Table 1 Strategies Adopted by LRFs to Adapt to the (Market) Environment

Strategic Action (Decision Criteria	**Logic for the Action**
What to produce?	a) given the soil, climate and the presence of absence of a certain crop, selecting the best combination of products to gain advantage b) focusing a specific niche market (or excluding other markets) to gain a higher margin/reduce risk through crop diversification c) to differentiate the product from traditional ones on price/introducing new crop or product to an area to gain advantage over others d) gain a comparative/competitive advantage by selecting a particular commodity of combination of commodities to suit a farmer's resource status e) produce what can be sold rather than hope to sell what cannot be produced (subject to internal and external environmental conditions)
How should I best produce them?	a) adapting a new technology (innovation) to gain cost advantage b) become more efficient by decreasing the input use to increase profit and thus to gain competitive advantage over others c) relatively efficient use of resources in production to gain comparative advantage over others and become competitive by providing products to the market at a lower cost
How much to produce? (it has been argued that increased capacity of earning and accumulation of capital	a) to reduce the cost of production in order to gain a higher margin (this determine where to sell the products) farm more units or expand the enterprise to gain more and complete use of existing unused resources/ spread fixed cost over more units of output (economies of scale)

are dependent on steady expansion of the size of farm operation.	
When to produce?	a) to take the advantage of market windows caused by seasonality in production due to variability in climatic conditions, physiology of crops and cultural practices.
Of what quality?	a) target niche markets to increase net margin b) to differentiate the product to gain price advantage c) to gain a price advantage (this determine where to sell too) d) to gain competitive advantage by exploiting quality differences (i.e. to obtain price premium for quality) e) to exploit the quality differences to gain a higher margin
When to sell?	a) store and sell grains to reduce market risk b) to take the advantage of variability in market prices caused by changing environmental factors c) perishable nature of agricultural produce d) to gain the price advantage by focusing specific market windows3 e) to maximize the average returns by timing the sales (this is aimed at minimizing the risk created due to the volatility of the market) f) store and sell at a higher price to gain a higher profit g) examine the price changes to determine when early marketing or delay is the more profitable alternative h) to exploit price variations in order to get a higher price
Who/where to sell?	a) focusing a specific niche market (or exclude other markets) or distribution channel to gain a higher margin/identify new markets/reduce market risk through hedging b) choice of a marketing channel by farmers in order take a higher price (geographical market windows) c) to gain a price advantage by selling a product of different quality d) to exploit the price differences in different marketing alternatives

In what form to sell?	a) expansion of industrial uses of agricultural produce or value enhancement activities using agricultural produce to gain a higher margin
How to sell?	a) e.g. access the market quickly due to the perishable nature of agricultural produce (e.g.) pooling arrangements, contract production, co) operative marketing, direct selling to final consumer) b) focusing a specific niche market (or exclude other market) to gain a higher margin/ vertical integration) obtain more profits by moving higher or lower into the marketing and distribution channels (e.g. direct marketing4). c) focusing a unique niche market (by its location, income class, age, race or buying habits) to gain price advantage d) cash sales, forward contracting to reduce risk e) how much marketing functions should farmer perform in order to gain a higher price? how much to sell in each selling option
Source: Kodithuwakku, 1997	