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MARKETING PROBLEMS OF AGRO-BASED INDUSTRIES IN CHITTOOR DISTRICT

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Abstract

The Marketing problems of selected agro based industries in Chittoor district of Andhra Pradesh where the focus in the earlier chapter. This chapter is devoted to a discussion of the problems encountered in the marketing of agro based industrial products which have the immediate bearing on producers' returns. As discussed earlier, because of the various problems of agro-based industries like seasonality, shortage of raw materials, lack of finance and knowledge, lack of infrastructure in rural areas, non-availability of modern technology, lack of skilled workers and stringent government policies, the planning and development of an agro-based industry poses a major challenge to the implementing authorities. This paper especially focuses on the Marketing Problems of Agro-based industries in Chittoor district.

Keywords: Marketing, Problems, Products, Seasonality, Skilled, Workers, Development.

Introduction

The analysis of marketing problems is complex in nature. This is so because concept and meaning of marketing widely offers. However small scale and agro based industrial marketing comprises all the activates involved in the flow of these industrial products from the production to assembling, processing and distribution and other services like promotion, storage, transportation, packing and labelling, financing, risk bearing and market information. Against this background, one cannot help but draw the conclusion that the district has yet to go a long way in putting the products of agro industries on the modern lines of scientific marketing. Recounting the benefits of modern

marketing technologies and tools, Mr. Francies in his book, "modern marketing management" an introduction", has aptly said, the productivity can came only through making use of the marketing concept and using its techniques in order to reach the zenith of productivity.

Keeping in view the above facts one of the most persistent obstacles to the improvement of marketing system and procedures of agro based industrial products in Chittoor district of Andhra Pradesh is the production pattern itself. A modern and scientific method of marketing is difficult unless it is accompanied by modern quality production.

Objectives

The main objectives of this research work are to study the marketing problems of agro-based industries. To analyse the various Marketing problems of select agro-based industrial units in Chittoor district.

Methodology and Sampling

Chittoor district consists of 3 revenue divisions. Among these 3 revenue divisions 9

mandals have been chosen conveniently for the study. In total there are 256 agro-based units in these 9 mandals and out of these 256 units, 55 units are not working. Hence, the remaining 201 units have been selected for the present study through census method. Category-wise distribution of agro-based industries is presented in

Sample Design

Name of Revenue Divisions	Mandals	Total Number of agro-based Industries in Chittoor District						Total No. of samples
		Rice Mills	Flour Mills	Oil Mill Processing	Mango & Fruit Pulping	Seed Processing	Others	
Chittoor	Chittoor	9	6	4	11	5	3	38
	Puttur	3	3	3	8	3	2	23
	Nagari	4	2	2	2	1	1	12
	Total	16	11	09	21	09	06	72
Madanapalli	Madanapalli	7	5	4	9	3	2	30
	Pileru	3	4	3	5	2	2	19
	Punganuru	4	3	1	4	2	1	15
	Total	14	12	08	18	07	05	64
Tirupati	Tirupati	5	5	5	13	4	2	34
	Renigunta	4	3	2	7	3	1	20
	Srikalahasti	3	2	2	2	1	1	11
	Total	12	10	09	22	08	04	65
Grand Total		42	33	26	61	24	15	201

Industry-wise distribution of problems at the time of inception in Chittoor District

Problems in product selection	Rice Mills	Flour Mills	Oil Mills	Mango & Fruit Pulping	Seed Processing	Others	Totals
No problems	13 (30.95)	08 (24.25)	07 (26.92)	25 (40.98)	12 (50.00)	02 (13.33)	30 (14.92)
Yes had problems	29 (69.05)	25 (75.75)	19 (73.08)	36 (59.02)	12 (50.00)	13 (86.67)	171 (85.08)
Lack of skilled workers	02	2	1	05	01	01	12
Inadequate credit	15	8	5	11	01	04	44
Error in costing	1	1	1	6	2	1	12
Non-availability of raw materials	3	2	2	02	03	02	14
Improper/inadequate machinery	4	06	3	5	2	01	21
Power failures	1	02	2	03	1	01	10
others	3	04	5	4	2	03	21
Total (1+2)	42 (100.00)	33 (100.00)	26 (100.00)	61 (100.00)	24 (100.00)	15 (100.00)	201 (100.00)

It can be observed that, a total number of 171 respondent units at 85.28 per cent have to confront some obstacles in some way or the other. It can be assumed that every agro-based industrial unit is confronted with problems. The most important are inadequate credit, improper / inadequate machinery and others. A non-availability raw material also has become a noticeable problem. Lack of skilled workers

and errors in costing are also appearing as important factors. It may be concluded that mango and fruit pulping units are the most sufferers at the time of inception especially due to inadequate credit followed by rice mills industry. Industry-wise distribution of causes of marketing failures in Chittoor district is presented in table 5.2

Industry-wise distribution causes of marketing failures in Chittoor district

Causes for marketing failure	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
No Marketing	29 (69.05)	27 (81.82)	21 (80.76)	18 (29.50)	05 (20.84)	04 (26.66)	104 (51.74)
Yes marketing failures	13 (30.95)	6 (18.18)	5 (19.24)	43 (70.50)	19 (79.16)	11 (73.34)	97 (48.26)
Bad selection of product	3	1	1	6	4	3	18
Superior/cheaper competitive substitute	4	3	1	8	3	1	20
Faculty/deficiency since beginning	-	-	-	11	4	2	17
Lack of awareness in customers	6	2	3	18	8	5	42
Total (1+2)	42 (100.00)	33 (100.00)	26 (100.00)	61 (100.00)	24 (100.00)	15 (100.00)	201 (100.00)

It is evident that, as many as 97 units at 48.26 per cent have failed in marketing their products. Whereas 104 respondent units at 51.74 per cent did not face any marketing failure. An observation of the different industries shows the highest number of units facing the problems of marketing are found in mango and fruit pulping industry. While the lowest number is in others. But as percentage it is highest in seed processing and the lowest in flour mills industry. The most dominates reason for the marketing failure in general for the sample units appears to be lack of awareness in customers with 42 units followed by superior / cheaper competition through substitute for 20 units and

bad selection of product in the case of 18 units. Lack of awareness appears to be the prime reason in mango and fruit pulping industry and seed processing industries followed by rice mills industry faculty / deficiency since beginning issues as the second foremost reason in mango and fruit pulping industry and competitive substitute, third reason again in mango and fruit pulping and rice mills industry. It may be inferred that mango and fruit pulping units have to formulate new strategies to surmount the marketing failures in order to capitalise the market. Industry-wise distribution of packaging problems in Chittoor district is presented in table 5.3

Industry-wise distribution of packaging problems in Chittoor district

Causes for marketing failure	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
No problems	16 (64.00)	06 (23.07)	07 (33.33)	21 (38.18)	14 (58.33)	04 (26.66)	68 (40.96)
Yes had problems	9 (36.00)	20 (76.93)	14 (66.67)	34 (61.82)	10 (41.67)	11 (73.34)	98 (59.04)

Executive cost	4	9	4	15	6	8	41
Difficulty in availability of packaging materials	3	6	5	9	2	2	32
Inadequate protection	2	3	4	6	1	1	14
Any others	-	2	1	4	1	-	11
Total (1+2)	25 (100.00)	26 (100.00)	21 (100.00)	55 (100.00)	24 (100.00)	15 (100.00)	166 (100.00)

It is apparent that, out of the 166 units which have either bulk or an independent package, 68 respondent units constituting 40.96 per cent opined that they have no problem in the packaging area. As many as 98 units with 59.04 per cent expressed that they have problems in the area of packaging. Comparatively more mango and fruit pulping units face packaging problem with 34 units followed by flour mills

with 20 units and 14 units in oil mills industry. The more vital reasons are excessive cost of the packaging materials, difficulty in availability of packaging materials and inadequate protection. It may be said that difficulty in availability of packaging material is actually adding on to the cost of packaging material. Industry-wise distribution of branding problems in Chittoor district is presented in table 5.4

Industry-wise distribution of branding problems in Chittoor district

S. no	Problems in branding	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
1	No problems	11 (28.94)	03 (9.67)	02 (7.69)	16 (34.04)	08 (36.36)	04 (26.66)	44 (24.58)
2	Yes facing problems	27 (71.06)	28 (90.33)	24 (92.31)	31 (65.96)	14 (63.64)	11 (73.34)	135 (75.42)
i	Trade mark problem	8	6	6	11	3	3	32
ii	Customers indifference to brand name	12	11	12	13	7	5	63
iii	Others copying brand name	5	8	5	5	2	2	28
iv	Any others	2	3	1	2	2	1	12
Total (1+2)		38 (100.00)	31 (100.00)	26 (100.00)	47 (100.00)	22 (100.00)	15 (100.00)	179 (100.00)

It can be seen that, of 179 respondent units as many as 135 units constituting 75.42 per cent, have faced problems in one way or other. Among the several problems associated with branding, customers indifference to brand name is the most significant one as it is the circuitous consequence of others copying brand name and trade mark. It may be concluded that

as branding practices of the industrialists are most obsolete and unauthentic, the customers have got no other alternative except examining the quality of the product and comparing the price of the product personally making the agro-based industry still more indifferent toward the branding practice. Industry-wise distribution of problems in product promotion

in Chittoor district is presented in table 5.5

Industry-wise distribution of problems in product promotion in Chittoor district

S. no	Problems in promotion	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
1	No problems faced	03 (20.00)	02 (13.33)	02 (20.00)	09 (50.00)	04 (36.36)	02 (28.57)	22 (28.96)
2	Yes problems faced	12 (80.00)	13 (86.67)	08 (80.00)	09 (50.00)	07 (63.64)	05 (71.43)	54 (71.06)
i	Select not increased	07	03	01	03	02	02	12
ii	Salesman very costly	04	05	04	05	03	02	24
iii	Advertising costs quite high	01	05	03	01	02	01	18
Total (1+2)		15 (100)	15 (100)	10 (100)	18 (100)	11 (100.00)	07 (100.00)	76 (100.00)

It can be observed that, of the 76 respondent units, 22 units at 28.96 per cent did not face any problems while as many as 54 units at 71.06 per cent face problems in the area of promotion. It indicates that sales have not

increased by the present promotional activity and sales men and advertising costs are very high. Industry-wise distribution of pricing problems in Chittoor district is presented in table 5.6

Industry-wise distribution of pricing problems in Chittoor district

S. no	Problems in promotion	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
1	No problems	11 (26.19)	05 (15.15)	07 (26.92)	23 (37.70)	04 (16.66)	05 (33.33)	55 (27.36)
2	Yes had problems	31 (73.81)	28 (84.85)	19 (73.08)	38 (62.30)	20 (83.34)	10 (66.67)	146 (72.64)
i	Marketing problems	14	14	9	21	8	4	70
ii	Competitor problems	9	5	6	11	5	3	39
iii	Input problem	5	6	2	4	4	2	23
iv	Other problems	3	3	2	2	3	1	14
Total (1+2)		42 (100)	33 (100)	26 (100)	61 (100)	24 (100)	15 (100)	201 (100)

It is apparent that only 55 units, at 27.36 per cent, out of the 201 respondent units are not facing any problems with the present pricing policy of the product. As many as 146 sample units at 72.64 per cent do face some problem in the area of pricing policy. Their

responses are well distributed over marketing problem with 70 units, competitor problems with 39 units, input problem 23 units and other problem with 14 units on prices. The marketing problem is comparatively prevailing in the case of mango and fruit pulping, rice mills and flour

mills industries. Competitor problems are comparatively more important again in the case of mango and fruit pulping, rice mills and oil mills industries. It may be observed that, these industries have to sort out the issues of pricing

problems as early as possible in order to survive in the competitive market especially mango and fruit pulping, rice mills, flour mills and seed processing industries.

Industry-wise distribution of non-marketing problems in Chittoor district

S. no	Non-marketing Problems	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
1	No problems	11 (26.19)	-	06 (23.07)	18 (29.50)	04 (16.66)	03 (20.00)	36 (17.91)
2	Yes facing problems	31 (73.81)	33 (100.00)	20 (76.93)	43 (70.50)	20 (83.34)	12 (80.00)	165 (82.09)
i	Finance	12	9	5	14	6	05	51
ii	Raw materials	5	4	3	9	4	01	26
iii	Power	6	7	2	7	3	02	27
iv	Labour	4	6	5	5	2	01	23
V	Government policies	02	4	2	4	2	01	15
Vi	Technology	01	2	2	2	2	01	10
vii	Economic factors	01	1	1	2	1	01	07
Total(1+2)		42 (100.00)	33 (100.00)	26 (100.00)	61 (100.00)	24 (100.00)	15 (100.00)	201 (100.00)

It is apparent that, of the 201 respondent units only 36 units at 17.91 per cent did not face any problem in the area of non marketing, while as many as 165 sample units with 82.09 per cent have stated that they face problems in the area of finance, raw materials, power, labour, government policies, technology and economic factors. Their responses are multiple and are well distributed over the first four items; financial problem with 51 units is leading, followed by power with 27 units, followed closely by raw materials and labour with 26 units and 23 units respectively. For

Mango and fruit pulping, rice mills, flour mills and seed processing units finance problem is more intensive than raw materials and power problems. Problems of technology and economic factors are major in all the cases. Whereas, problems due to government policies are quite inflexible. It is observed that, respondent units are not aware of the government policies and that is creating problems. Industry-wise distribution of competitive importance of non-marketing problems in Chittoor district is presented in table 5.8

Industry-wise distribution of competitive importance of non-marketing problems in Chittoor district

S. no	Comparativeness of non-marketing problems	Rice Mills	Flour Mills	Oil Mills	Mango and Fruit Pulping	Seed Processing	Others	Totals
1	Equally important	5 (31.25)	03 (20.00)	02 (15.38)	21 (30.00)	11 (28.95)	6 (46.16)	48 (29.09)
2	More important than marketing problems	6 (37.50)	7 (46.66)	8 (61.54)	37 (52.86)	21 (55.26)	4 (30.76)	83 (50.30)

3	Less important	4 (25.00)	3 (20.00)	2 (15.39)	08 (11.43)	4 (10.53)	2 (15.39)	23 (13.94)
4	Cannot say	01 (6.25)	02 (13.34)	01 (7.69)	4 (5.71)	02 (5.26)	01 (7.69)	11 (6.67)
Total		16 (100.00))	15 (100.00))	13 (100.00))	70 (100.00))	38 (100.00))	13 (100.00))	165 (100.00))

It can be seen that, majority of the units i.e. 83 units at 50.30 per cent out of 165 units expressed that non-marketing problems are more important to be considered than marketing problems. This conception is more perceivable in seed processing industry with 21 units at 55.26 per cent out of 38 sample units. 48 units with 29.9 per cent are considering the non-marketing problems are equal in importance compared to marketing problems. This view is furnished by mango and fruit pulping and seed processing units. Financial base is very thin and dependence on other sources is found. But 23 units at 13.94 per cent are considering averse. Only 11 units at 6.67 per cent are under natural consideration and did not express anything. It may be concluded that, mango and fruit pulping industry is much affected by non-marketing problems especially with lack of adequate credit, lack of internal consumer awareness, lack of quality of raw materials, government policies etc. Then any other agro-based industry.

Conclusion

Among other things, products manufactured for export purposes need special attention. Quality, price and delivery schedule are the three important factors in the export market. Owing to inadequate supply of export information, dependence and also meagre financial resources, the exports of agro-based industrial products are far from satisfaction. In the home market too, agro-based units face many difficulties. They have to face competition with large scale firms. On account of their smaller size and shortage of finances they are not able to use the media for publicity. Because of this, their products mainly remain unknown to the consumers/industrial users. Up to this stage the various problems pertaining to marketing and non-marketing have been analysed.

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