Promotion and Distribution Strategy of Dairy Industry

*Dr. R. Kiran,

Principal, Hindustan Business School, PB NO. 3776, Ashwathnagar, Marathhalli Post Bangalore-560 037
Ph: 080-25238650, 25232217 Mobs: 7760634823
Corresponding Author: Dr. R. Kiran

Abstract: The dairy units advertise the products at local and regional level. They advertise and products regularly in various media. The most preferred media include radio, newspapers, local TV channels and point of purchase advertisements. The advertising budget is decided on the basis of affordability method. They increase the surveyed dairy units have developed the good brand image. The sales force is utilized to persuade the distributors and retailers to push the sales of specific dairy unit. They adopt timely delivery and marketing assistance to the distributors and retailers to promote the sales. There is need for better distribution network in Junagadh district, after assessing the existing situation.
Key words: Dairy, World Bank, companies, media, Budget, sectors

---

I. Introduction

India has become the world's no.1 milk producing country with output of 100 metric tonnes in 2006-07. The annual rate of growth of milk production in India is between 5-6 percent, against the world's growth rate at 1 percent. India's annual milk production has more than trebled in the last 37 years. This rapid growth and modernization is largely credited to the contribution of dairy co-operatives under the operation flood project, assisted by many multilateral agencies, including the European Union, the World Bank, FAO and WFP.

In India, 40 crore people have their major income from dairying. Around 100 crore tone milk is manufactured every year in India. Annual growth in agricultural produce is 2% where as annual growth of milk production 4%. Of the three A's of marketing availability, acceptability and affordability, Indian dairying is already endowed with the first two people to make it acceptable. Its availability is not a limitation either, because of the ample scope for increasing milk production given the prevailing low yields from dairy cattle. It leaves the third vital marketing factor affordability. With small packing of milk and milk products it can reach to masses.

Dairies in Junagadh are mainly involved in processing and packaging of the buffalo milk and producing the milk products as shirk hand, milk powder, Ghee, paneer , Cheese etc. They are marketing these products in the local areas or in the Gujarat region. Previously there were only few dairy units in Junagadh so the competition was less. Many new entrants have entered in the industry because of the good business. Junagadh is surrounded by many small villages and the major occupation of the people is farming. These farmers have the cattle along with the farms which increase the total attractiveness of this industry. This is the main reason for establishing the dairy unit in Junagadh.

As previously mentioned, the dairy unit in Junagadh are marketing their products in Junagadh region or nearby it: they are nor marketing outside the Gujarat. Many small films have been established in Junagadh and their profitability has gone down. Secondly, some companies are manufacturing carton milk which lasts for longer period and they are facing the competition from them. Lastly, these dairy industries are mainly focusing on marketing of milk and not on the milk products which are more profitable than milk. Because of this, other companies have captured the market for milk products.

Hypothesis
1. Dairy units are doing well in the promotional strategy.
2. To the dairy units are very good in their distribution network.

II. Research Methodology
1. Research Design: The research design of present study is of exploratory study. For the
Present study the detailed information regarding the marketing policies of the selected dairy units was collected to get insight into it; hence it is essentially an exploratory study.

---

2. **Sampling Design:** The present study is designed to cover the total population of dairy units in Junagadh district. The list of dairy units in Junagadh has been obtained from the district dairy development office Junagadh. There are 13 dairy units in Junagadh district.

Purpose sampling method is adopted to select the sample dairy units. For the study, 2 cooperative, 1 private, 1 public limited and 1 primary dairy cooperative were selected. The dairy units were selected on the basis of:

1. **The production capacity:** The dairy units having milk pasteurization capacity more than 2000 litres per day were selected for the study.
2. **Manufacturing of milk products:** The dairy units pasteurizing milk and manufacturing the different milk products were considered for the study.
3. **Combination of all the sectors:** The present research is the study of dairy unit so all the sectors viz cooperative, private and public limited companies have been considered for the study.

Type of Organization	Total No of Dairy Units	Sample Size
Co-operative Dairy Organizations	05	02
Primary Dairy Co-operative Society	01	01
Public Limited Organizations	04	
Total	13	05(38.5%)

Table: 1

Over all ø	1.3317
Over all C V	47.056
Z	1.64

Table: 2 : Over all coefficient of Variation

Reponses	No of Respondents	Percent
High completion	18	56.3
Short shelf life if the product	10	31.3
Short shelf life if the product, high completion, changing customer	4	12.5
Total	32	100.0

Table:3 Marketing problems

Analysis

Data were collected with the help of the structured questionnarie for the year as 1991-92, 1994-95, 1997-98, 2000-01, 2002-03, 2004-05, 2006-07. Therefore the results show the overall marketi ng performance of dairy units from 1991 to 2006. Five point likert scales was used. The ratings are given as: strongly Agree-1; Agree-2 ; Neutral-3; Disagree- 4; Strongly Disagree-5. In Table-2 analysis of the statements is given by using mean, mode, standard deviation, coefficient of variation, skewness, and Z-test.

For all the statements same null hypothesis is slated where as alternative hypothesis varies according to the mean value of the different statements.

Null Hypothesis-ho: $\mu=3$

The Hypothesis are tested at 5% level of significance. The critical value of Z 0.05=1.64.

Hypothesis Testing

1. **Dairy units are doing well in the promotional strategy:** The hypothesis is tested by grouping the following statements:
a. Advertisements of products are done at national level.
b. The advertisements if given on continuous basis.
c. The firm has developed brand awareness in customer minds.
d. The dairy unit has developed good public relations.
e. The firm is offering sales promotion schemes for the customers.
f. Sales promotion schemes are employed for distributors & retailers.
Z test is used to test the hypotheses. Alternative hypotheses stated for all these statements were accepted. Therefore the hypotheses that dairy units are doing well in the promotional strategy is accepted.

2. **The dairy are very good in their distribution network:** This hypothesis is tested by grouping the following statements:
a. The distribution network is wide.
b. The firm's distribution network is widely spread throughout the Gujarat and neighbouring states.
c. Dairy units have the retail outlets at various places in Gujarat.
d. Retail outlets are doing well business.

e. Distribution channel members sell only the firm's products.
f. The company is having their own sales force for the personal selling.
g. Training is given to the sales.
h. The company offers more incentives to the channel members to increase the sales.
i. The sales of the milk and milk products are affected by the promotional strategies of the dairy units.

From the Z value of the above statements, it can be concluded that the hypothesis that the diary units are very good in their distribution network, is rejected.

Table-3 presents the problems in marketing. As many as 56% of the stated competition respondents as the major marketing problem; 31% stated short shelf life as the major marketing problem for them. 13%   stated that short shelf life of the product.   Competition and changing customer expectation are all the marketing problems.

III.   Conclusion

The diary units advertise the products at local and regional level. They advertise the products regularly in various media. The most preferred media include radio, newspapers, local TV channels and point of purchase advertisements. The advertising budget is decided on the basis of affordability method. They increase the surveyed dairy units have developed the good brand image. The sales force is utilized to persuade the distributors and retailers to push the sales of specific dairy unit. They adopt timely delivery and marketing assistance to the distributors and retailers to promote the sales. All the dairy units do not use sales promotion tools. There is need for better distribution network in Junagadh district, after assessing the existing situation.

References

[1]   Arora V.K. and Patel R.K., "Marketing of Khoa in North West India", Agricultural Marketing, Vol.19, 1979.
[2]   Nanak Ram Lalwai, An Economic Analysis of "Milk Producers' Co-operative Societies", Land Bank, Vol.XXXVII, Issue III, 1999.
[3]   Dairy India. 1997. P. R.Gupta, New Delhi.
[4]   94 Datta, T. N. and B. K. Ganguly. 2002. "Analysis of Consumer Expenditure Pattern in States with Special Reference to Milk and Milk Products." National Information Network, NDDB (National Dairy Development Board) .
[5]   National Sample Survey Organization (NSSO). 1992. "Land and Livestock Holding Survey: NSS 48th Round." NSSO Report 408. Government of India.
[6]   Shukla, R. K. and S. D. Brahmankar. 1999. "Impact Evaluation of Operation Flood on the Rural Dairy sector." National Council of Applied