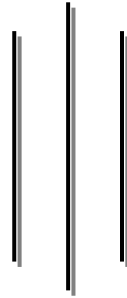


Marketing Analysis of Dairy Development Corporation, Hetauda Pvt. Ltd, Hetauda



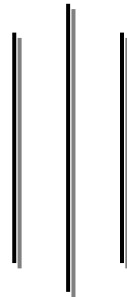
A Thesis

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Submitted to:

R.R.M. Campus, Janakpur Dham

Faculty of Management

Tribhuvan University

In Partial fulfillment of the

requirement for the

Degree of Master of Business studies (M.B.S)

April, 2011

RECOMMENDATION

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Marketing Analysis of

Dairy Development Corporation Hetauda

Hetauda

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DECLARATION

I hereby declare that the work reported in this thesis entitled "Marketing Analysis of Dairy Development Corporation Hetauda, Hetauda" submitted to Ramswarup Ramsagar Multiple Campus (Janakpur Dham) FOM, T.U. is my original work done for the partial fulfillment of the requirement of Master of Business studies (M.B.S.) under the supervision of Saroj Thakur, Lecturer, T.U. Faculty of Management, R.R.M. Campus, Janakpur Dham.

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The thesis entitled "Marketing Analysis of Dairy Development Corporation, Hetauda, Pvt. Ltd" has been divided into five chapters with the introduction of study in the first part, which gives simple description about Dairy Development Corporation, Hetauda and objectives, importance, organization and limitation of the study. The second and third parts present the review of literature and the methodology adopted in the study while the fourth and fifth parts cover analysis and interpretation of data and summary, conclusion & recommendation respectively.

I hope the suggestion and recommendation given in this thesis will go a long way in improving the Marketing Analysis of Dairy Development Corporation, Hetauda and the study will be helpful to the future researcher also.

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ABBREVIATIONS

1. HMG/N His Majesty's Government of Nepal.
2. T.U. Tribhuvan University
3. NA Not Available
4. DDC Dairy Development Corporation Hetauda
5. MS Mean Score
6. DDC Dairy Development Corporation
7. Lts. Litre
8. SNF Solid not Fat
9. Fig. Figure.

Chapter-I

INTRODUCTION:-

1.1 BACKGROUND OF THE STUDY:

Nepal is situated between China & India in South Asia. Geographically, it is extended from 80°12 east to 88°12 eastern longitudes & from 23°12 north to 30°27 northern latitudes. Its length is 885 kilometer & average breadth is 193 kilometer. Total area of Nepal is 1,47,181 square kilometer. Nepal occupies 0.03 percentage & 0.3 percentage land of the world & Asia respectively. Nepal is small & beautiful land. There are three region of Nepal Himalayan, Hills occupied 68% Terai region has occurred 17% of total land.

More than 80 Percent of the total population is based on agriculture. Nepal is a developing country where economic development & industrialization is not in advance stage. The life style, duty, responsibility of all the Nepalese people is operating on the different condition which is not matching in the modern development of technology & industrialization. Ignoring the modern methods in farm technology may be difficult to improve the living standard of the people. So, the agricultural development is a key factor to change the face of Nepal. Without development of agricultural sector, Nepal cannot go in industrial sector.

The development of industries and commerce indicate the people's life state in a country. For the rapid development of Nepal, it is essential to develop the industrial sector, infrastructure as well as appropriate technology. These are required to set up the large industry for the development of industrial sector. Government can play an important role by establishing different kinds of public enterprises by providing different kinds

of facilities. Hence, public & private enterprises both play substantial & significant role for national development.

Although Nepal is a poor country where development is based virtually in the hand of foreign aids or policy, government has established various public enterprises in the different fields such as public utility manufacturing, trading, services, financial sectors etc. There are different private dairy industries running in different parts of Nepal.

Milk production began 6000 years ago or even earlier. The dairy animals of today have been developed from unfarmed animals through thousands of years, lived at different altitudes & latitudes exposed to natural.

Practically , everywhere on earth, human being started domesticating animals. As a rule herbivorous multipurpose animals were chosen to satisfy his need of milk, meat, clothing etc. Herbivorous animals were chosen because they are less dangerous and easier to handle than carnivorous animals. The herbivorous animals used were all ruminated with the exception of the mare & ass. Today, the same animals are still kept for milk production, as milk being one of the essential food components for man.

The composition of milk from different types of animals is illustrated in the table No. 1.1. However, it should not be forgotten the other milking animals whose milk is of great importance to the local population as a source of highly valuable animals protein and other constituents. Sheep are of exceptional importance among this group, especially in the Mediterranean countries and in large areas of Africa and Asia.

Table No. 1.1

Composition of Milks from different types of animal

Species	Protein total percent	casein percent	whey protein percent	Fat percent	Carbohydrate percent	Ash per cent
Human	1.2	0.5	0.7	3.8	7.0	0.0
Horse	2.2	1.3	0.9	1.7	6.2	0.5
Cow	3.5	2.8	0.7	3.7	4.8	0.7
Buffalo	4.0	3.5	0.5	7.5	4.8	0.7
Goat	3.6	2.7	0.9	4.1	4.7	0.8
Sheep	5.8	4.9	0.9	7.9	4.5	0.8

Source: Administration Department of Dairy Development Corporation, Hetauda. 2066.

Sheep are often accompanied by goats, whose contribution to milk & meat production in the poorest areas should not over loan. Both sheep & goats are a source of cheap, high quantity protein & are mainly kept in conditions where climate, topographical, economic, technical or sociological factors limit the development of wave sophisticated Protein production system.

Table No.1.1 shows the composition of milk from different species of animals. The figure given, however are only average, as the composition for any species is influenced by a number of factors such as breed, feeding, climate etc.

Dairy Development Corporation Hetauda. : A profile

Dairy Development Corporation Hetauda is becoming recognized name of dairy products & is situated in Hetauda-1. It collect milk from different sectors and distribute hygienic milk products in the all sectors of country. This company has helped farmers to supply their milks to various peoples & to get a proper return of it. This company has aimed to supply & distribute the milks products in the various sectors to fulfill the daily needs of the people.

Dairy Development Corporation Hetauda was established in 2021 B.S. It has an initial investment of Rs. 629,828,400. There are about 70 employees including upper level & lower level management. The general profile of the Dairy Development Corporation Hetauda is presented below:

1. General Profile of Dairy Development Corporation Hetauda :-

Name : Dairy Development Corporation

Location: Hetauda

Managing Director: Ajaw Lal Yadav

Capital Investment: 689,828,400

No. of employee: 70

Registration Year: 2021

Products:

- Milks
- Yoghurt
- Ghee
- Butter

- Peda
- Panner
- Ice-cream
- Khowa
- Rasvari
- Lalmohan
- DDC Fresh bottle

Every industry plays a vital role in the development of the country. Nobody can develop the country without industrial development. There are so many industries established to develop the country like cotton, metal, electronics, minerals , fertilizers, paper, sugar, wood industries etc. Likewise dairy industry is one of such industries.

In the context of our country Nepal, the dairy industries are playing the prominent role in the economic development. Dairy industries have been providing employment to many people directly or indirectly. Dairy Development Corporation, Hetauda and other dairy industries are situated from eastern to western Nepal. They are contributing towards accelerated progress through industrial sector. Most of the newly established dairy industries are owned by private ownership whereas DDC is public sector industry.

There is no argument that without the active management. The industrial development is not possible. Marketing of product plays the vital role in the development of any industry. Marketing is the directing of the flow of goods & services from products to consumers. In another word, marketing is concerned specially with promoting the sale of goods &

services to consumers. Before 1950A.D. sales was only one objective of business organization so, the marketing functions were carried only to promote sales, advertising & marketing research were also carried to the view of increasing sales. And the primary purpose of the staff engaged in marketing was to maximize sales volume.

In modern age, the marketing concept has changed into consumer satisfaction. According to this concept the responsibility of manager has grown up. He has to expand all his activities in determining & satisfying the customer's needs as profit,. Thus he should perform the function of communication by all means. The more advance concept in the field of marketing is integrated marketing system. In this system, the head of marketing becomes as the chief executive officer in the marketing department who control & manage other functional areas of research of manufacturing purchasing, selling, personnel department etc. These tendencies have easily been seen in most of all the leading industrial countries.

"Consumers form expectations about the value of marketing offer & make buying decision based on these expectations about the value of marketing offer & make buying decision based on these expectations. A customer might experience various degrees of satisfaction. If the product's performance falls short of expectation the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied and delighted. Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. In contrast, if they raise expectations too high, buyers are likely to be disappointed. Highly satisfied customers produce several benefits for the company. In highly competitive markets, such as

automobiles, personal computers, that is surprisingly little differences between the loyalty of less satisfied customers & those who are merely satisfied. The buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. Satisfaction is an important element in the evaluation stage. Satisfaction refers to the buyer's state of being adequately rewarded in a buying situation for the sacrifice he has made.

"Consumers have certain expectations prior to the purchase. These expectations may be about (1) the nature & performance of the product or services. (2) the costs & efforts to be expended before obtaining the direct product or service benefits, & (3) the social benefits or costs accruing to the consumer as a result of the purchase. Advertising may often be an important factor influencing these expectations.

Once consumers purchase & use a product, they may then become either satisfied or dissatisfied, Research has uncovered several determinants, which appear to influence satisfaction, including demographic variables, personality variables, expectation & other factors. Customer satisfaction is one of the major indicators of excellent quality in companies, it is important to conduct an audit or review of this component".

1.2 Dairy Development Corporation Hetauda:

For marketers, the best measure of quality is customer satisfaction. In a competitive environment, the ultimate indication of satisfaction is whether or not the customer returns to buy a product a second, third or fourth time. However, a firm can't afford to gamble that its marketing decisions are correct & then wait for repeat purchases to confirm or reject those judgments. Instead, managers realize that satisfaction is determined by how closely experience with a product meets or exceeds a customer's expectations. Therefore, marketers must do two things:

- Ensure that all marketing activities, such as the price of a product, the claim made for it in advertising & the places in which it is sold. Contribute to creating reasonable expectations on the part of the customer.
- Eliminate variations in customer's experiences in purchasing & consuming the product.

Distribution of goods & services is one of the activities of the marketing system which helps to move the goods & services through various channel of distribution. the channel of distribution different from the industry to industry and it is determined by the development nature of the country, economic condition of the organization, size of industry, nature of the product etc. The industry has a wide choice of distribution channels open to them. They can sell their products directly to final consumer or through wholesaler, retailer & distribution intermediary. The management must choose such type of distribution channel's with a view to fitted with bright future. To get success in any business, each industry has to set scientific distribution system.

The problem of the Dairy Development Corporation Hetauda. is related with its functioning. This functioning is related to the marketing, specially the customer satisfaction & distribution activities. Therefore, in this concern there is no such detail study on Marketing analysis of Dairy Development Corporation, Hetauda. Thus, the present study is made to analysis the present distribution system & also to provide valuable suggestion to correct its mistakes & improve in future.

1.3 STATEMENT OF THE PROBLEM

Nepal has adopted agriculture- based economy. To improve the economic condition of the people & to solve unemployment problem, dairy industry plays a very important role. Dairy products like milks, yoghurt, ghee etc are necessary food for human body. Milk contains different kinds of vitamin, calcium, minerals etc. which is not received from other products. Milk does not have any side effect & it can be used from the birth to the end of life.

Consumers have certain expectations prior to the purchase. These expectations may be about (1) the nature & performance of the product or services (2) the costs and effects to be expended before obtaining the direct product and service benefits & (3) the social benefits or costs accruing to the consumer as a result of the purchase. Advertising may often be an important factor influencing these expectations. Once consumers purchase and use product, they may become either satisfied or dissatisfied. Research has uncovered several determinants, which appear to influence satisfaction including demographic variables, personality variables, exceptions & other factors. Customer satisfaction is one of the major indicators of excellent quality in companies, it is important to conduct an audit or review of this component.

Are the customers satisfied with the Dairy Development Corporation Hetauda ? What are their expectations regarding the products? How can the DDC satisfy the customers need? What should be the future plan of DDC Pvt. Ltd. to satisfy the customers demand & compete in the present competitive market? What is the channel of distribution of DDC? How the distribution system plays a significant role in marketing the products? These are some of the problems that should be studied in the present study.

Regarding the fulfillment of the market demand of dairy products. Dairy Development Corporation Hetauda is facing many problems right from its inception. The problem of this company is much more related to marketing. Marketing functions include product planning, distribution, pricing, promotion etc.

Dairy Development Corporation, Hetauda is very small in terms of turnover & their size or work. The competition of dairy products has been increasing in local market. This company is in position to follow the latest scientific marketing system. The problems faced by Dairy Development Corporation, Hetauda are transportation, distribution, packaging, selection of channel structure etc. So, these are the real problems of Marketing of Dairy Development Corporation subject for the study.

1.4 OBJECTIVE OF THE STUDY

The prime objective of the present study is to analyze the marketing of Dairy Development Corporation Hetauda. within this context, its objectives are identified as below:

1. To study the present system of distribution of Dairy Development Corporation Hetauda.(DDC)
2. To comprehend the pricing aspects of DDC Pvt. Ltd.
3. To find out the production & sales performance of its products
4. To assess the customer satisfaction through product, price & place.
5. To study the promotional strategy adopted by DDC.
6. To suggest the appropriate recommendation to DDC Pvt. Ltd. to overcome its problems.

1.5 Assumptions and Limitations of the study

As in the process of the study, the researcher has certain limitations. Due to the certain limitations the barrier is to gain sufficient information. Such limitations arise here due to various circumstances. The researcher tried his best to collect the facts & data of Dairy Development Corporation Hetauda. However there are some limitations regarding the preparation of this thesis which is mentioned below:-

- The study is limited to the consumer in Hetauda only.
- Limitation of getting adequate facts & time for the preparation of the thesis.
- The study is limited to the information provided by few sample employees, boothman & customers.
- The major findings of this study are based on observation & questionnaire.
- The managerial personnel did not disclose some important information regarding this study & excused due to confidentiality.

1.6 Research Methodology:

A. Population of Sample Size:

The sampling will be used for the study. The analysis will be based upon sampling. Different sampling techniques will be used.

B. Research Design:

The research design of the study is descriptive cum analytical type. Thus, this design is expected to describe the marketing analysis of Dairy Development Corporation, Hetauda.

C. Research Method:

Direct supervision, questionnaires & other will be used for the true, exploratory & analytical study.

D. Source of Data & Collection strategy:

The data is collected from the primary and secondary sources. The primary sources consisted of structured questionnaire followed by interviews with the personnel, retailers & final consumers of Dairy Development corporation Hetauda.

E. Method of Data Analysis:

First of all, various available reports, data & information are collected from different primary is secondary sources & they have been tabulated categorically to facilitate subsequent analysis.

1.7 ORGANIZATION OF THE STUDY:

The study has been organized into five chapters. Each chapter deals some important factors about marketing of dairy products. The titles of each chapter are mentioned below:-

Chapter I :- Introduction of the study

Chapter II:- Review of literature

Chapter III:- Research methodology

Chapter IV:- Presentation & analysis of data

Chapter V:-Summary, conclusion & recommendation.

Chapter I:-Introduction of the study

This is the introduction chapter of the study. This chapter includes statement of problems, objectives of study, focus of the study, importance of the study & limitation of the study.

Chapter II:- Review of literature

This chapter deals with conceptual frameworks of the marketing analysis.

Chapter III:- Research Methodology

This chapter contains research design, sources of data, data collection technique & data analysis tools.

Chapter IV:- Presentation & Analysis of Data

This chapter deals with the presentation & analysis & major findings of the study.

Chapter V:-Summary, Conclusion & Recommendation

This chapter includes summary, conclusion & recommendations. The bibliography & appendices are at the end of study.

Chapter–II

REVIEW OF LITERATURE

2.1 Concept of Marketing

The review of literature is an essential part of all studies. It is a way to discover what other research in the area of our problem has uncovered. The previous studies cannot be ignored because they provide the foundation to the present study. In other words, there has to be continuity in research. This continuity in research is ensured by linking the present study with the past research studies.

So, this chapter deals with all the literature reviewed that has felt essential to conduct the study. Marketing is concerned with all the business activities revolving around the problem of getting the product from the place of manufacturing to the ultimate user.

Prior to the time of the industrial revolution all trade & exchange process involved some personal contact between suppliers & their customers. It means that the individual producers want to reach the needs of customers & most trade are in local in nature. Rapidly, growing of industries or trading started a new type of trading concepts & practices & it also introduced source of the processes which are the part of today's marketing. Generally, manufacturers & producers are concerned with logistical issues like transporting & selling goods to widespread markets. But now a days, the major focus here was on production with consumption & consumer being seen as the end result of a production & distribution chain.

For as long as demand outstripped supply, which was generally the case as western countries started to go through periods of dramatic growth in economic activity & technological change, producers could all exist

profitably simply by producing more efficiently & cutting costs. Little attention was given to the role of the consumer in exchange processes.

In conclusion, in the early 20th century the realization that marketing was itself an important part of the business process led to the founding of the American Marketing Association & the development of the earliest aspect of marketing theory. Marketing helps to progress of key development.

According to American Marketing Association, "Marketing is the process of planning & executing the conception pricing, promoting & distribution of ideas, goods & services to create exchanges that satisfy individual & organizational objectives."

2.2 DEVELOPMENT OF MARKETING SYSTEM

The greatly increased production of goods which arose out of mechanization following the industrial revolution was matched by increased levels of demand in the mass market. The problem for producers lay in getting their products to the market. Manufacturers use investing heavily in premises & machinery in pursuit of better & cheaper production. They did not want to be involved in the distribution of the product.

- First generation Marketing
- Second generation Marketing
- Third generation Marketing

First generation Marketing:-

Wholesaler opened warehouses in major cities and bought products in bulk from the manufactures. They started the products & organized their distribution to retailer & other smaller organization throughout markets. This was the developments of channel of distribution.

Second generation Marketing:-

It was only during the second half of the 20th century that the focus began to shift towards the nation that producers should look at what consumers actually wanted. produce what can be sold to the market rather than try to sell what is produced. This was the start of second generation marketing.

Third generation Marketing:-

There was increasing awareness of the role that marketing played, not only in business but through its influence & impact on consumers & society as a whole. Marketing began to be seen as something which was not only relevant to commercial organizations, actively seeking profits at the end of the day.

2.3 Elements /Key Components of Marketing Management

2.3.1Marketing Planning:-

The marketing management must develop both long range & short-range plans. Marketing managers face day to day operational problems for which short range programs or tactical plans need to be developed. Marketing managers also have to develop a long range strategic plan in order to effectively use the organization's resources & potentials. The planning process involves four areas of decision making : determining the business missions, developing strategic alternatives, specifying operational tasks, & designing contingency strategies when the plan needs to be altered.

2.3.2 Implementation:

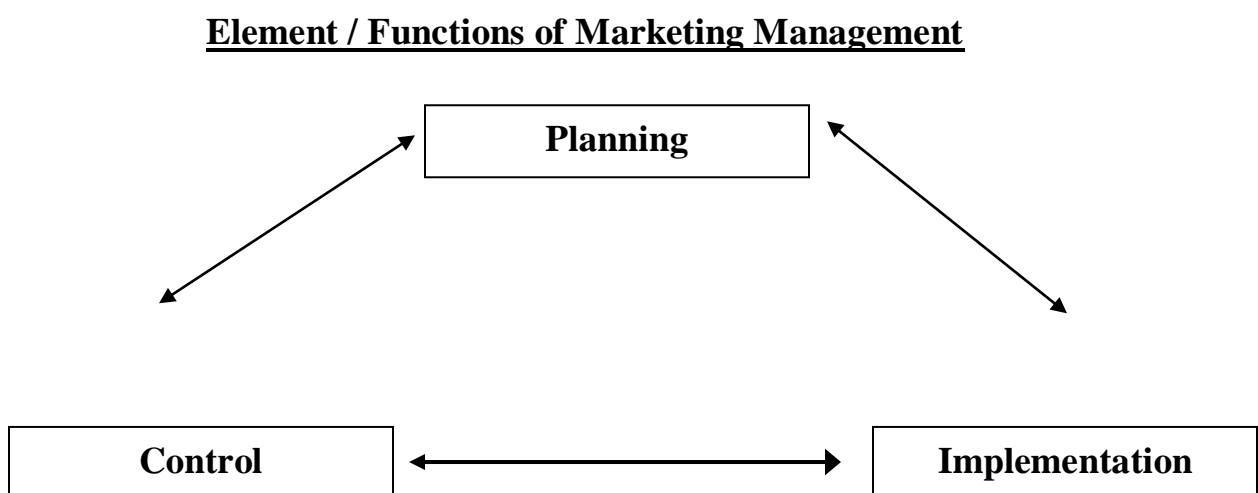
The implementation aspect of marketing management is centered around organizing the marketing department in order to assign tasks, targets, authority & responsibilities to each marketing personnel. This activity

requires the preparation of organization structure, job assignments, territory allocation & establishment of functional relationship within the marketing department, & between the marketing department & other key department within the organization. Implementation aspect is also concerned with achieving close coordination & co-operation with the outside agencies supporting the organization.

2.3.3 Control :-

Management tasks of planning & implementation cannot be effective without a control system. Thus, the marketing department has to design an effective control system in order to guide the implementation aspects & take corrective action on deviation from the plan. Marketing control is systematic measurement & revision of behavior of marketing personnel & marketing process. The control system can be designed over various factors, such as cost, profit, market share, sales & overall achievement of marketing goal of customer satisfaction.

Figure No 2.1



2.4 Evolution of the Marketing Department

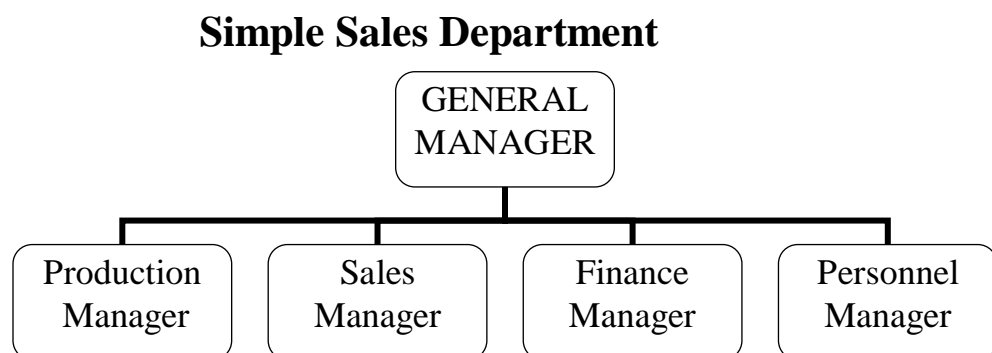
Over the years, marketing has grown from a simple sales department into a complex groups of activities. Marketing departments have involved though following four stages.

Stage:- 1

2.4.1 Simple sales Department

Organization operating under the production and product concepts have simple sales department organization. Under this structure, marketing assumes the simple selling role. The organization structure shows production, finance and personnel departments at the upper levels while the selling function is handled by a sales department. In the sales department, the sales manager handles two divisions: the sales force management division and other selling functions department. The finance and production departments handle the role of pricing and distribution respectively. This organization structure is also adopted by small organization.

Fig:- 2.2



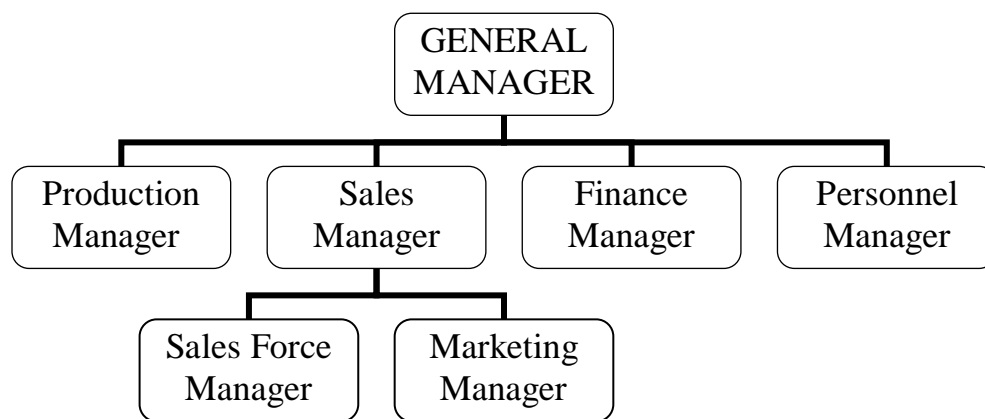
Stage:-2

2.4.2 The sales department with marketing functions:

Organizations adopting the selling concept give higher weight to the sales department. The department is further strengthened by adding some of the marketing functions such as marketing research, promotions and distribution under a marketing manager. In this stage, the status of the sales department is also enhanced and the department is placed on equal footing with the production, finance and personnel departments.

fig:- 2.3

The Sales Department with Marketing Functions



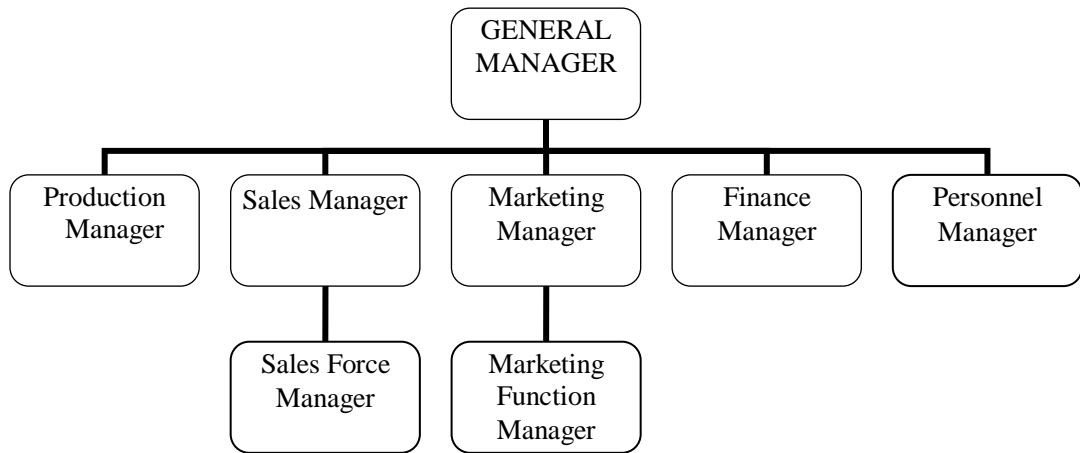
Stage:- 3

2.4.3 The marketing Department

When an organization adopts the marketing concept, it starts by installing a separate marketing department with added responsibility in the areas of new product development, advertising and customer services. Despite the establishment of the marketing department, the organization also maintains the sales department in order to handle, the sales force management and promotion functions.

Fig:- 2.4

The Marketing Department



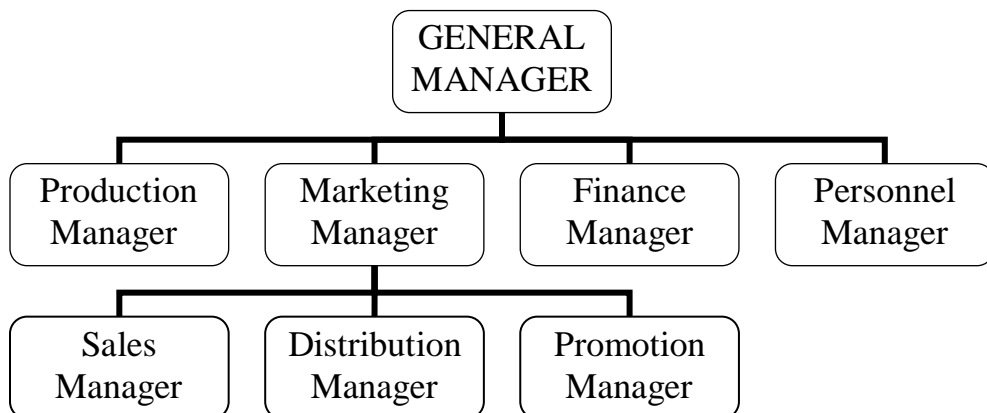
Stage:- 4

2.4.4 Modern Marketing Department

In the evolutionary process, functioning of the two separate departments i.e. sales and marketing becomes complex and often results in interpersonal conflicts. Thus, the two departments are merged. Under this organizational structure, the sales department is placed as a major division under the marketing department.

Fig. 2.5

Modern Marketing Department



2.5 Seven P's of Marketing Mix

2.5.1. Product Mix:-

There is a little or no room for innovation in production design due to the ease by which competitors can make similar offerings, for example by altering charges as interest rates to meet those competitors. Current A/c are dominated by bank, although the buildings, society's share of this market in which they could not complete until recently is growing. product mix includes decision on product line and mix, product quality, variety, design features, branding, packaging, labeling etc. It also includes important activities such as product planning & development.

2.5.2. Price Mix :-

The price is financial service items relates to the costs involved to the customer in say, bank charges as credit interest rates. These prices seem to evoke low levels of customer sensitivity as many customer enjoy free banking, by maintaining their current accounts in credit, for example, as paying their credit card & balances off each months. Price also relates the value of the product to the customer & as such, can be highly sensitive. This can be in terms of interest rates charged as a mortgage. Price mix includes activities such as analysis of competitor's prices, formulation of pricing objectives, setting the price, determining terms & conditions of sales, discounts & commission etc.

2.5.3. Place Mix:-

Place or location has always been regarded as critical in retail financial services where high street positions are maintained by most of the large institutions. Charges in distribution system, technology & consumer demands are all key influence on the evaluation of the 'place'. Component of the marketing mix place mix includes design of the distribution channels,

distribution network, dealers promotion & motivation systems & physical distribution of the product.

2.5.4. Promotion mix:-

The promotional tools are advertising, sales promotion, personnel setting, public relation & publicity. The main purpose of advertising is to strength awareness of the brand & company image & to inform the market about service available. Personnel selling is a strong tools in the area of insurance products & the emergence of "bank assurance". The important of personnel selling is widely recognized & many institutions offer by financial advisors. Promotion mix includes determining the promotional blend- the mixture of advertising, personnel selling, sales promotion, publicity & public relations- to popularize the use of the product in the target market.

2.5.5. Process mix :-

This is the main area where technology advances have led to major change. Improvement in process system not only from the automation of many transactions & data handling within organization but also from process re-engineering to reduce delays in processing mortgage application.

2.5.6. People mix:-

Customer care is the farefront of both quality & differentiation in the financial services industry. Staff need to be highly trained not only in customer care but in how to respond to the rapidly changing marketing environment.

2.5.7. Physical Evidence Mix:-

Physical evidence plays an important part in financial transactions such as the documentation which must be presented by sales people to prove that they are authorized to offer investment advice. This creates confidence & helps to build the relationships between customer & provides. Attractive

brochures, policy documents, cheque books & credit cards holders, 'gold' credit cards etc are used as the example of this physical evidence.

2.6.FACTOR INCLUENCE IN MARKETING ANALYSIS

2.6. 1. Internal Factor Analysis:-

The internal factor analysis relates to those factors which are specific to an individual organization. These should be identified & analyzed in terms of STRENGTH & WEAKNESS. It is located within the organization. It is controlled by the organization & marketing. Its components are:

- goal, policies, strategies
- organizational culture
- organizational resources
- organizational structures

2.6.2 External Factor Analysis:-

The external factor analysis studies environmental factors which affects all companies organization operating in any distinct industry as market. These should be defined in terms of OPPERTUNITIES & THREATS for future plans. It is located outside the organization. It cannot be controlled by the marketing. The factors which must influence under external environment are:-

2.6.2.1 Political/ Legal environment:-

Policies of the country determines how the marketing organization should persue its goal, political environment includes laws, government policies & pressure group. In international marketing, power blocks & regional groupings affect market accessibility. It involves:-

- Laws & political institutions
- Government policies & political systems.
- Pressure groups
- Economic blocks
- Law administrations
- Court of Laws.

2.6.2.2 Economic Environment:-

The economic environment is a very powerful force that not only affects the marketers but also the consumers decision & activities. The major economic forces affecting marketing are general economic condition, buying power of consumers & consumers willingness to spend.

Its involves:-

- General economic condition
- Economic systems
- Economic policies
- Buying power of consumers
- Consumers income
- State of the economy
- Regional economies groups
- Consumers willingness to spend

2.6.2.3 Socio- cultural environment:-

Socio-cultural environment is represented by the structure and dynamics of individuals & groups in a society. Socio-cultural

environment includes tangible as well as intangible aspects. Tangible aspect of socio- culture is reflected in housing, food, tools, products & work of art of the society. Intangible aspects affect is reflected in custom, tradition, religion, language, values, attitudes & beliefs. The socio-cultural aspects buyer choice & preferences.

The major socio- cultural forces affecting marketing are the sub cultural traditions & value system & the cultural dynamism. The large culture is made up of different sub-cultures that are distinct in attitudes, beliefs & consumption behaviour. When people from different cultures or sub cultures regularly interact they influence each other through their value, beliefs & behaviour. It involves:-

- Demographics
- Social Institutions
- Social change
- Life style

2.6.2.4 Technological Environment:-

Technology is the most dynamic of the external environment forces & influences people's life styles, consumption behaviour & attitude. Its is a very strong force that cannot be neglected by any organization. It provides various means to people to achieve a higher standard of living. When a new technology replaces the old technology it brings new opportunities as well as threats. It involves:-

- Level of technology
- Pace of technological change
- R & D Budget
- Technology Transfer

2.7 THE MARKETING PROCESS

The Marketing process has four steps, analyzing marketing opportunities, developing marketing strategies, marketing programs planning & managing the marketing mix.

2.7.1 Analyzing Marketing Opportunities:-

The marketing process begins with the identification of opportunities in the market place. Opportunities arise due to change in any of the macro environmental forces. They may arise in the following ways:

- A Change in technology provides opportunities for new product development based on the new technology.
- Increase in consumer's purchasing power may allow marketing of luxury products & leisure related services.
- Socio-cultural dynamism may bring new attitudes, beliefs & behaviour demanding new products & services.

The Job of marketing management is to watch, identify & measure every new opportunities arising in the market place. In order to capitalize on the new opportunities marketing management has to carefully analyze the new opportunities. For analysis of opportunities marketing management has to design an efficient information system, measure the future demand, regularly monitor & scan the environmental forces & analyze the buyer & competitor's behaviour.

2.7.2 Developing Marketing Strategies :-

After the opportunities have been adequately analyzed & assessed, marketing management has to develop alternative marketing strategies to capitalize on the new opportunities. In this stage, the marketing management has to develop several strategic options relating to the product,

price, distribution & promotion. Once the strategies have been evolved, the marketing management has to analyze the liability of the strategic options in terms of longterm profitability & survival of the organization.

2.7.3 Marketing Program Planning :-

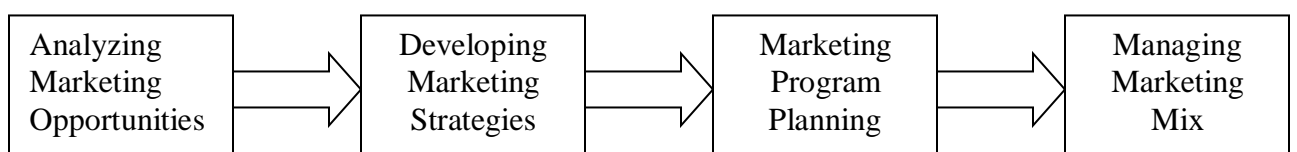
This stage requires the marketing management to build a detailed program to implement the selected marketing strategy in order to capitalize on the new opportunities. The marketing management has to formulated a maketing plan & several action programs for effective implementation. This stage requires a move precise estimates of sales, costs & profits from new actions, activities & programs.

2.7.4 Managing the Marketing Mix:-

This is the past implementation stage when marketing has to properly manage the marketing mix variables- products, price, place & promotion. The marketing management has to manage the marketing mix over the product life cycle stage, manage & defend the product positions, activate & motivate the channel system, reduce distribution costs, increase brand & company awareness, build conviction & loyalty among the customers, manage the credit & payment cycle, manage competitors actions & reactions & so on. The marketing management has to establish a proper & adequate evolution & control system to keep the organization's actions & strategies in the right tracks.

Fig:- 2.7, The Marketing Process

The Marketing process



2.8 SYSTEMS APPROACH IN MARKETING

Marketing is viewed as a system & system approach can be effectively utilized in marketing. The system theory is based on the works of Betlanfy who developed the "general system theory". He defined a system "as a set of objects together with the relationship among them & their attributes". According to the theory a system has the following attributes.

2.8.1 Sub - System & common objectives:-

A system is made up of several sub-systems which interacts with each other in order to achieve common system objectives & targets. In the marketing system there are several sub-systems such as the product research & development system, marketing channel system, physical distribution system, pricing system, promotion system & so on. These marketing sub-systems move towards the common goal of profit through customer satisfaction.

2.8.2 Synergistic Effects:-

The system theory holds that if each sub-system work efficiently in co-ordination with other sub-systems it can generate a synergistic effect in which the total outputs generated by the sub-systems working in co-ordination is far greater than the sym total outputs generated by working individually. This idea has been well adopted in the marketing system where each sub-system waves in close co-operation & co-ordination in order to achieve higher level results in terms of customer satisfaction of market share.

2.8.3 Interaction with the Environment:-

A system can be open as well as closed. A closed system does not interact with the environment & thus suffers from 'entropy'- a process in which the system ultimately ceases to function due to lack of inputs from the environment. All social systems are open systems. An open system interacts with its environment. In the interaction process it receives inputs from the environment & gives back outputs to the environment. The marketing system is an open system. It interacts with its environment. It receives inputs from the environment in the forms of information, trends & resources. It provides outputs to the environment in the form of goods, services, ideas & experiences.

2.9 PRINCIPLES OF THE MODERN MARKETING CONCEPT

The modern marketing concept is based on the following four fundamental principles.

2.9.1 Target Market Focus

The principle of marketing concept emphasizes that no organization, business or non-business, big or small can operate in every market & satisfy every category of needs of the market. An organization can do better, if it can define the boundaries of its operation and follow a market tailored business strategy. The target market focus is achieved through the following activities:-

- Organization begins applying marketing concepts with the definition of its target market.
- The organization has to use the tool of marketing segmentation & targeting in order to define its target market.

- The value of the market has to be correctly assessed through market analysis.

2.9.2 Customer Orientation

The principle of customer orientation calls for the organization to carefully & accurately define customer needs from the customer's point of view. Once an organization adopts the marketing concept, customer satisfaction becomes its main focus. Customer orientation is achieved through the following realizations.

- Customer satisfaction is possible only when the organization correctly assesses the needs and wants of the customers.
- Customers should be allowed to say what they need & prefer.
- Organization must use tools of market research to understand the customer's needs.

2.9.3 Integrated Marketing

The principle of integrated marketing calls for a full co-ordination & integration of the various marketing activities performed within the organization. The co-ordination has to be achieved at the following three levels.

- First, all marketing activities such as product development, marketing research, pricing, distribution, sales-force management, advertising & customer relations should be co-ordinated & integrated to achieve the marketing goals.
- Second, the marketing activities need to be co-ordinated with the activities of the other departments within the organization such as purchasing, production, personnel & finance.

- Third, there should be effective co-ordination of the organization's activities with the external institutions such as marketing intermediaries, transporters, advertising agencies, market research companies etc.

2.9.4 Profitability

The principle of profitability calls for an analysis of every business opportunities from the view point of profitability & survival of the organization. Profitability concept is applied with the following realizations:-

- Profit is a major goal of every business organization and the organization cannot sacrifice profit in any situation.
- The organization sacrifices short- term profit opportunities & targets at long term profits through creating & retaining satisfied customers.
- For non-profit organization, the quality of service offered to public becomes the survival factor.

2.10 MARKETING'S RELATIONSHIP WITH OTHER DEPARTMENTS

In most companies marketing & research development department co exist by seldom co-operate. R& D people are mostly engineers who believe that "R & D makes & marketing makes". In reality, the two departments cannot function in isolation. R & D cannot operate without the marketing department's inputs about buyers 'taste & preferences, market trends & environmental opportunities, challenges & threats. Marketing also provides the outlets for testing & communication of the products developed by the R & D departments.

2.10.1 Relationship with Production/ Operations department

Most manufacturing companies have the production department while service organization call them operations department. The department has production operations specialist who are mostly technical people & who think in terms of productive utilization of men & machines. The department is not much concerned with the market needs & trends. There are some areas on which the marketing departments & the production / operation departments mostly disagree. For instance, the production department wants least changes on models due to technical difficulties, while the marketing department insists on frequent modifications on the product.

2.10.2 Relationship with Finance & Credit Department

Areas of conflict with the finance & credit department is mainly centered around expenditure, budget & terms of sale. The finance department alerts tight control on expenditure, hard & fast budgets, tighter control on credit & shorter payment cycles, an the other side, marketing department is more lavish in expenditure want flexible budgets & a flexible payment cycle.

2.10.3 Relationship with human resources department

The marketing department relies heavily on the HRD for the supply of competent marketing & sales people. The HRD is also responsible for providing training to the marketing people within the organization. They are less areas of conflicts between the HRD and the marketing department. However, the success of the marketing department depends heavily on the proper selection recruitment, training, placement & motivation of its personnel which are in the domain of the HRD.

Chapter–III

RESEARCH METHODOLOGY

3.1 Research Design:-

The research design of the study is descriptive cum analytical type. Thus, this design is expected to describe the marketing analysis of Dairy Development Corporation Hetauda.

3.1.1 Research Question:-

To fulfill the objectives of the study the following research questions have been developed.

1. What are production & sales performance of Dairy Development Corporation, Hetauda?
2. What is the present distribution system adopted by the Dairy Development Corporation Hetauda ?
3. What is the situation of channel conflict?
4. What is the price level of products in comparison to competitors?
5. What is the promotional situation?

3.1.2 Population & Sample:-

The population of the study contains the personnel, retailers & the final consumer of Dairy Development Corporation, Hetauda.

The sampling method employed in this study is judgment sampling. A sample of 250 persons is taken for study and among them 150 are females and 100 are males.

3.1.3 Collection of Data:-

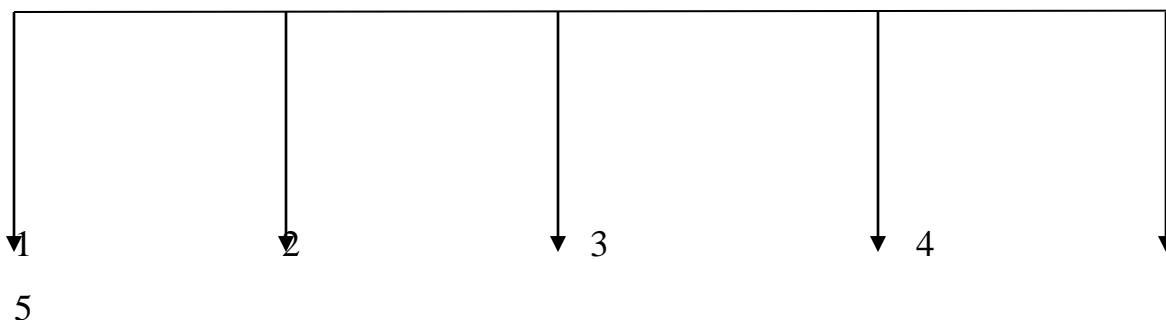
The Data is collected from the primary and secondary sources. The primary sources consisted of structured questionnaire followed by interviews with the personnel, retailers & final consumers of Dairy Development Corporation, Hetauda. It also consisted records of Dairy Development Corporation, Hetauda including reports, invoices, operating statement etc. External data is collected from published sources such as books, bulletins, journals, thesis prepare by previous researcher related to this field.

3.1.4 Data Analysis & Interpretation:-

First of all, various available reports, data & information are collected from different primary & secondary sources & they have been tabulated categorically to facilitate subsequent analysis.

For the analysis of production, sales & capacity utilization of Dairy Development Corporation, Hetauda. Eight Fiscal years data have been used at eastern region industry level. They have been presented in figure & percentage.

Five Points:- Scale ranging from 1 to 5 has been used to collect the response of retailers & management of Dairy Development Corporation, Hetauda.



In this scale, point 1 is used to indicate the highest degree of satisfaction, point 2 is used to indicate the satisfaction, point 3 is used to

indicate the indifferent, point 4 is used to indicate the dissatisfaction & point 5 is used to indicate the very dissatisfaction.

Similarly, questionnaires have been prepared to gain customers reaction. A format of the questions, which were asked in the survey, has been dairy included in the appendix. Regression and correlation analysis is used to analyze the data. The relationship between sales and transportation cost is analyzed with the help of regression analysis which has been duty included in the appendix.

Research was done on a random basis, in Hetauda area & spread from schools, collages to the market place. Three age groups- ranging 16-21, 22-27 & 28-33 have had been targets for the survey.

Chapter-IV

DATA PRESENTATION AND ANALYSIS

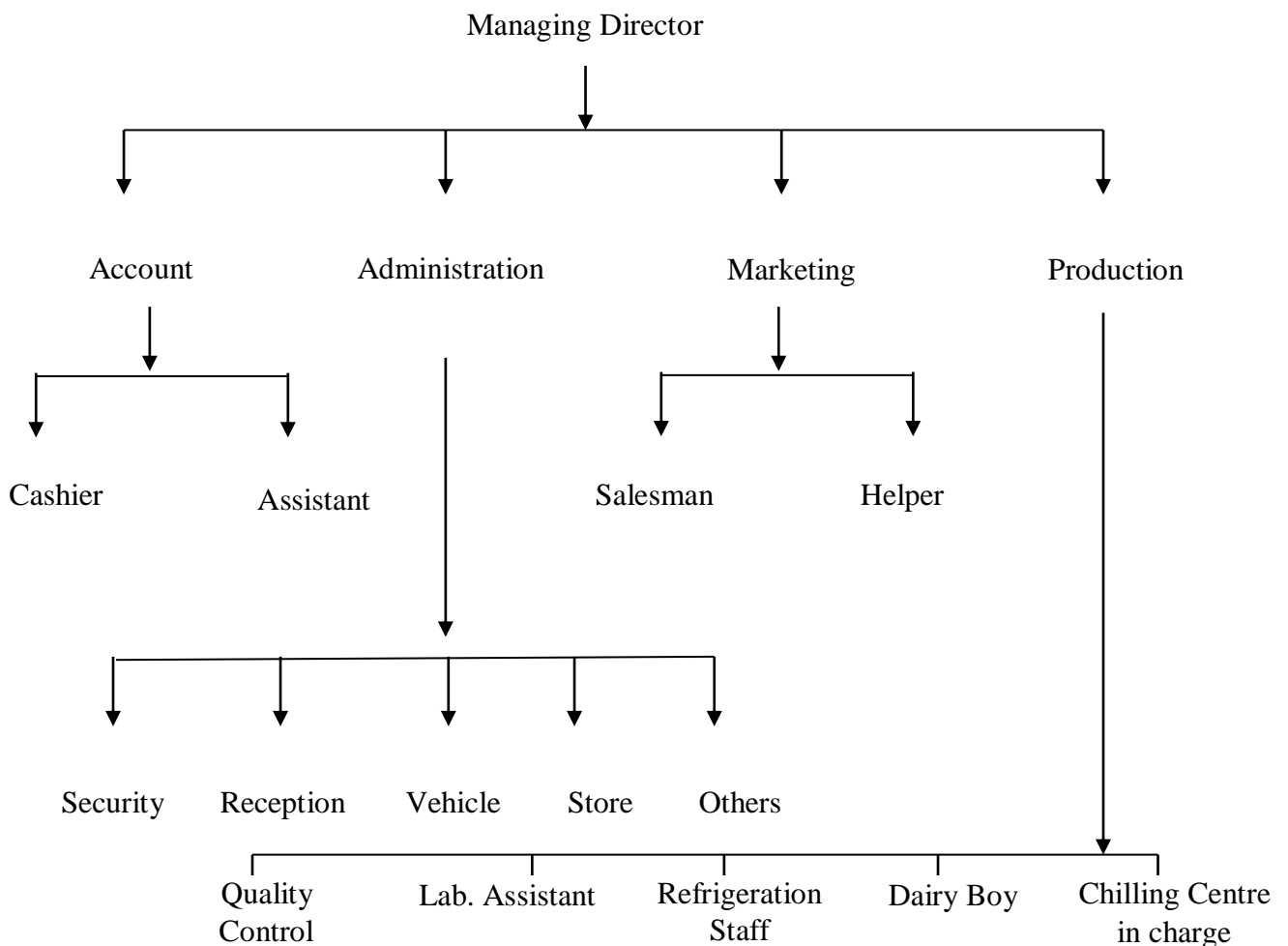
This chapter attempts to analyze different factors as elements of marketing of Dairy Development Corporation, Hetauda. The attitude of management, dealers and consumers of Dairy Development Corporation, Hetauda has also been considered in this regard.

4.1. ORGANIZATION & MANAGEMENT

Dairy Development Corporation, Hetauda is a private limited company. It is controlled by Mr. Ajaw Lal Yadav. Its organizational structure is shown in the Figure No. 4.1.

Figure No. 4.1

ORGANIZATIONAL CHART OF DAIRY DEVELOPMENT CORPORATION, HETAUDA P. LTD.



Organizational structure comprises of three level of management: top-level management, middle level management and supersensory level management. An organization's success & failure largely depends upon its top management, which is responsible for making general policies & programs. The top management of Dairy Development Corporation, Hetauda P. Ltd. constitutes the managing director who commands the authority for the operation & performance of the company. The top level management also concerned with the strategic planning such as targets, plans & policies.

Middle level management consists of departmental heads & experts. They are: account department, marketing department, administrative department & production department. This level is entrusted with the task of translating successfully the compressive strategic planning laid down by the top level management into plans & procedures.

Supervisory level also known as operating level which is the bottom level of management where actual task is to execute the plans, policies & programs formulated & forwarded by the top management & middle management. Obviously, objectives of the company are being accomplished in this level.

4.2 MILK CHILLING CENTERS

The company has five milk- chilling centers in different districts of eastern Nepal. The chilling centers collect raw milk from different individuals & co-operatives & supply milk to the factory for production of different products. The temperature that should be maintained in the chilling center should be below four degree centigrade for the precaution of milk. The chilling centers are located in the following area:

1. Chandranigahpur Chilling Center.
2. Nawalpur Chilling center.

3. Gausala Chilling center.
4. Garuda Chilling center.
5. Bhimphedi Chilling center.

4.3 AREA OF MARKETING

After the products are produced from the production center, they are distributed to the different markets for consumption. The consumers purchase the products from the dealer of Dairy Development Corporation, Hetauda P. Ltd. There are altogether 300 dealers including showrooms in Hetauda which are located in different areas of Eastern region. They are mentioned in the Table No. 4.1.

Table No. 4. 1

AREAS OF MARKETING AND NUMBER OF DEALERS

Areas	No. of Dealers
Hetauda	100
Narayanghat	45
Birgunj	50
Butwal	30
Kathmandu	150
Lalitpur	25
Pokhara	35
Bhaktapur	5
Janakpur	2
Total	442

4.4 NUMBER OF VEHICLES

Dairy Development Corporation, Hetauda Pvt. Ltd has all together 5 vehicles which collects milk form chilling centers & distribute the final products to different areas for consumption.

4.4.1 Milk Tanker

There are four tankers which collect raw milk from different chilling centers and supply to the factory for production. The maximum storage capacity per tanker is 25,000 Ltrs. of milk.

4.4.2 Marketing Van

There are five vans (jeeps) which distribute the final products to different dealers & in showrooms for consumption. These vehicles run especially in Hetauda and Dharan area most frequently because there is the maximum consumption of products in comparison to other areas.

4.5 QUALITY MAINTENANCE

The measurement of milks quality, which is received from local groups through co-operatives is tested by the company. Some tests are SNF (Solid Not Fat) test, Acidity test, Fat test etc. The payment is made to the farmer according to the quality of milk they supply. For the quality maintenance there must be 3 percent fat & 8 percent solid fat in cow's milk & 5 percent fat & 8 percent solid not fat in buffalo's milk.

4.6 RETAIL PRICE OF PRODUCTS

The current prices of the products are mentioned in Table No. 4.2. The prices may change according to the demand & supply of milk, cost, competition, government rules, regulation etc.

Table No 4.2
PRICE LIST OF DAIRY DEVELOPMENT CORPORATION, HETAUDA

S.N	Products	Quantity	Retail Price (in Rs.)
1.	<u>Milk</u>		
	Standard Pasteurized	½ Ltr.	19
	Whale	½ Ltr.	21
	Skim	½ Ltr.	16
2.	Yoghurt	200 ml cup.	17
		½ Ltr.	30
		1 Ltr.	60
3.	Ghee	½ Ltr. jar	200
		1 Ltr. jar	400
4.	Butter	½ Ltr. Packet	160
		1 k.g. packet	300
5.	Peda	1 k.g./ ½ k.g.	350/180
6.	Panner	1 k.g./ ½ k.g./200g.m.	300/150/60
7.	Ice Cream	50ml	17
		100ml	30
8.	Khowa	1 k.g.	350

Source: Dairy Development Corporation Hetauda, 2066.

4.7 TIME FACTOR

The co-operatives have to reach the chilling center with the collected milk from 6 AM to 11 AM. The respective chilling center chills collected milk which is then brought by the company's milk tankers within 8 to 9 PM

4.8 PAYMENT SYSTEM FOR THE FARMERS AND CO-OPERATIVES

The payment to the farmers is based on the Fat & Solid Not Fat (SNF) content. According to the composition of Fat & SNF the amount is paid to the farmers.

4.9 PROCESS OF MAKING PASTEURIZED MILK

The process includes the following three steps:

4.9.1 Collection

The milk is collected between 6 to 11 A M by the chilling centers which have to be reached in the factory's unit within 7 to 8 PM. While collecting milk the collection department makes a test like fat test, SNF test, acidity test etc.

4.9.2 Processing

Processing includes mainly three steps:

- a. **Separation:** It is the process of separation the Fat from the milks.
- b. **Homogenization:** The main function of homogenization is to break the fat soluble into less than micron in size. It also helps in retaining the thickness of the milk & its whiteness.
- c. **Standardization:** This is the process of giving standard to the product. The process includes 3 percent fat & 8 percent Solid Not Fat (SNF) in ordinary milk & 5 percent & 8 percent SNF in special milk.

4.10 PASTEURIZATION

In this process, the milk is heated and chilled up immediately within fifteen seconds. This process is done to kill harmful microorganisms. Now, the pasteurized milks is safe to drink.

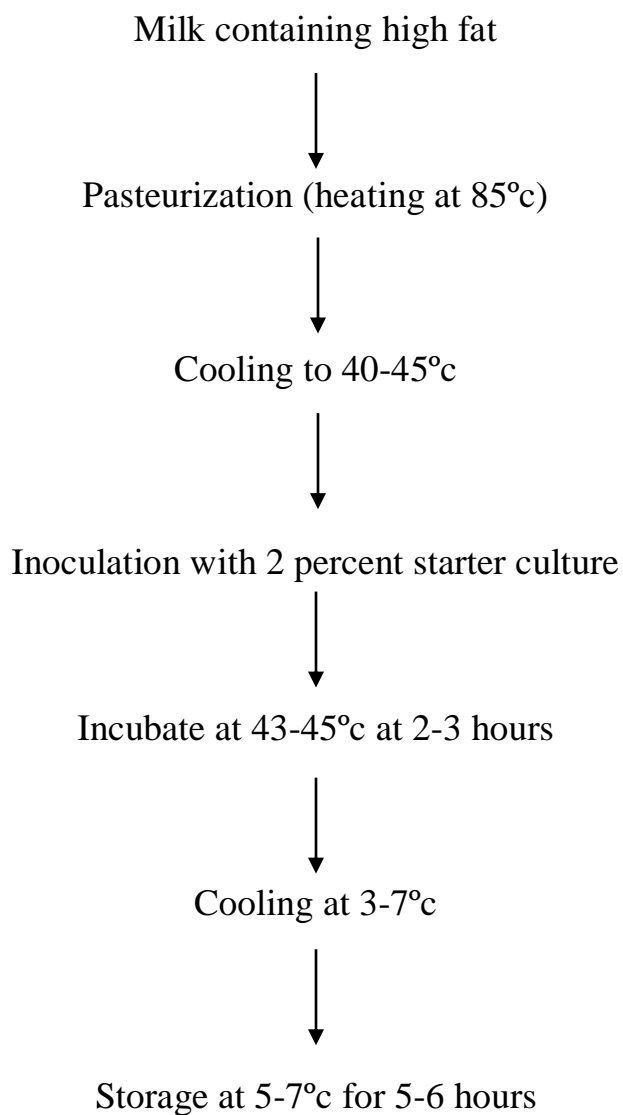
4.11 PROCESS OF MAKING YOGHURT

The company makes two types of Yoghurt.

- Standard yoghurt which contents milk of 3 percent high fat.
- Special yoghurt which content milk of 5 percent high fat.

Figure No. 4.2

PROCESS FLOW CHART OF MAKING YOGHURT



Source : Dairy Development Corporation, Hetauda

4.13 DISTRIBUTION SYSTEM OF DDC

The distribution system of Dairy Development Corporation, Hetauda can be pointed out as follows: Physical distribution includes:

1. Transportation
2. Warehousing
3. Inventory Management and Control

4. Material Handling
5. Order Processing

4.13.1 Transportation

The main means of transportation used by Dairy Development Corporation, Hetauda are presented in the Table No.4.3.

Table No. 4.3

MEANS OF TRANSPORTATION USED BY DAIRY DEVELOPMENT CORPORATION, HETAUDA HETAUDA

Means of Transportation	Use Frequency	Purpose	Payment
1. Tanker (Own)	Regularly	Delivery milks from chilling center to factory	Salary to driver and helper
2. Van (Own)	Regularly	Distribution of products to retailer dealer and showroom	Salary to driver & helper

Source: Dairy Development Corporation, Hetauda, 2066

The Table No. 4.3 indicates that DDC used its own van to deliver its products to the local area and collected milk from chilling center to factory. The fuel consumption and regular repair & maintenance of the vehicle were paid by DDC itself. It also paid the salary to the drivers and helper every month.

Table No. 4.4

**RELATIONSHIP BETWEEN SALES AND TRANSPORTATION COST IN
DAIRY DEVELOPMENT CORPORATION, HETAUDA**

(Rupees in Lakhs)

Fiscal Years	Sales (Rs.)	Transportation Cost(Rs.)
2001/02	150	11
2002/03	225	14
2003/04	275	19
2004/05	331	25
2005/06	349	34
2006/07	375	45
2007/08	393	49
2008/09	405	54

Source: Dairy Development Corporation, Hetauda, 2066

The Table No. 4.4 shows the relationship between sales & transportation cost of Dairy Development Corporation, Hetauda. The relationship between sales and transportation cost can be analyzed with the help of regression analysis (see Appendix:I)

From the calculation regression of equation Y on X, regression value indicates that minimum increase of sales did not change the transportation cost. But huge increase in sales amount changed positively the cost of transportation. It indicates that there was a chance to increase the sales without increasing the transportation cost.

4.13.1.1 Correlation between Sales and Transportation Cost

Using the Table No. 4.4, the calculated correlation is (see Appendix:- II), which indicates that the correlation between transportation cost of sales & sales of Dairy Development Corporation, Hetauda Pvt. Ltd during the

study period was positive. Two variables were correlated positively that is the transportation cost was increased with the increase of sales of dairy products.

4.13.2 Warehousing

The warehousing system of Dairy Development Corporation, Hetauda Pvt. Ltd has been presented in Table No. 4.5

Table No. 4.5
WAREHOUSING SYSTEM OF DDC

Types of Warehouse	Ownership	Use	Remarks
Ordinary	Self owned	Raw milk	Tanker
Ordinary	Self owned	Finished products	Cold storage facility

Sources: Production Section of DDC, 2066

The Table No. 4.5 indicates that Dairy Development Corporation, Hetauda P. Ltd. had its own warehouse to store raw milk as well as finished products inside the factory. Raw milk collected from chilling centers was stored in tankers having capacity of 12,000 liters milks. Similarly, the finished products like packed milks, yoghurt (curd) was stored in other warehouses which had cold storage facility. The finished products were stored in the warehouse before distributing the dealer in the market.

4.13.3 Inventory Management and Control

There was no such inventory management and control system in Dairy Development Corporation, Hetauda It used card system for the delivery of goods & it kept stock of goods for one month only. Actually DDC had not

understood the sense of the inventory management & control. They had applied subjective method such as experience, judgment for the calculation of required inventory.

4.13.4 Material Handling

The material handling of DDC is presented in Table No. 4.6

Table No. 4.6
MATERIAL HANDLING OF DAIRY DEVELOPMENT CORPORATION,
HETAUDA P. LTD.

Types of Handling	Nature of Products	No. of Machine/Person	Handling Capacity/Day
1. Mechanical	Raw	1	12,000 ltrs.
2. Manual	Finished	5	10,000 ltrs.

Source: Dairy Development Corporation, Hetauda, 2066

The Table No. 4.6 shows that DDC used machine to handle the raw milks collected from various chilling centers. The milk was first tested in quality center there after it was weighted and sent for storage through pipe. All together five workers were involved in handling the finished products like milk, yoghurt, ice-cream etc.

4.13.5 Order Processing

The order processing of DDC is presented in Table No. 4.7.

Table No. 4.7
ORDER PROCESSING OF DAIRY DEVELOPMENT CORPORATION,
HETAUDA

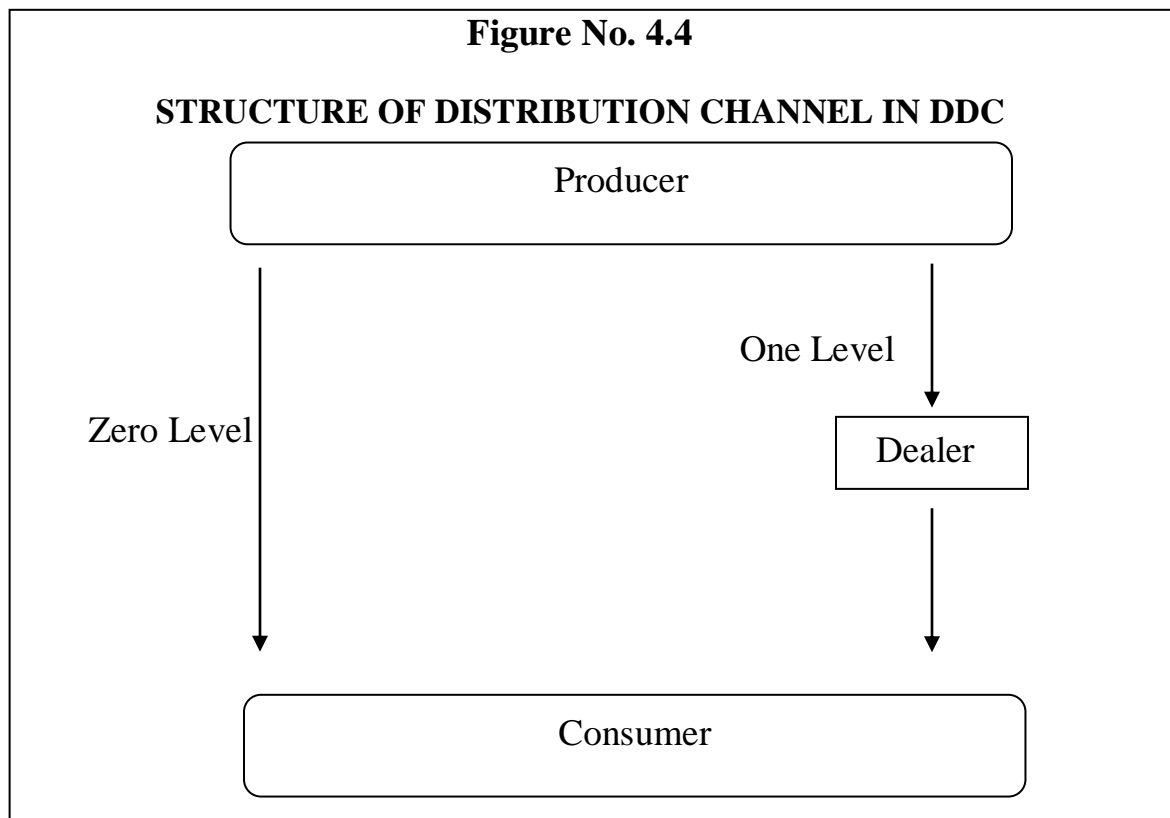
Mode of Receiving order	Receiving Areas	Processing Method	Frequency
1. Through sales boy	Different market	Manual based	Regular
2. Direct order	Local Area	Manual based	Sometimes

Source: Dairy Development Corporation, Hetauda, 2066

The Table No. 4.7 indicates that Dairy Development Corporation, Hetauda had manual order processing system. Company collected order from dealers through sales boy as a regular basis. Sometimes DDC got order directly from the customer through phone or direct contacting the factory. Generally, the demand for the product was high from Baisakh to Kartik and during the festivals and wedding season. The demand was low in Poush & Chaitra because there is no festival in these periods.

4.14 CHANNEL DISTRIBUTION OF DDC, HETAUDA

The channel of distribution used by Dairy Development Corporation, Hetauda are shown in Fig. No. 4.4 which is prepared level wise.



4.14.1 Zero Level Channel

Dairy Development Corporation, Hetauda, Hetauda distributed their products directly to the consumer from its showroom. This system was prevailed in Hetauda city only. It sometimes distributed its products to the consumer from the factory also. Delivering the consumer was managed according to the order received from the consumers. It was direct as zero level channels because products were distributed directly from producers to consumers.

4.14.2 One Level Channel

DDC used dealer as intermediary for the distribution of its products to the consumers. Company has self delivery process to the dealer according to their order. There were all together 300 dealers who sold the products of DDC to the different markets of eastern region.

Table No. 4.8

MANAGEMENT'S VIEW REGARDING CHANNEL OF DISTRIBUTION

Particulars	Mean Score		Total Mean Score	Avg. Mean Score
	Management	Dealer		
a) Distribution cost	2	3	5	2.5
b) Timely availability of product	3	2	5	2.5
c) Satisfaction from present distribution	2	3	5	2.5
d) Performance of overall	3	3	6	3

distribution channel				
Total	10	11	21	10.5

Source: Field Survey, 2066

The management of Dairy Development Corporation, Hetauda responded the distribution cost of its products and the mean score was 2 i.e. satisfactory. Timely availability of product mean score was 3 i.e. indifferent. Present distribution system mean score was 2 and overall distribution channel available mean score was 3 which showed satisfaction & indifferent respectively. Dealers responded distribution cost mean score was 3, timely availability of product mean score was 2, satisfaction from present distribution mean score was 3, overall distribution channel mean score was 3 represented, indifferent, satisfactory, indifferent and indifferent respectively. In conclusion, it can be said that the management's view toward distribution cost and present distribution system was satisfactory whereas their view was indifferent towards timely availability of products and performance of overall distribution channel.

4.15 FACTORS INFLUENCING THE SELECTION OF CHANNEL STRUCTURE IN DDC

The management of Dairy Development Corporation, Hetauda Pvt. Ltd considered middleman factor, product factor & organization factor but they did not consider market factors before selecting channel. The management has to develop the suitable channel in distribution system considering the factors influencing for selecting channel structure to attain maximum sales & profit.

Actually, the task of channel selection is a critical decision for dairy products. Channel selection is a compromise decision between the most

ideal channels & available channels. Channels selection requires a careful analysis of above factors.

4.16 MAJOR CHANNEL ALTERNATIVES IN DDC

Dairy Development Corporation, Hetauda had identified following channel alternatives:

4.16.1 Types of Intermediaries

Dairy Development Corporation, Hetauda had adopted two types of intermediaries to sell its products:

- i. ***Company sales force:*** Dairy Development Corporation, Hetauda had established two showrooms in Hetauda that directly sold the products to the customers. These showrooms were working in the direct supervision of the company.
- ii. ***Product dealers:*** DDC had 300 dealers in different part of eastern region of Nepal. The company had given them a certain margin in selling the products.

4.16.2 Number of Intermediaries

The management in channel decision determines the intensity of distribution i.e. the number of middleman. Generally three courses of actions are available in this case.

i. Intensive distribution:

Where the seller will take every outlet to sales the products.

ii. Selective distribution:

Where the marketer will use only a few outlets in a particular market.

iii. Exclusive distribution:

Where the producer will enter into agreement with a particular stockiest `or retailers & sell only to those intermediaries in the given market.

In the case of DDC, it has used intensive selective distribution system.

4.16.3 Terms & Responsibility of Channel Members

The producers of every company have to determine the rights & responsibility of participating channel members. Each channel member must be treated respectfully.

4.16.4 Price Policy

DDC had prepared a price list. The schedule of discount & allowances of product was given in special cases. The channel members of DDC were not satisfied with the schedule of discounts & allowances as it was too low in comparison with the competitive products.

4.16.4.1 Condition of Sales

DDC granted cash discount in special case to dealers for early payment. It also granted credit facility to the dealer for maximum three months. DDC took back the products, which were not sold in the market.

4.16.5 Dealer's Territorial Rights:

Management of DDC had ignored about dealer territorial rights. The dealer could do anything to sell their products & this right depended upon them but they could not go against the pricing policy of DDC. If the dealers came & asked for dealership then he/she could get dealership by fulfilling the requirement of DDC.

4.17 MOTIVATION FOR CHANNEL MEMBERS IN DDC

DDC thought that selected channel members must be motivated to do their best. The management felt that it was great problem to gain channel member's co-operation without motivating them. As DDC was in infant stage, just few years of operation it could not bring such big scheme to

motivate the channel members however some special discount was given to them in special case according to the sales performances of the dealers. So, DDC was in plan to use some motivational tools to the channel members such as commission in future.

4.18 CHANNEL CONFLICT IN DDC

Channel conflict is the disagreement among marketing channel members on goals & sales. Perhaps every trade channel of business company is affected by channel conflict. On the other hand, the mind of every marketing manager is threatened by channel conflict.

In regard of this study, special talk was held with the marketing manager of Dairy Development Corporation, Hetauda about the channel conflict. It is oblivious that there was no channel conflict during the period of FY 2001/02 to FY 2008/09.

4.19 FINDINGS OF SURVEY

The management of DDC was very keen to get the consumer feedback. Questionnaires were prepared to gain consumer reaction i.e. level of customer satisfaction against the channel of distribution. A format of the questionnaire, which was asked in the survey, has been duly included in the appendix.

4.19.1 Sample Size, Gender & Age Groups

The sample size selected was 250 people. The respondent consists of male as well as female. The member of male & female respondent who were asked to take part in the survey has been listed in Table No. 4.9 & the decision of respondent according to the age group has been listed in Table No. 4.10

Table No. 4.9

NUMBER OF RESPONDENTS IN TERMS OF GENDER

Respondents (Gender)	No. of respondents
Female	150
Male	100
Total	20

Source: Opinion Survey, 2066

Table No. 4.10

NUMBER OF RESPONDENTS IN TERMS OF AGE GROUP

Age groups	16-21	22-27	28-33	Total
No. of respondents	50	70	130	250

Source: Opinion Survey, 2066

It is to be noted that the presentation is shown on the basis of age group (as shown in Table No: 4.10) rather than the gender (as shown in Table No. 4.9). Now, here is the tabulated & the graphical presentation of the findings from the survey. The analysis of the survey has been done according to the question from the questionnaire. The table & graphs are based on the answers given by the following age groups. Only some questions have been tabulated & graphically presented which were felt important.

4.19.2 Do you use dairy products?

The purpose behind the presentation of this question was to find out the number of user of dairy products and to know their satisfaction level. In the context of above question the following response was made which are tabulated and graphically presented.

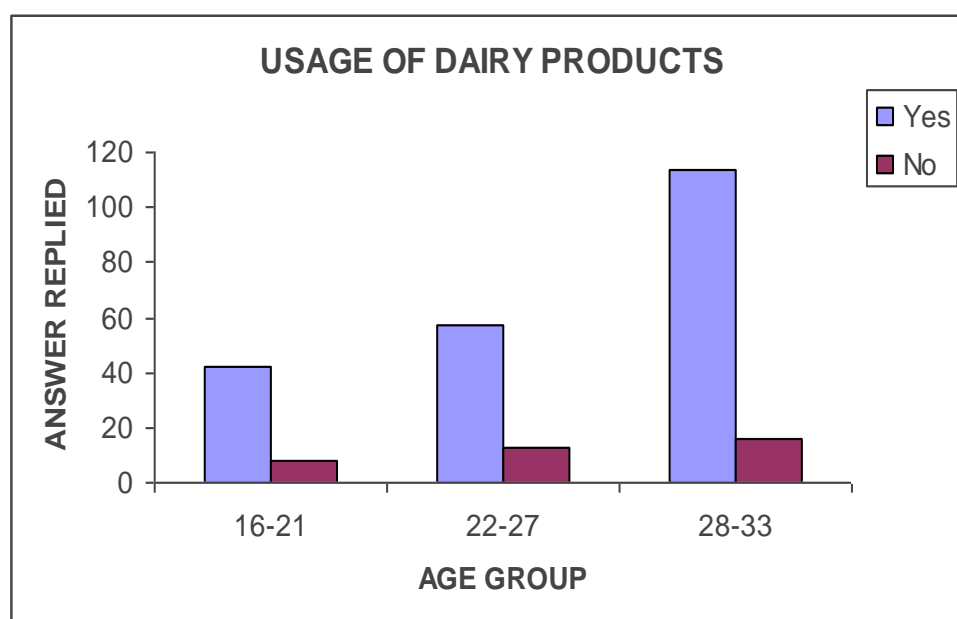
Table No. 4.11

USAGE OF DAIRY PRODUCTS

Age group	No. of Respondents	Answer Replied			
		Yes	Percentage	No	Percentage
16-21	50	42	85	08	15
22-27	70	57	82	13	18
28-33	130	114	88	16	12
Total	250	213	85.20	37	14.80

Source: Opinion Survey, 2066

Figure No. 4.5



According to the Table No. 4.11 from the age group 16-21, it was found that 85 percent of the respondents used dairy products whereas only 15 percent did not use it. From the next age group 22-27, it was found that 82 percent of the respondents used the DDC products whereas 18 percent did not use the DDC products. Among age group 28-33, 88 percent of the respondents used DDC products and only 12 percent of the respondents did not use the DDC products.

In conclusion, it is found that from the total number of respondents (250), majority of respondents (85.20 percent) liked & used the DDC products whereas only 14.80 percent respondents didn't use the DDC products. So, from the above data it can be concluded that many people of different age group used the product. This signifies that dairy products have a great potential market and has large demand. Therefore, dairy products have a more prospect in future.

4.19.3 If yes, then what kind of dairy products do you use?

This question is an important one for this study because it is directly related to the demand for a particular dairy product in the market. The findings of the question are tabulated and graphically presented in Table No. 4.12 and Figure No. 4.6.

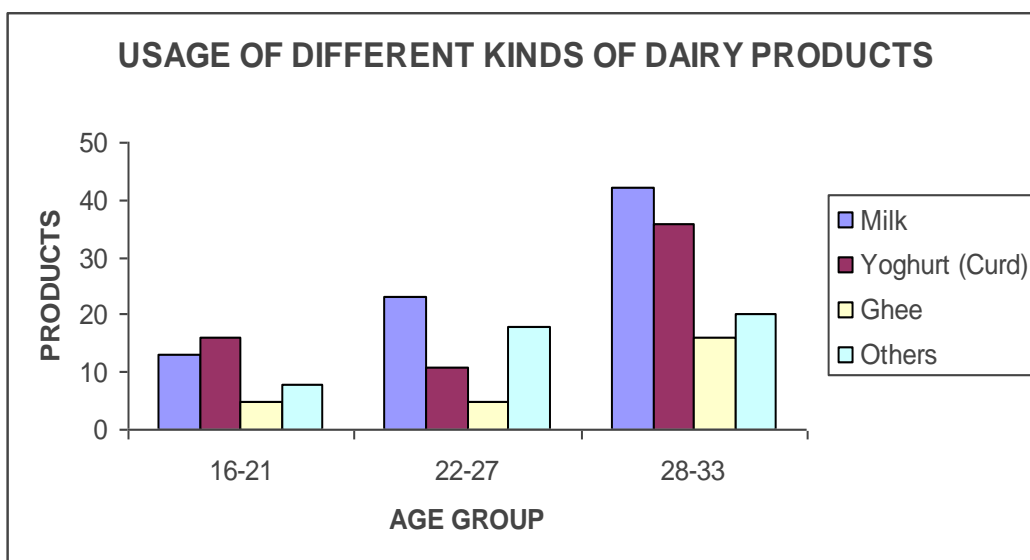
Table No. 4.12

USAGE OF DIFFERENT KINDS OF DAIRY PRODUCTS

Age group	Milk	Percent age	Yoghurt (Curd)	Percent age	Ghee	Percent age	Others	Percent age	Total	Percent age
16-21	13	30.95	16	38.10	5	11.90	8	19.05	42	100
22-27	23	40.35	11	19.30	5	8.77	18	31.58	57	100
28-33	42	36.84	36	31.58	16	14.04	20	17.54	114	100
Total	78	36.61	63	29.58	26	12.21	46	21.60	213	100

Source: Opinion Survey, 2066

Figure No. 4.6



According to the Table No. 4.12, from the 16-21 age group respondents, 30.95 percent liked milk, 38.10 percent liked yoghurt, 11.90 percent liked Ghee & 19.05 percent liked other products. Similarly, from 22-17 age group respondents, 40.35 percent liked milk, 19.30 percent liked yoghurt, 8.77 percent liked ghee & 31.58 percent liked other product. Lastly, among 28-33 age group of respondents 36.84 percent liked milk, 31.58 percent liked yoghurt, 14.04 percent ghee & 17.54 percent liked other products. In other words, out of total no. of respondents (213), 78 respondents liked milk, 63 respondents liked yoghurt, 26 respondent liked ghee & 46 respondent liked others products.

By analyzing the above table, it is obvious that most of the people preferred milk consumption. So, the milk has more demand than other products. Therefore, DDC should emphasize more on milk product.

4.19.4 What factor mostly effect your purchase decision of dairy products?

While purchasing any product various factors are considered like quality, price and hygiene. This question helps to find out the right

influencing factor while purchasing the product of DDC. The responses to the question are presented in Table No. 4.13.

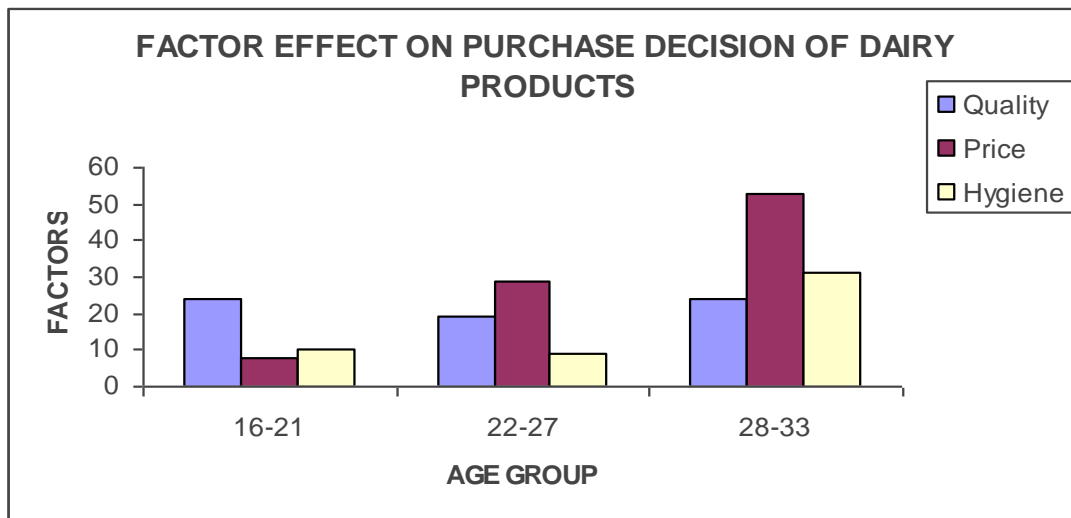
Table No. 4.13

FACTOR EFFECT ON PURCHASE DECISION OF DAIRY PRODUCTS

Age group	Quality	Percentage	Price	Percentage	Hygiene	Percentage	Total	Percentage
16-21	24	57.14	8	19.05	10	23.81	42	100
22-27	19	33.33	29	50.88	9	15.79	57	100
28-33	26	22.80	55	48.25	33	28.95	114	100
Total	69	32.39	92	43.19	52	24.41	213	100

Source: Opinion Survey, 2066

Figure No. 4.7



According to the Table No .4.13, 57.14 percent respondents of age group 16-21, opined that the quality of the product should be preferred, 19.05 percent were in favor of price of the product & 23.81 percent supported hygiene factors. As same as in age group 22-27, 33.33 percent of the respondents preferred the quality of the product, 50.88 percent were

interested in price, 15.79 percent of the respondent liked hygiene. Lastly age group 28-33, it was found that 22.80 percent of the respondent preferred quality of the product, 48.25 percent preferred the price, 28.95 percent of the respondents were interested in hygiene factor. Out of total no. of respondents it was found that 32.39 percent of respondents preferred the quality of products, 43.19 percent of respondents were interested in price & 24.41 percent of respondents liked hygiene factor.

In conclusion, from above data it can be said that many people of different age group preferred price factor and thereafter quality and then hygiene factor. This signifies that customer is conscious towards the price factor.

4.19.5. How did you know about the products?

This question was prepared to know the media through that customer sought information regarding the products. It helps the promotion of products that will boost the sales. In the case of above question following response was made which are tabulated & graphically presented in Table No. 4.14 and Fig. No .4.8 respectively.

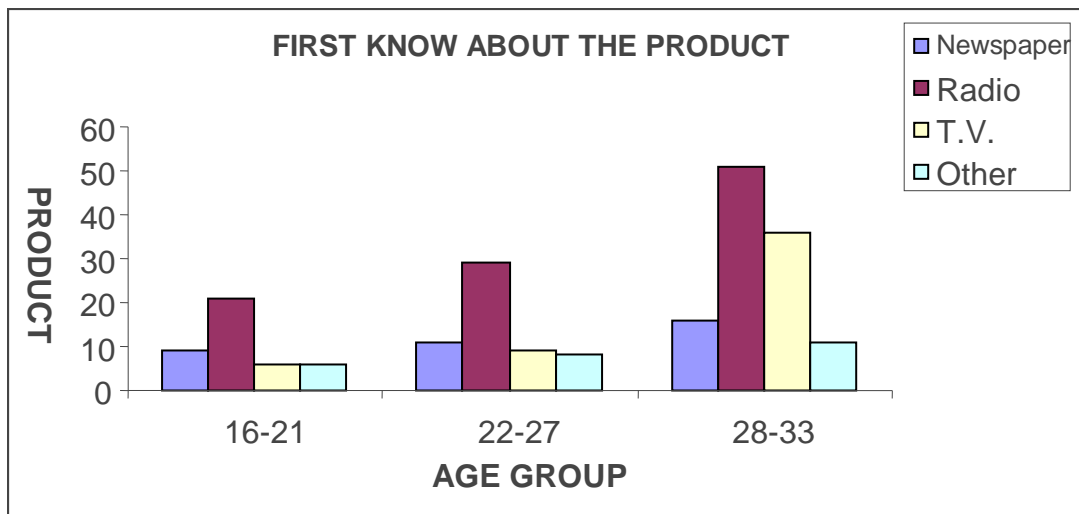
Table No. 4.14

FIRST KNOW ABOUT THE PRODUCT

Age group	News paper	Percentage	Radio	Percentage	T.V.	Percentage	Other	Percentage	Total	Percentage
16-21	9	21.43	21	50	6	14.29	6	14.29	42	100
22-27	11	19.30	29	50.88	9	15.79	8	14.04	57	100
28-33	16	14.04	51	44.74	36	31.58	11	9.65	114	100
Total	36	16.90	101	47.42	51	23.94	25	11.74	213	100

Source: Opinion Survey, 2066

Figure No. 4.8



According to the Table No 4.14, among age group 16-21, around 50 percent of the respondent sought information from radio, 21.43 percent of the respondent sought information from newspaper, 14.29 percent of the respondent sought information from T.V & 14.29 percent of the respondents received information from other media. Similarly, from age group 22-27, it was found that around 50.88 percent of the respondents listened radio, 19.30 percent of the respondents got information from newspaper, 15.79 percent of the respondents watched television (T.V.) to get information & 14.04 percent of the respondents received information from other media. Lastly, from the age group 28-33, it was found that 44.74 percent of the respondents got information form radio, 31.58 percent of the respondents watched T.V., 14.04 percent sought from newspaper & 9.65 percent respondents got information from other media. Out of total respondents, 16.90 percent respondents read newspaper & got information from it, 47.42 percent respondents listened radio, 23.94 percent respondents watched T.V. & 11.74 percent respondents selected other media.

Therefore, from above data it can be said that for the company advertising, radio would be the best promotion tools because maximum people sought radio for information. Radio advertising is cheaper than television advertising & so the advertisement can increase market share &

capture more market by making consumer awareness. After this the better media are television, newspaper & other respectively.

4.19.6 Do you like the products of Dairy Development Corporation, Hetauda?

This question helped to find out the actual consumer of DDC i.e. likes & dislike of consumers. The findings of the question are tabulated & graphically present in Table No. 4.15 and Figure No. 4.9.

According to the Table No. 4.15 from the respondents of age group 16-21, it was know that DDC had gained a significant popularity as 76.19 percent of the total respondents preferred it and 23.81 percent disliked the products. Majority

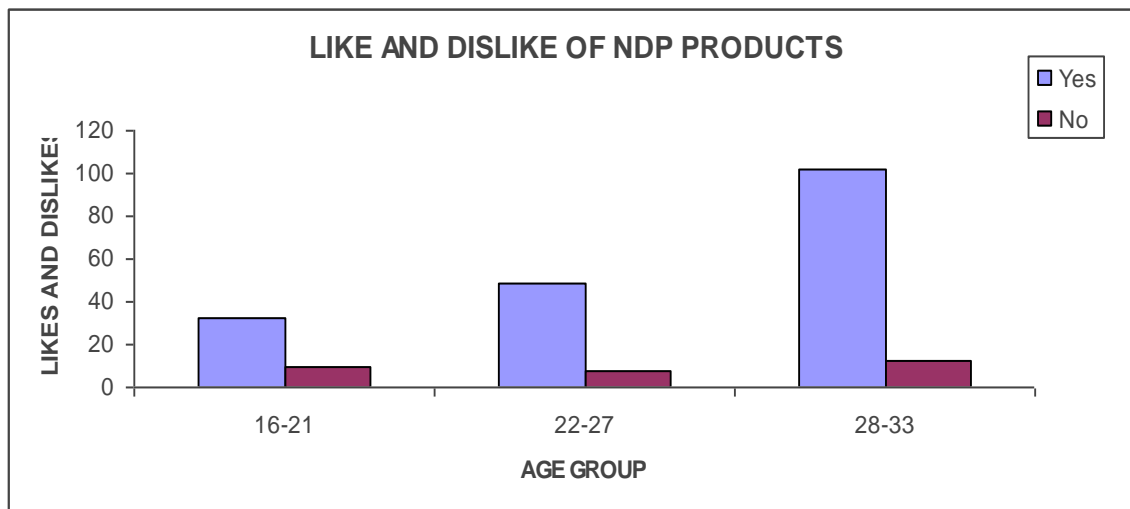
Table No. 4.15

LIKE AND DISLIKE OF DDC PRODUCTS

Age group	Yes	Percentage	No	Percentage	Total	Percentage
16-21	32	76.19	10	23.81	42	100
22-27	49	85.96	8	14.04	57	100
28-33	102	89.47	12	10.53	114	100
Total	183	85.92	30	14.08	213	100

Source: Opinion survey, 2066

Figure No. 4.9



of them had shown a positive attitude towards the Nobel Dairy Product Pvt. Ltd. and which is good news for the company. Similarly, in age group 22-27, 85.96 percent of the respondents liked DDC products & 14.04 percent of the respondent disliked DDC products. Lastly, among age group 28-33, 89.47 percent of the respondent liked DDC products & 10.53 percent of the respondent disliked DDC products. Out of total 213, 183 respondents i.e. 85.92 percent said yes or give answer positively and only 30 no. of respondents i.e. 14.08 percent gave answer negatively.

Therefore, from above data it can be said that the company has gained encouraging result as the percentage of liking was high.

4.19.7 Are you satisfied with the price charged by DDC.?

The purpose behind the preparation of this question was to know whether the price of product of Dairy Development Corporation, Hetauda was suitable for the consumer. From the above question following responses were made which are tabulated and graphically presented according to the response form 213 respondents.

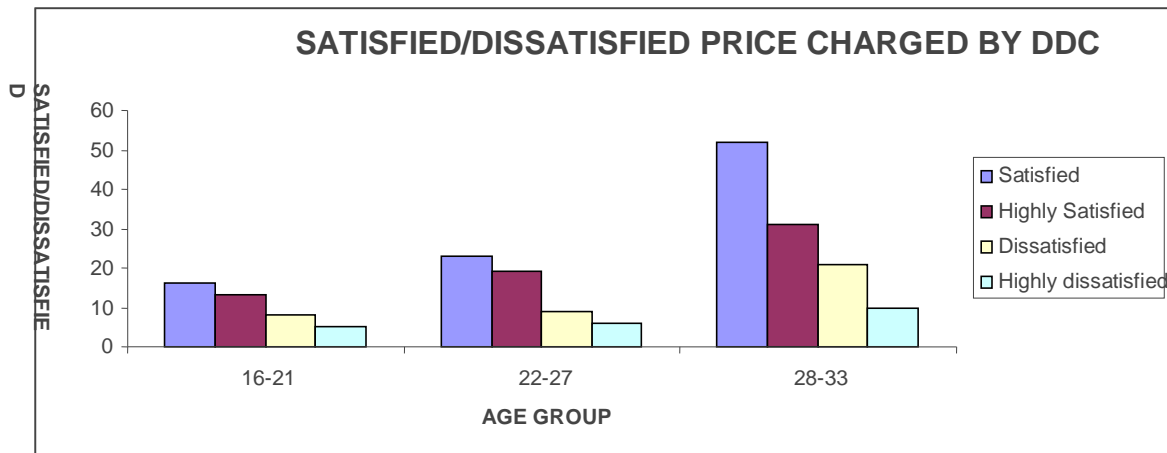
Table No. 4.16

SATISFIED / DISSATISFIED PRICE CHARGED BY DDC PVT.LTD.

Age group	Satisfied	Perce ntage	Highly Satisfied	Perce ntage	Dissat isfied	Perce ntage	Highly dissatisfied	Perce ntage	Total	Perce ntage
16-21	16	38.1	13	30.95	8	19.05	5	11.90	42	100
22-27	23	40.35	19	33.33	9	15.79	6	10.53	57	100
28-33	52	45.61	31	27.19	21	18.42	10	8.77	114	100
Total	91	42.72	63	29.58	38	17.84	21	9.86	213	100

Source: Opinion Survey, 2066

Figure No. 4.10



According to the Table No .4.16 from the age group 16-21, it was found that around 38.1 percent of the respondents were satisfied with the price, 30.95 percent of the respondents were highly satisfied & only 19.05 percent were dissatisfied & 11.90 highly dissatisfied respectively. Similarly, from age group 22-27, it was found that 40.35 percent of the respondents were satisfied from the price charged by Nobel Diary Products Pvt. Ltd. 33.33 percent of the respondents were highly satisfied, 15.79 percent and 10.53 percent of the respondents were dissatisfied and highly dissatisfied respectively. Lastly, from age group 28-33, it was found that 45.61 percent & 27.19 percent of the respondents were satisfied and highly satisfied respectively from the price charged by DDC & 18.42 percent, 8.77 percent

of the respondents were dissatisfied, highly dissatisfied respectively with price charged by DDC. In total, it can be said that, out of total respondents 213, 42.72 percent respondents were satisfied, 29.58 percent respondents were highly satisfied, 17.84 percent respondents were dissatisfied and 9.86 percent respondents were highly dissatisfied. Therefore, from the above data it can be concluded that, many people of different age group were satisfied with the price charged by DDC . This signifies that its products have a great potential market & its future prospect is high. So, company is in right track.

4.19.8 How do you perceive the products' quality of DDC?

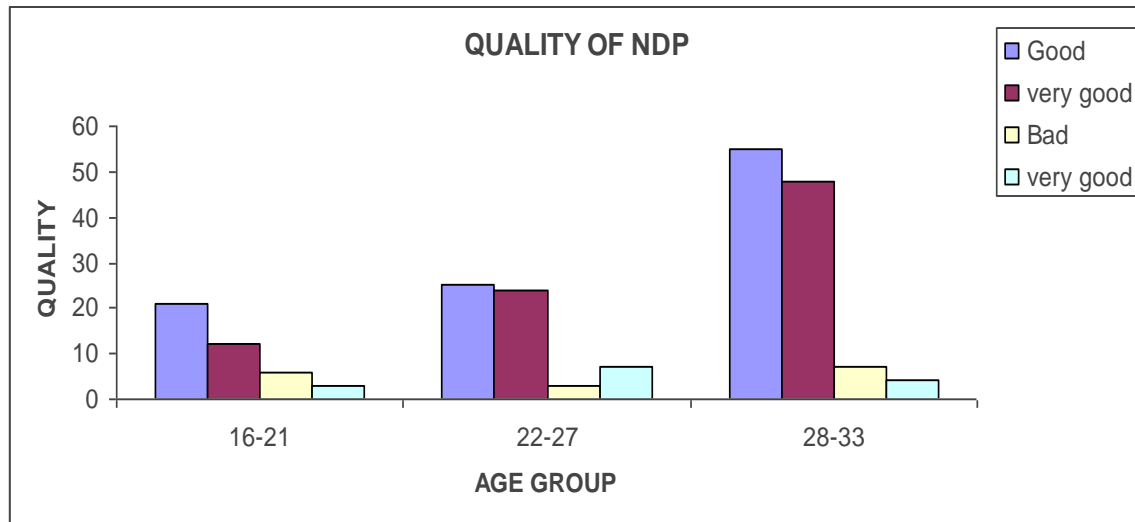
The main reason for preparing this question was to know the quality aspects of products. Different age groups were taken to know which age group was the mostly affected in the market. The following response was made which are tabulated and graphically presented according to different age groups.

Table No 4.17
PRODUCTS' QUALITY OF DDC

Age group	Good	Percentage	very good	Percentage	Bad	Percentage	very good	Percentage	Total	Percentage
16-21	21	50	12	28.57	6	14.29	3	7.14	42	100
22-27	24	42.11	24	42.11	3	5.26	6	10.53	57	100
28-33	55	48.23	48	42.11	7	6.14	4	3.51	114	100
Total	100	46.95	84	39.44	16	7.51	13	6.10	213	100

Source: Opinion Survey, 2066

Figure No. 4.11



According to the Table No. 4.17 from age group 16-21, it was found that 50 percent of the respondents accepted as good quality, 28.57 percent answered very good quality, 14.29 percent answered bad quality and 7.14 percent answered very bad quality. Similarly from the next age group 22-27, it was found that 42.11 percent respondents answered good quality, 42.11 percent answered very good quality whereas 5.26 percent answered bad quality and 10.53 percent answered very bad quality. Lastly, from age group of 28-33, 48.23 percent and 42.11 percent respondents answered as good & very good quality respectively whereas 6.14 percent and 3.51 percent answered bad and very bad quality respectively. In total, it can be said that out of total 213 respondents, 46.95 percent respondents answered good & 39.44 percent replied very good quality. Whereas 7.51 percent and 6.10 percent respondents answered bad & very bad quality product of DDC respectively.

Therefore, from above data, it can be concluded that majority people of different age group had good response towards quality of the products of DDC. This point out that company is conscious towards maintaining quality. Therefore customers have a good perception towards its product.

4.19.9 Are you satisfied with the proportionate of Fat and SNF (sold not fat) content in the milk of DDC?

This question was design to draw the conclusion of customer opinion towards the FAT and SNF content. This is an important question because it will help the company to know whether the FAT & SNF should be maintained or increased. The Table No. 4.18 and Figure No. 4.12 show the response.

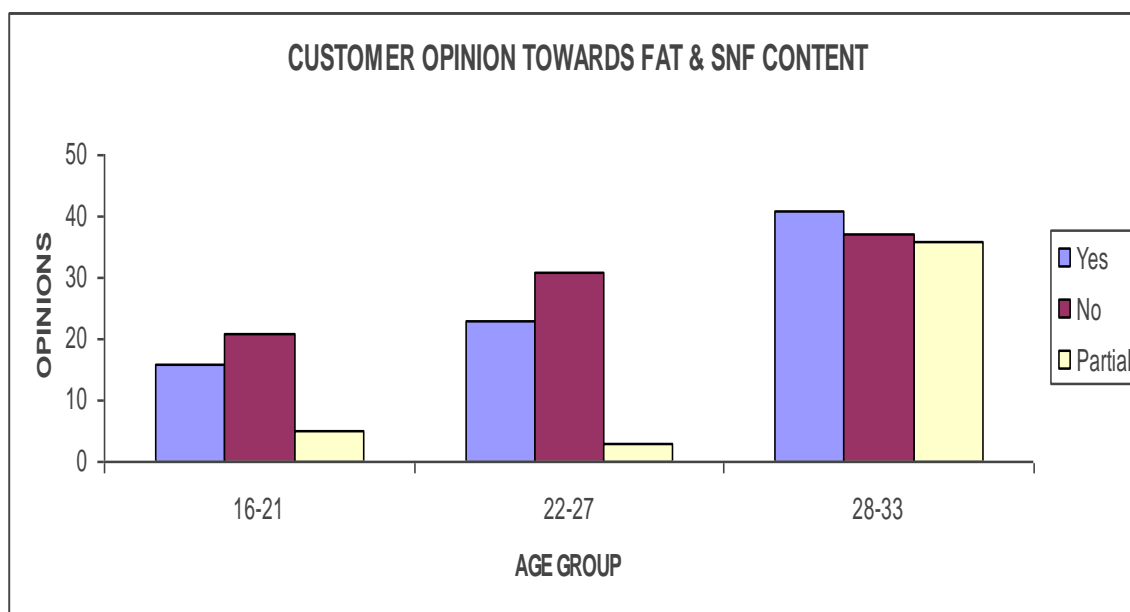
Table No. 4.18

CUSTOMER OPINION TOWARDS FAT & SNF CONTENT

Age group	Yes	Percentage	No	Percentage	Partial	Percentage	Total	Percentage
16-21	16	38.1	21	50	5	11.90	42	100
22-27	23	40.35	31	54.39	3	5.26	57	100
28-33	41	35.96	37	32.46	36	31.58	114	100
Total	80	37.56	89	41.78	44	20.66	213	100

Source: Opinion Survey, 2066

Figure No. 4.12



According to the Table No.4.18 from the age group of 16-21, it revealed that 50 percent of the respondents were not satisfied with proportionate of FAT and SNF, 38.1 percent of the respondents were satisfied & 11.90 percent were partial satisfied. In the case of age group 22-27 it was found that 54.39 percent of the respondents were not satisfied with proportionate of FAT and SNF, 40.35 percent of the respondents were satisfied & 5.26 percent were partial satisfied. Lastly, age group 28-33 revealed that 32.46 percent of the respondents were not satisfied with the proportionate of FAT & SNF. 35.96 percent of the respondents were satisfied & 31.58 percent were partial satisfied. Out of total 213 respondents, 37.56 percent respondents were satisfied, 41.78 percent gave negative answer and 20.66 percent were partial satisfied.

Consumer attraction towards brand may be due to many reasons such as proportionate of FAT & SNF contents. By analysis it was found that mostly people were not satisfied with the proportionate of FAT and SNF contents. Therefore, Dairy Development Corporation, Hetauda should increase the proportionate contents to gain more customer satisfaction.

4.19.10 Is the retail shop near from your house to supply the product of DDC?

Channel of distribution is very important to supply the needed products. Similarly, the products should be easily available where customers demand. This is an important question because it will help the company to know whether to increase or decrease the number of distribution channel. This will also help the company, in other way, to facilitate easy availability of products & increase the company's customer satisfaction against competitors. The Table No. 4.19 and Figure No .4.13 show the responses.

According to the Table No 4.19 from age group 16-21, 35.71 percent of respondents said that retail shop was located far, 26.19 percent said that it

was near, 19.05 percent said that it was very near and 19.05 percent said that it was very far. Similarly from age group 22-27, 42.11 percent of the respondents accepted that retail shop was located far, 17.54 percent replied that it was near,

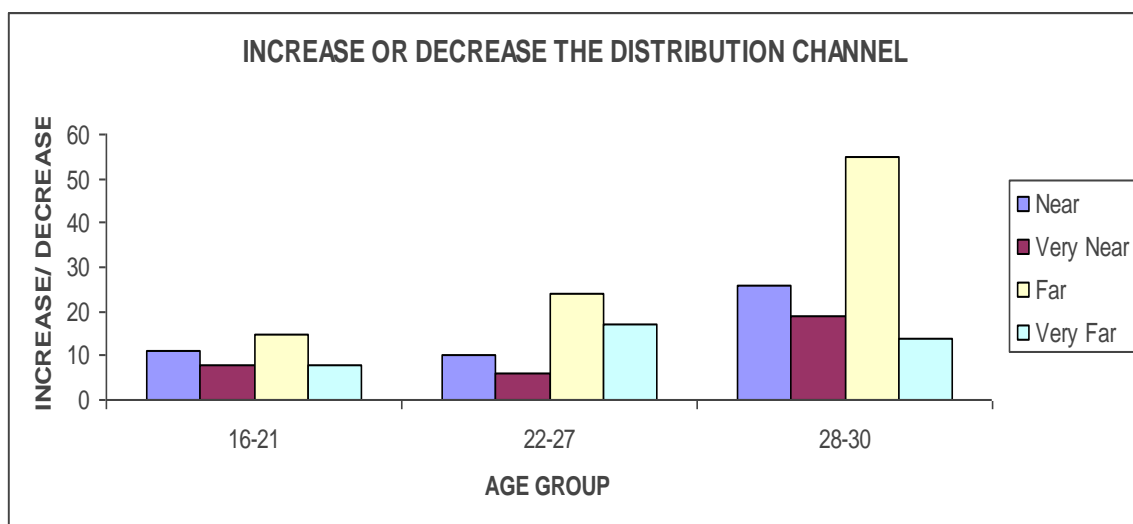
Table No. 4.19

INCREASE OR DECREASE THE DISTRIBUTION CHANNEL

Age group	Near	Percentage	Very Near	Percentage	Far	Percentage	Very Far	%	Total	Percentage
16-21	11	26.19	8	19.05	15	35.71	8	19.05	42	100
22-27	10	17.54	6	10.53	24	42.11	17	29.82	57	100
28-33	26	22.11	19	16.67	55	48.23	14	12.28	114	100
Total	47	22.07	33	15.49	94	44.13	39	18.31	213	100

Source: Opinion Survey, 2066

Figure 4.13



10.53 percent answered that it was very near & 29.82 percent opined that it was very far. Lastly, from age group 28-33, 16.67 percent respondents opined that retail shop was located very near, 22.11 percent answered near, 48.23 percent replied that it was far and 12.28 percent replied it was very far. Out of total respondents, 22.07 percent respondents answered that it was near, 15.49 percent replied that it was very near, 44.13 percent said that it was far and 18.31 percent said that it was very far.

Easy location plays an important role in selling of products. Therefore, from above analysis location of middlemen of products were quite far. It means that number of both was less. So, the company should increase the number of both to fulfill the requirements of consumers.

4.19.11 Is there any coupon prizes scheme in DDC? Are you satisfied?

Coupon prizes have been an important promotional tool used by several businesses. This question was designed to know the effect of the coupon scheme in the sale of DDC products. The Table No. 4.20 and Figure No. 4.14 show the responses of consumers.

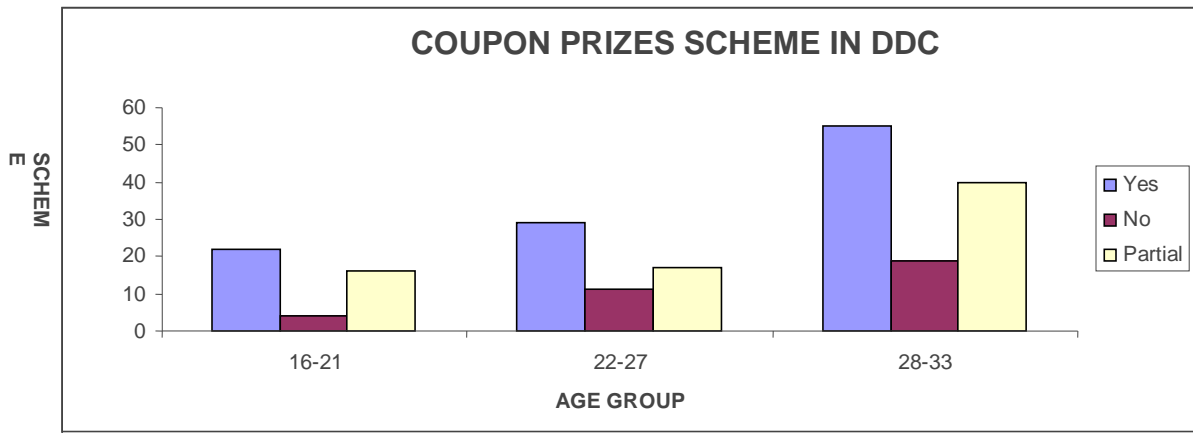
Table No. 4.20

COUPON PRIZES SCHEME IN DDC

Age group	Yes	percent	No	percent	Partial	percent	Total	percent
		age		age		age		age
16-21	22	52.38	4	9.52	16	38.01	42	100
22-27	29	50.88	11	19.30	17	29.82	57	100
28-33	55	48.25	19	16.67	40	35.09	114	100
Total	106	49.77	34	15.96	73	34.27	213	100

Source: Opinion Survey, 2066

Figure No. 4.14



According to the Table No 4.20 from the age group 16-21, it is obvious that out of total no. of respondents, 52.38 percent were motivated to purchase when coupon prizes was added as promotional scheme, 38.01 percent of the respondents were partial convinced and 9.52 percent were not motivated to purchase. Similarly from age group 22-27, it was found that 50.88 percent of the respondents agreed that, 29.82 percent coupon prize scheme was the motivational tool in purchase decision. Lastly, from age group 28-33, 48.25 percent respondents agreed, 35.09 percent were partial and 16.67 percent were disagree as being the motivational factor in purchase decision.

It is supposed to be an effective tool for product's promotion. Large number of respondents suggested that DDC should offer coupon prize which plays an important role to attract consumers.

Chapter–V

Summary, Conclusion and Recommendation

Summary

Nepal is an agriculture based developing country. The modern economic activity and industrial development has begun very recently in Nepal. The balance of development of both agriculture as well as industrial sectors is the basic need of any country for the overall development. One of the various causes of poverty of our nation is imbalance development. Good governance and well managed leadership are extremely needed for the industrial as well as agricultural development of our country.

In modern age, for the economic development many subsection of the economy development many subsection of the economy has been identified in the agricultural areas of Nepal like fishing, beekeeping and forestry. Among these, milk production and supply is one of the important areas. Being an agricultural country, Nepal has to give more attention from the side of government both in the development of dairy business.

Government should manage to help to help in milk production. This may be a good job for job service of the nation and backbone of agricultural economy. Dairy development corporation is one of the public enterprises established in shrawn 1, 2006 B.S. Similarly, there are different private dairy industries established and running in different sector of Nepal. Dairy Development corporation Hetauda is one of the most important dairy enterprise operating in Eastern Development Region of Nepal.

Dairy Development Corporation Hetauda was established in 2021 B.S. It had an initial investment of Rs. 629,828,400. There are 70 employees including upper level and lower level management.

In the context of Nepal, the dairy industries are playing the prominent role in the economic development. Dairy industries have been providing employment to many people directly or indirectly. Dairy employment corporation Hetauda and other dairy industries are situated from eastern to western part of Nepal. They are contributing towards accelerated progress through industrial sector. Most of the newly established dairy industrial sector are owned by private ownership whereas DDC is public sector industry.

Nowadays, the marketing concept is changed into customer satisfaction. According to this concept, the responsibility of manager has grown up. He has to expand all his activities in determining and satisfying his customers needs at a profit. Thus, he should perform the function of communication. Now, the marketing executives have given authority over credit, physical distribution, public relation, research and development. The more advanced concept in the field of marketing is integrated marketing system. In this system, the head of marketing becomes as the chief executive officer in the marketing department. who controls and manages other functional areas of research, manufacturing, purchasing selling, personnel department etc. These tendencies have easily been seen in most of all the leading industrial countries.

5.2 Conclusion

Dairy Development Corporation Hetauda has been walking with the changing time from the time of sides. But it has always given emphasis on minimizing the customer dissatisfaction by overcoming the through the opportunities.

As mentioned before the main objectives of this study is to study and analyze the marketing system that is marketing analysis of Dairy Development Corporation Hetauda to identify the problems marketing system. According to the nalaysis and interpretation of data, the following conclusion corporation Hetauda have been drawn and summarized.

Material handling:

Dairy Development Corporation Hetauda has adopted manual as well as mechanical system to handle the dairy products.

Transportation:

DDC Hetauda uses its own tankers and delivery vans to collect milk from chilling centers and deliver final products to its showrooms and the dealers.

The relationship between sales and tranportation cost shows that the minimum increment in sales volume does not increase in the total transportation cost on sales but with the increment in sales volume, the transportation cost on sales of the products will go up.

Ware housing:

DDC Hetauda has two warehouses. The finished products are stored in one and raw materials are stored in another warehouse.

Order Processing

DDC has a very simple order processing system. It has manual based order processing system. Company collects order from dealers through sales boy on a regular basis. Sometimes DDC Hetaua gets order directly from the customer through phone or direct contacting to the factory.

Inventory Management and Control:

DDC Hetauda has not mentioned inventory management and control system. It has tired to adopt first in first out (FIFO) method.

About channel of distribution, DDC Hetauda has adopted zero level and one level channel of distribution system. Mostly it sells the products through dealers. There are many dealers. It also sells through its own showrooms, which are located in Hetauda. Sometimes it directly sells to the final consumers according to the orders and this is mostly done in festivals and parties.

Recommendation:

The following recommendation and suggestion have been made to improve the present situation.

1. Dairy Development Corporation Hetauda should start to make the annual target of production and sales by studying the overall market.
2. The distribution of final products of DDC is through dealers. The company should give more emphasis on smooth distribution channel. It should increase the number of dealers by changing the present distribution system.
3. Directly dealing with dealers may cause misunderstanding between factory and dealers. The sales agent should be declared for distribution of products in different markets.
4. DDC Hetauda should use mechanized material handling system. It will decrease the cost of material handling and it will save time too.
5. The products should be available at the right time to the dealers. Specially, milk is the daily usage product, which is mostly needed in the morning. Most of the users are engaged in necessary work and has to go to office at the right time. So the products should be available at the right time.
6. Regular follow up and contact to the dealers is necessary. This helps to address the problems of the dealer and solve them.

7. Customer service is the key result area to win the trust of market. Therefore, DDC should know the problems and opinions of customers and act accordingly.
8. During the survey, it was known that the products were familiar to many people through advertisement. The consumers first learned about the product through radio. Maximum age group seeks for radio advertisement. However, it is cheap than television and mass group can be easily targeted. Thus DDC should give more emphasis an advertisement in local media, newspaper, FM radio etc.
9. According to analysis, mother is the main decision maker to purchase a particular brand in a family. Therefore, the company should look out her needs. Many people a prefer coupon prizes scheme as method of promotion scheme so this tool of promotion should be widely used.
10. Motivation of personnel and channel members is the key factor in any organization. So, DDC should use reward and punishment system to motivate the personnel and channel members
11. DDC Hetauda must concentrate about the price factor because many people of different age group preferred price factor and thereafter quality and hygiene factor. It signifies that customers are more conscious towards the price factor. So, DDC should take correct decision about price factor.

QUESTIONNAIRE

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APPENDIX - I

Name :

Date

Signature:

Designation:

Regression Analysis: Transportation cost on sales:

Where,

$$\text{Sales} = x$$

Transportation cost = y

Year	X	Y	XY	X ²	Y ²
2001/02	200	12	2400	40000	144
2002/03	250	15	3750	62500	225
2003/04	300	20	6000	90000	400
2004/05	335	27	9045	112225	729
2005/06	350	35	12250	122500	1225
2006/07	400	50	20000	160000	2500
2007/08	475	55	26125	225625	3025
2008/09	500	60	30000	250000	3600
2009/10	525	67	35175	275625	4489
	$\sum x = 3335$	$\sum y = 341$	$\sum XY = 144745$	$\sum X^2 = 1338475$	$\sum Y^2 = 16337$

Regression equation y on x

$$y = a + bx$$

Where a and b are obtained by solving the following normal equation.

$$\sum y = Na + b\sum x$$

$$\sum xy = a\sum x + b\sum x^2$$

Substitute the total values in normal equation from the above table.

$$\text{Or, } 251 = 8a + 2503b \dots\dots\dots(i) \quad \times 312.875$$

$$88168 = 2503 a + 839211b \dots\dots(ii)$$

$$\text{Or, } 78532 = 2503 a + 783126 b$$

$$\underline{88168 = 2503 a + 839211 b}$$

$$- 9636 = \quad - 56085 b$$

$$\therefore b = \frac{56085}{9636} = 5.82$$

$$9636$$

Calculating correlation between sales and transportation cost.

$$\begin{aligned}\text{Correlation (r)} &= \frac{\sum xy}{\sqrt{\sum x^2} \times \sqrt{\sum y^2}} \\ &= \frac{88168}{\sqrt{839211} \times \sqrt{9801}} \\ &= \frac{88168}{916.0846 \times 99} \\ &= \frac{88168}{90692.375} \\ &= 0.97\end{aligned}$$

APPENDIX - II

Name of Manager:

Address:

Firm's Name:

Date:

1. What are the objectives of your organization? Please Specify.
2. How many types of products do you sell in the market? Please specific.
3. Do you have any plan to launch new products in the market?
a) Yes b) No c) Not immediately
4. What is the medium of distribution used in your company?
a) Transporter
b) Local Bus
c) Company's Own truck and Van
d) If not, please specify
5. How do you rate your present channel?
a. Long
b. Moderate
c. Short
6. Do you have system of research and development to innovate new products>
a) Yes b) No
7. Why do you plan o introduce new product?
a) To meet the changing taste of consumers
b) To replace old products
c) To initiate competitors
d) To acquire new markets
e) To increase sales
f) To increase goodwill of organization
g) Others (Please specify)
8. How do you generate/ collect information about the market of your products?

Thank You

APPENDIX - III

Name of Dealer:

Address:

Firm's Name:

Date:

1. Which dairy products do you sell?

- a) Dairy Development corporation
- b) Ramjanki Dairy Products
- c) Dairy Development Corporation Hetauda.
- d) Others

2. Please specify your per day sales amount.

- a) Below Rs. 500
- b) Between Rs. 500 to Rs. 1000
- c) Between Rs. 1000 to Rs. 2000
- d) Above Rs. 2000

3. Do you face the complaints of your customers regarding the products you deal?

- a. Yes
- b. No

4. Are you satisfy with the quality and price of Dairy Development Corporation Hetauda?

- a. Yes
- b. No

5. Which products do you mostly sell?

- a. Milk
- b. Yoghurt (curd)
- c. Ghee
- d. More

6. How do you rate the following?

a. Distribution cost	HS	1	2	3	4	5	NS
b. Timely availability of products	HS	1	2	3	4	5	NS
c. Satisfaction form present distribution	HS	1	2	3	4	5	NS
d. Overall distribution channel	HS	1	2	3	4	5	NS

7. Which kind of promotional help do you get ? Please specify?

8. What scale do you provide for the promotional tools adopted?

a) Advertising	Max.	1	2	3	4	5	Min
b) Sales Promotion	Max.	1	2	3	4	5	Min
c) Personal selling	Max.	1	2	3	4	5	Min
d) Publicity	Max.	1	2	3	4	5	Min
e) Public relation	Max.	1	2	3	4	5	Min

Thank You

APPENDIX - IV

Name of Consumer:

Address:

Date:

This questionnaire is conducted as per the partial fulfillment of Master of Business Administration and it for education and research purpose only. The information collected will be kept confidential.

Age: a) 16-21 b) 22-27 c) 28-33

Sex: a) Male b) Female

Occupation

1. Do you use Dairy Products?

a) Yes b) No

2. If yes then what kinds of Dairy Products do you use?

a) Milk b) Yoghurt

c) Ghee d) panner

e) Khowa e) Others

3. What factor mostly effect your purchase decision for dairy products?

a) Quantity b) Price

c) Hygiene d) Channel of distribution

4. How did you first know about the products?

5. What is the most valid reason for the satisfaction of favourite brand?

a) unique taste b) Easily available

c) Treats hunger better d) Cheaper price

6. Who likes the following dairy in your family?

Item	you	Spouse	Father	Mother	Sister	Brother
D.D.C.						
Ram Janki						
Nobel						
Dairy						

7. Are you getting milk regularly?

a) Yes

b) No

c) Partial

8. Do you like the products of Dairy Development Corporation, Hetauda?

a) Yes No

9. If the retail shop near from your house that supplies the product of Dairy Development Corporation Hetauda.

a) Far b) Very Far
c) Near d) Very Near

10. Are you satisfied with the price charged by Dairy Development Corporation Hetauda?

a) Satisfied b) Dissatisfied
c) Highly satisfied d) Highly dissatisfied

11. How do you perceive the product's quality of Dairy Development Corporation Hetauda?

a) Good b) Bad
c) Very Good d) Very Bad

12. Are you satisfied with the proportionate of FAT and SNF content in the milk of Dairy Development Corporation, Hetauda?

a) Yes b) No
c) Partial

13. If there is a coupon prizes scheme in Dairy Development Corporation, Hetauda? Are you satisfied?

a) Yes b) No c) Partial

14. Do you prefer Dairy Development Corporation Hetauda? Give reason for liking or disliking?

15. Do you think that the future of Dairy business market is bright in Nepal?

16. If you like Dairy Development Corporation, Hetauda? How often do you consume?

17. Can you recall anything about Dairy Development Corporation, Hetauda which has pleased you?

18. Can you recall anything about Dairy Development Corporation Hetauda. which has dissatisfied you?