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The issues of territorial branding of agricultural products in modern conditions

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Abstract. The development of agribusiness in Russia requires the quality improvement of agricultural products and the market instruments improvement for the purpose of sales growth in all sectors of agricultural products in domestic and overseas markets, providing the efficiency increase of agricultural companies' activity, the sustainable development and the economic safety of territories in the framework of national projects. The increased attention to the technologies of commodity and corporate branding as tools aimed at improving the competitiveness of agricultural products and producers in modern conditions makes the necessity to use territorial branding relevant. Territorial branding creates a synergistic effect both in ensuring the products quality and the market support for agricultural products. The development of territorial brands of agricultural products is constrained by the insufficient scientific and methodological support, in particular, the brand structure definition. The adaptation of territorial brand models to agribusiness carried out by the authors will help to solve one of the scientific problems and to use it in the practice of territorial branding.

1. Introduction

Agribusiness plays a significant role in the implementation of national goals and strategic objectives of the Russian Federation. Thus, the effectiveness of 6 out of 12 national projects in the areas of demography, health, environment, labor productivity and employment support, small and medium-sized businesses and support for individual entrepreneurship, international cooperation and exports is provided due to agribusiness. It is one of the most important and promising sectors of the domestic economy, which provides not only the food security of the country, but also the social welfare of the population. In addition, agriculture plays a major role in shaping the export potential of Russia and the import substitution program. In recent years, the agricultural business of Russia has demonstrated the development in most industries – in commodity, raw materials and feed production. This is facilitated by the sanctions and the growing demand for safe and high-quality food products. However, the



solution of the problem of the agribusiness efficiency increase in these conditions continues to be one of the urgent and complex tasks.

2. Methods and results

The conducted Desk research has shown two groups of reasons for the agribusiness low efficiency, each of them requires relevant solutions. Objective reasons are caused by territorial factors, in particular, natural and climatic. Thus, most regions of the country – 63 of 83 according to the Russian Ministry of agriculture belong to the category of territories with risky agriculture [1]. The group of subjective reasons is more differentiated – from the discipline of officials to the imperfection of agricultural technologies. Thus, the problem of low involvement in the turnover of agricultural land is determined by the Chairman of the Government to be caused by the low performance discipline of Federal and regional officials, while the problem of agricultural technologies imperfection has a set of scientific, technical, material and human reasons.

Currently, a group of market factors is also important for improving the efficiency of agribusiness. The development of agribusiness in Russia is provided not only by increasing the volume of agricultural production, increasing its supply in the market, but also by demand, affecting the growth of sales in the national and export markets. In addition, existing in the agricultural market specific stakeholders, such as shareholders and investors are strengthening their role in the competition on the investment market. Therefore, ensuring the competitiveness of both agricultural products and their producers is becoming an important task in order to ensure the agribusiness efficiency. Studies of some authors show that Russia's accession to the WTO revealed the problems of the Russian agriculture competitiveness in the world markets [1]. Saturation of national and regional markets of agricultural products increases competition, which necessitates manufacturers to distinguish their product from competitors, which actualizes the necessity for scientific substantiation of competitive advantages in the field of agribusiness.

The analysis of existing approaches to the definition of the “competitiveness” category in the field of agribusiness revealed problems, firstly, the lack of the generally accepted definition of this category appropriate for agricultural products and organizations. Secondly, the existence of a variety of the proposed properties, characteristics and factors of agricultural products competitiveness, such as purpose, environmental friendliness, aesthetics, technology, consumption safety, compliance with certification requirements [1], external and internal, price, non-price, food, technological and organizational [2]. Despite the diversity of the proposed properties of agricultural products competitiveness, they can be combined into a traditional format – the ratio of price and quality.

A wide variety of tools are offered as instruments to improve the competitiveness of agricultural products and producers, including marketing tools [3, 4, 5]. Supporting the important role of marketing tools in ensuring the agricultural products competitiveness in domestic and foreign markets, we draw attention to such a tool as a brand. According to experts, many agricultural companies are working to create and promote agro-brands and even conduct rebranding [6, 7]. Individual brands of agricultural products have been present on the market since the late 1990s. In modern conditions, restrictions on food imports branding in the categories of standard interchangeable goods has increased significantly [6].

However, the scientific substantiation of branding practice in agribusiness is practically absent. Basically, branding is carried out according to the technology inherent in commodity markets in order to distinguish products from competitors. The importance of certain agricultural products identification, in particular organic, requires the formation of distinctive signs on the basis of the commodity. Thus, the Ministry of agriculture approved the sign of organic products and rules of its use (figure 1).

Meanwhile, the increase of the agricultural products competitiveness is an essential condition for sustainable development and improving the efficiency of not only agricultural producers, but also territories. Thus, in the Republic of Bashkortostan such brands as “Bashkir kumiss” and “Bashkir horse” are developed with the belief that their promotion popularizes the Russian horse breeding and will provide the Republic with greater recognition and attractiveness for investors [7].



Figure 1. Russian organic products mark.

It should be noted that in turn, the territorial brand, as well as its geographical location, which determines the natural and climatic conditions, have an impact on the success of product brands. For agricultural products, like no other, the most important factor in the price-quality ratio for ensuring competitiveness is the territory of production.

In Russia, there is a second wave of interest for territorial branding. The importance of the territorial brand is recognized by the territorial authorities, which form the concepts and programs of territorial branding.

The analysis of branding concepts of different territories in Russia has revealed the problems and has proved the necessity for theoretical understanding and substantiation of branding concepts and tools. The same applies to the field of agribusiness. In the regions, people prefer agricultural products of local producers, which makes the territory an important element of the territorial brand. The analysis of publications on the research topic and the proposed structural models of the territory brand showed that there are no original approaches in domestic scientific works. As a rule, the authors use the hexagon of S. Anholt – a model developed on the basis of six elements: export products, tourism, business and investment, politics, culture, people [8], taking it a priori as the only true one. In our opinion, this model does not reflect the real elements of the territorial brand and requires improvement. Inclusion of only export brand in the model limits its use for positioning the territory in foreign markets.

To brand regions as agricultural territories, it is necessary to develop a model relevant to agribusiness. But first, in our opinion, it is indispensable to form an idea about the brand of agricultural products in the territory. Taking into account that there are three groups of products in agricultural production enlarged on the basis of use – commodity, raw and fodder, the authors developed the structural model of agricultural products in the framework of the agricultural territorial brand (figure 2). This model can be used to develop a brand of certain agricultural products for each group. Thus, the territorial brand can be represented as a single synthetic brand for all groups of a certain type of agricultural products or as a complex, representing a complex of individual brands.

The peculiarity of agricultural products is expressed in the fact that safety and quality are vital characteristics. In this regard, the agricultural products brand acts primarily as a guarantee of quality that meets high standards. The quality is ensured by meeting not only technological requirements, but also agro-technological, natural and climatic conditions of the territories.

The branding process has its own characteristics taking into account the peculiarity of each group of agricultural products. The scope of the article does not allow to describe the process of branding; we illustrate some of the technological features of raw materials branding as the basis for the production of other groups.

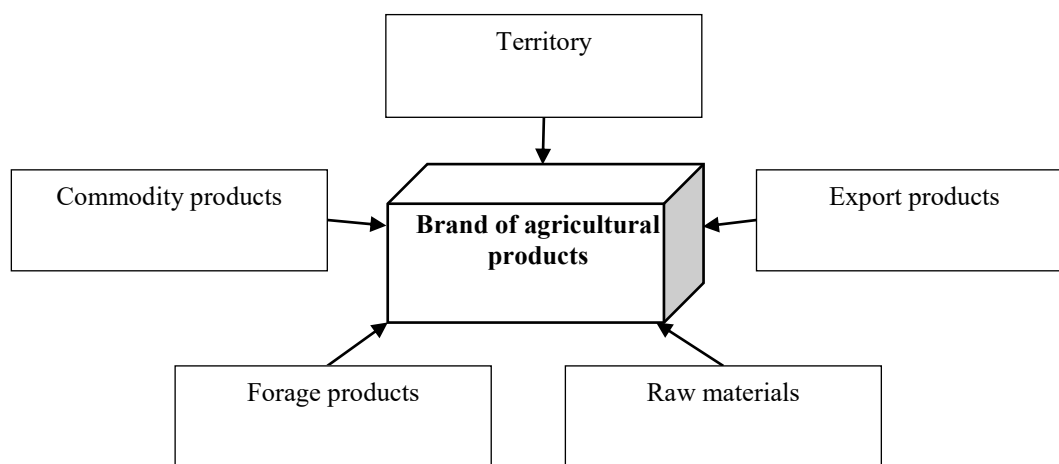


Figure 2. Brand model of agricultural products in the structure of the territorial brand.

One of the main types of agricultural food products in Russia is grain produced in the groups of commodity, forage (feed) and seed goods. Currently, in Russia, grain is the main type of agricultural products supplied abroad. According to the project “Export of agricultural products”, in the next six years, the grain harvest should grow by 21% from 113.2 million tons in 2018 to 137.5 million tons in 2024. However, the yield increase does not guarantee the growth of grain quality. Two main problems: subjective and objective should be distinguished. The subjective problem is the lack of effective control on grain safety and quality by the Rosselkhoznadzor and Rospotrebnadzor, which poses the threat to the population health and life. To solve this problem, the Ministry of agriculture began to develop amendments to the law “On grain” as of May 14, 1993 in order to consolidate state control and supervision in the sphere of grain turnover and products of its processing. In our opinion, the territorial branding of grain stimulates both regions and producers to participate in the quality control, being the guarantee of raw materials quality throughout the chain from the seeds to the final product. The development of the territorial grain brand will provide support for this agricultural product quality.

The objective problem is manifested in the pattern known to farmers – with the yield increase, the quantity of gluten and protein in grain decreases, that is, “protein is diluted in the crop” [9, p. 96]. Thus, the predominance of strong and valuable wheat varieties in crops does not guarantee the production of high-quality commercial and seed grain. In addition, the varieties declared as strong in difficult climatic conditions, for example, for the Krasnoyarsk territory not always steadily form high technological properties, which depend on the raw material value of grain and its price. In the conditions of the Krasnoyarsk territory, characterized by extreme climate, complex natural and climatic conditions with a decreasing level of fertility and changing technologies of cultivation of crops, the requirements to the variety are increasingly demanding. Varieties recommended for production should be not only high yielding, but also characterized by good grain quality and, most importantly, the stability of these indicators in the changing conditions of cultivation.

The problem of obtaining high-quality bread can not be solved only by breeding methods. The variety is only one of the factors for obtaining high-quality grain. High yields are provided by the presence of different ripeness groups in the agricultural range of varieties and the formation of strong and valuable grain to offer on the market, as well as technologies to protect plants from disease, precision farming with pre-harvest identification of fields with high-quality wheat. That is, the quality of grain is determined by the variety and climatic characteristics of the territories. Consequently, the problem of increasing the production of high-quality grain should be solved mainly by varieties that are maximally resistant to adverse factors of the natural

and climatic environment, with high environmental stability of grain productivity and quality. In our opinion, this variety should become the territorial brand of grain.

To offer spring wheat varieties as a brand for the Krasnoyarsk territory, Khakassia and Tuva, the authors used the rating method. According to the branch of the FSBI “Gossortcomissiya” (Federal state budget institution “State sort committee”) for the Krasnoyarsk territory, the Republic of Khakassia and the Tuva Republic, the matrix of spring wheat varieties ranked according to the percentage of the total area sown was composed (Table 1).

Table 1. Rating of spring wheat varieties in the Krasnoyarsk territory, according to 2018.

| Patent holder | Variety | The proportion of the total area sown, % | Rating |
|--|-------------------|--|--------|
| FSBSI “Siberian scientific-research institute of plant growing and selection» | Novosibirskaya 31 | 42,9 | 1 |
| FSBSI “Siberian scientific-research institute of plant growing and selection» | Novosibirskaya 15 | 17,4 | 2 |
| FSBSI “Siberian scientific-research institute of plant growing and selection» | Novosibirskaya 29 | 16,7 | 3 |
| FSBSI “Altai scientific-research institute of agriculture” | Altaiskaya 70 | 6,5 | 4 |
| FSBSI “Altai scientific-research institute of agriculture” | Altaiskaya 75 | 3,2 | 5 |
| FSBSI “Siberian scientific-research institute of plant growing and selection» | Vavenkov’s memory | 3,0 | 6 |
| SSI “Siberian scientific research institute of agriculture RAAS” | Omskaya 33 | 2,2 | 7 |
| FSBSI “Krasnoyarsk scientific research institute of agriculture” | Vetluzhanka | 1,2 | 8 |
| SSI “Siberian scientific research institute of agriculture RAAS” | Omskaya 32 | 0,7 | 9 |
| SSI Kemerovo scientific research institute of agriculture | Sibirskiy Alians | 0,1 | 10 |
| FSBSI “Altai scientific-research institute of agriculture” | | | |
| SSI all-Russian scientific-research institute of plant growing named after N.I. Vavilov RAAS | Omskaya Krasa | 0,03 | 11 |
| SSI “Siberian scientific research institute of agriculture RAAS” | | | |

(Composed according to the data of the branch of the FSBI “Gossortcomissiya” for the Krasnoyarsk territory, the Republic of Khakassia and Republic of Tuva).

The combination of maximum responsiveness and stability in one variety remains problematic at the present stage. Therefore, it is advisable to use varieties for a certain level of agricultural technology in the production of agricultural products, that is, to form a pool of relevant varieties of a certain territory with the potential for conversion into a brand. These brands will be the objects of improvement. That is, the brand in the raw segment of agricultural products is not only a marketing tool for influencing the demand of raw agricultural products producers, but also an indicator of quality characteristics that meet the conditions of agricultural technology on the territory.

3. Conclusions

For the conditions of Eastern Siberia, the use of 2-3 varieties of spring wheat is recommended: two of them with good responsiveness to the growing conditions and a high threshold of potential productivity, but different groups of ripeness; the third is medium-ripe drought-resistant with an increased lower threshold of yield and grain quality, poorly responsive to improved cultivation

conditions. In farms with high intensity, for example, Kansk-Krasnoyarsk forest-steppe, including Krasnoyarsk natural district, varieties Novosibirskaya 31 and Novosibirskaya 15; in Kansk natural district – Novosibirskaya 29 and Novosibirskaya 15 have the priority. For farms with low intensity of agriculture in this area suitable varieties are Kanskaya and Altai 70. From the above-mentioned we can see that for areas that differ in soil and climatic conditions, different varieties are suitable. Therefore, the choice of brand should be based on the frequency of use. So, for the Krasnoyarsk territory the variety Novosibirskaya 15 is suitable as a brand. In order for the grain variety branding to be successful, the scientific substantiation is necessary. Only in this case the brand can become long-term and effective.

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