

Analysis of "KazAgroMarketing" Kostanay regional office

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Abstract. The office has the following obligations: providing advisory and information services to agricultural producers on issues of agricultural production and planning; collecting and interpreting market information, analyzing the market of agricultural products and raw materials, etc.; forming a database of products and the agricultural enterprises and providing agricultural enterprises with the access to information resources, coordinating rural information and advisory centers; support of information and marketing system of the Ministry of Agriculture at regional level, promoting information technology in the field of agriculture, participating in organization of regional exhibitions and fairs.

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Introduction

Dynamic development of the real sector of Kazakhstan economy and expansion of rural enterprise has led to the need to strengthen and develop the market of information and advisory services in agriculture that can meet the needs of farmers in finding and making effective decisions in agricultural business.

To solve the problems in terms of information and advisory service as well as marketing of Kazakhstan economy agricultural sector within the State agri-food program for 2003-2005, JSC "KazAgroMarketing" was established. The structure of the Company covers republican, regional and areal levels.

Main part. JSC "KazAgroMarketing" is the only specialized company providing a range of information and marketing as well as advisory services to the participants of agricultural market throughout the Republic of Kazakhstan. JSC "KazAgroMarketing" has vertical regional three level network covering the entire territory of Kazakhstan and has 161 rural information and advisory centers operating in the areas and 16 representative offices operating in the regional centers of Kazakhstan.

Through a regional network of rural information and advisory centers, JSC "KazAgroMarketing" has provided information services to 71,000 enterprises, an increase of 8.5%. 185,891 enterprises have been provided with advisory assistance and seminars, 24,316 individuals have been trained.

Today, "KazAgroMarketing" is a multifaceted company that has a wide network throughout the territory of Kazakhstan.

The Company's main goal is to improve efficiency of agricultural business by providing

greater access to agricultural information and advisory services [1].

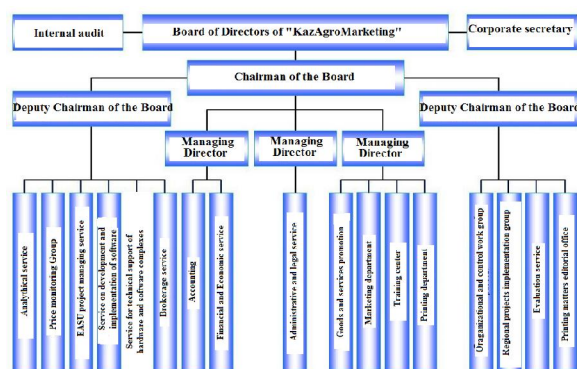


Figure 1 - The organizational structure of the Company

Table 1. The features of JSC "KazAgroMarketing" activity.

Figures	2009	2010	2011
The number analytical marketing studies.	7	13	36
The number of the enterprises covered by the services of information resources	46049	65428	71000
The number of the enterprises covered by advisory services	50643	69308	185891
The number of the enterprises covered by training	38738	58121	24316
Note: made by the author			

Material and methods

Objectives: to establish and develop a system of distribution and transmission of

agricultural knowledge, information about advanced technologies, scientific advances and innovations, to assist in development of information and marketing of agricultural complex, to expand the services of assistance in promotion of domestic agricultural products both in domestic and foreign markets.

The regional network of the Company includes 13 branches and 2 representative offices in regional centers, and 160 information and advisory centers in the areas.

The primary function of the centers is providing agricultural producers with information on the measures taken by the government for state support of agriculture, monitoring and analyzing markets, collecting price information, providing a wide range of advisory and marketing services in various agricultural fields.

The centers do a great job in providing advisory services for small and medium-sized businesses that is a very important factor under market conditions. It is aimed at strengthening stability of agricultural business, increasing its efficiency and competitiveness.

In his address to the people of Kazakhstan the President Nursultan Nazarbayev paid special attention to the development of export-oriented industries. Resolving of this problem involves access to world markets for Kazakhstan high quality products that meet international standards [1].

Provision of access to foreign markets is impossible without close interaction with foreign information, advisory and marketing services.

In this regard, managers of JSC "KazAgroMarketing" decided to integrate into the international marketing network. In 2004, the Company entered into the Agrimis system, where more than 20 countries of the European Union had been working, and a year later it became a full member of the Marketing Agencies Association on food products in Asia-Pacific region.

The company works closely with HGCA Agency (UK), "Public Ledger" weekly (UK), ZMP Agency (Germany), Consulting Center for Development of Agriculture and Rural Areas (Poland), Agricultural Economics Research Institute (Hungary), Institute for Agricultural Market "IKAR" (Russia), Ministry of Agriculture of the Russian Federation (Russia), the Analytical Center agricultural food economy, Information Technology Center "Agrarian Russia" (Russia), D.A.R.S.S. System and JSC "Agrarika" (Ukraine), "APK-Inform" Company (Ukraine), "KARIS" System (Kyrgyzstan), "Agronet" Company (Uzbekistan), JSC "Business Statistics" (Moscow), Merchant Rsearch & Consulting LTD (UK), International Organization for wool and textile «IWTO» (Belgium), Agency of

Industrial News (Ukraine) JSC "Agrobizneskonsalting" (Russia) Exhibition Company ITECA, TNT Company (USA), etc.

In 2011 JSC "KazAgroMarketing" celebrated the 6th anniversary of its foundation. During this time the company had carried out a phased work for successful completion of the task of establishing market infrastructure for promotion of agricultural products and services, providing agricultural enterprises with wide access to information resources and advisory services. This includes:

1) establishment of an extensive regional network both at regional and areal level throughout the country;

2) development and approval of the Technique of prices monitoring for basic food products and widely used lubricants in the regional centers of Kazakhstan and both in Astana and Almaty, as well as the Technique of price monitoring for agricultural producers;

3) cooperation with marketing centers of the CIS and foreign countries;

4) development and implementation of the company's information resources (website, publications, e-mail services, electronic trading system, etc);

5) formation of a qualified professional staff of the company. The staff is permanently trained on new service arrangements.

Despite the global economic crisis [2-6], in 2011 the company continued its work in key directions, namely marketing research for agricultural products and processed products, making recommendations to improve their competitiveness, market analysis, assistance to agricultural enterprises in promotion their products and providing advertising support for domestic agricultural products, providing information and advisory support for development of agricultural business. In addition, the company expanded its range of services to new fields such as assessment of movable and immovable property and brokerage.

In general, in the course of providing services in 2011 it should be noted that there were changes in the segment of consumers towards increase of addresses compared to the previous years [7].

For example, in 2011 one of the popular services included marketing research and market analysis of agricultural products and processed products. In 2011 as part of the weekly price monitoring in the domestic market 126 kinds of agricultural products were covered, including 72 with retail prices and 54 with wholesale prices, which are constantly sent to the Presidential Administration,

Government of the RoK, the Ministry of Agriculture and its regional inspection offices, administrations of regions, cities and areas, JSC "NC" KazAgro", the DAO and agricultural enterprises. An archival database of price information for 2003-2011 was created.

Price information on the situation on foreign markets was carried out in the CIS countries: Uzbekistan, Kyrgyzstan, Ukraine and Russia, as well as China, which is a major exporter of fruits and vegetables from the RoK.

The database of producers and processors, as well as other enterprises in the agricultural service of Kazakhstan with their main features is updated on regular basis. In order to ensure transparency of agricultural commodity circulation through wholesale markets, as well as daily monitoring of wholesale prices and quantities of agricultural products in the markets, in 2011 the Company began working on the project for establishing information and logistics centers in the largest wholesale food markets of the country.

Within the analysis research the Company has conducted about 100 researches of individual branches of agricultural production on grain, wool and leather meat and meat products, fruits and vegetables, milk and dairy products, oilseeds and processed products, fish and fishery products, baby food, and agricultural machinery markets.

Considering a special role and great potential for development of agricultural sector, the company, with its unique experience, extensive information, analytical base, is ready to act as a developer of master-plans for a specified region as well as for specific enterprises, taking into account potential and prospects [7].

In 2011, through a regional network, as well as their own periodical and electronic publications, which are an additional source of marketing, analytical and business information to businesses of agriculture, about 160,000 agricultural enterprises were covered with information and advisory services.

In addition to direct contact, informing of farmers is carried out by means of the Company's periodical and electronic publications, namely, specialized publications like the newspaper "Agrozharshy" (40,000 copies a week), bulletin "Sharua anyktamalygy-Farmer's reference book" (40,000 copies a month), e-mail service, web site www.kam.kz, analytic collections and pamphlets, as well as information stands of the Company's regional offices [8].

Under the state program of formation of the "Electronic Government" the Company continued to build a Unified automated control system "e-Agriculture" (EASU) in the agricultural sector. In

2011, the Company implemented 3 subsystems of EASU which is the prime information module: records of processing plants; analysis of internal and external markets; production indexes of processing plants involved in support programs, over 1,504 users of EASU were trained at regional, city and areal level, EASU program was installed on 30 workstations of the regional centers of the territorial divisions of the RoK Ministry of Agriculture, and on 124 units of city and regional centers of the Ministry of Agriculture territorial divisions.

In order to assist farmers to promote agricultural products and provide promotional support to local agricultural products, the Company organized and hosted International Grain Conference, which was attended by 265 individuals, including 137 companies from 26 countries worldwide.

Since 2011 the company has been carrying out brokerage activities as a member of the Stock Exchange of "Commodity Exchange" Eurasian Trading System", established by the Regional Financial Center of Almaty (RFCA) and OJSC "RTS". Since the beginning of the trading, the Company has assisted selling grains in the volume of about 200 thousand tons of wheat from Kazakhstan major agricultural regions.

Under the new service of movable and immovable property assessment, in 2011 the company rendered over 5000 services at regional and areal level.

In terms of the above listed, in 2010 the company will continue to work on improving business process, and hold events on personification of business services, improvement of monitoring agricultural and food markets system with introduction of elements for integration with global database and situation forecasting and etc. [9].

Currently, firms and companies operating in the market of information and advisory as well as marketing services in the agricultural sector of the country, have a narrow focus of activities, are not enough information-provided and do not have any regional network. Today JSC "KazAgroMarketing" is the only specialized organization that provides a range of information and advisory services to the participants of the various areas of the agricultural sector, including provision of a guaranteed amount of information services for free.

The regional office of JSC "KazAgroMarketing" in Kostanay started operating in 2003. The main purpose of the office is a comprehensive information and advisory support to the participants of the agricultural market.

The most important element in the structure of the JSC "KazAgroMarketing" is a rural information and advisory center. In 2004 rural

information and advisory centers were opened in five areas of the region: Auliyekol, Taran, Karabalyk, Denisov and Sarykol. Establishing of rural information and advisory centers is carried out in stages, which is primarily due to the necessity of rational and efficient expenditure of allocated funds and weak development of telecommunications in rural areas, making it difficult to provide information and advisory services to rural producers. In addition, rational functioning of the centers requires development of specific measures, depending on the features of the regions. In this case, a principle of priority for establishing the centers in areas with the most promising agricultural sector economies is followed.

Rural information and advisory centers operate in the following directions:

- collection of the information requested by the regional and center offices of JSC "KazAgroMarketing" (republican level) for marketing research, provision of market information and analysis to rural producers; provision of computer literacy training to rural producers and other participants of the agricultural market; support to marketing information from the Ministry of Agriculture at areal level; provision of information and advisory services.

Office management and coordination of rural information and advisory centers shall be carried out by the Director of the office.

The office staff shall also include a marketer, manager, analyst and IT-manager.

Rural information and advisory centers include the position of IT-managers and law-advisors. This is because the services of legal advice were the most popular at the time of establishing the service. Considering rural producers' increased interest in advice on economic issues, Auliyekol and Karabalyk centers hired economists-advisors.

During the period of the office and rural information and advisory centers operation the number of visitors was 56, including 28 to the office, 13 to Auliyekol center, 10 to Karabalyk center, 3 to Denisov center and 2 to Sarykol center.

The largest share of requests is on marketing issues (39.3%), including issues on the market of raw materials, agricultural machinery and spare parts, fertilizer, sales market, etc. Information on current pricing in market policy was requested by 21.4% of the office customers (Table 2).

At present there is a need in better understanding of the market. In accordance with this need the office and center focused on market research analytical work to promote rural producers in matters of marketing their products.

The regional office marketer was ordered by the central office to hold the following market research at regional level: to assess the needs of agricultural producers in market information; to study demand for domestic products; to study state support to domestic agricultural producers; to study availability of agricultural machinery; to make a comparative analysis of prices for public and private markets.

Information and analysis materials are divided into two groups: general use, provided free of charge to rural producers and other participants of the agricultural market; provided on a fee basis at the request of those who are interested in such information.

One of the problems is the lack of a clear distinction between provision of free services and fee based services.

Table 2. Structure of requests in context of advisory trends for the period of the office and centers operation in Kostanay region in 2011

Advisory fields	Number of requests	Share of the total number of requests, %
Price information	12	21.4
Marketing information	22	39.3
including agricultural machinery and spare parts	5	8.9
veterinary drugs	2	3.6
fertilizers	4	7.1
special equipment	1	1.8
sales market	3	5.4
mixed fodder	2	3.6
raw materials market	5	8.9
Legal advice	2	3.6
Advice on sources and terms of financing	4	7.1
Advice on the terms and conditions of leasing	4	7.1
Development of business plans and feasibility studies	13	17.9
Analysis of business activity	2	3.6
Total	59	100.0
Note: made by the author		

The regional office and rural information and advisory centers conduct training programs on the following topics:

- "Microcredit in organization and development of one's own business" (students are rural producers)
- "Improving the skills of civil servants in the field of information and marketing system of the Ministry of Agriculture" and "Improving the skills of civil servants in identification of livestock" (students are

employees of regional offices of the Ministry of Agriculture);

- conducting training computer courses for those who are interested at request.

In the structure of users, requests from farms amount to 51.8%, from agricultural producers - 44.6% (Table 3).

Table 3. Structure of requests in the context of users

Users' category	Number of requests	%
Agricultural enterprises	26	44.6
Farms	31	51.8
Households	2	3.6
Total	59	100

Each seminar ends with testing and questioning of the participants in order to reveal positive methods of the seminar, their shortcomings which are taken into account when planning the following seminar.

A great problem at areal level is the lack of specialists to provide services in computer technology, which greatly complicates the work of enterprises and government organizations. Establishing of rural information and advisory center would contribute to solving the problem. Under the agreement the centers are obliged to assist in development of information system of their areas, maintenance of computer equipment of state agencies, rural administrations and educational institutions.

Market information is obtained by the main types of crop products, livestock and processed products. Employees of the centers collect release prices for products at the gates of rural producers, that is to say, only for those products that are actually made by rural producers.

The employees of the regional office collect prices of food products at retail and wholesale markets of Kostanay city on the following types of products: milk and dairy products, meat, potatoes, fruits and vegetables (onion, carrot, beet, cabbage, apples, oranges, cucumbers, tomatoes, garlic), crop (grain fodder, seed wheat, oats, barley), other products (eggs, fish, cereals, canned food, flour, sugar, etc.).

Every month after processing and summarizing, market information is transmitted to the republican level, where a database of all regions of Kazakhstan is formed.

Today the company is ready to offer the full range of services and consider appropriate pricing for

an enterprise for the services to agricultural producers.

The main index of activity is its profitability, which is presented in Table 4.

Table 4. Cost-effectiveness of JSC "KazAgroMarketing" activities

Figures	2006	2009	2010	2011	Rate of indexes change (2006-2011)
Revenue from the services rendered in thousands of tenge	345.218	516.957	547.341	616.511	1.79
Prime cost of the services rendered in thousands of tenge	327.241	479.354	503.629	549.706	1.68
Profit (loss) in thousands of tenge	17.977	37.603	43.712	66.805	3.72
Profitability level, %	5.2	7.3	8.0	10.8	+5.6 p

Note: made by the author

During the analyzed period of the company's activity, sales revenue increased by 1.79 in 2011 compared with 2006. The level of profitability as a whole in 2011 was 10.8%, 5.6 points more than in 2006. Thus, the activity of JSC "KazAgroMarketing" is profitable in general, although profitability is not high enough. This suggests the need for measures aimed at improving economic activities of the enterprises and increasing its effectiveness.

Conclusions.

The main distribution channels of information are: monthly magazine "Agroinform" (national significance) and publication in local and regional newspapers; posting information on Website www.minagri.kz; provision of timely information to the parties concerned by telephone and personal visit.

However, the lack of development of modern information technologies in rural areas limits the access of rural producers to the information posted. The narrow focus and high cost of "Agroinform" magazine makes it inaccessible to a wide range of agricultural producers [10].

For the participants of the agricultural market, the company offers a wide range of services for free and on commercial base: market analysis; price monitoring; advice on agricultural business issues; providing information on key areas of agriculture, development and assessment of business plans and projects, seminars and specialized training courses, exhibitions fairs, development,

implementation and support of information technologies in agriculture, printing services; banner advertising on www.kam.kz.

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