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 is 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); Abdry (1997) and Sa'adat Akhtar (1993), have shown that packaging, quality and optimal ads are not employed for aquatic cultural products. Success fully 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. Retail margin \( M_r = P_r - P_w \) (1)
2. Whole sale margin \( M_w = P_w - P_f \) (2)
3. Marketing margin \( M_m = M_r + M_w \) (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.

Producer Portion = \( \left( \frac{P_f}{P_v} \right) \times 100 \) (4)

Whole sale Portion = \( \left( \frac{(P_w - P_f)}{P_r} \right) \times 100 \) (5)

Retail portion = \( \left( \frac{P_r}{P_w} \right) \times 100 \) (6)

Where \( P_f, P_v \) 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.

\[ M_m = f \left( \frac{P_r}{z} \right) \] (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 Vlignant (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:

\[ R = \left( \frac{C_m}{P_r} \right) \times 100 \] (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 product are likely to be putrefying and their transmission shouldn’t take along time, other wise 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 rattler 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.
so the prices indicate that pomegranate price from wholesale to retail involves relatively great increase, calculating marketing margin indicated that total wholesale 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

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>producer</th>
<th>retailer</th>
<th>wholesaler</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin (RLS)</td>
<td>-</td>
<td>140</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Share (percent)</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: research findings

Thereby, 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 workplace. 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 average 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

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>sum (RLS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average prices producers received</td>
<td>7000</td>
</tr>
<tr>
<td>Transport costs</td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
</tr>
<tr>
<td>total marketing costs</td>
<td>1240</td>
</tr>
<tr>
<td>Net price received</td>
<td>5760</td>
</tr>
<tr>
<td>Producers Pomegranate prices before marketing operations</td>
<td>5300</td>
</tr>
<tr>
<td>net profit producing marketing operations</td>
<td>460</td>
</tr>
</tbody>
</table>

Source: research findings

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

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>sum (RLS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The average price received by wholesalers</td>
<td>8400</td>
</tr>
<tr>
<td>Transportation costs</td>
<td>340</td>
</tr>
<tr>
<td>Location acquisition costs and other expenses</td>
<td>60</td>
</tr>
<tr>
<td>Total marketing costs</td>
<td>400</td>
</tr>
<tr>
<td>Net price received by wholesalers</td>
<td>8000</td>
</tr>
<tr>
<td>purchase price</td>
<td>7000</td>
</tr>
<tr>
<td>Wholesale marketing operations, net income</td>
<td>1000</td>
</tr>
</tbody>
</table>

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, and immediate consumption of some of the products, such as other products from this section caused this feature to leave 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 a transparent market.

The direction of pomegranate marketing and supplying in the province is not transparent because total farm price and marketing cost are lower than the retail price, this less than the function of the market presenting its 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.

References

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