IMPACT OF BRANDING ON PURCHASE DECISION: WHY AGRO CHEMICAL FIRMS NEED TO BUILD BRAND LOYALTY AMONGST FARMERS

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ABSTRACT

With the arousal of new media techniques it is becoming easier for brands to engage and interact with customers in a trial to enhance brand loyalty. Branded communities tend to provide specific value to members and owner of brand permitting for larger collaboration and communication around the brand. Brand loyalty plays an essential role on purchase intention because customers tend to purchase a well-known and familiar product. Brand loyalty is customer commitment to select to buy a chosen branded agrochemical product now and in future despite changes in situation and efforts of marketing that may have the importance to cause the behaviour of switching. Therefore if businesses need to defeat their rivalries they have to make customers love to purchase their brands and products. The purpose of the study is to analyse the brand loyalty influence on purchase decisions of Indian farmers towards purchasing from Indian agro chemical company. A qualitative approach was used in this study and the study was conducted in Mumbai City. The samples were gathered from managers and farmers from 5 agro chemical companies in Mumbai. The study recommends managers of agro chemical manufacturers to enhance a strong brand and assist its loyalty through ads, sales promotion and other marketing tasks. When awareness of brand is higher its loyalty of brand will develop. The beliefs, attitudes and certain demographic features are helpful identifiers of brand loyal farmers. Farmers will estimate the products perceived quality from their buying decision. Marketing programs that motivate brand loyalty and that are targeted properly at these producers are probable to be efficient. As a result brand loyalty will enhance purchase intention positively.

Keywords: Branding, Purchase decisions, Brand loyalty, Marketing

1.1 INTRODUCTION

Branding can be defined as “The marketing practice of creating a name, symbol or design that identifies and differentiates a product from other products”. “It tells them what they can expect from your products and services and it differentiates your offering from that of your competitors. Your brand is derived from who you are, who you want to be and who people perceive you to be”. (As cited in Ding, 2009).

According to Bernd (2009) brands are assets. The significance of a well-built
brand is unquestionable. Brands are highly classy and need rigorous policies to boost their value. It was stated by Robert et al (2008) that developing loyal customers who come frequently is the key to the value of brands. In building a brand for an agricultural product, there are two important factors namely quality and standardization. Bernd (2009) and Robert et al (2008) pointed out that the standardization of products can be accomplished by developing supply chain. Quality of products could be promoted further in order to set proper foundation for brand building for agricultural products.

According to FICCI Indian Agro-chemical industry is the 4th largest producer globally, after United States of America, Japan and China. Indian agro-chemical sector is a main industry for growth of the economy. Agro-chemical market in India is characterized by minimal utilization of capacity. Agro-chemical industry expected maximized research and development for developing new molecules, high potency molecules and low dosage. It concentrated on research and development in bio-pesticides segment with maximizing preference for safe goods in the market.

It was mentioned by Hansen and Christensen (2003) that the brands would involve a symbolic value which assists the people for choosing the best product based on their satisfaction and need. People do not purchase specific brand just for need and design, but also in a trail for enhancing their self-esteem and self-respect in the society. Brand relies on the quality of its goods in the market and content of satisfaction of the consumer in its services and products.

Such offers the trust of consumers in the brand. Apart from this, it was noted that if consumers trust a quality of brand it makes a positive connection or link to the brand and consumers would have a reason for becoming loyal to the brand.

1.2 Problem identified:

Brands play a very significant role process of consumer decision making. It is significant for firms to identify consumers decision making process and determine the
conditions which consumers apply when making decisions (Cravens and Nigel, 2003). In addition to this, marketers are highly focused to know how the name of a brand influences the purchase decision of customer. Why do consumers buy a specific brand because it also indicates how consumers decide what to purchase. Consumers follow specific step in the process of decision making for purchasing a specific product. Consumers would start to realize a need for product, obtain information, determine, assess alternative products and decide to buy a good from a particular brand (Keller, 2008). Therefore this research intends to concentrate on the impact of branding on purchase decision. This study also discusses about why agro chemical firms need to build brand loyalty amongst farmers.

1.3 Aim:

Aim of the research is to analyse the impact of branding on purchase decision: why agro chemical companies need to build brand loyalty amongst farmers.

1.4 Research objective:

The following would be the research questions of the study:

1) Why is it important for the organizations belonging to the Indian agro chemical industry to build brand loyalty among farmers?

2) How does brand loyalty influence the purchase decisions of Indian farmers towards purchasing from an Indian agro chemical company?

1.5 Limitations of the study:

Limitations of the study are as follows:

i. Findings of the study are limited to agro chemical companies.

ii. This study is restricted to Mumbai and India.

iii. This particular study concentrates on the brand loyalty among farmers.

iv. This study focus only on the branding and brand loyalty.

v. This study exclusively consider about the impact of branding on
purchase decision: why agrochemical companies need to build brand loyalty amongst farmers.

2. LITERATURE REVIEW

Lu et al (2011) conducted a research to analyse brand perception of farmers towards agricultural machinery with specific reference to China. Findings of the study observed that farmers have various perceptions towards foreign and domestic brands with respect to agricultural machinery.

Shanthini and Kathirvel (2013) carried out an investigation to examine farmer’s brand preference on the consumption of fertilizer with respect to Tirupur district. Modern market is highly traditional and competitive one. Firm has to first decide how much it could sell, what it could sell and what approaches would be used for enticing for differing farmers. Expectation and satisfaction level of farmers is significant one for withstanding a brand. Factors that influence the farmers to purchase branded fertilizer namely price, quality, advertisement and availability. In the present scenario, customer’s market is flooded with different brands of fertilizers.

In addition to this, each and every branded fertilizer out performs well and differentiates when grouped with other fertilizers of brand. It was observed that farmers have specific choice or preferences and they examine the quality, price, and packaging aspects and so on. They prior the goods they buy and thus it is up to various brands of manufactures of fertilizers to focus on those aspects and perform better strategy for attracting more farmers for their brands. Thus it was concluded that there are many factors that influence the farmers to purchase branded fertilizer namely price, quality, advertisement and availability.

Goswami and Sharma (2009) discusses about marketing strategies of agro products with specific reference to rural India. For successful and effective marketing of agro-chemicals the manufacturers must rely on the number of factors such as non-user and user of a specific input, brand loyalty, source of purchase of agro-chemical, factors influencing decision making in purchasing
agro-chemicals, choice of advertisement preferred by farmers, promotional activities which affect decisions in purchase and major sources of data or information.

Psychological and economical factors play a significant role to decide the purchase of specific brand of agro-chemicals. The factors which influence the farmers are name of the company, price, own experience of farmers, quality, outcomes acquired by use of specific agro-chemical to specific crop and propaganda of retailer for a specific brand of agro-chemical. It was noticed that agro-chemical firms advertise in different forms for promoting the sales. The various types of promotional activities that are adopted in different firms are, such as video on wheels, farmer meeting, demonstration of field, kisan mela and jeep campaigning. It was concluded that factors which influence the farmers are name of the company, price, own experience of farmers, quality, outcomes acquired by use of specific agro-chemical to specific crop and propaganda of retailer for a specific brand of agro-chemical.

3. RESEARCH METHODOLOGY

This study adopts qualitative analysis. According to Berg (2007) qualitative research involves studies that do no attempt to quantify their results, through statistical summary or analysis. This study adopts qualitative researches, since it focuses on a much little sample and the outcomes by definitions that are not possible to reproduce. This study makes use of descriptive research design. Bradbury and Reason (2002) mentioned that, descriptive research design may target to gather data without having any clear data objective, such kinds of descriptive studies are more exploratory than conclusive. Descriptive research design is used in this study, since it is helpful to influence the views of managers and farmers for examining the impact of brand loyalty on purchase intention. The sample size of this study for qualitative analysis is 30 where 15 managers and 15 farmers are interviewed for the study. The sampling units for this study are five agro chemical companies in Mumbai.

1. Swaroop Agro Chemical Limited.
This study uses convenience sampling method. Merriam (2009) mentioned that, convenience samples are the least expensive and least time consuming of sampling techniques. It is generally considered to be a convenient sampling technique among other methods, which quickly and easily selects the sample elements. In this study open ended questionnaires are conducted since it is qualitative in nature.

4. DISCUSSION

The following section presents the discussion on primary data gathered from a sample of about 15 farmers and 15 managers belonging to 5 different agrochemical firms in Mumbai. Two sets of questions are prepared one for managers and another for farmers. They were questioned regarding the importance of brand loyalty, challenges of brand loyalty, impact of brand loyalty on purchase decision of customers, strategies for enhancing brand loyalty and many more. The following are the findings of data gathered through questionnaires.

4.1 Discussion based on data collected from managers

4.1.1 Importance of brand loyalty

The first question asked to managers was about the importance of brand loyalty. One of the managers from Swaroop Agro chemical Ltd stated that “the brand loyalty importance leads to developed share market, greater profits and better goodwill among customers. Our firms go through a set of activities that develop our loyalty among customers”. According to Malik et al (2013) brand loyalty is very essential for our firm to develop our volume of sales, to acquire premium cost and to retain our customers rather than seeking. All over the world managers must improve and promote brand loyalty of customers to develop their buying intentions.

Thus it can be inferred that strong brand loyalty mainly outcomes in customer identification with organization brand.
4.1.2 Creating brand loyalty among farmers:

Following the importance of brand loyalty the next question was how they created brand loyalty among farmers. One of the managers from Wanksons Chemical Ltd mentioned that “depending on the cost of our product there is an anticipation of some quality level from marketplace. We are staying steady in our quality services or goods. We also engage our customers on a consistent and frequent basis”. Similarly Lee et al (2010) provided the proof that developed level of commitment is the one which develops loyalty of customers. There is a link between brand loyalty and trust. The outcomes reveal that brand loyalty and trust are linked conceptually and have positive essential rapport.

Thus it can be inferred that marketers must be obliged to create innovative and new ways of engaging their existing customers through their brands.

4.1.3 Impact of brand loyalty on purchasing decision of farmers:

The next question discussed was the impact of brand loyalty on purchasing decision of farmers. One of the managers from Akola Chemical India Limited described that “brand loyalty is met when the farmers reveal repeated behaviour of purchase towards our specific brand. Loyalty exists as an outcome of satisfaction of our customers. If farmers are satisfied from the functions of brand then they reveal loyalty towards the brand and they become insensitive of cost factor and farmers will reveal strong concern to purchase the product at any cost”. Contrary to that Moraga, Parraga and Gonzalez (2008) described brand loyalty as continual purchasing manners. Brand loyalty is not a onetime stroke but a regular process and it helps the firm in order to acquire preference of customer, secured profitability and purchase intention. Thus brand loyalty is company’s economic performance interpreter.

Thus it can be inferred that brand loyalty has positive impact on purchase intention which mean much loyalty of brand will enhance purchase intention.
4.1.4 Challenges associated with creation of brand loyalty:

The next question discussed was the challenges associated with the enhancement of brand loyalty among farmers. One of the managers from Amico Pesticides Ltd described that their major objective is a better margin but no doubt, made simpler because several brands of customer no longer demand a real difference point. Creating such brand loyalty involved numerous challenges like financial constraints, lack of experts in marketing, lack of top management support, etc. A breakdown in trust has become another major challenge for some brands. Another organization mentioned that maintaining brand loyalty was the major challenge for their organization since it is a tedious method to acquire customer and then transform them to undertake repeat buying from organization.

Thus it can be inferred that brand loyalty is about keeping people concerned and elevating customer loyalty over a sustained time period and is subject to numerous challenges such as lack of resources, lack of top management support, financial constraints and many more.

4.1.5 Strategies to increase brand loyalty among customers:

The last question discussed was the strategies to increase brand loyalty among customers. It was identified that to increase brand loyalty among farmers, the organization provides well designed programs of service quality since it is the major factor that must be most essential for network operators/providers. To compete in dynamic surroundings the network provider organizations must assure quality service and satisfaction to develop commitment, trust for the link and brand loyalty in turn”. One of the managers of Crystal Pharma stated that “our organization tracks the journey of our customers which aids in improving and evaluating overall experience of brand. Mapping a journey of customer is regarded as a major strategy in deciding loyalty strategy as it will help firms develop interactions of customer and the overall experience of customer”.
Thus it can be inferred that every brand must have a strategy of brand loyalty that seeks to employ existing customers, recognizes brand loyal customers and targets to keep best customers committed to the brand.

4.2 Discussion based on farmers

4.2.1 Important factors in buying agro-chemical product

The first question asked to farmers was about the important factors in buying agro-chemical products. One of the farmers stated that “they rely on numerous factors like non user or user of a specific input, source of agro chemical purchase, brand loyalty, factors effecting decision making in buying agro chemicals, promotional tasks influencing decisions in purchase, choice of ads by farmers and major information sources”. Goswami and Sharma (2008) have mentioned that for successful marketing of agro chemicals manufacturers have to “rely on several factors like non user and user of a specific input, sources of buying of agro chemical, brand loyalty, factors affecting decision making in purchase of agro chemicals, promotional activities influencing decisions in purchase, option of ads by farmers and major information sources”. Thus it can be inferred that the above mentioned factors are considered important for farmers to buy agro chemical products.

Thus it can be inferred that the above mentioned factors are considered important for farmers to buy agro chemical products.

4.2.2 Buying agro-chemical product brands

The next question asked to farmers was to define themselves under which category they belonged when it comes to buy agro chemical product brands. One of the farmers stated that “they are hardcore royals in buying agro-chemical products since they consider the quality and delivery time as the most essential factor in buying the products”. Contrary to that Schiffman and Kanuk (2000) mentioned that hardcore loyal includes the last step of buying in which customers do not agree alternatives if they have approached the brand. The price differences for favourite brand of customers may influence their buying but not their decision of brand choice”. Similarly one of the farmers also stated that “a single brand does not
essentially fulfil entire needs of them, so sometimes they purchase other brands also which is known as shifting loyal. Sometimes they buy more than one brand. There are also brand switchers who change their buying of product when any new product is launched and they are dissatisfied on usual brand”.

Thus it can be inferred that the purchase decision of farmers vary every time based on their mood.

4.2.3 Strategies adapted by agro-chemical manufacturer to promote brand

The next question discussed was the strategies adapted by agrochemical manufacturers to promote brand. One of the farmers mentioned that “the agro chemical manufacturers are promoting their products in local vernacular newspaper, radio, posters, wall painting, banners, agricultural magazines, etc”. Similarly another farmer stated that “the agro chemical manufacturers educate them on public use and need and safety of pesticides since the initiatives of social marketing enhances brand of agro chemical firms amongst the target market, society as well as public”.

Thus it can be inferred that agro chemical manufacturers must implement best practices to train and educate their farmers about the brand loyalty of products.

4.2.4 Influenced by branding strategies in buying agro chemical products

The next question discussed by farmers was whether they have been influenced by branding strategies. One of the farmers stated that “yes they have been influenced by branding strategies of agro chemical manufacturers in buying their products using several strategies. They promote their products in media to create brand loyalty among us and for developing relationship with us. The agro chemical manufacturers also promote their products on newspaper or TV ads so that they can reach the minds of them easily and motivate them to buy their products”.

Thus it can be inferred that brand loyalty tend to develop farmers exposure to promotional strategies of agro chemical products.
4.2.5 Suggestions to promote brand

The last question asked to farmers was about their suggestions to promote their brand in a better way. One of the farmers suggested that “in order to create a successful loyalty of brand in a highly competitive agro chemical market, the managers must be much dedicated to enhance brand loyalty, satisfaction of customer and country of origin as part of their branding strategy”.

Thus it can be inferred that the brand must be positioned positively in customers mind to strengthen and maintain the loyalty of brand.

5. CONCLUSION

Loyal to any brand of agro chemical has been the major factor to assess its importance among farmers. Brand loyalty has been impacted by numerous factors of which certain are psychological and some are economical in nature to farmers. Before handling with brand loyalty reasons, it is valuable to investigate the farmer’s extent who are brand loyal. It can be concluded that brand loyalty is regarded as the major target for an agro chemical company which sets for a branded product. If the agro chemical manufacturers need to develop the purchase intention they must spend on perceived quality and brand associations.

In order to get successful they must recognize those features related to quality for which farmers are expecting. It can be concluded that brand loyalty has a major role in developing the purchase intention of farmers.

5.1 Recommendations for future

In future the agro chemical manufacturers must implement certain strategies to enhance their loyalty of brand namely: 1) to evolve an unbeatable product 2) provide quality and standard products, 3) provide farmers an incentive to purchase the product again, 4) make easier for farmers to buy their brand than the rivalry brands, 5) know their farmers expectations and handle them best of other customers and 6) become a champion to serve farmers. Thus brand loyalty will always increase the purchase intention of customers.

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Appendices

Appendix A

Marketing manager questionnaire

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Personal Profile:

a. Name :

b. Age :

c. Gender :

d. Name of the organization :

e. Designation :

f. Work Experience in Years :

Impact of branding on purchase decision of agrochemical products
1. Why do you think that brand loyalty is important when it comes to agrochemical products?

2. How does your organization create brand loyalty among the farmers?

3. Have the branding strategies adapted by your organization influenced the buying decision of farmers? Please justify your answer:

4. What are the challenges encountered by your organization in creating brand loyalty among farmers?

5. How do you think that your brand can be promoted in a better way among farmers than it is at present?

Comments, if any:
Appendix B

Farmer questionnaire

IMPACT OF BRANDING ON PURCHASE DECISION: WHY AGRO CHEMICAL FIRMS NEED TO BUILD BRAND LOYALTY AMONGST FARMERS.

Personal Profile:

a. Name : 

b. Age :

c. Gender :

d. Educational qualification

e. How many years have you been doing farming?

Impact of branding on purchase decision of agrochemical products
1. Mention the factors that you consider the most important in buying an agrochemical product

2. Define yourself under which of the following categories do you belong when it comes to buying agrochemical product brands (Hard-core Loyals - who buy the brand all the time, Split Loyals - loyal to two or three brands, Shifting Loyals - moving from one brand to another, Switchers - with no loyalty)

3. What are the strategies that are being adapted by agrochemical product manufacturers in promoting their brands to you?

4. Have you ever been influenced by the branding strategies adapted by the agrochemical product manufacturers in buying agrochemical products?

5. What strategies would you suggest the agro chemical marketers to adapt in order to promote their brands in a better way among farmers?
Comments, if any:

Date: Signatory of the respondent

Place:

Thank you for your valuable time!