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A STUDY ON CHALLENGES FACED BY THE FARMERS IN DIRECT MARKETING, THE RURAL BUSINESS SERIES

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ABSTRACT

Direct marketing is the strategy of one to one relationship of farmers and consumer. This paper discusses some basic components and challenges in direct selling. The analysis of challenges faced by the farmer's direct marketing will be convenient to take measures for the improvement of direct marketing. This study determines to ascertain the farmer's constrains and analyze the factors which make the direct marketing more complicated. Based on the literature review a number of challenging factors that affect the direct marketing is measured. The study conducted among various vegetable marketers of 61 farmers who were involved in direct marketing. The challenging factors were statistically evaluated. The research findings revealed that farmers are lack in cold storage and facing heavy competition in direct selling.

KEYWORDS: Consumer; Direct Marketing; Factor analysis; Farmers; Thanjavur; Tamilnadu

The agriculture business nowadays extends its growth and plays a vital role in India. Mostly marketing in India has been through various channels like middlemen, traders, retailers and by direct marketing. In the recent marketing trends the interference of giant retailers were highly imply. But the farmers who are the main causes and who undergo various hardships for the cultivation of agricultural produce were not entitled to enjoy the benefits to the fullest. Thus there is no greater improvement in the financial position.

In order to overcome this limitation and to provide greater benefits to the farmer which were previously taken by middlemen, Direct Marketing was implemented. The Direct marketing is a big support of rural economic development. State governments arranged some of the farmers market place that to help the farmers in direct marketing. The Tamilnadu government established the uzhavar santhai, local mandi's, regulated districts markets are some of the farmer's direct market place. Timothy Park (2015), explained that, Agricultural policy makers have suggested that switching to local distribution channels such as direct marketing outlets may allow producers to achieve higher margins and increase their incomes.

Even though direct marketing supports the farmer and provide solution to some extent, there few practical barrier which challenges the farmers to avail expected benefits. Bill Wright (2007) stated that, Farm marketing, while challenging, is an exciting and rewarding business. Changing technology and economic scenarios may give us new tools or new headaches, depending on each situation.

As to determine the most profitable earnings using of new strategies is essential. It examines the business structure and help for future simultaneously; farmers should have to aware and trained of various types of direct distribution network. This paper examines a descriptive evidence for the challenges faced by farmers in the direct marketing.

REVIEW OF LITERATURE

Vigneshwara varmudy (2011) studied "untapped potential of brinjal" stated that, poor marketing system, non availability of disease free and resistant varieties to the farmers, absence of training to the farmers on pre and post harvesting practices, non availability of cold storage facilities for strong at the production and marketing centers are the major problems faced by the farmers.

Zivenge and Karavina, et.al. (2012) recommended that, farmers should develop effective mechanisms for collaboration and linkages, invest in market intelligence, and create a sea change in thinking and practice, and building trust. This will enable them to enhance their bargaining power on prices

H.Adanacioglu and N.Adanacioglu (2016) explained that, Farmers marketing products directly to consumer's faces many challenges. In a survey conducted with New York direct marketing vegetable farms, respondents were asked the top barriers or problems facing their direct marketing operations. The survey results showed that competition in a saturated market and labor related challenges were the top barriers to success in many direct marketing operators' minds. Concerns include competition from supermarkets, discount stores, import goods, and other farm markets, and labor related challenges including lack of labor pool and hard-to-find seasonal help, difficulty in finding good labor and keeping qualified labor, and high costs of labor. Other top barriers were location, limited resources (capital, land and products), changing market and consumer demand (one - stop shopping and year-round supply), and regulations and community development pressure

Tamekia K.Morgan and Dovi Alipoe (2001), stated that, "the equation reveals that the there appears to be no real competition between farmer's markets and grocery stores/supermarkets in filling consumer demand for food, the regression coefficient associated with X3(Number of grocery stores and supermarkets within

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county boundaries;) being positive and statistically different from zero;

The results obtained in the study do not corroborate the hypothesis of intense competition between farmer's markets and grocery stores/supermarkets, nor the competition between these retail stores and pick-your-own operations. This may be due to the limited types of commodities sold by the PYOs. It should be noted also that in actuality the bulk of the produce consumed in the state is purchased from the grocery stores and supermarkets. PYOs, farmer's markets and farm stands are patronized by a small percentage of consumers. Furthermore, the economic and demo-graphic forces affecting the mainstream retail stores also impact on direct marketing giving rise to a positive association.

According to Mike Cordes (2016) stated that, "among the many benefits of ensuring a continual supply to the market is the development of buyer loyalty. If the quality is right and the product regularly available, buyers develop an attachment to that brand. Eventually, they feel confident enough to buy it unseen, as they know that the quality can be assured". Maintaining and building of loyalty customer is important and that reduces the market risk. The loyalty buyer will focus on different parameters like quality, price, attractive selling, packaging and regular practice.

The result explained that, using Coefficient of Variation showed that inadequate market information has been ordered as the highest rank of the coefficient is 0.262 Marketing Information is significant for overall decision making process. Especially guiding the farmers, what to produce and give clear idea about marketing opportunities.

Philip Kotler, et al. (2006) defined it more broadly as "people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers."

MATERIALS AND METHODS

Statement of the Problem

Farmers Direct Marketing the real rural marketing. A Step towards to enhance the agricultural marketing and economic growth. In India direct marketing practices of farm produce were some types they are farmer's association markets, government markets, Local markets (Santhai), and Road side markets. This direct marketing strategy gives fair remunerate returns to the farmers compare to other channel of distribution. But the responsibility, risks were also high in addition. For instance, the agricultural produce was highly perishable. The special transportation, special storage facility is essential. Due to poor credit facility of small farmers cannot afford these necessities. Similarly there were more complexities in farmer's direct marketing. The farmer, in general, sells his produce at an unfavorable place and at unfavorable time, and usually gets very unfavorable terms. (Jagdish Prasad and Arbind Prasad, 1995). The main purpose of this research is to identify the challenges faced by the farmers in direct marketing

Objective of the study

- To study an overview of farmers direct marketing of vegetables
- To analyze the challenges faced by the farmers in direct marketing of vegetables

Variables under Investigation

The below variables were used in the study for testing. These variables were chosen after revising and consider from various literature surveys.

Figure 1

Hypothesis of the study

H1 H_0 . There is no significant relationship between lack of market information and direct selling.

H_1- There is a significant relationship between lack of market information and direct selling

H2 H_0. There is no significant relationship between competition and direct selling.

H_1- There is a significant relationship between competition and direct selling.

H3 H_0- There is no significant relationship between lack of cold storage and direct selling.

H_1- There is a significant relationship between lack of cold storage and direct selling.

H4 H_0-There is no significant relationship between lack in direct marketing technique and direct selling.

H_1-There is a significant relationship between lack in direct marketing technique and direct selling.

H5 H_0- There is no significant relationship between price volatility and direct selling.

H_1- There is a significant relationship between price volatility and direct selling.

Area of the study

Thanjavur is the biggest agriculture production area. It is also called as rice bowl of Tamilnadu. There are many agricultural products produce in this area especially paddy, groundnut, cashew nut, vegetables, banana etc.

Sources of data

The research is a descriptive study based on survey method. Both primary and secondary data have been used in this study.

Data Collection

Primary Data

Primary data have been collected from vegetable farmers who were marketing their produce in direct marketing in Thanjavur district with the help of interview schedule. The research variables were measured on the basis of five point scale.

Rating from 5 to 1, Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1).

Secondary Data

Secondary data have been collected from the books, articles from newspaper, journals, published and research reporters, and websites.

Period of Study

The field work for the study was carried out by the researcher. It was conducted from November 2016 to December 2016 covering a period of two months to collect information from the farmers in Thanjavur District.

Sampling Design & Population

Convenient sampling is adopted for the present study. The researcher selected the 61 respondent of vegetable farmers who have selling their produce in direct marketing.

Data analysis and statistical techniques

Data analysis

The data analysis has been done using IBM SPSS20 (Statistical Package for Social Sciences).

Statistical techniques

Descriptive Statistics, Reliability, Correlation, Regression analysis are used through appropriate statistical package.

RESULT AND DISCUSSION

Socio-Categorical background of Respondent

Table 1: Socio-Categorical Description of Respondent

Category	Description	Frequency	Percent
Gender	Female	17	27.9
	Male	44	72.1
	Total	**61**	**100**
Age	Up to 30yrs	6	9.8
	31 - 40	9	14.8
	41 - 50	29	47.5
	50 Above	17	27.9
	Total	**61**	**100**
Education	Only Know Read & Write	17	27.9
	School	22	36.1
	UG	12	19.7
	PG	5	8.2
	Others	5	8.2
	Total	**61**	**100**

A convenient sample used in data collection from 61 farmers who involved in direct selling. The result shows that 72.1% males and 27.9% females, whose age ranged from: up to 30 years old (9.8%), [31-40] years old (14.8%), [41-50] years old (47.5%) and above 50 years old (27.9%). Regarding educational qualifications, 27.9% of the respondents have only known to read & write, 36.1% have a school education, 19.7% have a UG, 8.2% have PG and 8.2% have other qualification.

Table 2: Respondent Opinion on variables

Variables	Respondent Opinion in %				
	SA	A	NAD	DA	SDA
Do you Experience any problem while direct selling	30	25	3	2	1
Lack of market information	23	35	3	0	0
Competition	29	32	0	0	0
Lack of Cold storage	29	30	2	0	0
Lack in Direct marketing techniques	15	27	16	3	0
Price Volatility	13	18	21	9	0

Primary data compiled from questionnaire: SA = Strongly Agree; A = Agree; NAD = Neither Agree nor Disagree; DA = Disagree; SDA = Strongly Disagree

Table 3: Descriptive Analysis

Descriptive Statistics					
Direct Selling	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Lack of Market Information	61	1	5	4.33	0.851
Competition	61	3	5	4.33	0.569
Lack of Cold Storage	61	4	5	4.48	0.504
Lack in direct Marketing techniques	61	3	5	4.44	0.563
Price Volatile	61	2	5	3.89	0.839
Valid N (list wise)	61	2	5	3.56	0.975
	61				

Descriptive statistics represents the calculated means and standard deviations for the independent variables Lack of Market Information, Competition, Lack of Cold Storage, Lack in direct Marketing techniques, Price Volatile and dependent variable, the direct selling.

The Table 3 reveals that the mean of a direct selling is 4.33 and standard deviation is 0.851, of a Lack of Market Information is 4.33 and standard deviation is 0.569. Mean of Competition, Lack of Cold, Lack in direct marketing techniques, Price volatile are 4.33, 4.48, 4.44, 3.89 and 3.56 respectively. And standard deviation for these independent variables is 0.569, 0.504, 0.563, 0.839 and 0.975 respectively.

Reliability Test

Table 4: Reliability of Total Item

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.951	0.965	6

The measure of internal consistency that was used in this research was Cronbach's coefficient Alpha. The calculated Cronbach's α coefficients are higher than 0.80 which is considered a very high internal consistency. The latent variables measured with selected measurable variables point to good reliability of measurement and we can therefore proceed with analysis.

The table 5 shows that the Cronbach's alpha value has come out as 0.940 for direct selling, 0.943 for lack of market information, 0.947 for competitions, 0.939 for lack of cold storage, 0.941 for lack in direct marketing techniques, and 0.941 for price volatile. Since the Cronbach's alpha values of our scales are is 0.951 in table 4, thus the scales we used for our research are all reliable.

Table 5: Reliability of Item – Total Statistics

Item –Total Statistics					
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Squared Multiple Correlation**	**Cronbach's Alpha if Item Deleted**
Direct Selling	20.69	10.285	0.875	0.863	0.94
Lack of Market Information	20.69	12.018	0.872	0.772	0.943
Competition	20.54	12.452	0.866	0.941	0.947
Lack of Cold Storage	20.57	11.882	0.923	0.961	0.939
Lack in direct Marketing techniques	21.13	10.383	0.869	0.815	0.941
Price Volatile	21.46	9.386	0.912	0.872	0.941

Table 6: Correlation

Correlation							
		Direct Selling	**Lack of Market Information**	**Competition**	**Lack of Cold Storage**	**Lack in direct Marketing techniques**	**Price Volatile**
Direct Selling	Pearson Correlation	1	.807**	.758**	.874**	.801**	.821**
	Sig. (2-tailed)		0	0	0	0	0
	N	61	61	61	61	61	61
Lack of Market Information	Pearson Correlation	.807**	1	.784**	.839**	.813**	.806**
	Sig. (2-tailed)	0		0	0	0	0
	N	61	61	61	61	61	61
Competition	Pearson Correlation	.758**	.784**	1	.950**	.723**	.843**
	Sig. (2-tailed)	0	0		0	0	0
	N	61	61	61	61	61	61
Lack of Cold Storage	Pearson Correlation	.874**	.839**	.950**	1	.779**	.848**
	Sig. (2-tailed)	0	0	0		0	0
	N	61	61	61	61	61	61
Lack in direct Marketing techniques	Pearson Correlation	.801**	.813**	.723**	.779**	1	.874**
	Sig. (2-tailed)	0	0	0	0		0
	N	61	61	61	61	61	61
Price Volatile	Pearson Correlation	.821**	.806**	.843**	.848**	.874**	1
	Sig. (2-tailed)	0	0	0	0	0	
	N	61	61	61	61	61	61
****. Correlation is significant at the 0.01 level (2-tailed).**							

The table 6 reveals that the relation between dependent and independent variables. Analysis of correlation matrix has shown that the value of direct selling and lack of market information is estimated to be 0.807 at the significance level of 0.01. This value shows that there is very strong positive correlation between the variables. The value of direct selling and competition is estimated as to be 0.758 at the significance level of 0.01; the value shows that there is strong positive correlation. The value of direct selling and lack of cold storage are 0.874 at the significant level of 0.01 the value shows that there is very strong positive correlation.

The lack in direct marketing techniques and direct selling value is 0.801 and the significance level is 0.01 this value shows that there is very strong positive correlation. The value of price volatile and direct selling is 0.821 and the significance level of 0.01. Thus the value shows that there is very strong positive correlation. Hence, all the independent variables are positively correlated with the dependent variables.

Regression analysis

It includes model summary, ANOVA and Co-efficient

Table 7: Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.929*	0.863	0.85	0.329
a. Predictors: (Constant), Price Volatile, Lack of Market Information, Competition, Lack in direct Marketing techniques, Lack of Cold Storage				
b. Dependent Variable: Direct Selling				

Model summary part of output is very important in describing the standard error of estimate and goodness of fit(R square). This summery tells us that how strongly the independent variables are related to dependent variable. The table 7 shown above gives

us the representation of variation among dependent and independent variables. Results have shown that 86% (the value of R) variations in dependent variable i.e. direct selling is caused by independent variables. It means that there exist a positive relationship between all independent variable and a dependant variable. Standard error of estimates tells us about the dispersion of actual values from the regression line. This model gives a low figure of standard error of estimate i.e. 0.329 meaning that actual data is only 32% dispersed from the regression line. Coefficient of each variable indicates that the change in dependent variable could be expected from the change in particular variable while keeping all the other variables constant.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.479	5	7.496	69.134	0.000
	Residual	5.963	55	0.108		
	Total	43.443	60			
a. Predictors: (Constant), Price Volatile, Lack of Market Information, Competition, Lack in direct Marketing techniques, Lack of Cold Storage						
b. Dependent Variable: Direct Selling						

ANOVA, the analysis of variance, is used for making concurrent comparisons between two or more means. It also yields the values that can be tested to determine whether a significant relation exist between the variables or not. ANOVA test is used to measure the significance level of study. In the above table 8 sum of square of regression represents the overall experimental effect (lack of market information, competition, lack on cold storage, lack in direct marketing techniques, price volatile on direct selling) whereas the mean square of the model represents the average experimental effect. Whereas, sum of square of residual shows that there are some unsystematic errors within data due to some natural incidence. Of all the information given in ANOVA table 8 the major concern of the researcher is to focus on the value of "Sig." columns. This column indicates that how likely it is that F-value of that size would have occurred by chance; in this case the probability is 0.000 which shows that the chances occurrence are less than 0.1%. If the P-value given in this column is less than the critical value i.e. 0.01, set by researcher, than the effect is said to be more significant and the greater the value of P from critical value will give insignificant results. Above table 8 has shown that our P-value is much less than 0.01, meaning that there is a significant between the variables. So we can say that there is a strong problem of lack of market information, competition, lack of cold storage, lack in direct selling techniques, price volatile and on direct selling. The direction of relationship can be determined from the value of sum of square of regression which is 37.47 much larger as compared to sum of square of errors i.e. 5.963. It shows that there is a relationship exists between the variables.

Table 9: Coefficient

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	0.306	0.538		0.568	0.573
	Lack of Market Information	0.113	0.156	0.075	0.724	0.472
	Competition	-1.408	0.291	-0.833	-4.836	0.000
	Lack of Cold Storage	1.933	0.281	1.28	6.87	0.000
	Lack in direct Marketing techniques	0.065	0.117	0.064	0.554	0.582
	Price Volatile	0.28	0.116	0.321	2.419	0.019
a. Dependent Variable: Direct Selling						

Regression Model

$$Y=\beta 0+ \beta 1x1+\beta 2x2+\beta 3x3+ \beta 4x4+ \beta 5x5$$

Direct Selling =0.306 + 0.075(Lack of market information) + (-0.833) (Competition) + 1.28 (Lack of cold storage) + 0.064(Lack in direct marketing techniques) + 0.321(Price volatile)

Regression equation shows the impact of one variable on other variable. It shows that how the farmers face their challenge on direct selling. From the regression table it is shown that if the value of independent variable i.e. lack of market information is increased by 1 unit than there would be an increase in dependent variable i.e. direct selling by 0.075 units. This shows that there is a positive impact in lack of market information on direct selling, meaning that if the lack of market information of challenges in direct marketing increases 100% it would result in increase in direct selling also. The results are not significant because the P-value in the table is 0.472 that is more than the 0.01 (the significant level set by researcher).

The table 9 shows that there is negative impact on competition and direct selling. The equation shown that the competition is increased by 1 unit than the direct selling is going to decrease by -0.833 units. And the P-value is 0.01 that is less than significant level so the result is highly significant because many direct seller facing the competitive challenges

The table 9 reveals that there is positive relationship between lack of cold storage and direct selling. The equation shown that the lack of cold storage is increased by 1 unit than the direct selling is going to increase by 1.28 units. And the P-value is 0.01 that is less than significant level so the result is highly significant because many direct seller facing the lack of cold storage problem.

The equation shows that there is positive relationship between lack in direct marketing techniques and direct selling. The table 9 shown that the lack in direct marketing techniques is increased by 1 unit than the direct selling is going to increase by 0.064 units. And the P-value is 0.582 that is greater than significant level so the result is not significant because lack of direct marketing technique is not a greater challenge of direct sellers.

There is a positive relation between the price volatile and direct selling. The table shows that the price volatile is increased by 1 unit than the direct selling is going to increase by 0.321 units. The P-value is 0.019 that is greater than significant level so the result is not significant because price volatile is not a greater challenge of direct sellers.

CONCLUSION

This study was conducted to explore the factors that affect the farmer's direct marketing. The five hypotheses are used in the study to check the effect of independent and dependent variable. The variables discussed in the present study shows that these plays vital role in farmers direct marketing. By using the appropriate statistical package all the independent and dependent variables were positively correlated. The study has observed that the competition and lack of cold storage are the factors that highly affect the farmer's in direct marketing. The direct sellers have to use some unique strategies for their sales to compete with competition. Segmentation, Positioning and targeting are three stages process which could be useful to sustain and overcome the competition.

Due to inefficiency of credit direct seller cannot afford more for storage. So, government should have to help and enhance the farmer for their storage problem by providing godowns with minimum charges. Thus to handle these challenges the farmers needs to adapt every changes, also to consider the day by day behavior of consumer, preference, characteristics, taste, innovative strategies, dynamic process and right mind set is the key for the success.

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