



SNS B-SPINE

**Coimbatore-35
An Autonomous Institution**

DEPARTMENT OF MANAGEMENT STUDIES

19BAE752 - AGRICULTURE MARKETING MANAGEMENT

II YEAR III SEM

UNIT 1 - INTRODUCTION TO AGRICULTURE MARKETING

TOPIC 3 – AGRICULTURAL MARKET STRUCTURE



Definition of Market Structure

- Market structure refers to the organization and characteristics of buyers and sellers within a market.
- It defines how products are bought and sold, and it significantly influences pricing, distribution, and competition.
- In the context of agriculture, understanding market structure is of paramount importance because it determines how agricultural products flow from producers to consumers.



Relevance in Agriculture

Impact on Farmers

- It affects how farmers sell their products and interact with the market.
- Determines the intermediaries involved in the supply chain.
- Influences the bargaining power of farmers in negotiations.



Efficiency of Distribution

- Shapes the efficiency of distribution channels, affecting the timely delivery of goods to consumers.
- Can lead to either smooth or inefficient supply chains.



Pricing Transparency

- Market structure can determine how transparent pricing is for agricultural products.
- Transparency is essential for fair and competitive markets.



Components of the Agricultural Market Structure

Producers

- Farmers and agricultural producers are the foundation of the market structure.
- They supply raw agricultural products to the market, including crops, livestock, and dairy.



Intermediaries

- Intermediaries play a critical role in facilitating the movement of products from producers to consumers.
- This group includes wholesalers, retailers, distributors, and traders who bridge the gap between producers and consumers.

Consumers

- Consumers, both individuals and businesses, form the end of the agricultural supply chain.
- They purchase and utilize agricultural products for various purposes, from food consumption to industrial use.

Institutions

- Regulatory bodies, government agencies, and agricultural organizations have a significant influence on the market structure.
- They oversee and regulate agricultural marketing activities, ensuring fair practices and product quality.



Dynamics of the Market Structure



- Factors Influencing Change:

The four key factors that drive changes in agricultural market structures:

- Technological Advancements
- Consumer Preferences
- Government Policies
- Globalization and Trade



Technological Advancements

- Technology plays a pivotal role in reshaping agricultural market structures.
- Online platforms and e-commerce have disrupted traditional supply chains, enabling farmers to connect directly with consumers.



Consumer Preferences

- Changing consumer preferences impact the types of products in demand and the way they are marketed.
- A shift towards organic and locally sourced products has led to the emergence of niche markets.



Government Policies

- Government policies, regulations, and subsidies significantly influence market dynamics.
- Policies promoting fair trade, reducing intermediaries, or supporting organic farming can reshape market structures.



Globalization and Trade

- Global trade agreements and international markets can influence the way agricultural products are produced, distributed, and marketed.
- Export-oriented agriculture can transform market structures to meet international standards.

Examples

Organic Farming Trend:

- The rise in demand for organic products reflects changing consumer preferences.
- Farmers adopting organic farming practices often find new market opportunities, connecting directly with health-conscious consumers through farmers' markets or online platforms.

Examples

Direct-to-Consumer Models:

- Technology-driven platforms like "Farm-to-Table" initiatives allow farmers to sell directly to consumers.
- This reduces the need for multiple intermediaries, providing farmers with better prices while offering consumers fresher produce.

Examples

Government Intervention - APMC Reforms in India:

- The recent Agricultural Produce Market Committee (APMC) reforms in India aimed to create a more competitive and open market structure.
- By allowing farmers to sell their produce outside traditional market yards, the reforms aimed to enhance competition and reduce the influence of intermediaries.

Examples

Impact of Globalization - Coffee Production in Ethiopia:

- Ethiopia's traditional coffee sector experienced changes due to global demand.
- International coffee chains directly engage with Ethiopian coffee producers, influencing production practices and distribution channels.

Examples

Digital Marketplaces - AgriTech Startups:

- AgriTech startups like "AgriBazaar" in India connect farmers with buyers through digital platforms.
- These platforms provide price transparency and offer a direct link between producers and consumers.

Case Study - 1

United States - Corn Market



Case Study - 2

India - Rice Market

