

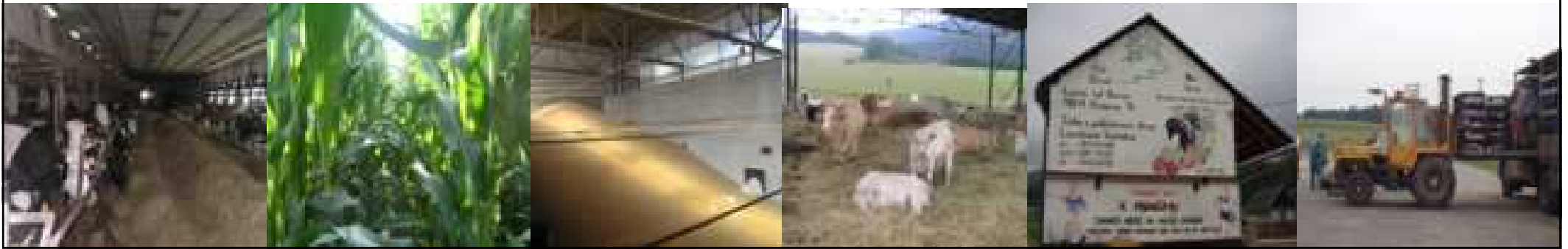
Collective marketing: who benefits (winners and losers)?

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Background

- Position of farmers vis-a-vis food processors and transnational retail chains
- ABOUT 3000 FARMS PRODUCING 85% OF AGRICULTURAL PRODUCTS (OUTPUTS) VS. ABOUT 1125 FOOD PROCESING COMPANIES (3 FARMS PER ONE FOOD PROCESSOR) – WHO CONTROLS (benefits)?



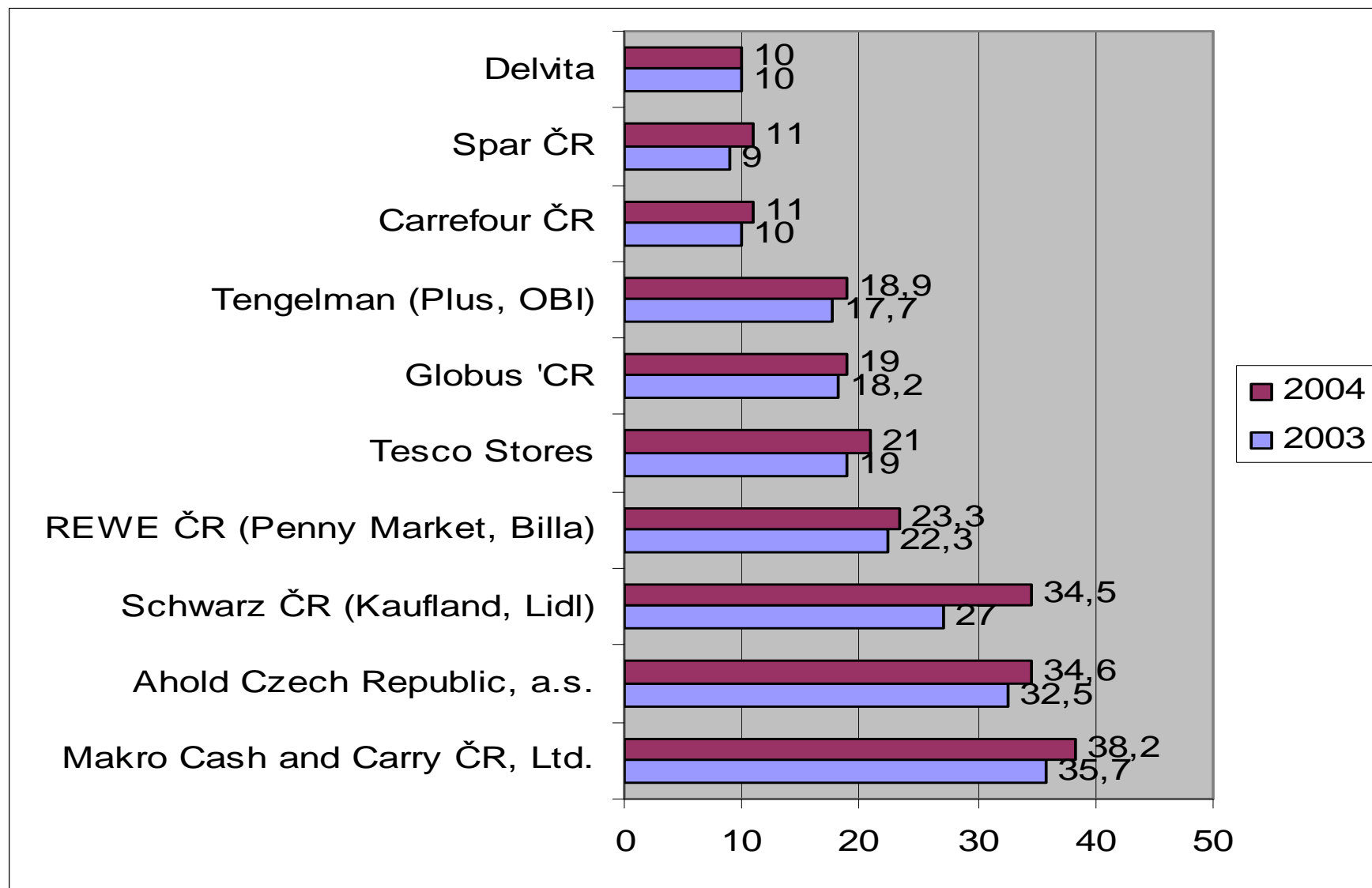
Where do the Czech buy the food – July 2007

Food shopping (NUTS III region, %)

region	hypermarket	supermarket	discont	Small shop
Prague	40	31	17	2
Středočeský kraj	34	6	46	12
Jihočeský kraj	31	27	16	26
Plzeňský kraj	22	16	41	19
Karlovarský kraj	35	13	34	16
Ústecký kraj	61	10	21	6
Liberecký kraj	30	15	34	11
Královehradecký kraj	26	11	35	22
Pardubický kraj	20	10	30	36
Kraj Vysočina	38	16	7	39
Jihomoravský kraj	38	20	13	27
Olomoucký kraj	45	18	13	21
Zlínský kraj	43	21	4	32
Moravskoslezský kraj	52	14	7	24
TOTAL	39	16	22	20

Food supply chain processing companies (retail sale of food, beverages and tobacco)

The largest retail chains in Czechia – incomes in in billions CZK in 2003, 2004 (1EUR=30 CZK)



Source: Právo newspaper 01.10.2005

Situation now

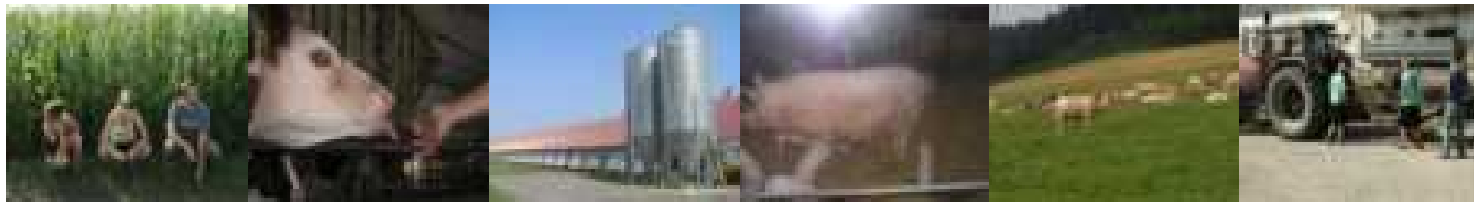
Few transnational retail shops



Number of food producers



Many Farmers



- Agri-food chain is controlled by TNCs retail chains (**POWER**) – fees for selling production in the food chains, reusing spoiled meat



“How to get out”: outline of the discourse

- INSTITUTIONAL REGULATIONS OF THE MARKET: regulations of food retail chains (eliminating their economic and political /?/ power) reflecting complains of farmers and protecting public from their misbehaviour
- MARKET MUST SOLVE THE PROBLEMS: Retail shops are not guilty as they are symbol of democracy and market economy. Criticism of their behaviour and institutional regulations are the roads to communism. Not system but the people are guilty. Why farmers and food processors do not face them on the market? They must be active
- COLLECTIVE ACTION (marketing)

Theoretical background

Who benefits?



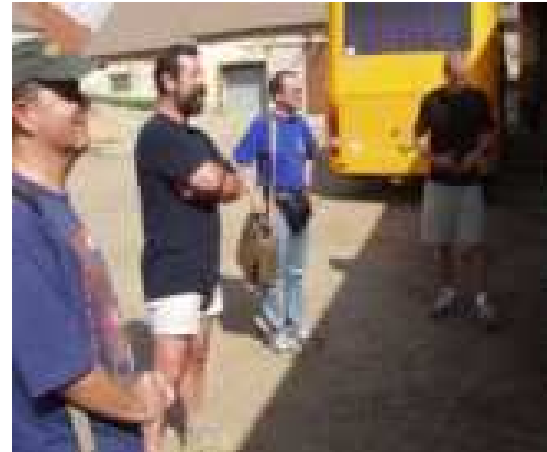
Case I: Institutional and organizational winners

- Large scale farm
- Manager and owner with high social (Bourdieu), human (PhD.) and cultural (experience) capital rooted in the large-scale farming
- National wide formal institutions (top-down normative controlling institutions changed into agreed in the game through the social capital and the governance of the social networks is used to create organization reflecting the opportunity given by institutions)



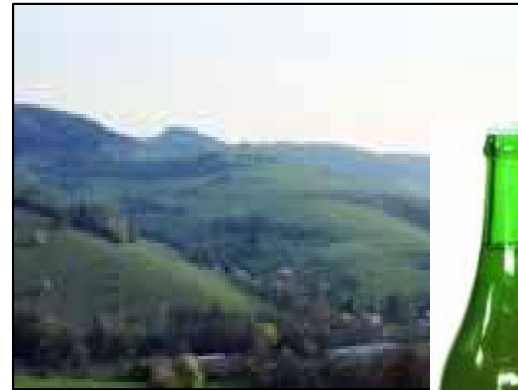
Case II: Institutional and organizational winners and their opponents

- Family farms: virtual producers groups are supported
- High human and cultural capital however not related to the past large-scale farming but small social capital (Broudieu)
- National wide formal institutions cannot be used and transformed into agreed in the game because of limited governance of the social networks (cannot establish appropriate organization using the institutions)



Case III: Alternative winners of collective marketing

- Farmers and environmentalists (postmodern mix) – not main stream marketing in Czechia
- High human, cultural and social (Putnam) capital
- Using their capital developed institutions agreed in the game of informal and bottom/up type. They give them the impetus to form marketing initiative around regional label supported by NGO Tradice Bilych Karpat



Conclusions

- Marketing is socially constructed (it is not the results of “invisible hand of the market”)
- Importance of Bourdieu’s concept of social capital for understanding winners and losers if formal bottom up institutions of normative controlling type are developed. This capital is used to change them into agreed in the game type to minimize problems in establishing the organization of collective marketing (structuration theory)
- Putnam’s concept of social capital is useful if marketing originates bottom up (agreed in the game institutions). It creates different institutions (informal) and gives origin to different types of collective marketing organization. Problem of the heterogeneity of the group (emerging Bourdieu’s social capital)
- To use intangible forms of capital, the appropriate governance of the social networks and responding social capital is needed