



**University of Teramo**  
**Master in "Food Science and Technology"**

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**Marketing and agri-food business**

**Emilio Chiodo**

**Academic Year 2021-2022**



# Learning outcomes

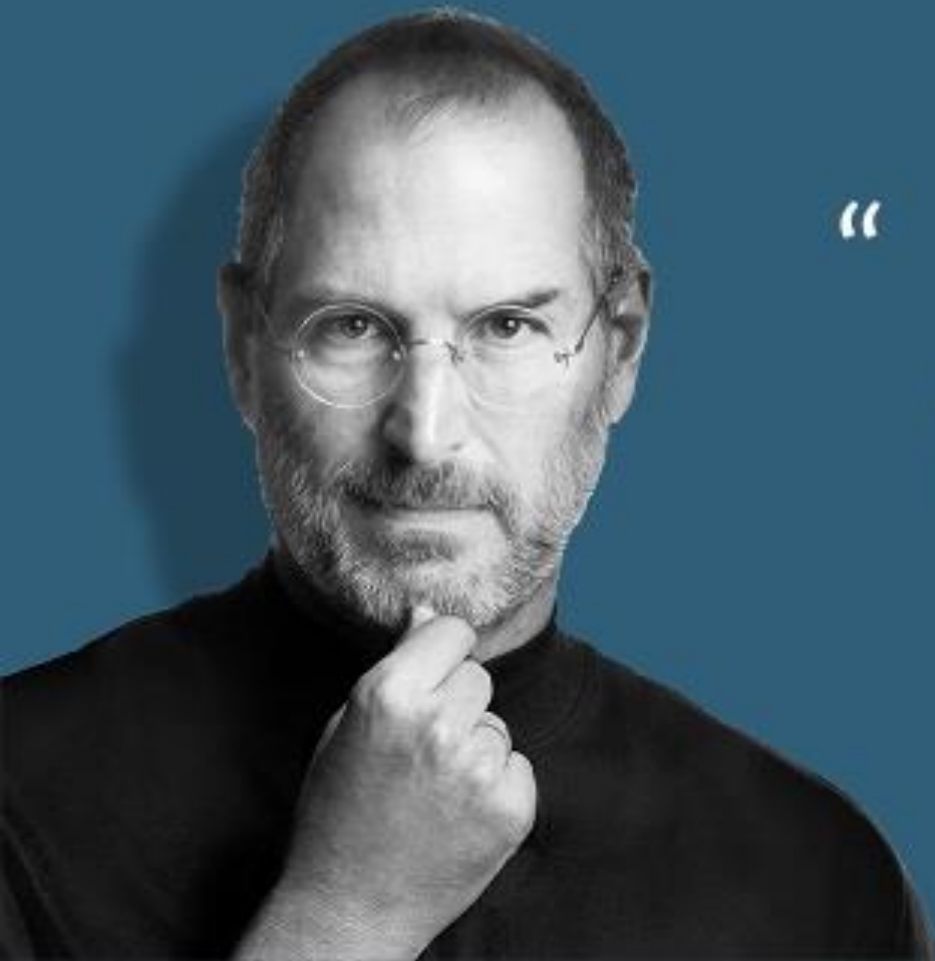
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- Students will know the **marketing principles** and their application to **agri-food companies**, in the framework of **sustainable agri-food chains** and **markets**.
- They will demonstrate a critical understanding of the approach to the market,
  - both from a **company organization** point of view and
  - from a **self-entrepreneurial** one
- Understand agri-food companies **marketing and management strategies**
- Develop **sustainable business models for new products / customers**, taking into consideration the different aspects of a business approach: value proposition, customer segmentation and relationships, organisational aspects, cost and revenues analysis.
- Read, understand and elaborate primary and secondary marketing sources of information (market research).
- Understand business opportunities and elaborate their own business ideas.
- Publically present and discuss the results of their project works.



“ IF I HAD ASKED PEOPLE  
WHAT THEY WANTED,  
THEY WOULD HAVE SAID:  
**FASTER HORSES...** ”

Henry Ford



“ You've got to start with the customer experience and work backwards to the technology - not the other way around” - Steve Jobs ”





# Course structure

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- **Section 1:** Marketing: introductory concepts.
- **Section 2:** Strategic planning. Mission and vision statements.
- **Section 4:** The marketing environment. Macro / Micro environment
- **Section 5:** Consumer behavior. The decision-making process.
- **Section 6:** Segmentation, targeting and positioning. The marketing mix.
- **Section 7:** Market research: objectives and methods
- **Section 8:** Product. Product mix. Product Life Cycle. Branding.
- **Section 9:** Product quality. The EU quality system. Geographical Indications
- **Section 10:** Price. Cost analysis. Break-even point analysis.
- **Section 11:** Distribution. The agri-food supply chains.
- **Section 12:** Promotion. Communication mix.
  
- **Project work**
- Sustainable entrepreneurship
- Business model using the Sustainable Business Canvas



# Course assessment structure

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- **Exercises:**
- **Section 2:** Mission and vision statements.
  - Exercise: food companies missions (power point presentation)
- **Section 4:** Macro environment
  - Data analysis: Food Markets dynamics and structure (excel and/or power point)
- **Section 6:** Segmentation, targeting and positioning.
  - Interviews: Consumer profiling (consumer behaviors and needs: ppt pres.)
- **Section 9:** Product quality.
  - Exercise: Environmental sustainability strategies (good practices: certifications, labels, etc.) ppt
- **Section 10:** Price. Cost analysis.
  - Calculate: Murk-up; Contribution margin; Break-even point.
- **2 Intermediate Tests**
- **1 Final Project work**

Report and Power point presentation of a business idea and a business model using Sustainable Business Canvas



# Marketing: an introduction

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- Marketing: to market (*literally: put up for sale*)
- Marketing is not: “*persuading people to buy things that they do not need or want*”
- But is “*about creating values, not creating needs, and is concerned with creating and retaining customers*”
- Starting point: the satisfaction of the needs and wants of actual and potential (groups of) customers
- Satisfaction of the company objectives (profit)
- The idea of customer centrality is the key concept in marketing
- The marketing is the interface between the company (the organisation) and its customers



# Marketing: definition

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A definition of marketing:

- “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (Approved 2017).

(American Marketing Association, [www.ama.org](http://www.ama.org), 2019)





# Marketing: definition

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Another definition of marketing:

- “Marketing is the process of achieving corporate goals through meeting and exceeding customer needs better than the competition”

(Jobber, 2003)



# Societal marketing

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- Societal marketing includes the concept that companies have a responsibility for the needs of society as a whole (including environmental impacts and impact of their products on non-users)
- => Corporate Social Responsibility
- => *Sustainability* as a key issue



# The marketing concept

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The *marketing concept* :

- The marketing concept is a management philosophy that finds in the satisfaction of customers' needs the economic and social reason for the existence of a company.
- Corporate success comes from satisfying customer needs: placing customers at the centre of everything the company does.



# The marketing management

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## *The Marketing Management* (managing marketing activities)

- The process of marketing management is a continuous sequence of activities, managed by specific bodies, aimed at producing marketing decisions (outputs) starting from marketing information (inputs).
- Three fundamental steps / areas / competences:
  - Analytic Marketing  
(data / information / knowledge => decisions)
  - Strategic Marketing  
(positioning decisions)
  - Operational Marketing  
(decisions for the positioning: 4P => product, price, place, promotion)



# The marketing concept

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<b>Orientation</b>	<b>Attention to:</b>	<b>Starting point:</b>	<b>Tools</b>
Production	Product availability at the lowest price	Product	Technology
Product	Product quality	Product	Technology
Sales	Pressure on the market	Product	Sales and promotion
Marketing	Needs	Needs	Marketing mix



# The marketing concept

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- Conceptual changes in business orientation:
  - The production era
  - The product era
  - The sales era
  - The marketing era
  - Societal marketing era



# Production Era

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One of the earliest strategies now recognized as "marketing" followed what Kotler calls the production concept: Products should be inexpensive and available everywhere. **Companies stressed mass production and efficiency -- producing as much as possible at as low a cost as possible -- and marketing efforts were based on securing the widest possible distribution.** Today, companies still use this strategy when trying to expand the market for a product.



# Product Era

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In the product era, marketing was less about establishing cost leadership and universal distribution and more about **relying on the attributes of the product itself to attract consumers**. Companies built marketing efforts around quality, performance and innovative product features. The concepts of the product era remain important in marketing today, but producers must be aware that a good product by itself usually isn't enough. It has to be appropriately priced and adequately promoted, and consumers have to be able to find it, which means securing distribution.





# Selling Era

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In the selling era, companies viewed **aggressive promotion as the key to success**. Any product can succeed, the thinking went, if a company just pushed it hard enough. Kotler refers to this as businesses "selling what they make, rather than making what the market wants to buy." This strain of marketing continues in the modern era, particularly with "unsought goods" -- things people may need but don't normally think of without prompting, such as life insurance. Selling-era tactics can be risky for companies, as the hard sell can turn off consumers, perhaps even push them into the arms of a competitor.



# Marketing Era

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The marketing era, which Kotler says started around the mid-1950s, saw a fundamental shift. Instead of just trying to persuade consumers to buy the products they were making, **companies focused on making products that customers wanted to buy.** Deciding which products to make and market went from being a case of "filling a hole in the factory" to one of "filling a hole in the market." It was in this era that the field of market research really took off.



# Holistic Marketing Era

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In the modern, "holistic" marketing era, Kotler says, "everything matters." Marketing is integrated with all aspects of a company's operations -- production, distribution, advertising -- so that the company can quickly and effectively respond to changes or opportunities in the marketplace.

**Marketing is not only directed outward, toward the customer, but also inward, so that everyone in the organization is fully aware of the company's goals and its strategy for attaining them.** Finally, holistic marketing isn't just about maximizing a company's financial return. It also takes into account whether the company is acting in society's broader interest.

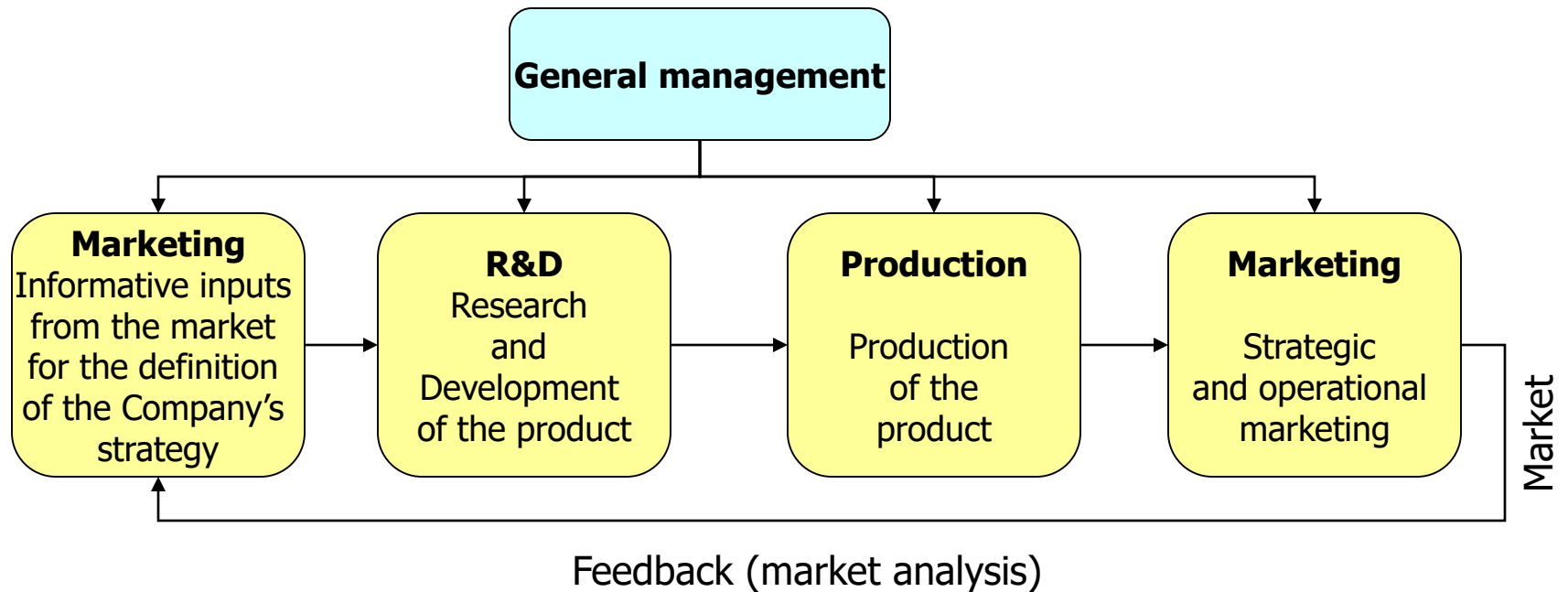


# The marketing concept

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- A Marketing oriented company:
  - Is marketing oriented
  - Undertakes marketing activities:
    - plans marketing activities for managing in an effective way the market relationships
    - undertakes research and development programs of new products for implementing the long term competitiveness
  - The marketing activity is developed in the *downstream* of the productive process for managing the selling activities.
  - The marketing activity is developed in the *upstream* of the productive process for defining the company's strategies and assure their coherence with the market opportunities.

# The marketing concept





# Strategic planning

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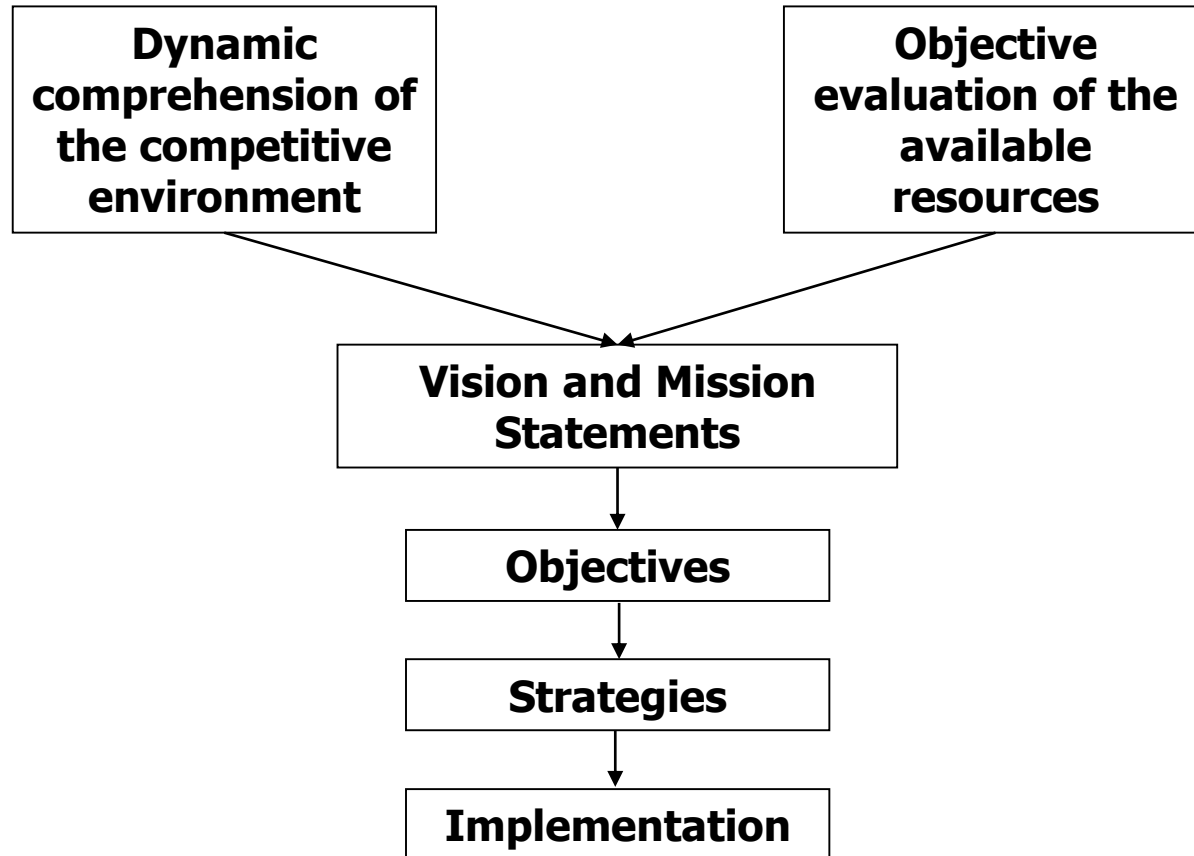
Strategic planning:

- The managerial process that combines the available resources with the market opportunities, in a long term perspective:
  - Definition of the *vision* and of the *mission* of the company
  - Definition of the objectives
  - Selection of the strategies and tactics best suited to achieving the objectives



# Strategic planning

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# Strategic planning

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## The **vision** and the **mission statements**:

- VISION (where we want to be)
- MISSION (what is our role)
- Defining the mission statement of a company (organisation) it means identify its role in the market and in the society in a perspective of development of its activity.
  - The organisation's reason for existing
  - The long term vision of what the company want to be
  - The distinctive aim that differentiate the company from the others and the set of the characteristics that represent this differentiation
  - The direction in which guide the company
- Not focusing on the products (that could change) but on needs that the products could satisfy.





# The mission statement

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## Constellation Brands

(<http://www.cbrands.com/about-us/our-vision-and-values>)

### **Our Vision**

To elevate life with every glass raised.

*We're proud that our beer, wine and spirit brands help people enjoy life a little more; celebrate small moments; and make big occasions even more special.*

### **Our Mission**

To build brands that people love.

*What unites us and makes Constellation Brands such an exciting place to work is our collective passion for building brands that people love. We are all brand builders – regardless of our position in the company.*



# The mission statement

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Caviro (<https://www.caviro.com/en/>)

**Caviro ed i suoi Valori: passione e ragione**

**Together we cultivate values, from the roots up**

We believe in the growth of the area and in ethical development, in the innovation that passes through the protection of the environment, the support of workers and the sustainability of decisions and processes.

We are economically sustainable because our financial statements reflect solidity and allow long-term projects.

We are sustainable from a social point of view because the effects of our work have a positive effect on the entire supply chain and on the community around us.

We are sustainable from an environmental point of view because our concrete circular economy model determines clear benefits for our territory.

We have chosen and built a new business model: our goal is to both enhance and preserve every resource to guarantee an eco-sustainable future.

# The mission statement

Donnafugata (<https://www.donnafugata.it/en/>)

## Our values

Donnafugata is wine craftsmanship.  
We produce a range of eclectic and consistent  
wines with respect for the environment.  
Wines that represent an innovative and  
forward thinking Sicily.





# Strategic planning: objectives

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## The **objectives**:

- Management has the task of translating the vision and the company mission into specific objectives, which:
  - Can be converted in specific activities
  - Provide a point of orientation to the employees
  - Allow the management to define long term priorities
  - Provide reference standards for evaluating the overall performance of the organisation
- Internal to each area (company department)
- Transversal to different areas

# Strategic planning: strategies

- VISIONE (dove vogliamo arrivare)
- MISSIONE (qual è il nostro ruolo)
- OBIETTIVI (definizione dei risultati finali, risponde alla domanda: "cosa vogliamo ottenere")



*(Liberamente tratto da G. Negro "La Qualità Totale a Scuola")*



# Strategic planning: strategies

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- Strategies based on a **competitive advantage** (M. Porter)
  - Position of prominence towards competitors
  - **Overall cost leadership**: minimise the costs (in relation to competitors)
  - **Differentiation**: products significantly different (= better) from competing products and premium price
  - **Focus**: concentration on few market segments



# Strategic planning: strategies

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- Strategies based on **value disciplines**:
  - Competitive advantage based on the development of a specific value that the company can offer on a specific market
  - (best at one primary value discipline and “good enough” in the other two)
- **Product Leadership**, where the company wins through having differentiated product functionality
- **Operational Excellence**, where the company wins through delivering better value and reliability
- **Customer Intimacy**, where the company wins through loyal customer relationships

Treacy M., Wiersema F. “The Discipline of Market Leaders”  
(<http://strategictoolkits.com/strategic-concepts/value-disciplines/>)



# Strategic planning: strategies

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## Growth strategies of a company:

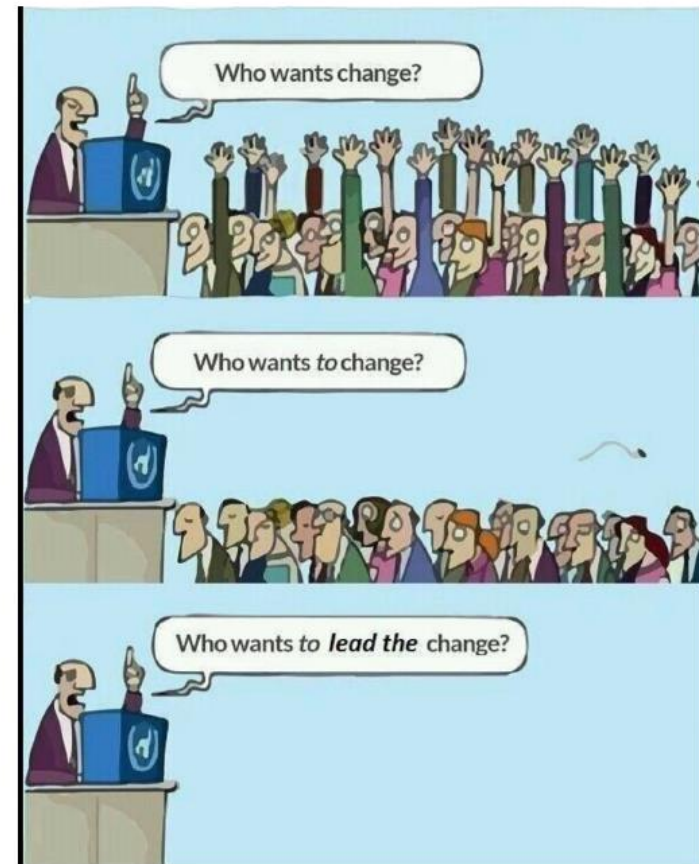
	Existing products	New products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification



# Strategic planning: strategies

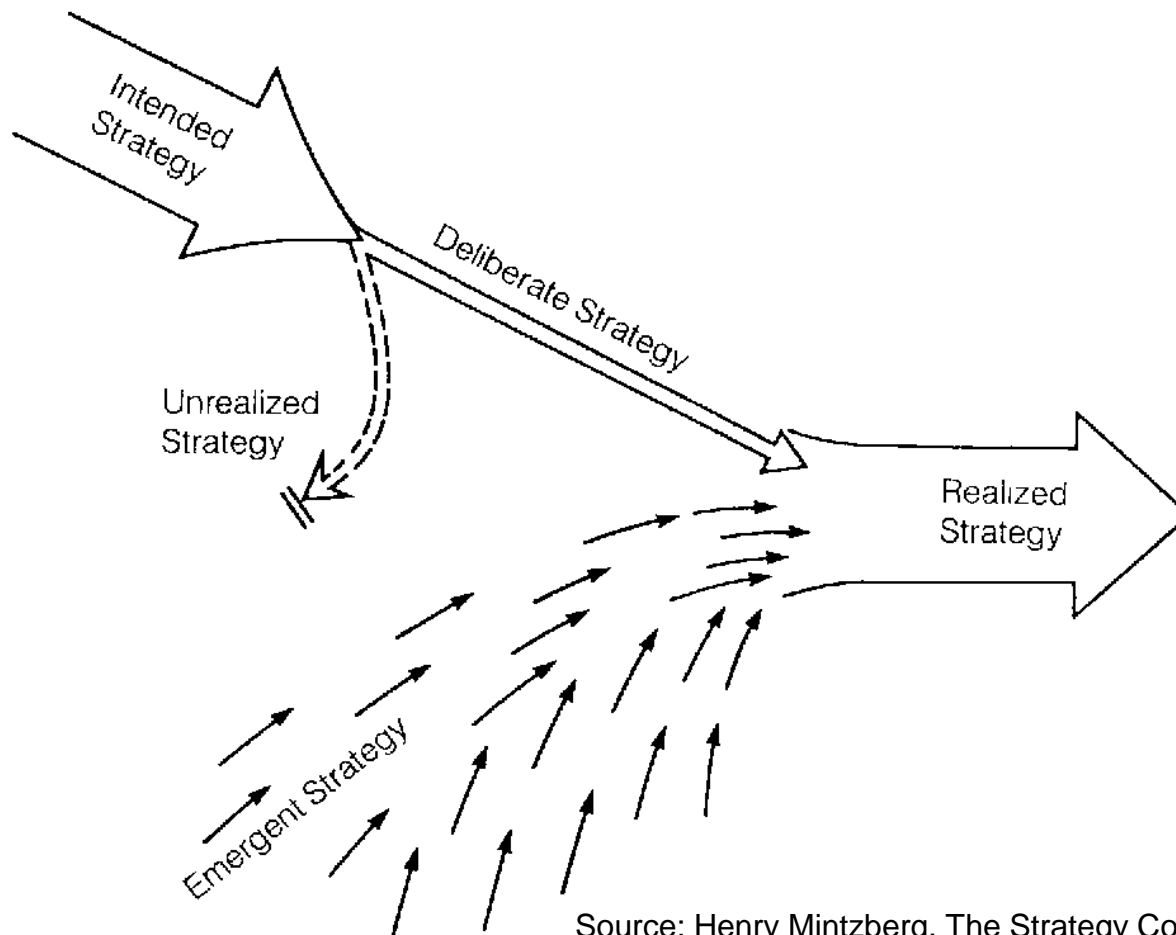
Change is the only constant

“ IF THE RATE OF CHANGE ON THE  
OUTSIDE EXCEEDS THE RATE OF CHANGE  
ON THE INSIDE, THE END IS NEAR. ”  
JACK WELCH



# Strategic planning: strategies

Figure 1. Deliberate and Emergent Strategies

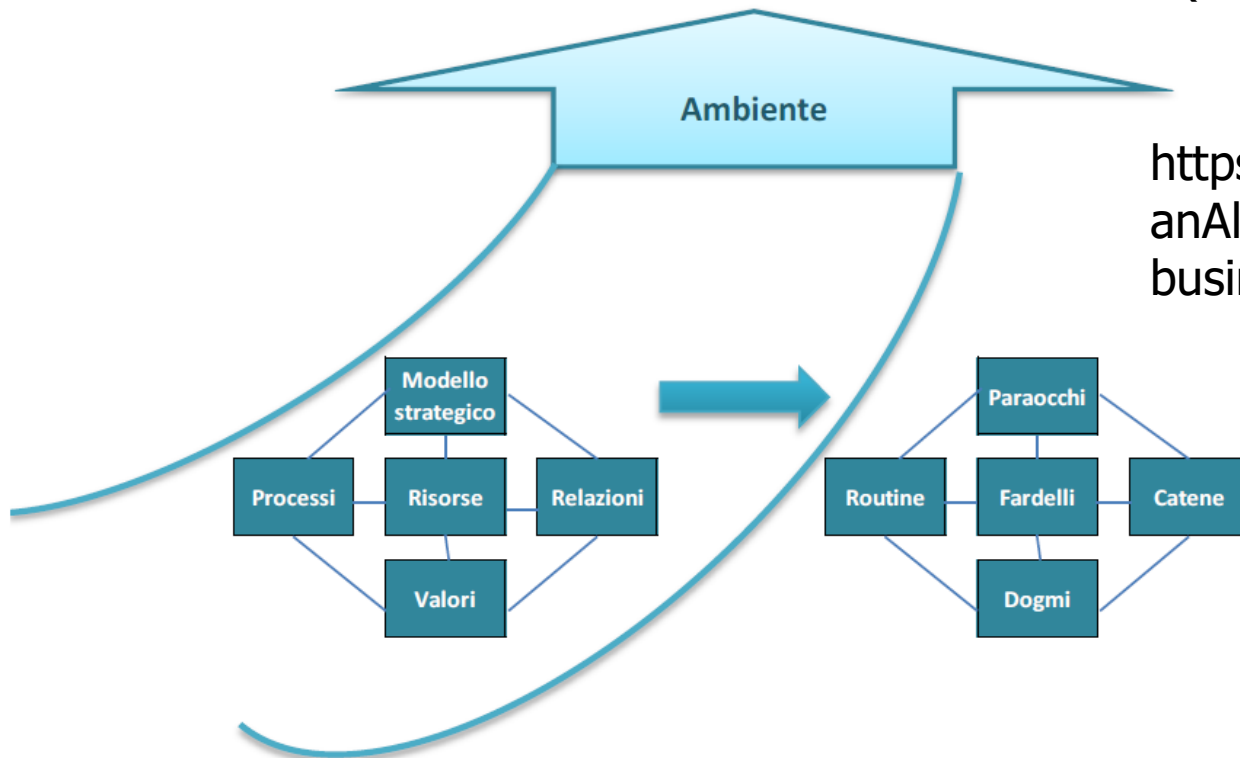


Source: Henry Mintzberg, The Strategy Concept I: Five Ps for Strategy

# Strategic planning: strategies

La trappola dell'inerzia attiva

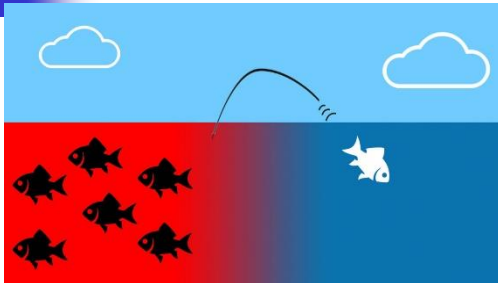
The trap of Active Inertia  
(Donald Sull)



<https://www.slideshare.net/AhsanAli435/why-success-full-business-go-bad>

(Fonte: D.N. Sull, Darwin per i manager)

# Strategic planning: strategies



## Red Ocean vs. Blue Ocean Strategies

<b>Red Ocean Strategy</b>	<b>Blue Ocean Strategy</b>
<b>Compete in existing market space.</b>	<b>Create uncontested market space.</b>
<b>Beat the competition.</b>	<b>Make the competition irrelevant.</b>
<b>Exploit existing demand.</b>	<b>Create and capture new demand.</b>
<b>Make the value-cost trade-off.</b>	<b>Break the value-cost trade-off.</b>
<b>Align the whole system of a firm's activities with its strategic choice of differentiation or low cost</b>	<b>Align the whole system of a firm's activities in pursuit of differentiation and low cost</b>

Source: Kim C. & Mauborgne R., <https://www.blueoceanstrategy.com/>