Full Length Research Paper

Sustainability of rural business through aggregation of value sector of berries

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The lack of sustainability of many rural enterprises has caused a shift from the rural producer that has increasingly used management tools in their activity. Adding value is presented as an interesting strategy for farmers to increase profitability and reach new markets. This strategy can be implemented through the classification of products according to an established norm, use of appropriate packaging, manufacturing production and development of the brand product. It was found that adding value to agricultural products is a very interesting alternative for the development of new markets and thereby making the berries attractive both in price and quality. The overall objective is to identify and evaluate potential markets for berries. The activity of orcharding can generate jobs both direct and indirect, because the municipalities have a climate conducive to the cultivation of berries. Is it possible to invest in the production of berries adding value to identify new niche market? Thus, the need to do a search in the region covered by the campos de Cima da Serra and see how many producers are involved in this activity was identified. Based on data collected, new markets will be explored for these berries producers.

Key words: Berries, adding value, marketing, new market niches.

INTRODUCTION

The management of rural enterprises is particularly complex due to dependence on natural resources, seasonality of the market, the perishability of the products, the biological cycle of plants and animals, the maturation time of products and the impossibility of immediate changes in production. Once the investment is made, it is necessary to await the outcome of production and to sell it quickly, even in unfavorable market conditions, unless the product can be stored waiting for better sales.

In view of this, the producer must deal simultaneously with the technical, marketing, legal, political, financial, social, economic and environmental aspects and with the human resources of your company. This complexity is inducing a change of attitude of farmers, which has sought to improve the management of their business. Strategic planning as a process continues. This moment would be the apotheosis of the business. The management strategy is critical and differs from the operations management. It defines the resources to be allocated to the operations of the business units in the subsequent year, as well as performance goals (Kaplan, 2004), so planning usually sets performance goals, where to allocate resources and encompass the whole team.

In rural areas, every product is produced by a large number of properties, which has negligible influence on the aggregate functions of supply and demand. Low levels of educational and technological density and

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geographical distance between the agents of a production chain also characterize the problems that often hamper the management of rural enterprises. In this context the importance of marketing planning applied to industry associations is highlighted, developing activities to stimulate the consumption of the chain and creating incentives for participants to remain in the group (Neves et al., 2005).

It should be noted, however, that farmers have no culture of adding value to products; their concern is to produce without worrying about whether there is market price and even more for whom to sell. The concern comes only at the harvest of their products. It is noticed that there are no defined strategies from the beginning of planting until harvest.

Among the management strategies recommended for increasing competitiveness in the rural sector, there is the added value to products, whose main objective is to differentiate one product compared to those produced by other producers. With the addition of value, producers can develop new markets and establish their product more robustly in the current markets. The benefits of adding value to agricultural products is indisputable, however, its implementation by producers should be done with care because of costs and risks of new activity.

It is in this context that the present article, which aims to deepen the discussions about the processes of adding value, especially small fruits, identifying the benefits of membership and possible niche markets with high added value. “The executives at corporate headquarters must determine how to add value to all business units so that the whole is greater than the sum of the parts Kaplan and Norton (2001), as the author mentions and recommends, it is necessary to join forces to add value. When the study talks about high adding value, it may be the involvement of the entire value chain, such as packaging suitable for keeping small fruits, for they perish easily. We also know that the consumer is visual, so this may be the way of marketing to increase consumption and further promote the product, because there is not an adequate disclosure in relation to small fruit. Farmers should have a moment of synergy in marketing their products. The synergies resulting from interactions between the excellent business units and these potential interactions should be explicitly recognized in the strategies (Kaplan and Norton, 2001).

THEORETICAL FRAMEWORK

Adding value

The concept of value according to the postulates Chernatony et al. (2000) and Porter (1985) can be defined according to three perspectives: Price, consumer behavior and strategy. In the literature on price, value is defined as the trade-off perceived by consumers between benefits received and the investment (both monetary and nonmonetary) to purchase the product / service. From the perspective of consumer behavior, the value is set according to the needs and desires of the consumer product / service purchased.

From the strategic point of view, value refers to how much buyers are willing to pay for what the company is prepared to offer them. To compete, the company can adopt the strategy of cost leadership, reducing their costs or differentiation, improving the performance of the product itself, according to the market to be served (Chernatony et al., 2000; Porter, 1985).

In terms of adding value to a product, search for differentiation and its "decommoditization" was reported. The firm seeks to exit the situation of borrowing rates and tries within certain limits to impose its price to the product according to its marketing policy (Lazzarini and Machado, 1997).

Adding value to products of rural origin has become a key issue for producers, through which they can stay and reach new markets, making the enterprise more competitive. However, in the rural environment, there are few attempts to add value. This is a slow process that is barred by the behavior of more traditional producer.

According to the concept of the authors Vilckas and Nantes (2006), the four ways of adding value to rural products offered are: Classification according to an established norm, use of appropriate packaging, industrialization of production and development of a brand for the product.

Use of standards for standardization

Agricultural products are characterized by a series of quantitative and qualitative attributes. The first is related to the size and weight of products, while the latter refers to the shape, firmness, color, degree of maturity, mechanical damage etc. The adoption of limits for these attributes corresponds to the establishment of standards. These standards must comply with regulatory standards by companies.

Standards are defined parameters that separate similar products into categories, describing them with their own terminology and characteristics that can be easily understood by the parties involved in the transaction. Comprising a set of technical specifications, terminologies, definitions and principles of classification and labeling, which include rules of measurement established by regulation or by institutions authorized for this purpose in Brazil (Vilckas and Nantes, 2007).

Shipping, packaging and marketing

The packaging is the determining factor in the transport of small fruits, as they are fragile and perishable. Small fruit should leave the farm in appropriate packaging, with
minimal handling. They should be in small boxes or Styrofoam bowls. Transportation should be made with a vehicle with air-conditioned system, not at room temperature (when the transport is done this way there is quantitative and qualitative loss of fruit).

The shipping packaging, or when used improperly, are responsible for much of the damage caused to producers, which are reflected in losses in perceived quality or the intrinsic quality of the product. The damage caused by the inadequacy of such packages can be attested by damage products, which reduces often dramatically its commercial value. Beyond the outward and visible damage, such packages also contribute to reducing the shelf life of products packaged in them (Nantes and Durigan, 2000).

Marketing is a process, mechanism, method, or an option that the producer uses to sell his product or influence the terms of sale.

In an open competitive market such as agriculture, planning the sale of production by the combination of many different mechanisms of commercialization is an important factor in managing risk and generating higher revenues, which will ensure the sustainability of long-term producer. The aim is: a) Allow the understanding of the main alternatives to marketing, and combinations (portfolios) currently available to farmers, b) understand the concepts involved in marketing strategies, in addition to its practical applicability, c) understand how these concepts can reduce costs and risks and increase profitability and competitiveness in the marketing system (Mendes and Junior, 2007).

Another factor that is important in the rural activity is the association. In this scenario the concentration of retail self-service food, some small retailers are joining in the formation of core business. According to the author: Such plants are models of partnerships that have the functions of joint purchasing, preparation of joint promotion and dissemination (clothing brochures, advertisements in radio and TV) consumer credit, standardization of stores and training courses, developing his own brand search and consumer prices, among others (Neves et al., 2005); thus, the association presents itself as an important strategy for small retailers (Figure 1).

**Industrialization of production**

The transformation and industrialization of rural production, or part thereof, has several benefits for the producer. The product has high value. This value stays with the farmer and not with the intermediaries, because middlemen often end up overvaluing products and when they reach the supermarket shelves, prices is generally beyond the reach of the population. This may also be a determining factor in consumer buying fruit. When prices are out of reach they end up consuming substitutes.

As the authors mention, the industrialization of rural production, or part thereof, has several benefits for the producer. The main ones are: a) The elimination of intermediaries, because as the producer verticalizes its
activity, the sale shall be made directly with the distribution channel, b) lower price instability, since the value-added products remain their prices constant over time, compared to fresh product, c) the ability to plan production, since the market for processed product is more defined and the producer may, within limits, plan and control his activity, d) performance in new markets as the industrial product is accepted in markets not yet explored, e) greater contact with management tools. In this case the producer has his environment changed, going to be in familiar terms with new actors in the chain, who have used management tools. The perspective is that farmers absorb and transfer to the rural sector management techniques acquired during contact with the farming industry (Vilckas and Nantes, 2007).

The producer of small fruit production can verticalize, industrializing the fruit. It may be in the form of jams, juices, dried fruit pulp and crystallized. And still prepare them in packages that add value and attract the consumer.

Brand development

Brazil is slowly following the other countries and giving greater importance to products with registered trademark. For farmers, the idea of developing brand for their products is still inchoate. What is common in this industry is to produce small quantities and after the harvest, deliver their product to a great middleman. Farmers should unite and form their own brand. Of course, this requires strong cultural changes, investments in the sector, maximizing distribution channels and observing the competition.

These factors lead to a great appreciation the brand and its key differentiator. For manufacturers and service providers, the main advantages of creating brands for their products or services are: Orders are easier to be processed; legal protection of unique features of the product or service; protection from competition; market segmentation; strengthening image of the corporation. For distributors and retailers, the advantages are: Easiness of product marketing; indication of certain quality standards; strengthening the preferences of the buyer and identification of suppliers. And for customers: Differences in quality are easier to distinguish and purchases are more efficient (Kotler, 2005).

RESULTS AND DISCUSSION

Case analysis

In this article, it will be considered as "small fruit": Strawberry, which is the best known and consumed; and separately, the blueberry, raspberry, blackberry and bilberry which have in common the growth in shrubs, small fruit and intense staining and the need to grow in temperate weather regions, because they require a large amount of chilling hours to fruit properly.

"Small fruits" are the most popular raspberry (Rubus idaeus), bilberry (Vaccinium myrtillus) and blackberry (Rubus spp.). In English speaking countries this group is called "berries". The strawberry is already very well known and consumed by Brazilians, which has not occurred with other species. However, they are constantly cited as an alternative crop for cooler regions, especially for family farms, it is necessary to further study the market or potential markets for these berries (Silva, 2007).

Small fruits in the city of Vacaria assumed an economic and social importance from the year 2001, when new market opportunities for blackberry moved technicians and producers to invest in recovery and expansion of orchards.

In Campos de Cima da Serra small fruits are produced by 167 farmers, and its plantations occupy an area of 179 ha with production of 1902.50 tonnes of fresh fruit per year.

In the state of São Paulo, the most important producer is the city of Campos do Jordão, the mountain resort of Mantiqueira.

The small fruits have high yield per hectare, being
considered an excellent alternative for small family farmers.

In deciding to cultivate these species, the producer must be careful and have a good planning, because they are crops with high establishment of orchards and manpower. It is necessary to decide in which market to sell, because the requirements are different. If the goal is the market “in nature”, producers should invest in the structure of cold stages and harvesting, storage and transportation. Logistics should also be efficient, to avoid losses.

"As investments in planting are often expensive, small farmers should opt for organizing into cooperatives or associations to invest together. (Silva, 2007)"

In Campos de Cima da Serra, the cost per hectare for the raspberry is R$ 25,401.00, for the blackberry it is R$ 11,619.60, for the blueberry it is R$ 27,226.60 and for the bilberry it is R$ 25,100.00.

The production of small fruits in the Campos de Cima da Serra is made with use of agrochemicals. There are some producers who do not use these products, but as the properties are not certified, they can not be considered organic products. 95% from the production of blackberry goes to the industry and 5% for fresh market. 90% of the production of blueberry goes for fresh market and 10% to the industry. Rasperry: 99% goes to the industry and 1% for fresh market; strawberry: 80% for fresh market and 20% for industry; bilberry: Industry 95 and 5% fresh market.

Reserch in the public market of Vacaria

The interviews were performed from 5 to 10:40 am on December 4, 2009 in the public market of Vacaria, Rio Grande do Sul, Brazil. The respondents were randomly approached and asked to answer the questionnaire. There were questions with multiple choices and unique alternative. The goal was to learn what the public market goers know about "small fruit." Initially it was planned to interview 200 people, but it was soon realized that the answers converge to the same result, so it was decided the interviews should stop. Thus 134 persons were interviewed.

Each questionnaire contained 25 structured questions and they covered between market preferences, knowledge about fruits and small fruits.

The scales of measurement of consumer satisfaction were used: why the consumer buy small fruits, in which situation (purposes and uses), how the consumer chooses the market, in this assessing what the consumer knows about small fruits, which are produced, where to buy, cares in conservation, interest in knowing more about this fruit, which of these fruit is their favorite, what the consumer takes into consideration when choosing small fruit, whether he knows some myths, prejudices and beliefs about small fruit, which time of the year small fruits are consumed, what influences the purchase to identify substitutes for small fruits, what should happen in buying small fruit with greater frequency, indicating the usual place to buy small fruit, which intervals on average do you usually buy small fruits each time you purchase small fruits as you spend on average, what is your age, sex, what is their schooling, what is the approximate of your monthly family income, classification of the household and household type.

The issues argued consumers' opinions regarding factors: Consumer tastes, what they know about small fruits, which small fruit is his favorite, seasonality in the purchase, what factors influence the purchase?, and the profile of the interviewee.

The elements that participate in the research phase should preferably be selected from the population of visitors to the municipal public market. The homogeneity of responses that are obtained from the interviews will determine, ultimately, the number of respondents at that stage. As the responses of the first interviewees begin to converge to the same set of indicators, it is a sign that the number of interviews can be reduced. Based on the benchmark percentage of respondent was reduced, and research time too (Rossi and Slongo, 1998; Presley and Meade, 2010).

On the exploratory and quantitative phase, the technique of in-depth interviews was not used to generate the indicators. A the beginning 200 was to be interviewed, but as Slongo and Rossi claim, no need to address the 200 consumers, as the responses converged on the same indicators. This is not a number that will always be useful, however for what we had proposed this type of research allows us to infer that between these two limits, it is a very reasonable number of interviews.

Data analysis in qualitative research demands of relevant procedures, highlighting the content analysis, or interpretation of opinions and attitudes. The Sphinx software helped in the work of analysis of research data, using lexical analysis. Some problems have been found, respondents had difficulty in responding and it was necessary common sense to not influence the responses and opinions. Therefore, consumers' responses involve their own language and the subjective form of expression.

The conditions of the consumer when he expresses his opinion about the indicators of knowledge and socioeconomic profile are not likely to reproduce the truth.

Promising market

In some regions, companies specialized in processing and marketing "in nature" these fruit are already installed, making them reality for producers.

The main market for these fruits in Brazil is agribusiness. There is sufficient production domestically.
Chile is responsible for 90% of fruits required for the Brazilian agribusiness. (Silva, 2007). Thus there is potential in the domestic market, and producers can increase their production without concern. From the moment that there is enough fruit for the Brazilian agribusiness, they will not need to import more, thus generating jobs and profits within the country.

The largest consumer market of small fruit in natura in the country is São Paulo, and the place where there are more wholesaler of these fruit is the Entreposto Terminal de São Paulo (ETSP), of the Companhia de Entrepostos e Armazéns Gerais de São Paulo (CEAGESP). The supply of these fruit in ETSP and in CEAGESP occurs throughout the year. Between November and April, national fruit is marketed and during the other months of the year, the imported ones.

During the Brazilian crop, not just the luxury emporiums sell the product, but different retail shops, fairground from noble regions of São Paulo, small retail, restaurants and wholesalers in other states and cities.

The European market and the United Arab Emirates (UAE) are other potent markets, but of industrial products like jellies, which have added value.

Another interesting factor is the partnership that the Brazilian government and the European Union are making, qualifying companies who search new markets to transform the project into reality by the Project for International Integration Support Small and Medium enterprise (PAIIPME). Result of cooperation between Brazil and the European Union, the PAIIPME has partnership of 29 public and private institutions, total budget of EUR 44 million and the goal of inserting some 700 small and medium business in the global market. “This introduction should be carried out, taking innovation as the basis to increase the chance for companies to survive in a highly competitive international scenario,” says Aucuri Reginaldo Braga, president of the Brazilian Agency for Industrial Development (ABDI), linked to the Ministry of Development, Industry and Foreign Trade, with responsibility for management of the project. So, to compete in national and international market, the best way is to join several companies in similar sectors such as small farms or family businesses. The author gives support to this requirement.

Evidence has shown that, to respond to external market, the company can not be successful working in isolation, facing the growing number of restrictions imposed by trading partners. This configuration has been pressing competitive firms to maintain comprehensive interfirm relationships and inter-institutional. In Brazil, initially, the analysis of these issues highlighted the research of supply chains. The technical configuration of actors involved in the chain was privileged to arguments related to the complementarity of production and, in some cases, the spirit of cooperation (Barreiros and Protíl, 2010; Guimarães, 2007).

This depends only on the interest of entrepreneurs to seek help. In many times, the path is arduous, but the opportunities exist. And the unions and governments are helping and freeing up funds to assist those interested.

It is important to emphasize that the Brazilian government's stimulus to exports has been successful in achieving the proposed results. It is especially the case of the Export Promotion Agency (APEX), responsible for analysis of education projects of export consortia and release resources for the promotion thereof and the Special Export Program (ESP), which unites the threads government and private industry around the scope of a single objective which is to expand the participation of SMEs in total Brazilian exports. APEX has received several projects aiming at the formation of export consortia which reflects the great interest of small and medium businesses, unions and associations by this mode of insertion in the foreign market (APEX's website) (Lima et al., 2002).

Vacaria and the region of Campos de Cima da Serra have planted 179 ha of small fruit, representing a large contingent, being 167 of the producers owners of small farms. Because of its great adaptability to cold weather, small fruit show themselves as economic option. The most diverse environments used where areas of property which they adapted by promoting productive development for small and medium-sized farms. The planting is increasing and confirming the growing interest in exploration activity, particularly in Rio Grande do Sul.

**FINAL CONSIDERATIONS AND FUTURE RESEARCH**

The major constraint was to get updated material and the information on several occasions was mixed.

Understanding consumer demand is not an easy task. On the consumer side, the basic assumption is that they seek to maximize satisfaction with the products they consume, given their limited incomes, buying small quantities of a large number of products to diversify and pay the lowest possible price. Thus, demand is an important instrument that can identify what consumers want to do and what they can buy, depending on the product price, similar product’s price, their income level, number of consumers, among other factors.

Right now this research analyses only issues relevant to the initial proposal. The most relevant factors concerned the product’s price. According to the survey, the consumer chooses the seller by price on 44% of the cases, 7% by location and 49% by quality. 69% know the care in the conservation of small fruit, 12% do not know and 19% know little. What the consumer takes into consideration when choosing small fruits: 46% appearance, 25% price, 8% for the aroma, 9% for the image, 3% for the packaging and 9% for the color. They consume small fruits at these times of the year: 59% at harvest, 23% for gifts, 9% at special occasions and 9% at parties. What will happen for the consumer to buy small...
fruits: 30% lower price, 30% change of the eating habits and 40% think that the products should be offered throughout the year. The substitutes of small fruit were: 30% orange, 22% apple, 9% plum, 20% grape and 19% peach. The frequency of purchases of small fruits was: 55% more than once a week, 3% at least once a month, 17%, at least once in fortnight, 15%, once every three months, 2% once in semester and 6% in the harvest. Each time a consumer buy small fruit, he spends, on average, 51% less than R$ 20.00, 31% from R$ 20.00 to $ 40.00, 12% from R$ 40.00 to R$ 60.00, 5% between R$ 60.00 to R$ 80.00 and 1% over R$ 80.00.

The following factors may be the determined when buying small fruit, because it shows the monthly income of respondents. 21% have family income of R$ 465.00 - R$ 600.00, 33% have income between R$ 700.00 and R$ 1,200.00, 27% from R$ 1,200.00 to R$ 2,400, 16% from R$ 2,500.00 to R$ 5,000.00, and 3% above than R$ 5000.00.

Here one sees that the consumer chooses the market by the purchase price and also the price of small fruits. Because of this, family income is the determining factor. The combination of the desires of consumers to maximize satisfaction within its resource limits with the wishes of producers to maximize profits to meet the needs of consumers, using production methods that result in lower costs, constitutes the essence of the economic system.

In this scheme, the price is the critical piece of information that helps both producers and consumers to allocate their scarce resources to achieve the best uses. That is why, in economics, everything is based on the cost of food supplies and all of the production chain.

Further research should be carried to assess the market for jams and dried fruit, because it is a known fact that the value of fruits changes the cost of fruits. Future research should also specify the fruit that can be worked with greater added value and lower cost.

REFERENCES


