

ANALYSIS OF MARKET FOR PREFERRED CHEESE IN INDIAN MARKET

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INTRODUCTION

HISTORY

Cheese is the generic term for a group of cultured dairy food products that are made in a wide variety of flavours and shapes all over the world. Cheese has evolved from its humble origins as a means of preserving milk constituents to be a haute cuisine food with epicurean qualities as well as being extremely nutritious. According to Sandine and Elliker, there are over 1000 different types of cheese. Burkhalter categorized 510 varieties (though many are listed more than once), while Walter & Hargrove describe over 400 varieties and list the names of another 400.

Cheese is thought to have originated 8000 years ago in Iraq's 'Fertile Crescent,' between Tigris and Euphrates rivers. Domestication of plants and animals ushered in the so-called "Agricultural Revolution" in this region. Man must have understood the nutritional value of milk produced by his domesticated animals shortly after and devised a way to share the mother's milk with her offspring. However, milk is a rich source of nutrients for bacteria that contaminate milk, with some species using lactose, a sugar found in milk, as an energy source and generating lactic acid as a by-product. Bacterial development and acid secretion would have resulted during storage or efforts to dry milk in the warm, hot weather to produce a more reliable structure of meat, and possibly fruits and vegetables, appears to have been performed as a rudimentary form of food preservation at this time in Man's evolution. When enough acid is produced, the milk's main protein, caseins, coagulate, or agglomerate at their isoelectric points, to form a gel that traps the fat; thus, the world's first cultured milk foods were created by accident. In the Middle East and around the world, similar products are still popular.

CHEESE IN INDIA

Dairy farming in India is gaining traction as a key economic growth driver. Dairying in this country is unrivalled in terms of sheer numbers. The figures are merely incredible. From a low of 17 million tonnes in 1951 to 112 million tonnes in 2010, milk production has grown dramatically. At current market prices, the Indian dairy market is growing at a rate of 7% per year. The urban market consumes more than half of the total fluid milk produced in the country. The demand for milk is highly income elastic, which explains the increase in consumption. The wealthiest household's dairy spending, especially on value-added products, is ten times that of

the poorest. That's in contrast to most other countries, where the wealthy replace milk with other sources of protein such as meat and poultry. Furthermore, the domestic economy for value-added products such as butter, cheese, ice cream, dairy whiteners, and spreads is expanding at an annual rate of 8-10 percent. The Indian dairy industry has a bright future as a self-sustaining enterprise in both the domestic and international markets, with significant growth potential.

India used to be more of a 'butter' country a few decades ago. Many urban households include butter in their meal. We were rarely able to locate a cheese block in the house. Except for Paneer, a popular Indian cottage cheese, India has not historically been a "cheese country." Cheese was mostly used for sandwiches or to make dishes that could be served as evening dishes or cocktail accompaniments. In recent years, the use of cheese and cheese spreads has become more common in urban areas. Cheese comes in a variety of forms, including blocks, grated cheese, and spreads. With cheese consumption in the West reaching peak and encouraging results in several other 'non-cheese' Asian countries such as Japan and China, overseas cheese producers are eyeing the Indian market for its enormous potential. While Indians had only one type of basic cheese a few years earlier, several companies are entering the market, and there are now a variety of cheese types available in stores.

INDIAN CHEESE MARKET

True, India is not a "cheese country" in the conventional sense. However, Man Mohan Malik's contributions were so substantial that, in 2006, India exported 8000 tonnes of cheese worth Rs 250 crore. It can be safely assumed that India's cheese industry is expanding at a steady rate and will inevitably gain a foothold in the international cheese market. In India, the regulated cheese industry is still in its infancy, contributing for less than 1% of global dairy production and largely restricted to urban consumption. Though cheese was first marketed in the late 1970s under the brand name "Amul" from the popular Amul butter stable, it wasn't until the 1990s that it developed its own identity. In terms of quantity, the cheese industry is expected to expand at a rate of 10 percent to 12 percent per year, and 16 percent to 17 percent per year in terms of value. Cheese consumption in the home is currently at 5%, with about half of all consumption occurring in cities. Together, Mumbai and Delhi account for half of the cheese market. Processed cheese accounts for about 60% of the market, followed by cheese spreads at 30% and flavoured and specialty cheese at 10%.

Gujarat Cooperative Milk Marketing Federation, which uses the brand name Amul, and Britannia New Zealand Foods Pvt. Limited, which uses the brand name 'Britannia Milkman,' dominates the Indian cheese sector. Amul is far ahead of the competition, controlling about 60% of the market. Britannia owns about a quarter of the company. Dabon International Private Limited, a subsidiary of the French dairy company Bongrain S.A, and other local brands like Mother Dairy and Vijaya are also prominent players. These businesses control 10% of the market. Imported cheese products, sold in specialty supermarkets, account for the remaining 5% of the market.

INDIAN CHEESE MARKET

BRAND	MARKET SHARE (%)
AMUL	60
BRITANNIA MILKMAN	25
LOCAL BRANDS	10
IMPORTED BRANDS	5

A surprising detail is that, among most cheese-consuming families, per capita cheese utilisation is only 2.4kg per year, opposed to over 20kg in the United States. Cheese is a relatively new addition to the industrial and market sectors. In India, the urban population consumes the majority of the cheese.

The organised cheese market in India is projected to be worth Rs 4.5 billion, including processed cheese, mozzarella, cheese spread, flavoured and spiced cheese. The processed cheese market is worth Rs 2.7 billion, accounting for 60% of the total market. Cheese spread is the next most prevalent version, accounting for around 30% of the global processed cheese market. The market is largely a city phenomenon, and it is estimated to be rising at a rate of 15% 7. Cheese cubes, slices, and tins are becoming more popular. The market for flavoured cheese has been steadily declining. The Gujarat Cooperative Milk Marketing Federation (GCMF) continues to dominate the Indian branded cheese market with its Amul brand. It was the first company to market processed, branded cheese. GCMF pioneered the method for making cheese from buffalo milk. It is made from cow milk all over the world. In the 1990s, Britannia Industries entered the cheese market via a partnership with Dynamix Dairy Industries (DDI). It was founded in 1995 by Conwood, Indo Saigon, Hiranandani, ETA, and Metro, a group of five companies.

MAJOR COMPANIES IN INDIAN MARKET:

- Arla Cheese
- Britannia Dairy Private Limited
- Fromageries Bel India Private Limited
- Gujarat Co-operative Milk Marketing Federation Limited
- Heinz India Private Limited
- Karnataka Cooperative Milk Producers Federation
- Kodai Dairy Products Private Limited
- KSE Cheese Company
- Milky Mist Dairy Food Private Limited
- Mother Dairy Fruit & Vegetable Private Limited
- Parag Milk Foods Limited
- Prabhat Dairy Limited
- The Spotted Cow Fromagerie

LITERATURE REVIEW

Dhanabalan. M. (2009) opined that dairy has an important role in improving the overall economic conditions of rural India. To maintain the ecological balance, there is need for sustainable and balanced development of agriculture and allied sectors. From our first plan onwards, planners have given priority to allied sector for the economic development of the rural sector. Dairy farming is described as a small industry which provides gainful employment opportunities. It comprises of about six per cent of the national income.

Mandeep Singh and Joshi.A.S. (2008) reported the economic analysis of dairy farming has been reported for marginal and small farmers in Punjab for the year 2003-04. It has been found that a majority of the farm households are not able to meet their requirements from their income from crops. Further dairy farming has emerged as a major allied enterprise for supplementing the income of marginal and small farmers in Punjab. Income from off-farm sources has been identified another important factor contributing significantly to the disposable income of these farm households. The study has suggested to further exploit the potential of off-farm sources towards meeting the domestic expenditure. Also, the technical efficiency of crops and dairy farming should be improved to provide more income to farmers.

Radha Krishnan, Nigam.S, and Shantanu Kumar (2008) in their opinion growing human population, rising per capita income and increasing urbanization are fuelling rapid growth in the demand for food and animal origin in developing countries. India possesses the largest livestock population in the world. Contrary to the large population of livestock in India productivity of Indian livestock is low compared to many developing countries.

Waghmare P.R. and Hedgire D.N. (2007) opined that Milk productions in India during 1950-51 was 17 million tonnes which has reached 78 million tonnes in 1997-98. Presently India ranks first in the world in milk production. The Operation Flood Programme was instrumental in dairy development activities. These programmes are useful in upgrading the standard of living of farmers.

Rawal and Vikas (2001) analysed that the comparison of caste, education and land holding of MS farmers with NMS farmers' points to a larger proportion of households belonging to the backward caste, being less educated and holding lower size of land are not able to participate in dairying. A recent study of two dairy co-operatives in Gujarat argued that inequality in land ownership, caste, illiteracy and undemocratic functioning of co-operatives are the barriers to entry.

RESEARCH METHODOLOGY

TOOLS USED

1. SWOT

A SWOT Analysis is a method for evaluating these four facets of your market. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

2. PESTEL

PESTEL analysis is a macro-environmental factor system used in strategic management's environmental scanning portion.

3. Porter's 5 Forces

Porter's Five Forces Framework is a framework for analysing a company's rivalry. It uses industrial organisation economics to derive five forces that decide the competitive strength of an industry and, as a result, its profitability attractiveness.

SOURCE OF DATA

Primary: Preference of Form of Cheese collected from consumers from various income groups
Secondary: Authentic websites/papers/articles.

SAMPLING METHOD

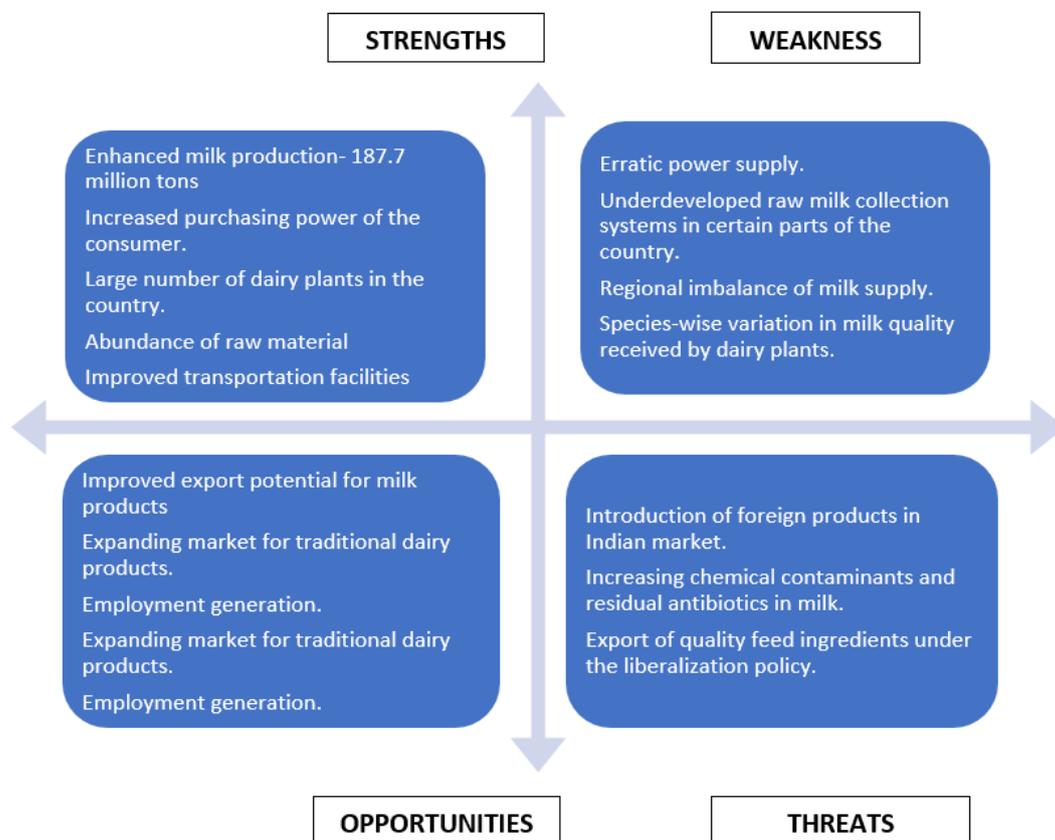
Convenience sampling method has been used to select the samples.

SAMPLE SIZE

The sampling size for the study was 108 respondents belonging to various income groups all over India

ANALYSIS AND RESULTS

SWOT ANALYSIS



STRENGTHS

Enhanced milk production: 187.7 million tons in 2020.

Increased purchasing power of the Indian consumer.

Large number of airy plants in India.

Abundance of raw materials.

Improved transportation infrastructure.

WEAKNESS

Erratic/inconsistent power supply.

Under developed raw milk collection system.

Regional imbalance of raw materials.

OPPORTUNITIES

Improved export potential of milk products.

Expanding market for traditional dairy products.

Employment generation.

THREATS

Introduction of new products.

Increasing contaminants.

PESTEL ANALYSIS

POLITICAL – In India Government is giving special attention to Dairy sector. Department of Animal Husbandry Dairying & Fisheries (DADF) is one of the Departments in the Ministry of Agriculture which efficiently control Dairy Industry in INDIA. In today's condition there is political stability which is in not only favouring Dairy but also favouring every other sector at the same time.

1. To encourage growth and development in Dairy sector government has allowed 100% Foreign Direct Investment (FDI).
2. Implementation takes place at three different level; Implementation of State Schemes, Central Government Schemes, and by both Centre and State shared Schemes.
3. For good health of Cattles government provide monetary as well as technical support to the cattle owners which include free Insurance also.
4. Government provide assistance to strengthening and expanding village level infrastructure so that milk procurement can be done in more efficient way which indirectly provides producers golden opportunities to access to markets.
5. For the betterment of the process's government has introduced Degree/Diploma course in Food Processing and Technology.
6. Latest focus of Indian Government is on the establishment as well as modernisation of FPI (Food Processing Industry) district level and in some cases on the village level too.

ECONOMICAL - India comes under the growing economy. India was less affected by the recession in compare to the other developed country so there are bright chances for continuous economic growth in India in near future.

1. GDP growth rate is approx. 6.8% currently.
2. In India department of Agriculture and food processing both together contributes around 20.5% GDP and within this 31 % of the agriculture contribution in the GDP comes only from Dairy Industry.
3. Shortage of Milk: Even though the milk production has risen by 4.6% compound annual average growth rate, it still cannot match up with the increasing demand. The demand for milk has been growing at a faster rate than the growth rate of milk production resulting in the shortage of milk supply. India cannot meet its expected demand if the demand and supply rise at the same rate. For the same the reason, the milk prices are on a constant rise. Price of milk increased by 12.6% to 13.6%. This can cause an increase in the input cost for the dairy products and which in turn can lead to hike in price or lower profit margins. If the company increases the price of its products, it may affect the sales as it might lose on consumers.

SOCIAL –

1. Because of the changes in the consumer lifestyle and orientation toward health, government has fixed many norms within that every dairy industry will have to maintain a certain standard of the milk products.
2. Dairy business helps in overall improvement of rural economy of India.
3. Rising need of milk products in urban as well as in rural area generate a large amount of waste that destroy fertility of soil as well as destroy the soil and ground level water. Foul odours usually emanate from animal and wastes if not managed/treated/disposed of properly, can lead to air pollution. Livestock product processing plants release large amounts of waste into the environment, polluting land and surface waters as well as posing a serious human health risk.

TECHNOLOGICAL

1. Advancement of newer technologies is highly needed for dairy industry for measurement of purity (concentration), procurement and processing.
2. Cloning of Livestock: India, a late entrant in cloning research, is now moving with a great pace in cloning technology. ‘Hand guided cloning technique’, a technique very different from the conservative cloning practice has been a successful venture.
3. New Age Packaging: The new packaging systems help in protecting food from micro-organisms by creating shelter layer. It uses new technologies like oxygen scavenging function, atmosphere control, biodegradability etc. and is low cost. The packaging technology helps in preserving cheese for longer by protecting it from micro-organisms with the help of new technologies, thus resulting in longer shelf life of cheese. The advantage of low cost packing and longer shelf life could be very beneficial for Britannia in increasing its profit margin.

LEGAL ENVIRONMENT

Raising the Norms for the Probiotic Food: There is a need for setting the standards for probiotic food. Clinical tests should be conducted on the probiotic foods before they could reach the market for sale. The Indian Council of Medical and Research has submitted the proposal for the same to the government. Strict norms will help in raising the quality standards but on the other hand the cost and time of production might subsequently increase.

ENVIRONMENTAL ISSUES

1. Generally, cow emits a large amount of methane gas through belching; methane gas is 23 times more powerful than carbon dioxide.
2. Sometime dairy business causes some health issues like. Asthma and skin problems to the people who take care of the animals. It also attracts flies.
3. Improper management of waste causes air pollution in nearby areas and some time it also causes to unnatural growth of fungi and bacteria.

MICHAEL PORTER'S 5 FORCES ANALYSIS

Michael Porter's Five Forces we will be analysing these factors and their immediate effect on the company. Five forces analysis is a technique for identifying and listing those aspects of the five forces most relevant to the profitability of an organisation at that time.

Threat of New Entrants:

The entry on a small-scale dairy industry and in the unorganised sector is easy. But on the other hand, to enter the large-scale dairy industry and organised sector a huge amount of investment is required in terms acquiring assets and to establish supply and distribution chains. Government regulations pertaining to food norms and others may also seem to be unattractive. Looking at the latest trends, the dairy industry is expected to earn huge revenues which might attract new entrants. So, the threat of new entrants is moderate.

Threat of Substitutes: Analogue cheese can be used as a substitute as it is comparatively cheaper than the natural cheese. So, the threat of substitutes is extremely low.

Bargaining power of buyers:

The buyers of these products could be a distributor or any outlet of HoReCa directly getting cheese from the company. Since there are many players in the market that produce cheese viz Gowardhan, Amul, Prabhat and many local players so the buyer has a lot of options before making the purchase and hence the bargaining power of buyer is quite high in this segment. Both the dairy and bakery industry are price sensitive, so a little increase in price might lead the consumer to shift another brand or product. So, the buyer's power is calculated to be very strong.

Bargaining power of suppliers:

The major supplies for dairy products are milk. It's difficult to bargain with the suppliers of the above-mentioned inputs as the price of these inputs are majorly influenced by the production of these inputs. The prices tend to be high as the demand for these products is rising at much faster rate than supply. The secondary supplies include the packaging material. The

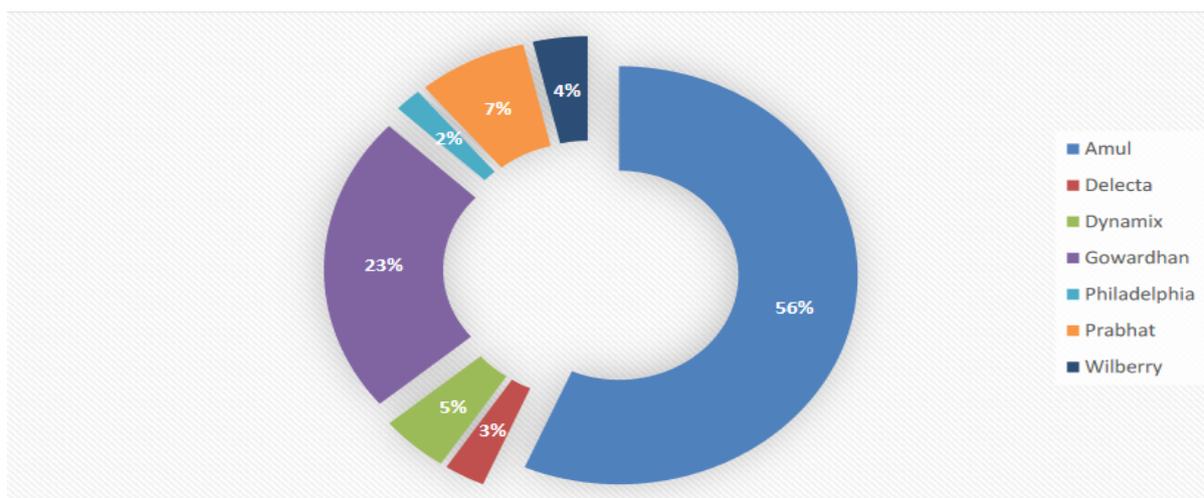
secondary supplies can be easily substituted with the low-cost ones to save on cost. Overall, the supplier's power is assessed to be moderate.

Existing Competitors:

Cheese might be fairly new entry in the dairy segment but it sure doesn't seem to have less of a competition. Since Britannia is entering in this HoReCa segment, its existing competitors are Amul, Gowardhan, Prabhat, Delecta, Dynamix, Philadelphia and other local players. Amul currently leads in market share followed by Gowardhan and others. Existence of non-price competition is also there which includes product differentiation and promotion.

Form of Cheese Preferred

BLOCK	46
CUBES	10
DICES	25
SHREDDED	20
DICES	7
TOTAL	108



The above chart shows that Amul is the market leader in the Indian cheese market followed by Gowardhan.

CONCLUSION

There are many types of form of cheese running in the market today but our main focus was on viz Block, Cubes, Diced, shredded (Blended) and Slices. With the survey it was found out that 38% outlets preferred Block form of cheese followed by Diced at 28% and Shredded at 19%.

Indian Cheese producers should attain cost effectiveness in order to increase profitability.

Brand awareness in cheese is considerably low and thus communication shall be done under a strategic B2B promotional plan specifically for HoReCa segment.

As Amul has a salty taste in its cheese which is preferred by Indian consumers, other players can launch a similar product if possible.

Area was limited to Deccan, Kothrud, JM Road, FC Road region and some part of Pune. • Some of the outlets did not have enough time while attending their customers to provide us the required information. The duration of the project was short, so there was less scope for in-depth evaluation • Sample size of respondents is limited.

Sampling was conducted in random manner. The data might not be representative of the entire population.

In the cheese market, Amul is the market leader and is a tough competitor to Britannia. Although in totality that is GT (General Trade) and MT (Modern Trade) there is still a presence of Britannia Cheese but when we talk about HoReCa (Hotels, Restaurants & Cafes) Britannia has zero presence.

To remedy this, we were assigned to survey outlet owners to gain insights about which brand of cheese they use, what cheese type they prefer, how frequent they buy and why are they using a particular brand and lastly from where are they getting their supplies. We wanted to get this last information about their suppliers because in the next phase of our project we had to convert selected distributors to become our authorized distributors that would set up a distribution channel for different Cheese in the HoReCa Segment.

Major problems were –

Less awareness of Cheese brands which made the consumers reluctant to accept their Cheese.

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