

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Nepal is a developing country with agriculture based economy and very low standard of living. "It shows that agriculture plays a crucial role in our national economy. Agriculture contributes by 54% of the total GDP where as live stock alone contributes by 26%. In the overall growth of agriculture, dairy sector plays a very important role in the sense that milk alone contributes more than 50% of the total livestock sector. In other words milk products cover nearly 6% of our gross national product."¹ This sufficiently justifies the importance of dairy sector in our national economy.

In the past most peasants used to keep domesticated animal like buffaloes, cows etc to get milk for themselves or for their own use. Gradually their needs began to increase day by day. When the number of cities grew from rural areas, some people started to sale milk in cities for living. When the demand of milk in cities increased, then some people were keen on taking up it as professional work. As a result, they set up dairies for their conveniences.

"Since this is the age of industrialization, every business does his own business activities. Therefore, Sujal Food (P). Ltd. was started to do their own business and earn name and reputation in this spirited business world. Sujal Dairy is one of the divisions of the Sujal Food. (P) Ltd, Studying its history, Sujal Dairy was known as Pokhara Dugdha Bikash Aayojana and it was government Ltd. The dairy was established in 2034 B.S within premises of Pokhara industrial Estate, Pokhara. It was registered in 2034 B.S. and company came on operating in 2037 B.S. It was established under the firm of Laxmi Group Pokhara in 1st Magh, 2061. The Pokhara Dugdha Bikash Aayojana was over took by Sujal Food (P) ltd. and was known as Sujal Dairy. The dairy produces various types of dairy product. The different types of product

¹ Nara Nath Bral, "Milk Product Marketing in Pokhara", (MBA diss, Tribhuvan University, 2002) Pg.2.

produces by dairy are standard milk and the whole milk, with the brand name "Safal". Along with the milk it has milk derived products, Yoghurt, Ghee, Butter, Milk cream, Ice-cream etc. The firm has its main objectives of providing the consumers with both quality and tasty dairy products to earn profit and to provide easily available service for the social benefits. This project has 700 sales booths and 5 dealers. Altogether 120 persons have been serving this company regularly.²

1.2 Focus of the Study

Pokhara is one of the most beautiful places of Nepal from the geographical point of view so many number of tourists came to enjoy its scenic beauty. As the tourism industry is growing rapidly so as the job opportunities. Therefore the population of the valley is increasing rapidly. As a result the demand of the milk and milk product is also increasing day by day. To meet the raising demands of milk and milk product, Sujal Dairy distributes its milk and milk products in Gandaki and Dhaulagiri zone. Fourteen private firms have been set up to Pokhara and distribute milk and milk product with their own brand name. On the other hand, due to the rising consciousness among the consumer, retailer, education development and rapid urbanization have created changing condition of Sujal Dairy. There is a vast competition between Sujal Dairy and other dairies to secure the market position.

In such conditions Sujal Dairy has to formulate the new strategies in accordance of the demand of people and time. Here, this study focuses to evaluate what types of strategies formulate and how Sujal is applying in marketing field. This research also tries to know the perception of consumers on the quality, taste price, labeling, packaging and availability of Safal Milk in the market place. This study also focuses to know the view of retail stores towards Safal brand projected on the mind of retailers.

² Bimala Thapa, "Sales and Distribution of Sujal Food (P) Ltd", (Field Work Report, Tribhuwan University, 2007) Pg. 1.

1.3 Statement of the Problem

Milk is one of the most necessary nutritious foods for human being. Its use and popularity in Nepal is increasing day by day, not only in urban areas but also in semi-urban and in rural parts of the country. Over the years, increasing consumption with geographical expansion of the market has been witnessed which has resulted in increasing competition. With this expansion of market in view, numbers of new dairies are entering in to the industry with aggressive advertisement and attractive sales promotion scheme of their brand. At present, 14 dairy industries are established in Pokhara valley. It is observed that they are facing the competition to secure the market position.

In this backdrop to know the market position of Safal Milk by comparing with other competing brands is the major concern of the study. Addressing this concern the study tries to find out the answers to the following questions.

1. What is the existing marketing strategy of Safal Milk.
2. What is the perception of consumers on quality, taste, price, labeling and packaging of Safal brand in relation to its competing brands?
3. What is the view of retail stores towards Safal Milk?

1.4 Objective of the Study

The prime objective of the study is to identify the market position of Safal brand milk in relation to others competing brands. The specific objectives of the study in connection with the foregoing problem are as follows.

1. To analyze the existing marketing strategy of Safal Milk.
2. To analyze the perception of consumers on the following dimension quality, taste, price, labeling and packaging.
3. To analyze the view of retail stores towards Safal Milk.

1.5 Significance of the Study

Research itself has its own importance because it aims to gain knowledge and to add the new literature in existing field. The significance of this study lies mainly in filling a research gap on market position of Safal brand milk. This study contributes to the producer and marketers of milk and milk product to formulate effective future marketing strategy. It can also contribute to up coming researcher who are interested in conducting future research in the dairy sector. This study may be important for all the dairies. Industries too as it has depicted the comparative situation of the milk market of Pokhara.

1.6 Limitation of the Study

The study has focused mainly the market position of Safal brand milk in relation to other competing brands Pokhara sub metropolitan city and the research has been carried out for the practical fulfillment of an academic requirement of Master Degree (M.B.S) so the study possesses some limitation of its own kind, which is given below.

- The study deals with Safal brand milk only and milk products are excluded.
- This study is limited to those consumers and retail stores of Pokhara sub-metropolis area.
- The milk user and retailer are divided in two groups, which are urban and semi-urban.
- Simple tools and techniques are used to analyze the data for the study.
- Accuracy, reliability and validity of the study depend upon the information provided by the concerned authorities.
- The sample size used for the study is terribly small in comparison to the population of the study.

The above limitation no debt have some impact on quality of the study but such impact will not affect usefulness of the study in a significant manner. In fact, this study would provide a base for future study in the area of the dairy sector.

1.7. Plan of the Study

This study is organized in to five chapters introduction, review of literature, research methodology, presentation and analysis of data, summary, conclusions and recommendations.

The first chapter begins with the introduction which includes background of the study, focus of the study, statement of the problem, objectives of the study, significance of the study and delimitations of the study.

The second chapter deals with review of literature which includes theoretical review and research review.

The third chapter deals with research methodology and it Includes introduction, research design, population and sample, sources of data, data collection procedure, data processing and analysis procedure, statistical tool used and limitation of the methodology.

The fourth chapter deals with presentation and analysis of data. In the last chapter presents summary, conclusions and recommendations.

CHAPTER - II

REVIEW OF LITERATURE

2.1 Introduction

Conceptual foundation is a most important for every study. Without clear concept on subject matter, the study may not go through right way so in this section a brief explanation of the major findings of previous literature has been under taken. This chapter includes the conceptual review and review of related past studies.

2.2 Development History of Milk in Nepal

Milk is the one of the most necessary nutritious food item for human being because it has rich content of minerals, calories etc. That is equally important to child, youth and old to keep their body healthy and fit.

If we look back in the history of Hindu mythology, we can find in Vedas and Mahabharat that lord Krishna was born in the traditional milkman family and young Krishna used to take his cattle to the jungle to graze them. It proves the importance and history of milk in human development.

Initially selling milk was consider as a sin or and practice, at early days of human development, the only profession was farming and animal husbandry so every body was feeding cattle at home so there was, no need of selling and buying it.

When gradually people state taking up some other jobs as their profession then the concept of marketing was born. So slowly the concept of marketing mix: product, price, promotion and place etc. were originated. So in this chapter we are mainly focused in these four aspects of marketing.

In Nepal, Milk, and Milk product marketing was made systematic by the establishment of dairy development corporation in 1952. A board called dairy development was formed in 1952/53 in order to make the marketing of dairy

product easy and systematic³. This board was transformed into under the corporation act. 1954 effective form 1959. A large share of net national dairy development corporation after that.⁴

Some private and government companies are also emerged in national and regional levels in dairy product marketing in last a few decades. In Pokhara, PDDP is the oldest organization established for this purpose which was establish in 2034 B.S but it started it's production in 2037 B.S.

In 2061 Magh 1st the PDDC was overtaken by Sujal Food (P) Ltd. was known as Sujal Dairy and it has started processing and distribution of milk and milk product. It has two categories of milk standard milk and the whole milk with the brand name SAFAL, along with the milk it has milk derived product yoghurt, ghee, butter, milk cream, ice cream etc. Presently, due to the different varieties of milk introduced in the market makes the field more challenging and highly competitive in Pokhara. Until now, about 14 dairy industries are running in Pokhara milk market with their own brand name.

2.3 Market and Marketing

Market:

Generally, market is a geographical area where buyers and sellers meet in teems of Purchase and sale of goods and services. Thus, a market has a group of buyers and sellers who meet and negotiate about selling and buying of products and the buyers and sellers transfer ownership of product, services, securities etc. According to the definition of American Marketing Association, "A market is the aggregate demand of the potential buyers for products/ services." Kotler and Armstrong Say "A market is a set of actual and potential buyers of a product." ⁵

Actually, market is a place where buyers and suppliers meet and negotiate the term of purchase and sale of product. Stanton defines. "A market may be defined as a place where buyers and sellers meet goods or services are

³ Ibid, Page.3

⁴ Ibid.

⁵ Philip Kotler and Gray Armstrong, "Principle of Marketing", 8th ed. (Prentice- hall of India, 1992) Pg. 8

offered for sale and transfers of ownership occur, "A Market means collections of buyers and sellers who transact or exchange a product or product classes. "A market is a group of sellers and buyers who are willing to exchange goods and services for something of value."⁶ Market means collections of buyers and sellers who transact or exchange a product or product classes. "A market is a group of sellers and buyers who are willing to exchange goods and services for something of value."⁷ Thus, market consists of the process of supply and demand facilitating on exchange process between sellers and buyers.

Marketing

Traditionally, marketing means only buying and selling is planning and organizing according to the consumers need with right delivery, right products right pricing, right advertising, right promotion etc. Marketing is also a social activity which people obtain what they need. Various scholars have defined marketing in different ways. According to Philip Kotler, "marketing is a social process by which individual and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others".⁸ Marketing is also a bridge between manufacturer and consumer's conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives."⁹

Marketing is a system of business activities. It is a social process that directs on economy's flow of goods and services from producers to consumers. Marketing is defined by the committee on definition of the A.M.A, "Marketing is the performance of business activities directed toward an incident to the flow of goods and services from producer to consumer or user".¹⁰ Thus, Marketing designed to bring about exchanges with target consumer for the purpose of mutual gain.

⁶ W.J Stanton, "Fundamental of Marketing", 6th ed. (Mc Grow- Hill International Book & company, 1981) Pg. 65.

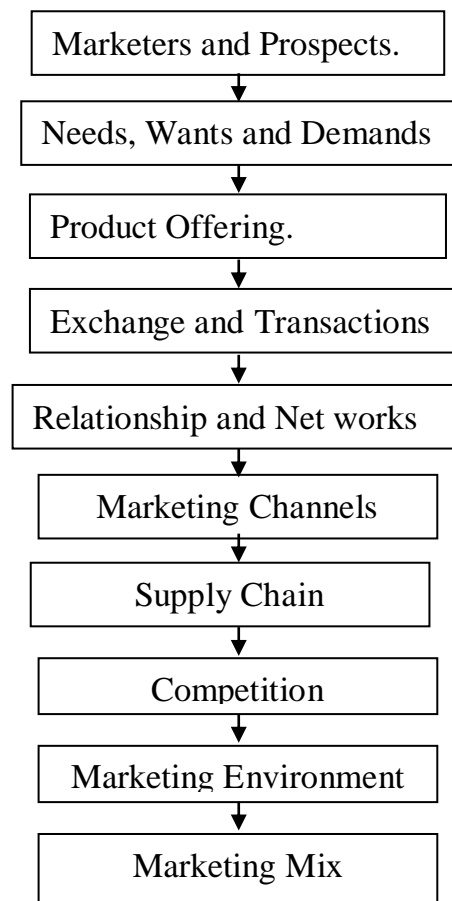
⁷ E.J Mc Carthy and W.D Perreault, "Basic Marketing", 9th ed. (New Delhi : Universal Book Stall, 1987) Pg. 14.

⁸ Philip Kotler, "Marketing Management", The Millennium ed. (Prentice - Hall of India, 1999) Pg. 8

⁹ Peter D. Bennet (ED), "Dictionary of Marketing Terms", (A.M.A Chicago, USA 1995)

¹⁰ The Committee on definition of A.M.A . "The Encyclopedia Americana", International ed. (New York : Americana Corporation, 1977) Pg.299.

Fig. 2.1
The Core Concept of Marketing



(Concept of Philip Kotler, "Marketing Management" The Millennium Edition Pg. 9)

2.4 Marketing Mix

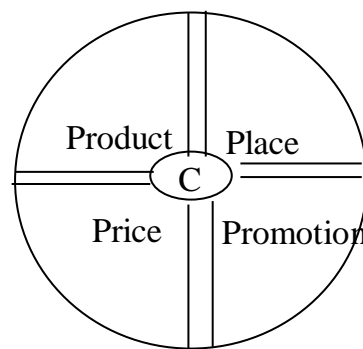
Marketing Mix is the set of marketing variables that the firms blend to achieve the marketing goal in the target market. It is a controllable variable, which the company puts together to satisfy his target market. Thus, marketing is a tool the organization uses to pursue its marketing goal and to satisfy the consumers". The term of marketing mix describes the result of management's efforts to creatively combined, interrelated and interdependent marketing activities."¹¹

Marketing Mix is one of the Key concepts in modern Marketing i.e product, price, promotion and distribution. The four ingredients in the

¹¹ W. Zikmund and M.D. Amico, "Marketing", Pg. 8

marketing mix are interrelated. It is system concept because all decisions in one element usually affect others. The marketing mix consists of every thing the organization can do to influence the demand for its product in target market E.J Mc Carthy popularized the concept of marketing element mix called 4 Ps - product, price, place and promotion. ¹² A firm should offer different marketing mix for different market segments or environment of the target market. It should change with the changes in the environment and customer's preference.

Fig. 2.2



(The concept of E.J. Mc Carthy, "basic of marketing" 9th edition, 1988)

The 4 Ps. are essential ingredients that should be carried out together in a creative way, So that the best marketing mix is developed for the firm's target market. It helps to knowledge marketing program of the four major ingredients of marketing mix or the 4 Ps.-product mix, price mix, place mix and promotion mix.

2.4.1 Product and its Types

Product

Generally, a product is any thing that can be offered to market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, places, persons, organizations, events, experiences, properties, information, idea, etc. According to W.J. Stanton "A product is a complex of tangible and intangible attributes including packaging, color, price, manufacture's prestige and retailer's prestige and manufacture's

¹² E.J Mc Carthy and W.D Perreult, "Basic Marketing", 9th ed. (New Delhi : Universal Book stall, 1987)Pg. 38.

service and retailer's service which the buyer may accept as offering satisfaction of wants or needs".¹³

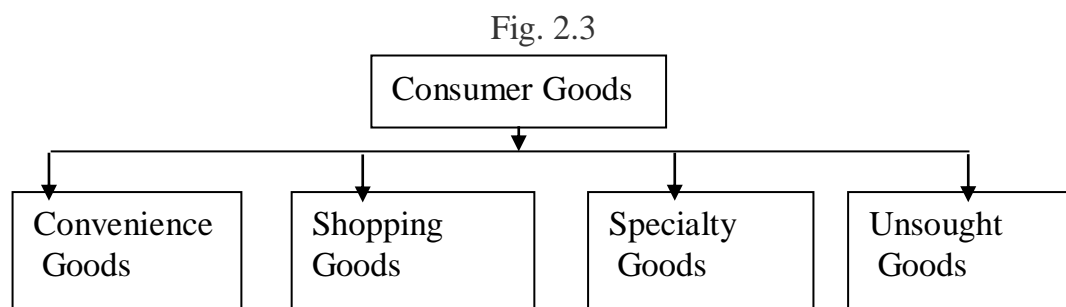
A thing that can be offered to a market is called product. A product is the key element of marketing offering, everything that we come across in our daily life. "A product is anything, both favorable and unfavorable, that one receives in an exchange"¹⁴. The product concept recognizes that buyers have needs and they hope to be satisfied with the product they purchase. It is everything that benefits or satisfaction. It provides including objectives, services, organization, places, people etc.

Types of Product

Product has broadly been classified in to two sections. Consumer's goods and industrial goods.

a. Consumer Goods

The consumer goods are the products for the final consumption. They are the products intend to be used by climate household users for no business purpose. The consumer goods are classified in to four categories: Convenience goods, shopping goods, specialty goods, and unsought goods. Types of consumers Goods



i. Convenience Goods

Convenience goods are daily use products that consumer needs but isn't willing to spend much time it includes cheap cost and habitual products, Kolter maintains us "Convenience goods are goods that the customer usually

¹³ Ibid, Page, 31

¹⁴ J.D Scott, M.R Warshow, and J.R. Jaglor, "Introduction to Marketing Management", 5th ed. (Irwin : Homewood III, 1985) Pg.215

purchases frequently, immediately and with minimum effort. It includes tobacco products, soap, newspapers, toothpaste etc".¹⁵

It is cheap product that the consumer immediately of frequently uses. "Convenience products are relative frequently purchase items for which buyers want to exert only minimal purchasing effort"¹⁶. It includes gasoline newspapers, soft drinks and chewing gum.

ii. Shopping Goods

The Shopping goods are expensive, rarely use and can not be purchased with minimum efforts. In these goods, the customer's feeling is worth the time and effort to compare with competing product. Kotler defines, "Shopping goods are goods that the customer in the process of selection and purchase, characteristic compares on such as suitability, quality price and style. It includes furniture, clothing, used car and major appliance"¹⁷.

These products are carefully evaluated and compared than with other competing products.

iii. Specialty Goods

The specialty goods are rarely purchase and extremely expensive product that the consumers become so sensitive before purchasing the goods. In these goods the consumer will make a special effort to buy, usually special branded items of special importance to the consumers. "Specially goods are with unique characteristics or brand identification for which a sufficient number of buyers are willing to make a special purchasing effort. It includes cars, stereo, components photographic, equipment and men's suit sets"¹⁸. Specially products are processed with one or more unique characteristics.

¹⁵ Kotler, op. cit 4, Pg. 397

¹⁶ R.W. Haas, "Industrial Marketing Management", 3rd ed. (Boston: Kent Publishing Company, 1986) Pg.15.

¹⁷ Kotler, op. cit4, Pg.397

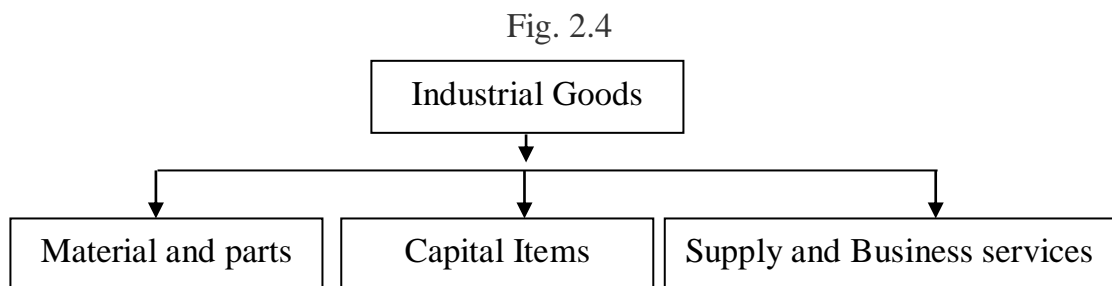
¹⁸ Kotler, Op. cit. 4 , Pg. 397

iv. Unsought Goods

Unsought goods are products that potential customers do not yet want or know they can buy. In fact consumers probably want buy these products if they see them. "Unsought goods are the consumers do not know about or not normally thing to buying are known to the consumer through advertisement. This includes life insurance cemetery blots, gravestones, encyclopedia sets¹⁹.

b. Industrial Goods

Industrial goods are products intended to be sold primary for uses in producing other products, are based on a business goal and objectives. According to Philip Kotler, the industrial goods are classified in to three groups. They are as follows.



(Sources by Philip Kotler, Marketing Management Millennium Edition pg. 37-38)

i. Material and Parts

Material and parts are goods that enter the manufacturer's product completely. It includes raw material and manufacture's parts.

ii. Capital Items

Capital items are long lasting goods that facilitate developing or managing the finished product. It includes installation and equipment.

iii. Supply and Business Service

Supply and business Services are short lasting goods and services that facilitate developing or managing the finished product.

¹⁹ Kotler Op. cit. 4 Pg. 397

2.4.1.1 Product Positioning

Product positioning is the customers, concept of the product characteristic relative to their concept of competitive brands. It is creating a product image through advertising and sales promotion which relative to competitive brands. Product positioning is the strategic decisions and act of designing the firm's image so that they occupy a distinct competitive product position in a consumer's minds. In the words of Philip Kotler, "Product positioning is the act of designing the company's image and value offer so that the segments customers understand and appreciate what the company stands for in relation to its competitors."²⁰

Product positioning can be based on a combination of product characteristics, prices, quality, technology, services, competition uses, benefits, category etc. Therefore a company needs to develop a product positioning strategy. It needs to be described to customers how the company differs from current and potential competitors. "A product position is the image that the product projects in relation to competitive products and to other products marketed by the company in questions."²¹ .

2.4.1.2 Product Branding

Branding is a brand of a product. Today's market is flourished with many products of the same kind therefore the importance of branding is increasing with the increasing number of product because a brand product contributes differences to customers. Branding is an important part of marketing program because it should be carefully selected. A Strong brands should have brevity, distinctiveness adaptable to new product, reflect product attributes, reverent, product positioning, capable of legal protection, product image, value benefits of products etc. The definition of committee on American Marketing Association as, "A brand is a name, terms, sign, symbol, or design, or a combination of them, in tended to identify the goods or services

²⁰ Philip kotler, "Marketing Management", 6th ed. (Prentice Hall of India, 1999)

²¹ John .H. Holmes, "Profitable Product Positioning", Msv Business Topics, Spring, 1973, Pg 27-32

of one seller or group of sellers and to differentiate them from those of competitors." ²²

Brands are of great importance to their owners. They contribute to identify the company's marketing program and contribute to the consumer to recognize the firm's products and advertising. According to the Grave's , Hills and wood ruff as, there are several terms associated with branding such as brand's brand name, brand marks, trademarks and trade name, brand marks, trademarks and trade names" ²³. Thus, branding is the proactive of giving a specified name to a product or group of finding and fixing the means of identification.

2.4.1.3 Product Packaging

Packaging means wrapping of goods before they are transported, stored and delivered to a consumer. Today's markets are experiencing packaging reevaluate. It constitutes an important part of the product because an attractive packaging leads to more sales. A good packaging should have attractive, convenient, economic, reusable, environment- friendly, protection, identification, promotion, differentiation etc." Packaging may be defined as the general groups of activities in product planning that involve designing and producing the container or wrapper for a product,"²⁴ "Packaging has been defined as activity which is concerned with protection, economy' convenience and promotional consideration"²⁵. Product features and attractive which consists of all the activities of designing and producing the wrapper for a product.

2.4.1.4 Product Labeling

The label is a part of the packaging. Labeling also is important dimension. Labeling also is important dimension related to packaging for both

²² Kotler, A.M.A op. cit 4, Pg 404

²³ D.W Cravens G.E, Hills and R.B. Woodruff, "Marketing Management", 1st ed. (Irwin : Homewood III, 1988) Pg. 391-92.

²⁴ Stanton , op. cit. 2, Pg 202

²⁵ R.S.N .Pillai & Bagawathi, " Modern Marketing, Principles & Practcies", 2nd ed. (New Delhi : S. Chand & Company, 1999) Pg. 161

promotional and informational reasons and legal perspectives. Its functions are identification of product or brand, product description which includes who made it, where it was made, when it was made, what it contains, how to use it and promotion and attractiveness of product. Product labeling can be a tag attached to a product that carries information about the product. The producer gives necessary information to the consumers through the label. The act of attaching or tagging the label is known as labeling. Label may be a small slip or printed statement. In the words of Philip Kotler, "Labeling is a part of packaging and consists of printed information that describes the product appearing on or with the package"²⁶.

In the context of Nepal's law, according to standard, measure and weight Act 2025, Section 26, weight and measure should be marked on sealed package.

Every sealed package should be labeled by marking its clean measure and weight. The package labeled like this should not be sold and kept for selling purpose. However, Commodities that are not sold in measurement and weight will not come under this act.

Things to be written on the products for consumption. A producer must indicate the following things on the label of the packages that contain foods for use.

- Producer's name, address and registration number of the industries.
- Ingredients, quantity and weight on the goods like food and medicine.
- Standard trade mark on standard goods.
- Methods of consumption and its possible effects.
- Price, batch number, production date and expiry date of consumption goods.
- Guarantee on machinery and electronic equipments. Guarantee date and others.
- Instruction for use on highly inflammable and fragile commodities and their protection.

²⁶ Kotler, op. cit 17, Pg 471

- Others as thought important and givers²⁷. According to consumer's protection Act 2054, Section '9', things to be indicated on the label of the consumable goods.
1. According to the section '9', a producer should indicate the following things on the label of consumable goods.
 - Time period for better use, if any product is much better to be used before particular time duration.
 - Maximum retail price including all taxes.
 - Process of consumable goods before consume effect be consumed after safe process.
 - Warning for the commodities that are harmful to health as given this product is injurious to health.
 2. If anyone imports goods not having indicated instructions on the package of the product according to section '9' and sub rules number '1' of the act, the importer should indicate all of the given thing on the label before selling. According to section '18', part 'Ka' up to 2 year jail or up to Rs. 3000 or both will be levied if someone does an action against section '9', sub section '1' of the act.²⁸

2.4.1.5 Product Life Cycle

Products, like human being, have length of life. This has been described as life cycle in human beings and when applied to products it is called product life cycle. Like people, products go through a life circle because a first they grow in sales and then decline. A product life cycle consists of the aggregate demand over an extended period of time for all brands comprising a generic product category. Philip Kotler defines the concept of the product life cycle is to assert four things.²⁹

²⁷ Standard Measures and Weight Act. 2025, Section 26, Ministry of Supply, Harihar Bhavan Kathmandu Nepal.

Consumers Protection Act. 2054, Section 9, Ministry of Supply, Harihar Bhavan Kathmandu Nepal.

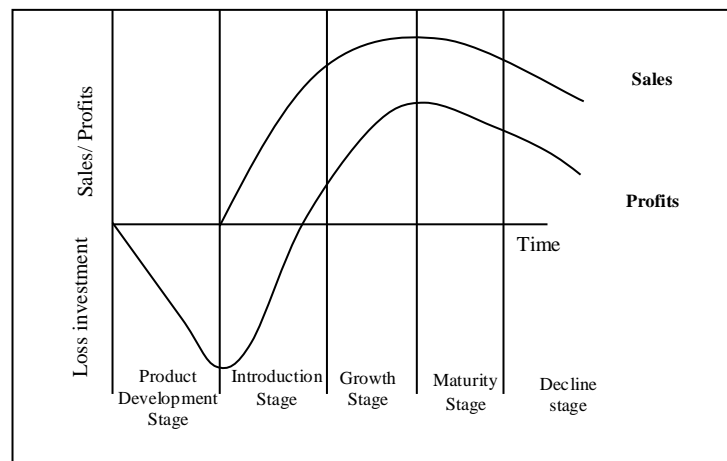
²⁹ Kotler, op. Cit, 4, Pg. 309.

- Products have a limited life.
- Products sales pass through distinct stage, each posing different challenges, Opportunities and problems to the seller.
- Profits rise and decline at different stage of the product life cycle.
- Products require different marketing, financial, manufacturing, and purchasing in each stage of their life cycle.

Generally product life cycle can be divided in four stages but Kotler divided in five-stage: product development, introduction, growth, maturity and decline.

Fig. 2.5

Product life cycle



(Concept of Philip Kotler-Millennium edition Pg. 304)

a. Product Development Stage

This stage begins when the company finds and develops a new product idea. During product development stage, sales are zero and company's investment costs add up.

b. Introduction Stage

This is the stage at which the new product is launched in the market. The marketing objective is to create product awareness and induce trial among consumers. This is a period of slow sales growth, negative or low profits, innovator customers, few competitors and high prices.

c. Growth Stage

This is the period of market acceptance. In this time, the sales are rapidly growth, rising profits, early adopter, growing competition and slightly lower prices. The marketing objective is to increase market share and the company's sales increase rapidly.

d. Maturity Stage

This is the period of a slowdown, stable profit, middle majority customers, intense competition and minimum prices in sales growth because the product has achieved acceptance by most potential buyers. The marketing objectives are to stabilize profits and defend market share or decline because of increase competition.

e. Decline Stage

This is the last and most crucial stage. In this period, the sales are declining, declining profits, laggard customers, declining competition and increased prices. The marketing objective is to survive and make same profit and eventually with draw from the market.

Thus, marketers should carefully and properly manage the product life cycle, introduction, modification and termination of products.

2.4.2 Pricing

Price is what customers pay for in terms of what they get, It is the exchange value of goods or services in terms of money that customers pay for the product. The pricing can be a combination of money and other item of value what is exchange. It has various name i.e. rent, commission, free, salary and wages, taxes etc. Kotler and Armstang define "Price is the amount of money changes for the values consumer's exchange for the benefits of having or using the product or service³⁰.

The pricing decision or policies in marketing program implementation are in the area of selecting pricing objective and adopting a method of price

³⁰ Kotler and Armstang, Op. cit. 1 Pg. 315.

determination. Price mix include activities such as analysis of competitors price, formulation of pricing objectives setting the price, determining terms and condition of sales, discounts and commission etc.

2.4.2.1 Pricing Policy and Strategies

Pricing is the most important element of marketing mix that requires the marketer to achieve both target market and marketing objectives. Pricing policy and strategies are the guidelines and used to effectively guide pricing decision to mach target market condition. There are a wide range of pricing policies and strategies available that is classified in to various categories. They are as follows.

I. Geographical Pricing Policies and Strategies

Geographical pricing involves the company in deciding how to price its products to different customers in different location and countries. The distance between the seller and the buyer is considered in geographical prizing entails reduction for transportation cost or other costs associated with the physical distance. The buyers and sellers or a seller must consider the freight costs entailed in shipping the product to the buyers. The following are five geographical pricing strategies for this hypothetical situation ³¹

a. F.O.B. Pricing

F.O.B. Pricing is used for transportation term, which means, 'free on Board' same vehicle at some place. In the F.O.B Pricing the buyer will have to pay the cost of transit and F.O.B destination. It is used with the place named after the location of the sellers factory or ware house s in F.O.B

In "F.O.B Pricing the goods that are placed free on board by a carrier , at which point little responsibility passed to the customer who pays for the freight from the factory to the destination".³²

³¹ Ibid

³² Ibid.

b. Uniform Delivered Pricing:

The uniform delivered pricing is the exact opposite of F.O.B. Pricing. This type of pricing results in a fixed acreage cost of transportation, some price is charged from all customers irrespective of location. "A uniform delivered pricing is the delivered price which is quoted to all buyers, regardless of their location on".³³

In this strategy, the company includes the same price plus freight to all customers regardless of their location.

c. Zone Delivered Pricing

Zone delivered pricing is regional pricing that is adjusted for major geographic zones as the transportation cost increases. The zone pricing includes average transportation costs for delivery to various zones. "Zone pricing means mailing an average freight change to all buyers within specific geographic areas"³⁴.

d. Freight Absorption Pricing

Freight absorption pricing means absorbing freight cost so that a firm's delivered price meets the nearest competitors. "The freight absorption pricing in a certain customer or company involves absorbing all to part of the actual freight change in order to get the business."³⁵

e. Base- Point Pricing

Base- point pricing is a geographical pricing that includes the price at the factory plus freight changes from the base- point nearest the buyer, "In the base- point pricing, the seller selects some city as a basing point and charges all customers the freight cost from that city to the customer location regardless of the city from which the goods are actually shipped."³⁶

³³ Stanton, op . cit. 2 Pg. 259.

³⁴ Mc carthy & Pereeault, Op. cit. 8, Pg. 462

³⁵ Kotler and Armstang, Op . cit. 1, Pg. 347

³⁶ Ibid

II. Discounts and Allowances Pricing Policies and Strategies

Discounts and allowances mean a deduction from the base or list price. The deduction may be in the form of a reduced price or some other concession such as free merchandise. Most of the companies follow the discounts and allowances pricing. Strategies to reward customers for certain response for early payment volume, and off-season buying followings are several discount and allowances.³⁷

a. Quantity Discounts Pricing

It is a price reduction to those buyers's who buy a large volume. It provides incentive to the customer to order more from some seller. There are discounts offered to encourage customers to buy in large amounts.

b. Functional or Trade Discount Pricing

A functional or trade discount is a price reduction given to channel member's retailers and whole sellers for the job they are going to do .

c. Case Discount Pricing

Cash discount is reductions in the price to encourage buyers to pay their bills quickly with in a specified period of time.

d. Seasonal Discount Pricing

It is a price reduction to buyers who buy goods or services that are out of season.

e. Forward Dating

Forward dating is a reduction of both seasonal and cash discounts.

³⁷ Kotler and Armstang, op. cit1, Pg.375

f. Promotional - Allowance Pricing

They are price reduction granted by a sell in payment for promotional service performed by buyers.

g. Trade - allowance Pricing:

It is price reductions granted for turning in an old item when buying new one.

III. Discriminatory Pricing Policies and Strategies

The discriminatory pricing is charge in several forms, which are customers segment pricing, product firm pricing, location pricing and time pricing. In this strategy companies often change different prices on the basis of their basic prices to accommodate for differences in customer, product, and location so on.

IV. Product- Mix Pricing Policy and Strategy

This policy and strategy is used when a product is part of the product mix. Philip Kotler defines as, "Price setting logic must be modified when the product is part of a product mix"³⁸. In this case, the firm searches for a set of prices that maximizes profits on the total mix. Pricing becomes difficult when the various products have demand and cost interrelationship is subject to different degree of competition. The following are distinguishing using six-situation involving product mix pricing³⁹.

a. Product- Line Pricing

Price relationship is established for product items in a product line. The product items are interrelated when there is demand and cost interrelation between products. Companies normally develop product line rather than single products.

³⁸ Ibid. Pg. 475
³⁹ Ibid.

b. Optimal Feature Pricing

Separate price is charged for optional features offered. Many companies use optional product pricing- offering to sell optional or accessory products along with their main product.

c. Capital- Product Pricing

Companies that make products which must be used along with a main product use captive or ancillary product pricing, such as razor blades, camera film and computer software.

d. Two - part Pricing

The price is in two-part fixed charge plus variable usage charge. The service firms often engage in two-part pricing costing of a fixed fee plus and variable usage fee.

e. By - Product Pricing

Scraps of the manufactures are known as by product. It may because any income named on the by-products will make it easier for the company to change a lower price on its main- products.

f. Product Bundling Pricing

Sellers often bundle their products and features at a set price. Some companies might offer an option package at less than the cost of buying all the option separately. It can promote the sales of products consumers might not other wise buy, but the combined price must below enough to get them to buy the bundle.

v. Penetration Pricing Policy and Strategy

A penetration price is a part of price deduction in the price of competing brands and designed to penetrate a market and produce a large unit sales volume. They try to sell in the whole market at one low price, in the this strategy, many companies rather than setting a high initial price to skim small

at profitable market segment, other companies set a low initial price in order to penetrate the market quickly and deeply.⁴⁰

vi. Psychological Pricing Policy and Strategy

Psychological pricing strategies encourage emotional buying which influence customer to perceive the price favorably. It is based on customer price perception so as to have special appeal in certain target markets. Many consumers use price of the product as an indicator or judging of quality⁴¹. It is reference prices that buyers carry in their minds and refer to when they look at a given product. It has limitation to use in the market i.e. odd- even pricing, customary pricing, prestige or image pricing etc.

VII. Promotional Pricing Strategy

In promotional pricing strategy, the companies temporarily price their products below list price, and sometimes even below cost, "Promotional Pricing strategies are after a zero- sum game. If they work, competitors copy them and they lose their effectiveness. If they do not work, they waste company's money that could have been put in to longer impact marketing tools, such as building up products, quality, and services or strengthening product image through advertising".⁴²

Many companies follow several promotional Pricing strategy such as lose leader pricing, special event pricing, cash rebates, low interest financing, longer payment terms, warranties and service contracts etc.

2.4.3 Promotion Mix

Promotion is the major component of total marketing program, which is concerned with products to the awareness of the consumers. It performs the major role of communicating to the buyer. Promotion can also be viewed as the management of the customer buying process of pre-purchase, purchase and post

⁴⁰ Kotler and Armstang, op . cit ., Pg. 339

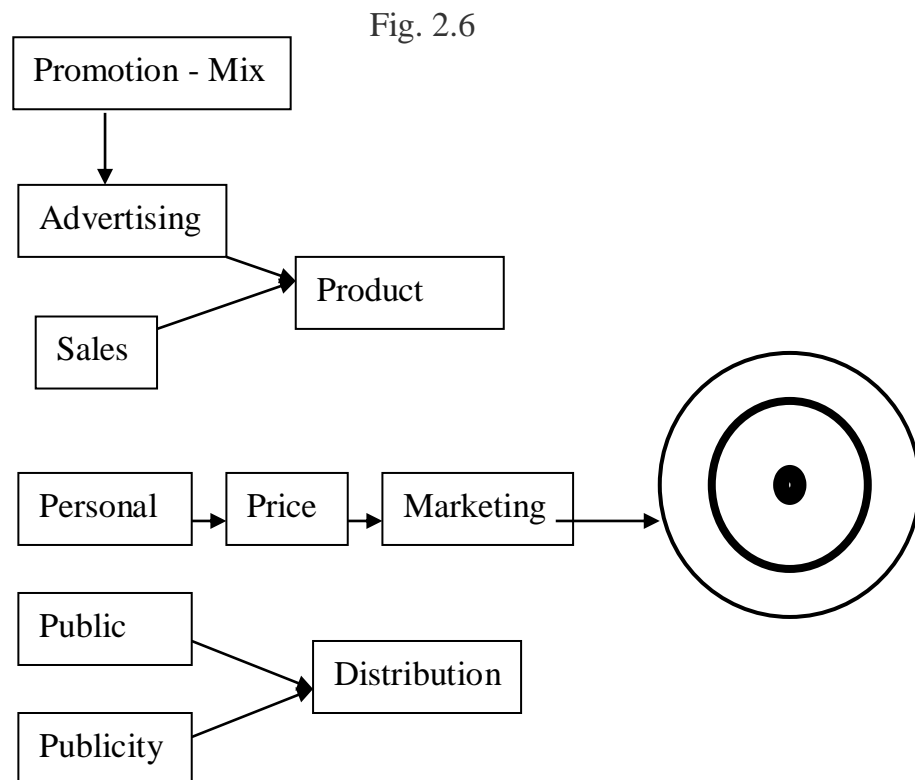
⁴¹ Stanton, Op. cit.2. Pg. 260

⁴² Kotler, Op. cit 4, Pg. 473

purchase. "Promotion is the communication mechanism of information between buyers and sellers. Its tasks are to inform and persuade consumers to respond to the product or service being offered."⁴³

The Promotion refers to the activities to push forward or to advance in idea, in such a way to gain its approval and acceptance. Basically, promotion is an attempt to influence feelings, attitudes and behaviours of people. "Promotion consists of activities that facilitate exchanges with target customers through persuasive communication to stimulate demand."⁴⁴ Thus, promotion stands for the various activities the company undertakes to communicate its product merits and to persuade target customer to buy them. It is to influence and encourage buyers to accept or adopt goods, services and idea or Knowledge. It includes advertising, sales promotion, personal selling, public relation and publicity to population the use of the product in the target market.

Relation to promotion - Mix to Marketing Mix:



(Sources of W.J. Stanton, "Fundamental of Marketing", 6th Edition Pg. 379)

⁴³ Shyam K. Shrestha, "Marketing strategy and Management", 1st ed. (Kathmandu: Padma Educational Traders, 1992) Pg. 151.

⁴⁴ G.M Agrawal, "Marketing Management in Nepal," (Kathmandu : M.K Publishers & Distributors, 2057) Pg. 381

2.4.3.1 Advertising

Advertising is the impersonal method of communication message to prospective buyers, Thus, it is the main form of mass selling in any paid form of non- personal presentation of ideas, goods or services by an identified sponsor. It involves transmitting standard message to a large number of potential receivers, It includes print media. Such as news papers, magazines, journals, pamphlet, directories, and catalogs. Visual media such as out door poster, hoarding board, mobiles, bus poster, direct mail, bus poster, direct mail, novelties audio- radio and radio and other public broadcasting system etc. and audio-visual such as T.V video and computer etc.

According to W.J. Stanton as, "Advertising consisted of all activities, involved in presenting to a group a non-personal, oral, or visual, openly sponsored message regarding a product, service or idea,"⁴⁵

2.4.3.2 Sales Promotion

Sales promotion is demand-stimulating activity designed to supplement advertising and facilitate personal selling. It is paid for by the sponsor and frequently involves a temporary incentive to dealer and consumer to encourage a purchase. The main purpose of sales promotion is to stimulate consumer purchasing and dealer effectiveness. It includes tools for consumer or dealers promotion such as samples, coupons cash refund offers, price off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotion, cross-promotion, Point-of-purchase displays and demonstration, advertising allowances, quantity discounts, gift and cash discounts etc.

The American Marketing Association says as, "These marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, show, and expositions, demonstration and various non- current selling efforts not in the ordinary routine".⁴⁶

⁴⁵ Stanton, Op. Cit. 2, Pg. 414

⁴⁶ Committee on Definition "Marketing Definition, A Glossary of Marketing Terms", (A.M.A Chicago, 1960) Pg. 20.

2.4.3.3 Personal Selling

Personal selling consists of executing sales through sales persons. It involves a two ways or face-to-face and the phone communication process between the seller and buyer, Personal selling is the personal communication information to persuade somebody to buy something. It is the direct presentation of a product to a prospective customer by a representative of the organization selling it. It takes face- to- face or over the phone and it may be directed to middlemen or a final consumer.⁴⁷ it consists of individual, personal communication in contrast to the mass, impersonal communication of advertising, sales promotion and the other personal tools.

2.4.3.4 Public Relation

Public relation encompasses a wide variety of communication efforts to contribute to generally favorable attitude and opinions to ware an organization and its products. They are a broad set of communication activities, which are used to create and maintain favorable relationships with customers, government officials, press and society. It is achieved through effective personal relationship presentation of a good corporate image, social responsiveness and charity work.

Public relation is good relation with the company's various publics by obtaining favorable publicity building up a good corporate image, and handling or heading off unfavorable rumors, stores and events.⁴⁸

2.4.3.5 Publicity

Publicity is non- personal communication in news story, from regarding an organization or its products that is transmitted to a mass media at no charge. The important differentiating characteristic of publicity is that it always involves a third person, such as a news paper reporter or editor, who has the ultimate power to determine the nature of the message. It includes magazine,

⁴⁷ W.J Stanton, M.J. Etzel and B.J. Walker, "Fundamental of Marketing", 10th ed. (Mc Grow Hill, international Edition, 1994) Pg. 456.

⁴⁸ W.M Pride and o.c Ferrell , "Marketing Concept and Strategies", 6th ed. (Boston : Houghton Miffing, 1989) Pg. 450.

newspaper, and radio and T.V news stories about new retail stories, new product or personal change in an organization. An organization does not pay for the publicity and it should never be viewed free communication. "Publicity is communication in news story from about the organization and its product that is transmitted through the mass media. It is achieved through the publication of future articles a captioned photograph and press conferences".⁴⁹

2.4.4 Distribution

Generally, distribution is concerned with the activities involved in transferring goods from producer to customers and consumers. It makes goods available from one place to another place," Distribution is concerned with the various activities necessary or user. It includes not only physical activities, such as the movement and storage of goods, but also the legal promotion and financial activities involved in the transfer of ownership."⁵⁰

It is the delivery of products of the right time and right place. The distribution mix is the combination of decision relating to marketing channels. Ware houses facility, inventory management, location and transportation etc. After the products are produced, Producers must distribute or supply these products to the target market, in the most of the case, producers follow several methods: Middlemen or channels of distributed goods and services to the consumption point.

Distribution deals with two aspects of movement marketing or distribution channels and physical distribution.

2.4.4.1 Channels of Marketing

Actually, marketing channels are the distribution networks. Predictors flow to the market through the distribution network. Thus, marketing channel is a path traced in the direct or indirect transfer of ownership to a product or moves from a producer to ultimate consumer, "Distribution channels are set of

⁴⁹ K.D. Koirala, "Marketing Management", (Kathmandu: M.K Publisher & Distributors, 2057) Pg. 213.

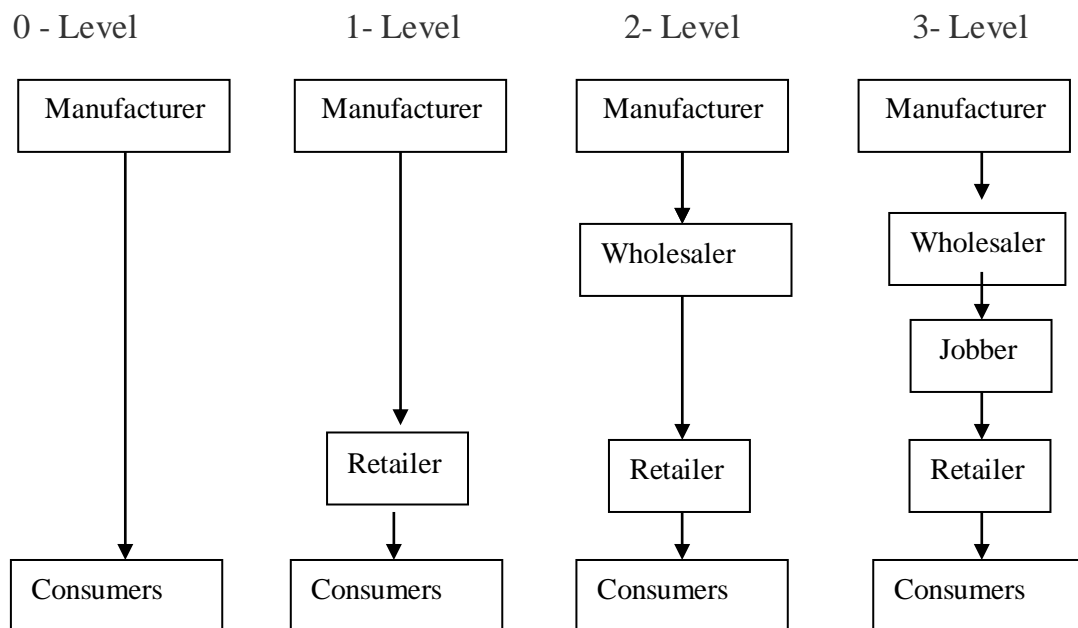
⁵⁰ Stanton, Etzel and walker, Op cit 43, Pg 362

inter- dependent organization involved in the process of making a product or service available for use or consumption by the consumer or industrial user, "⁵¹

It is the route traveled by the ownership of product or they move from point of original to point of final consumption. It consists of the set of people and firms involve in the transfer of little to a product or the product moves from producer to ultimate consumer or business user. It includes both the producer and the final customer for the product in its present as well as any middlemen such as retailer and wholesaler. ⁵²

Fig. 2.7

Structure of Consumers Marketing Channels.



(Source of Philip Kotler, "Marketing Managements millennium edition 2000)

The producers and the final consumers are part of every channel. We will use the numbers of intermediary levels to design the length of channel.

A zero-Level channel is direct marketing channel: It consists of a manufacturer selling directly to the final customers such as door- to door sales, home parties, mail order, Tele marketing, T.V selling.

⁵¹ Kotler and Armstang, OP. Cit. 1, Pg359.

⁵² Stanton , Op. Cit, 2 Pg. 285.

A One-Level channel contains one selling intermediary, such as a retailer.

Two-Level channel contains two intermediaries, such as in consumer market a wholesaler and retailer.

A three- Level channel contains three intermediaries such as wholesaler, Jobber and retailer.

In the consumers market, generally there most are wholesaler and retailer. In the consumer market is commonly used the following channel structure.

Manufacturer-Wholesaler-Retailer Channel, Broadly used or consumed by many different individuals/ people.

Manufacturer - manufacturer means organizer or producer who producer of goods and services. The organization that identifies a consumer's need and problems, a service on product from raw materials, parts or worker to satisfy that need.

I. Wholesaler

A wholesaler is a firm whose main functions are providing whole selling activities. It includes all activities involved in selling goods and services to their buying for resale as business use, Wholesaling is concerned with the activities of those person or establishment which sell to retailers and other merchants or Industrial, institutional and commercial users but who do not sell in large amounts to final consumers.⁵³

Wholesalers may perform certain function for both their supplier and the wholesaler's own customer. Thus, wholesalers purchase goods in large number of quantities from producers and resale them to retailers industrial, institutional and commercial users in small lots.

⁵³ Mc Carthy & Perreault Op. Cit. 8, Pg. 326

II. Retailer

A retailer is a business enterprise that sells primarily to household consumers for non-business use. It includes all activities directly related to the sale of goods or services to the ultimate consumer for personal, non-business uses. Thus, retailing is selling products to ultimate consumers for their personal or household use. Kotler and Armstrong define as, "Retailing as all the activities involved in selling goods or services directly to final consumers for their personal, non-business use."⁵⁴

Retailing covers all the activities involved in the sale of products to final consumers. Thus, the retailer buys a product from wholesaler or producer and sells in small quantities to the ultimate consumers.

2.4.4.2 Physical Distribution

Physical distribution is a component of distribution mix. It is concerned with the management of physical flow of goods from the point of suppliers to the points of purchasers. "Physical distribution involves planning, implementing and controlling the physical flow of materials and final goods from point of origin to points of use to meet the needs of customers at a profit."⁵⁵ Physical distribution is physical flow of goods that consists of all the activities concerned with moving the right amount of the right products to the right place at the right time.

The physical distribution comprises five major activities such as transportation, warehousing, inventory management, material handling and order processing.

I. Transportation

Transportation is delivered products from the place of production to the place of consumption points. It contributes place utility to the product. The choice of carrier affects the pricing of the product delivery performance, and condition of the goods when they arrive—all of which affects customer's

⁵⁴ Kotler and Armstrong, Op cit 1, Pg.388.

⁵⁵ Kotler and Armstrong, Op. cit.1, Pg. 376

satisfaction. In shopping goods to its ware house, dealers and customers, the company can choose five transportation modes i.e. rail, water, truck, pipeline and air.

Transportation is the marketing function of moving goods and it involve time and place utility. Transportation is the element of the physical distribution system that links, geographically separated markets and facilities.⁵⁶ Management must decide the form of transportation to use and the particular carries.

II. Ware housing

Warehousing is marketing activity that concern storage the products. It contributes time utility by providing products as and when demanded ware housing decision determines the number size and location of storage facilities needed to service customer demand.

Warehousing design and operation of facilities for storing and moving goods is an important physical distribution function firm to compensate for dissimilar production and consumption rates. That is when the mass production creates a greater stock of goods that can be sold immediately or companies may stock the goods in the surplus goods in the warehouse until customers are ready to buy.

III. Inventory Management

Inventory management regulates product. Supply in right quantity right time and right size. Inventory levels also affect customer satisfaction and this adds quantity utility to the product. Markets would like their companies to carry enough stock to fill all customer orders right way. However, it costs too much for a company to carry that much inventory. "Inventory decision involve knowing when to order and how much to order when to order, the company balances the risk of running out of stock against the cost of carrying out of stock against the cost of carrying too much."⁵⁷

⁵⁶ Stanton, Op. cit. 2, Pg. 360

⁵⁷ Kotler and Armstang , Op. cit. 1, Pg.377

Inventory decision are concerned with balancing the costs of carrying inventory, ordering products from suppliers, and controlling other inventory costs to achieve a desired level of consumer satisfaction.

IV. Material Handling

Material handling is called the handling of goods; it is activity that is important in inventory, warehousing and transportation. It is important in efficient warehouses operation as well as transportation from points of production to points of consumption. Production and technique should be increased to the usable capacity of a warehouse, which helps reducing the number of time and goods, by material handling. "Material handling is an equipment of physical handle products. Proper equipment can minimize losses from breakage, spoilage and theft efficiency equipment can reduce handing costs as well as the time required for handling,"⁵⁸

V. Order Processing

Order Processing is the first stage in a physical distribution system of the receipt and transmission of sales order information. It constitutes the communication linkage that stimulates a physical distribution system in to action. It regards to all activities involved in collecting, checking and transmitting sales order information, "Order processing is a part of the physical distribution that should include provision for billing, granting of past-due account. Consumers' ill will can result if a company makes mistakes or is slow in filling orders,"⁵⁹

2.5 Review of Related Past Studies

Though the dairy industry has grown tremendously over the years, a few researches have been conducted in marketing aspects of milk and milk product. The studies that have been carried out in past studies in Nepal have been reviewed. In the study period, different books, journals and articles have been

⁵⁸ Stanton Op.cit2, Pg. 358

⁵⁹ Ibid, Pg. 360.

consulted. The research studies and work papers carried out by different scholars with in various geographical region including dissertations conducted by Nepalese scholars are reviewed in this section, which are related with the area of the study.

2.5.1 Review of Journal and article

2.5.1.1 B.B Karki has conducted the study "on strategic planning in co-operative sector: A study on Dairy Co-operative in 2005 has states that as having different in nature of the problems in dairy co- operatives so strategic planning on these sectors also different in between developed countries and developing countries.

Most of the dairy co- operatives of developing countries have been suffering from global competition. They cannot compete with the developed countries so they have given emphasis on internal improvement such as improvement in management, increase in production volume, improvement in quality of product. But developing countries have been giving emphasis on the enhancement of dairy product and market expansion. This findings concludes that strategic planning of developing countries are generally, to increase production volume of buffalo milk, to bring about the internal improvement in co-operative societies to reduce cost of production, to provide quality service to consumer through skill, trained and educated manpower and e-commerce. Where as strategic planning of developed countries is to merge different dairy co-operative societies/institutions in to a dairy co- operative and to compete in the global market with quality of products.⁶⁰

2.5.1.2 S.K. Pant has conducted the study on Panthi Dairy. An Entrepreneurial venture in Pokhara in 2005 has stated that in due course of time, Pokhara started to see several producer selling dairy products. Most of them sold in

⁶⁰ B.B Karki, 2005. "*Strategic Planning in Co-operative, Sector: A study on Dairy Co-operative.*" The Journal of Nepalese Business Studies III Pokhara: Faculty of Management, Prithivi Narayan Campus, December 2005:72-79.

unbranded forms. However, some of them began to sell in their own brand name. One of the most popular dairies of Pokhara. Resham Raj Panthi, the owner manager of Panthi dairy hails from a traditional peasant family of Lekhnath Municipality of Kaski district, western Nepal.

In Pokhara, he started his first business venture which has a shop selling sewing and tailoring materials. Unfortunately the business did not do well and he left it after six month. He once again started to explore new business and began to sell traditional sweet in Pokhara. The future was not with him even this time and he was forced to level the business after another six month of trial. He went to Biratnagar where he worked in a factory. Once again, he left the job after some time and joined a restaurant as an assistant.

While working in the restaurant Resham's entrepreneurial eyes saw a small vendor selling ice-creams. Hence he talked to the vendor and began to learn the nitty-gritty of the ice- cream production and marketing. He left Biratnager and headed to his home town with confidence to establish an ice-cream shop.

Panthi ice-cream factory was established in Ashadh 2047, and its product was in the market. It was of a moderate quality and price than India brand ice cream like Neerula's and Quality for school going children and other urban youngsters.

Panthi Dairy sells only vegetarian items besides the milk products in its restaurant which is located in Gairapatan, Pokhara. They include vegetarian and Panner Momo which is quite popular amount of the customers. The restaurant and the factory employ 30 employees include several Panthi family members. Total investment in the business is NR 15 million until now. Out of this investment, only 2 million is the loan financing.

Panthi Dairy's has many future plans which include producing flavored milk and sweets as well as non-vegetarian foods in a separate kitchen so that all types of customers can be attracted. The plan also includes producing 10 thousand liters of milk a day. In addition to existing products, the future. Products include fruit juice and Indian foods such as chat, samosa and others.

Total employment after implementing all these plans is expected to reach to 50. He will create a in the market for up scale customer too. He wants to equip his factory machines and vehicles which are used by western dairy manufacturers and demonstrate people of Pokhara that how a modern day dairy does operate. He also is planning to make Panthi Dairy outlet a place where every visiting Pokhara should compulsorily visit otherwise miss the real pleasure of visiting Pokhara.

When asked what guides you to such a hard work and innovative ideas he philosophically asserts that he always believe in earning something for the self. He also says that unlike in the majority of families in Nepal he not only works hard for earning but also influences and motivates each member of the family to do something. So that they would earn for themselves and not dependent on others for survival. He calls him self a dreamer who wants to make a name in the business history of Pokhara with different kind of dairy and food products.⁶¹

2.5.1.3 S. Poudel has stated in his article in "The Kathmandu Post" in the title "Dairy Farming" that the country's milk output could be increased by half instantly draws our attention. The prediction of a huge surge in milk put is a pointer at the success of the dairy industry. There has been a spectacular growth of dairy industry over the last decade. Expert claim that dairy currently makes up of around 47% of the total income from livestock. Milk is a non-perishable product. Surplus milk could be processed in to cheese, paneer, curd, butter, ghee, milk powder in processing plant. Since cow milk contributes to more than half of the total milk produced in the country. The needs of the hour are:

- To improve the breed of the livestock.
- To improve the quality of milk and its production.
- To improve the condition in which they raise their livestock.

⁶¹ S.K. Pant, "*Panthi Dairy: An Entrepreneurial Venture in Pokhara.* " The journal of Nepalese Business studies III Pokhara: Faculty of Management, Prithivi Narayan Campus, December 2005: 98-100.

- To provide a guaranteed market for milk to rural farmers as well as embody a scientific system of milk collection. Processing and marketing by private and government-owned dairy plants.

Breeding cattle for food and commerce dates back to the ancient times. There is a long way to go when it comes to dairy farming. The first thing to boost dairy farming activity is to raise milk production. The recently launched cattle improvement project in eight districts has already yielded good results. The project involves artificial in semi nation with semen from cows of elite breeds such as Brown Swiss be expanded to other 75 districts as well. Another important thing to consider is the diet of the cattle. Nepal cows are primarily fed wheat and straw resulting in low milk production. They must be given compounded feed, including blocs of urea molasses to raise milk production. Farmers must protect their cow against parasites and infectious diseases as well as consult the veterinarian in the case of illness.⁶²

2.5.2 Review of Dissertations

2.5.2.1 A study on "Milk Product Marketing in Pokhara (A Case Study of PDDP)" was conducted by Nara Nath Baral in 2002 T.U. The basic objectives of the study were.

- To assess the demand and supply situation of milk products in Pokhara.
- To assess the marketing strategies of Pokhara Dairy Development Project in terms of product, Price, distribution and promotion.
- To find out the opinion of consumers about milk product supplied by Pokhara Dairy Development Project in Relation to other Suppliers

For this purpose both primary and secondary data's are used. Secondary data have been collected from PDDP and Primary data were collected from the survey research design with sample of 50 household consumers and 50 business consumer with the help of structured questionnaire.

The major findings of the study are as follows.

⁶² The Kathmandu Post, 23rd July, 2008.

- PDDP is the biggest dairy of this area. It produces milk (whole and standard) ghee, ice- cream, paneer, butter etc. It has 300 distributors and sales milk only from its distribution booths.
- There are 118 DDC milk collection centers and 7 chilling centers in this area. The collected milks in this area. The collected milks in various collection centers is brought to DDC factory by tankers.
- All the DDC and other company's products have plastic packaging. Price of products is controlled by DDC central committee. It is the leading milk and milk product, production and distribution company.
- DDC is the best dairy company on performance and it's product have a unique DDC logo which can be distinguished from other company products.
- Saptagandaki dairy is established under the act of co-operative act but Ramjanaki, Pokhara and Shree Krishna are private dairy companies.
- Some of the household consumers are using powder milk and they are not use other dairy products such as butter, cheeses and paneer. ⁶³

2.5.2.2 P. Pahari, conducted a study on "Profit Planning in Dairy Development Corporation" in 2000 T.U with the following objectives.

- To examine the present profit planning promises adopted by DDC.
- To analyze the various functional budgets that were prepared by DDC.
- To Sketch the trend of profit and loss of DDC.
- To evaluate the variances between planned and actual achievements of the enterprise.

The major findings of the study are as follows

- DDC had planned only short-term planning rather than long term planning the time covered was only for one year.

⁶³ Nara Nath Baral, "Milk Product Marketing in Pokhara : A Case Study from PDDP", (MBS diss., Tribhuvan University, 2002).

- DDC had collected milk only from 39 districts, and it had distributed its products only in a few urban areas.
- The collection production and sales of milk and milk products had smooth increasing trends.
- The manpower within the corporation was more than its requirements.
- DDC has over utilized its plant or Capacity.
- The Corporation had not prepared the periodic performance reports. ⁶⁴

2.45.2.3 S.K Gautam, Conducted a study on "Economic Impact of the Dairy Development Project on the economic Status of the Farmers of Dhikur Pokhari V.D.C. Kaski" in 2000 T.U with the following objectives.

- To Compute cost of production of milk produced in Dhikurpokhari VDC and compare it with current market price.
- To make comparison in the income of dairy farmers before the establishment of DDP and after.
- To find the main problems that the farmers of the VDC are facing.
- To suggest ways and means for solving the problems.

For the purpose, Primary data collected from the VDC through the field survey and relevant secondary data been collected from the publications of the Dairy Development Corporation, Co-operative office: "Nagdanda Dugdha Utpadan Sanstha.

The Major findings of the study are as follows

- The average cost of production of milk including the service cost was Rs. 20.11 per liter at that time of researching where the market price was Rs 15.72. Excluding the implicit cost from the total cost, the average cost of milk is Rs.8.12 per liter. But the exclusion of implicit cost from the total cost in economic does not any meaning. Therefore, the milk producers are not getting real benefit.

⁶⁴ Prakash Pahari, "*Profit Planning in Dairy Development Corporation*", (MBA diss., Tribhuvan University, 2000).

- The milk producers of VDC have so many problems such as veterinary problems, problems of credit facility, problems of pasture and etc. But the main problem is low pricing of milk comparing with the cost of production. She has given some recommendations to solve the problems. She suggests that the DDP has to establish its own industries for supplying fodder, useful training about livestock keeping should be provided to the farmers regularly. The price of milk paid by the DDC should be increased and the interest rate on the loan should be lowered and for the pastureland, farmers should be encouraged to save their community forest.⁶⁵

2.5.2.4 N. Pyashi, conducted a study on "Milk production and Supply in Kathmandu in 1978 T.V. The basic objectives of the study were:

- To determine the historical prospective of DDC.
- To see the trend of milk production, collection, distribution by Kathmandu milk supply scheme.
- To examine the other Possibilities of Kathmandu milk supply scheme.

The major findings of the study are as follows.

- The consumers are using the milk in preparing tea, coffee, sweets and in baby feed.
- Due to increasing trend of Literacy, the demand of milk is increasing rapidly because the milk and milk products are nutritious and hygienic.
- DDC is trying to meet the demand of the milk by supplying more milk and milk products but it is not successful yet.

According to the researcher, due to the increasing population and tourism in Kathmandu valley demand for milk is increasing rapidly. Though, there are a few private milk suppliers, DDC has played a vital role in supplying pasteurized milk to the consumer. After the establishment of DDC, it shows the upward trend for production of milk and milk products but the demand is exceeding due to lack of the best supplies of livestock, lack of veterinary

⁶⁵ Shiva Kumari Gautam. "*Economic Impact of the DDP on the Economic Status of the Farmers of Dhikur, Pokhari V.D.C, Kaski*", (MA diss. Tribhuvan University, 2000).

facilities and cross breeding facilities. This study is mainly concerned with only on the supply aspect and difficulties of the corporation.⁶⁶

2.5.2.5 A Research on the Role of Dairy Co-operatives Limited on the Income Generation of Dairy Farmers: A case study of Armala VDC, Kaski District in 2002 T.U. has addressed on the following objectives.

- To see the role of dairy co-operatives on the economic condition of milk producer.
- To make a comparison between the income of milk producers before and after the establishment of dairy co-operatives in Armala VDC.
- To find out the problems of milk producer.
- To suggest the means and ways for solving the problems.

The major findings of the study are as follows

- In Armala VDC, the "Kalilek Dugdha Utpadak Sahakari Sanstha Limited" is established in 2051 B.S. under the co- operative act. It lies at the centre of this VDC called Jogimani. All the Professional milk sellers of this VDC used to collect or sell their product in this milk collection center. There are no other branches of milk collection center.
- Among the various castes regarding in this VDC like Gurungs, Chettris, Kami, Brahmins etc. Bramins are the main professional milk producers in this VDC. Brahmins have covered more than 90% of total milk producers. The population density of Branmins in ward No.2 is very high and the most of the milks producers are from this ward. Similarly, in other wards, the population density of Gurungs is very high. They earn much money from foreign job. So, they don't to sell the milk to the market. Due to the social reason, other castes like Kami, Damai, Sarki etc do not sell the milk and they are not professional milk producers.
- The average selling price of milk of buffalo is Rs.17 per liter and Rs.16 of cow's milk. In average the price of milk per liter is Rs.16.5. Before the

⁶⁶ Naryan Pyashi, "Milk Production and Supply in Kathmandu," (MBA diss., Trivhuvan University, 1978).

establishment of co-operative (before 2051B.S) the average price of milk was Rs.13 per liter. It shows that the price of milk is increased by Rs.3.5 per liter.

- In this VDC, the total daily production of milk by 45 sampled farmers is 462 liters. They consume 114 liters of milk by themselves and sell 348 liters of milk per day. They get Rs.16.5 per liter from the milk sale. The average income of household farmers from milk sale is Rs3828 per month.
- After the establishment of dairy co-operative, employment incomes of the farmers, quality of milk production and sale of milk have increased. This is certainly a positive role of dairy co-operative on the income generation of the milk producers of this VDC. Before the establishment of dairy co-operative, the monthly money income get from milk sale was only Rs.958 and after the establishment of dairy co-operative is Rs.3828. The increment of money income after the establishment of dairy co-operative is 399.9 % (About 400%)
- In the course of live stock rearing, there are so many problems faced by the milk producers of t his VDC. Among various problems cattle insurance problem is the great problem. There is no any cattle insurance institution in this VDC. By providing this facility the milk producers can be encouraged to buy hybrid cattle. Similarly, the another problems in this VDC is veterinary facility out of 45 sampled farmers of this VDC used to come to he Pokhara city to treat their cattle.
- He recommends that the price of milk should be increased so that it could meet the market price of milk as well as the price of animal feed.
- There is no veterinary clinic in this VDC so the milk producers are unable to get the easy veterinary service. So the veterinary clinic with the facility of latest should be established which would definitely encourage the milk producers.
- Regular crossbreeding service should be provided either by the ADC or by the DDP or by their joint effort. It will help farmers to change their local cattle in to improve one slowly.

- To make the livestock keeping scientific, various types of training valuated to this sector should be given to the milk producers by government or related institutions.
- Farmers may be encouraged if the programmes of agricultural exhibition, agricultural fair are managed by Agriculture Development center or by the related institutions.⁶⁷

2.5.2.6 S.R. Paudel conducted a study on "Sales Planning on Dairy Development Project in Nepal. (A Special study on Dairy Development Project, Pokhara milk supply scheme in 2004 T.U. Main objectives of the study were.

- To identify the managerial process of DDP, Pokhara.
- To examine the formulation and implementation procedure of sales plan DDP, Pokhara.
- To suggest and recommend the systematic sales plan for DDP, Pokhara .

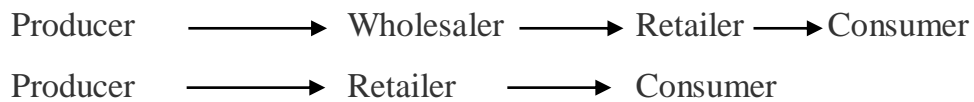
The major findings of the study are as follows:

- DDC has not followed participate management, even middle level of management are not participated in policy making. Only top level of management is directly involved in policy-making.
- There is only annual target is supplied by the top management for major department. There is no default and formal guidelines to the lower level management or departmental manager for the purpose of developing profit plan which also seen in DDP, Pokhara.
- The demand of milk and milk product in urban site of Nepal is very high than supply of milk and its product. Milk supply to the major urban areas is often in sufficient to satisfy demand especially during the satisfy demand especially during the winter season and before the monsoon.
- The Company prepares the sales budget without studying the environmental scanning. There is no co-ordination between the various department sales

⁶⁷ Om Prasad Paudel, *"The Role of Dairy co-operatives Limited on the Income Generation of Dairy Farmers: A Case Study of Armala VDC, Kaski District"* (MA diss., Tribhuvan University, 2002).

forecast, marketing plan, advertising plan etc. are the main component of sales budget. There is ignored the sales fore cast and advertising. The sales manager has no clear knowledge about the sales forecast.

- Least square straight line sales trend (milk) of DDP, Pokhara shows that the sales will be high in future if present efforts are frequently being improved.
- The annual sales have been classified in to months and periods. Each period consist of four months. The project has been adopted two distribution channels.



- Sales achievements are to below that and achievements are not sufficient in forecasting the sales of dairy products because the increase of demand may affect by various causes. This also signals that sales plan is not made by considering all components affecting sales. On the basis of the study of profit.
- Planning in DDP, Pokhara it seems necessary to develop, implement and improve the process of profit planning from beginning to end. So he recommended that.
- It would be better to participate the employees of different levels should involve in formulation and evaluation of enterprises goals and objectives. Lower level personnel also should not be avoided in decision- making.
- The project should follow the strategic long- range and Tactical short- range profit plan and to conducting the orientation program for planning objectives and goals for effective utilizations of its resources.
- Sales promotion tools i.e. advertisement and publicity should be effective to the project.
- BEP analysis should also be taken in to consideration while developing sales plans and pricing of products.

- To meet the desired sales target, DDP. Pokhara should try to increase collection centers, sales centers and media support for publicity of its products.⁶⁸

2.5.3 Research Gap

The studies mentioned above are related to some aspects like milk product marketing demand and supply of milk , profit and sales planning of DDC, Dairy Development of Nepal, Role of dairy co-operative and some of the studies have talked about some problems like veterinary problems, problems of fodder, credit etc. But this study is related to market position of Safal Milk in Pokhara valley. The area of this study is quite new. Most of the studies were based on only consumer's survey and interview. The present study has included opinion of urban and semi-urban area's consumers and retailers. Hence the study has its own importance. This study will find its objectives.

⁶⁸ Surendra Raj Paudel. *"A Study of Sales Planning on Dairy Development Project in Nepal: A Study of Dairy Development Project, Pokhara"*, (MBS diss., Tribhuvan University, 2004).

CHAPTER - III

RESEARCH METHODOLOGY

Research Methodology is a systematic way to solve the research problems. It is concerned with various methods and techniques adopted in the process of research studies. The main objective of the study is to reveal the market position of Safal brand milk with compared to other brands available in the market. The methodology has been development accordingly with the aim of achieving the objectives of the study. It includes the research design, population and sample, nature and source of data, method of data collection, data analysis tools.

3.1 Research Design

Considering the objective of the study descriptive survey research design to show and state the topic. Table presentations are made in the required parts. Stratified and judgmental samplings are adopted in the sampling process. The customers' and retailers' information has been obtained from structure questionnaire.

3.2. Population and Sample

All the consumers and retail stores owners are the population of the study. For the study, 200 household consumers and 80 retail stores have been selected as a sample. Therefore only 200 household consumers and 80 retail stores located in Pokhara sub metropolis were taken for the study. 100 consumers from urban and 100 consumers from semi urban area were interviewed to serve the purpose of the study. Similarly among retail stores, 40 retail stories from semi urban and 40 retail stores from urban locality of Pokhara were also interviewed. Stratified and judgmental sampling method has been used to select the required sample size from the population. For the study purpose, the ward number of Pokhara sub metropolis were divided in to urban

and semi-urban area. Therefore out of 18 wards, 9 wards were belong urban and 9 wards categorized in to semi urban. The ward number 1, 3, 4, 6, 7, 8, 9, 10 and 11 were regarded as urban area and 2, 5, 12, 13, 14,15,16,17 and 18 were regarded as semi-urban area. Respondents from inner parts of these wards were selected for interview.

3.3 Nature and Source of Data

The study is based on primary and secondary data. Consumers and retail stores located in Pokhara sub- metropolis are the main source of primary data. While the secondary data were gathered from the different relevant sources. The relevant sources are company report, other reports article, magazine, official records and publications of Sujal Dairy, journals, thesis, booklet of Pokhara sub metropolis and internet websites.

3.4 Data Collection Procedure

Primary data were collected through two separate set of questionnaire. The questionnaire were prepared and presented to respective respondents with a brief introduction of the nature of the study. To make the questionnaires more clearly to consumers and retailers were presented Nepalese language translation of the questionnaires. Before starting the actual survey, a pilot testing was carried out to test the suitability of the contents of data collection instrument. Questionnaires were tested with 5 consumers and 5 retailers to evaluate the responses on statistical software. Contents were redesigned and finalized accordingly. Field visit was the major method to collect data. Consumers and retailers were interviewed by personally contacting on their house and shop respectively. The sample of the questionnaires is given in an appendix (Appendix A to B). Similarly necessary secondary data and information were collected with concerned member of Sujal Dairy by frequent visit to Sujal's head office at Bagar - 1, Pokhara.

3.5 Data Processing and Analysis

The entire questionnaires distributed to the consumers and retailers were collected and checked thoroughly. Then, it was compiled and presented in appropriate table to facilitate analysis and interpretation. Master table is then considering for all the analysis. Both descriptive and statistical analysis has been done.

3.6 Statistical Tools Used

The data collected and processed have been analyzed using statistical tools and techniques such as percentage, pie-chart and bar diagram.

CHAPTER - IV

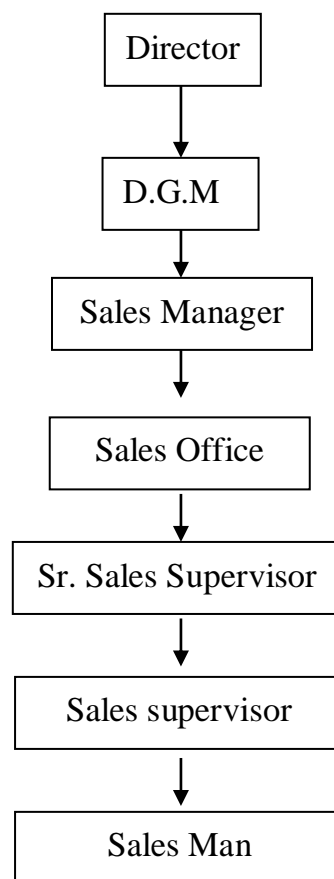
DATA ANALYSIS AND PRESENTATION

Keeping in view the objectives of the study, the collected data have been analyzed in three sections. The first section assesses existing marketing strategies of Sujal Dairy, the second section deals with analysis of consumer's survey and the third section analysis of retailer survey.

4.1 Marketing Strategy of Safal Brand

Before taking strategies, organizational structure of marketing department of Sujal Dairy has been depicted here for analysis.

Fig. 4.1



Source : Sujal Dairy

Marketing structure of Sujal Dairy is headed by director who is assisted by 6 professional. They are deputy general manager, sales manager, sales

officer senior sales supervisor, sales supervisor and sales man. The marketing organization structure of Sujal Dairy is flat, which helps smooth flow of two way communication in today's competitive environment.

Further more, market areas of Sujal Dairy covered three zones of Gandaki, Dhaulagiri and Narayani. Therefore, only 1 sales manager, 3 sales officers, 2 sales supervisors and 14 salesmen are employed in this department.

Marketing of milk and milk products begins with the collection of raw milk. This process involves collection, processing packaging and distribution. The process can be presented diagrammatically as following.

Collection → Processing → Packaging → Distributio → Consumption

4.1.1 Collection System

Sujal Dairy collects raw milk from the farmers of different villages or areas in this region. Thus collected raw milk is brought to processing center at Pokhara with the help of road transportation. There are 144 milk co- operative agencies and 10 private milk collection firms. The averages milk collection per day in peak season is 40,000 liters where as it is low, 10000 liters during false season. More than 600 farmers rely on Sujal Dairy to sell milk. There are 33 milk collection centers and 144 co-operative agencies where formers sell their cattle milk in the morning daily. The collector of those centers performs S.N.F. test, lactometer test, and fat test on collected milk individually and as a whole. The milk thus collected is sent to Sujal Dairy and if it is far away from dairy, then the collected milk is sent to near by chilling center. The milk received at chilling is sent to Sujal Dairy on the following day. Now the process of pasteurization begins and standard milk, whole milk, curd, ghee, butter, ice-cream etc. are produced.

These milk products are sent to whole sellers and then booths for sell. Sujal Dairy collects raw milk from the local milk men. There are milk collection centers in the peripheral rural areas of Kaski, Chitwan, Nawalparasi, Rupandehi, Kapilvastu, Palpa, Syangja and Tanahun district. The farmers of the surroundings areas carry their milk in the morning and evening. In chilling center, the collectors control and supervise the milk collecting centers. When the farmers bring the milk, then there is a system of checking the quality of

milk. Such collection centers use the fat test and lactometer test and others as mentioned above. In fat test, there should be 5% fat and if they use the lactometer it should be 8% otherwise, they can not accept that raw milk because the milk supply scheme should sell under the government rule. There must be 8% of lactometer and 3% of fat to sell. The milk collected in the evening and the following morning sent to the milk chilling center and then finally to the Sujal Dairy with in 4- hours period. In these areas farmers collect buffaloes and cows milk. Buffalos' milk contains more fat than cows. The price of milk is fixed according to the seasonal variation.

As mentioned earlier bacteria quickly spoil the milk if it is kept for a few hours with out chilling so it needs to be chilled as soon as milking in from the cattle. In rural areas farmers walk 4-5 hours on foot to deliver the milk at collection centers and even they collect morning and evening milk together which are the risky processes. So Sujal Dairy has managed some chilling centers in different parts of this region. Here is detail information of milk collection district wise and chilling center wise.

4.1.1.1 District wise Milk Collection

Table - 4.1

District Wise Milk Collection of Sujal Dairy.

S.N	District	In Litters			
		2061/062	062/063	063/064	064/065
1	Chitwan	10000	12000	14000	16000
2	Nawalparasi	2000	2000	3000	3000
3	Rupandehi	4000	4000	5000	5000
4	Kapilvastu	500	500	600	600
5	Palpa	100	100	200	200
6	Syangja	500	500	700	700
7	Kaski	500	500	900	900
8	Tanahun	400	400	600	600
Total		18000 Ltrs.	20000 Ltrs	25000ltrs	27000ltrs

Source : Sujal Dairy

The above table 4.1 shows the total milk collection of Sujal Dairy in different districts from the F.Y. 061/062 to 064/065 respectively. According to

the table the total milk collection in 061/062 was 18000 Ltrs., 20000 liters in 062/063, 25000 ltrs. in 063/064 and 27000 liters in 064/065.

Table - 4.2

Milk Collection of Sujal Dairy

S.N	Name of District	No of Chilling centre	Capacity (Ltrs)
1	Chitwan	8	25000
2	Nawalparasi	3	7000
3	Rupandehi	7	15000
4	Kapilvastu	4	3000
5	Syangja	3	1500
6	Palpa	2	2000
7	Kaski	3	5000
8	Tanahun	3	5000

Source : Sujal Dairy

The above table 4.2 reveals the number of chilling centres and their capacity in different districts. There are 8 chilling centers in Chitwan, 3 in Nawalparasi, 7 in Rupandehi, 4 in Kapilvastu, 2 in Palpa, 3 in Syangja, Kaski and Tanahun with capacities areas 25000 ltrs., 7000 ltrs, 15000 ltrs, 3000 ltrs, 2000 ltrs, 1500 ltrs, and 5000 ltrs respectively.

4.1.2 Product Development Strategy

Sujal Dairy is the largest private dairy company in this region having several types of consumable dairy products.

The following table shows how Sujal Dairy is planning its production and sales calendar for the year 2065/066.

Table - 4.3

Milk and Milk product for the F.Y 2065/066 of Sujal dairy.

S.N	Product's Name	Quantity (Per day)
1	Milk	20,000 Ltrs
2	Yoghurt	3,000 Ltrs
3	Ice-cream	600 Ltrs
4	Ghee	1,200 Ltrs
5	Butter	500Kg
6	Nauni	300Kg
7	Paneer	250 Kg
8	Pizza cheese	100 Ltrs

Source : Sujal Dairy

The table no 4.3 shows how Sujal Dairy is planning its production of milk and milk product for the fiscal year 2065/066. From the table, targeted production unit of Sujal's are 20000 Ltrs, (Milk), 3000 ltrs (Yog hurt), 600 Ltrs, (Ice-cream) 1200 Ltrs (Ghee) , 500 kg (Butter), 300kg (Nauni), 250 kg (Paneer) and 100 Ltrs (Pizza cheese)

4.1.2.1 List of Product

Customers enjoy following milk products from Sujal dairy.

Table - 4.4

Types of dairy products Produced by Sujal dairy.

S.N	Types of the Product
1	Purified milk
2	Yoghurt
3	Ice-cream
4	Ghee
5	Butter
6	Paneer
7	Pizza cheese

Source : Sujal Dairy

The features of milk and milk products are as follows:

i. Milk

It is the most common type of dairy products which is the mother of every other dairy product. It is collected from farmers and brought to Sujal Dairy where it is purified, pasteurized and processed. The milk produced by Sujal Dairy is of two types, standard milk and whole milk. A whole milk contains 5 % of fat and 8 % of S.N.F and is available at Rs 38.0 per liter where as standard milk is available at Rs. 33.0 which has got 3 % fat and 8% S.N.F.

ii. Yoghurt

It is another dairy product that is popular among consumers. 60 % consumers consume this dairy product. It is available in 500 ml packet and 200 ml cup.

iii. Ice-cream

It is also another type of dairy product, which is mainly popular among people having high income. It is a type of luxurious dairy product liked by children and teenager. It is available in 1 Ltr, $\frac{1}{2}$ Ltr and 100 ml plastic packaging. About 25 % to 35 % of people in urban area consume this product.

iv. Ghee

The fat of milk produces ghee. About 31% of consumers consume ghee. Although it is possible that more percentage of people is consuming ghee but they do not buy dairy ghee. It is available in 1 kg, and $\frac{1}{2}$ kg packet.

v. Butter:

People consuming butter has increased from 10% to 15% in urban areas. It is available in 500 gm and 250 gm packet.

vi. Paneer :

Paneer is becoming popular day by day among people with high income level and among vegetarians. It is available in 1 kg, $\frac{1}{2}$ Kg and 100 gm packets.

vii. Pizza cheese:

Fifteen percents of consumers are using cheese. Main sources of cheese is Sujal Dairy itself. This product is popular among high-level in come groups. It is available in 1 kg and $\frac{1}{2}$ kg packet.

Branding is the most important part of products. Without brand, a product can not give its own identity. Brand contributes to customers about the product difference. SAFAL brand is popular brand in Pokhara because it is the leading brand in the market among the dairy brands.

Packaging is also an important part of products, which involves designing and producing the wrappers for the product. More attractive packaging leads to high sales with high consumer preference. The packaging is available in different size, shapes and design. The packaging of Safal is old because it's packaging has been same from its establishment, 2034. The company has not developed its concept for modifying the packaging yet. The company has modified the packaging of ghee in the last year. Therefore, its packaging is accepted by the consumer in the market.

Labeling is the part of the packaging which should contain name of the producer, manufacturing and expiry date, contents etc. The logo of Sujal product has a rising sun between two mountains. The milk which is in sales in the market produced by Sujal Dairy, comes with one liter and half liter plastic packet. Fat (3%) and S.N.F (8%) are mentioned in the standard milk packet

while 5% of Fat and 8% of S.N.F in whole milk packets where as ghee packets produced by Sujal is available in yellow plastic bottle or packet. The yoghurt produced by Sujal is available in plastic cup as well as in plastic pouch. Yoghurt product of Sujal always has 5 % fat, 4.0 %, sugar 8%, S.N.F and 1 % S.M.P

4.1.3 Price Strategy

Sujal Dairy is one of the private firms so it can be considered as the good profit making organization. Price is regarded as the most sales determining factor. No product, no design and no marketing strategy can be formulated with out consideration of price. Therefore, to out perform competition, a marketer has to follow sound pricing policy and strategy. In the context of Safal Milk, the base (raw material) of every dairy product is collected from the farmers so Sujal must have two pricing policies.

- i. To buy milk from customers.
- ii. To sell milk and milk products to the customers.

The company has modified milk's consumer price for 3 times since its establishment in 2034 B.S. At the beginning its retail price was only Rs 11. After few years, it's retail price was Rs 12.50, then. Rs 13.50 respectively and now it's retail price is Rs 16.50 in $\frac{1}{2}$ ltr pouch.

4.1.3.1 Pricing Method

The factory management and marketing division set the price of milk product where as the price of milk is set by dairy association.

4.1.3.2 Price Range of Product

There are several competing dairy companies in Pokhara. So each of them has to set product price accordingly. Product price set by Sujal Dairy is shown in the table given below:

Table - 4.5

Retail Sale Rate of Dairy Products Set by Sujal Dairy

S.N	Milk and Milk product	Rate in Rs.
1	Milk standard 1 ltr	33
2	Whole milk	38
3	Yoghurt 1 ltr	50
4	Yoghurt cup	15
5	Ice- cream 1 ltr	30
6	Ice -cream cup	15
7	Nauni Kg	310
8	Butter Kg	350
9	Ghee 1 ltr	340
10	Paneer 1 kg	290
11	Pizza cheese, 1kg	245

Source : Sujal Dairy

The above table shows the retail sales rate of different types of the dairy products of Sujal Dairy of the F.Y 2009.

4.1.3.3 Competitive Price List of Dairy Products:

Here is a list of price set by different dairy companies for the same type of products.

Table - 4.6

Competitive Price List of Dairy Products

S. N	Products	Sujal	Ram Janaki	Fishtail	Sahakari	Nagdanda	Panthi
1	Standard milk 1tr	33	33	33	33	33	33
2	Whole milk	38	38	38	38	38	38
3	Yoghurt 1 ltr	50	46	46	46	46	46
4	Yog hurt cap	15	14	14	14	14	14
5	Ice- cream	90	80	0	85	0	90
6	Ice cream (cup)	15	14	14	14	14	14
7	Nauni Kg.	310	300	300	300	0	300
8	Butter kg.	350	340	340	340	0	340
9	Ghee ltr	340	330	330	330	340	330
10	Paneer Kg	290	240	240	240	0	250
11	Pizza cheese kg	245	220	0	0	0	0

Source : Sujal Dairy

The above table no 4.6 shows the price of dairy products set by different dairy companies. From the table it can be inferred that the price of milk (standard and whole) is same which is Rs 33 and Rs 38 in all dairy companies where as the price of same milk products vary in different dairies companies. So the price of Sujal's Yoghurt (ltrs and cup) is Rs 50 and Rs15 followed by Rs 46 and Rs14 in Ram Janaki, fishtail, Sahakari, Nagdanda and Panthi respectively. Similarly, the price of Sujal's and panthi's ice- cream (ltr) is Rs 90 followed by Rs 85 in Sahakari and Rs, 80 in Ramjanaki. Fishtail dairy and Nagdanda do not sell ice cream (in ltr) but price of Safal's ice- cream (in cup) is Rs 15 followed by Rs, 14 in Ramjanaki, Fishtail, Sahakari, Nagdanda and Panthi. The price of Sujal's Nauni and Butter is Rs 210 and Rs 350 respectively followed by Rs 300 and Rs 340 in Ranjanaki, fishtail, Sahakari and Panthi respectively. But Nagdanda does not sell Nauni and Butter. Likewise the price of Sujal's and Nagdanda's ghee is Rs 340 followed by Rs 330 in Ramjanaki, fishtail, Sahakari and Panthi. The price of Sujal's paneer (kg) is Rs 290 followed by Rs 250 and Rs 240 in Panthi, Ramjanaki, Fishtail, Sahakari but Nagdanda dairy does not produce Paneer. Similarly, the price of Sujal's and Ramjanaki's Pizza cheese is Rs. 240 and Rs 220 respectively where as Fishtail, Sahakari, Nagdanda and Panthi do not produce Pizza Cheese.

4.1.4 Distribution Strategy:

It is related with delivering product to the final consumer at their place of convenience. Marketing channels is an important factor under distribution which can be done in different ways as follows.

- 0- Level Channel =Manufacturer →Consumer
- 1- Level Channel = Manufacturer →Consumer
- 2- Level Channel = Manufacturer → Wholesaler →Retailer→ Consumer
- 3- Level Channel = Manufacturer→ Distributor →Wholesaler→Retailer →Consumer
- 4- Level channel = Manufacturer →Distributor → Wholesaler→Jobber →Retailer→ Consumer

The company has adopted more than one level channel which are as follows.

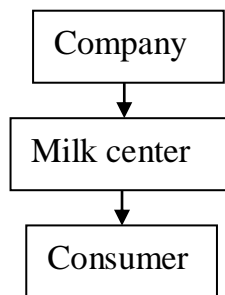
a. 1 - Level Channel (For Milk)

Company → milk center → consumer

Sujal Dairy used direct channel for the distribution of milk. Company sells milk to the ultimate consumer. Here, distributors function as a middle man or marketing intermediate.

Level of Distribution Channel of Sujal Dairy for Milk.

Fig. - 4.2.



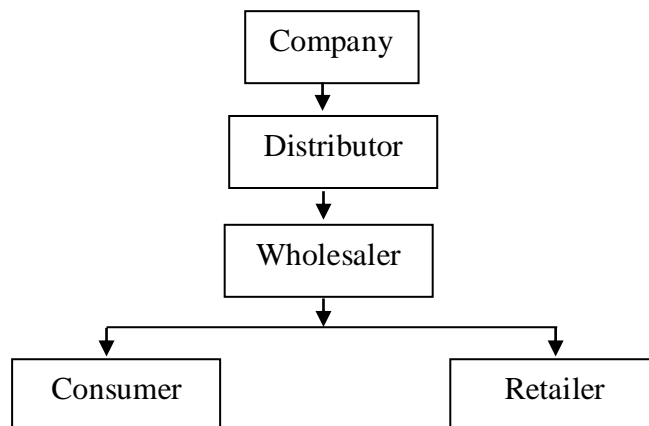
Source : Sujal Dairy

b. 3- Level Channel (For Milk Products)

Company → distributor → wholesalers → consumer → retailer

Sujal Dairy used indirect channel for the distribution of milk products. Sujal Dairy supplies milk products to distributors than distributors supply to wholesalers and wholesalers (milk center) finally provide then to the final consumer. Level of distribution channel of Sujal Dairy for milk product is given below:

Fig. - 4.3



Source: Sujal Dairy

4.1.4.1 Terms and Condition with Distributors

Sujal Dairy appointed the distributor with some terms and conditions which are as follows:

- Good financial condition
- Good public relation
- Cold storage condition
- Vehicle and manpower
- Daily distribution to the milk center
- Damage, breakage and leakage goods and return.
- Distribution cost paid by distributor margin.

4.4.2 Division of Distribution Sector

Table - 4.7

S.N	Place/sector	No of Distributors
1	Kaski	3
2	Syangja	1
3	Kusma/Baglung	1
4	Tanahun	1
5	Lamjung	1
6	Gorkha	1
7	Khairani	1
8	Narayanghat	1
9	Hetauda	1
10	Birgung	1
11	Butwal	1
Total		13

Source : Sujal Dairy

The above table shows the division of distribution sector of Sujal Dairy in different districts. Market of Sujal Dairy is spread all over the Pokhara valley and near places.

The consumption of Sujal Dairy products is high in Kaski district. Therefore, the company has employed 3 distributors in Kaski district while other sectors have one distributor. All together there are 13 division of distribution sector in Sjual Dairy.

4.1.4.3 Transportation

Transportation is the major tool for creating place utility on product. It is the major tool for taking products from the point of origin to point of consumption. Sujal Dairy had mainly adopted transportation to distribute it's products.

Carrier Types

The firm has been using private and public carrier on the basis of contract. As the private they have own 9 mini trucks and 3 pick up van. Milk is distributed by mini truck from the company and all the milk products are distributed by TATA mobile and motorbike by distributor them-selves.

4.1.4.4 Facilities Given to the Distributor and Wholesaler.

Sujal Dairy has set a few rules to provide facilities to the distributor and wholesaler. For distributor, Sjual Dairy provides the following facilities:

- a. The milk is delivered to the distributor's shop.
- b. The money is also collected from distributor's shop. So it helps helpful for a distributor to pay much time and attention to his/ her shop only.
- c. A distributor gets 50 paisa commission from a packet of milk sold.

Similarly, there are some other facilities as stated below, provided to a wholesaler of Sujal Dairy.

- i. A wholesaler gets Rs. 15 per kg. Rupees commission on the sold ghee.
- ii. A wholesaler gets 4 % discount on the other Sujal's products.

4.1.5 Promotional Strategy

Different marketing organization use different types of promotional strategy that are mainly based on nature of the product. In the case of Sujal Dairy, it has used combination of promotional mix like advertising, sales promotion, personal selling and public relation.

4.1.5.1 Advertising

Advertising is an important promotion tool in Nepal, which is widely used by Nepalese business organizations. It is a popular method of reaching to market "Alikati Ajhai Safal Dudha" is the most famous advertisement especially in F.M It was introduced by F.M in 2063. The advertisement had been used till last year and now too. Now a day the company changed the jingle of advertising and tried to make the consumer aware of its quality. The jingle of advertising is broadcasted many times a day from F. M. Besides this the company has used a programme of horoscope on F.M daily in the morning and programme SAFAL Aviyan Programme in once a week. The company has also used hoarding board, poster and Newspaper for advertising. Therefore, to day's market has become scheme and advertisement oriented, so it has changed the jingle of its advertising for marketing consumer aware of its quality.

4.1.5.2 Sales Promotion

It is short term incentive to promote sales and stimulate demand. The popularity of sales promotion has smoothly increased day by day. In this context, Safal has poor sales promotion record in the past and as well as in the present. The company has only provided the retailer schemes for milk as Rs 10 per crate. Beside this, the company has also provided different gift items for retailer which is most popular scheme for retailer attraction.

4.1.5.3 Public Relation

It is one of the important components of promotional mix. Sujal Dairy has given some attention to this important aspect. Since 2061 B.S, It has donated fund for social cause like temple renovation, cultural event,

organization (folk songs), different club, schools, campuses, natural calamities, blind community, public welfare centre, Nepal Red Cross, The Reu Kai Nepal etc.

4.1.5.4 Personal Selling

It is personal communication with customers to persuade them to buy the products. In this context the marketers of this company are not linked straight with the final consumers because it has gone through marketing channel. Therefore, its only links is with retailers, wholesalers and distributors. Company has 20 sales personnel, they are all dealing with channels about information of company and market.

4.2 Survey from Consumers

Altogether 200 consumers, 100 from urban areas and 100 from semi-urban areas were interviewed on different aspects of milk. The demographic profile of surveyed consumer is presented below.

4.2.1 Demographic Profile of the Consumers

This includes age, profession, education, family size, annual income of the selected consumers in Pokhara.

Table - 4.8

Age of the respondents

Age group	Semi- Urban		Urban		Total	%
	Number	%	Number	%		
15-25	35	35	35	35	70	35
25-55	50	50	47	47	97	48.5
above 55	15	15	18	18	33	16.8
Total	100		100		200	

Source : Field survey

In table 4.8, among the 200 respondents surveyed in Pokhara, the age group 25-55 are largest buyer groups both in urban (47%) and semi- urban

areas (50%) followed by the age groups 15-25 which is 35% in both study area and above 55 age group is the smallest buyer group in both semi- urban (15%) and urban areas (18%).

Table - 4.9
Profession of the Respondents

Profession	Semi- Urban		Urban		Total	%
	Number	%	Number	%		
Student	10	10	12	12	22	11
Service	18	18	19	19	37	18.5
Business	24	24	37	37	61	30.5
Farmers	6	6	3	3	9	4.5
House wife	42	42	29	29	71	35.5
Total	100		100		200	

Source : Field Survey

The above table shows the, house wives are the largest buyers in semi-urban areas (42%) followed by businessmen (24%), service holders (18%), students (10%) and farmers (6%) . In urban areas, the business men are the largest buyer (37%) followed by housewives (29%) service holders (19%) students (12%) and farmers (3%) .

Table - 4.10
Education of Respondents

Education	Semi- Urban		Urban		Total	%
	Number	%	Number	%		
Literate	11	11	4	4	15	7.5
under S.L.C	15	15	18	18	33	16.5
Intermediate	49	49	58	58	107	53.5
Graduate/above	25	25	20	20	45	22.5
Total	100		100		200	

Source : Field Survey

As presented table 4.10, in semi-urban areas, out of 100 respondent surveyed the intermediate level is the largest buyer (49%) followed by graduate and above (25%), under SLC (15%) and literate (11%). Similarly in urban areas inter mediate level is also the largest buyer group (58%), followed by Graduate and above (20%), under SLC (18%) and literate (4%).

Table - 4.11

Family Size of the Respondents

Family	Semi- Urban		Urban		Total	%
	Number	%	Number	%		
2-5	37	37	43	43	80	40
5-8	48	48	45	45	93	46.6
above 8	15	15	12	12	27	13.5
total	100		100		200	

Source : Field Survey

As given in table 4.11, the family with 5-8 members is the largest buyer both in semi- urban (48%) and urban (45%) areas followed by family with 2-5 members and above 8 were 37% and 15 % in semi-urban area and 43% and 12 % in urban area respectively.

Table - 4.12

Annual Income of the respondents

Annual income	Semi- Urban		Urban		Total	%
	Number	%	Number	%		
Below 5 lakh	38	38	30	30	68	
5-10	50	50	52	52	102	
above 10	12	12	18	18	30	
Total	100		100		200	

Source : Field survey

From the table 4.12 it can be seen that people having annual income 5-10 lakhs is the 52% and 50% respectively. On the other hand, people with annual income below 5 lakhs covered 38% in semi-urban and 30% in urban

area followed by people with annual income above 10 lakhs which covered 12% and 18% in semi-urban and urban areas.

Table - 4.13
Awareness of Consumers about Milk Brand.

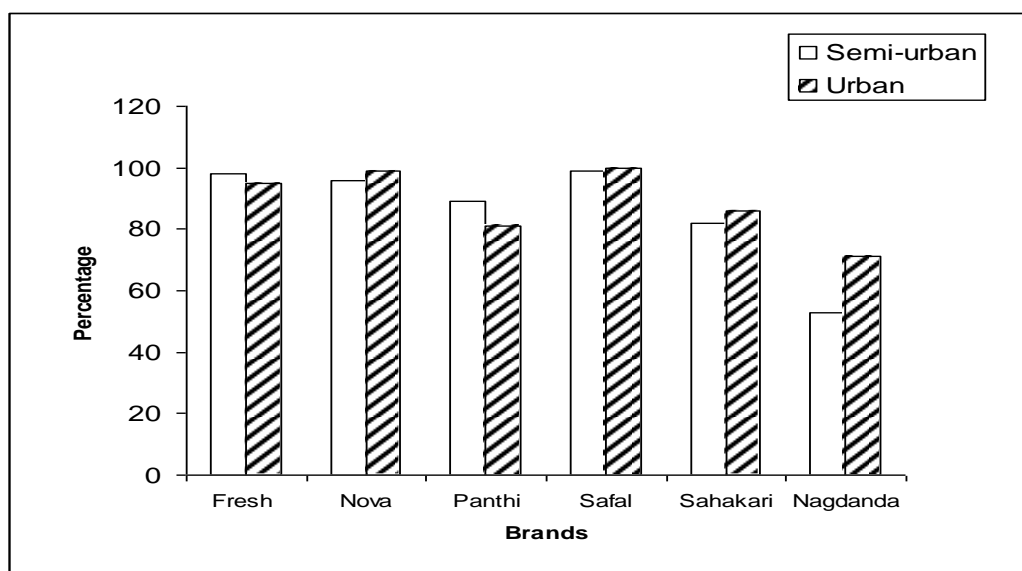
Brands	Semi- Urban		Urban	
	Number	%	Number	%
Fresh	98	98	95	95
Nova	96	96	99	99
Panthi	89	89	81	81
Safal	99	99	100	100
Sahakari	82	82	86	86
Nagdanda	53	53	71	71
Others	180	180	150	150

Source: Field Survey

The above table 4.13 illustrates the awareness level of consumers about milk brands. 99% of consumers were aware about Safal brand milk followed by fresh (98%), Nova (96%), Panthi (89%), Sahakari (82%) and Nagdanda (53%) in semi- urban area. Similarly in urban 100% of consumers were aware about Safal brand milk followed by Nova (99%), fresh (95%), Sahakari (89%) Panthi (81%) and Nagdanda (71%). From the table, it is depicted that the awareness level of Safal is the first position in the market.

Fig. 4.4

Milk Brand Awareness of Consumers



Source: Table no 4.13

Table - 4.14

Consumption Volume of Milk in Household.

Brands	Semi- Urban			Urban		
	Number	%	Rank	Number	%	Rank
Fresh	660	21	2	840	16	3
Nova	510	16	3	895	18	2
Panthi	360	11	4	568	11	6
Safal	855	27	1	1058	21	1
Sahakari	330	10	5	690	14	4
Nagdanda	265	8	6	633	12	5
Others	212	7		425	8	
Total	3192			5109		

Source : Field Survey

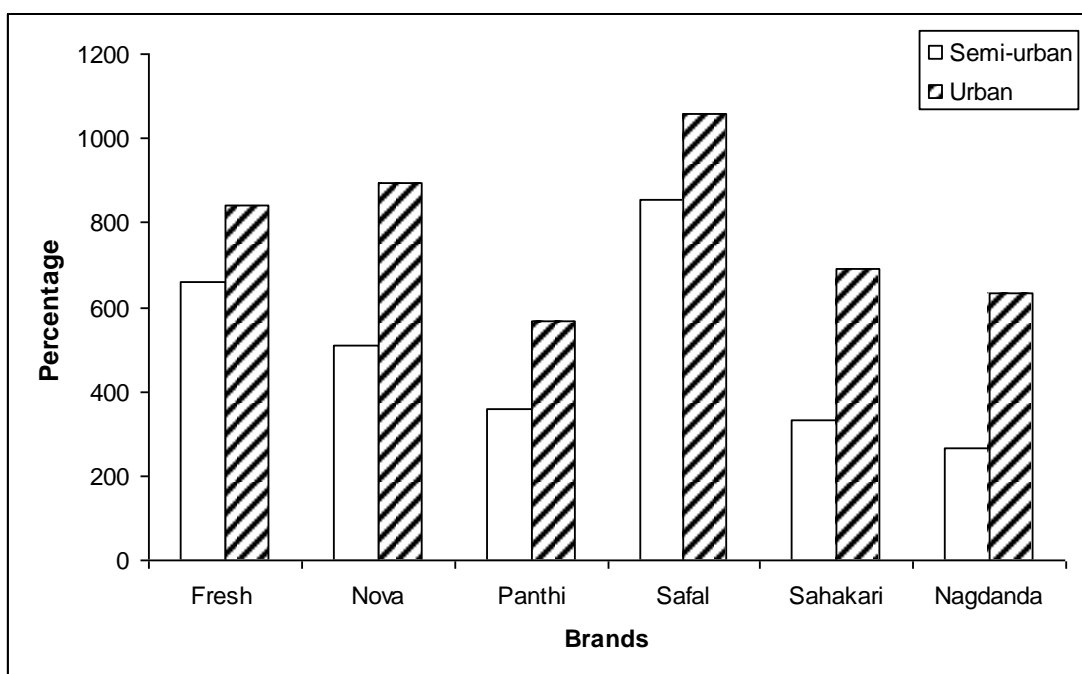
Note: Other included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table 4.14 shows the consumption volume of different brands of milk in pouch. In terms of monthly consumptions, Safal stand is the first

position (27%) fresh in the second rank (12%), Nova in the third rank (16%), Panthi in the fourth (11%), Sahakari in the fifth (10%) and Nagdanda in the sixth (8%) in semi-urban area. Similarly in urban, Safal is also the highest consumable brand which stood in the first rank (21%), Nova in the second (18%), fresh in the third (16%), Sahakari in the fourth (14%), Nagdanda in the fifth (12%) and Panthi in the sixth (11%).

Fig. 4.5

Use of Milk in Household



Source : Table No 4.14

Table - 4.15

Reasons for Consuming Safal Milk

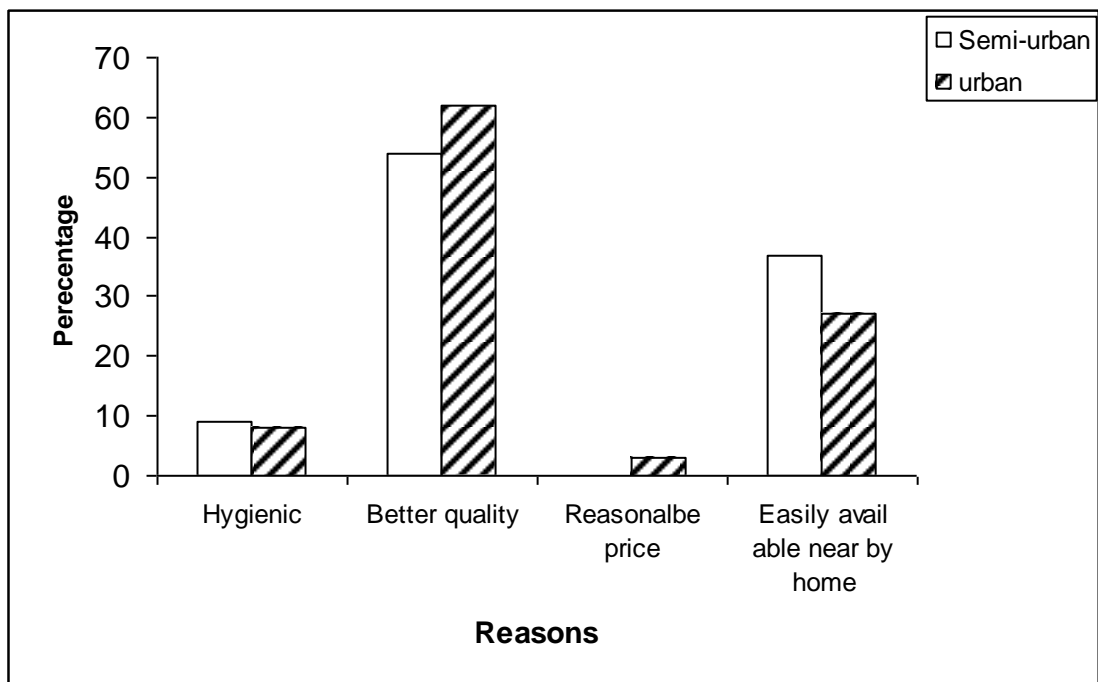
Reasons	Semi- Urban		Urban	
	Number	%	Number	%
Hygienic	9	9	8	8
Better quality	54	54	62	62
Reasonable price	0	0	3	3
Easily available near by home	37	37	27	27

Source : Field Survey

The above table 4.15 indicates the reasons for consuming Safal. Majority of respondents consumed Safal as it being a better quality in semi-urban area (54%) and urban area (62%). Second majority of the respondents consumed Safal as it being a easily available near by home in semi- urban area (37%) and urban area (27%). A few respondents consumed Safal as it being hygienic milk in semi- urban (9%) and urban(8%) areas.

Fig. 4.6

Reasons for Safal Consumption.



Source: Table 4.15

Table :4.16

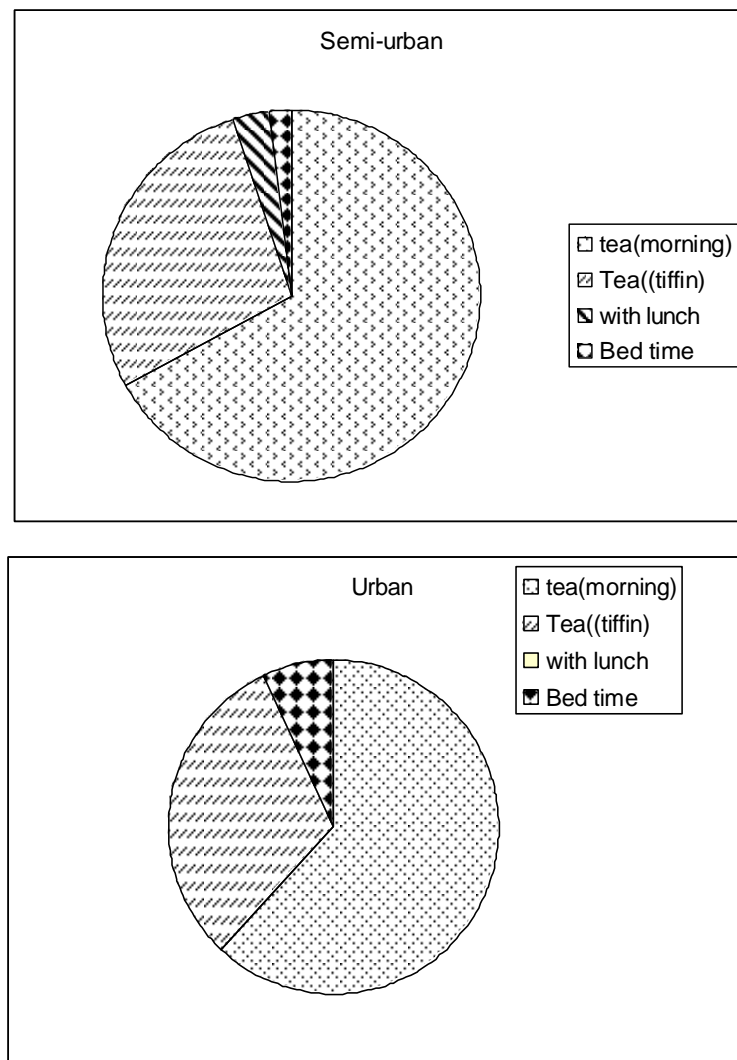
Purpose of Uses of Safal Milk

Options	Semi- Urban		Urban	
	Number	%	Number	%
Tea(morning)	67	67	62	62
Tea(tiffin)	28	28	31	31
With Lunch	3	3	0	0
Bed time	2	2	7	7
Total	100		100	

Source :Field Survey

The above table 4.16 reveals that most of the survey respondents (67%) used Safal as tea in the morning followed by tea Tiffin (28%), lunch (3%) and bed time (2%) in semi-urban area. Similarly in urban, 62% of respondents used Safal as tea (morning) followed by tea tiffin (31%) and bed time (7%). It indicates that most of the respondents used Safal milk as tea (morning or tiffin) in both study areas.

Figure 4.7
Purpose of Uses of Safal



Source : Table 4.16

Table - 4.17

Age and Brand Awareness of Milk Brands.

Age → Brands↓	Semi-urban				Urban			
	less than 25	26-55	above 55	total	less than 25	26-55	Above 55	total
Fresh	32 (33%)	50 (51%)	16 (16%)	98	38 (40%)	45 (40%)	12 (13%)	95
Nova	36 (38%)	48 (50%)	12 (12%)	96	33 (33%)	49 (50%)	17 (17%)	99
Panthi	32 (33%)	48 (49%)	18 (18%)	98	32 (35%)	49 (54%)	10 (11%)	91
Safal	33 (33%)	49 (50%)	17 (17%)	99	38 (38%)	50 (50%)	12 (12%)	100
Sahakari	30 (36%)	45 (53%)	9 (11%)	84	34 (37%)	48 (52%)	10 (11%)	92
Nagdanda	14 (26%)	35 (66%)	4 (8%)	53	27 (38%)	39 (48%)	10 (14%)	71
Others	45 (25%)	115 (64%)	20 (11%)	180	15 (10%)	106 (71%)	29 (19%)	150

Source : Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table no 4.17 illustrates age and awareness of milk brands. In context of Safal, 26-55 age group was the most brand aware group (50%) followed by less than 25 age group (33%) and above 55 age group (17%) in semi-urban area. Likewise, in urban too, the age group 26-55 was also the most brand aware group (50%) followed by less than 25 age group (38%) and above 55 age group (12%) in urban area. It is clearly shown that the age group of 26-55 is the most brand aware group of both study areas.

Table - 4.18
Profession and Brand Awareness of Milk

Profession.→ Brands ↓	Semi- urban						Urban					
	Student	Service	Business	Farmer	House wife	Total	Student	Service	Business	Farmer	House wife	Total
Fresh	13 (13%)	16 (16%)	32 (32%)	3 (3%)	349 (34%)	98	8 (8%)	29 (22%)	35 (37%)	8(8%)	24(25%)	95
Nova	9 (9%)	19 (20%)	23 (24%)	8 (8%)	37 (39%)	96	13 (12%)	18 (18%)	38 (39%)	4(4%)	27(27%)	99
Panthi	13 (13%)	17 (17%)	26 (27%)	4 (4%)	38 (39%)	98	9 (10%)	17 (18%)	37 (41%)	7(8%)	21(23%)	91
Safal	9 (9%)	24 (24%)	24 (24%)	9 (9%)	38 (38%)	99	9 (9%)	20 (20%0	38 (38%)	9(9%)	24(24%)	100
Sahakari	7 (8%)	18 (21%)	19 (23%)	6 (7%)	34 (41%)	84	11 (12%)	15 (16%)	35 (38%)	2(2%)	29(32%)	92
Nagdanda	3 (6%)	8 (15%)	9 (17%)	6 (11%)	27 (51%)	53	11 (16%)	12*1 (7%)	29 (41%)	1(1%)	18(25%)	71
Other	9 (5%)	11 (6%)	45 (25%)	20 (11%)	95 (53%)	180	10 (7%)	20 (13%)	72 (48%0	9(6%)	39(26%)	150

Source: Field Survey

Note: Others included Dairy milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

The table no 4.18 presents profession and Brand awareness of milk. In context of Safal, housewife the most brand aware group which is 38% followed by service and businessman which is 24%, 13% and 9% from student and farmer respectively. In urban, Businessmen is the most brand aware group which is 38% of total followed by 24% from house wives and service holder, 20% and 9% from student and farmer respectively.

Table - 4.19

Consumer's Evaluation of Test of Safal Milk Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Good	%	Fair	%	Low	%	Total	Good	5	Fair	%	Low	%	Total
Fresh	42	52	39	48	0	0	81	50	56	39	44	0	0	89
Nova	44	55	36	45	0	0	80	52	58	38	42	0	0	90
Panthi	56	73	21	27	0	0	77	40	60	27	40	0	0	67
Sahakari	42	66	22	34	0	0	64	50	69	22	31	0	0	72
Nagdanda	40	65	22	35	0	0	62	45	65	24	35	0	0	69
Others	32	49	33	51	0	0	65	24	48	26	52	0	0	50

Source: Field Survey

Note: Others included Dairy milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

The above table 4.19 indicates that 55% and 52% of the respondents opined that Safal is tastier than Nova and fresh followed by 45% and 48% as fair. On the other hand, comparing with Panthi, Sahakari and Nagdanda, 73%, 66% and 65% of the respondent reported that Safal is tastier than other brands followed by 27%, 34% and 35% as fair respectively. In urban area, 56% and 58% of the respondents reported that Safal is tastier than fresh and Nova followed by 44% and 42% as fair. On the other hand, 60%, 69% and 65% of the respondents opined that Safal is tastier than Panthi, Sahakari and Nagdanda

followed by 40%, 31% and 35% as fair respectively. None of the respondents reported that Safal is less good than other brands. This indicates that Safal is the tastiest milk brand among milk brands.

Table - 4.20

Consumer's Evaluation of Quality of Safal Milk Compared to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Good	%	Fair	%	Low	%	Total	Good	%	Fair	%	Low	%	Total
Fresh	46	55	38	45	0	0	84	49	56	39	44	0	0	88
Nova	45	57	34	43	0	0	79	52	58	37	42	0	0	89
Panthi	50	68	23	32	0	0	73	44	75	15	25	0	0	59
Sahakari	54	71	22	29	0	0	76	53	75	18	25	0	0	71
Nagdanda	40	63	24	37	0	0	64	44	73	16	17	0	0	60
Others	37	55	30	45	0	0	67	24	48	26	52	0	0	50

Source: Field Survey

Note: Others included Dairy milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table 4.20 shows view regarding the quality of Safal milk compare with other brands. 57% and 55% of respondents said that Safal is better quality than Nova and fresh respectively followed by 43% and 45% as fair in urban areas. On the other hand, comparing with Panthi, Sahakari and Nagdanda, 68%, 71% and 63% of respondents opined that Safal is better in quality than other respective brands followed by 32 %, 29% and 37% as fair in semi- Urban areas. In urban area, 56 % and 58% of respondents opined that Salfal is better quality than fresh and Nova followed by 44% and 42% as fair. On the other hand, 75 and 73 % of respondents reported that Safal's quality is better than Panthi, Sahakari and Nagdanda. None of the respondents reported that Safal is lower in quality than other brands. In sum, the quality of Safal is better than other milk brands.

Table - 4.21

Consumer's Evaluation of Packaging of Safal Milk Compare to other Brands

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Good	%	Fair	%	Low	%	Total	Good	5	Fair	%	Low	%	Total
Fresh	46	53	40	46	0	0	86	49	54	41	26	0	0	90
Nova	47	57	36	43	0	0	83	52	58	37	42	0	0	89
Panthi	45	69	20	31	0	0	65	44	76	14	24	0	0	58
Sahakari	56	73	21	27	0	0	77	49	68	23	32	0	0	72
Nagdanda	43	67	21	33	0	0	64	44	72	17	28	0	0	61
Others	31	48	34	52	0	0	65	20	43	27	57	0	0	47

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

From the above table 4.21, 53% and 57% of the respondents reported that Safal's packaging is good in comparison to fresh and Nova followed by 46% and 43% as fair. Similarly, Safal has good packaging in comparison to Panthi, Sahakari and Nagdanda which covered 69%, 73% and 67% followed by 31%, 27% and 33% as fair. In urban area, only 54% and 58% of the respondents viewed that Safal has good packaging compared with fresh and Nova followed by 46% and 42% as fair. Similarly, 76%, 68% and 72% of the respondent reported that Safal has good packaging compare with Panthi, Sahakari and Naganda followed by 24%, 32% and 28% as fair. None of the respondents reported that Safal's packaging is worse than other brands.

Table - 4.22

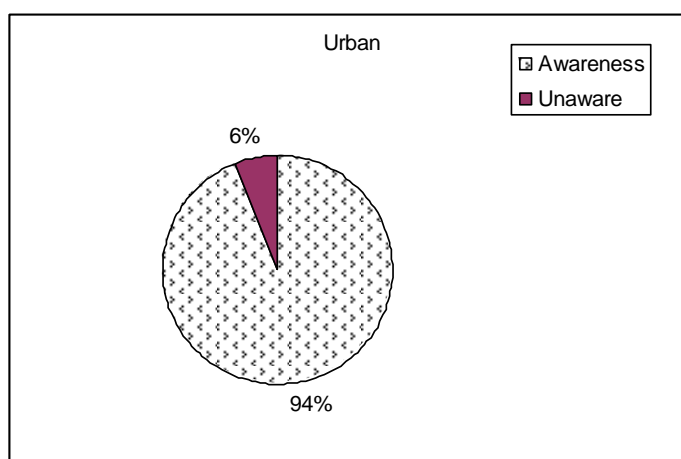
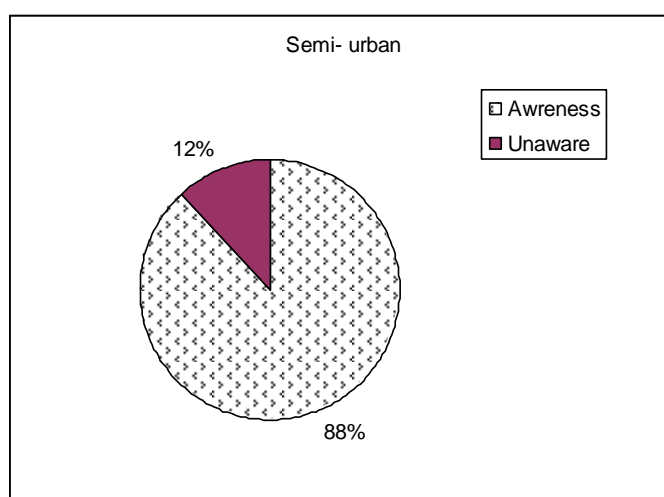
Consumer's Awareness about Labeling of Milk

Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Awareness	88	88	94	94
Unaware	12	12	6	6
Total	100		100	

Source : Field Survey

Figure 4.8

Consumer's Awareness about Labeling.



Source : Table No 4.22

From the above table 4.22 reflects the consumer's awareness about labeling of milk. 88% and 94% of respondents read labeling in semi- urban and urban area where as only 12% and 6% of respondents are unaware about labeling of milk in Semi-urban and urban area respectively. But on probing, it revealed that they just look up at the labeling not the others details. Most of them said that they looked at labeling just to know the name and manufacturing date of the milk rather than other contents.

Table - 4.23

Consumer's Evaluation of Labeling of Safal milk Compare to Other Brands

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Good	%	Fair	%	Low	%	Total	Good	5	Fair	%	Low	%	Total
Fresh	48	59	34	41	0	0	82	49	56	38	44	0	0	87
Nova	39	49	40	51	0	0	79	52	59	36	41	0	0	88
Panthi	54	84	10	16	0	0	64	45	75	16	26	0	0	61
Sahakari	51	82	11	18	0	0	62	46	72	18	28	0	0	64
Nagdanda	49	82	11	18	0	0	60	49	79	13	21	0	0	62
Other	41	64	23	36	0	0	64	36	72	14	28	0	0	50

Source : Field Survey

Note: Others included dairy milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

From the above table 4.23, 59% and 49% of the respondents reported that Safal has good labeling in comparison to fresh and Nova followed by 40% and 51% as fair. Similarly, 48% and 82% of respondents reported that Safal has good labeling compared with Panthi, Sahakari and Nagdanda followed by 16% and 18% as fair respectively. In urban too, 56% and 59% of the respondents reported that Safal has good labeling in comparison to fresh and Nova followed by 44% and 41% as fair. On the other hand 75%, 72% and 79% of respondents reported that Safal has good labeling with compare to Panthi, Sahakari and Nagdanda followed by 26%, 28% and

21% as fair. It can be inferred that Safal is the best labeling milk brand than other milk brands.

Table - 4.24

Consumer's Evaluation of Availability of Safal Milk Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Good	%	Fair	%	Low	%	Total	Good	5	Fair	%	Low	%	To tal
Fresh	48	59	34	41	0	0	82	52	59	36	41	0	0	88
Nova	40	51	39	49	0	0	79	47	54	40	46	0	0	87
Panthi	62	83	13	17	0	0	75	62	83	13	17	0	0	75
Sahakari	24	86	4	14	0	0	28	30	94	2	6	0	0	32
Nagdanda	54	84	10	16	0	0	64	63	90	7	10	0	0	70
Other	41	64	23	36	0	0	64	36	72	14	28	0	0	50

Source: Field Survey

Note: Others Included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

From the table 4.24 show the consumer's views on market availability of Safal milk to other brands of milk. It is evident from the table that Safal's availability in the market is strong. This is because 59%, 51%, 83% 86%, 84% of the respondents reported that Safal's availability is good in comparison to Nova, fresh, Panthi, Sahakari and Nagdanda and only 41%, 49%, 17%, 14% and 16% of the respondent said as fair respectively. Similarly in urban 59%, 54%, 85%, 94% and 90% of the respondents reported that Safal's availability is good in comparison to fresh, Nova, Panthi, Sahakari and Nagdanda and only 41%, 46%, 17%, 6% and 10% of the respondents said as fair respectively. None of the respondents reported that Safal's availability is weaker than other brands.

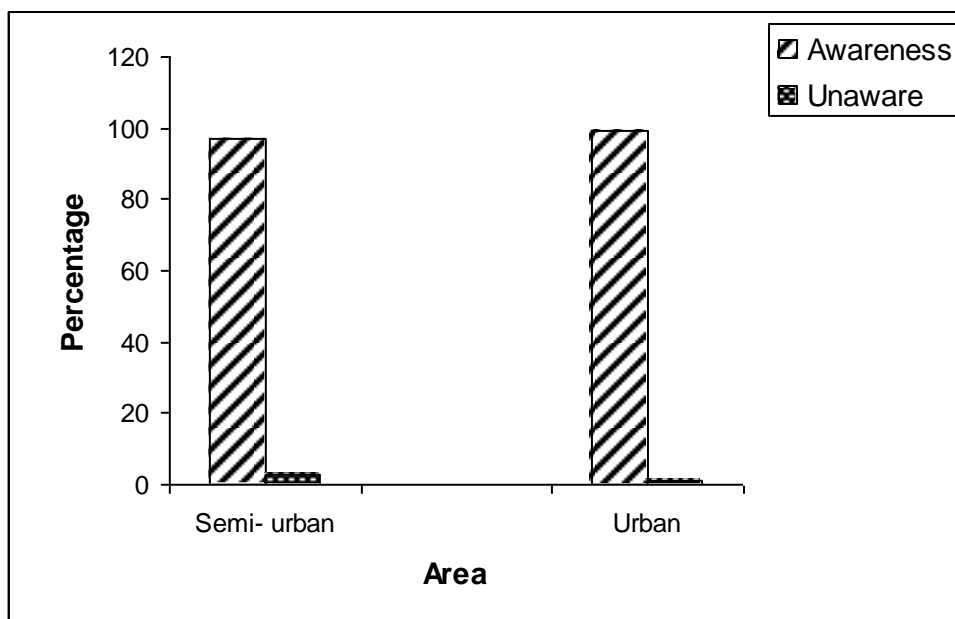
Table - 4.25

Consumers Awareness about Advertisement of Safal Milk.

Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Awareness	97	97	99	99
Uraware	3	3	1	1
Total	100		100	

Source : Field Survey

Figure : 4.9



Source : Table 4.25

The above table 4.25 depicts the awareness level of consumer about advertising of Safal. The advertising awareness level of Safal is found to be high in both study area which covered 97% from semi-urban and 99% from urban area. Only 3% from Semi-Urban and 1% from urban consumers are found unaware about advertising of Safal milk. But on probing, it revealed that most of the consumer knew its advertisement "Alikati Ajhai Safal Dudha".

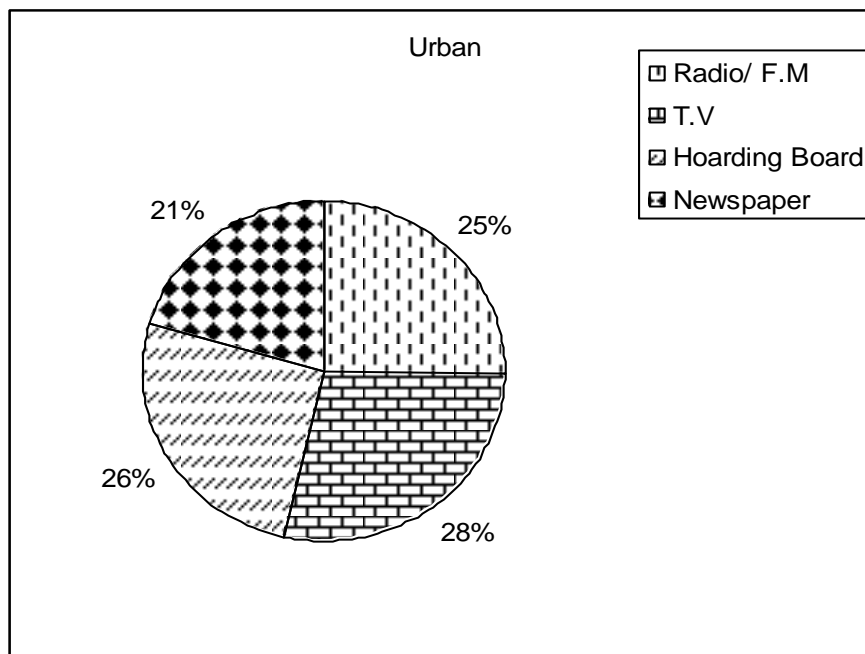
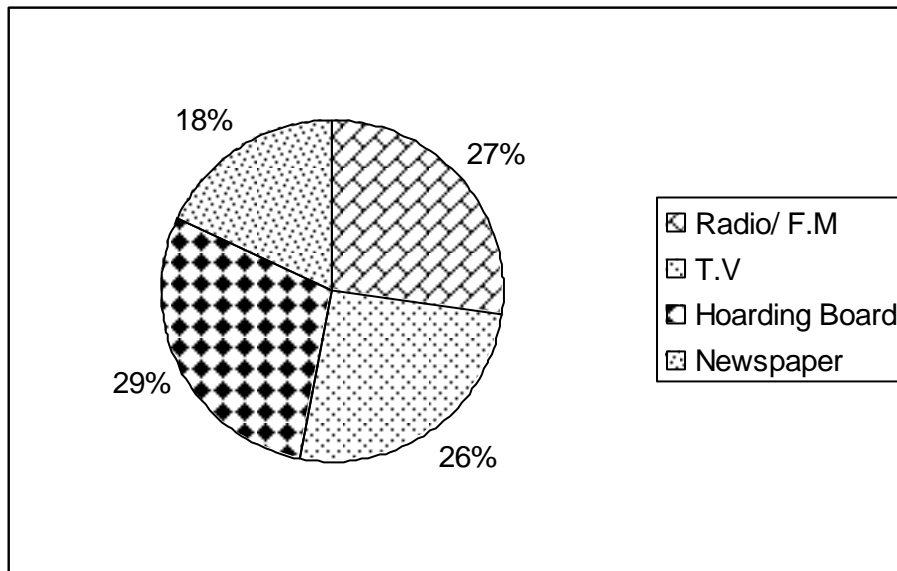
Table - 4.26
Media Awareness of Safal Milk

Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Radio/ F.M	89	27	82	25%
T.V	84	26	92	28
Hoarding Board	94	29	84	26
Newspaper	59	18	67	21
Total	326	100	325	100

Source: Field Survey

From the above table 4.26, it can be inferred that 53% of the surveyed consumers knew the advertising from electronic media (27% and 26%) and 47% of consumer came to know about the brand's advertising from print media (29% and 18%) in semi -urban. Similarly in urban also 53% of the respondents knew the advertising from electronic media (25% and 28%) and 47% of the respondent knew about the brand's advertising from print media (26% and 21%). It implies that electronic media (Radio/FM/T.V.) has wider reach to audience than print media (Hoarding board and Newspaper).

Figure 4.10
Media Awareness of Safal.



Source: Table 4.26

Table - 4.27

Consumer's Evaluation of Radio/F.M Advertisement of Safal Milk
Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec.	%	Fair	%	In effect.	%	Total	Effect.	5	Fair	%	In effect	%	Total
Fresh	55	69	25	31	0	0	80	63	72	25	28	0	0	88
Nova	53	67	26	33	0	0	79	79	68	78	22	0	0	87
Panthi	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	42	64	24	36	0	0	66	42	86	7	14	0	0	49

Source : Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

It can be seen from table 4.27, 69% of the respondent viewed that Radio/F.M advertisement of Safal milk is effective than fresh followed by 31% as fair and 67% of consumers said as effective than Nova, followed by 33% as fair in semi- urban area. Similarly, in urban area 72%, of respondents said that Radio/ FM advertisement of Safal is effective than fresh followed by 28% as fair and 78% of respondents said as effective than Nova followed by 22% as fair. The respondents did not know the Radio/ F.M advertisement of Panthi, Sahakari and Nagdanda in both study areas. None of the respondents reported that Safal's advertising is ineffective than other brands.

Table - 4.28

Consumer's Evaluation of T.V Advertisement of Safal Milk Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effective.	%	Fair	%	Ineffective.	%	Total	Effective	%	Fair	%	Ineffective.	%	Total
Fresh	58	72	23	28	0	0	81	62	69	26	29	2	2	90
Nova	54	68	26	32	0	0	80	59	66	29	33	1	1	89
Panthi	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	42	64	24	36	0	0	66	40	80	9	18	1	2	50

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

It is evident from the table 4.28, among the milk brands, 72% and 68% of respondents reported that Safal's T.V advertising is effective in comparing to fresh and Nova followed by 28% and 32% said as fair respectively in semi urban area. Similarly in urban, 69% and 66% of the respondents reported that Safal's T.V advertising is effective in comparing to fresh and Nova followed by 29% and 33% as fair. Only 2% and 1% of the respondent reported that Safal's T.V advertising is Ineffective to fresh and Nova. Respondents did not know the advertising of Panthi, Sahakari and Nagdanda in both study areas.

Table - 4.29

Consumers Evaluation of Hoarding Board Advertisement of Safal Milk Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effect.	%	Fair	%	In effect.	%	Total	Effect	5	Fair	%	In effect	%	Total
Fresh	55	67	27	33	0	0	82	48	64	26	35	1	1	75
Nova	59	69	27	31	0	0	86	52	66	24	30	3	4	79
Panthi	51	77	15	23	0	0	66	42	71	17	29	0	0	59
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	42	64	24	36	0	0	66	40	80	9	18	1	2	50

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table no 4.29 shows the Hoarding Board advertisement of Safal brand milk company with other brands of milk 67% respondents viewed that Hoarding Board advertising of Safal is effective than fresh followed by 33% as fair, 69% of consumer viewed that Safal's Hoarding Board advertising is effective than Nova followed by 31% as fair. None of the respondent reported that Safal's Hoarding Board advertising is ineffective than other

brands. Likewise in urban 64%, 66% and 71% of respondents reported that Safal's Hoarding Board advertising is good in comparison to fresh, Nova and Panthi followed by 35%, 30% and 29% as fair only 1% and 4% of respondents reported that Safal's Hoarding Board advertising is ineffective than fresh and Nova respectively.

Table - 4.30

Consumer's Evaluation of Newspaper Advertisement of Safal Milk compare to other brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec.	%	Fair	%	Ineffec.	%	Total	Effec.	%	Fair	%	Ineffec.	%	Total
Fresh	48	63	28	37	0	0	76	55	63	32	37	0	0	87
Nova	50	65	27	35	0	0	77	58	67	29	33	0	0	87
Panthi	47	75	16	25	0	0	63	50	72	19	28	0	0	69
Sahakari	42	71	17	29	0	0	59	44	70	19	30	0	0	63
Nagdanda	34	72	13	28	0	0	47	42	74	15	26	0	0	57
Other	42	68	20	32	0	0	62	35	73	13	27	0	0	48

Source: Field Survey

Note: Others included dairy milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

In table 4.30, view regarding the Newspaper advertisement of Safal milk compare with other brand. 63% of respondent said that Safal's News paper advertising is effective than fresh followed by 37% of respondents of reported that Safal's Newspaper advertising is effective than other respective brands followed by 35%, 25%, 29% and 28% as fair respectively in similar. Similarly in urban, 63% from fresh, 67% from Nova, 72% from Panthi, 70% from Sahakari and 74% from Naganda brand's milk users said that Safal newspaper advertising is effective than other respective brand and followed by 32%, 29%, 19%, 19% and 15% of respondents said as fair respectively. None of the

respondents reported that Safal's Newspaper advertising is in effective than other brands.

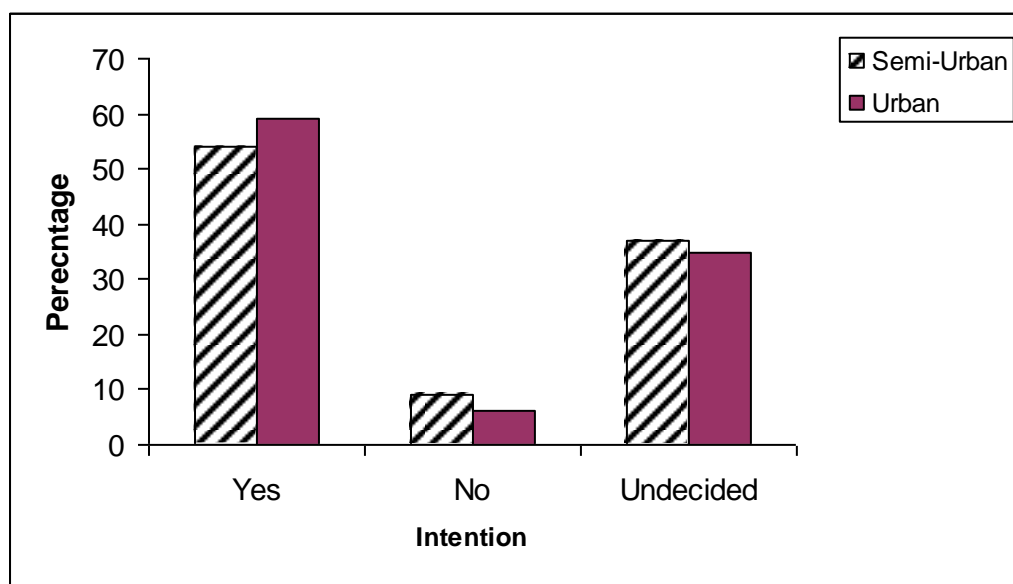
Table - 4.31

Purchase Intention of Safal.

Do you purchase Safal milk if other milk brands of the same quality, taste and Price available in Market?				
Intentions	Semi-urban		Urban	
	Numbers	%	Numbers	%
Yes	54	54%	59	59%
No	9	9	6	6
Undecided	37	37%	35	35%
Total	100		100	

Source: Field Survey

Figure: 4.11



Source: Table no. 4.31

In table 4.31, Respondents were asked about their purchase intentions of Safal if other milk brands of same quality, taste, price, available in the market. Majority of the respondents in both semi-urban (54%) and in urban area (59%) expressed their intention to buy Safal Milk. 37% of the respondents in semi-urban and 35% in urban area were undecided. It indicates that there is an urgent

need for Safal to strengthen its brand image in the market. So that it can get the favor of undecided consumer.

4.3 Survey of Retail Stores

In order to take the opinion of retailers, 80 retailers from different parts of Pokhara were interviewed for the study. The collected data have been presented below.

4.3.1 Profile of the Retail Stores

This includes age and annual sales volume of selected retail stores in Pokhara.

Table - 4.32
The Age of Enterprises

Age of Enterprises	Semi-urban		Urban	
	Numbers	%	Numbers	%
1-5	21	52	13	32
5-10	12	30	11	28
10-15	4	10	9	23
above 15	3	8	7	17
Total	40	100	40	100

Source: Field Survey

Table 4.32 shows the age of enterprise that sells milk. 52% of enterprises were found 1-5 years old and followed by 5-10 years old, 10-15 years and above 15 years old which cover 12%, 4% and 3% respectively in semi-urban area. Similarly in urban too, 32% of enterprises were found 1-5 years old followed by 5-10 years old (28%), 10-15 years old (23%) and above 15 year old (17%).

Table - 4.33

Annual Sales of Enterprises/Retail Stores

Sales in Lakh	Semi-urban		Urban	
	Numbers	%	Numbers	%
Below 5	18	45	9	23
5-10	14	35	18	45
Above 10	8	20	13	32
Total	40	100	40	100

Source: Field Survey

In table 4.33, the enterprises covered by the study were asked to state their annual sales turnover. The table shows the annual sales turnover the surveyed enterprises. It shows that 45%, retailers have sales turnover of below 5 lakhs. 35% and 20% of retailers have sales turnover of 5-10 lakhs and above 10 lakhs in semi-urban areas. In urban areas, 45%, 32% and 23% of retailers sales turnover of 5-10 lakhs, above 10 lakhs and below 5 lakhs respectively.

Table - 4.34

Milk Brands Sold by Retail Stores.

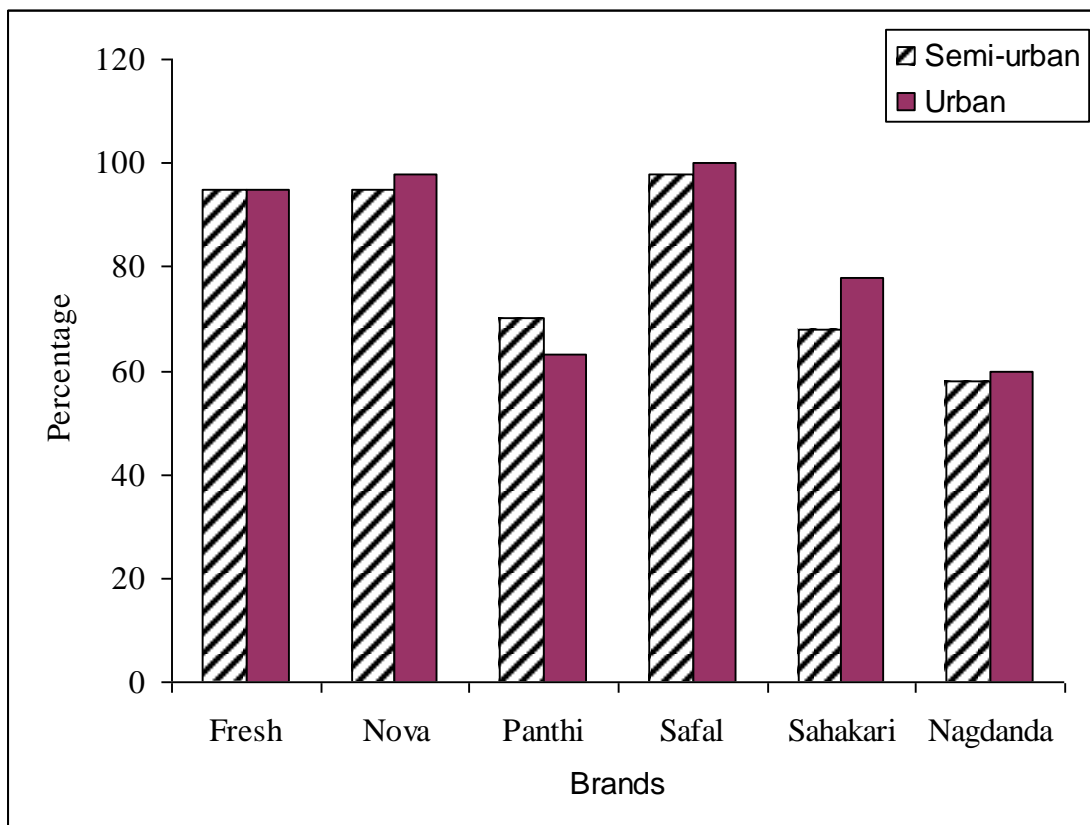
Brands	Semi-urban		Urban	
	Numbers	%	Numbers	%
Fresh	38	95	38	95
Nova	38	95	39	98
Panthi	28	70	25	63
Safal	39	98	40	100
Sahakari	27	68	31	78
Nagdanda	23	58	24	60
Others	33	83	34	85

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table 4.34, the enterprises/Retail stores further asked to name the milk brand they sell. 98% of stores sold Safal brand milk in semi-urban area followed by fresh (95%), Nova (95%), Panthi (70%), Sahakari (68%) and Nagdanda (58%). Similarly in urban too, 100% of retailers said that they sold Safal brand milk followed by Nova(95%), Fresh(95%), Sahakari (78%), Panthi (63%) and Nagdanda (60%). From the table, it is revealed that the most of the retailers selling Safal is high in comparison to its competing brands in market of both semi-urban and urban area.

Figure 4.12
Milk Brands Sold by Retailers.



Source: Table 4.34

Table - 4.35

Monthly Sales Volume of Milk Brands (in crate)

Brands	Semi-urban			Urban		
	Numbers	%	Rank	Numbers	%	Rank
Fresh	1050	17	2	1590	15	3
Nova	970	16	3	1710	16	2
Panthi	780	13	4	1250	11	6
Safal	1190	20	1	1990	18	1
Sahakari	660	11	5	1470	14	4
Nagdanda	610	10	6	1340	12	5
Others	820	13		1520	14	
Total	6080			10870		

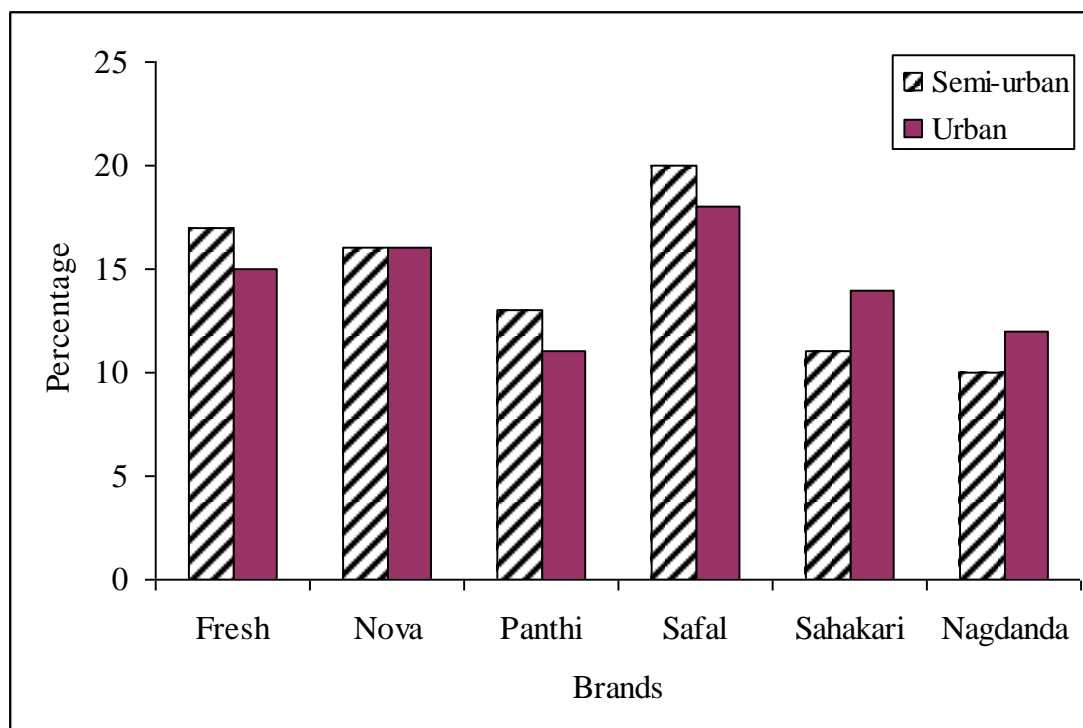
Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

The above table 4.35 shows the monthly sales volume of different brands of milk in crate. In terms of monthly sales, Safal stands in the first position then second rank to fresh, third to Nova, fourth to Panthi, Fifth to Sahakari and Nagdanda (6th) in semi-urban area. In urban area, Safal is also highest sold brand which is placed in the first rank by retailer then second is Nova, third is Fresh, fourth is Sahakari, fifth is Naganda and Panthi (6th).

Figure . 4.13

Monthly Sales Volume of Milk (In Crate)



Source: Table no, 4.35

Table - 4.36

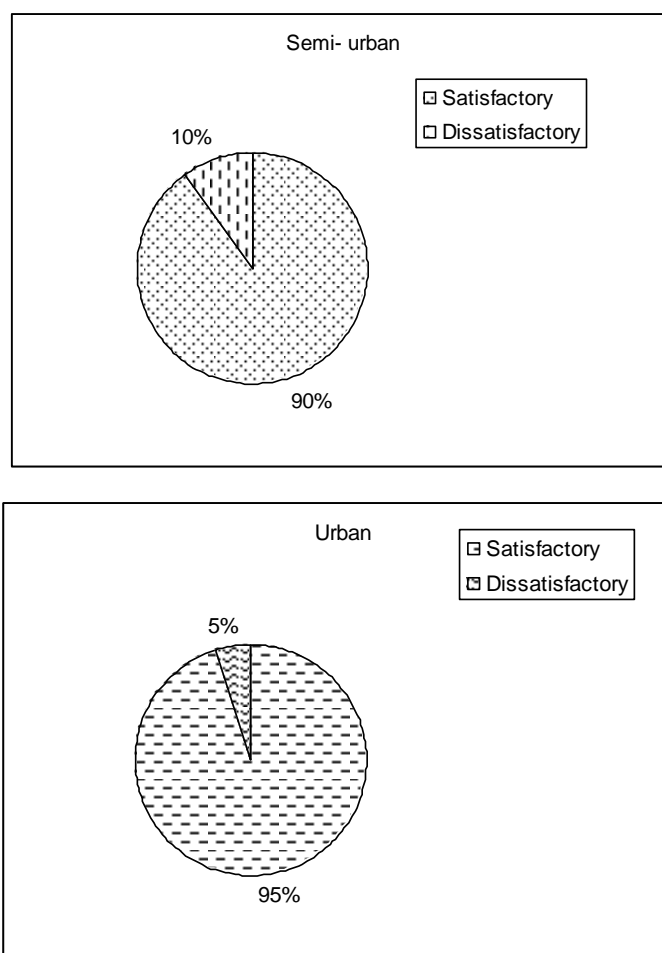
Supply Condition of Safal Brand Milk

Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Satisfactory	36	90	38	95
Dissatisfactory	4	10	2	5
Total	40	100	40	100

Source: Field Survey

As given table no. 4.36, the retail stores were asked about the supply condition of Safal brand. 90% of the retail stores in semi-urban area and 95% of retail stores in urban area report the supply condition of Safal is satisfactory. Only 10% from semi-urban and 5% in urban's retailer viewed supply condition of Safal is dissatisfactory.

Figure 4.14



Source: Table, 4.36

Table - 4.37

Awareness of Retailers about Advertisement of Safal

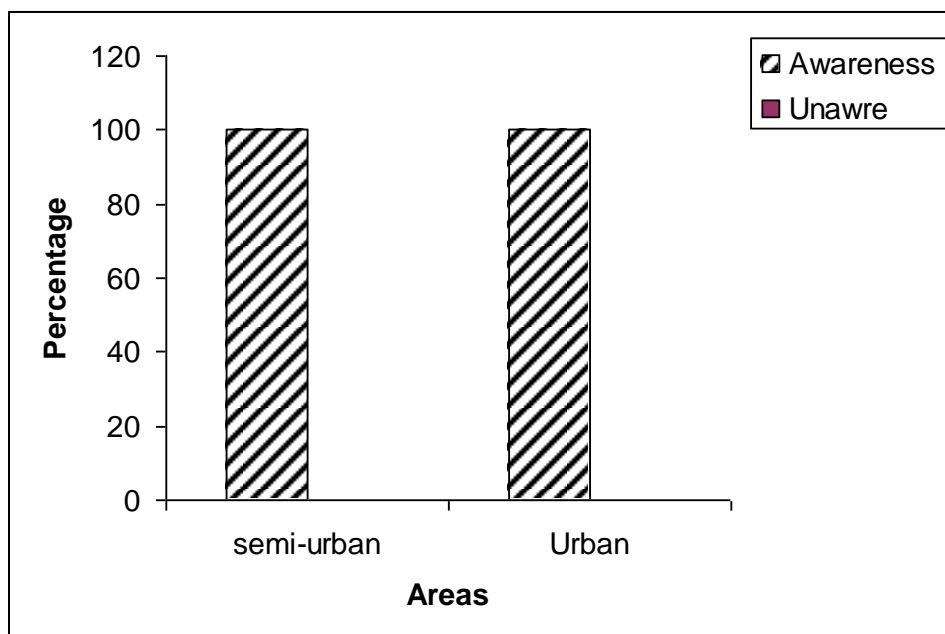
Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Awareness	40	100	40	100
Unaware	0	0	0	0
Total	40	100	40	100

Source: Field Survey

Table 4.37 shows the awareness level of retail stores about advertising of Safal. The advertising level of Safal is all (100%) in semi-urban and urban areas. But on probing it was revealed that they just know it's old advertisement "Alikati Ajhai Safal Dudha" not the new ones.

Figure 4.15

Awareness of Retailers about Advertisement of Safal



Source: Table, 4.37

Table - 4.38

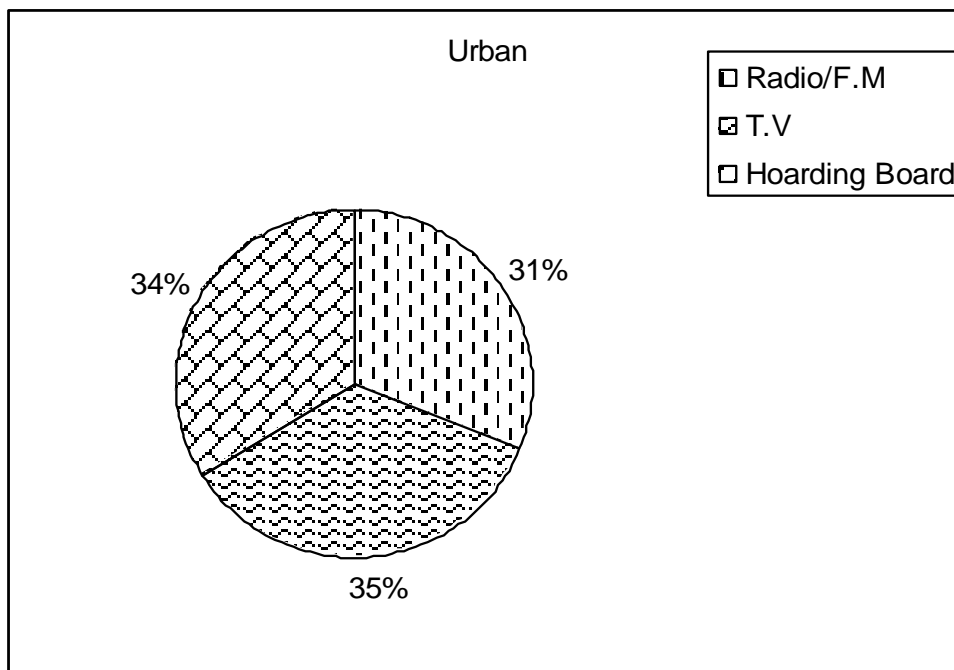
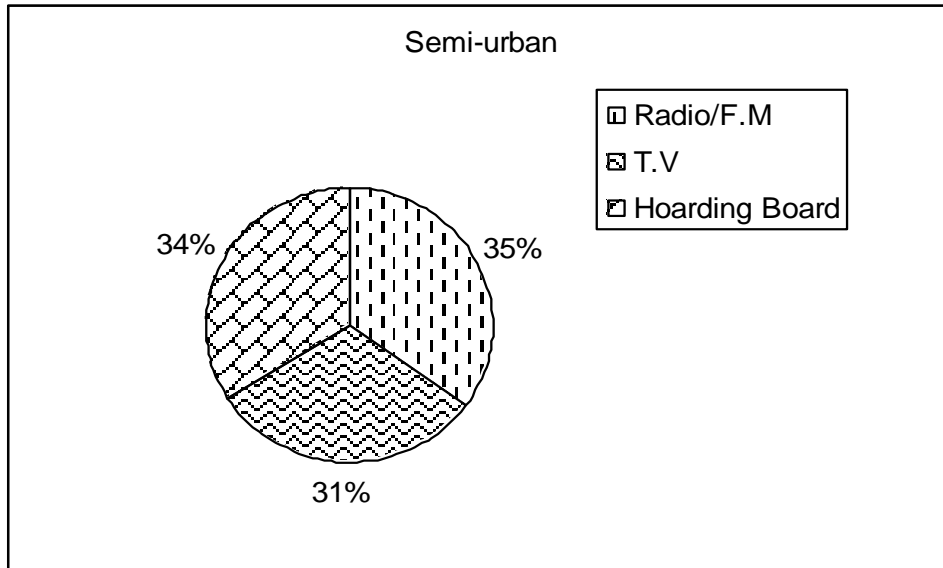
Media Awareness of Safal Milk

Options	Semi-urban		Urban	
	Numbers	%	Numbers	%
Radio/F.M	38	35	32	31
T.V	33	31	36	35
Hoarding Board	36	34	35	34
Total	107	100	103	100

Source: Field Survey

From the table 4.38, it can be inferred that 66% of the surveyed retail stores knew the advertising from electronic media (Radio F.M and T.V) in both semi-urban and urban area. 34% of retail stores knew about the advertising from print media (Hoarding Board) in both study areas.

Figure 4.16
Media Awareness of Safal.



Source: Table, 4.38

Table - 4.39

Retailers Evaluation of Radio F.M Advertising of Safal Milk Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
Fresh	Effec.	%	Fair	%	In effec.	%	Total	Effec.	%	Fair	%	In effec	%	Total
		25	63	13	34	0	0	38	25	68	9	14	3	8
Nova	23	66	12	34	0	0	35	26	67	12	30	1	3	39
Panthi	-	-	-	-	--	-	-	-	-	-	-	-	-	-
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	19	63	11	37	0	0	30	19	68	9	32	-	-	28

Source : Field survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani.

From the table 4.39, it is clear that respondents were asked to evaluate the effectiveness of Radio/F.M advertising of Safal compare to other brands of milk. 63% of respondents said as effective than fresh followed by 34% said as fair and 66% of respondents said as effective than Nova followed by 34% as fair in semi-urban area. Similarly in urban, 68% of respondents said that radio/F.M advertisement of Safal is effective than fresh followed by 14% as fair and 8% as ineffective and 67% of respondent viewed that, Safal's advertising is ineffective than Nova and followed by 30% as fair and 3% as ineffective. In the case of Panthi, Sahakari, and Nagdanda, Retail stores did not know the advertising from Radio/F.M in both study areas.

Table - 4.40

Retailers Evaluation of T.V Advertising of Safal Milk Compare to Other Brands

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec	%	Fair	%	Ineffec	%	Total	Effec	%	Fair	%	Ineffec	%	Total
Fresh	25	74	9	26	0	0	34	24	65	13	35	0	0	37
Nova	24	67	12	33	0	0	36	27	71	11	29	0	0	38
Panthi	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	16	57	12	43	0	0	28	21	66	11	34	0	0	32

Source : Field survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani.

From the table 4.40, it can be seen that 74% of the retailer have answered that Safal's T.V advertising is effective than Nova followed by 33% as fair in semi urban area. Likewise 65% of respondents said that Safal's advertising is effective than fresh followed by 35% as fair and 71% of respondents viewed that Safal's advertising is effective than Nova followed by 29% as fair. Retailers did not know the advertising of Panthi, Shahakari and Nagdanda from T.V. in both study area.

Table - 4.41

Retailers Evaluation of Hoarding Board Advertising of Safal Milk
Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec.	%	Fair	%	Ineffec.	%	Total	Effec.	%	Fair	%	Ineffec.	%	Total
Fresh	24	63	14	37	0	0	38	21	64	11	33	1	3	33
Nova	25	68	12	32	0	0	37	27	59	10	26	2	15	39
Panthi	22	79	6	21	0	0	28	22	85	4	15	0	0	26
Sahakari	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nagdanda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	13	65	7	35	0	0	20	17	77	5	23	0	0	22

Source : Field survey

It is evident from the table 4.41, among the milk brands 63%, 68% and 79% of respondents reported that Safal's Hoarding Board advertising is effective in comparison to fresh Nova and Panthi followed by 37%, 32% and 21% of as fair respectively in semi urban area. Similarly in urban 64%, 59% and 85% of respondents reported that Safal's Hoarding Board advertising is effective in comparison to Fresh, Nova and Panthi followed by 33%, 26% and 15% as fair. Only 3% and 5% of respondents said that Safal's Hoarding Board advertising is ineffective than Nova. In the case of Sahakari and Nagdanda, Retail stores did not know the advertising from Hoarding Board in both study area.

Table - 4.42

Effect of Promotional Scheme of other Brands on Safal Brand

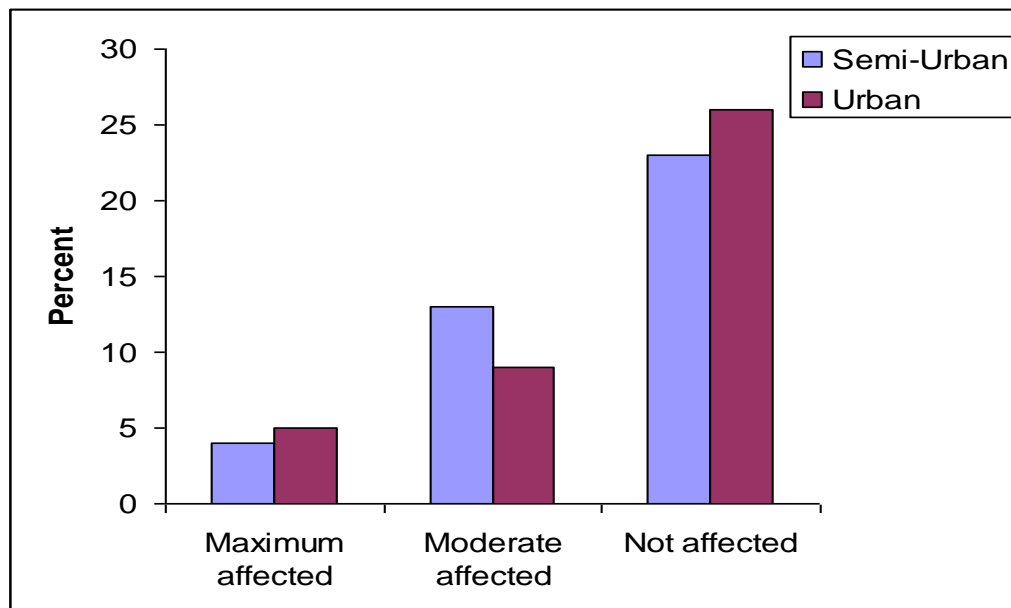
Options	Semi -urban		Urban	
	Numbers	%	Numbers	%
Maximum affected	4	10	5	13
Moderate affected	13	32	9	22
Not affected	23	58	26	65
Total	40	100	40	100

Field Survey, 2009

From the table 4.42 reveals that 58% of retail stores reported that promotional scheme of other brands have not affected on Safal Brand followed by 32% as moderate affect and 10% as maximum affect in Semi-urban area. Likewise, in urban, 65% of retail stores viewed that promotional scheme of other brands have not affected on Safal Brand followed by 9% as Moderate affect and 5% as maximum affect. On probing, most of the retail store opined that promotional scheme of fresh and Nova have moderate affect on Safal Brand.

Effect of Promotional Scheme of Other Brands on Safal.

Figure 4.17



Source: Table no. 4.42

Table - 4.43
Retailers Evaluation of Promotional Scheme of Safal Milk
Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec.	%	Fair	%	Ineffec.	%	Total	Effec.	%	Fair	%	Ineffec.	%	Total
Fresh	23	64	13	36	0	0	36	22	58	16	42	0	0	38
Nova	21	57	16	43	0	0	37	26	65	14	35	0	0	40
Panthi	20	71	8	29	0	0	28	19	76	6	29	0	0	25
Sahakari	19	73	7	27	0	0	26	21	77	6	22	0	0	27
Nagdanda	17	74	6	26	0	0	25	22	76	7	24	0	0	29
Other	15	65	8	35	0	0	23	18	64	10	36	0	0	28

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhrel, Gaurishankar, Sanjiwani

From the table no. 4.43 reflects that among the milk brands 57% , 71% , 73% and 74% of retail stores reported that promotion scheme of Safal brand affected on fresh, Nova, Panthi, Sahakari and Nagdanda followed by 36%, 43% 29% 27% and 26% as fair respectively in Semi-urban area. In urban, 58%, 65%, 76% , 77% and 76% of retail stores reported that promotional scheme of Safal brand affected on fresh, Nova, Panthi, Sahakari and Nagdanda followed by 38%, 40%, 25%, 27% and 29% said as fair respectively. None of the respondents reported that promotional scheme of Safal brands have not affected on other competing brands. The table shows that Safal has used many promotional schemes in the period of the study.

Table - 4.44

Retailers Evaluation of Promotional Scheme (Gift) of Safal Milk
Compare to Other Brands.

Other Brands	Safal Brand													
	Semi -Urban							Urban						
	Effec	%	Fair	%	Ineffec	%	Total	Effec	%	Fair	%	Ineffec	%	Total
Fresh	18	50	18	50	0	0	36	20	54	17	46	0	0	37
Nova	22	58	16	42	0	0	38	25	60	15	40	0	0	40
Panthi	20	63	12	37	0	0	32	21	68	10	32	0	0	31
Sahakari	21	81	5	19	0	0	26	26	93	2	7	0	0	28
Nagdanda	22	88	3	12	0	0	25	23	88	3	12	0	0	26
Other	17	63	10	37	0	0	27	19	66	10	34	0	0	29

Source: Field Survey

Note: Others included Dairy Milk, Asal, Shakti, Amrit, Pokhreli, Gaurishankar, Sanjiwani

From the table 4.44, 50%, 58%, 63%, 81% and 88% of the respondents reported that Safal's gift system is effective than fresh, Nova, Panthi, Sahakari and Nagdanda followed by 50%, 42%, 37%, 19% and 12% as fair respectively in semi-urban area. In urban, 54%, 60%, 68%, 93% and 88% of respondent reported that Safal's gift system is effective than fresh, Nova, Panthi, Sahakari and Nagdanda followed by 46%, 40%, 32%, 7% and 12% as fair respectively. None of the retail store reported that Safal's gift system is ineffective than other competing brands.

4.4 Major Findings of the Study

On the basis of analysis, the researcher came to the following findings.

1. Sujal Dairy is the biggest dairy of this area. It produces milk (whole and standard) ghee, ice-cream, paneer, butter etc.
2. There are 144 milk co- operative agencies & 10 private milk collection firms of Sujal Dairy.
3. There are 33 milk collection centers in this area.

4. Sujal purchases milk from 8 districts of Gandaki, Dhaulagiri and Narayani zone.
5. The collected milks in various collection centers are brought to Sujal Dairy by tanker.
6. There are 13 divisions of distribution sector and it sales by distribution booths in Sujal Dairy.
7. 50 paisa $\frac{1}{2}$ ltr on each pouch milk, Rs 15 per Kg on ghee and 4% on other Sujal products as commission to the retailer and whole seller of Sujal Dairy.
8. It has flat (modern) type of marketing department which helps smooth flow of two way communication in today's competitive environment.
9. During the period of 4 years (061-065) company has marketed two types (standard and whole) of milk in the market which is leading brand among the dairy brands.
10. All the Sujal and other company's products have plastic packaging.
11. Safal has been marketed in the same packaging since its introduction. 53% and 57% consumer favoured Safal than Fresh and Nova respectively. On the other hand, Safal has good packaging in comparison to Panthi, Sahakari and Nagdanda which covered 69%, 73% and 67% in semi- urban. In urban, only 54% and 58% of the respondents viewed that Safal has good packaging compare to Fresh and Nova. On the other hand, 76%, 68% and 72% of the respondent reported that Safal has good packaging compare to Panthi, Sahakari and Naganda.
13. Sujal products have a unique logo which can be distinguished from other companies' products.
14. Price of Safal Milk has been adjusted three times during the period of 4 years for same weight.
15. Factory management & marketing division controlled the price of milk products where as the price of milk is controlled by dairy association.

16. The distribution systems of company seems good because the company has been adopting 1-level channel (for milk) which has been through manufacture, milk centre and consumer and 3- level channel (for milk products) which has been through manufacturer, distributor, whole seller, retailers and consumer.
17. Sujal Dairy (P) Ltd. is the main and popular dairy company which has high level of promotional strategies than other dairy companies.
18. Safal has high level of brand awareness among consumers in semi-urban area (99%) and in urban area (100%). It stands in the 1st position in terms of brand awareness.
19. In terms of consumption volume, Safal (27%) stands in the 1st position in semi- urban area followed by fresh (21%), Nova (16%), Panthi (11%), Sahakari(10%) and Nagdanda (8%). In urban area, Safal (21%) is also the highest consumed milk followed by Nova (18%), fresh (16%), Sahakari (14%), Nagdanda (12%) and Panthi (11%). Both consumer and retailer have placed Safal in the same position. The monthly sales volume of Safal is 1190 crates in semi-urban and 18% in urban area. In retailer's perspective, Safal is the most selling brand in both study area.
20. Most of the consumers reported that they use Safal because of its being better quality than others in semi- urban (54%) and urban (62%) areas followed by easily available hear by home (37% and 27%), and hygiene (9% and 8%) in semi- urban area and urban area respectively. Only 3% of consumers used Safal as reasonable price in urban area.
21. Most of the consumers like to have Safal milk as tea (morning) in both semi- urban (67%) and urban area (62%). Second majority of respondents use Safal as tea (Tiffin) in semi-urban area (28%) and urban area (31%). Very small number of respondent reported that they use it with lunch (3%) and bed time (2% and 7%) in semi- urban and urban area respectively.

22. The age group of 26- 55 consumers is highly brand awareness of Safal milk in semi- urban and urban area (50%) followed by age group of less than 25% respectively. Similarly, the house wives are highly brand awareness group (38%) followed by business service (24%) and student and farmer (9%) in semi- urban area where as in urban areas are business man (38%) followed by house wives (24%) service (20%) and student & farmer (9%).
23. Comparing with competing brands namely Fresh and Nova, 52% (Fresh) and 55% (Nova) of consumers reported that Safal is tastier. But comparing with Panthi, Sahakari and Nagdanda, 73%, 66% and 65% consumers reported that Safal is tastier which is high.
24. Safal milk is better in terms of quality compared with competing brands Fresh, Nova, Panthi, Sahakari and Nagdanda. 55% than Fresh, 57% than Nova, 68% than Panthi, 71% than Sahakari and 63% than Nagdanda consumer prefer Safal in semi- urban area. Like wise, in urban area, 56% than fresh, 58% than Nova, 75% than Panthi & Sahakari and 73% than Nagdanda consumers prefer Safal.
25. Majority of the consumers reported that they read labeling both in semi-urban (88%) and in urban area (94%). Most of the consumers are found that they have positive intention about labeling of Safal. It is because most of the consumers preferred labeling of Safal than the other brands. Only 12% consumer in semi- urban and 6% consumer in urban area are unaware about labeling of milk during the study period.
26. The availability of Safal is strong than other brands such as Fresh, Nova, Panthi, Sahakari and Nagdanda (59%, 51%, 83%, 86%, 84%) consumer in semi- urban area and (52%, 47%, 62%, 94%, 90%) consumers in urban area reported that Safal has good availability compared with above competing brands.
27. Almost all consumers and retail stores are found to know advertising of Safal, "Alikati Ajhai Safal Dudha" in both study areas. From the electronic media (T.V., F.M), most of the consumers and retail stores

know the advertising of Safal in both areas (53%) and rest (47%) consumer know the advertising from print media (hoarding board, Newspaper). The electronic media (T.V., F.M.) and Print media (Hoarding board and newspaper) of Safal are more effective than other brands like Fresh, Nova, Panthi, Sahakari, Nagdanda.

28. Regarding the purchase intention, 54% of consumers in semi- urban said 'Yes' where as 37% are undecided and 9% consumer said 'No'. 59% of consumers in urban area have expressed their purchase intention to buy Safal even if other brands of the same features are available in market where as 35% are undecided and 6% of consumers said 'No'.
29. Safal stands in the 1st position in terms of its availability in retail stores. 98% of retail stores in semi- urban and 100% of retail stores in urban area are found they would sell Safal brand which indicates that the most of the retailer selling Safal is high in comparing to competing brands like Fresh, Nova, Panthi Sahakari and Nagdanda.
30. The supply condition of Safal is good because most of the retail stores are found to be satisfied in both semi- urban (90%) and urban (95%) where as only 10% retailer in semi- urban and 5% retailer in urban were unsatisfactory on supply condition of Safal Milk.
31. The promotional scheme (especially by gift scheme) of other milk brand namely Fresh, Nova, Panthi, Sahakari and Nagdanda have not affected on retailer of Safal brand. Only a few percent of retailers in both study are affected by promotional scheme of other brands. Mainly Fresh and Nova have moderate affected on the Safal. Promotional scheme of Safal is better in comparison to other brands such as Fresh, Nova, Panthi, Sahakari and Nagdanda.
32. Promotional scheme (gift) of Safal is effective compare with Nova and Fresh and it is more effective than Panthi, Sahakari, Nadanda and other brands of milk.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Marketing is the process of meeting customers needs profitably. It is the bridge between producers and customers. Marketing has gained new dimensions in recent years of societal marketing concept, which aims maximizing social welfare through delivering goods and services from producers to consumers. Marketing begins with identifying needs and wants of customers and ends with satisfying the customers wants efficiently than competitors.

Milk is a part of agro product which is essential and nursing for mankind. It helps in the economic development of the country. Many industries have been established to produce and distribute milk stuffs. These industries not only provide work to people but also contribute to increases in the national income of the country. The term "Milk Marketing" refers to buying and selling of milk and milk products systematically. Milk market in Nepal is highly competitive because of the increasing consumption of milk forced with geographical expansion of the market over the years. It has been witnessed that this resulted in increasing competition. In this expansion of the milk market many private dairy industries are entering with effective advertisement and aggressive promotional schemes of their brands. It can be observed that dairy industries are battling hard to out perform the competition and secure the market position. Thus an effective milk marketing mechanism is very necessary to win the business in milk.

The present study was conducted with the objective of analyzing the existing marketing strategy of Safal Milk, to analyze the perception of consumers on quality, taste, price, labeling and packaging of Safal milk in comparison to other competing brands in Pokhara and evaluate the view of retail stores towards Safal Milk.

This study will help the producer and marketer of milk and milk products to design effective future marketing strategy. The research scholar, teacher, policy maker, consumer and other dairy industries can have lots of advantage from this study.

Because of the limited time, budget and resources, the study deals with only Safal brand and the consumers & retail stores of Pokhara valley are divided in to two groups (semi- urban and urban). Accuracy, reliability and validity of the study depend upon the information provided by the respondents. Small sample size and simple tools & techniques were used for the study.

The entire study has five chapters. The first chapter contains introductions, focus of the study, statements of problem, objectives of the study, significance of the study and limitations of the study. The second chapter has the review of literature. Research methodology is included in third chapter and data presentation and analysis is included in chapter four. Summary, conclusion and recommendations are in chapter five. Bibliography and questionnaires are given at the end of the report. Both primary and secondary data have been gathered from company report, other report, books, articles, magazine, official records and publication of Sujal Dairy, brochures, journals and thesis. The sources of primary data are collected from house hold consumer and retailer of Pokhara valley. All the consumers and retailers represent the population of the study. So, 200consumer and 80retailer is the sampling unit of the study. The required data for this survey, a sample of questionnaire is given at appendix A and B of this report. The stratified and judgmental sampling method has been used to draw sample from the target population. All the collected data and information were checked thoroughly, compiled and presented in to appropriate table to case analysis and interpretation. Analysis is carried out descriptively as well as statistically.

5.2 Conclusions

Based on the findings of the study following conclusions have been drawn:

Sujal Dairy (P) Ltd is the biggest and popular dairy of Pokhara having 4 years of milk marketing experience which has 700 distribution booth and 5 wholesalers. From the study, it is revealed that company has been working efficiently to capitalize on its experience and image.

It can be concluded that Sujal purchase milk from 8 districts of Gandaki, Dhaulagiri and Narayani zone but distribute milk product to Gandaki and some parts of Dhaulagiri zone. Sujal's milk and milk products are available in booth and distributors only, there is no home delivery service for customers.

During the period of 4 years, company has marketed two types of milk (standard and whole) in the market which is leading brand among the dairy brand but the quality of milk is affected in different season. In false season, when Sujal has less milk collection, then the quality of milk is not found satisfactory. It is also true that all the Sujal and other companies' product have simple packaging made up of non recycling material.

Further more the distribution system and promotional strategies of Sujal suitable to be used is successfully implemented. Similarly it has high level of brand awareness. There fore, Safal stands the 1st position in market in terms of brand awareness. Likewise, it stands the 1st position in both semi- urban and urban areas in terms of consumption. Both consumer and retailer have placed Safal in the same position. This indicates that SAFAL is the dominant brand in both study areas.

It seems from the survey that, the age group 26- 25 consumers are highly brand awareness of Safal followed by less than 25 and above 55. Similarly, the housewives are highly brand awareness of Safal in semi- urban area where as in urban area business men. Likewise SAFAL is perceived good quality, taste and packaging compared with Fresh and Nova where as it is better than Panthi, Sahakari and Nagdanda and it's labeling is also wonderful and preferable than other brands.

As regard to the availability of Safal it is sufficient in the market compare with Nova, Fresh, Panthi, Sahakari and Nagdanda. So it stands in the 1st position in terms of availability and the retail stores are also more positive and satisfactory with supplying condition of Safal.

The finding reveals that the advertisement of "Alikati Ajhai Safal Dudha" is much popular advertisement. The electronic media (T.V., F.M.) are the preferred media. So its advertisement on these media is reported more effective compare with other brands.

With regards to the purchase intention of Safal, it is good because 54% of consumer from semi- urban and 59% of consumer from urban exposed their intention to buy Safal if other competing brands come in market.

It can be concluded that promotional scheme (gift scheme) of Safal is effective than Nova and Fresh and more effective than Panthi, Sahakari and Nagdanda.

5.3 Recommendation

On the basis of conclusions of the study the researcher recommends the following courses of actions.

- Though Sujal Dairy is the largest private dairy product company, still other private dairy companies are creating tough competitions to Sujal. So it should create new strategy to beat the competitors and be favourite among consumer.
- Sujal should make some more efforts to export the dairy product in other districts and countries too.
- Customers having high income prefer a product with attractive packaging and even home delivery service, so Sujal should pay attention on this.
- It is found that, when demand of any product increases the quality of such things is decreased. Sujal will have to keep product quality constant during festival and false season.

- All the dairy products have plastic packaging. The use and throw system of such packets are injurious to environment, so Sujal will have to take necessary action to have packets which are less harmful to environment and can be recycled.
- "Safal" has good brand awareness as well as market position. So, company should continuously keep its promotion at high level than others. For this, it is important for the company to come up with some innovative promotional scheme for channel members to retain its image as well as position in the market.
- Keeping in view the increasing competition, it may be good for the company to establish market research unit to be better equipped with market information to outstand perform competition.

Bibliography

Books

- Agrawal, Govinda Ram. *Marketing Management in Nepal*. Kathmandu : M.K. Publishers and Distrubutors, 2057
- Bennet, Peters. *Dictionary of Marketing Terms*. AMA Chicago, 1995.
- Committee on Definition : *Marketing Definition A Glossary of Marketing Terms*. AMA Chicago, 1960.
- Commerce Protection Act. 2054, Section 9*. Ministry of Supply, Harihar Bhavan Kathmandu, Nepal.
- Cravens D.W, Hills G.E. and Woodruff R.B. *Marketing Management*. 1st ed. Irwin : Homewood III, 1988.
- Haas R.W. *Industrial Marketing Management*. 3rd ed. Boston: Kent Publishing Company, 1986.
- Holmes, John H. *Profitable Product Positioning*. MSV Business Topics, Spring, 1973.
- Koirala, K.D. *Marketing Management*. Kathmandu: M.K. Publishers and Distributors, 2057.
- Kotler, Philip and Armstrong Gray. *Principle of Marketing*. 8th ed New Delhi: Prentice Hall of India. PVT. Ltd., 1992.
- Kotler, Philip. *Marketing Management*. 7th ed. New Delhi : Prentice Hall of India Pvt. Ltd., 1997.
- Kotler, Philip. *Marketing Management*. The Millenniums Edition Prentice Hall of India, 1999.
- MC Carthy, E.J. and Perreault W.D. *Basic Marketing*. 9th ed. New Delhi : Universal Book Stall, 1987.
- Pillai, R.S.N. and Bagawathi. *Modern Marketing Principles and Practices*. 2nd ed. New Delhi : S.Chand and Company, 1999.
- Pride, W.M and Ferrell O.C. *Marketing Concept and Strategies*. 6th ed. Boston: Houghton Mifflin, 1989.

- Scott J.D., Warshaw M.R. and Jaglor J.R. *Introduction to Marketing Management*. 5th ed. Irwin : Homewood III, 1985.
- Shrestha, Shyam Kumar. *Marketing, Strategy and Management*. 1st ed. Kathmandu: Padma Educational Traders, 1992.
- Standard Measures and Weights Act 2025, Section 9*. Ministry of Supply, Harihar Bhavan Kathmandu, Nepal.
- Stanton WJ., Etzed M.J. and Walker B.J. *Fundamental of Marketing*. 10th ed. Mc Graw Hill International Edition, 1994.
- Stanton, W.J. *Fundamental of Marketing*. 6th ed. MC Graw- Hill International, Book and Company, 1981.
- The Committee on Definition of AMA. *The Encyclopedia Americana*. International Edition, New York : Americana Corporation, 1997.
- Zikmund, W. and Amico M.D. *Marketing*.

Reports

- Thapa, Bimala *Sales and Distribution of Sujal Food Pvt. Ltd.* Field Work Report, Tribhuvan University, 2007.

Journals / News

- "Karki, Bir Bahadur. *Strategic Planning in Co-Operative Sector: A Study on Dairy Co-Operative*. The Journal of Nepalese Business Studies III Pokhara: Faculty of Management, Prithivi Narayan Campus, December 2005: 72-79
- Pant, S.K. *Pathi Dairy: An Entrepreneurial Venture in Pokhara*. The Journal of Nepalese Business studies III Pokhara: Faculty of Management, Prithivi Narayan Campus, December 2005: 98-100.
- The Kathmandu Post. *Dairy Farming*. July 23, 2008.

Dissertation:

- Baral, Nara Nath. *Milk Product Marketing in Pokhara: A Case Study of PDDP*. MBA diss., Tribhuvan University, 2002.
- Gautam, Shiva Kumari. *Economic Impact of the DDP on the Economic Status of the Farmers of Dhukur Pokhari V.D.C., Kaski*. MA diss., Tribhuvan University, 2000.
- Pahari, Prakash. *Profit Planning in Dairy Development Corporation*. MBA diss., Tribhuvan University, 2000.
- Paudel, Om Prasad. *The Role of Dairy Co-operatives Limited on the Income Generation of Dairy Farmers: A Case Study of Armala VDC*. MA diss., Tribhuvan University, 2002.
- Paudel, Surrendra Raj. *A Study of Sales Planning on Dairy Development Project in Nepal: A study of Dairy Development Project, Pokhara*. MBS diss., Tribhuvan University, 2004.
- Pyashi, Narayan. *Milk Production and Supply in Kathmandu*. MBA diss., Tribhuvan University, 1978.