

Market share analysis and awareness about the loyalty programme among the dealers in Tamil Nadu

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ABSTRACT

Market share is the percentage of a market controlled by a certain company product or service. Every firm tries to capture high market share by offering competitive products and market promotional strategies. This study was done to assess the market share of companies with respect to pesticides in Cuddalore and Villupuram districts of Tamil Nadu selecting seventy dealers from ten villages in four blocks. The primary data were collected by using a well-structured questionnaire. Market buildup method and multi-dimensional scaling technique were used for the analysis of the data. Pesticides sales turnover of the sample dealers was highest in Villupuram as compared to Cuddalore district. Bayer had the maximum market share in both the districts followed by Rallis and Syngenta (case firms). Majority of the dealers were aware of the different loyalty programmes offered by different companies.

Keywords: Awareness; loyalty programme; market share; market buildup method

INTRODUCTION

Market is a social institution which performs activities and provides facilities for exchanging commodities between buyers and sellers (Acharya and Agarwal 1996). It represents the percentage of an industry's or market's total sales that is earned by a particular company over a period of time. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. Market share is a key indicator of market competitiveness. It shows that how well the firm is doing against its competitors. Increased market share is one of the objectives of the business. It allows the company to achieve greater scale of operation and improve profitability. Companies are always looking to expand their share of the market in addition to trying to grow the size of the total market by lowering prices, market promotions or using advertising. The usage of pesticides is based on the influence of dealers. Goyal (1986) found that friends played major role as informants and advertising and dealers promotion were secondary sources of information to farmers in buying. By encouraging dealers every firm can increase the pesticide market share. The present study

focuses on the market share of pesticide usage in two districts of Tamil Nadu. The main objectives were to assess the market share of companies with respect to pesticides and to analyze the awareness about the loyalty programme offered by the case firm in the study area.

METHODOLOGY

The study was conducted in Villupuram and Cuddalore districts of Tamil Nadu. The study area was purposively selected based on the recommendation of the case firm. Totally 70 sample dealers were selected from five blocks of each district. The primary data were collected from the sample dealers by using a well-structured questionnaire. Market buildup method and multi-dimensional scaling techniques were used for the analysis of the data.

RESULTS and DISCUSSION

Market buildup method was used to estimate the market share of various pesticide firms with respect to pesticide market in the sample area. The data on sales of pesticides from 35 dealers in Villupuram and

Cuddalore districts each were collected and the market share was estimated. The data given in Table 1 show that the total pesticides sales turnover of the sample dealers was higher in Villupuram (Rs 2684 lakh) as compared to Cuddalore district (Rs 1946 lakh). Bayer (18.93%) had the maximum market share in both the districts followed by Tata Rallis (15.73%) and Syngenta

India Limited (13.80%). Bayer, Tata Rallis, Syngenta India Limited and DuPont together constituted around 60 per cent of the pesticide market in Villupuram and Cuddalore districts. This could be due to the reason that these firms covered all the major pesticides that were required by the farmers for the crops cultivated in the study area.

Table 1. District-wise market share of leading pesticide companies

Firm	Villupuram district			Cuddalore district			Pooled market share (%)
	Number of dealers	Turnover (Rs in lakh)	Market share (%)	Number of dealers	Turnover (Rs in lakh)	Market share (%)	
Bayer	28	470	17.51	27	396	20.35	18.93
Tata Rallis	26	410	15.28	19	315	16.19	15.73
Syngenta India Ltd	35	385	14.34	35	258	13.26	13.80
DuPont	26	342	12.74	22	218	11.20	11.97
UPL	18	260	9.69	21	154	7.91	8.80
Excel Crop Care Ltd	22	197	7.34	23	121	6.22	6.78
Others	35	620	23.10	35	484	24.87	23.98
Total	35	2684	100.00	35	1946	100	100.00

The other reasons could be that these companies were active in the market with promotional efforts and better efficiency of the pesticides. All these factors made their pesticides favorite among the farmers and thus they became popular.

Loyalty programme by the case firm: The case firm designed a unique programme especially for distributors (direct account partners) to earn reward points on all the case firm products they purchased for further sales to their retailers. Points earned through this process could be redeemed for a wide range of fabulous products through an exciting rewards catalogue. There was an exclusive programme for retailers to earn reward points for every product of the case firm they bought from authorized distributors. The code given in the product case was to be sent through SMS to the company number to add points in their account for redeeming gifts.

Among dealers 48.57 per cent had less than 20 per cent willingness to buy the case firm products while 20.00 per cent had 21-40 per cent and 11.42 per cent each had 61-80 and 81-100 per cent willingness (Table 2). Majority of the dealers had less desire to buy the case firm products because of less dealers' margin given by the firm. Hence the company should examine dealers' margin aspect to get their willingness.

Majority (27.14%) of the dealers had 21-40 per cent willingness to recommend the case firm products to the farmers while 24.28 per cent had 81-100 per cent willingness. Mostly dealers recommended the products because of their effectiveness only. If the dealer's margin was increased the willingness to recommend to farmers would also increase accordingly.

Data show that 71.43 per cent of the dealers were aware of the loyalty programme and 28.27 per cent were not aware. More dealers in Villupuram were aware of the loyalty programme than in Cuddalore district. Most of the dealers were not participating in meetings hence some of them were not aware of the loyalty programme. Meetings were conducted in main towns and dealers in interior villages mostly did not participate. The firm should make the dealers to attend meetings on desire through alternative communication means to reach all dealers.

Among dealers 68.57 per cent were aware of the SMS code utilization to gain points under the loyalty programme. Awareness was more in Villupuram than in Cuddalore district. However in both the districts considerable number of dealers was not aware of the SMS code utilization for gaining points hence they needed to be informed in detail about these aspects.

Table 2. Responses received from the dealers at two locations

Parameter	Number of dealers		
	Villupuram (n= 35)	Cuddalore (n= 35)	Pooled (n= 70)
Willingness of the dealers to buy the case firm products			
<20	23 (65.71)	11 (31.42)	34 (48.57)
21-40	5 (20.00)	9 (25.71)	14 (20.00)
41-60	2 (05.71)	4 (11.42)	6 (08.57)
61-80	1 (02.85)	7 (20.00)	8 (11.42)
81-100	4 (11.42)	4 (11.42)	8 (11.42)
Willingness of the dealers to recommend the firm product to farmers			
<20	12 (34.28)	3 (08.57)	15 (21.42)
21-40	10 (28.57)	9 (25.71)	19 (27.14)
41-60	6 (17.14)	3 (8.57)	9 (12.85)
61-80	4 (11.42)	6 (17.14)	10 (14.28)
81-100	3 (8.57)	14 (40.00)	17 (24.28)
Awareness level of the case firm loyalty program			
Aware	27 (77.14)	23 (65.71)	50 (71.43)
Not-aware	8 (22.85)	12 (34.28)	20 (28.57)
Awareness level to utilize SMS code			
Aware	27 (77.14)	21 (65.71)	48 (68.57)
Not-aware	8 (22.85)	14 (34.28)	22 (31.42)
Awareness level of checking balance points through SMS			
Yes	28 (80.00)	19 (54.28)	47 (67.14)
No	7 (20.00)	16 (45.71)	23 (32.85)
Usage of redemption option in case firm loyalty programme			
Yes	9 (25.71)	08 (22.85)	17 (24.28)
No	26 (74.28)	27 (77.14)	53 (75.71)
Loyalty program benefit you or not			
Yes	27 (77.14)	21 (65.71)	48 (68.57)
No	8 (22.85)	14 (34.28)	22 (31.42)
Dealers business-credit in percentage			
<20	20 (57.14)	11 (34.28)	31 (44.28)
21-40	3 (8.57)	8 (22.84)	11 (15.71)
41-60	6 (17.14)	8 (22.84)	14 (20.00)
61-80	4 (11.42)	3 (8.57)	7 (10.00)
81-100	2 (5.71)	5 (14.28)	7 (10.00)

Figures in the parentheses indicate percentages to total

Sometimes field staff while delivering the products helped dealers to utilize SMS code. It was found that majority (67.14%) of the dealers were aware of checking their balance points in the case firm loyalty programme and they were more (80.00%) in Villupuram than Cuddalore (54.28%).

Usage of redemption option: A dealer could use the loyalty programme points to get gifts such as television, watch etc. Hence the redemption of loyalty points by the sample dealers was analyzed. Only 24.28 per cent of the dealers had used the redemption option in the loyalty programme for getting gifts while rest 75.71 per cent of them had not used the points till now. All dealers had been waiting for the increase of points for redemption to get a better incentive.

About two-third (68.57%) of the dealers admitted that case firm loyalty programme had benefited them. Dealers' margin given by the company was not satisfying so some dealers opined that the programme was not beneficial. Every business has to have some credit sales. So the share of dealers making credit purchase was analyzed. Data show that 44.28 per cent of the dealers purchased less than 20 per cent of their requirement on credit while 20.00 per cent of the dealers had between 41-60 per cent of credit purchase. The share of dealers with higher credit purchase was more in Cuddalore district than in Villupuram district.

The suggestions given by the dealers are given in Table 3. Majority (47.14%) of the dealers suggested to increase and improve the field work by the company

for increasing the sales whereas 27.14 per cent suggested to appoint field staff during season time to promote sales by conducting demonstrations, meetings, campaigns etc. Dealers (22.85%) advocated to give preferred dealership for their retailer stores for getting products at distributor price and 18.57 per cent asked to reduce the products price variation from dealer to dealer or distributor to dealer.

Choudhary (2015) reported that the Bayer Crop Science had lion's share in total insecticides in Bemetara district of Chhattisgarh alone accounting about 26.59 per cent of the total quantity sold followed by Syngenta accounting 23.78 per cent of the total insecticide sold and closer competitors were DuPont (21.85%) PI (17.43%) and Dhanuka (10.35%). Thus the Bayer Crop Science and Syngenta together

Table 3. Suggestions to improve the case firm service for dealers

Suggestion	Dealers number		
	Villupuram (n= 35)	Cuddalore (n= 35)	Pooled (n= 70)
Field work	15 (42.85)	18 (51.42)	33 (47.14)
Field staff during season time, demonstrations, campaigns	8 (22.85)	11 (17.14)	19 (27.14)
Preferred dealership	7 (20.00)	9 (25.71)	16 (22.85)
Price variation	6 (17.14)	7 (20.00)	13 (18.57)
Credit facility	4 (11.42)	8 (22.84)	12 (17.14)
Awareness through pamphlets in Tamil language	4 (11.42)	7 (20.00)	11 (15.71)
Satisfied	3 (8.57)	3 (8.57)	6 (8.57)

Figures in parentheses indicate percentages to sample size

captured more than 50 per cent area of the insecticide market in Bemetara district of Chhattisgarh. Bayer and Syngenta products of insecticides were preferred by the farmers due to good response, easy accessibility and relatively low price.

CONCLUSION

The total pesticides sales turnover of the sample dealers was higher in Villupuram (Rs 2684 lakh) as compared to Cuddalore district (Rs 1946 lakhs). Bayer had the maximum market share in both the districts followed by Rallis and Syngenta. Hence marketing efforts must be taken which focus on dealers as well as farmers addressing specific critical aspects so as to increase the sales. Dealers' margin was very less as compared to the other leading firms in the market.

About 20 per cent of the dealers were not aware of the loyalty programme and thus they were

not using the facility especially in the interior villages. Alternative communication monitoring methods may be used to enable all the dealers to use the loyalty programme effectively. Loyalty may be less due to low margin, high price of the product and inadequate field work. Addressing these issues would improve the satisfaction of the dealers and ultimate the sales.

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