

MARKETING TRADITION OF DAIRY PRODUCTS

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ABSTRACT

The dairy cooperatives are one of the largest and most important of food industries. Modern dairy industry plays a vital role in maintaining and promoting the health of the people. The main purpose of dairy industry is to provide milk and milk products at reasonable cost that satisfy the consumer's needs and fulfills consumer's nutritional requirements. The main objective is to manage the national resources in a manner to enhance milk production and upgrade milk processing using innovative technologies. Marketing plays a vital role not only in stimulating production and consumption, but also in accelerating the pace of economic development. An efficient marketing system minimizes costs, increases return to farmers by reducing the number of middlemen or by restricting the commission of marketing system. The Success of dairy cooperatives depends on internal as well as external improvement. The dairies should promote the production of clean milk and also improve the conditions of supply centers, milk parlors and the milk processing plants.

Keywords: Dairy Industry, Milk and Milk Products, Market Strategy, FMCG.

INTRODUCTION

India is the world's largest production around 155.5 million tonnes in 2015-2016 and the country accounts for more than 18.5% of world's total milk production and is also the world's largest consumer of dairy products, consuming almost all of its own milk production. Dairying has been regarded as one of the activities that could contribute to alleviating the poverty and unemployment especially in the drought-prone and rain-fed areas. In India, about three-fourth of the population live in rural areas and about 38% of them are poor. Therefore among these people, as well as the large vegetarian segment of the country's population, dairy products provide a critical source of nutrition and animal protein to millions of people in India.

Milk is nature's most complete food, and dairy products are considered to be the most nutritious foods of all. The traditional view of the role of milk has been greatly expanded in recent years beyond the horizon of nutritional subsistence of infants: it is now recognized to be more than a source of nutrients for the healthy growth of children and nourishment of adult humans. Alongside its major proteins (casein and whey), milk contains biologically active compounds, which have important physiological and biochemical functions and significant impacts upon human metabolism, nutrition and health. Many of these compounds have been proven to have beneficial effects on human nutrition and health.

Milk is important part of human life. Milk is generally viewed as nutritious food with lots of vitamins, minerals and fats, proteins etc. thus used for drinking. There are different sources of milk samples available. Milk is processed into a variety of dairy products such as cream, butter, yogurt, kefir, ice cream, and cheese. Modern industrial processes use milk to produce casein, whey protein, lactose, condensed milk, powdered milk, and many other food-additives and industrial products.

Consumer is a person who buys or uses things (goods) or services. Marketers are the persons who provide these services. The most challenging questions for marketers are why buyers do what they do (or don't do). Such knowledge is critical for marketers, since having a strong understanding of buyer's behavior will shed light on what is important for the consumer and also suggest the important influences on consumer decision-making. Factors affecting consumers' buying decisions are extremely complex. It is deeply rooted in psychology with dashes of sociology thrown in just to make things more interesting. It explains the influences on the consumer from groups such as family, friends and society in general.

Milk and milk products provide essential nutrition to all walks of life. It provides livelihood to millions of small and marginal farmers in the state. Every State has an agricultural oriented State and majority of the farmers owns cattle. Dairying provides the main source of income next to agriculture. To elaborate further, consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy? Why they buy it? When they buy it? Where they buy it? How often they buy it? How often they use it? How they evaluate it after the purchase? The impact of such evaluations on future purchases, and how they dispose of it? The process start much before the products have been acquired or bought. (Sachiffman L.G.and Kanuk L.L. (2008).

Dairy development helps the rural poor in having additional regular income. At present, unorganized milk traders put a stiff competition to the organized milk sector. Therefore, organized milk marketing has a dual task to attract more and more producer-sellers to its fold by offering good price, and to help producers to produce more milk. Co-operatives provide their members bargaining power, fair deal, and assistance in improving the productivity of the dairy business. But, the co-operatives have to face some problems also like low literacy of member-farmers, lack of their ownership over productive assets, lack of credit/finance, lack of training facilities, etc. Today in India, there are about 75,000 dairy cooperative societies, spread all over the country with a membership of 10 million. There are nearly 70 million households engaged in milk production, of which more than 10 million are in the co-operative sector. However, except for the brand name 'Amul', most of the state federation brands are regional. These include 'Verka' in Punjab, 'Nandini' in Karnataka, 'Vijaya' in Andhra Pradesh, 'Saras' in Rajasthan, 'Anchal' in Uttarakhand, 'Mother Dairy' in Delhi and Kolkata, Parag in Uttar Pradesh and Sanchi in Madhya Pradesh. Dairy cooperatives account for a major share of processed liquid milk marketed in the country. Thus, manufacturers/ processors and marketers must understand the role each of these dimensions plays in driving consumer demand for dairy products and realize consumers may be heterogeneous in their preferences or perceptions of what constitutes dairy product quality.

According to American Marketing Association Marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives." Marketers use an assortment of strategies to guide how, when, and where product information is presented to consumers. Their goal is to convince consumers to buy a particular brand or product.

Successful marketing strategies create a desire for a product. A marketer, therefore, needs to understand consumer likes and dislikes. In addition, marketers must know what information will convince consumers to buy their product, and whom consumers perceive as a credible source of information. Some marketing strategies use fictional characters, celebrities, or experts (such as doctors) to sell products, while other strategies use specific statements or "health claims" that state the benefits of using a particular product or eating a particular food.

REVIEW OF LITERATURE

The FAIDA paper of the Confederation of Indian Industry (CII) and Mckinsey and Company shows that there is great scope and potential for development of food processing and agro industries in India. However, there are various major constraints to the rapid development and growth of agro-industries in the country. Nisa (2007) argued that India is one of the largest emerging markets, with a population of over one billion. India is one of the largest economies in the world in terms of purchasing power and has a strong middle class base of 300 million. Around 70 per cent of the total households in India (188 million) reside in the rural areas. The Indian economy was liberalized in the 1990's, which triggered a total metamorphosis in the Indian economy and gave a new lease of life to organized retailing (Yadav & Siraj, 2014).

Chennegowda (2002), in his study found that out of 3700 cities and towns in India, only about 778 are served by an organized milk distribution network, leaving a huge potential of 2922 cities and towns to be serviced. And there exist threats for local industries, from multinationals in fluid milk marketing at the same time it has ample opportunities for the benefit of the local industry. He concludes that the dairy industry has to go a long way for increasing the marketed quantity and it can be done through efficient consumer awareness and education programmes, market promotion activities and effective distribution-channel management with a vast distribution network to maintain direct relationship with the consumer.

Deepa ingavale, H. M Thakar (2012), observed that the change in purchase decisions was due to marketing – related factors such as availability, advertisement, product quality, and price of the products. Multinational companies have created a brand preference for branded milk products such as branded butter, paneer, chees, milk powder and proper market segmentation will help to manufacture these products as per the requirements of the customers. All Companies are required to build their brands with the help of packaging, point of purchase advertising, delivery vehicles, retail outlets, marketing communication and sponerships etc.

Dr. S. Sivasankaran and Dr. R. Sivanesan (2013), determine how far the consumers are satisfied with the overall performance of the branded milk producers. Now the dairy industry is facing tremendous

competition with many private companies enter into the field. In order to sustain in the market by giving better service, a company should always try to find out the satisfaction level of the consumers and should take all necessary steps and measures to retain the customers. Today, almost all the people are consuming milk and milk products. Whereas Brand preferences of the rural and urban consumers are differ. Some buyers are totally brand loyal, buying only one brand in a product group. Most of the buyers switch over to other brands.

Gregory D. Miller, PhD, Douglas D. DiRienzo, PhD, Molly E. Reusser, BA and David A. McCarron, MD. The quantity of dairy products necessary to reduce blood pressure or hypertension risk is consistent with the recent National Academy of Sciences recommendations for adults: three to four servings per day of dairy products. Three or four servings of dairy products have been specifically recommended by at least two national health agencies as the range for adequate or optimal intake. The first of these, the National Institutes of Health Consensus Conference on Optimal Calcium Intake, states that the “preferred approach to attaining optimal calcium intake is through dietary sources” and specifically identifies dairy products as the ideal source of calcium in the diet. Preliminary investigations show that business management skills and extension service support services have significant roles in the dairy business growth and development.

Mburu L.M, Gitu K.W and Wakhungu J.W (2007), the purpose of starting any business venture is to create wealth. This is achieved through enterprise growth and development. This growth may be reflected in terms of profitability, revenue turn over, market share, customer base, business networks, capital base, size of enterprise and number of employees. After reviewing available reports in the district livestock production office in Ministry of Livestock Development (MOLD) reports from Imenti South district show that most dairy enterprises seem to have stagnated in their growth over the years. The production per cow per day is estimated at 8 liters (MOLD, 2011) with a profit margin of KES 2.30 per liter in the lower highlands. This is not enough revenue to sustain and grow the business and therefore the question as to how to improve growth of dairy enterprises by increasing productivity and size of business therefore persists.

Price *et al.*, 1989; and McGrath and Otnes (1995), direct observation occurs by watching the actual purchase behavior of other consumers and indirect observation involves the analysis of trace evidence of shopping behavior. An organization which embraces the marketing concept tries to provide products that satisfy consumer needs through co-ordinated sets of activities that also allow the organization to achieve its goals.

Ramanujam (2003), in his study on the role of co-operatives in milk marketing venture, highlighted the loopholes in distribution mechanism. The factors affect the efficiency in the distribution of milk of the union are price, transportation cost, freedom, infrastructure, redressal of complaints, advertisement, promotional activities. And it has been also observed that the supply of milk is done to the convenience of the union not according to the convenience of the consumers, next there is high fluctuation in the production and supply of milk by the union and also there is an increase in establishment costs and this is due to superfluous staff dumped in the union through political influence, this should be avoided. The factors

mentioned above should be given due consideration for sound distribution, for effective marketing and to survive in the market.

RESEARCH METHODOLOGY

The term “Research” refers to a search for knowledge. Research may be defined as a scientific and systematic search for relevant and appropriate information on a definite topic. In fact, well organized investigation is known as research. While conducted study, it is necessary to mention as to what procedures, techniques have been adopted. Keeping in view, this section is included in this research paper. The methodologies of this research include a theoretical analysis & study on rural marketing. The paper is completely a conceptual one whose basic foundation comes from various secondary sources like research article in journal, published and unpublished scholarly paper, and books, various international and journals, speeches, newspapers and websites.

OBJECTIVES OF THE PROPOSED RESEARCH

- To analyze the efficiencies existing in improving milk production, procurement pattern, marketing channels, and price spread of a dairy cooperative.
- To identify the brand awareness of the respondents in purchasing of various brands of milk and milk products.
- To analysis the development of dairy industry.

Top 10 highest milk producing states in India are:

Milk is referred to be the complete food as it contains all the necessary.

S.No.	STATES	PRODUCTION(MILLION TONNES)
1	UTTAR PRADESH	23.33
2	RAJASTHAN	13.94
3	ANDHRA PRADESH	12.762
4	GUJARAT	10.315
5	PUNJAB	9.714
6	MADHYA PRADESH	8.838
7	MAHARASHTR A	8.734
8	HARYANA	7.04
9	TAMIL NADU	7
10	BIHAR	6.845

Uttar Pradesh is the highest milk producing state in India and holds a share of more than 17% on the total milk production in India. Apart from being the largest milk producers, UP also has the largest number of cows and buffaloes, which is more than 1.8 crore. Kherigarh, Ponwar, Gangatiri and Kenkatha are some of the cow breeds are mainly found in UP and Known for producing milk in high quantity. UP have more than 40 dairy cooperatives, which supply milk to many states in the country.

Eighty percent of milk is marketed through the highly fragmented unorganized sector, which includes local milk vendors, wholesalers, retailers, and producers themselves. On the other hand, the organized dairy industry, which accounts for about 20 percent of total milk production, comprises two sectors: government and co-operatives. Even though co-operatives provide a remunerative price to the producer, the unorganized reared by the producer. Crossbred cows yield more milk with a lower fat than do buffalo. The crossbred cow population has increased over years because management practices. The private sector can pay their producers every day, whereas the co-operatives pay weekly or fortnightly. Producers sometimes have to fight with the co-operatives to get their payments sector plays a major role in milk marketing because of three factors. The first factor is the pricing policy of the co-operatives: their purchase price is based on the fat content of the milk, whereas the private sector pays a flat rate per liter of milk. The second factor, which motivates the milk producers to sell milk to private vendors, involves the type of milk animals of artificial insemination and improvements in management practices. The third factor is payment policy. The private sector can pay their producers every day, whereas the co-operatives pay weekly or fortnightly. Producers sometimes have to fight with the co-operatives to get their payments.

Within the organized sector, the co-operative sector is by far the largest in terms of volumes of milk handled, installed processing capacities, and marketing infrastructure. The eighty-two thousand Dairy Co-operative Societies (DCSs) across the countries have a strong membership of nearly 10 million landless, marginal, and smallholder milk-producer families. Although the organized sector handles less than 20 percent of the production, it has an installed capacity to process about 33 percent of India's total milk production. The co-operative and private sectors have more or less equal capacities. Much of the processing capacity created by the private sector in the wake of the liberalization of the Indian economy in 1991 remains idle; only about 60 percent of the installed capacity of the private sector is operated on a day-to-day basis. In the government sector, too, most of the primary processing facilities installed in rural areas (mainly milk-chilling centers) are not functional and dairy plants in the smaller towns and cities are grossly under-utilized. In the co-operative sector, all plants are used to their full capacity and remain under-utilized only during the lean production season.

A SWOT Analysis of Dairy Industry in India

Strengths

1. Improved purchasing power of the consumer.
2. Improved transportation facilities for movement of milk and milk products.
3. An enormous natural resource aim at the growth and development of dairying.
4. Availability of skilled and experienced manpower for this industry.

Weaknesses

1. Hot climate condition.
2. Lack of advertising opportunities for the dairy products.
3. Seasonal fluctuations in milk production.
4. Variation in milk quality due to collection of milk from different species.

Threats

1. Introduction of foreign products in Indian dairy market as a substitute.
2. Poor microbiological quality of milk.
3. High chemical contaminants as well as durable antibiotics in milk.
4. Export of quality feed ingredients particularly cakes under the liberalization policy.

Opportunities

1. Employment generation.
2. Better exports prospective for milk products.
3. Transparent and relaxed policies in Indian dairy sector.
4. By product Utilization for import substitution.

SUGGESTIONS

1. Use of improved storage and grading system.
2. Promotion of inter cooperative dairy products exports.
3. Use of appropriate and intermediate technology in the milk production.
4. Use latest methods for manufacturing and processing of milk products.

EXPECTED OUTCOMES

On the study of the “Marketing tradition of dairy Products” it was overall observed that Dairy Industries requires a new approach to improvement of Products. The Challenges have remained, despite efforts to resolve them. We observe that product quality; availability and pricing have been regarded as major reasons (top 3 reasons) for preference of dairy brands. There is no doubt that, there is tremendous scope for the growth of dairy industry in the new millennium. For this purpose, there is an urgent need for initiating new revolution through co- operatives. The Success of dairy co-operatives depends on internal as well as external improvement. The dairies should promote the production of clean milk and also improve the conditions of supply centers, milk parlors and the milk processing plants. Dairy co-operatives have thus, multiple linkages in development of agriculture, employment, income and health nutrition and education level in urban as well as rural area.

Finally the remarkable thing is that dairy co-operatives had helped the rural poverty. The dairy industries can change the picture of village to city where women, man and other people play an important role in it. Dairy Industry provides full time income to qualified and unemployed people without investing huge amount and can get in return whenever required

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