A STUDY ON THE OPPORTUNITIES AND MARKETING EFFECTIVENESS IN DAIRY INDUSTRY WITH SPECIAL REFERENCE TO SALEM DISTRICT.

Mr.P.Muralidharan
Research Scholar, Periyar Institute of Management Studies, Periyar University, Salem.

Abstract
Dairy activities have traditionally been integral to India's economy. The country is the world's largest producer of dairy products and also their largest consumer. Almost its entire produce is consumed in the domestic market and the country is neither an importer nor an exporter, except in a marginal sense. With the sustained growth of the Indian economy and a consequent rise in the purchasing power during the last two decades, more and more people today are able to afford milk and various other dairy products. This trend is expected to continue with the sector experiencing a robust growth in demand. With the emergence of numerous small scale to medium scale dairy processors, the market has become more competitive. In this competitive market, the diary firms are facing a challenge of winning the customers loyalty .The success of the marketers and dairy processors will very much depend on how successfully they can win consumer confidence in their products. This calls for knowledge and skills in marketing techniques. The channel of distribution plays an important role in this aspect. The channels are the links between the manufacturers and the consumers. They perform various marketing functions such as transportation and retailing. There are several categories of players in the marketing channel and each link has to be effectively functioning so that the customers can avail satisfaction. Thus this article throws light on the effectiveness of marketing channel on Dairy industry with reference to Salem District in Tamilnadu. The study also helps to identify the drivers which will enhance the effectiveness of marketing channels in the Salem Dairy sector.

Key Words: Consumer Confidence, Demand Effectiveness, Effectiveness of Marketing, Retailing, Channels of Distribution.

I. Introduction
Dairy activities have traditionally been integral to India's economy. The country is the world's largest producer of dairy products and also their largest consumer. Almost its entire produce is consumed in the domestic market and the country is neither an importer nor an exporter, except in a marginal sense. With the sustained growth of the Indian economy and a consequent rise in the purchasing power during the last two decades, more and more people today are able to afford milk and various other dairy products. This trend is expected to continue with the sector experiencing a robust growth in demand. With the emergence of numerous small scales to medium scale dairy processors, the market has become more competitive. In this competitive market, the diary firms are facing a challenge of winning the customers loyalty .The success of the marketers and dairy processors will very much depend on how successfully they can win consumer confidence in their products. This calls for knowledge and skills in marketing techniques.

An important feature of dairying in our country is that while most of the milk is produced is rural areas, market for milk exists mainly in urban areas, so dairy farmers face several problems in marketing their milk. To overcome these problems a large number of dairy co-operatives have been established in various parts of the country. Those societies provide a stable market for milk producers in rural areas and a dependable source of milk to the urban consumers and thus have become intermediaries between the two. The dairy co-operatives provide the necessary inputs to dairy farmers and procure their marketable surplus of milk at reasonable price. By providing necessary inputs and ensuring regular market for milk, dairy co-operatives give great inducement to farmers to take up dairying as a means of livelihood. There are several categories of players in the marketing channel and each link has to be effectively functioning so that the customers can avail satisfaction. Thus this article throws light on the effectiveness of marketing channel on Dairy industry with reference to Salem District in Tamilnadu. The study also helps to identify the drivers which will enhance the effectiveness of marketing channels in the Salem Dairy sector.

II. Objectives and Methodology
Need for the study
Today dairying industry has become permanent phenomenon along with the manufacturing industry. Revolutionary changes have taken place in the dairy Industry right from the procurement at the gross root level from the farmer, processing and preservation and distribution of the same unto the ultimate customers, taking the unprecedented experiment of Anand, Gujarat as a model. In the process, lot of problems have to be faced by the farmer, collection centres, issues involved at the factory regarding strategies related to the channels of distribution of milk. Against this back ground, an attempt is made in this study to make an in depth enquiry about the effectiveness of the marketing channels and all the identified issues of Dairy marketing in a scientific manner.

Objectives of the Study

The broader objectives of the study are to

1. To evaluate the effectiveness of the distribution strategies of the dairy marketing in Salem District mainly by Aavin.
2. To know the satisfaction level of customers about the milk products.
3. To assess the effectiveness of the strategy regarding channels of distribution of milk to the ultimate customer based on the opinions of the customer.

Methodology

Survey method is adopted for the study and both secondary and primary sources of data are used. The secondary data sources include Aavin, Aarokya (HATSON) , National Journal of Rural Development, Indian journal Agricultural Economics, Kisan world etc., Primary data are collected from respondents on preferences and satisfaction about the dairy products and the strategy regarding channels of distribution of milk for the product Salem district .

Tools for Data Collection : The schedules are constructed to collect the primary information from the sample respondents in Salem district in Tamilnadu . Data are collected by employing convenience sampling method.

Scope of the Study: Salem district of Tamilnadu has been purposively selected for the present study. Moreover, Salem district has been found to be on par with the other leading district of the state, so far as the coverage of dairy products used by the respondents of Aavin

Size of the Sample: The present study has employed convenience sampling technique for the selection of the sample town's respondents. The study has selected totally 300 samples for various taluks of Salem district randomly.

III. Analysis of Data

A marketing channel performs the work of moving goods from producers to customers. It overcomes the place, time and possession gap that separate the goods and the services from those who would use them. Between the company and the final user there are different marketing intermediaries performing a variety of functions and bearing a variety of names wholesalers, retailers, agents and distributors are some them. Each channel member generates different levels of sales and cost. Marketing channel decisions are very important decisions and influence all other marketing decisions.

Choice of Distributor

Table No 1 demonstrates the response of the customers regarding the source form which they get the diary products. It can observed from the table that a big majority of respondents of about 165 out of 300 accounting for 55 per cent from Aavin outlet in relation to 37 percentage from retailers and very less ,around 8 percentage from direct milk vendors.

Thus it shows that Aavin has very good distribution outlets in Salem.

Table No: 1 Table showing the source of purchase

Source	No.	Percentage
Aavin outlet	165	55
Retailers	110	37
Milk vendors	25	8
Total	300	100

Length of Relationship with the Distributor

Table No 2 demonstrates the response of the customers regarding longevity of relationship with distributor. It can be observed from the table that majority of the customers of about 171 accounting for 57 per cent have stated that they have 6 months relationship with distributor. Similarly, 13 per cent of respondents have stated that relationship with the distributor was for 1 year. The respondents who maintain long term service from the distributor is very minimum. This shows that the distributors do not have long term relation with the customers.

Table No: 2, Table showing the length of relationship with the Distribution

Time	No.	Percentage
2 months	30	10
6 months	171	57
1 year	39	13
2 year	33	11
3 years	27	9
Total	300	100

Time of Supply of Products
Table No 3 demonstrates the response of the customer regarding the time of getting product after placing an order to the distributor. It is satisfying to observe from the table that about 87 per cent respondents stated that the products are delivered after placing an order to the distributor in time. Closely followed is 69 percent respondents who stated that the time gap for delivery is few days late after placing on order to the distributor. From the above analysis it is pertinent to note that the majority of the customers are satisfied with the delivery of products from the distributor.

Table No:3 Table showing the time gap for getting Products.

Time taken	No.	Percentage
On time	87	69
Few days late	69	23
Few weeks late	24	8
Total	300	100

Kind of relationship with Distributor
Table No 4 demonstrates the response of the respondent regarding the relationship with distributor. It is satisfying to observe from table that about 74 percentage respondents have stated that they have good relationship with distributor. It is also found that only very less number of respondents (around 7 percent) are not satisfied with the services of the distributor.

Table No:4 Table showing the kind of service by the Distributor

Relationship	No.	Percentage
Excellent	51	19
Good	222	74
Poor	21	7
Total	300	100

Free Schemes Offered
Table No 5 indicates response of the respondents regarding the fact that dairy distribu1tors provide free schemes to the customer. It can observed from the table that majority of the respondents of about 70 percent stated that distributors provided free schemes in relation to about 30 per cent who stated that that they were not buying products through free schemes.

Table No:5 Table showing the kind of service by the Distributor

Avail free scheme	No.	Percentage
Yes	210	70
No	90	30
Total	300	100

Frequency of Distributor of Stocks
Table No 6 demonstrates the response of respondents regarding the frequency of replenishment of stocks. It is satisfying to observe from the table that about 56 per cent respondents have stated that they have Replenishment of stocks which is daily. About 22 percent stated that they have replenishment whenever stocks are needed. Contrast to the above situation, the least number of respondents accounting for 6per cent stated the frequency of distribution stocks once a week.

Table no:6 table showing the frequency of replenishment of Stock

Frequency	No.	Percentage
Daily	168	56
One in 2 days	48	16
Once a week	18	6
Whenever needed	66	22

Timeliness of Delivery
Table No 7 demonstrates to the response of the respondents regarding the distribution delivery based on the timeliness dimension. It is satisfying to observe from the table that about 58 per cent have stated that the distribution delivery based on the timeliness distribution dimension is average. 20 percent of them have stated that the timeliness delivery distribution is

Research Paper
Impact Factor - **2.262**
Peer Reviewed Journal

IJMDRR
E- ISSN –2395-1885
ISSN -2395-1877

good. However the respondents who feel excellent timeliness in distribution is very minimum (5 percent).This shows that the timeliness of the distribution is not up to the mark.

Table No:7   Table showing the satisfaction about the timeliness of the delivery

Timeliness	No.	Percentage
Poor	59	20
Average	175	58
Good	51	17
Excellent	15	5
Total	300	100

Aspect of Reliability

Table No 8 demonstrates the response regarding reliability of the distribution. It can observe from the table that about 53 per cent respondents have stated that they have distribution delivery dimension of the reliability which is average. Around 27 percent have felt good dimension about reliability of distribution. However 42 percent of respondents say the reliability is excellent .Thus it shows that the reliability aspect is satisfactory for the respondents.

Table No: 8   Table showing the reliability of the Distribution

Reliability	No.	Percentage
Poor	18	6
Average	159	53
Good	81	27
Excellent	42	14
Total	300	100

Pattern of Problem Solving

Table No 9 demonstrates the response of the respondents regarding distributor attends customer's problems immediately. It can be observed from the table that majority of the respondents of about 52 per cent of respondents were agreeing that the distributor attends to your problems immediately. Contrast to the above situation, its is observed from the table that about 23 per cent stated that they strongly disagree with the aspect that attends to the problems immediately . However it is exciting to observe from above the table that about 11 stated that they strongly agree with the aspect

Table No: 9   Table showing the immediate problem handling nature.

Immediate Problem handling response	No.	Percentage
Strongly agree	33	11
Agree	156	52
Neutral	6	2
Disagree	36	12
Strongly disagree	69	23
Total	300	100

Mode of Purchases and Payment

Table No 10 demonstrates the response regarding basis of payment and purchases of the stock from the distributor. It can be observed from the table that about 77 percent respondents purchased on cash payment .Only very less respondents have purchased on credit.

Table No:10   Table showing the mode of Payment

Mode of payment	No.	Percentage
On cash	231	77
On credit	18	6
Cheque	51	17
Total	300	100

IV. Findings

1.   It can observed from the table that a big majority of respondents of about 55 per cent get the product from Aavin distributor as compared to others.

2. It can be observed from the table that majority of the customers of about 57 per cent have stated that they have 6 months relationship with distributor.
3. It is satisfying to observe from the table that about 69 per cent respondents stated that the products are delivered after placing an order to the distributor in time.
4. It can observed from the table that majority of the respondents of about 74 percent of respondents stated that they have good relationship with the distributors.
5. It is also found that about 70 percent of respondents avail free schemes during their purchases.
6. It is also found that 56 percent of respondents agree that the replenishment is done daily basis .
7. It is satisfying to observe from the table that about 58 percent have stated that the distribution delivery based on the timeliness distribution dimension is average.
8. It is also found that about 53 percent of the respondents state that the reliability of the distribution is average.
9. It can be observed from the table that majority of the respondents of about 52 per cent stated that they were agreeing that the distribution attends to your problems immediately.
10. It can be observed from the table that about 77 per cent respondents have stated that they have purchased on cash.

V. Suggestions
1. Though majority of the customers have been delivered with products immediately after placing an order it appears that a segment of customers could not get the product on time. In order to satisfy the needs of all customers to get the products timely, additional arrangements have to be made by the distributors such as keeping the outlets open for additional time.
2. As noted in the analysis, there is variance with regard to the distributor attending to the problems of customers. Unlike the complaining cells are set up at the factory office and gates, the grievances cells have to install at important places in the towns so as to facilitate the redressed of the grievances of milk customers at a quicker phase.
3. As the analysis reveals that good numbers of respondents have complained that they were not served with dairy products in bulk as and when needed .. In this context, it can be suggested that the system of need identification has to been introduced and accordingly the supply of milk products in bulk has to be made so that no customer will have grievance that milk products are not supplied on demand .
4. Customers have preferences for specialty store of retail forms organization and another segment has also preferences of convenience store of retail form of organization to get their milk products as compared to other organization form like whole sale. Hence, it is prudent that specialty stores and convenience stores of retail form of organization have to be strengthened and new outlets have to be given permission as far as possible.
5. As it is evident from the analysis that a segment of the customers complained that they have poor relationships with distributing agencies. In order to ward off this problem, the management has to conduct orientation programme for the distributors as to how to maintain better relationship customer and necessary skills have to be imparted in order to make the distributors sail smoothly with customers.

References
1. Jayachandran s "Marketing Management" excels books, New Delhi, 2006, p: 315.
2. Anonymous (1995), "Dairying India: Contributions and Constraints", Monthly Commentary, Vol 36 (10), p. 11 - 115,1995.
3. Rao,N., Kumar P., Govind pal and Chandra sen. (2004). "Economics of milk Production" kanpur (Dehat) Distict, Uttar Pradesh. "Indian Journal of Agricultural Economics, Vol, 59, pp 624-625,2004.
4. Planning Commission (2002) Report of the working Group on Animal Husbandry & Dairying for the Tenth Five Year Plan, 2002-2007, Government of India, New Delhi,2002.
5. Economic Survey (2005-2006), "Economic Division", Ministry of Finance, Government of India, New Delhi.