



## **Influence of Sales promotion on Buying Decision of Pesticide brands in India**

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### **Abstract**

Agriculture is a pivotal sector in India. More than 55% of Indian population still dependent on agriculture directly or indirectly. India is one of the biggest producers of agrochemical products globally and Indian agrochemical industry is one of the emerging trades in global agrochemical market. Many global companies are eyeing to enter into this market. Many innovative molecules are about to enter in this sector. The users of agrochemical products are farmers of rural India, so the promotional strategy for set up of the brands is different than other FMCG or consumer durable products. To trigger sales of these products or brands, agrochemical companies opt for various Sales promotional tools. Sales promotion is a key ingredient in marketing campaign, consists of a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products by consumer or trade. To study the impact of various sales promotional tools five independent variables are identified such as Cash discount (CD), Buy-one-get-one-free (BOGO), Free Gifts (FG), Free Goods Offer (FGO), Incentive Tour (IT) and reviewed. Thirty Two agrochemical marketing professionals were interviewed for primary research to analyze impact of these independent variables on dependent variable Purchase decision making (PD). The result shows that among the various sales promotional tools Free Gifts & Incentive Trips are the most influencing variables for purchase decision of agrochemical products.

**Key words** - Sales promotion, Pesticides, Brand

### **1. Introduction**

Sale promotion is a range of tactical marketing techniques, designed within a strategic marketing framework, to add value to a product or service, in order to achieve a specific sales and marketing objective. Sales promotion programs are short term programs aimed at



maximizing sales in a period of time but what is most important to keep in view is that the sales promotion program should be designed in such a way it doesn't affect overall brand image of the firm and its products (Panda, 2007)

Sales promotion is a key ingredient in marketing campaign, consists of a diverse collection incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumer or trade (Kotler, 2005) Sales promotion is one of the seven aspects of the promotional mix. (the other six parts of the promotional mix are advertising, personal selling, direct marketing, publicity/public relations, corporate image and exhibitions) media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Sales promotion usually consume major share of company's marketing budget because they produce result quickly and are measurable. Examples of consumer-focused sales promotions include rebates, coupons, discount pricing, buy-one-get-one-free (BOGO) sales, free samples and contests. These are usually accompanied by advertising in the form of signage, print ads or point-of-purchase (POP) displays.

Sales Promotion of Pesticides products in rural markets is quite different from FMCG as it requires special measures due to technical in nature. Sales promotional activities like Dealer meeting, Supply of free samples, demonstrations, cash discount are seems to be the best as on date. Personal selling efforts got a challenging role to play, where as word of mouth continue to be an important message carrier in rural areas. In fact the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts.

## **2. NEED OF RESEARCH IN THIS TOPIC**

Consumption of pesticides per capita by Indian farmers continues to be very low at 0.6kg per hectare per annum. It is estimated that crop losses due to non usage of agrochemicals amount to Rs. 90,000 cr (FICCI, 2011). This sector needs huge farmer awareness activities. A huge parallel market for spurious and spiked pesticides exists which lead to significant revenue loss for genuine manufacturer. Agrochemical Industry is a small sector officially, but more than 50% of the sector is controlled by small indigenous players which may not have proper



account . Many companies are struggling to survive. In the name of biological pesticides many unauthorized companies selling tons of products.

Which promotional activity will be helpful in creating brand in this kind of market place is very difficult to say. Need of the hour is awareness. Multinational companies like Bayer, BASF, Syngenta, Dupont etc. are somewhat successful in creating brand equity of their product through various sales promotion activities and charge a premium price for their products. This paper will highlight up to what extent sales promotion can create an impact on purchase decision and how.

### **3. Literature Research**

Sales promotion helps in inducing trial and engaging consumers in adoption process. It also helps in inviting non-users and past users and potential users to start buying the products. Sales promotion programs help in developing consumer loyalty (panda 2007)

Clow (2006) believes sales promotion otherwise called as consumer promotion are the incentives aimed at a firms' customers. These customers can be end users of the good or services, or they may be other businesses. Advertising creates interest and excitement and can be used to offer the deal that brings the consumer into the store. At the same time, marketers use other tactis in conjunction with advertising programs. Besides trade promotion incentives offered to retailers, consumer promotion programs can be highly effective in generating sales and building traffic.

Sale promotion consists of a set of various and different and often short period motive tools which is used for consumer's or buyer's provocation to buy more and faster (Neslin, 2002). Promotion tools consist of coupon, rewards, free samples, discounts, advertising goods and etc.

The role of brand awareness depends on the level of awareness achieved. In the higher awareness level buying the possibility of considering brand and the effect of awareness on buying decision are increased (Rundle and Bennet, 2001).

Perceived quality is the customer's judgment about a product's overall quality or superiority of one goods or service in comparison with customer's tendency to its substitutions.



Rajh (2005) studied the effect of marketing mix components on brand equity. The results indicated that the structural model has an acceptable level in proportion with experimental data. Structural coefficient and estimated indirect effect coefficient specified the direction and the power of each of the analyzed marketing mix component.

Among components of marketing integrated communication model, advertising has more identified position than the other marketing components, because costumers informed new products through advertising. In addition, advertising is minimized barriers between costumers and organization (Blech, 2001; Lopez et al, 2002).

#### **4. Objective Of Research**

To study Impact of Sales promotion on Purchase decision of Agrochemical brands

##### **Sub Objective**

- To identify different type of sales promotional tools used in Pesticides sector
- To study impact various variables in influencing purchase decision making of Pesticides products

#### **5. Methodology**

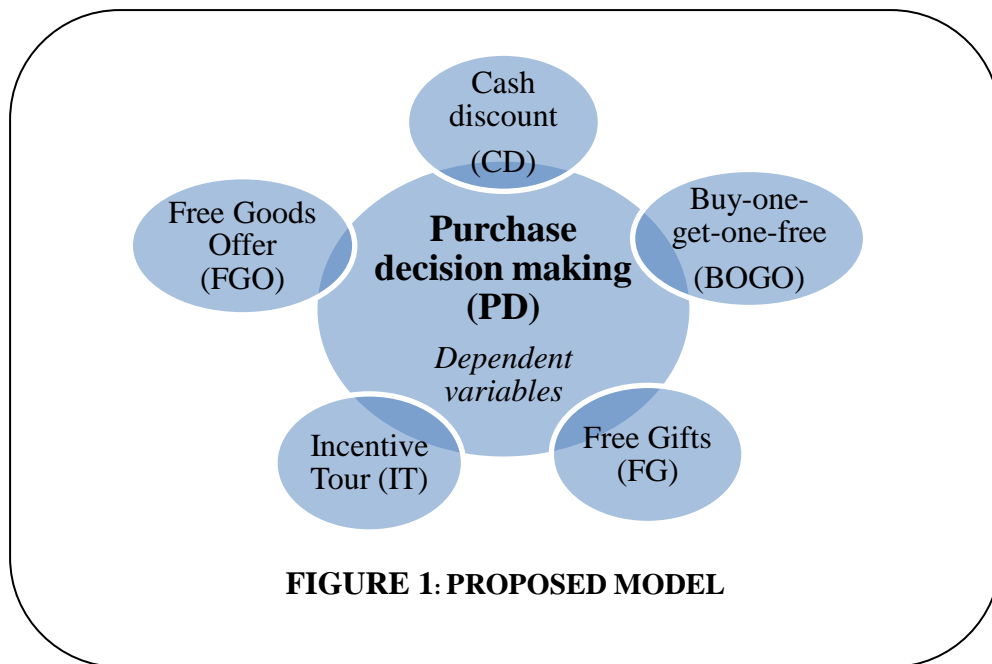
To study impact of different sales promotional tools on purchase decision of Agrochemical brands both primary & secondary data have been used for analysis. The secondary data for the research was collected from Websites, Journals, Business Magazines, reports from advertising agencies such as Happenings, Bhaskarchitra etc to understand the past trend of usage of promotional tools. The Primary data collected to realize the impact of Sales promotion on Purchase decision of Agrochemical brands, in depth interview of marketing professionals of various Agrochemical companies has been taken though a structured closed ended questionnaire.

##### **5.1 Variables of the study**

Five independent variables Cash discount (CD), Buy-one-get-one-free (BOGO), Free Gifts (FG), Free Goods Offer (FGO), Incentive Tour (IT) and one dependent variable Purchase decision making (PD) were reviewed. 32 agrochemical marketing professionals were

interviewed for primary research to analyze impact of these independent variables on dependent variable

Research Design	Descriptive
Research Instrument	Questionnaire
Data source	Primary
Measurement Technique	5 Point Likert scale
Sample Size	32
Sampling Technique	Convenience
Sample Location	Mumbai
Method of data collection	Online survey (Monkey survey)
Sample Unit	Marketing Professionals of Agrochemical Companies



**FIGURE 1: PROPOSED MODEL**

**Definition -**

**Cash discount (CD)** – Monetary discount on cash purchase

**Buy-one-get-one-free (BOGO)** – On purchase of one product same product or another product is absolutely free

**Free Gifts (FG)** – Free gifts or giveaways attached with the products

**Free Goods Offer (FGO)** – On purchase of a bigger pack a smaller pack is absolutely free or by purchasing 10 units 2 unit will be free.

**Incentive Tour (IT)** - On purchase of a certain quantity a particular product company or distributors on behalf of the company arrange a pleasure trip to nearby place at the end of season

**5.2 Profile of the respondent**

There are two broad category of Agrochemical companies working in India, namely MNC sector & Indian companies. Respondents from both MNC and Indian companies selected to get a holistic information about sales promotional activities.

<b>Table – 2 : Respondent profile</b>		
<b>Sr. No</b>	<b>Type of company</b>	<b>No. of respondents</b>
1	MNC	12
2	Domestic (Indian)	20
		32

**6. Result & Discussion**

**6.1 Reliability study**

At the outset reliability test conducted to analyze the relevance of all the questions. Table -3 depicts the Cronbach's Alpha value of the data undertaken for study.



Table - 3 : Reliability Statistics	
Cronbach's Alpha	N of Items
0.682	5

High Cronbach's Alpha value suggests that all the questions take for the survey are reliable and further research can be carried out with this set of questions.

### 6.2 KMO and Bartlett's Test to measure of Sampling Adequacy.

To study the sampling adequacy KMO & Bartlett's test has been conducted. Table – 4 depicts the values of KMO test.

Table - 4 : KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.620
Bartlett's Test of Sphericity	Approx. Chi-Square	92.261
	Df	10
	Sig.	0.000

Since sampling adequacy value is more than 0.5 the data undertaken for research is valid and significant at 95 % level of confidence.

### 6.2 Intensity of sales promotion focus

To understand the intensity of sales promotional activities respondents are asked how companies are focus about this category of promotional activity. Out of the total 32 respondents 100% of the respondents believe company is more serious on sales promotion. There is no significant difference in MNC and Indian companies as far as sales promotional priorities are concerned.



Sr. No	Type of company	No. of respondents	Focus on sales promotion	
			Yes	No
1	MNC	12	12 (100%)	0 (0%)
2	Domestic ( Indian Companies)	20	20 (100%)	0 (0%)
		32	32 (81%)	0 (0%)

**Inference:** To trigger sales volume focus on sales promotional activities is inevitable. Sales promotion still plays a vital role in influencing decision making of buyer.

### 6.2 Category of sales promotion

Two broad category of sales promotion considered for study are monetary and non-monetary benefits. 59% of the respondents believe that non-monetary benefits of sales promotion is quite successful.

Sr. No	Category of sales promotio	No. of respondents	% age of respondent
1	Monetary Benefit	3	9%
2	Non monetary Benefit	19	59%
	Both	10	31%
		32	

**Inference:**With monetary benefit farmers consider the reduced price as true price, whenever scheme is not available farmers can't accept the new price and it lead to drastic reduction of sales. To create a strong impact and repeat purchase non-monetary benefits play as important role

### 6.3Type of sales promotional tools acceptable in Agrochemical sector

With help of secondary research it has been found out that there are 5 major type of promotional schemes. Both monetary and non-monetary, immediate and delayed benefit schemes are under consideration. Respondents were asked in a multiple choice question their view about the acceptance of the selected promotional tools in agrochemical sector.





Sr. No	Sales promotional Scheme	Response Percent	Response Count
1	Cash discount (CD)	11.3%	8
2	Buy-one-get-one-free (BOGO)	11.3%	8
3	Free Gifts (FG)	33.8%	24
4	Free Goods Offer (FGO)	16.9%	12
5	Incentive Tour (IT)	25.4%	18
6	All of the above	1.4%	1

All the five selected sales promotional schemes have been well accepted by the farmers.

#### 6.4 Influence of sales promotion schemes on purchase decision making

All the independent variables are analyzed on a likert scale of 1-5, 1 for strongly disagree where as 5 is strongly agree that respective sales promotional schemes create a significance impact in taking a decision of purchasing the products.

#### Data interpretation and Analysis

The result has been analyzed in SPSS. Factor analysis has been conducted to analyze scale response. All the five independent variables considered for analysis. Free Goods (FG) and Incentive trip (IT) found to be significant.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
CD	2.503	50.056	50.056	2.503	50.056	50.056	2.494	49.871	49.871
BOGO	1.741	34.813	84.868	1.741	34.813	84.868	1.75	34.997	84.868
FG	0.445	8.903	93.771						
FGO	0.219	4.379	98.15						
IT	0.092	1.85	100						

Extraction Method: Principal Component Analysis.

Component Matrix(a)		
	Component	
	1	2
CD	0.808	0.48
BOGO	-0.086	0.862
FG	<b>0.969</b>	-0.048
FGO	-0.189	0.867
IT	<b>0.931</b>	-0.111
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Total Variance Explained Table shows that there are two components with Eigenvalue greater than one. As a result in Rotated Component Matrix there are two components or series. In the 1<sup>st</sup> series only one variable has attained component value more than >0.8 where as in the 2<sup>nd</sup> factor two variables have attained component value more than >0.8. For calculating factor score two variable in the 2<sup>nd</sup> component has been selected i.e. Free Gifts (FG) and Incentive Tours (IT).

### CALCULATING FACTOR SCORE

Factor score has been calculated manually after segregation of 2 variables FG & IT. Factor Score has been calculated by averaging individual response for each of the 2 variables.

$$\text{Factor score} = \frac{\sum (X_1 + X_2 + \dots + X_n)}{n}$$

X<sub>i</sub> - Avg of individual responses of the selected variables  
 n = no of variables

**The calculated factor score of this research = 4.203**



### **Inference:**

Both the variables free gifts and incentive trips got a factor score of 4.203 which is significant in a 5 point scale. With the changing maturity label of the agrochemical market as well as trade it has been found that promotional schemes like Incentive tour and Free gifts influence significantly on decision of purchase of agrochemical products.

### **7. Conclusion**

Sales promotional schemes play an important role in consumer purchase decision making of agrochemical products. From the finding it can be concluded that free gifts and Incentive tour are influencing significantly followed by Free Goods Offer & Buy one get one free. So create gifts at the time of purchase can enhance sales up to a great extent similarly attractive destination in association with cooperative tour operators may enhance purchase repetition.

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