



UNIVERSITY OF
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The Gateway to a market-driven agricultural economy: A framework for Demand Chain Management in the food industry

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Introduction



- ✍ Supply Chain Management (SCM) offers a cost-led approach to marketing distinct from broader perspective of Demand Chain Management (DCM);
- ✍ Differences between demand chain led organization supply chain led organization are differences of emphasis;
- ✍ World food markets offer more value-added products, food industry in Canada must develop competencies that are market-related;
- ✍ Approach tailored to specific markets or segments would be most effective.

Marketing Utility Variations

- ✍ China and other Asian nations, boosted world average caloric intake to record levels in many regions during 1964-2000, mainly from increased consumption of cereals, meat, and vegetable oils (Bassino, 2006);
- ✍ The average daily caloric intake in developing countries will increase by nearly 200 kilocalories as a result of rising average incomes and falling commodity and food prices (Panagiotopoulos, 2006);
- ✍ No empirical evidence that globalisation of world food markets does result in a convergence towards a common diet between nations (Sengul and Sengul, 2006);
- ✍ Some evidence suggests that economies are generally responsive to global food change related to processed products, food-away-from-home consumption, and premium food commodities (i.e. beef) (Coyle, 2006; Ma et al., 2006).

Marketing Utility Variations

- ✍ Economic utilities in marketing and distribution measure the ability of a good or service to satisfy a customer's needs or wants (Gundlach et al., 2006);
- ✍ Economic utility can be divided into five types: form, time, place, information and possession.

Marketing Utility Variations

Figure 1
Enhanced Food Distribution Utilities in
Developed Countries

	Time	Place	Information	Form	Possession
Food Security	X	X			
Water Irrigation and Energy Networks	X	X			
Water Sanitation		X	X		
Food Safety	X	X	X	X	
Logistics	X	X	X	X	
Capital		X			X
Communication Technology	X		X		
Market Fragmentation	X	X	X	X	X
Target Marketing	X	X	X	X	X

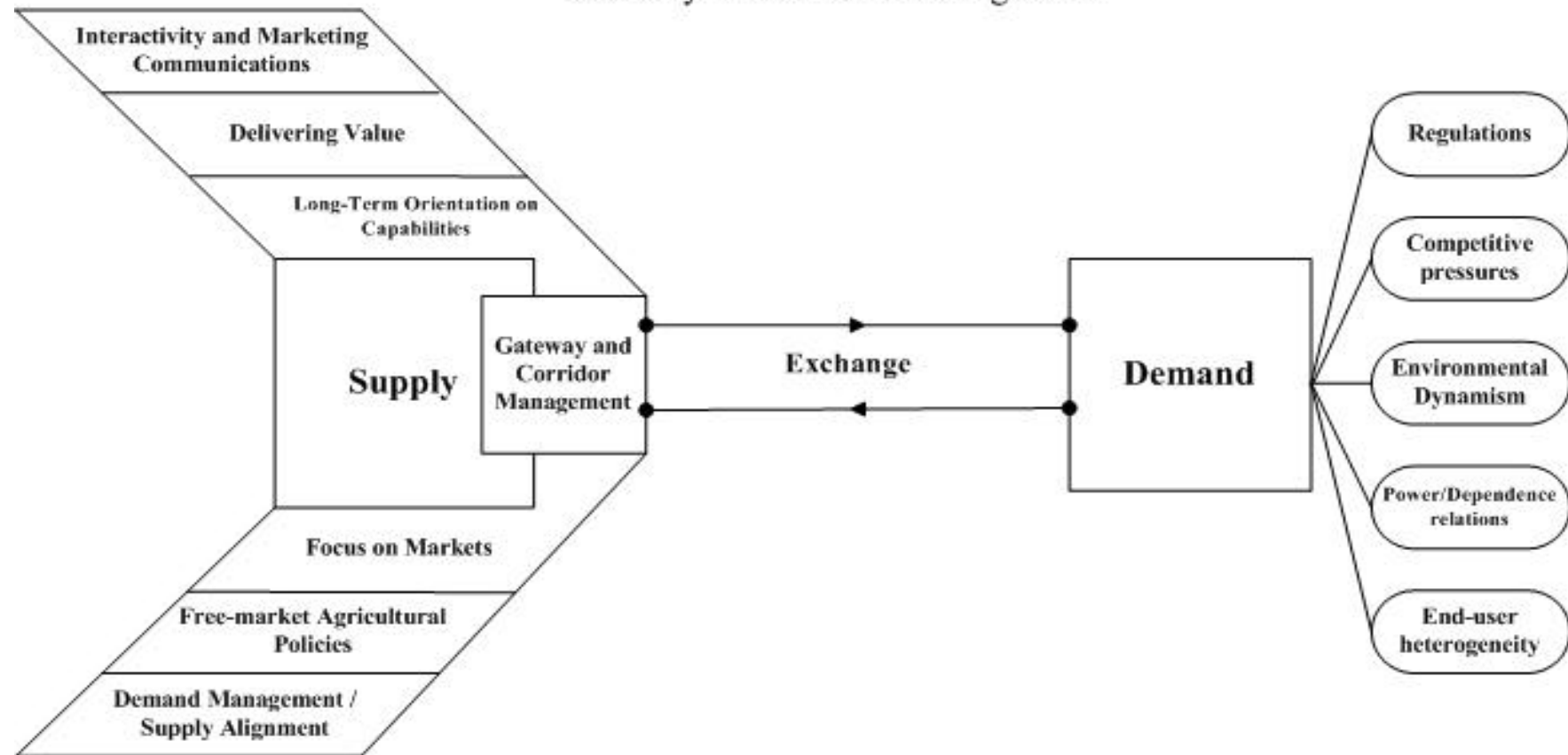
Source: Charlebois 2007

Gateway & Corridor Food Demand Management

- ✍ Distribution is concerned with exchanges and the management of relationships (Achrol, 1997);
- ✍ Exchange requires at least two parties, and for voluntary exchange to take place, all parties must believe that they will be better off as a result (Blaug, 1997);
- ✍ Six thrusts influence supply, and five thrusts influence demand.

Gateway & Corridor Food Demand Management

Figure 2
Gateway and Corridor Management



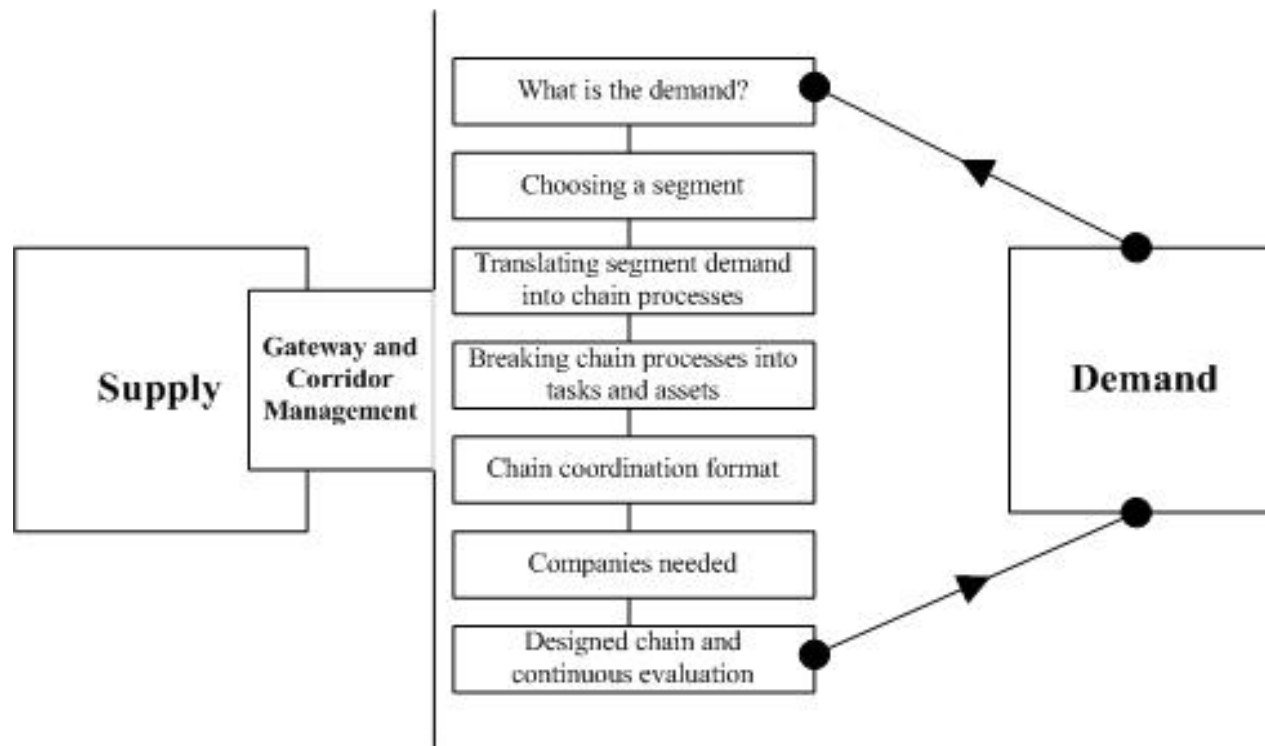
Source: Charlebois 2007

Framework for Demand Chain Design

✍ By considering the volatility of food market utilities (Figure 1) and the various thrusts that the GC initiative depends on to obtain the desired outcome (exchange) (Figure 2), a Demand Chain Design framework can assist marketing strategists in the implementation of a sound GC management approach.

Framework for Demand Chain Design

Figure 3
Demand Chain Design Framework



Conclusion



- ✍ The GC Initiative calls for various types of cooperation as means of problem solving;
- ✍ The predominant unit of analysis for the GC Initiative is the dyad, which emphasizes the management of boundary-spanning activities;
- ✍ Agribusinesses and other organizations should recognize their role as part of a number of chains, having multiple customers and suppliers and thus they should allow for strategic flexibility;
- ✍ Canada known for its capacity to grow and produce agricultural resources for world. GC Initiative invites agribusinesses to change mindsets, and to look beyond domestic borders.