructural facilities are of the most important problems for products of pomegranate.

Keywords: marketing margin, pomegranate, marketing cost, effectiveness, mark up model, Fars province.

Introduction

Marketing refers to all attempts made by economical job creators for planning, producing, distributing, selling products and giving service to end-users and meeting their needs. Marketing agricultural products, in addition to forcing a balance between demand and supply in various stages from production to end consumption, makes stabilization of the agriculture income and meeting consumer needs possible (Karbasi, 2009). Iran is birthplace of pomegranate and has the first rank of variability, quality, under cultivation area, production and export. Cultivation and culture of pomegranate has been common in Iran since the ancient era. Pomegranate fruit has been considered as a saint fruit by Muslims and the advantages of it are cited in 142 to 99th paradigm of Sura Anaam. Presently, 70 acre of farms are under cultivation in our country which is intended to add 15 more acres till the end of the 5th program (Karimi, 2007). Fars has the first status in pomegranate cultivation among all provinces. The cities which have the most production cultivation area are Neyriz, Arsenjan, Kazeroon, Estahban, Jahrom, Marvdasht, Firooz abad, and Mamasani. Known species of pomegranate in the province are, Robab, Farough, Beritt, acidulent, Atabaki, shirin Shahsavaar keder, and green opaque sour. Export species of pomegranate are the best with view to quality, taste and market attention. Red grain of acidulent Robab species has been favoured in many countries especially in middle Asia. So, pomegranate can play a significant role in the economy due to its alimentary needs, economical value and export possibility. Pomegranate is pre-eminent among all horticultural products due to its potential for producing various kinds of alimentary and industrial products (Behzadi, 2000).

Today, the major problems of from products in Iran are lack of fixed price, enough information about market and consumers need and taste as well as being lower retail price than farm price. (Najafi and Kazem

nejad, 2004). pomegranate marketing margin is obtained by the difference between retail and farm price of a given farm product, which changes based on the different factors. Progress in increasing product and farms profits largely depends on the supply and marketing organization of product, and it is necessary to recognize the way of supplying product and its effectiveness to modify. In a variety of studies in Iran by Esmaili and Najafi (2009); Daneshvar Amer (2007); Heyrani (1997); Sekotifar (1997); Abdly (1997) and Sa'adat Akhtar (1993), have shown that packaging, quality and optimal ads are not employed for aqua cultural products.

Successfully increasing production and supply greatly rely. On the available product supply organization with respect to putrefaction of quality product, and it is necessary to recognize the way at marketing to modify.

Marketing margin

From Digby's view (1989), marketing margin is defined as the difference of price between rings of marketing chain. Accordingly, there are three types of distinguishable margins include retail, whole sale and marketing. Retail margin involves the difference between retail and wholesale price; and marketing margin is the difference between retail and farm price; equations associated with any margin as follows.

$$1. \text{ Retail margin } M_r = P_r - P_w \quad (1)$$

$$2. \text{ Whole sale margin } M_w = P_w - P_f \quad (2)$$

$$3. \text{ Marketing margin } M_m = M_r + M_w \quad (3)$$

Where, P_w , P_r and P_f are whole sale, retail and farm price, respectively.

Portions

One of the standards to examine useful function of marketing system is the portion of producer, retailer and wholesaler from the total prices paid by the producer. To calculate these portions use the following formulations.

$$\text{Producer Portion} = (P_f / P_w) * 100 \quad (4)$$

$$\text{Whole sale Portion} = \{(P_w - P_f) / P_r\} * 100 \quad (5)$$

$$\text{Retail portion} = \{(P_r / P_w) / P_r\} * 100 \quad (6)$$

Where P_f , P_r and P_w are referred to as farm, retail and whole sale, respectively.

Markup model

This model first was proposed by Wag (1964). In this model, marketing margin is considered as a function of retail price and marketing costs.

$$M_m = f(P_r / z) \quad (7)$$

Hence, marketing margin (M_m), retail price (P_r) marketing costs and additional cases including time process are illusory variables and more.

Marketing cost model

The model by Mullen and Vignant (1989) is presented. Total cost of activities and services performed on the gap between product productions to consumption, as a percentage of the price offered to consumers, the cost coefficient is called marketing. The coefficient indicates the share price of the final product cost is in marketing. This coefficient is calculated from the relationship:

$$R = (C_m / P_r) * 100 \quad (8)$$

Where R , C_m and P_r are marketing cost model, marketing cost and retail price respectively.

Results and Discussion

Features of agricultural products have a significant effect on the lack of marketing and supplying organizations. All the products are likely to be putrefying and their transmission shouldn't take along time, otherwise they will be spoiled and their prices decrease. It means that doing more marketing services are essential. This shows that the low production can not be considered as a sufficient incentive to do marketing services by themselves in their own. Previous production of beneficiaries shows that this occupation is a new job in this province. The analysis of the education level of producers reveals the priority of the producers of this subsection. The study on the presence in workshops and training classes is of major importance to education. Results show that 53 percent of beneficiaries insure their farm and products. The average price of pomegranate in farm, wholesale and retail market is estimated as the average price in these three markets 7000, 9400 and 8400 respectively.

Table 1. The average price received, the manufacturer, wholesaler and retailer Pomegranate

Descriptions	Producer	retailer	wholesaler
Average Price (RLS)	7000	9400	8400

Source: research findings

so the prices indicate that pomegranate price from whole sale to retail involves relatively great increase , calculating marketing margin indicated that total ,whole sale and retail margin are 240 ,140 and 100 rials respectively that presents total marketing margin : portion of producers , wholesalers and retailers of the wholesale of sale are 74.5 , 15 and 10.5 percent ,respectively .

Table 2. Marketing margins and share values

Descriptions	producer	retailer	wholesaler	total
Margin (RLS)	-	140	100	
Share (percent)				100

Source: research findings

There by, the portion of producers of the entire price of pomegranate is more than that of wholesaler and retailer. To compute net profit of marketing factors, different costs were separately calculated in three steps; producer, retail and wholesale. Basic costs involve transportation , maintenance and work place .Results show that net profit of pomegranate producers marketing operations and marketing cost are about 15 , 17 respectively of retail price by selling per kilogram . Net profits of whole sale marketing and its marketing costs are 4 and 6.25 Percent of the overage whole sale price. Retail market is about 5.8 and 5.6 percent of the average retail price relative to the net profit and retail cost.

Table 3. Marketing net profit for the producers of pomegranate each kilogram

Descriptions	sum (RLS)
Average prices producers received	7000
Transport costs	
Other costs	
total marketing costs	1240
Net price received	5760
Producers Pomegranate prices before marketing operations	5300
net profit producing marketing operations	460

Source: research findings

Table 4. Net profit marketing wholesalers and the costs per kg pomegranate

Descriptions	sum (RLS)
The average price received by wholesalers	8400
Transportation costs	340
Location acquisition costs and other expenses	60
Total marketing costs	400
Net price received by wholesalers	8000
purchase price	7000
Wholesale marketing operations, net income	1000

Source: research findings

Table 5. Net income market retailers and the cost per kg of pomegranate

Descriptions	sum (RLS)
The average price received retailers	9400
Transport costs	240
Location acquisition costs and other expenses	192
Total marketing costs	432
Net price received retailers	8968
purchase price	8400
Retailers marketing operations net income	568

Source: research findings

marketing cost model shows that 12 percent of pomegranate retail price is related to the product marketing costs, that is the portion of marketing factors in the total price of the product is 12 percent (240 rials). Season supply is a feature of many agricultural products, also immediate consumption of some of the products, such as other products from this section caused this feature to have a variety of effects, however the most important of them is price fluctuation over each season and some other problems are due to the weak functioning of the market including low price and of transparent market.

The direction of pomegranate marketing and supplying in the province is not transparent because the total farm price and marketing cost are lower than the retail price, this is less than the function of the market presenting its lack of transparency. Finally, some recommendations according to the results are provided as follows:

1. Holding training courses to learn about the marketing factors and the direction of pomegranate supply. Based on the condition of the market and the way of implementing marketing operations.
2. Analyzing and specifying significant effects on developing the industrially modern export of pomegranate.
3. Expanding marketing facilities and advertising.
4. Remove all physical barriers defining a clear and codified by relevant organizations to increase production and exports. Pomegranate province specific and increase employment over the schedule should be presented.
5. Providing loans, the government makes the establishment of industries and packaging, ranking possible in the province resulting in increasing the added value and improving the employment.

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