
Evaluation of Marketing Strategies of Small- scale Milk Producers: A Study in Muzafferpur District , Bihar India

Shishir kumar choudhary

Asst.Professor , L.N.Mishra College of Business Management, Muzaffarpur

Dr. Aditya kumar jha

Asst. Professor, L. N. Mishra college of Business Management Muzaffarpur

ABSTRACT

Milk is the end result of dairy industry. Its marketing is very difficult for Small- Scale milk producers, due to its perishable nature. In India there are organised and un-organised sectors for marketing of milk and other dairy products. The milk vendors and Halwais are two main agencies in the un-organised sector who collect milk from farmers and supply it to the customers at their door-steps. The organised sector comprises dairy co-operatives and organised modern-style private dairies. In this sector the large-sale dairy units use advanced technology and produce standardized products. They collect milk through their collection depots and transport it to their milk plants for processing and manufacturing. In this study, an attempt has been made by researcher to examine the different marketing strategies adopted by the small-scale milk produces in Muzafferpur District of Bihar, India.

INTRODUCTION

“Business is like a war in one respect: if its strategy is correct any number of tactical errors can be made and yet the enterprise prove successful.”

A strategy is a long-term plan to achieve certain objective. A marketing strategy is therefore a marketing plan designed to achieve marketing objectives. Every organization needs to have clear marketing objectives, and the major route to achieving goals will depend on strategy.

Marketing is now accepted as a strategic discipline or general management function and in this respect must care for the health of a business in the future, specially against competitive influences. This is because it is increasingly realized that although making a profit is important an organisation should also develop its market share and search for brand leadership as well. So the marketer should monitor the profitability of the business and should attempt to anticipate the likely trends at the same time rival companies are also monitored and examined for vulnerable points. Marketing is not just a series of business- related functions, but more wide-reaching than this. It is a business philosophy designed to develop an attitude of mind which are shared by everyone in an organization and is often enhanced by both frequent and open communication. It reduces the likelihood of crisis and contributes to the development of the overall future an enterprise at both strategic and tactical levels. At the heart of marketing lies the degree to which an organization become marketing oriented. The more committed a company is to its marketing activities, the able it will be to pursue its corporate objectives and retain customers. Every business in existence relies upon its customers for survival, and those who best meet customer needs will always survive a period of change. The marketing function is therefore an essential ingredient of corporate strategy, and this marketing focus should be communicated through marketing planning into all aspects of business activities.

In the competitive world only the marketing play very important role, success of any organization depends on the effectiveness of its marketing. Production is often considered as the most important function, but the importance of production depends on selling effectiveness of the company. Marketing concentrates on the consumers, determines their needs and desires and then develop strategies to educate them about product's most important features which will satisfy their identified needs and persuade them to buy it. Marketing, the process by which market has been studied and on the basis of the study a product or service is manufactured and then priced, promoted and distributed. It is the process in which marketer firstly identified the consumers' needs and desires, then developed effective marketing mix to satisfy those needs.

"Neel Borden" coined the term "Marketing Mix" in 1953 in his presidential address to American Marketing Association. Marketing Mix is often synonymous with four Ps. Product, Price, Place and Promotion. However, in recent time the four Ps has been expanded to eight 'Ps' with the addition of Process, Physical evidence, People and presentation.

Definition of Marketing

Man is described as "A Bundle of dormant wants". It is important to understand that any time some needs in a human being are dormant and unsatisfied while other are active and satisfied. A human need is a state in which a person feels deprived of something. In this electronic age people may have unlimited wants but their ability to purchase may be restricted because of their economic constraint. Thus when wants are backed by ability to pay, then the wants are converted into demands for the product. Therefore, when people decide to satisfy their wants, they must have paying capacity for the product, which leads exchange. Hence we may define marketing as...

"The process of ascertaining consumer needs, converting them into product\service and then moving the product/service to final consumer to satisfy the wants of a specific segment".

On the basis of this backdrop, the researchers try to make an attempt to examine the different marketing strategies applied by small-scale milk producers in Muzafferpur District of Bihar, India.

Milk Marketing

There are three A's of marketing that are Availability, Acceptability and Affordability. Indian Dairies are already endowed with first two. People in India love to drink milk. Hence no efforts are needed to make it acceptable. Its availability is not a limitation either, because of the ample scope for increasing milk production, given prevailing low yield from dairy cattle. It leaves the third vital marketing factor affordability. How to make milk affordable for the large majority with limited purchasing power?

In India there are organized and unorganized sectors for the Marketing of milk and dairy products. Particularly in Bihar marketing of majority of the milk and dairy products through un-organized sectors. In un-organized sectors, there are two main agencies that are milk vendors and halwais. They collect milk from cattle breeders once or twice a day and arrange for its shipment from village to local town on their cycles or motorcycle. Then they supply milk to the customers at their doorstep.

The organized sector is new and consists of western- style dairy processing based on pasteurization. It comprises dairy co-operatives and organized modern- style private dairies. Generally, in organized sector, the large scale dairy units use advance technology and produce standardized products. They collect milk through their collection depots and transport it to their own refrigerated milk vehicle for manufacturing and processing.

Objective of the study;

- To understand the different promotional program adopted by the small-scale milk producers
- To study the market coverage of the small-scale milk producer.
- To understand the different marketing channels available to the small-scale milk producer.
- To understand the different marketing strategies of small-scale milk producer.

Hypothesis of the study

On the basis of the study, the following hypothesis is framed:

- Small-scale milk producers are unable to search the market.
- They don't know the effective selling- techniques.
- Most of them are uneducated and un-organized and
- Small-scale milk producer are not good at marketing strategies.

Data Methodology:

The study was conducted at Muzaffarpur District of Bihar, India. Researchers have used random sampling. A sample of 150 house-holds in a district, representing various socio-economic groups were selected.

In the first stage, one Panchayat among 10 Panchayat was selected at random from the Muzafferpur District.

In the second stage, five villages were selected randomly from the selected Panchayat.

In the third stage, 30 house-holds were selected from each revenue village.

Tools and Techniques:

Primary data was collected through personal interview with the milk producers with the aid of schedule designed for the study. Personal observation of the facts indicating marketing mix related to small-scale milk producers were developed and the respondents were asked to give the undersigned.

Result and Discussion

Now we elaborate the basic marketing strategies adopted by small-scale milk producers in study area.

Need of the consumer

Before developing any marketing strategies marketers analyze the real needs of the customers. They try to understand what does the customers need.

Table-1; Need of the Consumer

S. No.	Type of Need	Frequency
1.	High Price for pure milk	10
2.	Low price for impure milk	35
3.	Low Price for pure milk	105
4.	High price for impure milk	0
	Total	150

It can be observed from table 1 that most of consumers (70%) want to pay low price for pure milk while the other hand, very few (6%) are ready to pay a “high price for pure milk”. It is also observed that no one is ready to pay ‘high price for impure milk’ while (24%) of consumers want to pay low price for impure milk.

Consumer’s Sensitivity;

After analyzing the customer’s needs, next the small- scale milk producers should analyze the sensitivity of consumers regarding the price and quality of milk in the study area. It is observed from Table-2 that most of the consumers (60%) are sensitive towards both quality as well as price of milk. They want good quality of product at reasonable price. It is also clear that 30% of consumers are concerned only about quality of milk, while 10% of consumers are conscious regarding price of milk

Table-2 Consumer Sensitivity

S. NO.	Sensitivity for	Frequency
1.	Quality of Milk	45
2.	Price of Milk	15
3.	Both quality and price of Milk	90
4.	None of them	0
	Total	150

Market Segmentation and Target consumers

To develop effective marketing strategies milk producers must know their customers properly and they must segment the market and then target customers.

Table-3 Market segmentation and Target customer

S. NO.	Type of customers	Frequency
1.	Very Rich	3
2.	Upper class	6
3.	Middle Class	6
4.	Poor	0
5.	All of them	135
	Total	150

From table-3, it can be observed that most of the milk producers (90%) have tried to target all categories of customers and they did not do any segmentation. However only 10% of producers have segmented their consumers on the basis of their capacity to pay for their milk in the market.

Product Differentiation

Small scale milk producers can differentiate their product as per the consumer's needs.

Table-4 Product Differentiation

S. No.	Do you have different qualities of milk for different consumers	
1.	Yes	45
2.	No	105
	Total	150

However, it is observed from Table-4 that most of the milk producers (70%) do not use product differentiation and try to sell milk as per their own convenience. Moreover, it is also evident that (30%) of the milk producers practices product differentiation and make available different qualities of milk according to the need of the consumers.

Competition with other Milk Producers

From Table-5, it is observed that most of the milk producers(60%) use 'price cutting' as their main marketing strategies, where as only (10%) of milk producers

Table-5 Competition with milk producers

S. No.	Type of Strategies	Frequency
1.	Price Cutting	90
2.	Milk Quality	15
3.	Milk Delivery at consumers' Home	30
4.	All of them	15
	Total	150

Use 'Milk Quality' as their main strategy while competing with other milk producers. It is also observed that 20% of milk producers use 'Milk Delivery' at consumer's home as their key marketing strategy, while 10% of milk producers use all types of marketing strategies to compete with their rivals in the study area.

Price Determination

Price determination of any product is the prime concern particularly for the small scale milk producers it is major concern in the study area. In this study researcher try to analyze the factors who determine the price of the milk. It is evident from

Table-6 : Price Determination of Milk

S. No.	Price Determination	Frequency
1.	By Demand and Supply	60
2.	By Government	3
3.	BY Milk producers	15
4.	By Customer	17
5.	BY Middleman/ Dudhiya/Vender	45
	Total	150

Table-6 that most of milk producers (40%) agree that price of milk is determined by demand and supply of milk while 2% of them belief that price of milk is determined by government. It is also observed that 30% of milk producers are of the view that price of the milk is determined by the middleman/ dudhiya/ vender, while 10% of them feel that it is determined by producers and 8% determined by the customers. Thus, it can be concluded that in the sample area, the price of milk is mostly determined by demand and supply of milk however it is also be forced by the middlemen.

Milk Revenue

It is further observed from table -7 that most of the milk producers 90% get monthly payment for the milk. However only 6% is generating weekly revenue. It

Table-7 Milk Revenue

S.NO.	How do you get the payment for the milk	Frequency
1.	Daily	6
2.	Weekly	9
3.	Monthly	135
	Total	150

Is also evident that very few milk producers 4% get payment daily.

Promotion

From table 7, it is observed that as far as promotion strategies for milk are concerned, only a few 10% of the milk producers use price discount or price deduction as a promotional strategy. However, most of them 90% do not use any promotional strategies for selling milk.

Table-8 Promotional strategies for milk

S. NO.	Promotional strategy	Frequency
1.	Advertisement	0
2.	Salesman	0
3.	Price Discount/Reduction	15
4.	None of them	135
	Total	150

Channel to sell Milk

It can be observed from table 9, that most of milk producer 50% sell their milk directly to the consumer. However, 28% milk producers sell to the middlemen/Dudhiya, 12% milk producers sell their milk to Hotels and Restaurants and 10% milk producers sell through co-operative. There is no private dairy in is reason.

Table-9 Different channels to sell milk

S.No.	Channel	Frequency
1.	To private Dairies	0
2.	To middlemen/Dudhiya	42
3.	Directly to the consumers	75
4.	Hotels and Restaurant	18
5.	To Co-operatives	15
	Total	150

Market coverage of Milk

As far as market coverage of milk is concerned, it is observed from table 10 that most of the milk producers 64% sell their milk within to 5 km. area where as

Table-10 Market coverage of milk

S. No.	Place	Frequency
1.	Within the village	21
2.	Up to 5 km.	96
3.	5 to 10 km.	27
4.	More than 10 km.	6
	Total	150

18% of milk producers sell their milk between 5 to 10 km. area. It is also evident that very few 4% of milk producer sell their milk to more than 10 km. radius area. It is also observed that 14% of milk producers sell their milk within the village. Thus it can be concluded that in most of the case, the market coverage of small- scale milk producer is limited to 10 km. radius area. This shows the limited market coverage of small- scale milk producers in this area.

Conclusion

The present paper attempted to collect information which was carefully analyzed to understand the various marketing strategies adopted by the small-scale milk producers. Following are the four basic elements (Marketing Mix) adopted by the small-scale milk producers based on the findings.

Product planning which is an important marketing strategy for small-scale milk producers, should be planned after identifying the needs of customers. Once a product has been rightly planned it should be regularly analyzed for its needs fulfillment of customers for which it was originally planned. Necessary changes should be determined at par with customer satisfaction.

In this research, when 150 milk producers were asked to identify the customer's need, it was observed that 70% were aware of what customers want (low price for pure milk). Even then very few milk producers design their product as per customer's need. Due to unavailability of any substitute to milk, the consumers are bound to purchase whatever milk is available to them.

Price is the reward that a company gets for designing, producing, marketing and selling its products. Therefore, a company needs to charge a price that cover its cost and generates reasonable profit. It cannot be done in isolation. Price should be blend with other elements of the marketing mix to provide superior value to customers.

In this research, when 150 milk producers were asked about the factors influencing the pricing of milk; Demands and supply, government, milk producer, customer and middlemen were some of the commonly named factors. Thus, it can be concluded that pricing of milk is very complex and very few milk producers decide their milk price themselves.

Promotion is another and important marketing strategy for small-scale milk producers. It is a process through which company communicates its customers about the different benefits of product and persuade to purchase it. It includes advertising and personal selling. Besides, a certain amount of promotion is done through special price discount, called special seasonal discount, etc. collectively called sales promotion.

In this study, 150 milk producers were asked about their promotional strategies. Most of them do not use any promotional strategies for selling their product. However, a few 10% of them use price discount or price deduction as a promotional strategy. Thus, it can be concluded that as far as promotional strategy for milk is concerned, only few milk producers use price discount or price reduct

Distribution, in fact, enlarges the value, that the product carries. It is distribution that confers place, time, form, and possession utilities on a product and reaches it to the hand of the customers. Physical Distribution consists of activities that accomplish effective and efficient delivery of product to the channels and the consumers. These includes transportation, warehousing, inventory management and related activities.

In this research, it was found that of the 150 milk producers, most of them 50% sell their product directly to the consumers or neighbors. However, the second best option is to sell their milk to middlemen, and third option is to sell to hotels and restaurants. Only few milk producers sell through co-operative.

In this research, the evident outcomes suggest that the small-scale milk producers, due to lack of formal education are unable to develop proper marketing strategies. The co-operative and private dairies should be formed to meet the needs of the customers and process the raw milk.

Government and other concerned agencies should assist and promote the small-scale milk producers in the formation of co-operative society which will ensure the collective marketing and provide fixed income for the sustainable growth of the poor people in this backward regions.

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