



A Study of Consumer Buying Behavior of Pouch Milk in Indore

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Abstract –

Milk as a product is the most common food item across all regions, ages and is consumed in all income groups. Milk as a food item alone has the highest i.e; 99% penetration in consumer households hence dairy industry holds promising future. In this paper we focus on identifying the factors that have significantly influenced the buying decisions of consumers of pouch milk and milk products in a B Grade city, here the data is collected and gathered from Indore which has its unique geography, culture and consumer preferences

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Introduction

From being a laggard and net importer of dairy products in 1950s and 1960s, India has covered a lot of ground since and today has emerged as the largest milk producer in the world with approx 4% growth annually in the last three decades which far surpasses the average global progress of approx 1%. According to NDDDB data, India's annual output of dairy industry was 147 million tonnes during the year 2016 which is approximately 1.5 times of the US and 3 times of China. India is today a net exporter of milk products as it produces 180 million tones of milk annually. Further, NitiAayog expects the milk production to reach up to 330 million tonnes by 2033-2034. The overall dairy business is expected to reach Rs 21,97,100 crores by 2024 with overall CAGR of about 16%. The credit of this transformation is largely attributed to "Operation Flood", a co-operative led movement started in 1970s under the able leadership of Dr. Verghese Kurien.

The Dairy Industry Size and Structure in India :

The Dairy industry in India is predominantly controlled by the unorganized sector, Out of this 46 % available as marketable surplus around 70% is procured by the unorganized sector like local dairy

shop keeper or dudhiyas or halwais as more commonly known. The remaining 30% is procured by the Organized dairy industry which is close to a size of \$15 bn. Currently, there exists 170 milk producers' cooperative unions being united into 22 milk marketing federations at state level in India. The organized structure of the Indian dairy sector comprises of private units, coop. societies, milk unions, and coop. dairies. The primary objective of building the milk unions was to provide a ready market to the milk producers for the sale of milk in the villages through the cooperatives. and to provide wholesome hygienic good quality processed milk to the urban consumers at a competitive price. Over a period of time the consumers are now demanding packaged milk and milk products as against the loose ones.

Understanding the Dairy Market of B1 Grade city : Indore

Indore is Unique its own sense, known as 'Mini Bombay', geographically it is situated in the heart of the country. Indore is the largest city in the state of Madhya Pradesh and also is its commercial capital. It has the highest number of urban population

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in entire Madhya Pradesh, it is the most commercially viable city of the state and an emerging educational hub in whole of central India, attracting young students and good employment opportunity with manufacturing automobile and pharmaceuticals, software and IT based companies. are some of the major industries of the city. Additionally Indore is a culinary paradise of central India. With the population of 51.2 lakh in 2020, about 52% of the people living in the city are males and 48% females. The mean literacy rate of the city (2011 census) is 87.38%, which is far ahead of the countrywide mean of 74%. (Source : indiapopulation2020.in & mapsofindia.com)

Dairy Industry in Indore in 2010 : In year 2010 Indore District / town only had 3 players which comprised of the entire industry: the Industry thus was oligopolistic in nature with only few players who were selling homogenous products and were not able to influence each other too much. Sanchi, Amul, Saurabh these 3 brands comprised of the organized dairy industry of Indore, with highest being the Sanchi, then Amul and lastly in very minimum

numbers of Saurabh. Where Saanchi and Amul are cooperative societies, Saurabh alone is the private brand.

Dairy Industry in Indore in 2020 : Ten years down still by choice the majority of general population of Indore prefers to buy the loose milk from local milkman. In the packaged milk sector Amul and Sanchi are being the most active dairy co-operatives where Sanchi is still the most preferred milk brand, there are quite a number of private players like Mahindra Saboro, Saurabh , Nestle who have entered the market and are offering their milk and milk products, even there are handful of smaller players like Shreedhi, Shreemant milk by Shubham Foods Pvt Ltd, Best Milk. Consumers who are more health conscious and aware even have an option to avail the A2 milk from various loose milk suppliers. Mother Dairy is the most recent entrant which has made its foray into the Indore market in February 2020 making the competition tougher and also widening the choice base of the Dairy consumers

Private Milk companies in Indore : Shreedhi, Mahindra Saboro, Saurabh from Anik



Milk Co-operatives in Indore : Saanchi, Amul and Mother Dairy



Organized dairy industry comprises of the products such as:

Mainly the pouch milk and its variants such as full cream, toned, double toned, milk powder, and then the value added products like Lassi, chaach, shrikhand and ghee .

The key factors that have contributed for bringing the p:

1. Population rise & Increased rate of urbanization
2. Hectic lifestyle of both the partners in a nuclear family
3. Increase in per capita income level.

4. Increased Education level, hygiene and health consciousness along with the awareness campaign run by the various market players and government
5. Ease of availability, home delivery and service.
6. Packaging and handling convenience
7. Surfacing of scams that are witnessed in loose dairy products like adulterated Ghee, mawa/ khoya, paneer and milk etc
8. Direct and Indirect support to the dairy cooperatives.
9. General Growth trend of the industry



I. Objectives of the study :

1. To identify the major factors influencing the consumer's buying decision of pouch milk in Indore.

II. Literature Review :

Kilic, O., Akbay, C., & Tiryaki, G. Y. (2009) in their paper have identified consumer characteristics associated with preferences toward unpacked and packed fluid milk alternatives in Samsun province of Turkey, the results of their study shows that, 14.1% of respondents consumed only unpacked fluid milk, 58.2% consumed only packed fluid milk and 27.7% of respondents consumed both unpacked and packed fluid milk at least once a week. The study shows the effect of socio-economic and demographic factors with consumers' food consumption attributes on the consumers' unpacked and packed fluid milk consumption, the results indicated that better educated household head, higher income households, younger and female household head and people who agree with "unpacked milk is not healthy" consume more packed fluid milk than do others. Moreover, consumers who agree with statement "price of packed milk is expensive compare to unpacked milk" were less likely to consume packed fluid milk than do others. It was recognized that the unpacked and packed fluid milk consumer cannot only just be segmented by age, income and education but also by their behavior: there were some participants who stated that they buy packed fluid milk due to internal reasons such as taste, health and quality.

S. Sivasankaran & R. Sivanesan (2013) in their paper discussed that important factors such as Age, gender of consumers, education level, occupation and job structure, marital status, income level, consumer belonging to the urban or rural segment impacts the consumption preference for packaged milk. The other important factors that have an impact on consumer decision making is packaging, pricing, taste and hygiene, quality of the milk. Generally consumers from rural segment like to prefer the loose milk as against the urban consumers depending upon availability. As and when the consumers move to the higher income slab and education level they intentionally shift for

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better tasting, better quality and more hygienic product

Fawi, N. M. T., & Abdalla, M. O. M. (2013) This study aimed at studying the preferences of consumption pattern of milk and factors affecting consumers' purchase decision of dairy products such as 'quality' was found to be the main factor affecting the purchase decision, followed by price of the products. Fresh milk was the highly preferred milk type among the citizens. The study concluded with a number of recommendations, some of which are: Processors and producers of dairy products should implement modern marketing concepts that focus on the consumers' needs and wants. Also, producers and processors should use marketing mix in ways that increases their sales and creates satisfied customers.

Barad, M. B. D., & Mehta, M. P. L. (2017) studied to investigate about packed and unpacked fluid milk consumption and main attributes of milk to which consumer gives preference of the urban households of Veraval district; different variables of milk like quality, freshness, price, fat level and easy availability were studied which determine households' fluid milk consumption choices among packed, unpacked and both packed-unpacked milk consumption choices. Based on the results, 60.8% of respondents consumed unpacked fluid milk because of the freshness of the milk and it is also considered pure and unadulterated and chemical free as compared to the packed milk 32.5% consumed packed fluid milk because they want a standard fat level and standard quality of milk. while 6.5% of respondents consumed both unpacked and packed fluid milk due to any contingency and availability. The study also suggest that the consumer always considers different factors like the standard quality of milk, fat level, price, freshness and availability before making a purchase. It means these are various variables which guide or direct the consumer to make the purchase decision. The study also becomes helpful to different milk processing firms to consider the preference factors to grab more market share.

III. Research Methodology & Findings :

The study focuses on extensive study of primary data collected from various consumers with the help of a



questionnaire is done to understand the factors they consider important while making a purchase decision of packaged milk and milk products. The data is collected from only the consumers of pouch milk where demographic and psychographic variable are studied to find the relationship between these variables and the consumers buying behavior.

Sample Size : 60 respondents

Data collection in : Indore city

The finding of the study reveals that by choice still of the general population of Indore prefers to buy the loose milk from local milkman due to psychological factors and research shows that in old Indore belts such as Rajwada, Chawwani, Juni Indore the sale of pouched milk has not grown to that extent, people with traditional likings and mindset feel that the pasteurized milk is both low in nutrient values and the taste is deteriorated due to the pasteurization process. There is a strong myth that the pouch milk is made from the powdered milk or is synthetic milk which further hinders the purchase of pouch milk. It has been observed that the strong bond between the milk suppliers and the consumers also hold this purchase shift as the suppliers exert psychological pressures on the consumers and in a way influencing their buying behavior.

The study also reveals that the new areas that are getting developed on the outskirts of Indore are witnessing a higher growth of the pouch milk and packed dairy products due to rapid urbanization and non-reach of loose milk sellers in those areas, dairy cooperatives such as Saanchi is having booth installed even before colony is urbanized to get the early bird advantage. The results suggests that factors such as increased level of consumer awareness towards hygiene and health perspectives, importance of pasteurizing of milk, rise in occurrences of scams, adulteration, impurities and availability of synthetic loose milk and milk products such as ghee and khoya in large quantities specially in festive season has pushed the consumers for more assured quality pouch milk, the influential impact of branding and packaging and lastly the easy of handling and availability have contributed positively towards the

consumers decision to buy the pouch milk as against the loose milk.

The **Descriptive Statistics** are as below :

1. Male: Female Respondents – 69%:31%
2. Below 30 years (23%) : 31-40 years (49%): 41-50 years (26%) : Above 50 (1.6%)
3. Monthly income Rs. 25,000 & Below (20%) : Rs. 25000-Rs. 50,000 (40%) : Rs. 50,000 and above (40%)

According to Statistical Analysis following results are known for the research questions:

RQ1, RQ2 and RQ3 aims at knowing the general awareness level of people towards the different dairy brands of Indore. The questions include Are you aware of the different types of milk brands available in market, if yes, which are the Brands you are aware of offering multiple choice options. Also to know of the present purchase behavior of the respondents they were questioned as 'Presently which 'Brand of Packaged Milk' are you using'.

Following Responses were received for the aforementioned research questions : 98%

respondants of Indore are aware of the various milk brands, with 87% awareness for Amul, followed by sanchi(80.3%),Saurabh(37.7%)and others. Maximum Pouch milk purchased is of AMUL(55%), Sanchi 34% and Saurabh being purchased the lowest of 6.6%.

Next set of research questions revolved around knowing the key parameters that the buyers consider important while making a purchase decision for open or loose milk and the criteria for doing so. The research questions specifically asked about the factorsthat are important in assessing the Quality of Milk & Milk Products, and wether they find the same in Open of loose milk (RQ4 and RQ5)

Following Responses were received for the aforementioned research questions :Consumers

prefer taste and creaminess of milk as the top quality indicator of milk, and this is the most important reason why the consumers do not prefer loose / open milk, almost 59% respondents claimed that open / loose milk lack this quality hence is not the preferred choice.

The next research questions needed the responses in rank order 1-5 (where 5 being most important and 1 being least important) for factors such as hygienic packaging, unadulteration, easy availability, door step



delivery, peak season delivery, price concession, brand promotion efforts of the dairy brand makes a considerable difference in making a purchase decision for the customer etc(RQ6) .

Following Responses were received for the aforementioned research question: Assured Quality : Hygienic&Unadultrated is the highest rates factors by 83% consumers basing their purchase decision on this parameter while Promotional offers &Schemes also play a very insignificant role in making afavourable purchase decision.

Conclusions :

Pouch milk is better than the loose milk as it is pasteurized, pathogen and bacteria free, is more hygienically handled from the time of collection to the processing plants, from packing and even being delivered in sterilized packets, the pouch milk also guarantees better quality, and has added nutritive values, the pouch milk is easily available, comes with various variants and has stable supply even in peak or slack season. All these factors put together makes pouch milk a more reasonable choice for consumption.

As far as the Dairy cooperatives and private companies are concern if they have to increase their market share and make pouch milk more acceptable amongst the consumers they need work on various areas, like improvement in their distribution and supply services, they need to make packaged milk selling a lucrative and profitable business for retailers by raising their margins, as the loose milk suppliers have lot of scope to play with it and to adulterate it for profits. The dairy companies and cooperatives can aggressively work towards removal of myths that relate to the pouch milk with help of regular awareness campaigns. Lastly the branding and marketing strategies would persuade consumers to buy pouch milk as against the loose milk.

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