

PROBLEMS AND MAIN SOLUTIONS OF DEVELOPMENT OF MARKETING SYSTEM IN THE FIELD OF AGRICULTURE AND DAIRY PRODUCTS IN UZBEKISTAN

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Abstract

Livestock products occupy a special place in the population's diet and are the main source of proteins and vitamins necessary for life. Currently, 97-98% of milk and dairy products produced in Uzbekistan, and more than 83% of meat, come from livestock farming.

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Today, the bulk of livestock products in Uzbekistan are grown by farmers and household plots and are sold primarily through farmers' markets. However, equipped farmers' markets that can deliver produce to consumers without compromising quality are only available in large cities. Delivering meat and dairy products to consumers in a convenient form without sacrificing quality through regional farmers' markets is a more complex issue. The following problems must be specified:

- the distance between livestock farms and main consumers, transport and transportation costs negatively affect the quality and cost of products. As a result, farm incomes decline;
- the fact that producers of meat and dairy products are mainly farmers and household plots; their large number and small volume of products prevent long-distance sales;
- the rapid deterioration in the quality of dairy and meat products, the complexity of product quality control, and the inconsistency of the laboratory and sanitary certification system with the requirements do not allow the development of modern trading activities;
- at farmers' markets that carry out retail trade in meat and dairy products, the system for renting modern equipment necessary for storage and quality control of products does not meet the requirements;
- consumer confidence in the quality of meat and dairy products sold by the manufacturer (seller) is not fully ensured. Information about the quality of purchased dairy or meat products is not guaranteed;
- insufficient development of the trading infrastructure of farmers' markets (trading places, warehouses, freezers), hotels, kitchens, transport stops and first-aid posts in the areas adjacent to the market is not enough to ensure the quality of trade;
- the lack of modern technologies and technical equipment for storing, processing and transporting products in dairy and meat farms, farms and household plots leads to a rapid deterioration in the

quality of products in the link from production to sales.

Today, meat and dairy farmers, dekhkan and farmsteads use the services of entrepreneurs in the status of individuals to sell their products. The weight of professional intermediary firms in the trading system is very small. Due to the large volume of production, cooperation with procurement and processing enterprises is mainly carried out by large farms and LLCs.

According to the analysis, meat and dairy farms choose the following entities as partners in the sale of products:

- a. retail markets - individuals and households purchasing products for personal consumption;
- b. entities receiving profit from resale - individuals and legal entities, wholesale markets, private stores, supermarket chains whose purpose is to resell produced meat and milk and make a profit;
- c. organizations purchasing for consumption - institutions that regularly purchase products (kindergartens, hospitals, hotels, etc.);
- d. entities purchasing products for use in their production process. These could be processing plants.

Today, farmers, dekhkan and households producing products have mastered the technology of producing products such as yoghurt, butter, cream, sour cream, cheese, cottage cheese, and milk powder at home due to the fact that milk is a perishable product. However, this situation does not allow the development of a modern dairy market. In addition, one of the main reasons for problems in the sales of products is the fact that the main producers are farmers and households.

The large number of physical intermediary sellers in the trading system makes it difficult to comply with hygiene rules and control the sanitary condition of dairy products. Therefore, improving the conditions associated with the sale of products and developing a trading system that meets market requirements is one of the pressing issues that must be implemented by government agencies.

In the milk and meat trading system, the lack of infrastructure facilities suitable for small farms to operate alongside large enterprises makes it difficult to work with large trading systems.

In our opinion, it is appropriate to recommend the following options for improving the system for delivering meat and dairy products to consumers (Fig. 1):

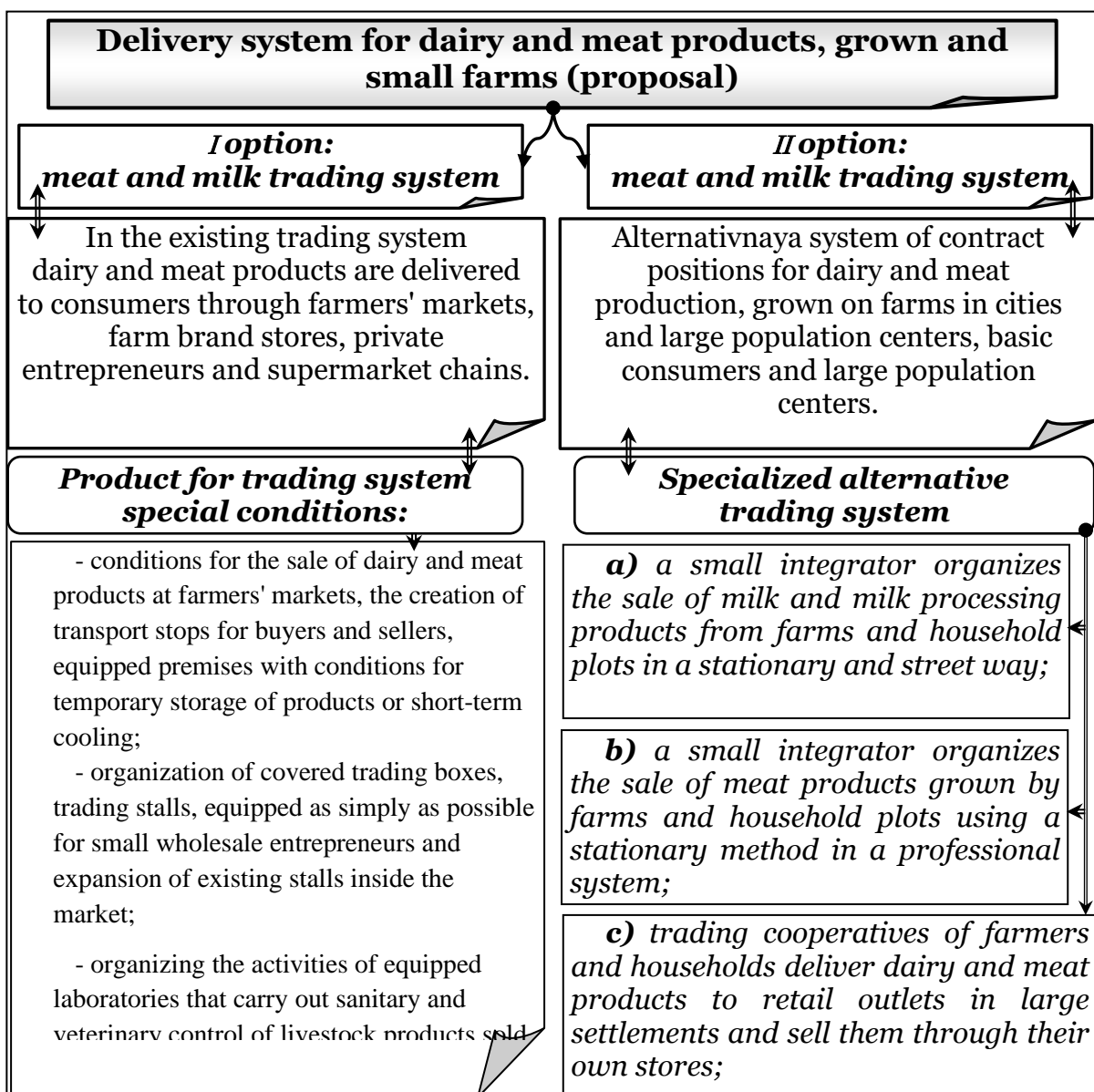


Figure 1. Alternative options for delivering dairy and meat products from small farms to consumers¹

I option - a meat and milk trading system: in this case, the existing established system of product movement will be improved, and the issue of encouraging individual entrepreneurs who collect and sell milk from villages will be resolved:

To improve the system for delivering meat and dairy products grown by farmers, dekhkan and household plots to consumers through farmers' markets, private entrepreneurs and supermarkets, it is necessary:

- improving conditions at farmers' markets for trading milk and meat products, building parking lots around markets, building energy-efficient mini-warehouses for temporary storage of meat and milk or short-term cooling conditions;
- creation of economically equipped closed boxes for small wholesale traders, stalls with cooling equipment and expansion of existing stalls, equipping them with the necessary equipment for a

¹ Source: Developed by the author

digital payment system. Creation of laboratories for sanitary and veterinary control of meat and milk sold at farmers' markets.

It is necessary to create preferential conditions for producers in the suburban area to prevent spoilage during the transportation of meat and dairy products entering cities and large settlements. In particular, it is desirable to expand the movement of vehicles equipped to transport milk and meat to deliver products to the market.

II option - a system of trade in meat and dairy products: provision is made for the delivery of milk and meat products grown by farmers, dekhkan and household plots operating in suburban areas to consumers in various alternative directions.

At the same time, for farmers and farms operating in suburban areas, the system for the preparation and sale of meat and dairy products will be expanded, and the activities of small production and trading groups will be established on a regional basis.

Production trade groups are formed voluntarily and mutually beneficial relationships are maintained between farms that buy (produce) and grow (sell) products.

The production and trade group (PT) will include farms producing livestock products that are close geographically, and socio-economically. The manufacturer-seller (small integrator (SI)) of dairy products is one of the food entrepreneurs who is part of the PT (based on the consent of the members).

The number of PT members may vary depending on characteristics such as geographic location, distance, the amount of products they grow, and individual villages (districts). For example, dairymen in the territory of the PT can bring and deliver products in small quantities (10-15 litres) in their containers. In this case, the daily productivity of the PT for collecting products should be about 500 litres. Because, firstly, a small amount of product is easier to prepare, transport and sell, and secondly, 500 litres is a sufficient volume for one well-equipped Damas car.

The SI entrepreneur must have the necessary technical capabilities to sell the product. In particular, this should be determined by the presence of additional buildings (premises) at the level of receiving 500 litres of milk from farms, the presence of certain experience and knowledge in the field of short-term storage and transportation of milk without spoiling its quality, as well as entrepreneurial qualities. SI is also recommended to be carried out in the production and sale of dairy and meat products. In that:

a) SI entrepreneurs (farms) organize trade in milk and processed dairy products in regions (villages). In this case, the requirements for the SI entrepreneur will be as follows:

- availability of at least a Damas car (here the entrepreneur with the car is selected, not the buyer of the car);
- a small room (temperature controlled) with racks that meet sanitary standards for fermenting yoghurt;
- it is necessary to have containers for preparing yoghurt (one-size plastic bottles or glass jars), instruments for determining the level of fat content, temperature and other indicators of milk quality, as well as for separating cream. In this case, the branch (farm) operates at least in the mode of selling yoghurts, and there is an opportunity to sell home-produced dairy products. An SI entrepreneur can only trade milk, depending on market demand and the intensity of product sales. But processing allows you to extend the shelf life of the product, create added value in the production and trade of milk;

b) SI entrepreneurs organize trade in freshly slaughtered meat in (farming) areas (villages). In this case, the requirements for the SI entrepreneur may include the following:

- owning a Damas car (we are not talking about buying a car, but an entrepreneur (farmer or farm)

with a car is selected as the SI);

- an equipped poultry house, a temperature-controlled room with conditions for storing slaughter meat, equipment that meets the requirements of santeria;
- the presence of a water supply and sewerage system that ensures cleanliness and disinfection of the premises where slaughter meat is stored for a short period;
- The SI must have experience working in the poultry house system or hire qualified workers.

In both cases, the trading system must cope with changes in market demand, production and seasonal characteristics;

c) small businesses supply dairy and meat products to retail outlets in large settlements on the principles of cooperation. It does not require complex technology when operating in dairy processing mode, and the cost can be reduced if processing is carried out primarily based on local traditional technologies. However modern technologies make it possible to increase market demand and expand market positions.

And it is recommended that part of the milk produced by the farm be sold as milk, and the rest (40%) as yoghurt. In this case, it is necessary to take into account the processing of part of the unsold milk or the use of aseptic packaging technology².

Unsold and stale kefir can be used to prepare suzma or kurt. Suzma is a low-cost, more profitable product with a longer shelf life because it is a locally consumed, complex technology and equipment-free process.

SI can act as independent economic entities, as well as on the basis of service associations organized by members of the PT, as well as based on funds. Considering the current situation (it is assumed that the experience of organized activities of farmers and farmsteads is insufficient), it is advisable to carry out activities as a business entity.

Building SI activities on the principles of cooperation requires a high level of organization from product manufacturers and at the same time guarantees higher product quality. At the same time, this requires the introduction of more complex economic mechanisms.

The activities of regional PT groups to supply consumers with dairy products grown by farmers, dekhkan and household plots are generally recommended to be carried out as follows (Fig. 2).

²Source: Асептическая технология. https://promupac.com/o_predpriyatii/tehnologii/tehnologiya_brik_aseptic

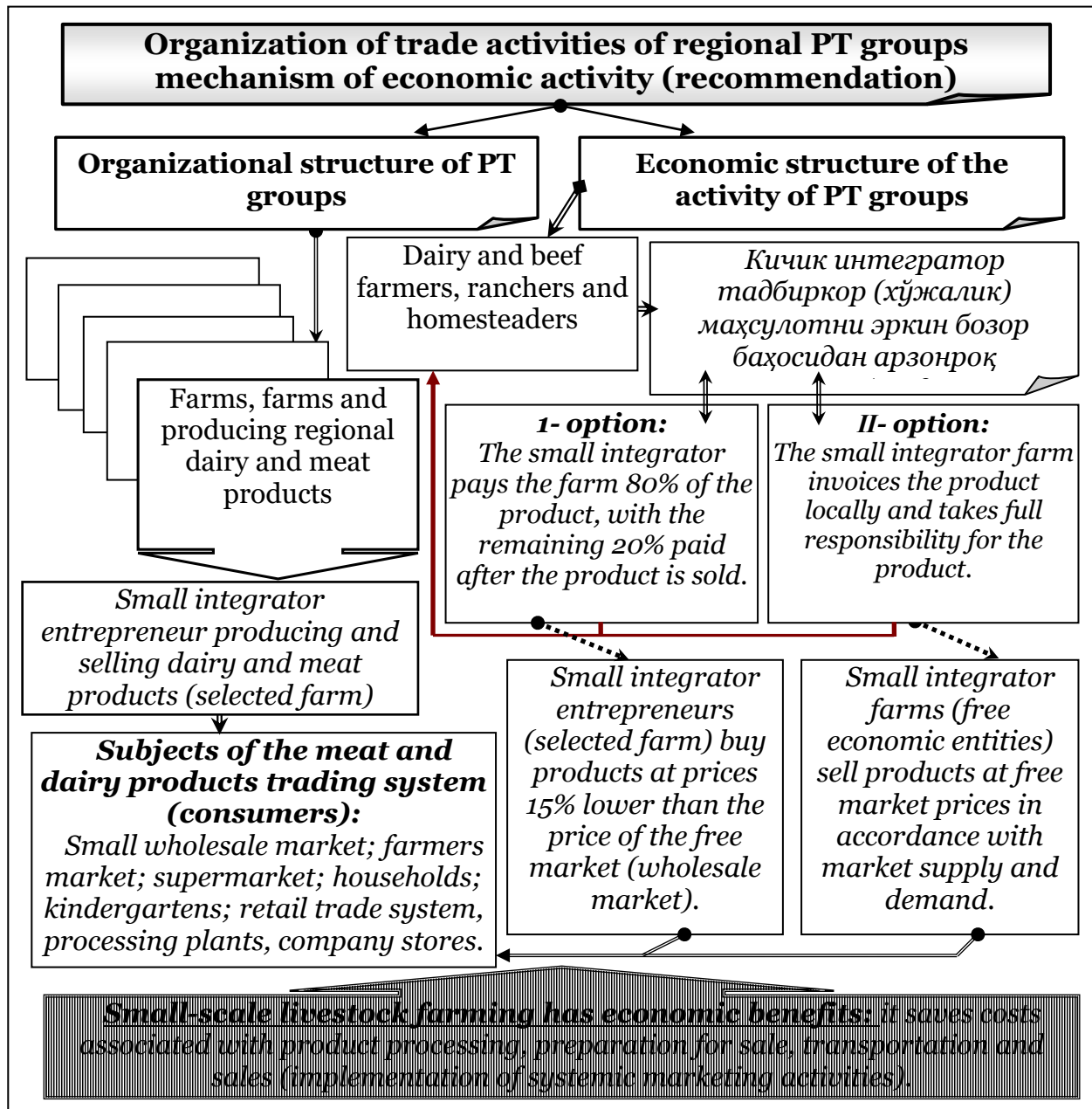


Figure 2. Organizational and economic activities of regional PT groups; general design of the mechanism³

Farmer MI, selected from regional PT groups to deliver dairy and meat products grown on farms and farmsteads to consumers, are invited to purchase milk and meat from commodity producers using the following two options.

The first option is for a small integrator to pay 80% of the commission for the purchased product on the spot, and the remaining 20% after the sale of the product. In this case, manufacturers and manufacturers agree to buy the product 15% cheaper than the market price. Purchase prices for products are determined (based on calculations) in agreement with members of the PT groups. District chairmen can also participate in the negotiation process. The established prices should be beneficial for the activities of farms and SI entrepreneurs.

The second option is for a small integrator to pay for the product on the spot and transfer full ownership

³Source: Developed by the author

of the product to itself. Even in this case, the SI entrepreneur can buy the goods at a price lower than the price of the free market (wholesale market).

In the marketing system, the manufacturer can manage such activities as the choice of sales channels for dairy and meat products, sales of products, type and quality of products, and adaptation to market demand. At the same time, some factors cannot be controlled by milk and meat producers, such as the activities of competing producers, consumers of products, the activities of monopolistic organizations supplying material and technical means to the industry, as well as the limiting and stimulating impact of the regulatory framework for the livestock sector.

In the described situation, product manufacturers can reduce the level of risks by jointly solving the problems of marketing their products. Therefore, adapting to the requirements of the livestock market, the manufacturer must choose distribution channels with the lowest costs for entrepreneurs and relatively greater economic benefits.

Generating economic profit by satisfying consumer demand in the market should be the main goal of livestock farms and the trading system. Because the product manufacturer often wants to sell products faster and more expensively than to satisfy consumer demand. This may solve current farming problems but is not suitable for long-term purposes.

In a free market, resellers meet farmers' needs for product offerings to buyers, greater specialization, and professional sales. Thanks to the industrialization of intermediaries, existing connections and expertise can also benefit livestock farmers. In the case of small-scale production, the activities of intermediaries based on competition are very effective for both farmers and consumers.

There are currently several changes happening around the world in dairy consumption that should be taken into account. In particular:

- along with the increase in market demand for the production of low-fat dairy products, the preparation of dairy products using fruit pieces and juices;
- attention to expanding the sale of dairy products processed using environmentally friendly methods, extending shelf life using organic methods;
- increasing the scale of production of cream, milk and kefir products, especially yoghurt in various volumes, especially small containers;
- the production of milk processing products with preventive properties (with bifid- and acidophilus bacteria) is expanding.

Although the production of organic dairy products is considered a relevant area, today there is very little work in this direction in our republic. Now, in quantitative terms, the issues of meeting consumer demand and fully utilizing the production capacity of the dairy industry are attracting increasing attention to achieving quantitative indicators. This leads to the fact that quality indicators become secondary for the entrepreneur.

From the above, it is important to take into account the capabilities of producers, the conditions created for them, location, demands and market needs when developing marketing in the field of livestock farming in the conditions of Uzbekistan. At the same time, the development of the industry will be facilitated by the creation of associations of product manufacturers, accelerated processing of milk and meat, the creation of convenient infrastructure in and around markets, and the creation of laboratories for product quality control.

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