

Grain Marketing Margins Evaluation in Iran A Case Study: Bean

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ABSTRACT: Cereals are one of main agricultural products which especial importance because they have food variety and also have a variety of organic and inorganic materials, so in the study we consider grain marketing in Iran. The necessary information and data in this study were evaluated by the Ministry of Agriculture. The results of this study showed that the production, export and transportation costs factors are from the most important affecting factors on this marketing and also total margin of the product is more than the wholesale and the retail margin. Finally, recommendations for improving profitability and also increasing incentive producers have been offered.

Keywords: marketing, grains, beans, Iran

INTRODUCTION

Cereals are important agricultural products which have variety and also different kind of organic and inorganic materials. Bean calorie and protein are respectively, 338 and 23 mg per 100 g. However these values for beef are respectively, 239 and 7/18 mg. So bean can be used as a source of food energy and replaced by meat for low-income families. (Ghorbaniand Mirbemani, 2005).

According to available statistics, cultivation of crops, 994 hectares and its production is 580 thousand tons. (FAO, 1999). Among the legumes, beans has the highest acreage (91,521 acres) which by the average 1592 kg in a hectare has the best function than other crops. Khorasan province has low level because it s bean production has 2380 hectare acreage and 2904 tons production but in terms of demand, especially for wax beans is one of the most important province because it is used directly by families and moreover is used for food as a first material. Canned beans are produced both for internal usage and export, so that Persian Gulf and Central Asia are important marketing of this production(Ghorbaniand Mirbemani, 2005).

Marketing means chain of operations from production to consume which certainly has itsself costs. The cost of transporting product throughout the chain (from farm to retail) is called the marketing margin. Nowadays, considering urban developingand beingfar fromthe areas of production, the main part of the price paid by the consumer is for marketing. It means the existence of price gaps in consumer and producer prices and shoe that marketing margins of producing is high.(Hosseini,2007).

All affairs which have been done for transporting product from production field (farm) to the consumer (home) are called marketing. In a healthy economy agriculture system, balancing or making close fluctuating of demand curve (consumption) and supply curve (production),depend on several factors, including: increasing under cultivation areas ,reducing production loose and eventually appropriate use.(khoshkhoy& his colleagues,1985).

One of important factors of marketing margins in Iran is plenty of wastage and marketing agents. These factors because of absence of appropriate situation in market and (also absence of exchange and notification system, cash deficiency ,low financial power of farm have almost a price determinant role by controlling market and intangible mono poly, so they gain huge profit. (BeikZadeh, 2007).

There are many varieties of wax beans in Iran that are used by consumers. In fact, consumers are facing with a wide range of bean varieties that they should choose between them. The main point is about produced varieties or produced programs of this product based on genetic research that should have high efficiency and moreover have characteristics which consumers want to. In such circumstances first, produced bean will be sold

with higher price just because consumer preferences are included in them. In other words, there is sufficient demand, and there is adaption between demand and producing with desired features. Second, identifying consumer demands based on quality features and also improving quality will eliminate interval marketing problem and (if any surplus) exporting will be provided. Third, consumer prices will act as a determinant agent and producing conductor. Therefore, knowing these quality factors can lead to changes in the structure of the research and production. One of demand patterns which is considered in recent decades to search about effect of qualitative features on prices, is the qualitative pricing (Hedonic Pricing Respectively). (Ghorbani&Mirbemani, 2005).

Hassan. Pour (2000) searched about Marketing Operation, margin determination, Coefficient Cost and Efficiency of Grapes Marketing and also determination Share of Marketing agents in costs and effective factors On Margin and retail wastage of grapes in Kohgiloye And BoyerAhmad Province and Showed that Share of Major Sellers, localbuyers and grapes dealers of Grapes are respectively 7/42, 1/29 and 7/13 percent and Coefficient Cost and efficiency of Marketing was 2/42 and 3/127 percent. Share of Producers, Major sellers and Retailers are respectively 8/57, 6/16 and 6/25 percent.

Ashrafi and colleagues (2005) using marketing costs models and excess cost to determine effective factors on marketing margins of grapes and raisins. The results indicate a positive and significant relationship between wholesale prices and exporting amount with wholesale margins related to raisins and a positive and significant relationship of transportation index and retail prices with retail margins of grapes. Also, according to the results of this study producer s contribution is lower than final price of grapes and raisins which is proposed that farmers prevent illogical increasing of marketing margins by organizing agriculture unions and competition with brokers.

Hossaini and his collegous (2007), evaluate the effects marketing margins of red meat and effective factors on using of markup models and partially margins. According to the study factors such as retail price of veal, index of slaughtering and preservation costs, results of two months of April and May (Farvardin&Esfand), seasonal effects and structural changes have positive and significant effect on beef marketing margins. Finally, the retail prices of beef and mutton are the most effective factors on marketing margins.

(Zaboj - 2000) studied about choosing the meat products distribution direction at Republic of Czech. In their study the best way of distribution was chosen through evaluating distribution cost of each way.

Richards (1996), estimated marketing margin function of lemon products at 4 areas of California and understand the rate of wage, food packing transporting costs, demand and offer s elasticity's, and some virtual variables are the most effective factors on marketing margins.

Eloog (2006), evaluate marketing margin of non-wood products in Nigeria. The results indicated small share of producers from final price and transporting costs have been estimated as a major agent of increasing price of product.

Tomak and Robinson (2003), studied about marketing margins of red meat. The results indicated that there is a price risk at farm, processing and retail marketing margins which is an effective factor on marketing margin. For example, a farmer who buys inputs with a common price from a farm isn't sure about future price of that which will be in market.

MATERIALS AND METHODS

Marketing concept is very vast, and when the place opened in Economic Sciences has been the various definitions that each of them represents the viewpoints of different people in different spatial and temporal conditions. However, a general definition of marketing includes various stages of processing, packaging, transportation and warehousing is a valuable product, and passing through each of the above steps and thus increase marketing process is a value stream [3].

But the marketing of agricultural products due to specific characteristics of these products including corruptible, planting and harvesting time limits different from marketing other products including industrial products. Accordingly, all operations, including marketing of agricultural products and services that the product on the stage of decision making for production until the desired product to reach consumers, as is possible [5]. Thus, agricultural marketing research requires a relatively broad understanding of agricultural sciences and economic sciences are. Marketing system of agricultural products not only domestically manufactured products are distributed, but the constant expansion of international experience also leads [3].

Usually marketing activities of agricultural products into three categories: Transaction and physical facilities are divided. Exchange activities include operation of all buying and selling products. Storage, physical activity, conversion and transport are included, and activities include facilities. Issues such as grading, packaging and certification standards and has products [2].

A general problem of marketing agricultural products, using figures and calculating product prices, particularly of different criteria in this area occurs. One of the most used criteria in the field of marketing agricultural products is marketing margins. Marketing margins for different agricultural products that the consumer pays the price and the price farmers will receive, is defined. So the main criteria to determine the total marketing margin price difference received by producers and prices paid by final users pay. Relationship marketing margins as (a) that the difference between retail price and the price champ is obtained.

$$M_t = P_r - P_f \tag{1}$$

In relation to (a): M_t total margin of marketing: P_r product retail price: P_f Price champ or price is Manufacturer. Total marketing margin includes margins of two parts wholesale and retail margins are. Margins included wholesale price difference between wholesale and producer price or prices as champ and relationship (2) are expressed.

$$M_w = P_w - P_f \tag{2}$$

In relation (2) M_w margin, wholesale: P_w wholesale prices and: P_f Price Champ product. Retail margins in the retail price difference between the receiver and is a wholesale basis and it can be related (3) displayed.

$$M_r = P_r - P_w \tag{3}$$

In relation (3): M_r marginal retail: P_r retail price: P_w Price is the wholesale product. Considering the total marketing margin can be defined relationship types margins as market relations (4) displayed.

$$M_t = M_r + M_w \tag{4}$$

Relationship (4) show that total retail and wholesale margins, marketing margins is ensured. Including the criteria applied in the field of marketing agricultural products market, the cost factor can be mentioned. Coefficient shows that the market cost a few percent of the retail price of each product is related to the marketing agents. For the cost coefficient can be related markets (5) be used.

$$R = (P_r - P_f) / P_r \times 100 \tag{5}$$

Where: R cost ratio of marketing: P_r retail price: P_f Price Champ is achieved. One of the key points in marketing studies to determine the contribution of each marketing factors including producers, wholesalers and retailers is. Formula for calculating market share of each factor is as follows.

$$SH_f = P_f / P_r \times 100 \tag{6}$$

$$SH_w = (P_w - P_f) / P_r \times 100 \tag{7}$$

$$SH_r = (P_r - P_w) / P_r \times 100 \tag{8}$$

In the above relations: SH_f Manufacturer shares: SH_w stake sale: SH_r retail share sale.

DISCUSSION

In this study, the required data were collected through interviews with experts and Agricultural Organization.

Table 1. The average selling prices of wholesalers, retailers and producers

The type of the products	sale price	
The head of the farm	wholesaler	retailer
Pinto Bean	10023 1993021710	
Red bean	934001757019040	

Table 2. Margins, marketing factor's share and market cost coefficient

Description	Bean
wholesaler margin	1500
retailer margin	2500
The total margin	4500
producer share	75%
Major share sale	10%
Shares of retailer	15%
Marketing cost coefficient	25

Resource: the findings of the research

According to the results of Table 3 about bean, wholesaler margin is 1500 Rials retail margin is 2,500 Rials and total margin is 4500 Rials, market cost coefficient is 25 which show that 25% of sale price of bean, is related to marketing agents.

Suggestions

According to the result of the study and collected data we can present some recommendations as follows:
 Implementation Strategies and Recommendations
 Making investment security in the agricultural sector and also correct legal problems.
 Organizing market and implementing suitable supporting strategies of comprehensive program production.
 Increasing the share of agricultural credit and agriculture facilities of the province and proportionate share of the agricultural production compared to other provinces.
 Increasing mechanization index.

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