“A Study on Retailer Role in Selected Dairy Industries”

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Abstract - Dairy industry is alarmingly developing in the present day economy due to its contribution to the economy and rural poor people by providing an opportunities to uplift them by generating additional income. Since ages, Dairy industry has been practiced as a rural cottage industry.

Among the 70 million rural population in India during 2001, 37% are landless. These landless and small farmers are having 53% of livestock in their possession and Produced 52% of the total milk production. Government of India is providing various programmes for upliftment of the small rural milk producer as well as under privileged urban consumers.

There is an enormous growth in expenditure on dairying from the I PLAN (1951-56) of 78.1 million rupees to IX PLAN (1997-2002) is 21425.00 million rupees as per Economic survey 2002, of planning commission of ministry of agriculture, Govt. of India. The value of output has also increased manifolds. In the Eleventh Five-Year Plan (2007-2012) The Department of Animal Husbandry, Dairying and Fisheries had launched a scheme titled ‘Integrated Dairy Development Project (IDDP) in Non – Operation Flood, Hilly and Backward Areas’ on 100% grant-in-aid basis during the 8th Plan period and continued during 9th Plan to 11th Plan period.

GJMBR-E Classification : JEL Code: L81, L89

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A Study on Retailer Role in Selected Dairy Industries

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I. Introduction

Dairy industry is alarmingly developing in the present day economy due to its contribution to the economy and rural poor people by providing an opportunities to uplift them by generating additional income. Since ages, Dairy industry has been practiced as a rural cottage industry. Among the 70 million rural population in India during 2001, 37% are landless. These landless and small farmers are having 53% of livestock in their possession and Produced 52% of the total milk production. Government of India is providing various programmes for upliftment of the small rural milk producer as well as under privileged urban consumers.

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The Government of India has approved the implementation / continuation of the modified scheme during 2011 – 2012 of the XIth Plan period. The revised scheme namely ‘Intensive Dairy Development Programme’ (IDDP) will be implemented in all the districts, which received grants of less than Rs.50.00 lakh for dairy development activities during Operation Flood programme.

The competition increased to great extent in marketing in various dairy products in India. The production of various dairy products in India has reached to 557.5 thousands metric tons during 2006, as per Govt. of India, ministry of food processing industries 2006.

b) Objectives of the Study

The specific objectives of the present research study are:

i. To study the growth of the dairy industry in India.
ii. To study the consumer awareness regarding dairy industry in India.
iii. To study the consumer brand preference in buying a milk products.
iv. To identify the factors influencing consumer buying decision for milk products.
v. To understand the selling pattern of milk products at dealer’s/retailers outlets.
vi. To evaluate the dealer’s behavior, perception, attitude with regard to customer’s expectation in buying milk products.

II. Research Methodology

a) Hypotheses Formulation

i. Hypotheses

The following hypotheses are formulated for the study

• H₁ : Brand awareness is significantly high among the consumer.
• H₂ : The preference to buy toned milk is relatively high.
• H₃ : The quality of milk is having a significant impact on consumer preference to buy.
• H₄ : Agent/Dealer plays a significant role in milk business.

b) Sources of Data

The Primary data were collected from the selected respondents through pre-tested questionnaire, personal interview and observation techniques.

The secondary data has been collected from management book, journals, annual reports of OMFED, Annual report of APPDDF, Census report 2011 Dairy India book 2007 etc.
c) **Sample Selection**
   In sample selection the study includes area of the study, sample size and sample selection procedure.

d) **Area of the Study**
   Visakhapatnam and Bhubaneswar city have been selected for the present study.

e) **Sample Size**
   The present study has been organized on a sample of 400 households or families and 200 agents. It is thus both a residential and consumption unit which is considered as respondent. It excludes institutions like student’s hostels, residential hostels, hospitals and prisons from the purview of our study.

f) **Sample Selection Procedure**
   To choose 400 respondents, first the area was restricted to the limits of two cities namely, Visakhapatnam of Andhra Pradesh and Bhubaneswar of Odisha. To give equal representation to all the two urban areas were considered and a sample of 200 respondents has been taken for each area viz. Visakhapatnam and Bhubaneswar city as well. Again a truly representation sample of 100 dealers/retailers has been taken for each area of Visakhapatnam and Bhubaneswar city. The sampling procedure is random sampling.

g) **Statistical Tools & Packages**
   In the present study mainly three statistical tools were used. These are Univariate method, weighted average method and SPSS-16 to analyze the study findings.

III. **Limitations of the Study**

   The present researcher has confronted with the following limitation while conducting the research finding.

a) Confidentiality of major pertinent data from the milk Fed, govt. organization. Sufficient efforts have been taken to extract the major relevant data to bring the present work a realistic study.

b) Distance to travel Bhubaneswar and Vishakhapatnam to cover maximum area within minimum time period to collect the primary data which will be a true representation of the sample study poses as another limitation.

c) Last but not the least, in the present study sufficient care has been taken to avoid the biasedness in the primary data collection through personal interview. Even then sometimes biasedness could not be eliminated completely.

d) Lastly the present research finding are on the primary studies involves high monetary expenditure and time consumption on the part of the researcher which poses of major limitation.

IV. **Indian Dairy Industry—An Overview**

   India has grown up today as one of the largest milk producer with annual production more than 100 million tons.

   Dairy in India as old civilization, but the first official dairy firms were established toward the end of the 19th century. Subsequently a number of private and cooperative firms were established.

   Dairy development movement has been started with the success of Kaira district cooperative milk producer union better known as AMUL. Dairy development in India realized a thrust after independence. The planned development of Dairy was actually taken up in the first five year plan (1951-56). Now-a-days; it is a remarkable achievement by the dairy cooperatives to strengthen the procurement & sale of milk and milk products. Currently 15 dairy cooperative are in operation in different state of India. National dairy development board started operation flood programme which is also known as white revolution of India. Operation flood—I, Operation flood-II and operation flood are successfully carried out by NDDB to strengthen the dairy infrastructure as well as dairy market. India also has the potential to become one of the leading players of milk and milk products for exports. Dairy development of Andhra Pradesh is very high as it has abundant livestock population. Dairy development of Andhra Pradesh underwent structural transformation into six occasion viz. a. Pilot milk supply scheme(1960-63), b. integrated milk project (1963-1971), c. Dairy development department (1971-1974), d. A. P. Dairy Development Corporation Limited (Operation Flood – I period, 1974-81), e. A. P. Dairy Development Corporation Limited (Operation Flood – II period, 1981-85) f. Operation Flood – III period (1985-90).

   Dairy development of Orissa started by NDDB through operation flood. The Operation Flood II Program, which was launched under the aegis of National Dairy Development Board (NDDB) implemented in the state of Orissa from 1981, initially covering four districts viz., Cuttack, Dhenkanal, Keonjhar, Puri. The Orissa State Cooperative Milk Producers’ Federation came in to being from the year 1980-81, after taking over the Phulanakhara dairy and the functioning started form 26th January 1981. OMFED (The Orissa state Cooperative Milk Producers’ Federation Ltd) started to carry out activities for promoting production, procurement, processing and marketing of milk & milk products for economic development of the rural farming community.

   Now-a-days consumer is the central focus of any organization. In the competitive market scenario every company tries to maximize satisfaction with the value added products and services. Thus marketer judge meticulously consumer behavior to further their...
marketing plan to attract the customer and develop loyalty sense among consumer. The present study deals with dairy industry which has played a vital role in strengthening India rural economy. India production exceeds 258 million liter per day which is extraordinary achievement in the world dairy scenario. Despite dairy industry having immense future it has some weakness and threats. India dairy product mainly deals with milk as well as value added product of milk. The product obtained for milk is ice cream, curd, skimmed milk, ghee, butter cheese etc. In 1960 per capita availability milk was 124 gms which is now negligible in contrast of 296 gms in 2010. Branding, packaging, price, quality, distribution and promotion are the important tools for Indian dairy products. All this tools are responsible for the growth and development of dairy market.

For the present study, two urban areas were selected namely Visakhapatnam city of Andhra Pradesh and Bhubaneswar city of Orissa have been chosen with, 400 consumers (200 consumer from each city) and 200 agents (100 agents from each city) were selected by random sampling technique.

The data were collected from both primary sources as well as secondary sources. For this research, profile of the study area is namely Vishakhapatnam city of Andhra Pradesh and Bhubaneswar city of Odisha are taken together.

The topic has formulated scope for govt., Milk federation, Dealer & retailer and other researcher for future study.

The study also confronted some limitation. It includes distance to travel to the study area. Monetary expenses and Bias data etc.

V. Literature Review

The field of consumer behavior is comprised of diverse set of persons interested in describing, understanding or predicting behavior by consumers. Compared to most academic fields, consumer behavior is very new topic. However, an attempt is made to review the literature in the following topic.

a) Consumer behavior.

b) Model of Consumer behavior.

c) Consumer Satisfaction, Loyalty and retention.

d) Impact of Marketing Channel System.

e) Impact of family members and peer group on the purchasing behaviour of consumer.

To be successful, organizations must look into the needs and wants of their customers. That is the reason why many researchers and academicians have continuously emphasized on the importance of customer satisfaction, loyalty and retention. Customer satisfaction is important because many researchers have shown that customer satisfaction has a positive effect on an organisation’s profitability. Due to this, the consequences of customer satisfaction and dissatisfaction must be considered. There is also a positive connection between customer satisfaction, loyalty and retention. Therefore, customer satisfaction, loyalty and retention are all very important for an organization to be successful.

Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. The customer is not the source of a problem, we shouldn’t perhaps make a wish that customers ‘should go away’ because our future and our security will be put in jeopardy”. That is the main reason why organisations today are focusing on customer satisfaction, loyalty and retention.

The studies of customer satisfaction, loyalty, retention reveal the following facts of evidenced from this definition.

According to Hansemark and Albinsson (2004), “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfillment of some need, goal or desire”. Consumer loyalty, on the other hand, according to Anderson and Jacobsen (2000) is actually the result of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organisation.

Oliver (1997) said that customer loyalty refers to “a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behaviour”. According to Hoyer and Maclnlnis(2001), customer retention is “the practice of working to satisfy customers with the intention of developing long-term relationships with them”. Zineldin (2000) said that retention can be defined as “a commitment to continue to do business or exchange with a particular company on an ongoing basis”.

6Zineldin, M., 2000, TRM Total Relationship Management, Studentlitteratur, Lund.
Coldwell (2001)\textsuperscript{7): “Growth Strategies International (GSI) performed a statistical analysis of Customer Satisfaction data encompassing the findings of over 20,000 customer surveys conducted in 40 countries by Info Quest. The conclusion of the study was: A Totally Satisfied Customer contributes 2.6 times as much revenue to a company as a Somewhat Satisfied Customer. A Totally Satisfied Customer contributes 17 times as much revenue as a Somewhat Dissatisfied Customer. A Totally Dissatisfied Customer decreases revenue at a rate equal to 1.8 times what a Totally Satisfied Customer contributes to a business”. Sivadas and Baker-Prewitt (2000)\textsuperscript{8} said “there is an increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty”. This view was also shared by Anton (1996)\textsuperscript{9} who said that “satisfaction is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability”.

Rass Cunningham\textsuperscript{10} in his two studies on brand loyalty (1956 and 1066) gave two concepts of brand loyalty. As the first concept, a high proportional allocation of purchases to one particular brand was taken as an indication of loyalty and he studied brand loyalty in terms of proportion of the total purchases most often. In his second concept, retaining the same definition of brand loyalty, he used store loyalty as a measure of brand loyalty.

Loyal customers would purchase from the firm over an extended time (Evans and Berman, 1997)\textsuperscript{11}. Guiltinan, Paul and Madden (1997)\textsuperscript{12} said that satisfied customers are more likely to be repeat (and even become loyal) customers. Satisfaction is often confused with loyalty. Satisfaction is an emotional or feeling reaction (Westbrook, Newman, Taylor, 1978). It is the result of a complex process that requires understanding the psychology of customers. The range of emotion is wide with, for example, contentment, surprise, pleasure, or relief. Satisfaction is influenced, in the end, by expectations and the gap between perceived quality and expected quality, called “expectancy disconfirmation”\textsuperscript{13}.

VI. Major Findings

a) Consumer Study Analysis

i. Demographic Factors

The study revealed a majority of the respondents i.e. 57.50 per cent are in the age group of 40 – 50 years. Only 40 respondents, who account for 10 per cent of the total sample, are of above 50 years. 20 per cent of the respondents are in the age group of 30 – 40 years and 12.50 per cent are below 30 years.

Out of 400 respondents, 270 are housewives who account for 67.50 per cent and 130 are male members accounting for 32.50 per cent.

ii. Consumer Awareness Levels of Milk Products

378 out of 400 respondents are aware of the availability of more than one variety of milk and only 5.50 per cent of respondents are aware of only one variety of milk.

It can be seen that large number (80 per cent) of respondents are aware of the availability of toned milk but 20 per cent of them are not aware of toned milk.

iii. Consumer Preferences

It is notable from the study that 280 (70 per cent) of respondents prefer toned milk whereas a small group of respondents of 5.50 per cent prefer whole milk. 7 per cent of respondents prefer doubles toned milk, 10.25 per cent vendor milk and 7.25 per cent are prefer skimmed milk.

iv. Consumer Satisfaction

Majority (about 81.25 per cent) of the respondents are satisfied with the present brand they are using and only 18.75 per cent not satisfied.

v. Consumer Buying Practices

Knowing the buying behavior of the milk consumers such as where the consumer prefers to buy milk, the quantity of milk per day he buys, the frequency of purchase, timing of purchase, how much price they are willing to pay, in what mode they want to pay and what the other products of the milk they are going to buy is very essential to the industry to supply milk and to make products available accordingly in the market.

vi. Service Rendered by the Agents

Milk producers use the types of intermediaries such as agents to make their products available and accessible to the customers at a close network. Milk producers appoint agents for every small territory so that the product will be available widely to the consumers and at the nearest places.


VII. (Retailer) Agents Study Analysis

a) Demographic Factors
   It is found that majority of the respondents i.e. 46 per cent are in the group of 30 – 40 years. Only 17 respondents accounting for 8.5 per cent of the total sample are of above 50 years. 26.5 per cent of the respondents are in the age group of 40 – 50 years and 15.5 per cent are below 30 years.

b) Agent Awareness of Milk Products
   98.5 per cent of respondents are aware about the various types of milk and only 1.5 per cent of the respondents are unaware of the different types of milk available in the study area.

c) Agents Opinion about Consumer Preferences
   173 respondents out of 200 respondents are preferred to buy toned milk. This accounted for 86.5 per cent 6 respondents out of 200 respondents preferred to buy double toned milk. 7.5 per cent of respondents preferred to buy white milk.

d) Agents Satisfaction
   187 respondents out of 200 said that their customers are satisfied with the present brand of milk. Only 6.5 per cent of the respondents said that their customers are not satisfied with the present brand of milk.

e) Agents Selling Practices
   73 per cent of the respondents are selling in between 201 to 400 liters of milk per day. 5 per cent of the respondents are selling more than 600 liters per day. 11.50 per cent of the respondents are selling below 200 liters and 10.50 per cent of the respondents are selling in between 401 to 600 liters per day.

f) Service Rendered by Company
   90.5 per cent of respondents said the brand of milk they are selling is supplied to them in time. 9.5 per cent of the respondents informed that there is a slight delay in the supply of the milk.

VIII. Suggestions

Consumers buy milk out of their functional, inspirational values, nutritional benefits and the psychological impact delivered by the product. It is a well known fact that almost all consumer buying decisions are influenced by the preferences they have about the product. However the milk product image is formed out of the knowledge the consumers have about the perceived benefits the product offers or the value it delivers or other aspects of the products such as price, quality, availability, accessibility, etc. This notion influences the manufacturers to produce the product with all the above requisites.

Though it is housewives, who many times influence the brand choice, place choice and times choice of the purchase of milk, At times the husband or the male member of the house is also involved in influencing the factors of brand, place, quantity and time. Keeping this in view the milk producer has to concentrate their opinion on the entire family.

Vast technology has incorporated complexity to industry and its resultant output without assigning anything extra in the case of milk. Today there are many varieties of milk available in the market such whole milk, skimmed milk, toned milk and double toned milk. The knowledge of the awareness of these products is very much essential to the consumers to take a buying decision on his own rather than depending on the seller. As a sequel there is a growing necessity for the producers to create a high level of awareness among the consumers regarding their products.

In tune with any marketing firm, dairy firms who market the milk will have to spend a lot of money on various types of promotional activities with special emphasis on advertising to bring awareness about their brands in the mind of consumer. For this a proper selection of channel for communication in selecting the exclusive brand is equally important.

Awareness of the availability of different types of milk in the market place alone is not sufficient for the consumer to make a buying decision. The knowledge of the availability of different brands in the market, their manufacturers and their image which influences the buying decision is also important to the consumer.

We are aware that several factors exist which influence the choice of a ‘specific type’ of milk. The degree of Prominence among such factors is quality, price, availability, brand image, packaging etc. It is evident from the survey, that three fourth (75 per cent) of respondents are preferring toned milk where as all remaining types of milk such as skimmed milk, whole milk, double toned milk, etc are preferred by only 25 per cent of the respondents. Due to this demand for toned milk, the producers have to produce more quantity of toned milk in comparison to other form milk subsidiaries.

Brand loyalty exists to a large extent in the minds of a consumer in arriving at a purchase decision without even having any knowledge about the producer. The example of ‘Mother Dairy’ can be quoted here that many of the users of Mother Dairy brand are not aware of the manufactures name. So the producers of milk have to create not only brand image of their products but also they have portray a high profile corporate image at the same time.

Density of the milk is one factor which is believed to be an important factor responsible for the satisfaction of the milk users. The more the density, the more the liking for the product. 57 per cent (228 out of 400 respondents) expressed that they are satisfied with the milk because of the density of the milk they were
using. Hence the new entrants in these fields have to lay more emphasis on this particular product.

Generally the distribution of milk is carried out in the forms of sachet which is akin to FFS system i.e. forming, filling and sealing would be taking place simultaneously. Tough the forming and sealing system is automated; there exist a possibility of leakages which is ultimately making the milk unhygienic. The customer often buys the milk in advance and preserves in the refrigerator. The occurrence of any small leak not only rendered the product unhygienic but also spoils the stored item in the refrigerator. Therefore proper packaging of the product is highly essential to bring about improved customer satisfaction.

For any business organization it is very difficult to woo and divert the customers towards appreciating their brand from the other brands with which they are currently satisfied. Even then, one such option available is by providing better quality but it is also convenient to convert those customers who are at average satisfaction in comparison to those who are not satisfied. For accomplishing this company should know beforehand the opinion of the people who are willing to change their present brand of milk as this would enable us to get even a better idea about the needs of the customer.

All customers are not equal in their approach. The variation is apparent in different needs and expectation which influences their motives and buying practices. The study of the consumer or buyer behavior tells us what the customer wants to buy, where he wants to buy, how much he wants to buy, where he prefers to buy and how much quantity he prefers to buy.

Sometimes it has been found that packaging of the milk is not proper which leads to leakage, bad smell etc. company should take care of this.

It has been also found that labeling of the milk packet is not up to the standard whereby consumer cannot read the details. So it may be rectified.

Understanding the buying behavior by conducting research on the milk consumers such as where the consumer prefers to buy the milk, how much quantity of the milk per day he buys, at what intervals he prefers to buy, at what time he prefers to buy the milk, how much price he is willing to pay, in what mode he wants to pay and what the other products of milk they wants to buy is very essential to the industry to supply milk and to make the products available to the customers.

Milk producers use intermediaries such as ‘Agent’ to make their products available and easily accessible to the customers. Milk producers appoint agents for every small territory so that the product would be available widely to the consumers and at the convenient places. These agents through their contacts, experience, specialization and scale of operation offer the firm more than it can achieve on its own. The objective of any dairy farm in appointing the ‘Agents’ as intermediaries is to provide better services to the consumers. In the present scenario, it is a difficult proposition for the firms to make lasting impression in the minds of consumer to get a lion’s share in the market. To leverage their effort they look towards the role of the agents in bridging the gap in establishing a firm and lasting relationship with the customer.

As the milk agents are the people who ultimately interact with the consumer, hence their behavior with the consumer plays vital part in retaining the consumer. Suggestion given by the consumer needs to be forwarded for necessary modification as & when required ultimately leads to greater value addition to the consumer. Thereby bringing about total satisfaction & increasing brand loyalty.

The availability of milk through the agents in the morning and evening as because it is convenient to many consumer needs to be relooked in the case of urban areas where the use of packed milk sales is very high. In such cases consumers expects the availability of milk throughout the day so that they can pick it up as per their convenience.

At the end of the day the brand or firm which offers better services than competitors with the help of the agents would ultimately or have a larger consumer base. In marketing we know that service and satisfaction are relative responses.

The role played by agents for bringing about the success of milk producer hinges around the following factor viz; Prompt & regular supply, making its available throughout the day, providing value in the service rendered by agents, the behavior of the agents, avoidance of adulteration and supplying required quantities of milk.

**IX. Conclusion**

Consumer behavior also encompasses a vast area including consumer motivation, preferences, purchasing patterns, buying process, shopping behaviors etc. It concentrates to answer the question, ‘why, when, where, what and how do the consumers buy’. But understanding of consumer is not easy, as it is related to human behaviour which is highly unpredictable and undependable. So the study of consumer behaviour becomes so complicated and throws a major challenge to the present day marketer.

The survival and growth of a business concern mostly depends on the ability of the marketer to understand the consumer action and reaction. Hence, consumer behaviour is one of the main areas in marketing where the marketers always have to concentrate and have to be conscious and cautious.

**X. Scope for Future Research**

The present study analyses the role & interface of customer and retailer in dairy industry of Odisha and Andhara Pradesh.
The study explains in detail about dealer i.e. dealer functioning, awareness of dairy industry, satisfaction, dealer/agents selling practices, dealer/agents opinion about consumer preference about milk product etc. Also it explains in detail about customer i.e. customer satisfaction, buying practices, awareness level of dairy product etc.

The study provides useful guidance to the researchers in identifying areas for further research. This study will be of immensely useful to the Milk federations milk producing companies, Govt. organization and dealers of the milk product etc in coming years.

**References Références Referencias**


