

TRENDS AND MARKETS IN THE DEVELOPMENT OF PRODUCTION AND TRADE WITH ROMANIAN PRODUCTS

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The current stage of retail trade development in Romania still shows an important capacity to absorb, both of large outlets as well as of small outlets, which lately have disappeared from the market and they hardly cope with the superstore competition.

A part of the market which has been yet insufficiently explored, with an important potential for development and which is represented by the stores selling traditional Romanian products, as well as the bio product stores, as long as these are made in Romania and are not imported.

Also, the paper is trying to analyse the importance of this type of trade and its trends, its lacks and the possibilities of development.

Key words: trade, retail trade, traditional products, bio products.

JEL Classification: M21, M10, O10.

The challenges of the Romanian small and middle size enterprises in producing, promoting and commercialising the Romanian products

After Romania's integration into the European Union, the merger of the Romanian economy with the European economy is systematically progressing together with the application of the association agreement whose main goal is the elimination of the commercial barriers. The removal of the commercial barriers between Romania and the European Union is today highly accomplished by disclosing the enterprises in our country, no matter the sector of activity, both the opportunities provided by an unparalleled larger and richer market and the threats of a much more severe competition and exigent clients.

The competition among the foreign trade firms and the multinationals got in more timidly and with more difficulty in Romania as compared to other member states, but it tends to become significant and to represent a real threat to the local entrepreneurs in the retail trade²⁸¹.

The Romanian small and middle size enterprises must face simultaneously several challenges²⁸², out of which we mention the necessity to reduce the costs so that they raise the level of performance to a level compatible to that of the member states of the European Union; assuming supplementary costs related to the alignment to the community aquis in a number of fields such as the security of food products and the ensurance of traceability of genetically modified bodies, the ensurance of the compliance with the technical regulations regarding other dangerous products, knowing the certification structures, understanding and assuming the responsibilities regarding the protection of the copyrights and the industrial property rights.

Another challenge is to succeed in providing competitive price levels, yet achieving a quite high capitalization so that it can provide the financial means to invest in the modernization of their

²⁸¹ Dumitru Patriche, Mihai Felea – *Comerț și globalizare*, Editura ASE, București, 2003, p 102

²⁸² Idem, p.102

own trade, keeping the pace with the requirements regarding the introduction of new technologies and the increase of the clients' exigency regarding the quality of services.

Apart from these challenges, we can also mention the difficulties in achieving high investments with own capital, the credit system for small and middle size enterprises not being very attractive; the lack of labour force trained in the commercial field as a direct result of the destruction of the professional education system in the trade field and not only, the existence of a lack of consumer culture meaning the education towards traditional consumption of Romanian products and maybe even a non-delineated or well delineated traditional trade model, the lack of a general strategy regarding the development and support of small and middle size enterprises in this field.

Growth and promotion strategies of the Romanian products consumption

Among the attempt to delineate a growth strategy of consumption and the loyalty of the consumers for the Romanian products we mention the programme for the support of Romanian products launched in 2001 under the name "Fabricat în România" ("Made in Romania"- NT). This programme was launched by the Association for Products and Services Promotion-Romania (APPSR), being the first non-governmental programme dedicated to the promotion and support of the Romanian products and services on the national and international market. The programme consists in using the logo "Fabricat în Romania" (Made in Romania"-NT), through which the Romanian firms would have promoted their trademarks, products and services unitarily, efficiently and on a long term, with minimum financial efforts. The concept "Made in Romania" referred to any creation, product or service made on the Romanian territory in a proportion of minimum half or which has suffered substantial transformations on the Romanian territory. Also, in order to join this programme, the firms had to comply with a quality standard and to contribute with 1%1000 of the turnover to the product bearing the trademark "Made in Romania".

The partners of the programme benefited from the entire media support and from the positive image generated by the intensive advertising campaign and the main goal was to educate the Romanian consumers to discover the local products and services, often at the same quality level as the similar imported products, and the producers take care, on their turn, that the products comply with high quality standards. Also, the average term objectives of the programme were: the re-conquer of the domestic market by the domestic products and producers, the reduction of the product stocks, the capitalization of the market value of the Romanian companies, the reduction of unemployment, the growth of the gross domestic product and of the budgetary incomes, the maintenance of the exchange rate and of the inflation rate within controllable and bearable limits. Even though this programme was stopped after four years²⁸³, it can be considered a good start for the promotion of Romanian products, unfortunately the only one. Yet, on the market there are to be seen some positive effects of the project, that is the maintenance of the logo "Made in Romania" by the companies entering this programme, but without consistency and support these examples do not always have the expected effect.

Development fields and solutions to encourage the Romanian product consumption

Some inland products have the chances to win over those similar from import but there are different factors influencing the client's decision to purchase and the latter's orientation towards an inland product or an imported product.

Approximately 600,000 employees working in the consumer goods production, together with a few thousands working in the medicine production and approximately 400,000 employees in the

²⁸³ <http://www.ziaruldeiasi.ro/economic/appsr-a-lansat-oficial-programul-quot-fabricat-in-romania>, 15 April 2009-05-29

horizontal industry (retail, transport), that is over one million people would have the certainty of a job if we used mainly Romanian products. Only in the food industry, in full tax war against the merchants and suffering from the lack of product quality, there are more than 100,000 employees; and more than 500,000 employees depend on the food industry if we take into consideration the retail trade, the distribution etc. This thing can mean that a civilised proximity trade, the reduction of the shelf taxes and of that VAT would determine the producers to head towards quality products competitive with the imported products. In exchange, smaller industries such as the software or the computer industry have real chances to win over big names. Yet, without a concerted effort in which the authorities are the main tax payer, nobody seems ready to contribute to a campaign favouring the consumption of products made in Romania²⁸⁴.

Also, if we analyse the dairy products industry, this field can represent a model for the Romanian industry because these products dominate the store shelves. In Romania there are 267 dairy factories processing 1.8 million tones of milk annually. Among these some are traditional in Romania, their products being well known and appreciated by the Romanian consumer and their products are present even today in most of the stores. Yet, we must take into account these producers' efforts to produce in compliance with the international standards, which after the privatisation, needed important investments in the production technologies. The Romanian technology in food industry has advanced greatly and has been stimulated by applying the quality and hygiene regulations imposed by the European Union. Apart from the international processors, the Romanian producers managed in few years to impose their own brands.

In this demarche, that of stimulating the Romanian product consumption, it is worth noticing the intention of the Romanian Dairy Processors Organisation (APRIL) to initiate together with all the milk producers, members of the association, a campaign to encourage the consumption of Romanian dairy products.²⁸⁵

Another Romanian industry ensuring jobs for more than 500,000 people, and other 500,000 people earn their living from it is viticulture and vinification, a market worth more than 500 million euro. This is due mainly to the Romanian consumer who prefers the wines made in our country. Unlike other markets, where the majority of the products come from other countries, in Romania, out of the total quantity of bottled, sold, shelved wine only 3% comes from import. In spite of all these, we import 16 million euro worth wine more than we export²⁸⁶.

The inland producers who invested in the brand building in the last years and those who count on the low prices can be winners in the fight against the international brands²⁸⁷.

The highest weight of the Romanian products is currently found in the food sector where the most important investments in technology and advertising have been made. This is also the segment which could benefit from the crisis because, when talking about „fresh products”, the Romanians will appreciate the later to the detriment of the imported ones. Yet, due to the fact that in this period the main shelf differentiation factor will be the price, the Romanian products not

²⁸⁴ Vali Birzoi, Daniel Catana, Oana Anton –Evenimentul Zilei, article: *Cumpărând „românește” salvați un milion de slujbe – Buying Romanian you save one million jobs - NT*, 4 March 2009;

²⁸⁵ Andreea Stefan, Evenimentul Zilei, article „Laptele românesc îl „covăsește” pe cel importat – The Romanian milk „is curdling” the imported milk - NT , Thursday, 26 March 2009;

²⁸⁶ Andreea Stefan, Evenimentul Zilei, article: „Vinul Românesc, o industrie de 500 milioane de euro” – *The Romanian wine, a 500 million Euro industry - NT*, Tuesday 10 March 2009

²⁸⁷<http://www.capital.ro/articol/cum-vad-producatorii-o-campanie-de-incurajare-a-consumului-de-produse-romanesti-117285.html>, 02 April 2009

having a set of brand values and the perception of quality justifying the high price may lose to the foreign products. There are also strong Romanian brands having all the premises to overcome the crisis period in a winning manner from the economic point of view. The traditional Romanian products have a superior reputation compared to the foreign products in the field of meat and dairy products

Encouraging the consumption of Romanian products through a national programme could be the manner in which the small and middle size enterprises, which have not invested so far in advertising, manage to get over the crisis period. The majority of the producers say that such a programme is more than welcomed, but it must be financed by the authorities and not by the producers because each company chooses to promote its own products. The private companies can support this initiative on the condition the state proves that it can manage the campaign in a professional manner.²⁸⁸

Another sector which may develop in Romania, in a rhythm determining the development of a real sector, is the bio products market. Currently, the bio industry is still a niche industry and it will be some time until Romania has a legislation differentiating the genuine bio products from the others.

The studies and the researches referring to the consumption of bio products started thirty years ago in the Western Europe countries from where the bio market has developed. As a result of these studies, it has been clearly proved that, through the consumption of bio products, on long term, several disease risks have been reduced.²⁸⁹ Also, the profile of the bio products consumer has been contoured, and this number is continuously increasing. It is the profile of a consumer interested in health, with a high degree of intelligence and culture, but also very faithful once they test these products and is pleased.

For the development of this sector in Romania also, the directions established by the European Union must be followed, referring to the development of the ecological agriculture and the diversification of the ecological agro-alimentary products on the domestic market, as well as specific actions such as: the promotion of the concept of ecological agriculture; the qualification of the „players” in this field; the ensurance of help to the producers during the period of conversion; the creation of an accessible information system regarding the ecological agriculture. Until then, it is recommended that all the consumers look on the label for symbols of the BDIH or EcoCert, European Bio certification institutions.²⁹⁰

According to the development strategic elements of the diversification of the ecological products on the market, the following objectives of the ecological agriculture can be delineated:

- avoiding all forms of pollution, both at the product level as well as at the environment level;
- maintaining the natural fertility of soils, by doing this being able to ensure the alimentary security of the planet in a durable manner;
- possibility to allow the agriculture workers a decent living;
- producing agro-alimentary aliments or products in sufficient quantities and at an appropriate qualitative level on which the consumers' health depends upon.

²⁸⁸ Evenimentul Zilei” Authors: Vali Birzoi, Daniel Catana, Oana Anton, article *„Cumpărând „românește” salvați un milion de slujbe”- Buying Romanian you save one million jobs*, NT,4 March 2009.;

²⁸⁹ <http://www.produsebio.com/eticheta-carte-de-vizita-a-produsului-ecologic/>, Last visited 27.05.2009

²⁹⁰ Idem;

Next, there is the problem of drawing up a strategy regarding the agricultural policy in Romania which, for the ecological agriculture sector can be expressed through the following objectives²⁹¹:

- the development of the production and of a domestic market of agro-alimentary products;
- the harmonization of the production and inspection regulations;
- the creation of a disposable for export on types of products;
- the inclusion of Romania on the list of third countries issued by the European Commission so that Romania can export agro-alimentary products bearing a Romanian logo;

informing and sensitizing the Romanian consumers to use ecological agro-alimentary products. The rules and principles of the ecological agriculture have become a constant of the social life and agricultural policies which, yet, belong to the future. This in the current stage of evolution of the human society, the total replacement of the inputs with natural resources and mechanisms regulating the agro-ecosystems has the important disadvantage that it increases the production costs with approximately 60% and it reduces the level of efficiency with 25-30%.

The integration of the environment protection within the assembly of the socio-economic activities, the increase of the economic and ecological performance as well as the change of the production and consumption models are supported worldwide through a series of juridical, institutional and financial instruments. The fears regarding the environment, people and animals' health and the genetic engineering are important factors as well, factors which support the market niche for the ecological products which are developing much faster than any other agricultural sector or the sales of the retail alimentary products.²⁹²

In conclusion, in our opinion, small and middles sized enterprises in Romania, in the field of production and sale of Romanian products could represent a solid basis of the production and trade with Romanian products, by concentrating some national strategies and programmes meant to promote not the concept of "Made in Romania" but to raise the awareness of the Romanian consumer especially through the creation and maintenance of jobs and for the development of the Romanian production; to stimulate the producers in giving a higher attention to the Romanian market, the tastes and preferences of the Romanian consumer whose profile is certainly easier to recognize than the profile of another consumer form the exterior; to stimulate the Romanian producers in achieving investments in modern technology and not in the least to support the field of bio products, a field recording a high tendency of interest and growth.

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²⁹¹ a campaign supported by the Ministry of Agriculture and Rural Development, The Consumer Protection Association, „Bio” Producers Association etc.;

²⁹²<http://www.produsebio.com/dezvoltarea-agriculturii-ecologice-si-diversificarea-produselor-ecologice-pe-piata-interna/> Last visited 20.05.2009;

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