CHAPTER 7

DISCUSSION AND CONCLUSION

7.1 DISCUSSION AND CONCLUSION

Customer satisfaction and loyalty are essential for any company to be competitive in the market and be profitable. In order to assess the importance of these two factors on the purchase of fertilizers, exploratory factor analysis was employed in this work to analyses data collected from farmers in the state of Odisha in India. Using KMO, composite reliability and Cronbach’s alpha scores, the non-significant variables were removed, which helped in the determination of exogenous (image, expectations, perceived quality and perceived value) and endogenous latent variables (satisfaction and loyalty) as input and output variables for the conceptual model. Following this, an output-oriented BCC DEA model was used to measure farmer satisfaction and loyalty towards fertilizer brands. The results show that PPL was ranked as the preferred fertilizer brand, followed by IFFCO and CIL, whereas IPL and TCL were the least-preferred brands.

Odisha is a proactive agrarian state, with a number of agricultural input companies selling fertilizer, seeds, equipment and crop-protection chemicals, operating in different input marketing sectors. There is intense competition among them for gaining and maintaining market share. This study will provide important insights to these companies in order to design strategies and steps that would enhance product satisfaction among the farmers of Odisha, which would result in better patronage of the brands and products. Retention of existing famers is important because it is more expensive to attract new farmers than to retain existing farmers. Older companies that are
present in the market must improve their image among farmers and pay attention to farmer expectations. Companies must explore ways and means to afford excellent service and high quality products, with timely delivery, all of which would enhance farmer satisfaction and loyalty. Brand managers must therefore focus on retaining loyal farmers across taluks/blocks/districts and formulate niche marketing strategies that would encourage farmers to seriously consider these brands before making purchase decisions. Additionally, loyalty could be induced at the state/district levels by offering reward schemes for crop production (district and state wise) or for innovative ideas that farmers have adopted in their farms; such schemes could influence the inclination of the farmer towards a specific company. This recommendation is based on the response of farmers to request for suggestions by farmers to be conveyed to agricultural input suppliers. Organizing such innovative programs for a longer period would create positive word of mouth for the company.

Due to the bulky nature of fertilizer (50 KG/bag), labourers use hooks on bags during loading and unloading in different places, such as from a railhead to a godown (a warehouse) and from a godown to different dealers/retailers point. As a result, weight losses to the tune of 2–4 kilograms have been noticed by the farmers. Due to spillages and the increase in the price per kg of 24.00 INR, farmers can lose close to Rs 100 per bag. Thus, many farmers indicate their preference and proclivity to switch brands if provided robust bags and packaging, instead of the fragile bags currently used by reputed brands. Therefore, fertilizer companies must seriously consider delivering fertilizers to the farmers’ doorsteps; this recommendation is based on an open-ended question asked to farmers about suggestions and improvements for their preferred brands.

Farmers have suggested improvements based on the good and bad experiences they have had in using specific products on their farms.
Surprisingly, the educated, medium and big farmers placed faith in dealers/retailers regarding agricultural input purchase advice, despite their own wealth of farming knowledge and experience. Therefore, companies must focus on enhancing the knowledge of dealers/retailers through organizing different training and motivational programs because they are the first and preferred sources of farmers’ product knowledge and are capable of influencing the company’s image within the farming community.

The methodology used in this study will help managers in making accurate and timely decisions in measuring efficiency and identifying inefficiencies. Thus, managers can implement appropriate and timely measures to maintain and enhance farmer satisfaction and loyalty.

The present study contributes to existing literature in the area, in several ways.

(i) The ECSI model has been examined in the context of the Indian fertilizer industry to understand the reason for the success and failure of the satisfied and loyal farmer base.

(ii) The DEA tool has been used to differentiate between brands in terms of efficiencies.

(iii) One-Way MANOVA has been adopted to estimate the interaction effect of “Mode of Purchase” (Cash/Credit Purchase) on the linear combination of outcome variables i.e farmers’ satisfaction and loyalty.

(iv) This study has been undertaken very recently in the Indian context, allowing the ECSI model to become a suitable model to measure farmer satisfaction and loyalty. The model fits well, is sufficiently flexible and could be extended to different agricultural input
industries (seeds, pesticides and equipment) to measure farmer satisfaction and loyalty efficiency in those areas. It can be generalized with few modifications to the instrument, according to the nature of the business. Based on the results of this study, it can be inferred that the model is consistent and reliable and has the potential to be an excellent platform for obtaining benchmark measures of national companies within the fertilizer industry.

7.2 LIMITATION OF THE STUDY

The study was carried out in the state of Odisha. Further extension of such studies could be carried out at the national and international levels for a comparative understanding of loyalty and operation standards and their impacts on the profitability of companies. Such findings would help agricultural input companies understand their company’s position in a particular market or at the national level. These factors may also differ between countries and across borders. The findings of this study therefore, cannot be generalized and are applicable to the state of Odisha, with respect to the fertilizer industry alone.

Another limitation is that cross-sectional approach has been adopted in this study. The interpretations may change over a period of time if there is a change in the correlation among the study variables. Better interpretation and understanding of the relationships among different variables may require a longitudinal research methodology.

7.3 FUTURE STUDIES

This study was based on the complex fertilizer industry and can be extended to other agri input industries like pesticides, tractor and farm implements, seeds etc. considering the effects of satisfaction and loyalty of
farmers on the company’s profitability. Another domain of future research could be the influence of farmers’ socio-demographic and purchase characteristics on their loyalty at a broader level in other states of India.