CHAPTER TWO

HORTICULTURAL MARKETING - A CONCEPTUAL FRAMEWORK

2.1 Horticulture.
2.2 Marketing.
2.3 Marketing Functions.
2.4 Importance of Marketing.
2.5 Horticultural Marketing.
2.6 Marketing Channels for Horticultural Crops.
CHAPTER - II

HORTICULTURAL MARKETING - A CONCEPTUAL FRAMEWORK

In this chapter an attempt is made to provide a conceptual framework of horticulture and marketing. These two concepts are explained as follows:

2.1 Horticulture:

2.1.1 Origin:

The word horticulture literally means 'garden culture' or the "culture of garden crops and plants" and this implies cultivation within rather restricted areas.¹ The word 'Horticulture' is derived from Latin root 'Hortus' which means garden and 'colere' to cultivate.² The concept of culture of gardens as distinct from culture of fields i.e. agriculture is a medieval concept, indicative of practices of that period. Agriculture now refers to the technology of raising plants and animals. Horticulture is that part of agriculture concerned with so-called 'Garden crops' as contrasted with 'agronomy' and 'forestry'. Horticulture is first mentioned in English by E. Philips, in the new world of English words London 1678. The first known use of the word 'Horticulture' is found in Peter Lauremberg's treatise of that name written in 1631.

2.1.2 Definition:

Janick (1986), defines horticulture as "that branch of agriculture concerned with intensively cultured plants used for food, for medicinal purposes, or for aesthetic gratification".³ The aesthetic use of plants as

³ Mohmood N. Malik: Horticulture, Biotech books, Delhi, 2000, Pp.3-5.
unique feature of horticulture distinguishing from other agricultural activities. It is this aspect of horticulture that has led to its universal popularity.

Horticulture is an art as well as science:

It deals with a combination of the botanical and agricultural aspects of plants. Thus, one may define horticulture as the culture and biology of garden crops including both the aesthetic and the scientific dimensions. Basic principles of physics, chemistry and biology are used by horticulturists to understand and manipulate plant life. Biotechnology is now finding direct applications in horticulture.

2.1.3. Divisions of Horticulture:

The horticultural industry is subdivided according to the kinds of products and the uses to which they are put. There are three basic divisions of horticulture,

1. Pomology
2. Olericulture
3. Floriculture.

1. Pomology:

It is concerned with the production of edibles and fruit crops of varied types.

2. Olericulture:

It refers to the production of vegetable crops.

3. Floriculture and Landscape Horticulture:

It is that branch of horticulture which is devoted for the production of ornamental plants and crops.
However the three terms of interdependent and at times may cross the boundaries of classification.

### 2.1.4 Scope:

Horticulture crops are classified into four categories:

1. Crops grown for their food/vitamins/mineral contents such as apple, sweet potato etc.
2. Crops grown for their beverage properties such as tea, coffee, etc.
3. Crops grown to beautify environment. Grass for show, roses and other decorating plants.
4. Miscellaneous groups including crops grown for perfume or spices.

It provides a very lucrative career in the field of production and processing buying and selling, landscaping public and private properties. It also provides interesting and challenging task for research, teaching and extension services.

### 2.2 Marketing:

#### 2.2.1 Introduction:

Marketing means only buying and selling for a layman. This is however, neither true nor as simple as that. The concept of marketing has changed radically, as agriculture as a ‘way of life’ has given place to commercial farming. Marketing in today’s world of ‘ready to serve’ food has become highly complex, varied and extensive and includes all functions incidental to the movement of the produce, from the farm till it finally reaches the consumer. The marketing activities, in consequence,

---

involve not only the functions of buying and selling and of price
determination, but also of transport, grading and risk bearing.\textsuperscript{5}

All the efforts put in the varied and complex process of production
are undertaken to serve one ultimate purpose of the satisfaction of
human wants. Unless this ultimate objective of all economic activities is
achieved, production remains meaningless to the community. This
objective is achieved by bringing goods from manufacturers or producers
to the consumers and users.

\textbf{2.2.2. Market :}

When we talk about a market in common usage, we mean a place
where things are bought or sold. Thus we refer to the ‘vegetable market’
‘the grain market’ the ‘fruit market’ the ‘fish market’, etc. In other words,
the term “market” in its common usage is used to refer to the place
where actual buying and selling take place and where buyers and sellers
personally meet to effect these purchases and sales.\textsuperscript{6}

The word “market” is a derivative of the Latin word ‘\textit{Marcatus}’
meaning thereby merchandise, traffic or a place where business is
conducted. Broadly speaking for a layman and an educated person the
idea of a market is not different from that of a businessman.\textsuperscript{7}

William J. Stanton has defined, market as “ a place where buyers
and sellers meet and function, goods or services are offered for sale, and

\textsuperscript{5} Govt. of India, All India Seminar on \textit{Marketing Fruits and Vegetables}, Directorate of
\textsuperscript{6} Sinha J.C.: \textit{Principles of Marketing and Salesmanship}, R. Chand and Co. New Delhi,
\textsuperscript{7} Mamoria C.B. and Joshi R.L.: \textit{Principles and Practice of Marketing in India}, Kitab
transfers of title occur." A market may also be defined as "an aggregate demand by potential buyer of a product or service".8

According to Cornot, "by market is meant not any particular place in which things are bought and sold, but the whole of any region in which the buyers and sellers are in such free intercourse with one another that the price of the same goods tends to equality easily and quickly."9 In the words of Clark and Clark, "A market is a centre about which or an area in which the forces leading to exchange of title to a particular product operate and towards which the actual goods tend to travel."10

As the number of persons and transactions increases in a society, the number of merchants and market places also increases. In advanced societies, markets need not be physical places where buyers and sellers interact. With a modern communication and transportation merchant can advertise a product on late evening television, take orders from hundreds of customers over the phone and mail the goods to the buyers on the following day without having had any physical contact with the buyers.11

**Markets have been classified differently on the basis of different approaches**

- a) Based on the geographical or territorial area markets are classified as:
  - i) Local Market
  - ii) Regional market,
  - iii) National market and
  - iv) World or International market.

---

b) On the basis of the position of sellers:
i) Primary market, ii) Secondary market and iii) Terminal market.
c) On the basis of the volume of business transacted.
i) Wholesale market and ii) Retail market.
d) On the basis of the nature of transaction.
i) Spot markets and ii) Future markets.

2.2.3 Marketing:

The word marketing is defined by several people in several ways. To some it is a business activity, to others it is a group of related business activity, a trade phenomenon, a frame of mind, a co-ordinate, integrative function in policy making a sense of business purpose an economic process, a structure of institutions, the process of exchanging or transferring ownership of products, a process of concentration, equalization and dispersion, the creation of time, place and possession utilities, a process of demand and supply adjustment, and as many other things.

Marketing is the creation and delivery of standard of living to the society and a total system of interacting the business activities designed to plan price, promote, distribute want satisfying products and services to present and potential consumers.

Marketing basically involves relating the needs and desire of people with the producer products or services in order to achieve transfer of ownership of the product or enjoyment of the service.12

---

Marketing is a comprehensive term. It includes all resources and sets of activities necessary to direct and facilitate the flow of goods and services from producer to consumer. The primary resources in marketing are human efforts, finance and management. "Marketing includes all activities involved in the creation of place, time and possession utilities. Place utility is created when goods and services are available at the places they are needed, time utility when they are needed, and possession utility when they are transferred to those who need of them.13

"Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others.14

"Marketing is the performance of business activities that direct the flow of goods and services form producer to the consumer or end user".15

2.3 Marketing Functions:

Clark and Clark divides the marketing functions under three major groups functions of exchange, functions of physical supply and facilitating functions.

2.3.1 Functions of Exchange :

It includes buying, assembling and selling.

Buying is the first steps of marketing functions. It requires planning of purchases. Intelligent search for probable sellers, selection of

goods to be sold, assembling of goods in right quantity and quality at the right place and time and at the right price.

Assembling is concerned with the collection and concentration of goods of the same type from different sources at a place for further movement.

Selling involves demand creation, product planning and development, finding of buyers, negotiations of terms of sale such as price, quantity, quality etc. and sale contract leading to a transfer of title and possession of goods.

2.3.2 Functions of Physical Supply:

These are the functions that are related with creation of place and time utilities. Physical transfer of goods from the manufacturer to consumer takes place by means of transportation and storage.¹⁶

1) Transportation:

Transportation is the physical means by which goods are moved from place of availability to place of requirement. Land, water, air transport are contributing to the development of marketing.

2) Storage:

Storage implies holding the stock of goods. Seasonal goods are usually stored. Storage is necessary to ensure regular supply. It helps achieve stability.

2.3.3 Facilitating Functions:

Facilitating functions are financing, risk bearing, standardization and grading, market research, market information, branding packaging, salesmanship and advertising etc.

1. Financing:

This involves the use of money and credit needed by the people engaged in the marketing activity. Finance is the life blood of business. This function covers estimating the requirements and planning the procurement of finance.

2. Risk Bearing:

Risk implies possibility of loss. Marketing activities involved several risks. Risk due to changes in the market conditions, damage during transit, quality deterioration, natural calamity etc. must be assumed by the men engaged in distribution.

3. Standardization and Grading:

This function involves determination of quality limits and division of lots into distinct groups according to pre-determined quality. It has special significance in agriculture marketing.

4. Market Research:

Market research is gathering, recording, analysis of all facts about problems relating to the transfer and sale of goods and services from producer to the consumer.¹⁷

5. Market Information:

It covers market intelligence, spreading of market information among buyers and sellers. Producers are interested in getting up-to-date information on changing positions of supply, demand and price ruling in the markets. It helps reduce the risk of losses where decision making process would be an efficient one. Two way flow of information is very much useful for orderly marketing.

6. Packing / Packaging:

It means wrapping and crating of goods before they are transported or stored. It is the function of preparing a suitable container for a product to ensure protection and make it convenient and attractive and ease in handling.

7. Branding:

It implies use of the name, term or symbol or combination of these to identify the product of a seller or manufacturer and to distinguish from those of competitors.

8. Salesmanship:

Salesmanship is the art of selling the goods and services with a profit to the seller and benefit to the buyer.

9. Advertising:

Advertising is a technique of making a mass appeal to create, maintain, and expand demand for goods.

2.4 Importance of Marketing:

Regardless of their stage of economic development or their widely different political philosophies most nations today have realised the
importance of marketing. Economic growth in developing nations depends to a great extent upon their ability to develop effective distribution systems to handle their raw materials and upon their agricultural and industrial output.

Marketing helps in improving the standard of living. This is done by offering variety of goods and services, with freedom of choice and by treating the customer as the most important person.

To a marketing oriented company the consumer pays with satisfaction, even if the price appears to be high, the consumer is compensated by the services rendered in the process of marketing especially in the packing, quality of goods provided, by display of goods with aesthetic appeal and the feeling of importance around in him he visits the seller with desire to purchase.

A high level of marketing activity is a pre-requisite for a high level of economic activity. It has been aptly remarked, "nothing happens until somebody sells something". At present the urgency is for increased marketing and not merely for increased production. This alone shows the importance of marketing as a potential force that commands high significance for society as a whole.

Drucker says that "it is in marketing that we satisfy individuals and social values, needs and works, be it through producing goods, supplying services, fostering innovation for creating satisfaction".

Marketing is the most important 'multiplier' and an effective engine of development. It mobilises latent economic energy and thus is the creator of small business. It develops standard of product and services as well as conduct, integrity and reliability. Besides, economic integration is made possible through proper distribution of products.
Marketing has a special significance in underdeveloped economies. A rapid development of the economy is possible only by adopting the modern methods of marketing. Marketing in underdeveloped economics is still in its infancy. Industrialisation and organisation go hand in hand with application of modern refinements in the field of marketing. An effective marketing system alone can bring the fruits of production to the people.

Rich economics or the economics of abundance, the way of life itself connotes a certain degree of development in marketing. In such countries the volume of production with all its up to date technology is generally more than the demand. In order to maintain the level of production it is absolutely necessary that the produced amount is disposed off readily in the country itself or abroad on the basis of non-price competition. This is possible only by a very sound and advanced marketing.18

Marketing process brings new varieties of useful and quality goods to consumers. This raises the standard of living of the people. "Marketing is the delivery of standard of living to society". Marketing creates and increases demand of the new and existing products and thus raises the standard of living.

Marketing involves the delivery of a list of goods and services to the whole community, it needs large number of people to perform its various functions and hence the marketing function furnishes employment both in production as well as in the respective distributive

aspects. Companies today employ numerous people in order to carry out efficiently the marketing function.

A nation's income is composed of goods and services which money can buy. Any increase in the efficiency of marketing really results in a lower cost of distribution. Lower prices to consumers mean a real increase in the national income.

Efficient marketing reduces the cost of marketing. Any reduction in the cost of marketing is really a benefit to society. The performance of the marketing function is most important as it is the only way through which the company can generate revenue or income and bring in profits.

Thus, marketing is helpful not only to plan the production but it is helpful also in business planning and taking various decisions regarding our business. In today's economy, production is planned according to the sales forecasts and not according to the production capacity of the firm. A firm will produce what it can sell or as much quantity as it can sell and not what and how much it can produce. Therefore, marketing decision affect the business decisions. All other activities such as planning, production, purchase, finance or design revolves around the marketing decisions.

2.5 Horticultural Marketing:

Horticulture, includes cultivation of fruits, vegetables, ornamental flowering, foliage trees and shrubs as well as flower gardening. Horticulture is as old in India as the people of themselves. The area and production under horticulture in India are rapidly increasing. As the importance of horticultural crops is felt over the world, India is also gradually finding its place on the fruit map of the world.
An efficient marketing system not only helps in profitably disposing of the produce but also at a minimum cost with least wastage ensuring the grower a fair return for his labour. The marketing of horticultural crops is complex and risky due to their unique of conditions. Because of their high perishability, seasonability and bulkiness, horticultural crops require special care and attention in providing time, form and space utilities which in turn adds to the marketing costs. The other important problem in marketing horticultural crops is the prevalence of imperfect market structure for these commodities mainly due to a few traders in the business. These two factors have great bearing on the marketing system influencing the ultimate prices realised for these commodities by the growers. These aspects should receive high priority in order to improve the marketing system for horticultural crops.

The marketing of these crops poses problems because of high seasonality and perishability of the crops. In addition, the production centres are often localised and are far remote from the concentrated urban centres of consumption. This necessitates quick and efficient methods of transportation as well as proper packaging system. A number of bottlenecks and problems are faced in handling horticultural crops at present. The crude and age-old methods of picking, packing, transportation and handling leads to a colossal wastage of the valuable produce variously estimated between 20-30 percent of production. Besides, a substantial quantity of produce does not find market for fresh consumption because of its comparatively low grade and goes waste which otherwise could have fetched good price if properly culled, processed and marketed.
The present method of handling of horticultural crops must undergo drastic changes to suit the present day needs as well as to minimise the wastages. A considerable research work is needed in determining correct stage of maturity and harvesting, and evolving a suitable and cheap methods of post-harvest treatment, proper grading, packing, improved methods of transportation, scientific storage and distribution of horticultural crops.

2.6 Marketing channels for horticultural crops:

The routes through which horticultural crops move from the place of production to the place of consumption or from producers to consumers is quite long. Its length varies from product to product, depending on the volume to be moved, the form of consumer demand and the degree of regional specialisation in production. The marketing channels for horticultural crops, vary from commodity to commodity and from producer to producer. Small farmers usually sell their produce either to the village traders or in the village markets while large scale farmers sell their produce in the main market, where it goes in to the hands of wholesalers or commission agent. In India, most of the fruits and vegetable cultivators are small farmers and they usually sell their produce in the weekly village market or 'shandies' either to the commission agent or to the consumers. Sometimes in the rural areas and small towns, many producers themselves prefer the functions of retail sellers. The common and typical marketing channels for vegetables and fruits found in India are -

i) Grower – Consumer

ii) Grower – Retailer – Consumer

iii) Grower – Co-Operative – Consumer

v) Grower - Forwarding Agent - Commission Agent - Retailer - Consumer

vi) Grower - Grower's representative - Retailer - Consumer

vii) Grower - Wholesale merchant - Retailer - Consumer

viii) Grower - Wholesale merchant - Commission Agent - Retailer - Distributing market - Consumer.

ix) Grower - Pre-harvest contractor - Commission Agent in assembling market - Commission Agent in distributing market - Retailer - Consumer.

x) Grower - Commission Agent - Wholesaler - Retailer - Consumer.

There is a multiplicity of interaction and involvement of a large number of market functionaries/intermediaries with conflicting interests in the above systems. The prevailing marketing system is traditionally dominated by the traders. The producer seller continues to be the weakest link in the chain. This system is unfavorable to the farmers yet it exists due to the absence of infrastructure and improper management coupled with lack of market intelligence etc.
The following figure shows a typical Fruit / Vegetable marketing channel.\textsuperscript{19}

Figure 1.1 Typical Fruits / Vegetables Marketing Channel