

# INNOVATION PROCESS IN AGRO FOOD DISTRIBUTION

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**Summary:** *Distribution of food products includes all activities which ensure the passage of these categories of goods, from traders producers, to end consumers or users. On this regard, it will be presented the following: distribution channel and its dimensions, innovation strategy of industrial distribution channel. Also, it can be shaped a number of recommendations for improving innovation process in agrofood distribution.*

**Keywords:** distribution channel, agrofooddistribution, innovation process.

## INTRODUCTION

Distribution of food products includes all activities which ensure the passage of these categories of goods, from traders producers, to end consumers or users. Distribution channel manages the changes through which a product goes on its way from the producer to the final consumer. He has the responsibility to ensure the availability of goods at the consumer level. It reflects both the itinerary and modalities.

Distribution channel should be seen as a system whose components: producer, consumer and intermediate, are interdependent. It also covers not only distribution channel circuit driving route which it follows, but the sequence of transfers of title of property between the links of the supply chain components, extended to the end consumer.

## MATERIAL AND METHOD

By distribution, the desired product is procured at the right place, the right time, in quantity, quality and price for the buying power. Distribution is interposed between production and consumption by:

- The act of sale;
- Transport, storage and delivery.

Distribution channels include all companies participating in acts of sale-buy transferring a product from producer to destination. The distribution channel is always chosen by the manufacturer. Examples of distribution channels:

- Short channel (producer-consumer);
- Channel environment (intermediate producer-consumer);
- Long channel (producer - wholesaler - retailer - consumer).

Intermediaries are wholesalers and retailers that interpose between consumers and producers. Types of intermediaries:

- those working on behalf and for the account of others: brokers, representatives, agents.
- those working on their behalf and on behalf of others-commissioners.
- those working on their behalf and on their own: wholesale companies, retail companies, specialized companies, cooperative organizations.

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## FORMS OF COOPERATIVE

### ROMANIA

- **The principle of voluntary and open association**, according to which cooperatives are voluntary organizations that is based on free will and are open to all persons able to use their services and agree to assume the responsibilities of membership cooperator
- **The principle of democratic control of cooperative members**, according to which cooperatives are democratic organizations controlled by cooperative members who participate in setting policies and making decisions. Persons acting as elected representatives are accountable to the cooperative members
- **principle of economic participation of cooperative members**, according to which members contribute fairly to the establishment of cooperative ownership of the company, exercising democratic control over it. Cooperative members allocate the net profit of the cooperative amounts needed for the following purposes: developing the cooperative, rewarding cooperative members in relation to participation in the cooperative society or supporting other activities
- **principle of autonomy and independence of cooperatives**, according to which cooperatives are autonomous organizations based on self-help and are controlled by the members.

**Principle of education, training and information cooperative members**, according to which cooperatives ensure that the education and training of their members, elect their representatives, executives or employees so they can contribute effectively to the development of cooperative societies

### FRANCE

∅ principle of freedom of choice of the form of cooperation;

∅ obligation on members to bring equity and participate in the economic activity of the cooperative through cooperative supply of products delivered

∅ principle,, a man -a vote "the decisions taken at the cooperative regardless of capital contribution;.

∅ The principle of territoriality,, "or limiting the scope of action of a community cooperative to date.

**a. Marketing Cooperatives.** These conducts collection, processing and marketing of raw or finished wholesale or retail.

**b. Cooperatives supply** ensure farmers inputs needed.

**c. The cooperatives providing services** are organized in order to facilitate members' access to services for agricultural production;

**d. Credit cooperatives** are cooperatives and agricultural banks, which are extended in some countries, and in others less.

**e. Common exploitation cooperatives of land**

## RESULTS AND DISCUSSIONS

Following the analysis of public data, centralizing results at regional level in 2014 compared to 2009, there is a drastic decrease in the number of agricultural cooperatives and agricultural companies operating in Romania.



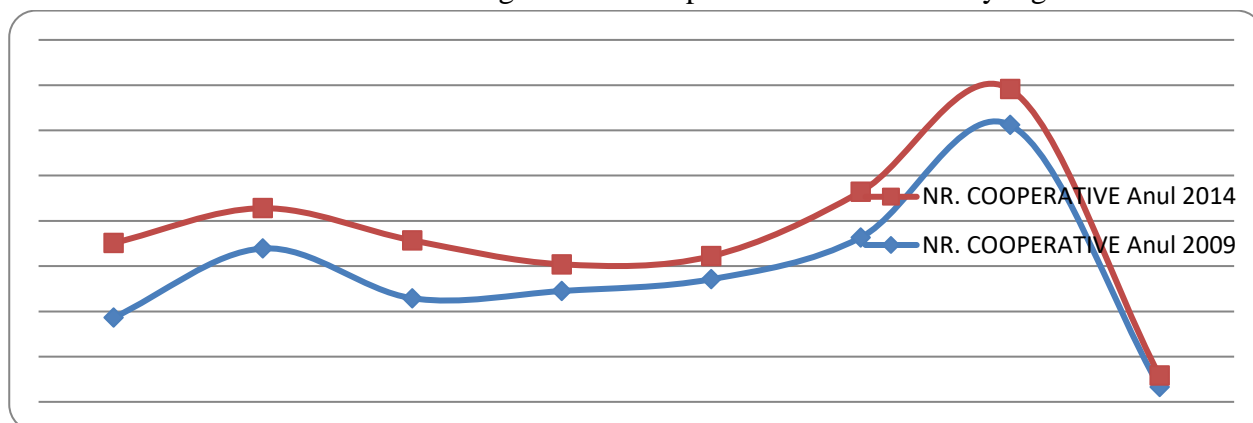
Fig.1- number of agricultural cooperatives in Romania by region

Table 1

<b>NUMBER OF ROMANIAN AGRICULTURAL COOPERATIVES BY DEVELOPMENT REGION</b>		
<b>REGION</b>	<b>NR. COOPERATIVES</b>	
	<b>Year 2009</b>	<b>Year 2014</b>
North-East Moldova	186	165
South-East Dobrogea	339	89
SouthMuntenia	229	128
South-West Oltenia	245	59
West	271	51
North-West	363	101
Center	612	79
Bucharest-Ilfov	33	25
<b>TOTAL</b>	<b>2278</b>	<b>691</b>

Graphical representation plays suggestively downward trend in the number of agricultural cooperatives (Chart 1)

Chart 1 - Number of agricultural cooperatives in Romania by region



Possible explanations for the sharp drop in the number of agricultural cooperatives and associations come from the following areas:

Cooperative organizations consist of manufacturers and as we saw above intermediaries. To see how organized we give below are examples of cooperative organizations in France:

- Cooperatives storage and marketing of cereals are part of the National Interprofessional Organization Cereals (ONIC), and are currently very strong. 550 cooperatives are in this sector, with 8,000 collection centers and 32 cooperative units.

- The cooperative collecting milk collects 47% of total milk production. They also produce cheese, butter and yogurt. Most cooperatives known are: SODIMA, I.U., GAMMA.

- Marketing cooperatives (processed raw materials) production is spread edible oils in the vintages, the sale of meat, vegetables and fruit.

- Cooperatives providing services created later in charge of procurement of animals for breeding, artificial insemination, and collection and selling products.

- Cooperatives Using of Agricultural Machinery (CUAM) were created in 1908. CUAM is made up of members of at least four farmers. Its members subscribe shares and use cars in common. The funding will be loans with interest rates paid on the basis of multilateral investment program. The number of such cooperatives exceeds 12 000.

Here are some statistics on agricultural cooperatives in the EU:

- Most cooperatives are: Italy 8850; Greece 6919; Spain 4350; Germany 3950; France 3618.

- Most members are: Finland 7.12 million; Germany 3.28 million; Austria 2.18 million members.

- Turnover largest cooperatives: France 52 billion euros; Germany 39 billion euros; Netherlands 22 billion euros.

- Market shares of the cooperative sector: cereals (Sweden 75%); beet (Austria 100%); fruits (Denmark 80%); vegetables (Belgium 85%); pork meat (Denmark 91%); bovine meat (Sweden 76%); milk (Ireland with 99.5%).

## CONCLUSIONS

Process innovation in the food must be supported because:

- It is necessary to allow all representatives of the food chain in Romania to contribute to competitive products with representatives from other countries;
- It is vital for food industry companies who want to access or maintain market quality products.

In Romania must be institutionalized innovation activities with dedicated budget. Specialists consider that the institutionalization process innovation can help companies to start the innovation process or to optimize it, which helps to increase operational efficiency. Such an approach enables prioritization and acceleration into practice new ideas. To this end, the Ministry of Agriculture and Rural Development should create special programs to support innovation in the food industry. Also in this direction, financial support innovation competitions, especially for young people, can be an effective way of reviving the innovation process in Romania. For example, financing a period of practice to master in production and realization of dissertation thesis on topics of innovative, interest for the company, it would be useful innovation activity, or launching short-term programs, knowledge transfer and technology from research to industry can be a quick and effective.

Romania's food industry must embrace the opportunities offered by open innovation system if it wants to succeed in a market economy where competitiveness is extremely important. Open innovation is linked with the telecommunications and IT industry, but is believed that it can bring major benefits to the food industry. To do this, the industry must facilitate meetings with representatives of universities and research institutes.

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