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Marketing Effectiveness of Channels of Distribution on Dairy Industry

(With Reference to Sangam Dairy Vadlamudi of Guntur (D.T), (A.P), India)

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Abstract: India is basically an agrarian country and it has a large live-stock population which makes animal husbandry an important subsidiary occupation of the farmers. Animal husbandry contributes much to the rural economy by providing milk, meat, draught power and manure. 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 deferent marketing intermediaries performing a variety of function and bearing a variety of names wholesalers ,retailers , agents and distributors are some them . In this paper examine to the effectiveness of the strategy regarding channels of distribution of milk on the opinions of the customers, findings and suggestions.

Keyword: National commission, Animal, Distribution, Channels.

I. INTRODUCTION

India is basically an agrarian country and it has a large live-stock population which makes animal husbandry an important subsidiary occupation of the farmers. Animal husbandry contributes much to the rural economy by providing milk, meat, draught power and manure. With the basic objective of rural upliftment, Government has introduced a large number of rural development schemes. Among them, dairying was an important one. This was mainly because, as pointed out by the National Commission on Agriculture “there is a growing realization that promotion of dairying not only contributes towards national health building but also creates substantial employment opportunities. Properly organized and developed dairying could be effectively used as an instrument of social justice.

An important feature of dairying in our country is that while most of the milk is produced in 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.

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 centers, issues involved at the factory regarding strategies related to the strategy regarding channels of distribution of milk. Against this back ground, an attempt is made in this study to make an in depth enquiry in to all the identified issues of Dairy marketing in a scientific manner.

Hypotheses:

- It is also hypothesized that the present strategy's of distribution of the milk to the ultimate customer is effective.

Objectives of the Study:

The broader objectives of the study are to evaluate the effectiveness of the strategies of the Sangam Dairy regarding customer preference and satisfaction of the products.

- 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 Dairy India, Indian Dairyman, Yozana, kurukshera, National Journal of Rural Development, Indian journal Agricultural Economics, Kisan world etc., Primary data are collected from respondents on preferences and satisfaction about the Sangam dairy the strategy regarding channels of distribution of milk for the product in selected municipalities of Guntur and Ponnuru Towns.

Tools for data collection:

The schedules are constructed to collect the primary information from the sample respondents in Guntur district, A.P, India. Data are collected by employing stratified random sampling method.

Scope of the study:

Guntur district of Andhra Pradesh state has been purposively selected for the present study. Moreover, Guntur 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 Sangam dairy. The Guntur district has one municipal corporation at Guntur and ten other municipalities which include Tenali, Vinukonda, Sathenapally, Macherla, Narsaraopet, Ponnuru, Repalle, Mangalagiri, Bapatla and Chilakaluripet.

Size of the Sample:

The present study has employed stratified Random sampling technique for the selection of the sample town's respondents. The study has selected two municipalities at random accounting for 10 per cent of the total municipalities. One is Guntur Municipal Corporation and other is Ponnuru municipality. Among the municipalities, required numbers of 2 wards each have been selected at random. From these wards sample customers to the extent of 10 per cent have been selected. The sample wards and respondents selected are distributed as follow:

Sample size of wards and respondents

Guntur Municipal Corporation		Ponnuru Municipality	
Selected No of wards(52 wards)	No of Respondents	Selected No of wards(31 wards)	No of Respondents
11	40	4	40
21	40	20	40
Total	80		80

Sources: Guntur & Ponnuru municipality office

Thus, the present study covers two municipalities of the district and covers 160 respondents or customers both the Guntur Municipal corporation (80 respondents) and the Ponnuru Municipality (80 respondents) representing two sample municipalities.

III. DISTRIBUTION

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 deferent marketing intermediaries performing a variety of function and bearing a variety of names wholesalers, retailers, agents and distributors are some them . Each channel member generates deferent levels of sales and cost. Marketing channel decisions are very imported decisions and influence the all other marketing decisions. AMA defines ‘A channel distribution or a marketing channel is the structure of intra-company org evicts and extra-company agents and dealers, wholesalers and retails through which commodity, product or services are marketed. A product or services must under dependent organization involved in the process of making product or services available for the use or consumption by the customer use.

Channels levels in the consumer goods markets:

We have already noted that there are intermediary performing a variety of functions between the producers and ultimate users. As such, we can use the number of intermediaries involved in distribution as a criteria for designating the length of the channel. There are: zero – level channel, one – level channel, two – level channel, three – level channel.

1. Table indicating to the response regarding from which distributor you get products.

Distributor	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Sangam	43	53.75	44	55
Modal	10	12.5	12	15
Jercy	27	33.75	24	30
Total	80	100	80	100

Source: primary data

Choice of distributor:

Table No 1 demonstrates the response of the customers regarding from which distributor you get the products. It can observed from the table that a big majority of respondents of about 43 out of 80 accounting for 55 per cent from Ponnuru town in relation to 43 out of 80 accounting for 53.75 per cent from Guntur town, stated that they get the product Sangam dairy distributor as compared to others. Against this tendency, about 12.5 per cent customers from Ponnuru town as compared to 30 per cent customer from Guntur town stated that they get the product from Model and Jercy distributors respective.

2. Table indicating to the response regarding length of relationship with distributor:

Relationship to the distributor	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
2 months	8	10	7	8.75
6 months	46	57.5	48	60

1 year	10	12.5	9	11.25
2 years	9	11.25	11	13.75
3 years	7	8.75	5	6.25
Total	80	100	80	100

Source: primary data

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 48 out of 80 accounting for 60 per cent from Ponnuru town in relation to about 46 out of 80 accounting for 57.5 per cent from Guntur town have stated that they have 6 months relationship with distributor. Similarly, about 11 out of 80 accounting for 13.75 per cent and about 9 out of 80 accounting for 11.25 per cent from respective towns stated that relationship with the distributor was 2 years. However it is observed from the table that 10 per cent and 8.75 per cent from respective towns stated that the respondent's relationship with the distributor was 2 months only.

3. Table indicating to the response regarding the time of getting products after placing on order to distributor

Placing on order to the distributor	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
In time	55	68.75	48	60
Few days late	18	22.5	26	32.5
Few weeks late	7	8.75	6	7.5
Total	80	100	80	100

Source: primary data

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 55 out of 80 accounting for 68.75 per cent from Guntur town as compared to 48 out of 80 accounting for 60 per cent respondents from Ponnuru town stated that the products are delivered after placing an order to the distributor in time. Closely followed is that 26 out of 80 accounting for 32.5 per cent from Ponnuru town in relation to the 18 out of 80 accounting for 22.5 per cent from Guntur town the customers stated few days late after placing on order to the distributor. Against the above tendency, 8.75 per cent of customers from Guntur town as compared to 7.5 per cent from Ponnuru town stated that they have recovered the delivery of products of after few weeks. 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.

4. Table indicating the response regarding the relationship with distributor:

Relationship with distributor	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Excellent	15	18.75	12	15
Good	59	73.75	53	66.25
Poor	6	7.5	15	18.75
Total	80	100	80	100

Source: primary data

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 59 out of 80 respondents accounting for 73.75 per cent from Guntur town as compared to 53 out of 80 respondents accounting for 66.25 per cent from Ponnuru town have stated that they have good relationship with distributor. Closely followed is that about 15 out of 80 accounting for 18.75 per cent from Guntur town stated that the relationship with distribution is excellent in relation to 15 out of 80 accounting for 18.75 per cent from Ponnuru town who stated, relationship with distributor is poor. Contrast above situation, the least no respondents accounting for 7.5 per cent from

Guntur town have poor relationship with distributor and 15 per cent from Ponnuru town have stated that relationship with distributor is excellent.

5. Table indicating the response regarding Sangam dairy provide free schemes would customer buy it

Free schemes	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Yes	56	70	62	77.5
No	24	30	18	22.5
Total	80	100	80	100

Source: primary data

Free schemes offered:

Table No 5 indicates response of the respondents regarding the fact that Sangam dairy provide free schemes to the customer. It can observed from the table that majority of the respondents of about 59 out of 80 accounting for 70 per cent from Guntur town stated that Sangam dairy products provided free schemes in relation to about 62 out of 80 accounting for 77.5 per cent from Ponnuru town who stated the same. As against this tendency, meagre percentages of 30 and 22.5 per cent from respective towns have stated that that they were not buying the Sangam dairy products through free schemes.

6. Table indicating to the response regarding the frequency of distribution of stocks.

Frequency of distributor of stocks	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Daily	44	55	37	46.25
Once in 2 days	13	16.25	9	11.25
Once in 3 days	5	6.25	20	25
Whenever stocks	18	22.5	14	17.5
Total	80	100	80	100

Source: primary data

Frequency of distributor of stocks:

Table No 6 demonstrates the response of respondents regarding the frequency of distribution of stocks. It is satisfying to observe from the table that about 44 out of 80 respondents accounting for 55 per cent from Guntur town as compared to 37 out of 80 respondents accounting for 46.25 per cent from Ponnuru town have stated that they have distribution of stocks which is daily. Closely followed is that 20 out of 80 accounting for 25 per cent from Ponnuru town have the distribution the stocks once in 3 days in relation to 18 out of 80 accounting for respondents from Guntur town have distribution stocks whenever stocks available. Contrast to the above situation, the least number of respondents accounting for 6.25 per cent from Guntur town have distribution of stocks once in 3 days and 11.25 per cent of respondents from Ponnuru town stated the frequency of distribution stocks once in 2 days.

7. Table indicting the response regarding the distribution delivery based on timeliness following dimension.

Dimension of the timeliness	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Poor	5	6.25	9	11.25
Average	40	50	41	51.25
Good	15	18.75	12	15
Very good	8	10	10	12.5
Excellent	12	15	8	10
Total	80	100	80	100

Source: primary data

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 41 out of 80 accounting for 51.25 per cent from Ponnuru town as compared to 40 out of 80 accounting for 50 per cent from Guntur town have stated that the distribution delivery based on the timeliness distribution dimension is average. Closely followed is that 15 respondents out of 80 accounting for 18.75 per cent from Guntur town and 12 respondents out of 80 accounting from Ponnuru town stated that the timeliness delivery distribution is good. Contrast to above situation, the least number of respondent accounting for 6.25 per cent from Guntur town have timeliness of distribution dimension was poor as against 10 per cent from Ponnuru town who have timeliness of distribution dimension was excellent.

8. Table indicating the response regarding delivery distribution based on reliability.

Dimension of the reliability	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Poor	5	6.25	9	11.25
Average	42	52.5	46	57.5
Good	21	26.25	15	18.75
Very good	8	10	7	8.75
Excellent	4	5	3	3.75
Total	80	100	80	100

Source: primary data

Delivery based on reliability:

Table No 8 demonstrates the response regarding delivery distribution dimension of the reliability. It can be observed from the table that about 46 out of 80 respondents accounting for 57.5 per cent from Ponnuru town as compared to 42 out of 80 respondents accounting for 52.5 per cent from Guntur town have stated that they have distribution delivery dimension of the reliability which is average. Closely followed is that 21 out of 80 respondents accounting for 26.25 per cent from Guntur town in relation to 15 out of 80 accounting for 18.75 per cent from Ponnuru town have good dimension reliability of distribution. From above analysis, it is pertinent to note that average of reliability of dimension of distribution by majority of customers in both towns. Contrast to above situation, the least number of respondents of 3.75 per cent from Ponnuru town and 5 per cent from Guntur town have dimension of reliability of distribution which is excellent.

9. Table indicating to the response regarding distributor attends to problems of customers immediately:

Distributor attends to the problems immediately	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
Strongly agree	9	11.25	13	16.25
Agree	42	52.5	49	61.25
Disagree	11	13.75	12	15
Strongly disagree	18	22.5	6	7.5
Total	80	100	80	100

Source: primary data

Pattern of attendance to problem:

Table No 9 demonstrates the response of the respondents regarding distributor attends customers problems immediately. It can be observed from the table that majority of the respondents of about 49 out of 80 respondent accounting for 61.25 per cent from Ponnuru town and about 42 out of 80 accounting for 52.5 per cent from Guntur town stated that they were agreeing that the distribution attends to your problems immediately. Contrast to the above situation, it is observed from the table that about 18 out of 80 accounting for 22.5 per cent from Guntur town stated that they strongly disagree with the aspect that distributor

attends to the problems immediately as against 7.5 per cent from Ponnuru town. However it is exciting to observe from above the table that about 13 out of 80 accounting for 16.25 per cent from Ponnuru town stated that they strongly agree with the aspect, immediately as against 11.25 per cent from Guntur town. As against this tendency, about 15 per cent and 13.75 per cent from respective towns have stated that they disagree with the aspect of that distributor is attending to the problems immediately.

10. Table indicating to the response regarding guessing of the stock from the distributor.

Guess the stock form distributor	Guntur Town		Ponnuru Town	
	No of respondents	Percentage to total	No of respondents	Percentage to total
On cash	62	77.5	71	88.75
On credit	5	6.25	3	3.75
Cheque	13	16.25	6	7.5
Total	80	100	80	100

Source: primary data

Guessing of stock from the distributor:

Table No 10 demonstrates the response regarding basis of guessing the stock from the distributor. It can be observed from the table that about 71 out of 80 respondents accounting for 88.75 per cent from Ponnuru town as compared to 62 out of 80 accounting for 77.5 per cent from Guntur town have stated that they have guessed the stock from the distribution on cash. Closely followed is that 13 out of 80 accounting for 16.25 per cent from Guntur town in relation to 6 out of 80 accounting for 7.5 per cent from Ponnuru town have guessed the stock from distributor on the basis of payment by cheque. From the above analysis, it is pertinent to note guessing of the stock on cash basis from the distributor was done by majority of customer in both towns. Contrast to above situation, the least no of respondent accounting for 3.75 per cent from Ponnuru town and 6.25 per cent from Guntur town have guessed the stock from distribution is on credit.

IV. FINDING

- It can observed from the table that a big majority of respondents of about 43 out of 80 accounting for 55 per cent from Ponnuru town in relation to 43 out of 80 accounting for 53.75 per cent from Guntur town, stated that they get the product Sangam dairy distributor as compared to others.
- It can be observed from the table that majority of the customers of about 48 out of 80 accounting for 60 per cent from Ponnuru town in relation to about 46 out of 80 accounting for 57.5 per cent from Guntur town have stated that they have 6 months relationship with distributor.
- It is satisfying to observe from the table that about 55 out of 80 accounting for 68.75 per cent from Guntur town as compared to 48 out of 80 accounting for 60 per cent respondents from Ponnuru town stated that the products are delivered after placing an order to the distributor in time.
- It can observed from the table that majority of the respondents of about 59 out of 80 accounting for 70 per cent from Guntur town stated that Sangam dairy products provided free schemes in relation to about 62 out of 80 accounting for 77.5 per cent from Ponnuru town who stated the same.
- It is satisfying to observe from the table that about 41 out of 80 accounting for 51.25 per cent from Ponnuru town as compared to 40 out of 80 accounting for 50 per cent from Guntur town have stated that the distribution delivery based on the timeliness distribution dimension is average.
- It can be observed from the table that majority of the respondents of about 49 out of 80 respondent accounting for 61.25 per cent from Ponnuru town and about 42 out of 80 accounting for 52.5 per cent from Guntur town stated that they were agreeing that the distribution attends to your problems immediately.

- It can be observed from the table that about 71 out of 80 respondents accounting for 88.75 per cent from Ponnuru town as compared to 62 out of 80 accounting for 77.5 per cent from Guntur town have stated that they have guessed the stock from the distribution on cash.

V. SUGGESTION

- Though majority of the customers have been delivered with products immediately after placing an order however, it appears that a segment of customer could not get the product on in time. In order to satisfy the needs of all customers to get the products timely, additional arrangements have to be made by the Sangam dairy such as keeping the outlets open for additional time.
- 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 redressal of the grievances of milk customers at a quicker phase.
- 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 unlike they have been served to other segment of customers. In this context, it can be suggested to the Sangam dairy, 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 in bulk.
- From the analysis, it is evident that majority of 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.
- As it is evident from the analysis that a segment of the customers in Ponnuru town complained that they have poor relationships with distributing agencies. In order to ward off this problem, the management of the Sangam dairy 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.

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