



Selling Strategies, Distribution, and Income: A Case Study on Small Scale Farmers

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ABSTRACT:

Farmers are at forefront of sales negotiations concerning their farm produce. It is unquestionably significant that each farmer must be able to sell effectively and deliver promises to their customers, as promised. This paper attempted to discover whether or not, selling strategies in the formal industry for professional selling apply to the context of small-scale farmers. The primary objective of this paper was to determine the correlation between the strategies used, both traditional and non-traditional, to the corresponding income earned by the respondent farmers. The data revealed that selling strategies even when used with proper principles of professional salesmanship, do not have enough evidence to prove that it has something of an effect on the respondent farmers' income. However, access to distribution means is found to have enough evidence and is correlated positively with income. Hence, it is concluded that the use of principles of selling in the context of the industry does not necessarily apply to the field of small-scale farming, access to the distribution does have a positive correlation with income. Through the findings it is recommended that local government units must formulate a framework that enables efficient distribution, with infrastructures and transportations that links every dot in the supply chain. Devise a comprehensive plan that aids the farmers in the delivery of farm products.

Key Words: Sales Strategy, Selling Strategy, Income, Farmers Income, Distribution

Introduction:

Selling is an important aspect of the day-to-day life of every farmer. Each farmer must have enough skills in selling as they are at the frontline concerning the sales process of the farm produce. The ability and the capacity to distribute in whatever form necessary, all the farm produce is also an equally important aspect of the farmer's success, since farming does not end, at producing market-ready goods, but must also ensure that such goods reach the actual target market. In effect, the selling skills and distribution capabilities are mandatory ingredients in the success of a farmer. There are plenty of reasons however why selling skills and distribution capabilities are huge issues that negatively impact the income of farmers, especially in underdeveloped countries such as the Philippines. One of those plenties is the fact that very few have access to proper education, or if given the opportunity, they cannot sustain in achieving substantial educational attainment due to insufficiency of income and other analogous factors. The lack of formal education gravely impacts the quality of negotiation skills and interpersonal communication skills that is necessary and required in a sales setting. Second, is the access to proper transportation and other means of distribution due to the limitation of monetary resources. Acquisition of transport vehicles and similar means entails cost, which small-scale farmers can only dream to afford.

This study focuses on a specific context and will not represent the entirety of the population, or in any manner serve as an absolute source to represent the collective nature of all that belongs to the same category. This study, however, is a validation, of whether or not, the basic presumptions that selling skills affect income, or access to distribution means affect, either positively or negatively, the income, which in this case, is the income of the respondent and participating farmers of this study. The conclusions drawn from this study must be taken only in the context of this specific case.

Why is then necessary to determine whether or not income is affected by the employment of selling skills and distribution capabilities? It is simply because profit is the universal goal of every business venture (Davidsson, Steffens, & Fitzsimmons, 2009; Getz & Petersen, 2005). It is the lifeblood upon which businesses rely on everything. When profit fails to meet the desired target, a corresponding impact on the totality of the operation of the organization is almost always, expected. In this particular context, selling plays an indispensable role in the arrival of the desired profit goal. Selling became a professional discipline categorized under the promotional elements of the marketing mix. The distribution also plays a significant role in the assurance that the product arrives at the designated place without delay (Leroy & Junior, 2017).

The findings of this study will have implications on marketing in general since both variables are important aspects of Marketing. Marketing is a general concept that serves as a guiding principle in the development of products, setting the price, determining distribution strategies, and providing promotional means, all for the goal of customer satisfaction. Marketing has basic elements, the 4Ps of Marketing or the Marketing Mix is a profound concept that encompasses the most important aspect of Marketing (Borden, 1969; Stead, Hastings, & Hastings, 2018), Product, Price, Promotion, and Place. Elements of marketing, including selling strategies, and distribution, are practiced widely in the business industry. Since the conception of these basic marketing principles, it has been observed, practiced, and developed widely in the industrial and commercial space. There is

not a specific study, however, as to whether these basic principles do apply in the field of vegetable production, and selling of their produce.

To determine whether the basic elements of the marketing mix, selling, under promotions, and distributions, do have a bearing in the small-scale transactions, this study was commissioned. Selling strategy and Distribution capability are tested in this sense whether or not it influences farmer's income (Chatterji, Cunningham, & Joseph, 2019; Hohenschwert & Geiger, 2015; Johnston, Marshall, & Marshall, 2016), through a survey, on the use of the basic selling strategies, and the availability of distribution means. This paper aims to present the applicability of these variables in the context of small-scale farming. Additionally, to add to the literature on Marketing Mix as an encompassing principle in the disposal of products.

The assumption is that frequency of employing basic principles of Selling Strategies during sales negotiations and access to Distribution Capabilities are correlated to farmers' revenue. The more farmers will use the established strategies, the more that there will be an increase in income.

Methodology:

The gathering of data was done among farmers, selected through multistage random sampling. The respondent responded through a survey questionnaire which was formulated using the principles of personal selling, concerning sales process, distribution strategies under the principle of channel management and logistics, and the availability of transportation means. The respondent farmers were from 28 mountain villages of Cebu City, and through multistage random, 156 were selected. The data were collected, encoded, and analyzed through computerized statistical tools.

Result and Discussion:

Sales and Distribution strategies have been the backbone of business at an industrial scale, however, there has been no concrete study done to determine whether or not such strategies do affect small-scale businesses. In the context of this paper, it will be discussed whether or not selling, distribution, and transportation means have a corresponding correlation to the respondent's income.

The Respondents

The determination of respondents' profiles is an important means of understanding the totality of the entire picture of the study. With a maximum of 74, a minimum of 20, and a mean age of 45.66, it can be interpreted that the respondent farmers are indeed aging. This is in line with the Philippines Statistics Authority as they published the profile of farmers in the Philippines in danger due to the old-aged farmers. According to the said publication, the farmers' age is approximated at 57-60 years old, slightly higher than that of the mean age of the respondents of this study. This also affirms the worldwide problem of aging farmers (May, Arancibia, Behrendt, & Adams, 2019; O'CALLAGHAN & WARBURTON, 2017; Suphannachart, 2017). This means that the farmers of Cebu City are considered within the range of PSA's published age bracket. This could imply the method of selling and distribution. Since as people get older, they tend to be lesser connected to people and reduce their level of stress and travel. The use of selling strategies and distribution will most likely have a corresponding impact according to age category. The said will be discussed in the succeeding sections of this paper.

The aging of farmers is a mere reflection of how long the farmers are farming in the Cebu City area, as the highest frequency in the number of years in farming is at 41-45 years. This means that a considerable number of the respondents are experts in the field of small-scale farming. As per observation during the conduct of the study, it is indeed clear that the respondents exhibit expertise in farming with the method used during the cropping and harvesting of crops.

The majority of the respondents are high school graduates with a frequency of 68 or 43.6 %, followed by elementary graduates with a frequency of 52 or 33.3 %, and No Education with a frequency of 25, or 16%. Education is a necessary element of progress, it is a means to determine the course of a country. An uneducated citizenry simply means a doomed country. It is precisely the reason why the government of the Republic of the Philippines focuses a huge pie of the entire annual budget to emphasize the importance of education. Based on the data gathered, there is 16% with absolutely no formal education whatsoever. Interpreting from this point of view, it could mean that the country's effort in education has questionable efficiency for it allows a significant many to evade being educated. On the note of sales and distribution, where communication is highly required, it is also, almost always necessary to have enough educational background. The knowledge of communicating sales strategies requires a deeper understanding that is assumed to be attributable to higher educational attainment.

Selling Strategy

The selling strategy in the context of this paper is the use of the personal selling process: The opening, Need and Problem Identification, Presentation, and Demonstration, Dealing with Objections, Negotiations, Closing the sales, and follow-up. The mentioned elements are the universal flow of selling (Liu, Leach, & Chugh, 2015; Simintiras, Reynolds, & Johnston, 2015; Viio & Grönroos, 2016). Taking into consideration the following elements of the selling process, with a 5-point Likert-scale survey questionnaire formulated on the same measure, and using the following range, 1.0-1.8, Never; 1.80-2.60, Rarely; 2.60-3.40, Sometimes, 3.40-4.20, Often; and 4.21-5.0, Always, it was found out that, the farmers only use the said strategies sometimes with a mean of 3.03. This means that the respondents are using the methods mentioned through the elements of selling strategies but not permanently. This could be sourced on the reason that the farmers are not dealing with an industrial business where the said strategies are applied. The industrial application of the formula in selling could not be applicable at all times from the small-scale and micro-level perspective. To gain a clearer understanding of the data result, each of the elements above is given through two different questions with the following results: The opening, 2.89, 2.90; Need and Problem Identification, 2.94 and 3.0; Presentation and Demonstration, 2.76 and 2.91; Dealing with Objections, 2.20 and 3.17; Negotiations, 3.26 and 3.51; Closing, 3.11 and 3.46; and Follow Up, 3.07 and 3.37, except for Negotiations and Closing which the respondent use

Often, all else is interpreted as sometimes, or it means that they have used the method mentioned but have not done it permanently during the selling process.

The totality of the data selling strategy could be interpreted in several ways: First, it could mean that the standards of the selling process in the industrial market do not necessarily apply on the small scale and micro level as discussed above; Second, that the respondent farmers do not know exactly the entirety of the sales process or perhaps the farmers do not have enough idea that there exists such a formal selling process, Third, that the formalities in of the selling process are unnecessary when dealing with negotiations in the informal marketplace. To which among the said probable interpretations of the data, the author is more inclined to subscribe to the first interpretation.

Distribution Strategy

Distribution is an element of marketing. This element focuses on how can the manufacturer of goods delivers the same to the target market (Berger et al., 2016; MCDONALD, 2016). In the 4 P's of marketing, distribution is within the ambit of place or placement. In the context of this paper, the distribution means the reliance of the respondent farmers on the third-party distribution and transportation agent. Reliance on the third party in the distribution process means that the respondent farmers do not utilize direct distribution, but an indirect one, under the principles of distributions. Through the use of the Likert scale and the range of, 1.0-1.8, Never; 1.80-2.60, Rarely; 2.60-3.40, Sometimes, 3.40-4.20, Often; and 4.21-5.0, Always, it was found out that the respondent farmers use sometimes the availability of third party distributions with the mean of 3.03. The items of distribution are the following: The use of government aid, 2.79; The use of intermediaries, 2.84; Neighbors' assistance, 2.99; Purchasers and Agents, 3.35; Retailers, 3.53; Wholesalers, 2.87; and Other Third Part distribution means, 2.87; except the reliance of the respondent farmers often on the means of distributions using retailers, the rest of the listed items are utilized by the respondents only sometimes.

The data means that the respondent farmers are relying on third-party distributors, more specifically, the reliance on retailers. This particular characteristic in the market is not new to the agri-business landscape in the City. Retailing is historically the primary method of distribution in the agri-business sector. Only in the time of modernity where people have the power to acquire personal transportation that the roles of agro-retailers are becoming narrower. The act of subjecting to the retailer concept implies a considerable amount in the reduction of profit on the side of the respondent farmers due to the reduced markup value that has to be shared with the retailing agents.

To determine the corresponding effect of selling strategies, distribution strategies, and transportation on income, the researcher used Pearson's correlation through available statistical treatment tools. The data was gathered through a 5-point Likert scale which provides questions on the use of proper selling strategies as enumerated and discussed above. Income on the other hand was computed through the total volume of product produced by each of the farmer respondents multiplied by the price per unit.

The data revealed that selling strategies used in the industrial context are found to have not enough evidence to impose a significant and considerable impact on the respondent farmers' income. This means that the use of selling strategies as formulated in the industry does not necessarily have bearing on the increase or decrease of farmers' income. Income is indifferent to whether the respondent farmers use or chose not to use the said established strategies.

It can be observed, however, that distribution strategies as well as the number of transportation means to the city are found to have enough evidence to impose a considerable impact on the totality of the respondents' income. The distribution strategy is significant at .049 which means that the more the respondent farmer relies on the external and third-party distributors, the lower the income. During the analysis of the data, the distribution strategy is found to have a negative correlation with income. Transportation is also found to have enough evidence to impose a considerable impact on income. The correlation between transportation and the respondent income is at .669** in positive slope and is significant at 0.000 at an alpha of 0.01 or 99% level of confidence. This simply means that there is enough evidence that as the number of transportation means available increases there is also a corresponding increase in the respondent's income.

Conclusion:

The use of selling strategies in the context of the industrial market does not necessarily affect the income of small-scale farmers. Income is indifferent when using or not using the said established and well-formulated selling strategies. Farmers do not need to exactly know, what the selling process is all about, in this context. This could however not speak into the totality of small-scale farmers in general since the respondents are only focused on the City of Cebu. The respondent farmers have to rely on their distributing power, and the same has to reduce the reliance on third-party distributors. The data provides that when the respondent farmers rely so much on the third-party distributors, there is a corresponding reduction in their income. In connection with such a result, farmers have to acquire personal vehicles to the city, as the respondent has used personal transportation to the city, there greater reduction in the cost of transportation hence increasing the respondent's income. Thus, the respondent farmers do not have to necessarily use an industry selling strategy but devise a means to acquire personal transportation that reduces the intervention of third-party distributors.

Recommendation:

This paper recommends to the Department of Agriculture, and the Department of Trade and Industry, to devise means by which the respondent farmers could acquire established transportation means that reduce the cost of distribution and the exploitation of the intermediaries. Devise a comprehensive transportation plan which caters to the transportation need of the farmers in the City of Cebu, as well as the provision of initial capitalization that aids in the delivery of farm products to the market. The purpose of such a transportation plan is to enable small-scale farmers to reach the full potential of their income in consonance with the Sustainable Development Goals of Ending Poverty and the Universal Progress of the Community.

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