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EVOLVING FOOD MARKETING SYSTEMS IN RECOVERING ECONOMIES: SOME LESSONS FROM CROATIA'S GAVRILOVIĆ AND EMERGING 'OLDIES-BUT-GOODIES'

A well-functioning food marketing system contributes greatly to domestic socio-economic development and global connectivity during periods of recovery and/or transition. Gavrilović, an established and historically successful company, i.e., an "Oldie-but-Goody," is a case study in survival and adaptation; ultimately perhaps a model for other food marketing companies that must overcome rigorous geographical, social, political and economic challenges. This paper discusses food marketing systems and their development, provides a brief overview of Croatia's food marketing system, and shares some lessons and best practices from Gavrilović.

Key words: marketing food system, recovering economies and /or transitional economies, Gavrilović, longitudinal research

Introduction

An efficient and effective food marketing system is paramount to the welfare of society. The devastation of war and economic transition clearly would disrupt

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both efficiency and effectiveness of any food marketing system; such was the case of Croatia, in the 1990s. Our aim in this article is to expand the literature on recovery of food marketing systems in the wake of war-devastation (e.g., Renko et al, 2000; Shultz et al, 2005). Though Croatia is a small country with a population less than 5 million people, it is intriguing because of its geographic position at the confluence of cultures, politics and traditions, and because of arcane challenges and successes seen in its food marketing system, particularly over the course of the last century. We examine a noteworthy company in Croatia with the intent to gain insights into factors that predict success, despite extraordinary challenges. We essentially intend to share some insights into best practices that can be implemented by other companies in recovering/transitioning economies, to the welfare of local communities and greater society.

This article is organized as follows. Firstly, the rudimentary features and functioning of the food marketing system are described. Secondly, a case study on Croatian business practice within the evolving/recovering food marketing system is presented. The case features Gavrilović, a leader in the meat production and marketing industry. This company not only has survived the transitional and post-war period, but has grown and become a market leader, contributing to the development of local and national economies. Readers should note that we do not discuss in great detail the disintegration of Yugoslavia, war and Croatia's independence; while these events certainly are important, they have been discussed in considerable detail elsewhere by the authors (e.g., Pecotich, Renko and Shultz, 1994) and other scholars (e.g. Glenny, 2000; Tanner, 1997).

Our findings are based on examinations of extant literature and depth interviews (e.g., McCracken, 1988). Data were reviewed, collected and interpreted with an eye toward the general welfare of stakeholders in the food marketing system or value chain (e.g., Dahringer, 1983), especially owners and managers of Gavrilović and immediate stakeholders of their products and practices.

Features and functioning of the food marketing system

Food marketing systems include several key components or phases: land/space, capital, and labor; agricultural production, harvesting, and storage; distribution and food processing; packaging and distribution/wholesaling/retailing to end-users or consumers. In sum, several variables must be administered to add value to agricultural products, as they move through a supply chain, from production to consumption; in other words, all value-added processes from "farm to fork". Its unique economic, political, social and personal effects help to explain the attention and resources allocated to it by governments, businesses and consumers, and why

it requires special expertise, to manage well. Optimization of a food marketing system is contingent upon many forces, including consumer demand, geography and weather, political and economic models of management (or non management), perishability, capital, competition, systemic coordination, and differentiation of this industrial sector in relation to all other consumer-oriented sectors (see also Bone and France, 2003; Padberg, Ritson, and Albisu, 1997).

Throughout history, the food marketing system has been an indispensable facet of a country's economic development and welfare; in many cases it has driven economic and societal development (e.g., McMillan, 2002, p. 4). A well functioning food marketing system contributes to economic growth and increases in personal income; as a food marketing system becomes more and more developed, it facilitates the exchange of technology, know-how, local and international cooperation, peace and stability (e.g., Shultz et al, 2005; Kohls and Uhl, 1997).

In developing countries, the food industry is largely limited to the transactions of non-processed food, therefore the company structure and market organization is more simple and less systemic (e.g., Slater, 1968). As a country becomes more developed, fewer people tend to work in the agricultural sector; regions and organizations tend to specialize in the production of certain foods, resulting in larger cross-regional exchange. So, although food is one of the world's biggest industries - with new technologies, product specialization, brand differentiation, and market development - the number of employees in this sector decreases, as an economy develops; furthermore, workers that remain involved in production actually tend to work more land. The majority of agricultural estates in Croatia, for example, still are family farms, similarly to what one finds throughout other regions of Southern Europe. These many small agricultural estates typically cannot provide enough work and/or cannot provide an adequate return on investment. Comparatively, in the majority of Western European countries, farms are much bigger, i.e., in the U.K. over 60% of farms occupy more than 20 hectares, while in Croatia, an average size of a farm is 3 hectares. Although big estates are less common in Croatia, the trend toward scale economies for agricultural production continues, with some possible exceptions for producers of specialty products targeting niche markets (cf. Tracy, 1993). A closer look at Croatia's food marketing system follows.

Croatia's Food Marketing System

Beginning with consumers, ultimately the *raison d'être* of any food marketing system, readers will find that the Croatian food market is relatively small, with approximately 4.2 million consumers, at the time of this writing. Purchasing power is low compared to EU countries and it is estimated to be a little more than 4000 USD

per capita. Approximately one third of the Croatian population (e.g., pensioners, unemployed citizens, and farmers) has even lower incomes, about 2500 USD or less. The average consumer spends disproportionately large parts of his/her income on food. Average annual consumption of wheat per capita is 117.7 kg, meat and meat products 42.5 kg, milk 173.1 litres, fruit 48.61 kg, vegetables 49.15 kg, potatoes 39.84 kg and wine 13.3 litres. The purchasing decision still greatly depends on price. Consumers trust domestic products, and they have claimed advertising, packaging and merchandising do not play any significant role in purchase and consumption (Kovačić, Njavro, Gelo, and van der Bend, 2000). If trends seen by the authors in other transitioning countries are an indicator, however, these preferences are likely to change, as the Croatian market becomes more integrated into European and global marketing systems. Changes and integration create challenges and difficult policy decisions; these have been compounded by disruptions from war and economic transition.

Disruption and Challenges

In the 1990s, much of the Croatian economic, political and social infrastructure was devastated. To revitalize the country, to start economic growth, it was necessary to reconstruct social and economic infrastructure, which was/is a long, slow and expensive process. Moreover, Croatia went through the process of privatization (transformation of ownership from state-owned to private companies); market forces applied, in comparison to central planning, which was largely the model of the former Yugoslavia. Therefore, in the current phase of stabilization, Croatia must develop institutions that will facilitate successful transition from a planned to a market economy.

Reestablishment of a more optimally functional food marketing system presents one of the most important needs of any transitional economy (Gorton et al, 2003). A well-functioning marketing system is not only vital for survival, but also for employment and trade in early phases of transition (Layton, 1981). Land cultivation and food marketing have strong social implications; they are important for employment and reduction of poverty in rural areas, and they can play a strong catalytic role in economic growth (e.g., Goodman, 1974; Kumcu and Kumcu, 1987; Slater, 1974). Food marketing thus presents a basic source of comparative advantage, which then facilitates trade, resulting in further institutional reforms and economic growth (Thomas and Nash, 1991; Abott, 1962; Gorton et al, 2002; Slater, 1968). Indeed, revitalization of the food marketing system presents the base for long-term sustainable development of numerous institutions. A goal therefore must be an efficient system, which connects Croatia to more markets, and which

will increase food security, employment, development of institutions, economic growth, global trade, sustainable development, transfers of technology, improved living standards and domestic and regional stability. Possible barriers to revitalization include: a large part of the population historically has been oriented to and employed in production agriculture; disturbances in production; fragmented and interrupted marketing channels; limited integration; lack of capital and management acumen; resistance to changes; global quality standards; lack of understanding and reactions to market forces.

Today, Croatia is one of Europe's biggest food importers. Croatia nevertheless has capacity of food production for the needs of 20 million people, nearly five times more than the needs of domestic consumers. Problems lie, for example, in unproductive land laden with explosive ordnance and production-orientation toward commodities; most members of the food marketing system are not ready to reorient themselves to the production or processing of more complicated, risky, value-added (and more profitable) foodstuffs. Reorientation and integration of the system is beginning to provide links to an expanding marketing chain within and beyond Croatia's borders; consolidation and organization are providing better choice to consumers and higher levels of customer satisfaction. Development will result in new shops and retailing outlets, increases in the employment rate (though usually away from production and into value-added sectors), higher salaries and greater purchasing power. These outcomes further positively affect economic development rates and increase foreign trade, which in turn potentially improves balance of payments and decreases foreign debt through exports. To date, Croatia generally has a foreign trade deficit with countries of the EU. Difficulties in placement of products in these countries/markets arise in EU insistence on precise standards for production, quality, processing, packaging and the like. Thus long-term investment in modernization of the Croatian food marketing system is paramount to improve the placement of Croatian products in the EU market and global markets.

To meet the needs of Croatian and other consumers, approximately 5000 companies are registered for food production and/or food processing activities in Croatia. The majority of these companies ended the 2005 fiscal year with losses (*Journal of Statistics*, 2005; see also Kovačić, Njavro, Gelo, van der Bend, 2000). Exceptions often are found among entrepreneurial "niche players" -- small companies, often situated in rural areas -- which can contribute to local employment and income, including the opportunity for family members to find employment outside the farm; they contribute to a variety of foodstuffs in the region, and sometimes provide innovations (e.g., local cheese, honey, bread, mushrooms, wine, olive oil). These products often resonate with consumers' wishes for "health food", including organic food. For these reasons small- and medium-sized companies are subject to state support, but trends suggest this support is waning. Though vital to any market economy, and we have championed them as positive contributors to the food mar-

keting system in Southeast Europe (e.g., Shultz et al, 2005), small companies face problems in Croatia: their equipment is often old; they usually have limited or no capital to invest in new facilities and technology, often produce only one product, which may be seasonal resulting in reduced employment rates in the periods of less production; there is little or no quality control. Cash-flow problems and no scale economies usually mean there are no resources for R&D, quality controls, and sophisticated marketing and strategic planning. Some larger, well-established companies however have some assets that can be uniquely helpful to transition; and, despite enormous challenges, are making important contributions on a number of measures. A few of these companies furthermore seem to blend long-standing core competencies with an entrepreneurial spirit seen in some of the aforementioned niche players. We turn our attention to one such company, below.

Croatian Case Study – Gavrilović

Transitioning from a centrally planned to market economy is a difficult process; war further adds to the complexity of the situation and the impact on marketing (e.g., Pecotich, Renko and Shultz, 1994). Croatian business entities faced two demanding situations. The war and post-war crises drastically affected the marketing environment and marketing activities in the country. In these circumstances, the majority of the companies and organizations suspended most or all marketing activities, since many of them suffered substantial material damage or were completely destroyed. Additional problems included hostile markets in some regions and among some consumers in the former Yugoslavia; decreased purchasing power in Croatia; supply disruptions; and fluctuations of workforce, distribution mechanisms and consumer habits, as people were fleeing from war-areas. Some food marketing institutions simply disappeared or remain in precarious situations. Shultz et al (2005) have categorized these barely surviving food marketers as Hopeful Desperates and Dinosaurs; essentially people and larger organizations, respectively, committed to food marketing, but looking to old paradigms for their resurgence.

Despite enormous difficulties, some companies survived and adjusted to a new dynamic in a market economy; still others not only survived but thrived, growing their business, building brands and capturing marketing share. Shultz et al (2005) have categorized these institutions as Phoenix Entrepreneurs, Tycoons and, sometimes, Oldies-but Goodies. Our aim is to describe the specific adjustments one company made in the transition process. We have chosen to focus on one of the Oldies-but-Goodies, i.e., companies that have strong, well-known brands, but faces unique challenges of war-recovery and transition. Typical challenges can include lack of capital and “raw” inputs (e.g., no livestock from which processed meats

can be manufactured), decreased leverage in a rapidly evolving supply chain, etc. One particularly interesting Oldie-but-Goody is Gavrilović, current market leader in the Croatian meat industry. We are hopeful it can serve as an example to other business entities that find themselves in similar situations.

The business activities of Gavrilović date to the late 1690s, when the Gavrilović family established a meat trading company. The first industrial production began in 1821, after building a factory named “First Croatian factory of salami, dry meat and fat -- Mate Gavrilović and children”. Gavrilović subsequently has successfully overcome numerous difficulties, including two world wars, various socio-political and economic systems, partial devastation of physical assets and plants, transformation of ownership and organizational structure; changes in the geo-political and trading system, bankruptcy and reestablishment of family ownership (through purchase), and recent war/post-war crises in Croatia. Despite these remarkable changes and challenges, Gavrilović has survived, indeed now is thriving, and generally has been regarded as an effective marketing organization throughout its history. What follows is some discussion of the more relevant events and predictors of success.

Market Orientation, Market Leader

An overarching theme for Gavrilović: it always seems to have had a market orientation; has focused on quality, innovation, and branding, and thus has become a market leader, despite extraordinary setbacks. Toward the end of the 19th century, Gavrilović made an important strategic decision, by most accounts developing the first meat brand in the region: renowned winter salami, “Gavrilovička”. This product diffused quickly through the market and production responded accordingly. Not only were production facilities state-of-the art for its day, the factory contributed to socio-economic development, for example, transmitting electricity to the entire town in which the factory was located.

Building on successes, a special factory was founded in 1912 for the production of premium meat products, such as winter salami, srijemska sausage, paprika salami (kulen), suđuk and other similar products. Moreover, Gavrilović was the first company in Croatia and among the first in Europe to initiate the production “dry sausage,” a new product category, bolstering its reputation as an innovator. As leader in the industry, its market share in the Croatian meat products market was more than fifty percent. Its success was mainly due to quality organization and marketing activities, product development in response to requirements and wishes of customers. The company furthermore understood markets and consumers beyond Croatia. Exporting activities were an important component of the success-formula. In the nineteenth century, for example, Gavrilović exported to France, Austria and Hungary.

By the early 20th century representatives of the “First Croatian factory of salami, dry meat and fat, Mate Gavrilović and children” were present at the fair named “Croatian Economic Exhibition” and successfully gave a high quality marketing presentation. Especially effective was creative application of elements of the marketing communications mix, which included publicity, photographs and illustrations, and the use of unusual slogans for that period: “Only the best is good enough for our clients!” (Čavić, 1998). Gavrilović successfully placed their products throughout the Austro-Hungarian Empire until the beginning of the First World War, but policies following the war resulted in market-losses. Especially harmful to Gavrilović was the dismantling of the Austro-Hungarian Empire, which had ensured an important foreign market, and implementation of prohibitive customs by the newly emerged countries.

In 1928, Đuro Gavrilović assumed leadership of the company, redoubling efforts to expand capacity and to (re)develop export markets. Production capacities increased in the 1930s and the distribution network was expanded by exporting products to France, Switzerland, Austria, Czechoslovakia and Italy. The company expanded its market by exporting dry meats to Great Britain from 1952 and dry sausages to the US from 1962. Gavrilović products maintained leadership in quality, product lines and innovations; from 1930-1990 Gavrilović was a market leader, known for quality products and brands, market orientation, market share, and strategic management of its brand portfolio and marketing mix.

Unlike most Croatian companies, Gavrilović seems always to have understood marketing is something more than promotion. Nourishing the tradition of product quality, the management has continuously emphasized the importance of innovation, launching new products, and development of sales network. And, despite unusually difficult times experienced during the Croatian War of Independence in the 1990s and ongoing post-war adjustments, *Puls* (Puls, 2004) reported that 99% of Croatian respondents were familiar with the brand.

Distribution Challenges - New Opportunities

Before the beginning of the Second World War, only two retail shops were owned by the company, in Petrinja and Karlovac. In 1946, the first shop was opened in Zagreb. Gavrilović continued to develop its distribution network so that by 1971 it owned 105 shops, and by 1980 about 200 shops. The retail structure was transformed over time from specialized shops selling only fresh meat and meat products, to multi-purpose shops. Further efforts to transform these shops into points of sale of other non-food products did not produce desired results. In retrospect, the effort to diversify the distribution network proved to be a major strategic mistake, as

some shops tried to transform into bookstores, shoe repair shops, hardware shops and other types of shops with little synergies to meat retailing.

Retail has always been problematic for the Croatian economy. Structural problems and inability to reach economies of scale usually are summoned to explain poverty and an underdeveloped market. A suboptimal, undeveloped distribution network requires big investments in transportation. In an attempt to solve these and other problems endemic to the increasingly turbulent marketing environment of the former Yugoslavia, Gavrilović used advanced marketing research techniques, often consistent with and complementary to techniques used outside Yugoslavia and Croatia (e.g., Rocco and Obraz, 1963; Rocco, 1989), a matter we address briefly, below.

Market Research – Customer Analysis

In the beginning of the 1970s, with an increase of meat and meat products consumption, Gavrilović management determined that long term planning was necessary for survival. A new department was established for this purpose, whose main aim was to follow market changes with special focus on consumers. Customer analysis was one of the main functions of the department and was used for setting strategies with the aim of strengthening Gavrilović brands; as was research of consumer needs and wishes, product testing, and pilot testing of packaging and promotional messages. While other companies also engaged in marketing research, Gavrilović seemed to distinguish itself among other competitors in the meat industry and food marketing more generally.

Marketing Communications

Management understood the importance of a sound marketing communications mix; promotional, advertising and other communications strategies were relatively sophisticated during each period of the company's growth. This reality is especially impressive, given prolonged periods of censorship and political dictates for managerial practice (Pecotich, Renko and Shultz, 1994). The company often advertised their products on local TV and radio stations, in newspapers and magazines. But the focus of the company was on sales promotion more than on advertising. Advertising was used for short, specialized campaigns, such as new products launch, reducing quantity of products in stock, or related to some important social events (e.g., New Year's celebration). Gavrilović also sponsored many

high-visibility sports, cultural and social events, such as the Winter Olympics in Sarajevo in 1984, and Universiade in Zagreb in 1987. Other effective activities included distribution of various brochures and catalogues; sales presentations and exhibitions; fairs and trade shows. Promotional material such as pencils, safety pins, diaries, pocket-knives and calendars were given as presents to customers and business partners. All these activities contributed to maintaining or to strengthening of the Gavrilović brand.

The Quality-Brand Imperative

Clearly, the sum-total, carefully orchestrated and synergistic marketing activities of Gavrilović were instrumental to the creation of a quality brand. The Gavrilović name and trademarks have become recognized throughout Croatia, much of Europe and beyond as synonymous for tradition and product quality. Indeed, one of the best known slogans in Croatia is “It’s excellent – It’s by Gavrilović!” (Gavrilović, 2005).

Critical to the brand image that exists today, which in turn bolsters Gavrilović’s competitive advantage, has always been product quality. Each business policy has given special attention to it, and the company has maintained the best possible quality standards, in accordance with the existing technology. In 1967, a Quality Control Department was established as a managerial function, at the company level. Quality checks are performed on a daily basis for all finished products, raw material and other input. Gavrilović quality has been recognized throughout the world, and the company has won more than 1300 various prizes, certificates and medals for its quality, in numerous international fairs. It has won the champion title in the food category 19 times. It has also won two very important international prizes “Golden Mercury” in 1983 and “Golden Star” in 1986 in acknowledgment of supreme quality (mainly for products exported to the US). An important deduction can be drawn: Gavrilović management has looked to globally recognized standards of quality and strives to meet or to exceed them, which serves to reinforce or to grow its brand image.

Price Premiums

An orientation toward high quality led to a price skimming policy. This policy (Gavrilović prices are generally higher than competitors’ prices) has obvious immediate financial benefits, but from a strategic marketing standpoint, the largesse

from price premiums has afforded new opportunities. The company could cover higher fixed costs, and higher profits presented opportunity for capital investment in the expansion of production capacities, new products development and new marketing communications.

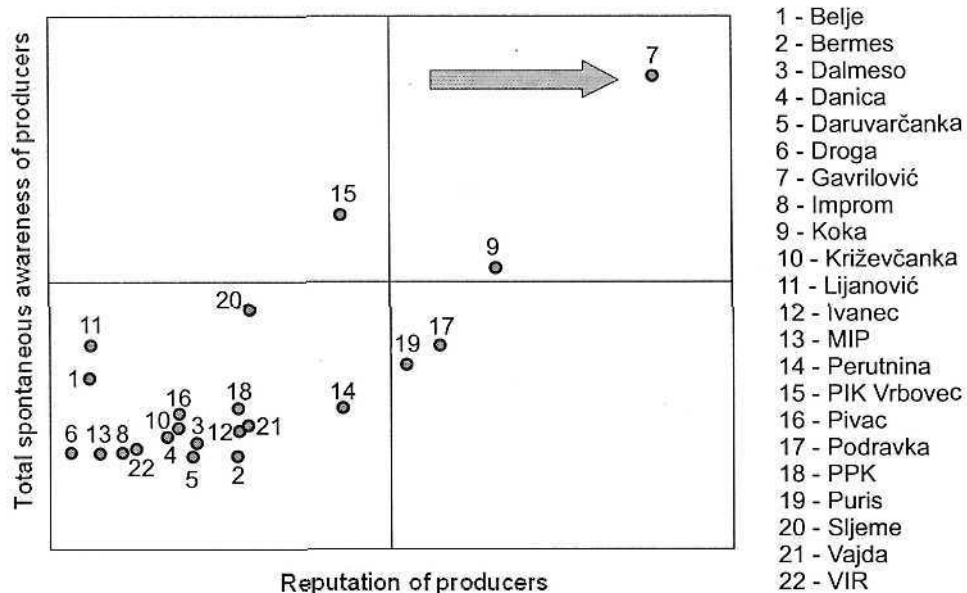
From the Brink - Leveraging Strengths to (Re)Develop Attractive Markets

We reiterate that current measures of high performance are all the more remarkable, given the disintegration of Yugoslavia and the ensuing war, which had a severely negative impact on Gavrilović operations in Petrinja, from 1991 to 1995. The main factory was closed, only the two most popular products (*liver pate* and *meat breakfast*) could be manufactured, from the 350 products in Gavrilović's portfolio. The company lost a large portion of market share; employee turnover was huge because of emigration and military recruitment; other activities were disrupted, including research and development.

In 1995, production capacities were reconstructed. Since then Gavrilović has achieved high growth of production and sales, and an increase in number of employees; objective and subjective measures indicate superior product quality, price premiums, and customer loyalty; which in turn have stimulated expansion in the forms of new products, markets and marketing communications. More broadly, the high growth rate has been a result of marketing strategy with the objective to regain the old market position held before 1991, domestically and internationally. The strategy leveraged the main competitive advantages, which had been built for centuries, to seize market opportunities; they were/are the strength of brand and brand awareness, long tradition and reliability, customer loyalty, image of large and strong domestic industry, exclusive goods, and large production capacities. Today, Gavrilović produces canned meat, semi-dry sausages, semi-dry meat, dry sausages, dry meat, fresh meat, frozen meat, ready made dishes, and fat; the company has re-captured lost market share domestically and internationally, and has begun to capture share in new markets. Gavrilović data, as illustrated in Figure 1, suggest that consumers are most aware of this producer and that the company enjoys the best reputation in the marketplace. The authors' own fieldwork corroborates these findings.

Figure 1.

AWARENESS AND REPUTATION OF PRODUCERS



Source: Internal data with permission of Gavrilović d.o.o., 2004

Market opportunities resulted in exports to neighboring countries, mainly countries of ex-Yugoslavia, then Austria, Germany and Great Britain. In addition to distribution to much of Europe, the products of Gavrilović now are exported to Australia, Asia, Africa and North America. At the same time, continuous improvements to product quality and marketing activities are explored and implemented. Efforts and available resources -- including state-of-art technology, marketing expertise and brand leveraging -- have been summoned, with the objective to create the strongest meat manufacturer/marketer in Southeast Europe, as suggested in Figures 2 and 3.

Figure 2.

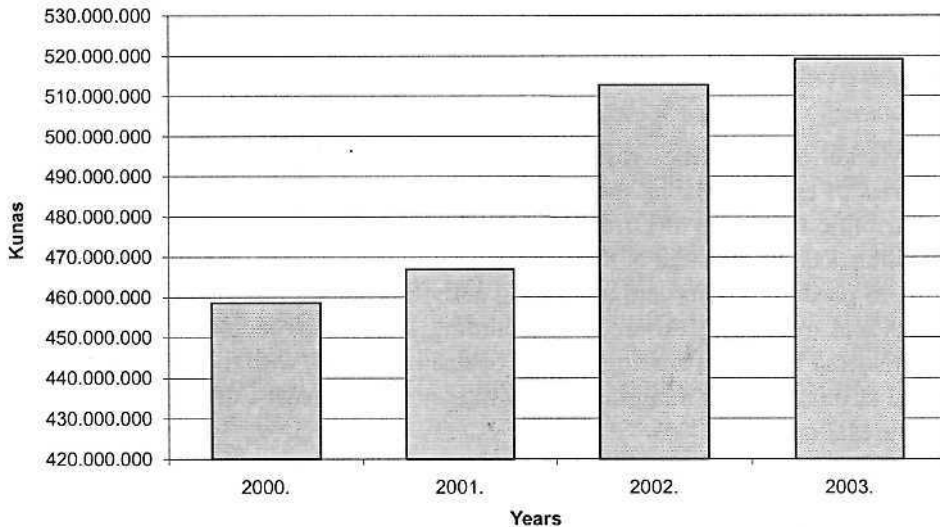
RANKING OF COMPANIES IN THE CROATIAN MEAT INDUSTRY
ACCORDING TO VALUE ADDED IN THOUSANDS OF €.

Rank	Producers	VALUE ADDED in 000 €
1	Gavrilović	11.847
2	Danica	8.392
3	Mesna Industrija - Braća Pivac	4.209
4	Koka	4.016
5	Vajda	3.959
6	Perutnina Ptuj - Pipo Čakovec	3.802
7	PPK Karlovac	2.914

Source: Institute for Business Intelligence, 2004.

Figure 3.

TURNOVER FIGURES FROM 2000 TO 2003.



Source: Internal data with permission of Gavrilović d.o.o., 2004 (note: 7 Croatian Kunas = approximately 1 Euro)

Conclusion

A longitudinal study of the region revealed that successful food marketing companies in Southeast Europe tend to have in common some attributes that predict success:

(Successful companies) are facilitating organization and integration, developing the production sectors, and streamlining distribution and retailing. (L)eaders are succeeding ... (despite) constraints because they see their missions as solutions to these problems; indeed, they tend to see many of the problems as opportunities. (They) leverage ... brand equity, and superior government relations, management and marketing vision. (They) succeed because they are supremely market oriented, nimble, and receptive to “things that work,” which often are counter to conventional methods and political and cultural resistance; they have products demanded by consumers at the end of channels... (Shultz et al, 2005, p. 34).

Gavrilović, an “Oldie-but-Goody” evinces many of these attributes. We also reemphasize that Gavrilović embodies many of the entrepreneurial attributes found in some of the previously mentioned smaller, newer, niche players that are having success in Croatian and export markets.

Available data indicate Gavrilović generally maintained growth and development for nearly 300 years, until the outbreak of the most recent war, in 1991. The war caused partial devastation of production capacities and factories, drastic cuts in production and product range, loss of traditional markets and fluctuation of workforce. Although the company was not able to influence the course of war -- temporary adjustments such as relocation, change of target segments, and changes of product lines were necessary -- management adjusted to circumstances in order to continue business operations and brand presence in parts of the market.

Despite disruption of production for many years, Gavrilović products returned to the Croatian market at prices higher than competitors' prices. This was a well-conceived strategic decision based on brand reputation and consumer affinity, consistent with centuries-long tradition of superior quality. Gavrilović products interestingly are among the most copied in Croatia, today. Management has responded with advertising campaigns drawing attention to the authenticity of the original product. Few food producers, for example, can use in their campaigns the fact that their products were staples of Napoleon's army, or America's army in the Second World War. Gavrilović, in sum, is a company, which during a difficult post-war period and then transition to a more market-oriented economy, has succeeded not only to survive but now thrives, ranking in the top 1% of the best Croatian companies.

Gavrilović moreover is extremely important for the development of the region, as well as the country's economy as a whole. Its business activities provide

employment for almost 1000 people, among them many contract-farmers, or small family farms that collaborate in the breeding of raw material base (e.g., cattle and pigs). Gavrilović also provides technology transfer and many consultancy services to members of its value chain, including consulting to its contract-farmers vis-à-vis agriculture development and animal husbandry.

The analysis of historical data shows that Gavrilović is a survivor, a company that is resilient, skillful at market estimations and production, and offers/delivers goods in accordance with diverse consumer needs -- despite many upheavals -- which many companies have never faced in a complex and rapidly evolving value chain; nevertheless, some challenges remain, which we address in our final remarks.

Future challenges likely will come in several forms. The trend toward global marketing opportunities means domestic markets also are more open, thus opportunities -- but also competition -- increase everywhere. Greater competition from huge multinational companies (MNCs) means scale economies become relative; Gavrilović thus will be forced to accentuate even more its uniqueness, its differential advantages, and its brand image, based on changing customer values. Among changes may come a shift in attitude toward meat products seen in other developed markets; that is, perhaps certain meat products (e.g., fatty sausage, processed meats, etc.) will become less popular, which would be a direct threat to the company's core competency. Brand strength ironically could become a weakness, as large MNCs may make predatory purchases and simply buy the intellectual property (i.e., brands) of Gavrilović and restructure the company. Finally, at a broad, national level efficiencies in the food system and the success of companies such as Gavrilović, require a shift in labor away from production agriculture, which raises questions about possible unemployment, skills-training, and new jobs creation, as this inevitable process unfolds. Still, we reiterate, irrespective of numerous potential threats or challenges, the Gavrilović record demonstrates resilience, market-orientation and success; one should remain reasonably optimistic about this company's future, and the futures of other "Oldies-but-Goodies" that model their successful marketing strategies and tactics.

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RAZVIJENI MARKETINŠKI SUSTAV HRANE U EKONOMIJAMA
U OPORAVKU: POUKE IZVEDENE IZ HRVATSKOG
“STAROG ALI USPJEŠNOG” PODUZEĆA GAVRILOVIĆ

Sažetak

Marketinški sustav hrane koji dobro funkcionira snažno doprinosi društveno ekonomskom razvoju i globalnoj povezanosti u razdobljima oporavka i /ili tranzicije. Gavrilović, stabilno i povijesno uspješno poduzeće pripada grupi “starih ali uspješnih” poduzeća, poslovni je slučaj uspješnog opstanka i prilagodbe i bez premca je model za ostala poduzeća industrije hrane koja moraju predvladati geografske, društvene, političke i ekonomske izazove. Ovaj se članak bavi istraživanjem marketinškog sustava hrane i njegovog razvoja te omogućava pregled stupnja razvijenosti marketinškog sustava hrane u Hrvatskoj, posebice na primjeru poduzeća Gavrilović uspješnog poslovnog slučaja iz gospodarske prakse Hrvatske.

Ključne riječi: marketinški sustav hrane, ekonomija u oporavku i /ili tranziciji, Gavrilović, longitudinalno istraživanje