

MARKETING CHANNELS IN LOCAL POULTRY FARMING: A CASE STUDY IN THE NORTHWEST OF RIO GRANDE DO SUL-BRAZIL



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ABSTRACT

Marketing channels are the means through which the company uses to bring its product or service to the consumer. Such channels can be online or offline depending on the area of operation of the business. It is important for the entrepreneur to do a market study in order to be able to identify the most appropriate marketing channel for his business. Following this perspective, the present study aims to analyze the marketing channels used by the

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Botton farm, which was taken as a case to illustrate the commercialization of eggs in the region of Palmeira das Missões-RS. The methodology of the present study can be divided into two axes, which can be classified as: bibliographic research and case study, the implementation of Granja Botton, in the municipality of Palmeira das Missões, can be seen as an achievement for the Municipality. It is worth considering the innovation process with regard to the marketing channels adopted by the company, given the pioneering implementation of egg e-commerce in the region.

Keywords: Laying birds. Marketing channels. E-commerce.



INTRODUCTION

Commercialization and distribution channels, or marketing channels, portray the sequence of stages through which the agricultural product passes until it reaches the final consumer, configuring the organization of intermediaries, each performing one or more marketing functions, and the institutional arrangement that enables market relations in agro-industrial production chains.

The choice of the most appropriate marketing channels is a factor of paramount importance and depends on a number of factors. Considering, for example, the nature and characteristics of the product, the existence or not of intermediaries and the economic result of the process. In the past, sales channels were limited to the *offline* world, however, today, they are increasingly varied, transforming the way companies and consumers connect. Digital transformation has brought with it the possibility of online sales, through the *internet*.

In this perspective, it is intended to analyze the marketing channels used by Granja Botton. The company stands out in the sale of eggs in the northwest region of the state of Rio Grande do Sul, especially in the form of egg subscriptions over the *internet*. The open structure of the *internet* and the low cost of its use allow the interconnection of information and communication technologies, offering companies and consumers a complex information system and a new form of communication. In short, it enables companies to reach a larger consumer audience.

Regarding the structure of this work, concepts about marketing channels and *e-commerce are addressed*, in addition to the evolution of *e-commerce* in Brazil. Subsequently, the study presents methodological aspects and, then, the details of the case study of Granja Botton. Regarding the theme, the choice of marketing channels in organizations stands out, especially for the introduction of new products in the market, through which it is possible to identify niches not yet explored or reach new audiences, as is the case of the *egg e-commerce* of Granja Botton in Palmeira das Missões-RS.

THEORETICAL FRAMEWORK

MARKETING CHANNELS

Marketing channels can be understood as the way in which the customer has access to products and services, being considered an important commercial strategy.

According to Telles (2002), distribution has some other denominations, such as distribution



channels or even *marketing* channels. Distribution is the process, structure and management of the availability of products (products, goods or services) for exchanges.

Sousa (2009) defines the concept of distribution channel as the set of material and human elements, internal or external to the company, which we call intermediaries and which it uses to carry out its distribution action. Distribution channels are made up of the set of people or organizations – intermediaries – that promote and facilitate access to information, knowledge and innovations, becoming a reference center for the activity and providing the expansion of this network of partnerships over the years (SOUSA, 2009).

To make products available in the consumer market, companies use the following intermediaries: manufacturing warehouse, means of transport, wholesale and retail warehouse (ROCHA, 2017).

Thus, it is understood that intermediaries play a fundamental role in the marketing process, they are integrated with the marketing channels so that the distribution process occurs efficiently. The distribution strategy must be previously established by all members of the channel, in order to successfully fulfill the value proposition (ROCHA, 2017).

Another important factor is the planning of distribution channels, Rocha (2017) states that planning a distribution channel means deciding which type of channel is most suitable for a particular company and its products. In other words, decisions about distribution are long-term, requiring a lot of care and attention, conditioning the company's entire commercial strategy (ROCHA, 2017; SOUSA, 2009).

According to Telles (2002), distribution, understood as the process, structure and management of the availability of products for exchanges, is presented in two dimensions: the first is the *marketing channels*, that is, the administration of distribution, which involves the structure and management of the activities of the agents present in the channel(s), the wholesale and retail operations; the second corresponds to the physical distribution, which involves the logistical aspects of planning, transportation and storage.

The option for a distribution channel has high implications, as it impacts the strategy of the producing company. The criteria for selecting distribution channels must meet the following aspects: maintenance of the value proposition of the producing company; control of the marketing process and adjustments of conflicting situations (ROCHA, 2017). In view of this, with the evolution of globalization and information and communication technologies, including the transformations of society over the years, marketing channels are influenced by new digital business models, such as *e-commerce*.



According to Rocha (2017), new information and communication technologies impact the way consumers meet their needs. With the launch of new products uninterruptedly, they can more easily compare prices of similar items, and the purchase decision depends mainly on the desired convenience and availability of the products. This new market environment arose from the need of companies to expand their activities, in the search for new and larger markets, which implied greater competitiveness and the search for innovations in products and processes. For Telles (2002), the need for the physical existence of points of sale and physical displacement, for the search for products and making purchases, can be overcome by the emergence of virtual equivalents (virtual stores), in which one chooses, compares, evaluates and buys remotely, from work or from any spaces equipped with *internet access*.

Accordingly, it is also important to highlight the strategic differences between traditional retail and *online* retail. However, traditional *marketing* strategies are part of both physical stores and virtual stores, and both strategies should focus on the consumer. Turchi (2018) highlights that the profile of today's consumer is very different from the past, reflecting in the relationships between companies and buyers, with increased customer participation.

Turchi (2018) also states that the evolution of the consumer profile is motivated by the ease of access and the amount of information available today. The consumer is connected and participative, shaping organizations through social networks. Thus, it has also become more critical and less loyal to brands. The great strategy of *marketing* 4.0 is based on the fact that the consumer is inserted in the era of the digital economy. Digital innovations are the drivers of this marketing phase, consumer empowerment is one of the main characteristics of buyers (ASUNÇÃO, 2018). Thus, it can be said that *e-commerce* is an online marketing channel, a new competitive and challenging business model in the face of digital transformations and novelties

E-COMMERCE

With the wide use of technological innovations, the network, called *the internet*, became not only a means of entertainment, but also ended up attracting the attention of companies that began to see it as an environment conducive to doing business, including *e-commerce*. In this sense, it is important to present some concepts about this terminology. According to Lorenzetti (2014), electronic commerce consists of "any activity that aims to



exchange physical or digital goods by electronic means. For Marques (2004), e-commerce would be the "classic" commerce, currently carried out through distance contracting. It reaches the contracts entered into over the *internet*.

According to Bruno (2013), e-commerce consists of a modality of distance purchase, in which the acquisition of goods and/or services occurs through electronic equipment for data processing and storage, in which information is transmitted and received. According to Teixeira (2015), e-commerce is nothing more than an extension of conventional commerce, which has existed for millennia. Following this line of reasoning, Assunção *et al.* (2018) state that e-commerce can be treated as the evolution of commerce itself, one of the oldest practices in society, which began many centuries ago, with the processes of exchange.

SEBRAE defines electronic commerce as being an integral part of *e-business* (electronic business). It is the commercial activity that, ultimately, will make the electronic connection between the company and the customer for the sale of products or services, following the strategy established by the *e-business*. Therefore, it can be inferred that e-commerce is a process through which the purchase and sale of products through electronic transactions occurs. *E-commerce* has grown significantly in recent decades, interfering in the replacement of traditional forms of buying and selling (TEIXEIRA, 2015; BRUNO, 2013; ASUNÇÃO *et al.*, 2019).

E-COMMERCE IN BRAZIL

To outline the profile of *e-commerce* in Brazil, some aspects related to the evolution of commerce through the internet should be highlighted. In this sense, Teixeira (2015) states that with the support of information technology, merchants now have a greater radius of reach, considering that with the *internet* there are practically no geographical barriers to business. On the other hand, there are some challenges regarding the difference between legal systems and the borders between countries, especially when it is necessary to physically deliver the product or provide a service on site.

With the advent of the *internet* and the expansion of the computer phenomenon, electronic contracting began to be admitted, a mechanism that extraordinarily facilitated the activities of companies that previously had a limited reach with regard to the dissemination and distribution of their products and services. Commerce, carried out through electronic means, became a means of expanding business in a practical and economical way.



In 2020, the *commercial internet* completed 25 years of operation in Brazil, demonstrating the universalization of access and use of the world wide web. Throughout this time, the service has expanded, diversified, greatly changing the way users work, study and relate.

According to Felipini (2012), e-commerce in Brazil has an average growth rate of approximately 30% per year and, if compared to other sectors of the market, shows great growth. In view of this, it is possible to say that Brazilian consumers have adhered to the electronic modality, considered an important tool to boost new business. In 2016, e-commerce was responsible for 2.6% of Brazil's Gross Domestic Product (GDP) (FIRJAN DATA, 2016).

METHODOLOGY

The methodology of the present study can be divided into two axes, classified as: bibliographic research and case study. The bibliographic research is a general overview of the main works already carried out, capable of providing current and relevant data on the subject. The study of the literature can help to plan the work and avoid duplication, representing an indispensable source of information. It can also guide the inquiries (MARIA, 2021).

In the course of the bibliographic research, aspects related to the *internet*, its emergence in Brazil and in the world were sought. From this, and since *e-commerce is* inserted in the virtual context, it was sought to establish related concepts. In the second stage, an interview technique was used to analyze the operation of Granja Botton, as well as to evaluate the operation of the *e-commerce* of subscription eggs, which represents part of the behavior of the food market, as well as the object of analysis of the study.

Yin (2015) defined the case study as a research strategy that answers the questions "how" and "why", focuses on current and understudied contexts. It can also be understood as an intensive, exhaustive and in-depth study of a specific individual, event, institution or community, aiming to identify related variables that can suggest explanatory hypotheses for a given phenomenon (SIGELMANN, 1984).

The research is qualitative in nature, through the analysis of the testimony of the owner of the company, collected in 2021. As for the purposes, the research will be descriptive while it essentially seeks the enumeration and ordering of data, without the objective of proving or refuting exploratory hypotheses. According to Pronadov (2013), in



descriptive research, facts are observed, recorded, analyzed, classified and interpreted, without the researcher interfering with them, that is, the phenomena of the physical and human world are studied, but are not manipulated by the researcher.

RESULTS AND DISCUSSIONS

BOTTON POULTRY FARM

The marketing channels are formed by agents that make the marketing process efficient, from an economic point of view. Within this perspective, of the commercialization channels, Granja Botton is taken as a case to be studied in agribusiness. Granja Botton is currently the only aviary in the municipality of Palmeira das Missões-RS, which produces eggs and distributes them to Palmeira das Missões-RS and region, using different marketing channels.

The property started in 2018, when the owner acquired a rural area located on the banks of RS 569, in Palmeira das Missões-RS. Thinking about entrepreneurship, he decided that the property would harbor a childhood desire: to raise chickens, while achieving economic gains. Observing that the municipality did not have any aviary and, considering that all the eggs sold in the city came from abroad, he decided that he would acquire laying birds to supply the local market.

PRODUCTION SYSTEM EMPLOYED

To put it into practice, the owner sought the Celeste Gobatto Agricultural School and the Federal University of Santa Maria, where he found technical support to start the enterprise. Initially, it acquired a batch of one hundred and fifty (150) birds, already vaccinated, with approximately 90 days, which began to produce. Such birds were acquired and raised in chicken coops, where they were free. The diet included homemade feed and vegetables. From this method, the owner observed the quality of the egg, which stood out in relation to the traditional eggs found in the markets.

The sale of eggs took place informally, to acquaintances, delivered by the businessman. However, not winning the demand, the businessman saw the need to increase poultry production. From that moment on, the owner understood the need to formalize the business as an agribusiness.

The process of formalizing the agroindustry lasted approximately one year, during this period the aviary already had approximately 3,000 chickens. The main difficulties for



the implementation of the agroindustry were in relation to bureaucratic procedures and the lack of incentive from the government. According to the businessman, the incentive to entrepreneurship and family farming is practically non-existent, with little effort to promote the development of the region compared to neighboring municipalities.

Currently (2021), the aviary has five thousand (5,000) birds, serving part of the consumer market in Palmeira das Missões, Panambi Constantina and Boa Vista. The aviary has three employees. The purchase of laying birds is carried out directly from a larger supplier, which arrive beaked, vaccinated and ready to produce. Regarding the production system adopted, part of the birds are raised in cages, the ones that produce the red egg. The other part of the birds are raised free, producing the free-range egg. The owner's goal is to diversify production in order to serve all consumer audiences, supplying red egg, free-range egg, white egg and organic egg.

With the exception of the white egg, which is produced by the white hen, the other eggs are produced by the same birds, and the differentiation is in the food provided to the animal. Thus, for the organic egg it is necessary to feed the chicken in an entirely organic way. For free-range eggs, it is necessary that the hen is raised free, fed with feed and vegetables. The difference between the chicken that produces white egg is that it eats less than the chicken that produces red egg. The white hen eats an average of 105 grams of feed per day, while the other eats 130. It is possible to house more white hens in the same space, which is why the white egg has the lowest cost. Regarding the nutritional issue, the white and red eggs have no difference.

The owner drew attention to the high costs in the production of the 100% organic egg, which is why production became unfeasible. Laying birds must be kept with a 100% organic diet. But the owner does not rule out the possibility of doing a market study to analyze the feasibility of producing 100% organic eggs. Another important issue, greatly emphasized by the owner, is the concern with the quality of the egg. In the search for a high-quality product, the owner sought to produce an egg with a larger yolk and more consistent white, resulting in a differentiated product. The owner's idea is to add value to the product, so that the eggs are a differentiated experience for the consumer.

Another important factor concerns animal welfare care. Such care concerns food, water, environment, accommodation, health and management. The birds have easy access to feeders and drinkers, and there is no competition in feeding. The environment in which laying birds are kept meets welfare needs, being designed for the animals to protect



themselves from thermal and physical discomfort, fear and stress. Only a keeper (always the same) can have contact with the birds, strange people cannot circulate in the place, as they generate stress.

The housing (sheds) of the birds ensures that they have minimum periods of 8 hours of continuous artificial light and/or daylight; and a minimum period of 6 hours of continuous darkness and/or the natural period of darkness. Ventilation and temperature for laying hens are strictly controlled. In terms of animal health, the farm adopts a sanitary plan, developed and regularly updated based on veterinary consultations. When it comes to management, all people involved in the management of birds receive the proper training, in order to be in compliance with the established standards.

MARKETING CHANNELS

The owner went in search of the consumer market, offering his products and showing the differentials. As a strategy, he offered a sample of the product and after a while returned to receive *feedback*. Through this strategy, it was able to demonstrate the quality of the products, building customer loyalty. Going to distributors, the owner inserted his brand in large, medium and small supermarkets, fruit trees and confectioneries. The aviary participates in the Food Acquisition Program (PAA), created by article 19 of Law No. 10,696, of July 2, 2003, a program that has two basic purposes: to promote access to food and to encourage family farming.

However, for the expansion of sales, the idea of *e-commerce* as a parallel marketing channel to the one already used emerged. The insertion in *e-commerce* emerged as an alternative to reach another audience, specifically those who value healthy and quality food, added to the convenience of receiving fresh eggs at their home, weekly.

For this, the entrepreneur developed a logo, a visual identity for the company. The strategy made the product quickly become *instagrammable*. Differentiated packaging was developed, with a recipe attached. The products started to be delivered in the subscription mode, providing the experience of acquiring eggs in the comfort of home, automatically. At the end of each month, customers also receive a freebie.

The egg subscription program was named "Cocoricó" and has two plans. The Clara plan, which delivers a dozen eggs weekly and the yolk plan, which delivers two dozen eggs weekly. Deliveries take place every Tuesday, with eggs being harvested in the morning and delivered in the afternoon. The delivery is carried out by the owner's daughter, who



manages all the *online* sales. Currently, the project has approximately 100 monthly subscriptions, standing out for being a unique and innovative project in the region.

FUTURE PROSPECTS

The farm's future plans highlight the possibility of reusing manure, which can be prepared and sold. The perspective is, soon (5 years), to increase the number of birds to twenty thousand (20,000). Also noteworthy is the possibility of producing 100% organic eggs. With regard to subscriptions, one intended strategy is to add something collectible to the product, something that goes with the packaging or even the packaging itself. For example, a collectible object, aimed at children, as a way to encourage the consumption of products.

CONCLUSION

Understanding the appropriate marketing channels, according to the specificity and needs of each enterprise, is essential to ensure the sustainability and survival of the business. Despite the diversity of channels available today, there is a model that is best suited for each organization. In the case studied, mixing traditional and digital channels demonstrated an effective strategy for the commercialization of eggs and for the expansion of local poultry farming, as well as for the increase of customers.

The implementation of Granja Botton in the municipality of Palmeira das Missões-RS, represents an advance for rural development, with regard to local family farming. The entrepreneurial attitude of the owners, as well as the adoption of e-commerce to the property's processes, demonstrated the pioneering spirit and innovative capacity of the region. The description of Granja Botton's activities can serve as an inspiration and model for other similar businesses. For future studies, the importance of comparative studies of cases in other regions of the country is highlighted, as well as the possibility of cross-referencing real results and/or secondary data on economic perspectives and feasibility strategies.

Finally, the limitations of the research are highlighted, such as case study and descriptive research, this study can limit the results obtained and sometimes reproduce generalizations. In addition, it is worth mentioning that the study was carried out in 2021, and it is necessary to update the data analyzed and the bibliography used.



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