https://www.sworldjournal.com/index.php/swj/article/view/swj28-00-009
DOI: 10.30888/2663-5712.2024-28-00-009

UDC 336.71

MANAGEMENT OF MARKETING RISKS ON THE AGRICULTURAL PRODUCTS MARKET

Kurbatska L.M.
c.e.s., as.prof.
https://orcid.org/0000-0003-2595-9181
Dean of the Faculty of Management and Marketing, associate Professor, Dnipro State Agrarian and Economic University, str. S. Efremova, 25
Kvasova L.S.
c.t.s., as.prof.
https://orcid.org/0000-0002-7146-3788
Ph.D., associate professor of the Department of Marketing, Dnipro State Agrarian and Economic University, str. S. Efremova, 25
Dikhtyar I.V.
Candidate of the second (master's) level of higher education, Faculty of Management and Marketing, Department of Marketing, Dnipro State Agrarian and Economic University, str. S. Efremova, 25

Abstract. *The agricultural products market is inherently characterized by a multitude of risks that can significantly impact marketing strategies and overall profitability. This article explores the management of marketing risks within this sector, emphasizing the need for a comprehensive understanding of the unique challenges faced by agricultural producers and marketers. The dynamic nature of agricultural markets, influenced by factors such as climate variability, market fluctuations, regulatory changes, and consumer preferences, necessitates robust risk management frameworks to safeguard against potential losses and enhance decision-making processes. The research methodology employed in this study includes a comprehensive literature review, case studies of successful risk management practices in the agricultural sector, and interviews with industry experts. The findings reveal that effective management of marketing risks not only enhances the resilience of agricultural businesses but also contributes to the overall stability of the agricultural products market. In conclusion, the management of marketing risks in the agricultural products market is a critical component for ensuring the sustainability and profitability of agricultural enterprises. By adopting a proactive approach to risk management, leveraging technology, and fostering collaboration among stakeholders, the agricultural sector can navigate the complexities of the market landscape. This article aims to provide valuable insights and practical recommendations for agricultural producers, marketers, and policymakers, ultimately contributing to the development of a more robust and resilient agricultural marketing framework. As the agricultural industry continues to evolve, the integration of effective risk management practices will be essential for adapting to changing market conditions and achieving long-term success.*

Key words: *service sector, marketing strategies, consumer behavior, customer satisfaction, competitive advantage, technological advancements, globalization, personalization*

Introduction.

Marketing risk management in the agricultural market is an extremely important aspect for agricultural producers, as this sector is affected by numerous external and internal factors. Climate changes, raw material price fluctuations, political instability, as well as changes in consumer tastes can significantly affect the profitability of enterprises. In the conditions of globalization and market integration, effective risk management becomes critical for ensuring the competitiveness and sustainability of agribusiness. Since Ukraine is one of the leading producers of agricultural products in the world, the relevance of the topic is growing in the context of the development of the national economy and ensuring food security.

The purpose of the article is the analysis of approaches to the management of marketing risks in the agricultural sector, as well as the development of recommendations for their effective management. The main tasks include recognition of the main types of marketing risks characteristic of the market of agricultural products. Conduct an analysis of factors affecting risks in agribusiness, as well as consider existing risk management strategies and tools. Develop recommendations for agricultural producers to reduce risks and increase the efficiency of their activities.

1. Basics of marketing risk management

Marketing risks are the probability of occurrence of unforeseen circumstances or situations that may negatively affect the achievement of the company's goals in the field of marketing. In the context of agriculture, these risks can arise from changes in market conditions, changes in supply and demand, price fluctuations, and unforeseen economic, social and environmental factors.

The main types of marketing risks in agriculture:

Marketing risk management in the agricultural market is an extremely important aspect for agricultural producers, as this sector is affected by numerous external and internal factors. Climate changes, raw material price fluctuations, political instability, as well as changes in consumer tastes can significantly affect the profitability of enterprises. In the conditions of globalization and market integration, effective risk management becomes critical for ensuring the competitiveness and sustainability of agribusiness. The main tasks include recognition of the main types of marketing risks characteristic of the market of agricultural products. Conduct an analysis of factors affecting risks in agribusiness, as well as consider existing risk management strategies and tools. Develop recommendations for agricultural producers to reduce risks and increase the efficiency of their activities [1].

Marketing risks are the probability of occurrence of unforeseen circumstances or situations that may negatively affect the achievement of the company's goals in the field of marketing. In the context of agriculture, these risks can arise from changes in market conditions, changes in supply and demand, price fluctuations, and unforeseen economic, social and environmental factors.

Effective management of marketing risks allows agricultural producers to reduce the likelihood of negative consequences, improve decision-making and adapt to changing market conditions. In today's agribusiness environment, where competition and uncertainty are ever-increasing, understanding and managing these risks is key to success. The classification of risks in agriculture (Table 1.) helps to systematize the identification of threats facing agricultural producers, as well as to develop effective strategies for their management. Let's consider the main categories of risks faced by agricultural producers.

Marketing risk management is critically important for the successful operation of agribusiness. Agricultural producers must systematically analyze potential risks and implement strategies to minimize them, which will allow maintaining competitiveness, stability and profitability in conditions of market uncertainty (Table 3)[3].

Table 1- Classification of risks in agriculture

Typology of risks	Characteristics of risks
Natural Risks Climatic.	Changes in temperature, precipitation, drought or flooding can adversely affect yields.
Weather	Adverse weather conditions, such as hail, storms, can damage crop production.
Economic risks	Price fluctuations: Changes in the prices of agricultural products and resources (fertilizers, fuel) can affect profitability.
Currency risks	Dependence on imports and exports can lead to losses due to exchange rate fluctuations.

Developed by the authors

Classification of risks in agriculture allows agricultural producers to approach risk management in a more targeted manner by identifying and assessing threats in each category. This, in turn, contributes to the development of effective strategies to minimize potential losses and increase business stability[2].

2. The impact of marketing risks on agribusiness

Marketing risks significantly affect agribusiness, changing financial indicators, competitiveness and sustainability of enterprises. Let us consider the key aspects of this influence (Table 2).

Table 2- Marketing risks

Marketing risks	Characterization of consequences
Financial consequences	Reduced incomes: Fluctuations in product prices, such as sharp drops in grain prices, can significantly reduce the incomes of agricultural producers.
Competitiveness Loss of market share	Incorrect demand forecasts or ineffective marketing strategies can lead to reduced demand for products, which in turn leads to the loss of customers to competitors.
Operational changes	Uncertainty in demand can make planning difficult, leading to overproduction or underproduction.
Logistical issues	Changes in supply conditions can negatively affect product delivery and sales schedules.
Reputational risks	Negative changes in consumer preferences, for example, a preference for organic products, can affect the image of a company that does not adapt to new requirements.

Developed by the authors

Table 3 allows you to clearly understand the main risks, their impact on the market of agricultural products and possible management methods. These risks reflect modern challenges faced by companies on the Ukrainian market due to internal and external factors.

Table 3- Analysis of risks in the market of agricultural products

Risk type	Risk description	Examples	Management methods
Natural risks	Impact of climatic conditions on productivity	Droughts, floods, frosts	Crop insurance, use of resistant varieties
Economic risks	Fluctuations in the prices of products and resources	Decrease in grain prices, increase in fertilizer prices	Diversification of products, price fixation
Technological risks	Problems with new technologies	Breakdown of equipment, non-compliance with standards	Regular maintenance, staff training
Social risks	Changing consumer preferences	Growing demand for organic products	Adaptation of the range, marketing research
Regulatory risks	Changes in legislation and regulations	New environmental regulations	Monitoring of legislation, legal consultations
Financial risks	Problems with financing and access to credit	Changes in interest rates, refusal of lending	Strategic financial planning, reserve capital
Competitive risks	Increasing competition	Entry of new players	Analysis of competitors

Developed by the authors

3. Basic strategies for risk management

Risk management is a systemic process that requires a strategic approach to minimize the impact of uncertainty on a company's operations (Table 4). There are several basic strategies that organizations can use to manage risk. The choice of one or another strategy depends on the type of risk, the conditions of its occurrence and the capabilities of the company.

Table 4- Risk management

Description of the strategy	Characteristics of the selected strategy
Avoidance of risk	A strategy of risk avoidance involves the complete avoidance of actions or activities that may lead to the occurrence of risk.
Risk reduction (minimization)	This strategy consists in reducing the probability of risk occurrence or its impact on the company. This can be done through a variety of measures, such as improving quality control, developing contingency plans, training staff, or implementing new technologies.

Risk transfer (transfer)	The risk transfer strategy involves transferring part or all of the risks to a third party, which helps to minimize possible losses for the company.
Risk Acceptance	Risk acceptance is a strategy where a company recognizes a risk but does not take active steps to avoid or reduce it.
Diversification	Diversification is a strategic tool for reducing risk by expanding the range of products, geography of activity or market segments.

Developed by the authors

Having clear contingency plans allows you to quickly adapt to changes and minimize negative consequences[4,5].

Conclusion.

Effective risk management is a key element of the successful operation of the enterprise in conditions of modern uncertainty. The use of various risk management strategies allows companies not only to reduce possible losses, but also to respond more effectively to market challenges while maintaining their competitiveness. The market for agricultural products is one of the most unstable and risky areas of the economy, as it is affected by numerous factors, such as climatic conditions, the political situation, global economic changes and fluctuations in supply and demand. Marketing risk management in this industry is extremely important to maintain the competitiveness and sustainability of agribusiness. The main risks in agricultural marketing activities include price fluctuations, changing consumer priorities, changes in the political and regulatory environment, as well as competition at both the national and international levels. Therefore, effective management of these risks is an important element of strategic management in the agricultural sector.

Marketing risk management involves the application of an integrated approach that includes quantitative and qualitative methods of risk assessment, development of marketing strategies taking into account potential threats and opportunities, as well as the use of financial instruments for hedging risks, such as forward contracts or insurance.

References:

1. Bilokon, I. M. Marketynhovi ryzyky v ahrarnomu sektori ekonomiky: sutnist ta osoblyvosti upravlinnia // Ekonomika APK. – 2021. – № 8. – S. 72-78.

2. Voronov, V. P. Upravlinnia ryzykamy v marketynhovii diialnosti pidpryiemstv ahropromyslovoho kompleksu // Marketynh i menedzhment innovatsii. – 2020. – № 3. – S. 36-42.

3. Harasiuk, O. M. Ryzyky na rynku silskohospodarskoi produktsii: stratehichni aspekty marketynhovoho upravlinnia // Aktualni problemy ekonomiky. – 2019. – № 11. – S. 115-121.

4. Kravchenko, T. I. Marketynhovi stratehii upravlinnia ryzykamy v ahrobiznesi // Visnyk ahrarnoi nauky. – 2022. – № 5. – S. 85-90.

5. Lisovska, L. S. Osoblyvosti upravlinnia marketynhovymy ryzykamy na rynku

orhanichnoi silskohospodarskoi produktsii // Orhanizatsiia ta upravlinnia v ahropromyslovomu kompleksi. – 2020. – № 4. – S. 53-59.

6. Melnyk, M. V. Metody otsinky marketynhovykh ryzykiv u silskomu hospodarstvi // Silskohospodarskyi marketynh. – 2021. – № 2. – S. 41-46.

7. Soloviov, O. V. Upravlinnia marketynhovymy ryzykamy v ahropromyslovykh pidpryiemstvakh // Ekonomika i prohnozuvannia. – 2018. – № 12. – S. 134-140.

8. Tkachenko, V. H. Analiz marketynhovykh ryzykiv na rynku zernovykh kultur // Ekonomichna stratehiia i perspektyvy rozvytku silskoho hospodarstva. – 2021. – № 6. – S. 22-27.

9. Fedorenko, V. M. Marketynhove upravlinnia ryzykamy v ahrarnomu biznesi: zarubizhnyi dosvid ta ukrainski realii // Innovatsiina ekonomika. – 2019. – № 10. – S. 101-106.

10. Shapoval, D. A. Rol marketynhovykh instrumentiv u znyzhenni ryzykiv na rynku silskohospodarskoi produktsii // Naukovi pratsi Natsionalnoho universytetu bioresursiv i pryrodokorystuvannia Ukrainy. Seriia «Ekonomika i menedzhment». – 2020. – № 7. – S. 61-67.