

SWOT ANALYSIS AND STRATEGY FORMULATION FOR URBAN DAIRY RETAILERS IN GUJARAT

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ABSTRACT

Dairying has become an important secondary source of income for more than 15 million rural families and has assumed an important role in providing employment and income generating opportunity for the most vulnerable sections of our population. The present study was conducted to evaluate the status of Urban dairy retailers in Gujarat state. The study covered all districts of the state and information was collected by using a questionnaire. After analysing the collected data it could be concluded that policies such as – A special drive for increasing the number of FSSAI Licence holders among Urban Retailers should be undertaken, A scheme of Recognition and giving cash prize/awards/ certificates to leading retailers who fulfil the criteria set by Milk unions/ Federation, Awarding equipment/ deep freezer, visi freezer etc, on subsidised rates to retailers achieving specified sales target, promote and support “new start-ups”, ONE DAY training cum awareness programme every year (At the cost of Dairy/ Federation/ Government) should be started for Retailers / centre man.

KEYWORDS: Dairy retailers, dairy strategies and policy, SWOT analysis, strategy formulation

INTRODUCTION

SWOT Analysis and Strategy Formulation

Although definitions differ, there is general agreement that a strategy describes the general direction in which an organization plans to move to attain its goals. Every well-managed organization has one or more strategies, although they may not be stated explicitly. A firm develops its strategies by matching its core competencies with industry opportunities. The following diagram lays out schematically the development of a firm's strategies. Kenneth R. Andrews advanced this basic concept. According to Andrews, strategy formulation is a process that senior executives use to evaluate a company's strengths and weaknesses in light of the opportunities and threats present in the environment and then to decide on strategies that fit the company's core competencies with environmental opportunities (Anthony and Govindrajana, 2011)

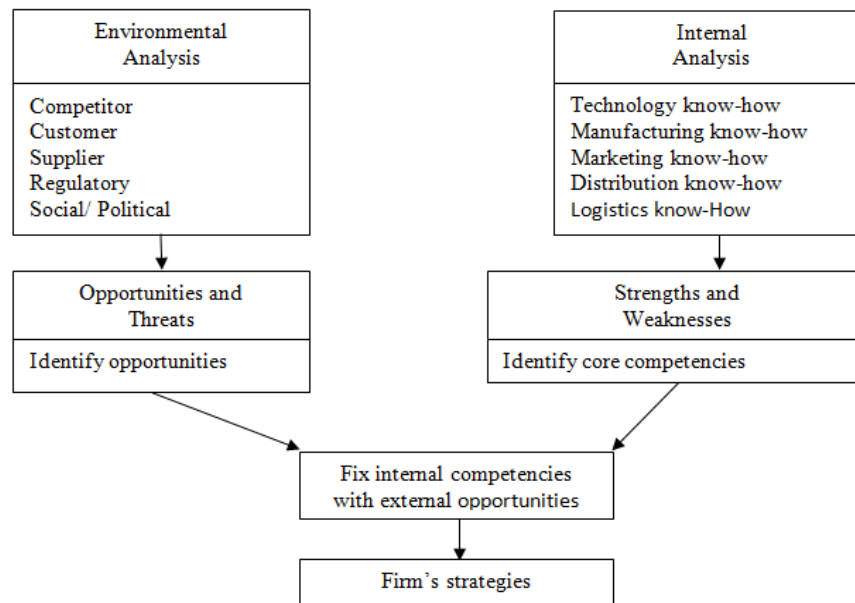


Figure: 1

STRATEGY FORMULATION PROCESS

Source: Management Control Systems by Anthony and Govindrajana (2011), page 57.

Analysis of the Strengths, Weaknesses, Opportunities, and Threats (SWOT) That Affect Organizational Performance

Strengths: Positive internal characteristics that the organization can exploit to achieve its strategic performance goals.

Weaknesses: Internal characteristics that might inhibit or restrict the organization's performance.

Opportunities: Characteristics of the external environment that have the potential to help the organization achieve or exceed its strategic goals.

Threats: Characteristics of the external environment that may prevent the organization from achieving its strategic goals.

INDIAN DAIRY SECTOR

Dairying has become an important secondary source of income for more than 15 million rural families and has assumed an important role in providing employment and income generating opportunity for the most vulnerable sections of our population. For millions of small and marginal farmers as well as landless labourers, milk production provides ready cash in hand for fulfilling their daily household requirements.

In India, milk production is scattered in large number of villages in small quantity of two to four liters by milch animals. The average milk production per animal per lactation is around 1400 liters which is much below the world average of 2300 liters. (Rajorhia, G.S. 2013) The milk productivity of crossbred cows, Indigenous cows and of buffaloes in India is very low. It is 6.45, 1.97 and 4.3 Kg per day respectively. The unorganized sector comprises of numerous small and

/or seasonal milk producers/trader (popularly known as halwais).

METHODOLOGY

The study was spread over the entire state and primary data was collected by way of a Questionnaire. The study covered all 26 Districts of Gujarat state, 227 talukas and further, three villages were selected from each taluka. The data was collected from respondents having retail business in Taluka Head Quarters..

RESULTS AND FINDINGS

After analysing the data, the following SWOT analysis was carried out.

Table 1: Strategy Formulation for Dairy Retailers (Urban) Gujarat Dairy Sector.

Internal Analysis		Environmental Analysis	
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Young and literate shop owners. Business hours greater than 15 hours. Satisfactory dealer services 	<ul style="list-style-type: none"> Majority do not have FSSAI License Inability to obtain complete items indented with the suppliers. No major advantage gained from promotional schemes 	<ul style="list-style-type: none"> Constantly increasing demand of milk and milk products, increasing population and increasing incomes and changing lifestyles of consumers. Spread of ICT in the country. Imminent implementation of GST (Goods and Service Tax) 	<ul style="list-style-type: none"> FDI and entry of foreign dairy players. Existence of unorganized sector around the market. Nowadays aware and informed customers compare Indian brands with foreign brands and desire more quality level and customer services.



Suggested Strategies
<ol style="list-style-type: none"> Major drive for FSSAI licensing. ICT (mobile, internet, CD, whatsapp, etc.) based tools should be developed to increase knowledge of Retailers (selling milk and milk products) and information dissemination. Maximum quality standards should be maintained by retailers (Urban) as per FSSAI standards. Retailers should carry out better inventory planning so as to avoid problem of shortage of products. A poster must be made which describes the benefits of pasteurized milk, health benefits, and nutrients of milk products. This poster should be hanged /pasted outside each Retail outlet selling milk and milk products.

STAKEHOLDER: URBAN RETAILERS

In order to ensure that most of the above mentioned strategies get implemented in the intended area, the following policy /policy guidelines have been framed

Table: 2

	Findings	Suggested Policy Urban retailers	Output
1	<p>FSSAI Licence Number</p> <p>Around 96% of the Urban retail shop did not have FSSAI Licence Number for their business.</p>	<ul style="list-style-type: none"> A special drive for increasing the number of FSSAI Licence holders among Urban Retailers, especially if the income from selling of dairy products is higher. 	<ul style="list-style-type: none"> The reputation of the shop will increase and customers will also be benefitted.

Table 2: Contd...

2	<p>Strong supply chain management of Milk and Milk product dealers:-</p> <ul style="list-style-type: none"> • Most of the urban retailers indicated that – leakage, late delivery, damaged products and other problems related with Milk dealers were normal to very low. 	<ul style="list-style-type: none"> • A scheme of Recognition and giving cash prize/awards/ certificates to leading retailers who fulfil the criteria set by Milk unions/ Federation. • Awarding equipment/ deep freezer, visi freezer etc, on subsidised rates to retailers achieving specified sales target. 	<ul style="list-style-type: none"> • Development of strong trust and bonding between suppliers and retailers.
3	<p>Low awareness of Dairy Entrepreneurship Development Scheme (DEDS), NABARD and other loan scheme</p> <ul style="list-style-type: none"> • Majority (94%) of the urban retail shop had invested their own fund in the business. This may indicate less prevalence of credit schemes in the region. • Retail business is good because of increasing demand of milk and milk products and constantly rising milk prices 	<ul style="list-style-type: none"> • The awareness of DEDS and other related loan schemes should be increased by advertising on T.V, radio, newspaper, mobile. • A policy to promote and support “new start-ups” in dairy by extending fund based support to them. 	<ul style="list-style-type: none"> • Increase the number of urban dairy retailers and hence increase processed milk and milk product sales in urban areas.
4	<p>No training or awareness programme targeted to retailers:-</p> <ul style="list-style-type: none"> • Around 76% had educational qualification between SSC and graduation and 46% in between HSC and Graduation. • shops are open for the whole day • Employed 2 or less number of employees in their shop. 	<ul style="list-style-type: none"> • A policy to give a ONE DAY training cum awareness programme every year (At the cost of Dairy/ Federation/ Government) should be started for Retailers / centreman. Training components can be – adulteration, storage conditions, adherence to Use by date (Expiry date), Power backup infrastructure facility, general handling of dairy consumer complaints), ethics in Food business. 	<ul style="list-style-type: none"> • Increase in Motivation and self-confidence of the retailers which will ultimately benefit the Indian Dairy Sector. • Lead to consumer satisfaction and consumer delight.

Table 2: Contd...

5	Profitability of business of retailers (Urban) was in the range of average or highly profitable	<ul style="list-style-type: none"> • It provides a good opportunity for self-employment. 	<ul style="list-style-type: none"> • Reduces unemployment in the country.
6	<p>The major challenges indicated by the Urban (retailers) were as follows</p> <ul style="list-style-type: none"> • Various deposits/ security deposits etc. taken by dairies/ GCMMF from Retails shops/ APOs / Centreman very high • Resistance by old Retails shops/ APOs /Centreman to open up of new centres by other dealers • Facing difficulties in profit due to less milk selling. 	<ul style="list-style-type: none"> • Necessary and needful follow up to be performed by dairy for new retailers. 	<ul style="list-style-type: none"> • Increased share of organized sector
7	<p>Favourable demographic changes</p> <ul style="list-style-type: none"> • Health awareness of Value added Dairy products. 	<ul style="list-style-type: none"> • An extensive promotion cum awareness programme of “ OBSERVING National Milk Day” and on this day – <ol style="list-style-type: none"> 1. Heavy advertisement and Media coverage of this programme. 2. Various departments like – health, agriculture, dairy should be co-organiser of this global event (Since India is the Number one Milk Producing country) 	<ul style="list-style-type: none"> • Genuine and Tremendous consumer awareness will be created. • Myths about dairy products will be removed. • Share of organised sector will increase.

CONCLUSIONS

After analysing the collected data it could be it can be concluded that policies such as – A special drive for increasing the number of FSSAI Licence holders among Urban Retailers should be undertaken, A scheme of Recognition and giving cash prize/awards/ certificates to leading retailers who fulfil the criteria set by Milk unions/ Federation, Awarding equipment/ deep freezer, visi freezer etc, on subsidised rates to retailers achieving specified sales target,promote and support “new start-ups”, ONE DAY training cum awareness programme every year (At the cost of Dairy/ Federation/ Government) should be started for Retailers / centreman.

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