

## COMPETITIVE STRATEGIES OF AGRO-FOOD COMPLEX ENTERPRISES IN FOOD NETWORKS

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**Keywords:** competitive strategies, agro - food complex, analysis, added value.

The paper describes different competitive strategies of agro-food complex enterprises. The author analyzes the opportunities of forming long-term competitive advantages based on value chain analysis method.

A great number of strategies used by economic subject in crisis conditions are based on trial and error method, which clarifies their low efficiency.

A lot of enterprises establish short-term aims, which don't give an idea of business development. The main targets of economic subjects are intended on cost reduction, increasing or maintaining profitability, maximizing net profit, etc. Various competitive strategies are used for providing these targets. The economic subjects have to establish and maintain their competitive advantage for a long time for making a profit.

There are several methods of determining an enterprise's strategic position in strategic management. They are: SWOT - analysis, BCG-matrix, McKinsey analysis, etc. In modern conditions, value chain analysis is an extremely actual method. Right now it is easier for an enterprise to survive if this the enterprise is a part of a cluster, food network or an integrated structure.

At present time the value chain describes the full range of activities required to manufacture a product or service: from the concept, through the phases of production to the delivery to final consumers. There are two types of value chains: producer chains and consumers' chains.

Value chain analysis method was successfully used by foreign researchers. It helped to determine the value added on each stage of creating the final product and revealed the reason of difference in economic positions of the subjects which took part in this activity. The similar concept of "thread" ("филире") was successfully used by French economists in the research of agro-food complex. The "thread" tended to be viewed as a static model of creating value added in the process of transforming

input materials and services into a final product.

In Russia this method has never been applied to agro-food complex's analysis. The adaptation of the method in Russia creates an opportunity to reveal some ways of improving the competitiveness of Russian agro-food complex in foreign and domestic markets.

We have analyzed some value chains of agro-food complex in Saratovskaya Oblast'. The results show that different links play the main role in different value chains. A great share of added value is distributed among these links.

For example, value chain analysis in milk production network shows that financial resources are focused on the links of production, but the main share of added value - approximately 35% is created in such links as logistics, selling, marketing. (see figure).

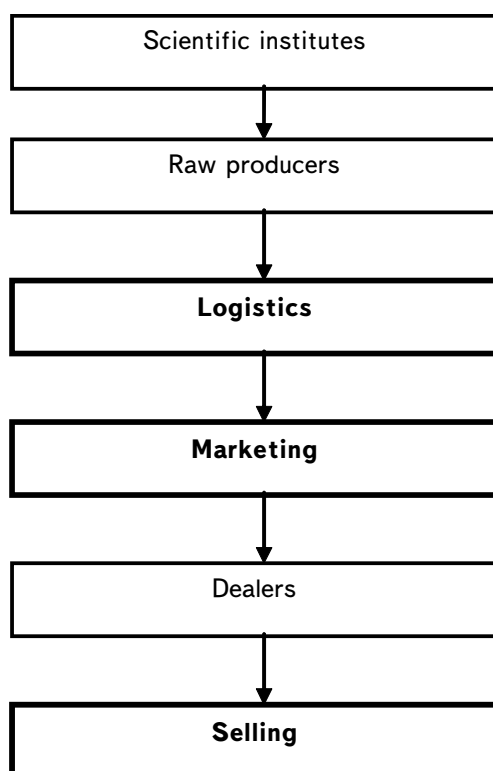
But in the beginning of 90-s the situation was a bit different: the mediatory structures, the enterprises of produce processing industry were the key links in milk production network. About 20% of added value was created by the mediatory structures and 40% by the enterprises of produce processing industry.

A totally different situation is observed in other value chains. Thus, in the value chain of high-protein crop production the link of scientific institutes plays the key role. Besides scientific institutions, a high level of economic rent in this value chain is created by large enterprises of produce processing industry, breeding and seed growing enterprises. These enterprises get the main share of income.

Thus the value chain of high-protein crop production is characterized by low level of integration. The integration strategy should be implemented with the participation of scientific and financial institutions and the enterprises of produce processing industry. But scientific in-

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**Fig. Exhibition. Value chain in milk production network**

stitutions will still remain the main integrating link of this value chain.

The experience of foreign countries, such as Canada, shows that in the functioning of closed food chains of high-protein crop pro-

duction and processing the key role is played by scientific institutions. In such chains a full development cycle of “science-production-processing-infrastructure” is formed. This cycle provides Canadian producers of high-protein crop with high profit and additional opportunities in other spheres of production.

Thus, for the enterprises of milk production network it will be useful to use the strategies, based on integration with marketing enterprises, logistic structures and retailers. These processes create the maximum level of economic rent. Among the enterprises in the value chain of high-protein crop production those who realize the strategy aimed at close integration with scientific institutions will get the maximum competitive advantage.

We strongly believe that the priority strategies, which were revealed in the course of applying the value chain analysis method will positively affect the functioning effectiveness of an economic subject, as well as let the producers get additional opportunities based on changes in the food network.

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*Received for publication on 15.07.2009*