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THE MARKETING CONCEPT OF AGRICULTURAL HOLDINGS: THE CASE OF SERBIAN CHEESE

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SUMMARY

The production of cheese as a value-added product occupies a prominent place in the food system of economically developed countries and is an important revenue generator for all participants in the production chain. The absence or insufficient application of the marketing concept reduces the possibility of efficient and effective utilization of available resources and hinders obtaining a competitive position of cheese producers in the market. The extent of marketing concept implementation in the business of cheese-producing agricultural holdings is a significant factor for their differentiation, development and growth. Empirical research was carried out using the survey method by creating a questionnaire for 78 holdings engaged in cheese production in the territory of the Republic of Serbia. The Serbian cheese producers considered were surveyed about their business structure, production operations and strategic plans for the future. The objective of the research was to identify the place and role of the marketing concept in the business practice of registered agricultural holdings for cheese production in the Republic of Serbia. A lack of their awareness of the importance of marketing in business was found to be associated with a lack of their knowledge about the basic elements, essence and purpose of the marketing concept. Therefore, a major challenge for the agricultural sector is to encourage farmers to develop marketing skills. To be successful in the market, farmers need to have a better understanding of markets. It is necessary to educate small cheese producers about the importance of marketing in order to obtain a better market position and increase their profitability.

Key words: marketing concept, registered agricultural holdings, cheese, Republic of Serbia

INTRODUCTION

To ensure market success in today's increasingly commercial world, agricultural producers and companies need to offer new and improved products, which would be successfully positioned in the consumer's awareness. Therefore, the marketing function is a powerful business tool used to identify, quantify and meet the needs, wants and desires of consumers. The marketing concept suggests that an organization will achieve its long-term objectives by orientating all of its operations towards the task of consistently delivering satisfaction to the customer (Kotler, 2012). The marketing concept assumes that the overall activities of an enterprise are driven by a desire to meet customer needs (McDonald et al., 2011). The programming of marketing instruments involves a previously conducted marketing research and a defined placement market, including the market segments for which the specific product is intended. Product, price, distribution channels and sales promotion are the basic instruments for creating a special position of products in the market compared to competitive products (Vasiljev & Sudarević, 2014). The marketing mix depends on the marketing goals set, the characteristics of the product, the target market, the organizational structure of the business entity, the structure of the market, and other factors.

Despite having production potential, agricultural holdings are confronted with a number of issues affecting their profit such as insufficient infrastructure, limited access to new technologies, inadequate agricultural policy, etc.

Conversely, major global trends impose the introduction of a more innovative way of using labor, resources and skills in order to take advantage of new business opportunities. "In many cases, current socioeconomic trends will continue to marginalize increasing numbers of smallholder rural producers with particularly negative effects on those that are least organized and distant from markets" (Ostertag et al., 2007). Moreover, in conditions of low purchasing power of the population, the tendency of companies to reduce business costs leads to a reduction or elimination of marketing funds allocated to consumer research, economic propaganda, etc. In order to increase sales, farmers should increase their knowledge about marketing functions and market. In order to supply what customers want, market participants must develop production and marketing strategies that enable them to operate within the laws of demand and supply (Wandschneider et al., 2012).

Today, many activities are being carried out in the world and funds are being invested in educating agricultural producers (Swanson, 2008) in order to acquire marketing competencies, but relatively limited marketing information and educational content actually reach the target audience. The main reasons are the inadequately defined target segments for which the message is intended, the inappropriate information infrastructure, the limited availability of information, and the unidentified opinions and attitudes of the recipients of the message (Donaldson et al., 2004). Effective marketing management requires the involvement of experts in the field of marketing, whereas a successful implementation of the marketing concept necessitates the management support, whose task is to encourage its acceptance throughout the organization. The transition from production or sales to marketing orientation requires considerable experience and influence of the owner or manager. The owner's attitude towards marketing greatly affects the alignment of the marketing role with the vision and mission of the company, goal setting, analysis of internal and external information, strategy development, marketing mix planning, strategy implementation, defining business results, and evaluation and strategy correction, which together make up the marketing process (Drummond et al., 2010). The organization and management of marketing depends on the type of agricultural holding, its size, leadership style, presence of competition in the market, the rate of market growth, technological changes, market share, etc (Tidd & Bessant, 2018). Moreover, marketing choices will always depend on the resources available to market participants, as well as their skills and knowledge.

The production of cheese as a value-added product occupies a prominent place in the food system of economically developed countries and is an important revenue generator for all participants in the production chain. The cheese market is characterized by the pronounced competitiveness and presence of numerous multinational companies from countries with the developed dairy industry, which participate in the market competition with world-renowned cheese brands. Such market conditions make it difficult to assure the market supply and the market share of domestic producers, which, especially in export markets, cannot compete with well-established international cheese brands in terms of price, cheese quality, or other product attributes. The realization of cheese market surplus by direct sale in markets has increased by 25.6% since 2007, when it amounted to 9.8 thousand tons, reaching 12.3 thousand tons in 2018 (Statistical Yearbook RS, 2007- 2018). This indicates that producers engaged in the production of milk via registered agricultural holdings (under conditions of increasing milk and dairy product imports, low purchase prices and insignificant incentives) are increasingly opting for the diversification of agricultural products, i.e. the production of cheese as a value-added product.

Mainly production oriented, agricultural holdings of the Republic of Serbia operating in the dairy sector do not perceive marketing as a significant business function. The absence of marketing application results in a low level of differentiation of cheese with respect to competition and a relatively low price of cheese in the domestic and international markets. One of the basic prerequisites for increasing the value of cheese is its branding, based on marketing research, market segmentation and the knowledge about the psychological characteristics of consumers, whose purpose is to create a differentiated offer relative to the competition. The adequate combination of marketing mix instruments enables the positioning and differentiation of cheese in the market, creating the basic prerequisites for establishing strong brands of autochthonous cheeses and contributing to the image building and affirmation of the overall range of cheese produced by local producers.

The purpose of this research is to identify and create a proposal of a functional marketing concept to be implemented in the business practice of Serbian cheese producers as a condition for improving the positioning and marketing of their cheese products. The Serbian cheese producers considered were surveyed about their business structure, production operations and strategic plans for the future. By identifying the attitudes, opinions and marketing operations of Serbian cheese producers, the results obtained provide the basis for creating the concept of a functional marketing strategy.

Literature review

The existence of a free market and global changes related to accelerated industrialization, population growth and trade liberalization directly affect producers who need to develop their management skills and competencies to cope with this changing agricultural environment (Kahan, 2013). The modern marketing orientation is the only business orientation indicating the holding's real condition, the competitiveness of their products, the position in the market and the future direction of the enterprise. The means and methods of marketing orientation introduction in agricultural holdings should be assiduously applied to ensure a beneficial development of the holding and generating high profit (Cvijanović et al., 2013). The marketing business orientation is not easy to introduce to an agricultural holding, and often the management itself is a significant hindrance. As a rule, the marketing business orientation should be introduced gradually, i.e. on a step-by-step basis. An increase in the production volume and short-term sale should be maintained while developing the operational marketing and the long-term planning, realization and control (Cvijanović et al., 2013).

According to McElwee et al. (2006), agricultural producers have clearly recognized the importance of marketing and have been aware of the need to acquire marketing knowledge. For cheese producers, the role of marketing has been recognized as crucial, as well as the need to develop their entrepreneurial and marketing skills.

McElwee & Robson (2005) surveyed 18 agricultural producers on the most important skills required for successful farming. Although the respondents identified a great number of skills, the most significant skill identified was strategic awareness. Moreover, as farmers became more market-oriented, they became focused on developing their strategic and marketing skills (Phillipson et al., 2004). Hill (2007) agrees with this statement "identifying that many of the required skills or competencies, including business and strategic planning, marketing, collaboration and risk management, can be seen as entrepreneurial in nature". According to NAO (2004), the UK farmers' lack of insight into marketing importance is associated with difficulties in identifying market opportunities, uncertainties in the direction of business and the inability to develop a long-term business plan.

According to Phelan (2014), a total of 33.9% of the respondents surveyed have identified marketing skills as an important skill for successful diversification. Moreover, Defra (2007) outlines that many farmers need skills to diversify production or add value, market their products and select or manage their staff. "For value adding farms, strategic skill was apparent in short-term adjustments to production, product development and marketing and customer relationships" (Phelan, 2014).

Mugoša (2018) emphasizes the necessity to raise cheese producers' awareness of the importance of marketing in farm business. The implementation of marketing strategies (namely diversification) can make a significant contribution to the growth and development of dairy farms, as well as to generating greater profits.

According to Bogdanović et al. (2004), one of the goals of the future livestock production in Serbia should include the production of local products with a protected geographical indication intended primarily for export. Stojanović & Ognjanov (2012) argued that further cooperation among entrepreneurs of a certain geographical area would be needed to meet the requirements of new markets for traditional foods with a geographical indication. Cooperatives have been recognized as an efficient tool for joint marketing activities such as branding, promotion and distribution. Educating consumers about the benefits of traditional foods with a geographical indication is necessary, especially as the cost of these products is usually slightly higher than the alternative ones. Mora & Menozzi (2009) suggest that the international promotion of traditional and regional products, which are represented in foreign markets or have the potential to conquer them, is usually conducted through institutional bodies or a consortium of producers. For example, the members of the Italian producer consortium represent the most important Italian companies in the food sector and conduct an institutional promotion under the joint name of "Italia del Gusto - Taste of Italy". Conversely, price is not a primary criterion for purchasing cheese in high-income markets with high-quality cheeses such as the European Union countries. The non-price approach favors the creation of value-added products through promotion, packaging, delivery, services, availability in distribution channels and other marketing activities (Van Kleef et al., 2005).

MATERIAL AND METHODS

Empirical research was carried out using the survey method by creating a questionnaire for 78 holdings engaged in cheese production in the territory of the Republic of Serbia. A structured questionnaire based on closed questions was presented to respondents via face-to-face interviews and electronic mail.

The interpretation of the survey results and conclusions are a synthesis of the information obtained based on the attitudes expressed by the cheese producers considered and general statistics. A total of 78 registered holdings were enrolled in the study, grouped according to the volume of annual cheese production into the following categories: up

to 999 kg (20% of the producers), from 1,000 to 4,999 kg (53% of the producers), from 5,000 to 9,999 kg (18% of the producers) and 10,000 kg and more (9% of the producers). According to the region, the largest number of producers is located in the South Banat District (19%), followed by the South Bačka District (17%), the Zaječar District (17%), Srem (13%), Zlatibor (11%), West Bačka (5%), North Banat (4%), North Bačka (4%), Raška (4%), Pirot (4%), and Central Banat (1%) and the Nišava District (1%) with only one cheese farm.

The socio-economic characteristics of farmers such as age, level of education and farm size are significantly related to their choice of agricultural information (Mittal & Mehar, 2013). Cheese producers in Serbia are mostly male (accounting for 65%), whereas the female share of Serbian cheese producers is 35%. According to the age structure, Serbian cheese producers aged from 41 to 50 years predominate (39%), whereas the smallest number of Serbian cheese producers belong to the category of 25 to 40 years of age. According to the survey of Mittal & Mehar (2013), farmers that are more educated usually use modern information and communication technologies and are more prepared to adopt new knowledge and opportunities to access information. Most of the Serbian cheese producers have secondary education (58%), whereas those with primary school education account for a significant share of 30%. The share of producers with higher education is significantly smaller (10%), whereas the producers with qualifications claim the smallest share of 2%. A large share of Serbian cheese producers with primary education can be accounted for by their average age of 55.4 years, and the fact that more cheese producers of younger age and with higher education live on their farms, which contributes to their heightened awareness, greater initiative, faster response to changes and easier adoption of innovations.

The overall cheese production of the holdings considered amounts to 298 tons annually: cow's cheese (90%), goat's cheese (6%) and sheep's cheese (4%). The largest assortment of 3.7 types of cheese on average is offered by farms producing 10,000 kg of cheese and more annually, whereas the smallest farms with an annual production lower than 1,000 kg of cheese boast an assortment of 1.7 types of cheese on average. In addition to the volume of cheese production, the number and type of cheeses were also recorded relative to the geographical area of their origin. The detailed structure obtained is shown in Table 1.

Table 1. Cheese range of the registered agricultural holdings considered by geographical location

District	Type of milk	Predominant range	Average no. cheeses per farm
North Bačka	Cow, goat	Soft cheese, plain ripe cheese, semi-hard cheese, urdā, ripe cheese with chili pepper	5
North Banat	Cow, goat	Soft cheese, stretched curd cheese with spices, plain ripe cheese, ripe cheese with chili pepper	4.3
South Bačka	Cow, goat	Fresh cow cheese, semi-hard, stretched curd cheese with spices, plain ripe cheese	3.4
West Bačka	Cow	Fresh cow cheese, plain ripe cheese, stretched curd cheese with spices, semi-hard equivalent to trappis	3.3
Central Banat	Cow	Fresh cow cheese, plain ripe cheese, stretched curd cheese	3
Srem	Cow	Fresh cow cheese, stretched curd cheese	2.3
Pirot	Cow, sheep	Plain ripe cheese, stretched curd cheese	2.3
Nišava	Cow	Fresh cow cheese, plain ripe cheese	2
Raška	Cow	Plain ripe cheese	1.7
South Banat	Cow, sheep	Plain ripe cheese	1.4
Zaječar	Cow, sheep and goat	Fresh cow cheese milk, plain ripe cheese	1.4
Zlatibor	Cow, sheep	Plain fresh cheese, plain ripe cheese	1.3

Source: Author's calculation

RESULTS AND DISCUSSION

The questionnaire about the attitudes and opinions of the Serbian farm holders involved in cheese production was used to identify their perception of marketing instruments and cheese as a product they market for profit. Given that marketing management has not been implemented in their farm business yet, the respondents were asked to define the business plans for the next three years. Considering the Serbian market characteristics and increased cheese consumption, most of the interviewed cheese producers were not concerned about foreign competition. Moreover, most of them (40%) are planning to expand their business in the short run by increasing production, hiring additional staff and investing in new equipment, whereas 34% of the respondents intend to maintain the existing level of their business operations. About 11% of the producers consider establishing a legal entity and marketing their cheese internationally. The cooperation and strong positioning in the domestic markets is considered by 9% of the respondents. However, only 6% of the respondents have no future business plans.

The survey conducted provides an insight into the respondents' perception of cheese as a value-added product. Only 34% of the respondents consider cheese to be a product that can be enhanced by marketing. Most of the respondents (66%) expressed a relative indifference towards cheese, considering it a product that is not profitable due to high competition and a product that does not need marketing activities. This underlines one of the biggest challenges of the agricultural sector, i.e. enabling farmers to develop strategic and marketing skills through supported education and training (McElwee et al., 2006).

Marketing mix instruments –registered agricultural holdings

The following sections of the paper will focus on the respondents' answers regarding marketing mix instruments (namely product, price, promotion and placement) and recommendations for the improvement of their business.

Product decisions involve defining their attributes. One of the basic attributes of cheese is quality, which can be observed in terms of nutritional properties, hygiene, health safety, technological procedures, sensory characteristics and ethical dimension (Albrecht-Seidel et al., 2016). Cheese attributes include specific taste, appearance, texture, packaging variants, confection, etc. According to Mintel (www.mintel.com), packaging is a key element in the innovation and design of these products. In addition to the protective function, packaging, as a significant feature of a product, should indicate the quality, culture and tradition of cheese production and differentiate it from competition. Owing to competitive market conditions and a large number of imported cheeses, packaging is considered one of the most effective instruments of communication with the target customer and consumer segments. The producer's communication with the market through packaging (namely packaging forms, identity signs, symbols, etc.) informs customers about the product and influences the purchase decision. Producers are required to comply with the regulation on the declaration, labeling and advertising of food (Official Gazette 19/2017, 16/2018, 17/2020). The following factors have been identified by the respondents as crucial for achieving the competitive advantage of cheese: long-term production and cheese reputation (according to 78.2% of the respondents), lower prices (according to 10.3% of the respondents), range share (according to 6.4% of the respondents) and packaging (according to 3.8% of the respondents). Promotion and other marketing activities were least recognized as instruments for gaining competitive advantage (according to only 1.3% of the respondents).

The information on the declaration and packaging of the product complement each other and strengthen consumer confidence, which is why they represent a significant factor in the purchasing decision (Fernqvist & Ekelund, 2014). With regard to the type of information on the cheese declaration, 56.3% of the respondents think that the most important information is on the traditional way of cheese production, 23.1% believe it is on the cheese shelf life, whereas 10.3% of the respondents feel that the information on additives and milk fat are of utmost importance. Insisting on the traditional production of fresh milk cheese, the Italian association of trademark cheese producers Consorzio Pecorino Toscano Dop emphasizes the importance of transparent information on the product declaration in order to protect the health of consumers and the quality of production (www.italianfoodexcellence.com). The producers considered expressed the following views on the importance of the information on the product declaration: "The declaration does not mean much.", "Healthy food labels are important", "Consumption experience is more important than the declaration.", "The information on hygiene is important.", and "Production in a natural way with bio-ingredients is of great importance." An independent survey conducted in the EU countries (2013) reveals that over 80% of consumers are interested in the origin of dairy products and meat, or require clear labels on the declaration of the production system used. This indicates a significant consumer impact on production improvement, as well as accurate and responsible product labeling (Borin et al., 2011). The declaration represents market mechanisms, i.e. the information that producers highlight in order to stimulate the desired consumer response, especially when they are confronted with the choice between a large numbers of similar products. Cheese producers can influence consumer confidence, build cheese image and farm reputation with attractive packaging, declaration and additional information on the packaging.

It was interesting to perceive the producer's attitude towards the factors that, in their opinion, influence consumers when purchasing cheese. According to the cheese producers interviewed, the decision to buy cheese greatly depends on the habits of the consumer (28% of the respondents), followed by the possibility of direct contact with the producers (21%), promotion (18%), price (17%) and availability in distribution channels (9%) (Fig. 1). Only 7% of the total number of producers surveyed rated the brand as the decisive factor for the consumer when buying cheese. According to the producers' opinion, neither packaging nor the information on the declaration significantly affects the marketing of cheese. Such opinion stems from the manner of cheese distribution, which is mainly done through direct sales at the market, and a lack of awareness of the importance of packaging for product differentiation, communication with the target customer and consumer segments, image creation, etc. The significance of the declaration is reflected in the ability to understand the product better on the basis of its information. An accurate,

adequate declaration enables the consumer to make a conscious decision about the type of food they want to consume and the type of agricultural production they want to support (www.slowfood.com).

Figure 1. Producers' attitudes influencing the purchasing decision of consumers

The producers surveyed have also been asked to express their opinion on the following factors influencing the decision of purchasing cheese: recognizable producer's hygiene and nicely packaged cheese, quality of local cheeses, a production tradition of 50 years, and a long-standing presence at the market. The physicochemical properties of Livno cheese, made from sheep and cow's milk, indicate that working conditions and technological procedures, which vary from household to household, result in the uneven quality of this cheese (Sarić et al., 2010). With a geographical designation of origin, the consumer is guaranteed the authentic taste and even quality of traditional cheeses, which is one of the reasons for the worldwide demand for these cheeses. Conclusions on the importance of these and other elements in making a purchasing decision can be made upon conducting a consumer survey.

Consumers are increasingly interested in the additional ethical attributes of products such as higher animal welfare standards, regional / local production and fair prices for producers. They are willing to pay more for organic products produced following these higher standards. (Zander et al., 2011). The product, which is produced in accordance with organic production standards, contains a national sign, in a visible place, with a clear inscription, which guarantees that the product has passed the process of control and certification in accordance with strict regulations (www.organicnet.com). Previous research also suggests the consumers' willingness to pay a higher price for products that, in addition to the mandatory marking, also have some of the voluntary organic certification logos (Janssen & Hamm, 2011).

With globalization of the world economy and the development of international trade, as well as the rise of modern means of propaganda and marketing communications, consumers are becoming more familiar with cheeses typical of different geographical areas. These changes have led to an increasing demand for traditional cheeses, characterized by a variety of shapes, sizes, added spices, etc. Cheeses with a geographical designation of origin, originate from specific geographical locations and their production incorporates a unique traditional knowledge and skills, which differentiates them from other cheeses. They have a recognizable name and logo, as brand elements, which provide a significant cost advantage in their branding and enables easier access to market chains in order to meet the demand for these cheeses, as well as to preserve their unique quality. To protect them from disloyal competition and to achieve an adequate economic satisfaction of producers, the European Union has introduced the necessary measures to protect and guarantee the origin and autochthony of cheeses and to define rules for their labeling (Užar et al., 2019). This approach allows producers to promote product on two levels: locally produced and ethnic heritage. Within this strategic option, the production of cheese with a protected geographical indication is obtained, as well as the branding of the cheese by creating a recognizable name, packaging, design and logo (Jobber & Ellis-Chadwick, 2012). In the Republic of Serbia, the importance of the protection of geographical indications has not been understood yet by cheese producers, so it is necessary to allocate earmarked funds for carrying out continuous activities for the affirmation of this concept. The main obstacle is the non-compliance with the required hygiene standards and food safety requirements.

Basic characteristics of traditional foods, such as traditional recipe-based production, sensory characteristics and origins, have different significance for consumers in different countries. The concept of heritage, culture or history is significant to Southern European consumers, whereas Northern European consumers are focused on purposefulness, health and fitness (Braghieri et al., 2014). The existence of different needs of the target segments, their desires, requirements, preferences, modes of perception, hierarchy of importance of particular characteristics of cheese, etc., confirms the necessity of market segmentation when defining a product as an instrument of the marketing mix. The

socio-economic importance of cheese production with a protected geographical indication requires a strongly support to cheese producers from relevant institutions, both financially and educationally, with an aim to highlight differences in industrial cheeses (Licitra, 2010).

The decision on the range and product line depends on the geographical location of the holding, the type of cheese it produces, the available labor force, the level of technical equipment, etc. For example, sheep and goat's milk is different in content from cow's milk (richer in fat, protein content, etc.). Therefore, sheep and goat cheeses can be positioned within market segments that value their high nutritional value and specific taste and are prepared to pay a higher price, which comes from an emphasized health context. The specific mountain climate and the way of feeding the livestock are some of the elements that make it possible to further differentiate the cheese produced in the mountain areas. As a consequence of the perceived quality, cheese produced from milk from grazing-dominated animals has added value, requiring the definition of controls to prove its authenticity, as well as adequate declaration (Moloney et al., 2014). By implementing the required standards, appropriate labeling and creating the brand, these cheeses add value and create the conditions for its equivalent valorization.

Consumer confidence holds a significant place in the modern food marketing system. In order to identify and then develop a product, one must first have an in-depth understanding of the market. It is necessary to do extensive market research to determine the proper kind of cheese to produce.

The basic pricing criterion for most of the producers surveyed is competitive prices (41%), followed by the willingness of specific market segments to pay for products (39%), and adding margin to total costs (20%). Producers with a production range up to 999 kg were found to acknowledge customer's evaluation more, in terms of their willingness to pay for cheese, as opposed to those whose annual production exceeds 10.000 kg, where competitive prices are the basis for forming their own price supply. Most of the respondents agreed that in the specialty cheese market there is no a "price leader" producer, which means producers set their own price that reflects the high quality of their product. The combination of price and other elements of the marketing mix (namely product, distribution and promotion), adapted to the target market segment, increase the perception of cheese value. Some of the biggest pricing mistakes are over-emphasized cost-oriented pricing, insufficient price revisions to reflect market changes, price determination without compliance with other elements of the marketing mix, and a lack of price differentials for differentiated products and market segments (Food Processing Center, 2001).

Determining the **price** of cheese primarily involves determining the cost of milk, the cost of cheese production and marketing costs, as well as other factors that influence the increasing value and formation of the final price. Although, for example, the cost of cheese production in mountainous regions is higher due to reduced labor productivity of the traditional method of production, other specifics such as production location, altitude, biodiversity and livestock grazing affect the degree of differentiation, increase its value, strengthen the image and enable higher sales prices. Organic products show a low price elasticity of demand, which can be compensated for by making such products more available in distribution channels instead of lower their price

(Huang-Tzeng & Lin, 2011). Owing to recognizability, uniform quality, limited quantities and specific production method, the price of cheese with a protected geographical indication is generally higher than that of industrial cheeses. Although the ability to quickly adjust product prices to current market conditions makes the marketing mix instrument very flexible and effective in the short term, the specifics of the traditional way of cheese production limit the application of a strategy based on price competitiveness. Defining a price based on value, assumes the knowledge of the functional and psychological factors that influence the consumer's perception and satisfaction, i.e. their willingness to pay a higher price for cheese. The long-term prosperity of cheese producers within registered holdings emphasizes the focus on selected consumer segments, product development, marketing channels and promotional activities in order to build and add perceived value to the cheese relative to the purchase cost.

The modern mix of marketing communications is characterized by the significant influence of the media and the diversification of communication channels (Belch & Belch, 2003). **Promotion** may be defined as any two-way communication for the purpose of making sales and building customer relationships (Food Processing Center, 2001). By informing the target audience, cheese producers can influence the consumers' awareness (Vermeir & Verbeke, 2006) and change their attitudes and, consequently, increase the purchase of local cheeses. The primary purpose of marketing communication is influencing the consumers, their opinion on the product value and the idea of the costs and benefits of the purchase (Holm, 2006), whereas the primary tasks of marketing communications are focused on enhancing the image and growing the brand value. Increasing brand value has the effect of increasing market share, contributing to strengthening consumer loyalty, enabling higher prices and increasing income (Shimp & Andrews, 2013). When it comes to the promotion methods that holdings carry out, more choices are available among the offered answers, assuming that producers combine two or more ways. The largest number of responses was determined by tasting (56%) and free product quantities (16%). Advertising in the media (print, electronic, etc.) is

represented by 3%, printing of promotional leaflets and other material with 4%, promotion in cooperation with various nutrition organizations 4%, promotion in cooperation with various tourism organizations 5%, and no promotion at all claimed a share of 12%. Accordingly, the cheese producers within registered agricultural holdings have a limited use of marketing communication instruments. In addition to personal selling, as a dominant form of communication, there is also a practice of giving free products as a form of short-term incentives for sales promotion.

Given the limited budget of cheese producers, presentations on websites and communication through social networks (Facebook, Twitter, Youtube, blogging, etc.), though underrepresented, are an effective way of two-way communication, information, persuasion, reminding and encouraging consumers to buy products. Building relationships with the local community is of particular importance (in the form of sponsorship of local sporting events, music, theater, cinema festivals, etc.), which generates positive publicity and creates a relationship of trust between cheese producers and the public. Strengthening the image of the existing offer, farm cheeses become recognizable and reduce the effects of competing products and substitutes. Similarly, in accordance with the communication goals and specific characteristics of a particular type of cheese, it is possible to promote mountain cheese, mutton cheese, goat cheese, cheese with a geographical designation of origin, etc.

Owing to high advertising prices, the most popular propaganda media such as television and even high-circulation print media or specialized magazines require the joint appearance of cooperated cheese producers. Broadcasting educational news and television shows can influence the target audience awareness of the presence of a particular cheese on the market. Cooperatives can influence (through electronic media, billboards and other audio-visual materials) the awareness of the importance of cheese in nutrition. Propaganda campaigns can be launched to change consumer attitudes towards vegetable fat products, which are often not adequately declared and have a nutritional value not comparable to cheese.

The marketing channels available to agricultural holdings in the Republic of Serbia are subject to legal restrictions, prescribing only two manners of sale: from home and at the market. Therefore, the future cooperation of Serbian agricultural holdings is of crucial importance. Verhaegen & Van Huylenbroeck (2001) argue that co-operation between farmers can overcome the problems that inhibit farmers from developing a direct selling activity. Regarding the **distribution channels** of cheese, the respondents feel that direct sales to consumers are most important (80%), followed by catering (17%) and bakery production (2%). On the other hand, most of the respondents reported that wholesalers were not at all important in any of the mentioned channels. If cheese producers sell cheese directly to the final consumer, a relationship of trust will be established and a farm image will be improved. Dairy farms may choose to sell raw materials to local dairies or to produce cheese as a value-added product.

According to the cheese producers' views on the necessary external support, loans with low interest rates were considered the most beneficial (44.9% of the respondents), followed by the need for advisory support related to production technology (15.4%) and the possibilities of expanding the range with new cheeses. Approximately the same number of respondents (14.1%) rated the need for state assistance to placement, export opportunities, etc. The need for external support covering legal frameworks, standards and other information was expressed by 12.8% of the cheese producers. However, the importance of education in marketing, market research and promotion was rated by only 9% of the respondents, whereas only one of the cheese producers considered emphasized the need for an educational content on how to market products internationally. The attitudes towards expected external support largely correspond to the weaknesses perceived by the producer, thus indirectly highlighting the lack of a functional cooperation that could meet the stated needs and expectations.

Cooperatives, as a form of association, enable the improvement of competitiveness and economic results that individual family farms cannot achieve in the procurement of raw materials for the organization of agricultural production, and in the marketing of their relatively small and unrecognized surplus agricultural and food products (Ševarlić & Nikolić, 2013). When asked about the membership in a cooperative or other association, the majority of respondents answered negatively (62%). With a relatively high share of producers who did not answer this question (29%), only seven producers (9%) belong to a cooperative. In addition to the required standards, the prerequisite for maximizing profits and economic satisfaction of cheese producers is the development of their awareness of cooperation importance. The necessity of the community arises from the need for reducing the cost of required standards, certification, branding, distribution and other marketing activities, as well as the fact that certain technological processes require the investment of significant resources not available to individual producers. Cooperatives even allow farmers who are not able to invest resources and labor into processing or marketing activities to enter the market of quality production (Verhaegen & Van Huylenbroeck, 2001). Among the responses of the cheese producers exceeding an annual production of 10,000 kg, the most pronounced intention is cooperation and joint appearance in the market (45%). Some respondents (22) who are not members of a cooperative further clarified

their attitudes on the cooperation, which can be grouped in the manner presented in Table 2. Of the 22 producers considered, 10 were not members of a cooperative because there was no initiative to establish one, indicating their passive but utterly negative attitude towards this type of association. Eight respondents expressed a negative attitude towards membership, whereas four producers expressed a positive attitude and great expectations.

Table 2. Attitudes of the cheese producers considered towards cooperatives

Attitudes of cheese producers	Number of producers
They are not members of a cooperative because no one has initiated its establishment in a particular geographical area	10
They are not members of a cooperative because they have no confidence in its functioning due to a lack of awareness of the management style.	8
They are not members of a cooperative because of the dysfunctional organization and the insufficient level of services provided by a cooperative. They would become members if a cooperative, or other form of association, met specific expectations: "A functional cooperative should have information on all member products and sell them under a common brand." The cooperative is expected to find markets, collaborate with wine producers, etc."	4
Source: Author's calculation	

The possibility of improving the promotion and marketing of cheese, as well as the growth and development of holdings that have domestic milk processing facilities, requires association and cooperation, horizontal integration, as well as vertical integration with other actors in the value chain, which are the basic prerequisites for their existence. An important role in the process of organizing farmers into cooperatives is played by self-initiative, entrepreneurial spirit and leadership ability of individuals, especially younger farmers and cooperative managers in local communities (Ševarlić, 2013). The support for cooperative development includes the availability of earmarked funds, the availability of specific educational programs, assistance in the field of organization and management, etc. In the absence of functional associations, cheese producers do not have a common concept and strategy for building the identity of the cheese supply from the Republic of Serbia, which is one of the limiting factors in the international market competition.

In order to identify the biggest marketing restraints in the cheese production business, a questionnaire with multiple-choice answers was presented to the cheese producers considered (Tab. 3). The response structure presented indicates that a majority of the respondents would like, but do not know how, to increase cheese sales (35%). With a lack of awareness of the meaning and importance of marketing activities, as well as the purpose of the marketing mix instruments (reported by 16% of the respondents), it is not possible to realize strategic marketing goals or create value. The respondents answered the questions in accordance with their marketing concept, which was eventually used to propose a framework for successful marketing activities.

Table 3. Possible solutions within marketing activities

Questions	Attitudes of cheese producers	Marketing strategy	Framework of marketing activities
How do I increase sales?	"The product is not profitable due to great competition"	Implementing marketing into business practice	Integrated Marketing
What kind of cheese do customers want?	"Produced according to a traditional recipe."	Segmentation	Identification of the needs, wants and requirements of the target market
How do I attract and retain customers?	"The long-standing production and reputation of cheese produced by a specific farm."	Positioning	Creating added value, strengthening the position in consumer awareness, marketing communications
How to make cheeses recognizable?	Cheese does not have a logo because it "has regular customers who recognize it" "	Differentiation	Increasing the value of the product in relation to competitors by improving the quality, expanding the range and branding (products with PGI)
How to market cheese internationally?	-	Differentiation	Production under defined technological procedures, production of cheeses with a geographical designation of origin, collective promotion and branding
Source: Author's calculation			

These attitudes, which need to be changed in the future, are fundamental constraints on improving the marketing competencies of holdings and the marketing of cheese produced by these holdings. The producers' attitudes presented are the limiting factors that have the greatest influence on the ability to improve the promotion and marketing of cheese. Therefore, a basic weakness must be eliminated: the insufficient awareness of marketing

importance. According to the results obtained, the application of the marketing concept by the cheese producers considered (thus the market affirmation of their companies) was impeded by the following factors: most producers did not gain experience in cheese production outside the farm; producers do not perceive the possibility of adding value to cheese; there is a lack of awareness of the need for marketing activities; producers do not develop cheese identity base on consumer loyalty (only a few holdings have a recognizable mark) and low level of perception of the importance of range, packaging, promotion and price as instruments of the marketing mix.

According to the survey conducted, cheese producers are generally not sure what marketing is and what its purpose is (usually identify marketing with advertising). The relatively low level of articulated need for acquiring more knowledge in the field of marketing reflects a lack of knowledge of its essence and basic purpose. Therefore, the survey results indicate the need for raising the awareness of agricultural holders of marketing importance, creating unique value, differentiating supply and positioning cheese within the defined target consumer segments. The knowledge of marketing influences primarily the reputation of producers and the recognition of cheese of a particular farm, but also provides the opportunity to create an identity, image and brand of cheese, the production of which is characteristic of the entire geographical areas.

Understanding marketing and its function inevitably leads to the development of producers' awareness of the necessity of horizontal and vertical integration, creation and development of the value chain and association, with the aim of building a recognizable offer, realization of their own economic interests, as well as those of the social community. In order to create a recognizable supply and meet market demands, it is necessary to standardize the production of traditional cheeses and diversify the assortment with new flavors and forms of cheese. Moreover, the general level of knowledge in the field of cheese producing should be increased by establishing accredited training programs. The development of marketing knowledge and skills for cheese producers within registered agricultural holdings enables the identification of consumer needs and market opportunities. The marketing concept has originated from the market practice, as a new business orientation, which starts from buyers, consumers, users of products or services, i.e. from the needs and interests of consumers for some product or a service (Cvijanović et al., 2013). To implement successfully a marketing strategy, it is necessary to consider the consumers' needs, their purchase motivation, perception and expectations to create a distinctive value of cheese relative to competition and occupy the desired position in the consumer awareness.

CONCLUSION

The priority of Serbian cheese producers on registered farms is to develop an awareness of the importance of marketing, leading to new marketing knowledge and skills and their practical application. This would enable the producers to gain a clearer insight into the new dimension, capabilities and perspective of cheese production. The application of the marketing concept facilitates creating higher value of cheese in the awareness of buyers and consumers. Accordingly, it is possible to achieve fuller exploitation of the mentioned opportunities, such as the production of cheeses with geographical designation of origin, organic cheeses, sheep's cheeses, etc., which would create conditions for the adequate market valorization of traditional knowledge and skills of producers. In order to add value to the product and find new markets, considerable investments are needed in promotion and marketing research, which significantly increases the cost and cost per unit of output. Reducing total costs can be achieved through cooperation and / or investing in marketing knowledge and skills.

Cooperations, the establishment of accredited continuing education programs in the field of cheese marketing, as well as state incentives in the form of earmarked funding, are some of the primary factors in developing and strengthening the competitive position of cheese producers. This research suggests that the agricultural sector should enable farmers to develop their strategic, marketing and entrepreneurial skills. This requires economic support and greater emphasis on education and training.

To be successful in the marketplace, producers need to have a better understanding of markets. They need to focus on getting organized and producing what they can sell. They need to analyze markets to meet market demands and consumer needs. The considerations about cheese producers stated herein may provide guidance for future cheese production and marketing. However, specific recommendations can only be made after further research involving a marketing survey on Serbian consumer opinions, attitudes, perceptions, cheese characteristic preferences, brand recognition and loyalty, packaging design, declarations and other product attributes.

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