FACTORS AFFECTING PRICING AND MARKETING

Pricing as well as marketing both are very sensitive matter in case of perishable goods. Perishability of any product works in two ways together negative & positive. In case of Fruits and Vegetables the sensitivity of pricing & marketing become more complex because of the factors involved in this matter, such as perishable nature of produces, transportation problem, limited availability, demand, government policies, seasonal factors various diseases, high cost of production and marketing charges etc. While taking decisions regarding the pricing and making strategy about marketing of said produces, these factors are needed to be considered positively. So keeping in view an appropriate pricing & effective marketing the following factors may be taken into consideration:

a. PERISHABLITY

Perishable nature of the produces like Fruits and Vegetables play an important role while taking decision about the pricing and marketing of the said produces. Perishable nature of Fruits and Vegetables affects the pricing and marketing to a great extent. As we know that generally when such produces keep for a long time the quality of the produces become impossible to be maintained and in such a situation growers, wholesaler or even retailers are bound to sell the produces at
lower prices to create the demand of the produces and this expected situation inversely force them to charge high price at the initial stage of the introduction of said produces which causes fluctuation in prices. One more thing which is also observed and required a great attention is that these produces can not be preserved for a long time and preservation cost is also very high which also cause high prices of preserved items.

The marketing of said produces also get affected with the above-mentioned factor. As we know that marketing is a lengthy process it takes time to make the ultimate users aware about the produces and because of the perishable nature of Fruits and Vegetables the marketing of these produces fail to get the full space.

b. **SEASONAL FACTOR**

The seasonal factor also leaves its effect on pricing and marketing of fruits and vegetables. Each Fruit and Vegetable has its own season to grow, it means no Fruit and Vegetable can grow whole of the year. This seasonal factor restricts the availability of said produces. The production of every Fruit and Vegetable is restricted to a certain period during which the availability of said produces is possible in bulk but as the season gets ended the supply become lesser and of course of lower quality which directly influence the pricing and marketing of Fruits and Vegetables.
Seasonal factor involved in the production of Fruits and Vegetables work by two ways such as at the beginning of the season, the availability of the produces is possible at higher rate, because the available quantum is less. On the other hand at the end of the season the available quantum is also less but sold for lower price, it is because of the fact that it is the time when the produces become tasteless and may have lost their attraction & charm.

Here it’s to be remembered that seasonal factor involved in the production of Fruits and Vegetables is not completely independent, as it gets affected with the weather conditions. And it is known to every body that today the actual weather conditions cannot be predicted with hundred percent of accuracy. During the appropriate season we find the weather conditions are favorable to produce a huge amount and some time they proved to be adverse. When there is a combination of appropriate season and favorable weather conditions the prices are found less as compared to the combination not having such elements together. So these factors collectively said to be responsible for fluctuating the pricing and disturbing marketing policies of the Fruits and Vegetables.

c. TRANSPORTATION

Transportation can be regarded as an important link, between demand and supply of Fruits and Vegetables from one place to another place and from different growers to the
ultimate users. As we know that demand and supply factors are equally important, while deciding about the pricing and marketing strategy. Being a part of cost transportation cost plays a vital role in price fixation of the said produces. A major part of the cost is contributed by transportation cost in case of fruits and vegetables, because a high distance is found between growing area and area of consumption and on the other hand the whole of the production cannot be consumed in a certain area. Hence to ensure the appropriate utilization of said produces they are delivered from one place to other place or some time from one state to another state and from one country to another country.

Transportation of any produce also consists of a delivery period. In case of some produces the transportation period is found very long, up to one week or 10 days. In such a case some times the quality of the produces gets suffered and because of this problem the sellers are bound to recover their cost and an appropriate margin from the unaffected items left. This kind of practices causes fluctuation in the price of Fruits and Vegetables but this factor does not affect the marketing of the said produces.

d. MARKETING CHARGES AND MARGINS

Direct delivery of any product or produce is not possible from its producers or growers to its ultimate users, and if it’s possible the quantity is restricted to a certain limit. It means
whole of the production can not be delivered or sold directly. In case of Fruits and Vegetables so many intermediaries get involved between growers and ultimate users to facilitate the smooth delivery. At each and every level certain charges and margin get involved which make the prices higher to the ultimate users. Sometimes it’s found that between producers and ultimate users a 200 % margin is recovered by the (middle man), like arhatiyas wholesalers and other middle-men.

These factors are equally responsible to affect the marketing of Fruits and Vegetables. It has been discussed that a number of intermediaries are involved in the process of sale and purchase of said produces. Now the question arises at which level the marketing activity should be performed. It is a matter of surprise that no such standard is maintained that at which level and to what extent the marketing should be performed. Because of such uncertain atmosphere marketing of Fruits and Vegetables get affected and if it is performed it fails to make full impression.

e. GROWING COST

In India traditional practices are still performed to grow agricultural produces. The growers are also illiterate and unaware regarding the new methods of growing the produces from their land with less labour force and at lower cost. No training programme is performed in growing areas to make
the growers aware about the new methods of growing these produces with the help of diseases free seeds and effective fertilizer. Uncertainty of rain fall also causes a high cost of production because in the absence of rain fall the availability of water is managed through tube-wells which cost a lot and become a part of the cost of growing, and ultimately this cost increase the price of Fruits and Vegetables.

In the same way when prices of these produces are quoted at higher rate the marketing task become little bit difficult. The reason is that when cost gets high the prices also become higher and at these high prices only a little part of ultimate users can be transformed to buy the product at that price. Hence before giving a marketing treatment the supplier has to think whether to go for it or not.

f. GOVERNMENT POLICY

Government policy regarding promotion of Fruits and Vegetables are little bit rude, under which the pricing pattern is not so stable. Mostly the price of Fruits and Vegetables are found to be fixed at bargaining bases. This practice ultimately results a lot of variation in the prices of Fruits and Vegetables according to the bargaining capacity of different buyers whether they are wholesalers or ultimate consumers. Here it is to be noted that the retailers of these produces do not play any role in this non-standardize practice, and they are bound to buy the produces as per the prevailing rate in the wholesale
market. Whereas the ultimate consumers face a lot of variation in the prices of these produces as per their bargaining skills.

Every year government organize so many agriculture fair and announce different kind of subsidy in various forms but only few growers and some producers get the benefit of them. But in reality it has been noticed that these policies work on the promotion ground and price factor remain untouched. Grower’s unawareness towards the government policies may be the reason for less effectiveness of these policies.

g. MARKETING CHANNEL

Marketing of these produces go through different channels, person or persons involved in each channel of marketing expect a certain return as per the circumstances. But ultimately this practice increases the cost of produce and inversely affects the pricing of the said produces. Here it is to be remembered that no standard rate of return is followed at these levels. According to the variation in the expected return at these levels, the prices get affected in the same manner.

If we go through, to the marketing process of these produces, we find that different patterns of marketing are followed at different levels, which causes variation in prices and understanding of the ultimate users. Very often it is also observed that an already marketed produce is repacked and
marketed again, in such a case the earlier marketing and packaging cost inversely increase the cost of the said produces and suppliers get compelled to quote the produces at high prices. The drawback of the said practice or policy is that it reduces or I must say nullify the effect of earlier marketing. So the standard marketing channels are required to be introduced in the selling process Fruits and Vegetables.

h. **PROCESSING OF THE PRODUCES**

It is an important factor, which affects the pricing of the said produces very much. If the processing of the produces is possible the demand of such produces will increase. Processing is a treatment by which the produces can be preserved for a long time. In case of Fruits and Vegetables processing is possible in many forms such as vegetables can be transformed into pickle and other processed items, whereas Fruits are used to make jam, jelly and juice. Mangoes are processed in different forms at different levels of their life cycle. For example different kinds of sweet, sore mango pickle and a special item which is called “AAM PANNA” is produced from mangoes. Because of these so many usages the demands get increased and so the prices.

Various industries like juice industry, pickle industry and other processed food industry create a huge demand of the said produces which causes a higher rate in spite being a huge availability of fruits & vegetables.
i. **EXPORT FACTOR**

Export factor of any product or produce in a country highly influences the demand of the product or produces in the country. It is being observed that during the last few years the demand of Indian Fruits and Vegetables has increased very rapidly. Globalization may be the fact behind that due to which country products and produces do not remain restricted to their own territory. But whatever may be the reason the ultimate result is that Indian Fruits and Vegetables got succeed to make their own identity in the international market. For instant in the year 2004 a large export order of mangos from China was fulfilled and in the year 2005-06 a special order is expected to be receive for the delivery of grapes and bitter guard.

As we come to know that with the time being Indian Fruits and Vegetables making their demand higher in the local national and international markets. Well it is a good symptom for the progress of Indian Fruits and Vegetables markets and it also prove the efficiency of the marketing at international level, but on the other hand prices of the said produces are rapidly becoming higher and sometimes it become out of the reach of local consumers. Because today the target of every grower and supplier is seems to achieve the export order avoiding the local consumers.
10. OCCASIONS AND FESTIVALS

Certain occasions festivals are equally important to affect the pricing and marketing of Fruits and Vegetables. As we know that in India fruits and vegetables are of great importance in celebration of festivals and occasions. It is observed that as the season of marriage get started the prices of Fruits and Vegetables increased highly, but it is not a matter to get surprise because the simple rule of demand and supply works here. What surprise here is that such practice of high price is also found when plenty of supply is possible?

Some festivals are also of great importance to affect the pricing & marketing of Fruits and Vegetables. Well demand and requirement of Fruits and Vegetables found on each and every festival but two of them are very common festivals namely Navratre and Moharrum. During these festivals the prices of Fruits and Vegetables are observed at very high rate. For instance in the year 2004, “Moharram and Navratre come together after many years. This event was taken as a unique event and celebrated by both the community with a great enthusiasm, it also resulted a great demand of Fruits and Vegetables. Because of this unusual event the prices of Fruits and Vegetables reached to their peacks, as the demand was very high. In such case law of demand does not work.
11. LIMITED AVAILABILITY

An uninterrupted and smooth availability of any produce also affect the pricing and marketing of that produce. There are so many produces rather all of the items come for a very limited period and in a limited quantity. Two of very famous fruits among them are called “Kaseroo and Sahtoot: in regional language in Meerut district. The availability of both of the Fruits is restricted to the month of April and May. This reason of limited availability makes their prices very high. The marketing task of these produces is very difficult and the demand of these two produces is restricted to a specific class. For a long time only a single marketing platform which is being provided to Kaseroo for its promotion is a fair called Nauchandi, organized by Zila Panchayat in the Meerut District. This is the only fair where you can find the said produce. Some of the local markets also make sure the availability of this produce but still the question mark is remaining on the restricted availability of such produces. Not only these few produces but all of the produces also get suffered with the seasonal factors, which make their availability restricted to a certain limit for a certain period.

12. USERS PAYING CAPACITY

This is the most common and important factor, which affect the pricing and marketing of Fruits and Vegetables. It is being observed that prices vary according to the market
situation and sometimes it is also observed that prices are decided as per the circumstances. The variation in prices and methods of marketing get changed in different areas as per the paying capacity of the users. In a market where generally low paying capacity consumers deal, the prices are found less, whereas in case of markets where high paying capacity consumers deal, the prices are found comparatively high. In other words to decide about the price of produces the market is segmented into various parts as per the paying capacity of the consumers. This unhealthy practice creates a high rate of fluctuation in the price of Fruits and Vegetables. It makes the fact clear that paying capacity of consumers, users or ultimate buyers also play an important role in pricing and marketing of Fruits and Vegetables. Hence, it can be said that consumers paying capacity works as a basic component while deciding the pricing and making marketing strategy of Fruits and Vegetables.

13. **DEMAND AND SUPPLY FACTOR:**

Demand and supply factor are collectively responsible for affecting the pricing and marketing of Fruits and Vegetables. Before going through the matter, how these factors influence the pricing of said produces, here I would like to concentrate that how the law of demand works. Law of demand states “Higher the price, lower the demand and vice versa, other things remaining the same”. This situation is also found in
case of fruits and vegetables. In season due to plentiful supplies of fruits and vegetables, the prices are low and because of low price, the demand for them increases substantially. Whereas law of supply states “when there is a plenty of supply, the prices become lower and vice versa” this rule seems working at the beginning and at the end of the season. As at the beginning of the season supply is restricted to a specific quantity, the prices are found very high and at the end of the season the supply also become lower, which results high prices of said produces. The marketing of fruits and vegetables also get affected with both of these factors as per the circumstances.

14.  **HIGH COST OF FINANCE**

As we know that Fruits and Vegetables are grown by the growers, who belong to the rural areas where they are not aware about the different loan schemes launched by the scheduled bank. Whenever they need money they traditionally fulfill their financial needs from the local finance providers called “Mahajans.” Mahajans are the persons who provide required finance at the same time when it is needed but after charging a higher rate of interest. By this way they make exploitation of the poor grower taking the undue advantage of their needs. This higher rate of interest becomes a part of growing cost and the growers are bound to sale their produces at higher rate or otherwise bear a loss. During
research study sometimes it also found that after being aware about the loan-scheme of banks growers avoid taking loan from the banks because of the complex process of granting loan by the banks. This factor and approaches followed by the growers collectively affect the pricing and marketing of Fruits and Vegetables.

15. **PRODUCTION METHODS**

Production methods and technique are also important for increasing and decreasing the price and demand of produces. Indian growers of Fruits and Vegetables still follow the traditional methods. These methods and techniques result a less amount of output per hectare. Moreover, the crops get affected with various diseases, which also result lower quality, and less amount of output and the growers are bound to cover up their cost from the less quantity of the said produces.

As far as the variation in the prices is concerned from one place to another place, it is because of the fact that in certain areas growers are found to follow the modern technique of growing the produces which result a higher amount of superb quality produces. This is the only reason that the variations in prices are found as per the specific area in which new methods are followed or not.
16. **INFLATION FACTOR**

Inflation is one of the most common and general factors, which affect the pricing of Fruits and Vegetables. Inflation is responsible for an unexpected fluctuation in prices of the said produces and no item can remain unaffected from this factor. As in case of inflation purchasing power of money get reduced and the consumers have to pay a higher amount which results an increase in the prices of fruits and vegetable. As far as the marketing of these produces is concerned this factor does not affect the marketing of these produces because these produces are not marketed at any standard price.

17. **VARIOUS USAGES**

Various usage of the produce is also important to decide the pricing and marketing of the any produce, because this is the factor, which results a high demand. Some of the produces can be used as a raw material in producing various products. For example, in case of Fruits Fruit Juice, Candy and other items can be prepared from these different kinds of items, different categories of the produces are required which need different marketing strategy and follow different pricing pattern. All of these factors significantly fluctuate the prices of the said produces. The Reason of such fluctuation is that all these factors collectively inspire suppliers and growers to charge high prices and spend a huge amount on marketing of
the produces. They realize the fact that for the different items a separate marketing strategy is required to be followed.

During last few years another industry made its significant presence in the society is cosmetic industry or in a proper manner, I must say herbal cosmetic industry. Now for making cosmetic items, Fruits and Vegetable worked as a raw material. So the demand of specific produces gets increased and their prices get increased too with increasing demand.

18. **VARIOUS DISEASES**

In the present scenario what we see is that the environmental factors are rapidly getting changed. And because of the change in environmental factors various diseases have taken place in producing process of Fruits and Vegetables. On the other hand, growers of Fruits and Vegetables are following the traditional pattern of growing these produces and also using traditional low capacity pesticides which prove effect less.

The matter of surprise is that the diseases free seeds are also available in the market but the growers are not aware about that and they purchase seeds from the local markets. Sometimes to make a high profit the farmers are cheated by the shopkeeper, who sells seeds in fake packing. Because of such unhealthy practices and grower’s unawareness
sometimes a part of their crop or the whole of the crops get affected by various diseases. These all things collectively result an increase in the prices of Fruits and Vegetables because these factors directly affect the supply of these produces.

19. **LOW PRODUCTIVITY OF LAND**

In India the fertility of land is declining day by day for so many reasons. The average production per hectare is about 80 to 85 percent of what it was about half a century back. There is a decline of about 15 to 20 percent. This decline has been noticed very fast during the last few years. Several factors are responsible for this such as, the substitution of heavy yielding crop and varieties without adequate compensation through artificial method of restoring fertility increasing deficiency of humus in the soil, inadequate drainage facilities, extension of agriculture on marginal and sub-marginal lands which generally yield less and bring about a decline in the average productivity disturbance in the practice of following and crop rotations because of the increasing demand for food and other agricultural produce and soil erosion etc. The result of above all factors directly or indirectly influences the prices of Fruits and Vegetables, because in general, prices get affected with the supply of these produces.
Indian agriculture is a gamble in rains. Variations in rainfall in different parts of the country are more marked and frequent. Besides the seasonal and local uneven distribution, the variation from year to year is very great. Moreover from last few years the monsoon has been very abnormal over vast areas and there have been severe drought. The result is that water is not available as and when required, for most of the produces during greater part of the year. This uncertainty in rain and weather conditions collectively influence the prices of said produces as the production directly get affected from these circumstances.

After a careful study of the above mentioned factors it can be concluded that some time individually and some time collectively these factors affect the pricing and marketing of fruits and vegetables. For example, if we talk about the perish ability of these produces it becomes foundation for creating imbalance in the pricing and marketing of Fruits and Vegetables. And when this perishable factor comes with transportation problem the complexity become more severe and compel the growers and suppliers to charge high prices. As far as the factor of demand and supply is concerned it significantly influences the pricing because of the fact that due to imbalance in demand and supply prices are found
differ from place to place. One more thing is that it is not possible for the producers and growers to sell goods personally, where they can get the maximum price for their goods. Therefore, they are bound to sell the goods at different place though so many intermediaries involve in the process and charge their margin.

Export factor posses a great impact on the pricing and marketing of Fruits and Vegetables. An export of any product or produces is possible only, when it passes through some specific standards. In case of Fruits and Vegetables grading, packaging and methods of preservation decide the standards. So to go through the grading process a top quality produce is required and but of course the remaining produce is of lower quality and caused a variation in the prices. A high cost of finance is also an influencing factor and required a great attention. Government Policy also plays an important role to decide the price structure of Fruits and Vegetable. On ground of price fixation government plays no role that causes a lot of fluctuation in the price structure as far as the promotion of these produce is concerned not a very satisfactory step has been taken at that ground. Processing of Fruits and Vegetables is also performed traditionally which cost a lot and also affect their original shape and taste. Involvement of different marketing intermediaries can also be considered as an influencing factor. It is true that certain intermediaries are required to sell the produces. But now it is observed that
involvement of these intermediaries seems to touch the insignificant level, which can not be considered in favor of the promotion of the said produces.