1. Introduction and Design of the Study

1.1 Introduction

The companies all over the world are focussed on Sustaining and Excelling. Although service providence and profit maximisation are the main concern for any business, the global competition of the business has pushed the companies to frame their strategies towards sustaining in the market and later towards excelling in the field they are in. Once the organization deals with this competition effectively, it can sustain in the market. Dealing with the competition, for any organisation is not a onetime process, instead it will continue throughout the lifecycle of a business. For any business, the outcome of the business i.e., their product or service will be mainly customer oriented. So, to sustain in the competitive world, the organisations should structure their strategies focusing particularly towards customers. The company with the backing of its customers can be predicted as a company that cannot be overpowered in the market. Further, with the increase in income level of the customers, their lifestyle and buying behaviour also changes frequently.

A report from Accenture says that the global businesses that capitalise on major changes in consumer behaviour can generate significant growth over the coming years (NYSE: ACN). Current customers are not ready for any compromise and they look for products of quality and satisfaction. Sensing this transformation of customers, more companies are entering into the business and also getting succeeded with their innovative ideas. As a result, customers are also free to choose their own brand and can change their brand whenever they desire. So, for a company to beat the competition and to survive in the market, they need their own consumer. To create an own consumer base, first the company should understand the customers of their business. If marketers understand the consumer behaviour, they can predict how consumers are likely to react on various informational and environmental cues (Schiffman and Kanuk, 1998). To understand the customers and to increase the market size, an organisation should study the attitude of the consumers and their buying behaviour, so that the organisation can plan their strategies accordingly. Customer’s attitude and behaviour will change time to time based on their

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socioeconomic factors. Taking into consideration of the Dairy industry in India, previously there were only the cooperatives involved in packaged milk business, but sensing the demand of milk among the increasing population, more private players have entered in the milk and milk product business. With the increase of competition in the field of dairy industry and with the increase in the number of milk brands prevailing, it is appropriate to make an attempt to understand the attitude and buying behaviour of customers. With this in mind, the researcher has undertaken an in depth study to understand the consumers in the field of dairy industry.

1.2 Customer
A customer is the beneficiary of a good, service, product or idea, acquired from a seller, vendor or supplier for a monetary or other valuable consideration (Reizenstein 2004)\(^3\). A customer may also be a viewer of the product or service that is being sold despite deciding not to buy them. In general, a customer is a person or organization that a marketer believes will benefit from the goods and services offered by his organization.

Customers are generally categorized into two types (Frain 1999):

- An intermediate customer or trade customer who purchases goods for re-sale.
- An ultimate customer who does not in turn re-sell the things bought but either passes them to the consumer or actually is the consumer.

On the basis of purchase, Customers may fall into one of two following customer groups:

- Existing Customers: - These are customers who have purchased or otherwise used an organizations goods or services, normally within a chosen period of time. Existing Customers can be said as the most important of the two customer groups since they have a current relationship with a company and, consequently they give the company a reason to remain in contact with them.

- Former Customers: - These are customers who have formerly had relations with the marketing organization typically through a previous purchase. The value of this group to a marketer will depend on whether the customer’s previous relationship was considered satisfactory to the customer or the marketer.
1.2.1 Importance of customer

In any business, customers are the main focus. Without them no business can sustain in the market. One of the primary goals of any business in framing a marketing strategy should be to identify and meet the needs of their consumers. Considering customer importance at all stages of the marketing process helps the company to ensure greater customer satisfaction and increase their long-term goal of repeat business (Carl Hose)\(^4\). When thinking about the importance of customers it is also to remember that organisations are dependent upon their customers. If they do not develop customers’ loyalty and satisfaction towards their company or their product, they could lose their customers. It is also needed to understand for the organisations that without customers the organisation would not exist. The slogans "the customer is king" or "the customer is God" or "the customer is always right" indicate the importance of customers to businesses. This importance of the customers over any business, tents the organisation to study the attitude and buying behaviour of customers over their products and services.

1.3 Consumer

A customer may or may not be a consumer, but the two ideas are different, even though the terms are commonly confused (Frain 1999)\(^5\). A customer purchases goods; a consumer uses them (Blythe 2008)\(^6\). A final customer may be a consumer as well, but just as evenly may have purchased items for someone else to consume. An in-between customer is not a consumer at all. A consumer is a person or a group of people who are the final users of products and or services generated within a social structure. A consumer may be a person or a group such as a household.

1.4 Consumer Attitude

One of the prime reasons for conducting marketing research is also to understand consumer attitudes. As Consumers, each of us has a vast number of attitudes towards products, services, advertisements, direct mails and retailers (Ralph Waldo Emerson, 1981). Attitudes are an expression of inner feelings that reflect whether a person is favourably or unfavourably predisposed to some “object” like a brand, a service or a retail establishment. Because they are an outcome of psychological processes, attitude are
not directly observable but must be inferred from what people say or what they do (Schiffman and Kanuk, 1998). Attitude is defined as a mental, emotional or rational predisposition with regard to a fact, state, a person or an object (Himansu S M, 2009).

1.5 Consumer Behaviour

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure and dispose of products, services, experiences, or ideas to satisfy the needs and the impacts that these processes have on the consumer and society (Kuester and Sabine, 2012). It attempts to understand the decision-making processes of buyers, as individually and in groups. It studies the qualities of individual consumers such as demographics and behavioural variables in an attempt to understand people’s requirements. It also attempts to measure influences on the consumer from groups such as family, friends, reference group, and the public in common.

Customer behaviour study is based on consumer buying behaviour, with customer playing three distinct roles of users, payer and buyer. Research has revealed that consumer behaviour is difficult to predict even for experts (J. Scott Armstrong, 1991). Belch and Belch says, whenever a need arises; consumer searches for several information that would help him in his purchase. That information is such as Personal Sources, Commercial Sources, Public Sources and Personal Experience.

1.5.1 Why Consumer Behaviour

The study of consumer behaviour provides companies with valuable information about its consumers and prediction, including probable likes and dislikes, spending prototype and motivators to purchase. This information assists companies’ time product launches and sales promotions, planned customer service staff and so on. The study of Consumer Behaviour is one of the most important in business learning as the purpose of a business is to create and keep customers (Professor Theodore Levitt). Some of the benefits in the study of consumer behaviour for various categories of people are like,

- A marketing manager would be interested to know how consumer behaviour will help him to design better marketing plans to get those plans accepted within the company.
• In a non-profit service organisation like hospital, an individual in the marketing department would like to know the patients' needs and how best to serve those needs.
• Universities and Colleges now recognise that they need to know about consumer behaviour to aid in recruiting students. "Marketing Admissions" has become an acknowledged term to mean marketing to potential students.

1.6 Consumer Attitude Vs Consumer Behaviour
Once we've established people's attitudes, then we accurately predict how they'll behave (Rosenberg and Hovland's 1960)\(^9\). To get at the heart of what is driving consumers’ behaviour, attitude study comes to use. (Schiffman and Kanuk, 1998). From this it is to understand that attitude and behaviour are quite two different things. Attitudes affect behaviour. In marketing, the desired behaviour is to purchase a product or service. Marketers should know what barriers in attitude exist in purchasing so they can strategise how to counter those obstacles through marketing activities (Marla Currie). Attitude is a person's inner thoughts and feelings, while behaviour is usually an outward expression of attitude, but the two are not always related. In simple the relationship between attitude and behaviour can be said as “What we are Vs What we do”. “What we are?” denotes the attitude of each customer and “What we do?” echoes the behaviour of the consumers.

1.7 Consumer of Milk and Milk Products
With the observation that Milk be the healthy food, the consumption and importance of milk in day to day life of people is insuperable. It is said that only humans consume milk past infancy, in spite of the fact that the majority of adult humans show some degree of lactose intolerance (Champe, Pamela, 2008)\(^10\). Although India is a country with bunch of spiritual people, milk is considered to be a product consumed by all the set of people. Drinking milk and consuming its products consists of an extremely popular group of dairy products in India. Milk is considered as a source of wholesome nutrition among rural as well as urban families, with fresh / pasteurised milk comprises of about 83% of value sales of drinking milk products in 2012 (Country Report, March 2013). India nevertheless faces a milk supply gap due to increasing demand from a rising middle class.
population. Estimation put forward that Indian dairy production is growing at a rate of about six percent per year; however consumer demand is growing at around double that rate of dairy production. According to a national survey conducted by the National Sample Survey Organisation (NSSO), an average Indian family’s spend on dairy products was only next to cereals in terms of food expenditure incurred in each month. Such dependency on dairy products, and more particularly on milk and with its availability, it gives limited scope for price increases on these products. As such, regional dairy cooperatives and private producers have to meet the growing demand for packaged milk despite a limited rise in corresponding production. Understanding the consumers will help for the cooperatives and the private companies to utilise the source effectively.

1.8 Statement of the problem

The milk production in India has ranked first with 121.8 million tons in 2011 (Source: Department of Animal Husbandry), and the dependence of the people over the milk and milk products are unassessable. The dairy sector in India has performed well for decades and become as one of the most promising agriculture sector. After the introduction of liberalisation in 1991 in India, there was a significant change in the consumer buying behaviour, consumption pattern and brand consciousness. The main reason for this is the growth in GDP and rise in per capita income (Mukherjee, Mantrala and Zou, 2011). This also results in the increase of private players in the dairy market and which in turn triggers the new market approaches such as improved product quality, wider assortment of the dairy products, new management of the sales structure, an enhanced marketing information system, market segmentation and price differentiation.Previously the market was mostly unorganised and was directly dealt by the farmers. With organised sector being very low, Coimbatore’s dairy industry produces cheap bulk dairy commodities with a limited range. These days marketing has broadened its concept and current marketers include the study of transfer of behaviour as well as transaction of consumer behaviour (Kotler, 2002). The information on consumer buying behaviour, preferences, attitudes and needs for dairy products are well thought-out to be key determinant factors for the effectiveness of dairy. However, the increase in the organised sector of dairy industry in Coimbatore lacks information on consumer buying behaviour. Thus, the lack of
information on the consumer buying behaviour as a whole is a disadvantage upon the sales opportunities and the efficiency of dairies in Coimbatore district.

1.9 Need of the Study
Coimbatore is a fast developing district with number of leading players constituting their production and selling units. Further change in the economy and the change in preference of consumers’ needs, wants and preference make the dairy market more complex. Therefore a study on consumers’ attitude, preference and buying behaviour towards dairy products helps the dairy industry in preparing a projection plan and also in developing the marketing strategies. Understanding the major influencing factors on the consumption pattern of the consumers helps the dairy industry to improve their approach towards meeting customer requirements. An accurate analysis of the socioeconomic status of the consumers and good estimates of the demand of dairy products helps the projection of future development of dairy sector in Coimbatore district.

1.10 Objective of the study
- To analyse the growth and development of Dairy Industry in Coimbatore District.
- To determine the socioeconomic profile of consumers who prefer branded milk and milk products in Coimbatore District.
- To assess the consumers' consumption pattern of milk and milk products in Coimbatore district.
- To understand the buying behaviour of customers over different brands of milk and milk products in different areas of Coimbatore District.
- To determine customers Brand loyalty towards milk and milk products.
- To understand the level of customer satisfaction over the milk and milk products in Coimbatore district.
- To estimate the effectiveness of media in taking the milk and milk products to consumers.
- To determine the influence of marketing mix on consumer behaviour over their milk and milk products.
1.11 Area of the Study
The area selected for the study is Coimbatore District and it is a third largest city of Tamil Nadu. It consists of 2 Revenue Districts, 6 Taluks, 12 Blocks and 295 Revenue Villages. The rural people are mainly agriculturists, although with the beginning of special economic zones (SEZs) in the area service and IT industries are booming. It is the highest revenue yielding district in the state, next to Chennai district. Proximity to the city of Coimbatore has its own impact on the district, with a substantial daily commuting population. It had a population of 34,72,578 in 2011, with a decennial growth rate of 18.46% and with the average literacy rate of 84.3%. In Coimbatore district Tamil is the principal language spoken, followed by Telugu, Kannada and small group of Malayalam speakers. With this diversification of people within the district of Coimbatore, the study to determine the consumer buying behaviour and attitude gain importance.

1.12 Methodology of the Study
There are a number of studies on Indian consumers that show the different factors affecting their shopping behaviour. These comprise of their level of income, education, and international exposure (Ramachander 1988)\(^\text{13}\), gender and age (Sinha, et al. 2002)\(^\text{14}\) and distance from the store (Sinha 2003)\(^\text{15}\). With this in mind and to attain the consumer behaviour and attitude towards milk and milk products following methods have been adopted.

1.12.1 Design of the Study
Design of the study states the conceptual design in which the study has been conducted. It is said that, a well-defined and designed research is the essential feature for a successful research work. This study, to determining the attitude and buying behaviour of the consumers of milk and milk products is a descriptive type of research. Descriptive research is used to describe the characteristics of a population being studied. It does not answer questions of how/when/why the characteristics takes place. Rather it addresses the "what" question.\(^\text{16}\)

1.12.2 Sampling Method:
The aim of this survey was to interview the samples drawn from the huge population which was likely to be very much varied and there was a possibility of sampling error and
bias. It was important to ensure that the drawn sample and findings reflect the entire population accurately. In this research, milk and its core products like curd, butter and ghee (Pitchai, 2000) are considered as the study theme. The researcher has considered one household as one respondent as the purchase process of the milk can’t be different within a family. This as a note, the overall population of household in Coimbatore district was collected and it is 9, 46,979 (Census 2011). It is to be noted that all these 9,46,979 household in Coimbatore district will never become the population of the study, as there are number of families who are the non-consumers of milk or its core products. So the population of the study is considered to be infinite and to determine the exact respondent, the researcher has to undergo Purposive Sampling technique. This sampling technique helps the researcher to identify the exact samples among the total household population of the district.

1.12.3 Sample Size:
The sample size should be in such a way that, it should have been a true representation of the whole population under the study. To ensure this, and with the idea of the population of the district, the researcher has set the sample size in such a way that, the sample of each milk and its core products should be a minimum of 384. The number 384 is opted in such a way that it was the proposed sample size for the large sized population when the population is finite (Krejcie and Morgan, 1970). In this study, under purposive sampling technique to attain this sample size and further more for the data not to be biased and to get covered by the entire Coimbatore district, the samples were derived in the following manner.

Table 1.1: Distribution of Samples across Coimbatore District

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Taluk</th>
<th>Distributed Questionnaire</th>
<th>Valid samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mettupalayam</td>
<td>110</td>
<td>95</td>
</tr>
<tr>
<td>2</td>
<td>Sulur</td>
<td>110</td>
<td>99</td>
</tr>
<tr>
<td>3</td>
<td>Coimbatore North</td>
<td>110</td>
<td>101</td>
</tr>
<tr>
<td>4</td>
<td>Coimbatre South</td>
<td>110</td>
<td>106</td>
</tr>
<tr>
<td>5</td>
<td>Pollachi</td>
<td>110</td>
<td>92</td>
</tr>
<tr>
<td>6</td>
<td>Valparai</td>
<td>110</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>660</strong></td>
<td><strong>588</strong></td>
<td></td>
</tr>
</tbody>
</table>
Here, the researcher has collected data from all the 6 taluks of Coimbatore district with 110 samples each from the 6 taluks. A total of 660 responses were collected under purposive sampling technique from the entire Coimbatore district. Out of these 660 samples, 72 questionnaire were indentified with irrelevant and unfilled responses and the final sample size for this research were got fixed to 588.

1.13 Pilot Study

After constructing the questionnaire, 50 samples were collected to check the reliability of the questionnaire. Reliability coefficients were calculated using Cronbach’s Alpha formula for each sub-scale. The reliability coefficients for the different sub-scales in the study were listed in the table 1.2.

### Table 1.2: Reliability Coefficient of Sub-Scales in attitude and behavioural studies

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Variables</th>
<th>Reliability (Cronbach's Alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Milk Attribute</td>
<td>0.718</td>
</tr>
<tr>
<td>2</td>
<td>Media Attractiveness</td>
<td>0.806</td>
</tr>
<tr>
<td>3</td>
<td>Promotional Effectiveness</td>
<td>0.705</td>
</tr>
<tr>
<td>4</td>
<td>Pricing Influence</td>
<td>0.739</td>
</tr>
<tr>
<td>5</td>
<td>Buying Decision</td>
<td>0.747</td>
</tr>
<tr>
<td>6</td>
<td>Brand Influence</td>
<td>0.718</td>
</tr>
<tr>
<td>7</td>
<td>Brand Experience on milk</td>
<td>0.870</td>
</tr>
<tr>
<td>8</td>
<td>Curd Attribute</td>
<td>0.746</td>
</tr>
<tr>
<td>9</td>
<td>Butter Attribute</td>
<td>0.720</td>
</tr>
<tr>
<td>10</td>
<td>Ghee Attribute</td>
<td>0.729</td>
</tr>
<tr>
<td>11</td>
<td>Perception on dealers</td>
<td>0.786</td>
</tr>
</tbody>
</table>

From the table 1.2 it is noted that the Cronbach’s Alpha value for all the sub-scales were above 0.7 and hence, it can be concluded that the questionnaire used for this study is considered as reliable and it is carried forward to continue the study.

1.14 Source of Data

The data for this study consists of both primary and secondary data. Primary data were collected from the respondent with the help of structured questionnaire and the secondary data were gathered from annual reports of the companies, Journals and other reports.
Primary data is used to determine the attitude and buying behaviour of the consumer and secondary data helps in understanding the growth of dairy industry.

1.15 Frame work of Analysis

The collected data were analysed in tune with the objective framed in this study. The analytical tools used are:

- Factor Analysis
- Chi-Square Test
- Garrett Rank
- Cross Tab
- Weighted Average
- Frequency Analysis
- ANOVA
- Z test
- Multiple Regression

1.16 Period of study

The time period taken to complete this study is two years. The primary data and secondary data are collected and analysed in the period from January 2011 to April 2013.

1.17 Limitation of the study

- All the bi-products of milk are not considered in the present study.
- Only household consumers were considered and the bakers were not considered in this study.
- Dairying is a state subject in India and considerable diversity exists within the country. It is therefore extremely difficult to draw a uniform pattern for the country as a whole.


1.18 Chapter Scheme

**Chapter I:** - Introduction and Design of the study. This study deals with the Introduction, Statement of the problem, Need of the study, Objective of the study and methodology of the study.

**Chapter II:** - Review of Literature: Summary of the literature in relevant area of the study.

**Chapter III:** - Growth and Development of Dairy industry: This chapter gives an idea about the dairy industry and its transformation.

**Chapter IV:** - Analysis of Consumer Attitude and Buying Behaviour of Milk: This Chapter analyse the customers’ attitude, preference, buying behaviour and influencing factors towards the milk in Coimbatore district.

**Chapter V:** - Analysis of Consumer Attitude and Buying Behaviour of Milk Products: This Chapter analyse the customers’ attitude, preference, buying behaviour and influencing factors towards the milk products in Coimbatore district.

**Chapter VI:** - Findings, Suggestions and Conclusion of the study.

**Bibliography**

**Annexure**
References:

1 Accenture report entitled “Energizing Global Growth: Understanding the Changing Consumer”.


