

## A COMPARATIVE STUDY OF MARKETING STRATEGIES OF INDIAN DAIRY INDUSTRY AND NEW ZEALAND'S DAIRY INDUSTRY

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### ABSTRACT

*The dairy industry is an important sector in the economy of many countries. India and New Zealand are two countries with a significant presence in the global dairy market. In this article, a comparative analysis will be conducted, of the marketing strategies adopted by the Indian dairy industry and New Zealand's dairy industry. First an overview of the dairy industry in both countries will be provided, including their production and export capabilities. We will then examine the marketing strategies adopted by the Indian dairy industry, including their focus on the domestic market, cooperative structure, and government support. Next, there will be analysis of the marketing strategies of the New Zealand dairy industry, including their focus on export markets, innovation, and supply chain efficiency. Finally, a comparison and contrast of the marketing strategies of the two countries and recommendations for improvement will be provided. Through this comparative analysis, aims to identify the strengths and weaknesses of the marketing strategies adopted by the Indian dairy industry and New Zealand's dairy industry. This study will also examine the impact of various factors such as government policies, infrastructure, and technology on the marketing strategies of both countries. This article will be beneficial for policymakers, industry experts, and researchers who are interested in the dairy industry and international trade. By providing insights into the marketing strategies of two significant players in the global dairy market, this article aims to contribute to the understanding of the factors that influence the success of the dairy industry in different countries.*

**Keywords:** Milk Production, Dairy Farming Methods, Milk Processing and Packaging, Dairy Product Consumption, Dairy Product Exports, Government Policies and Regulations.

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### Introduction

Comparative analysis of the Indian Dairy Industry and New Zealand's Dairy Industry

India and New Zealand are two of the largest milk producing countries in the world. According to the Food and Agriculture Organization (FAO) of the United Nations, India was the largest milk producing country in the world, accounting for around 22% of global milk production in 2020. On the other hand, New Zealand is known as the "dairy capital of the world" and is one of the top ten milk-producing countries in the world, accounting for about 3% of global milk production in 2020.

The Indian dairy industry is primarily made up of small-scale producers who supply milk to cooperatives for processing and distribution. The industry is dominated by the production of buffalo milk, which accounts for around 55% of total milk production in the country. On the other hand, New Zealand's dairy industry is known for producing high-quality dairy products, including milk powder, cheese, and butter, and it is heavily dependent on its exports.

Following are some of the factors that serves as the basis for comparative analysis:

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## **Production**

India's dairy industry is the largest in the world, with a production of 198.4 million metric tons of milk in 2020. The dairy sector in India is primarily based on small-scale and rural farming practices, with about 70% of the milk production coming from smallholder farmers. The milk is primarily used for domestic consumption, with only a small percentage being exported.

On the other hand, New Zealand is the eighth-largest milk producing country in the world. In 2020, New Zealand produced 21.1 billion litres of milk, with over 4.1 billion litres being exported. New Zealand's dairy industry is based on large-scale commercial farming practices, with most of the milk production coming from a small number of large dairy companies. New Zealand is the world's largest exporter of dairy products, with over 95% of its milk production being exported to countries such as China, the United States, and Japan.

## **Consumption**

In terms of milk consumption, India is the largest consumer of milk in the world, with an average per capita consumption of 394.7 kg per year. The dairy industry in India primarily caters to the domestic market, with most of the milk and milk products consumed within the country. In contrast, New Zealand is a net exporter of dairy products, with the majority of the dairy products produced in the country exported to other countries.

## **Farming Techniques and Technologies**

The dairy industry in India is characterized by small-scale dairy farming, with the majority of dairy farmers having less than five cows. The cows are primarily fed on natural grass and other locally available feed, with minimal use of supplements. The milking process is often manual, and milk is transported to local markets in cans or plastic containers.

In contrast, the dairy industry in New Zealand is characterized by large-scale farming operations, with farms averaging around 400 cows. The cows are primarily fed on pasture grass, supplemented with maize and other grains. The milking process is often automated, with most farms using milking machines to extract milk. The milk is transported to processing plants using specialized tanker trucks.

- **Processing**

India has a vast network of milk processing plants, with over 100,000 milk collection centres and about 400 dairy processing plants. The processing plants in India are mostly small-scale, and the milk is processed into various products like ghee, butter, and yogurt, which are consumed domestically. In contrast, New Zealand's dairy industry is primarily export-oriented, with a significant portion of the milk processed into high-value products like cheese, butter, and milk powder.

- **Quality Control and Safety Standards**

The Indian dairy industry has been criticized in the past for its lack of quality control and safety standards. The sector is primarily made up of small-scale farmers, making it difficult to implement and enforce quality control measures. The use of antibiotics and growth hormones in milk production is widespread, with many farmers using these substances to increase milk yield.

New Zealand has strict quality control and safety standards in place for its dairy industry. The country's dairy products are subject to rigorous testing and inspection, ensuring that they meet strict quality and safety standards. The use of antibiotics and growth hormones in milk production is prohibited, and farmers who violate these regulations are subject to fines and other penalties.

- **Technology**

New Zealand has adopted advanced technology and farming practices to increase milk production. The country has a high level of automation in its dairy farms, with milking machines and other equipment being widely used. In comparison, the Indian dairy industry still relies on manual labor for milking and other dairy activities.

- **Products**

New Zealand's dairy industry is not only focused on milk production but also on the production of various dairy products like cheese, butter, and yogurt. The country has developed a strong export market for its dairy products. In contrast, the Indian dairy industry is mainly focused on milk production, and the production of other dairy products is limited.

- **Market**

New Zealand's dairy industry is heavily reliant on exports, with around 95% of its dairy products being exported to various countries. In comparison, the Indian dairy industry is mainly focused on meeting the domestic demand for milk.

- **Marketing**

The marketing strategies used in the Indian dairy industry and New Zealand's dairy industry also differ significantly. In India, dairy products are mainly sold through traditional channels such as local markets and small shops. The dairy industry in India is highly fragmented, with a large number of small players competing in the market. In contrast, New Zealand's dairy industry is dominated by a few large companies that have a significant presence in the global market. The industry is highly export-oriented, with most of the milk produced being processed into products such as butter, cheese, and milk powder and exported to markets around the world.

### Consumer Preferences

Consumer preferences also play a significant role in the differences between the Indian dairy industry and New Zealand's dairy industry. In India, dairy products such as milk, yogurt, and ghee are an integral part of the traditional diet, and consumers prefer fresh, unprocessed products. In contrast, consumers in New Zealand and other developed countries prefer processed dairy products such as cheese and butter, which have a longer shelf life and can be easily transported.

- **Environmental Impact**

The dairy industry in India has a significant environmental impact, with the sector being responsible for a significant amount of greenhouse gas emissions. The use of natural resources such as water and land is also a concern, with many small-scale farmers using unsustainable farming practices.

New Zealand's dairy industry has a relatively low environmental impact, with the sector being subject to strict environmental regulations. Farms are required to implement sustainable farming practices, including measures to reduce greenhouse gas emissions and minimize the use of natural resources.

### Employment

The dairy industry is a significant employer in both India and New Zealand. In India, the dairy sector provides employment to about 100 million people, mostly in rural areas. The majority of the workforce is involved in milk production, with a small portion involved in processing and marketing. In New Zealand, the dairy industry is a significant employer, providing employment to about 50,000 people, mostly in rural areas. The majority of the workforce is involved in farming and processing activities.

- **Government Policies:** The Indian government has implemented several policies to support the growth of the dairy industry, including the National Dairy Plan, which aims to increase milk production and improve the **quality** of milk produced in the country and the National Program for Bovine Breeding and Dairy Development (NPBBDD), which focuses on improving the genetics of dairy animals. The government has also provided subsidies and incentives to encourage farmers to adopt modern dairy farming practices and improve their productivity.

The New Zealand government has also been actively involved in promoting the dairy industry in the country through various initiatives like the Primary Growth Partnership (PGP), which aims to increase the value of the primary sector, including the dairy industry. The New Zealand government has implemented policies to support the growth of the dairy industry, including investment in research and development and promoting free trade agreements with other countries. The government has also implemented environmental policies to reduce the impact of dairy farming on the environment.

Table showing comparative analysis of the Indian dairy industry and New Zealand's Dairy Industry:

Factor	Indian Dairy Industry	New Zealand's Dairy Industry
Milk Production	India is the world's largest milk producer, with a production of 198.4 million metric tons in 2019-20.	New Zealand is the world's eighth-largest milk producer, with a production of 21.1 million metric tons in 2019-20.
Cattle Population	India has a cattle population of around 300 million, including cows and buffaloes.	New Zealand has a cattle population of around 4.9 million, including cows and heifers.

Dairy Products	India produces a wide range of dairy products such as milk powder, butter, ghee, paneer, and khoa.	New Zealand produces mainly dairy products such as whole milk powder, skim milk powder, and butter.
Market Share	The organized dairy sector in India accounts for around 20-25% of the total market share. The rest is dominated by the unorganized sector, which comprises small farmers and cooperatives.	The dairy industry in New Zealand is dominated by two large cooperatives - Fonterra and Westland.
Milk Processing	Milk processing in India is mostly done through the cooperative sector, with around 170,000 village-level cooperatives operating across the country.	Milk processing in New Zealand is mostly done by private companies, with Fonterra being the largest processor.
Export Market	India is a net exporter of dairy products, with major export destinations including Bangladesh, Nepal, and the UAE.	New Zealand is one of the world's largest exporters of dairy products, with major export destinations including China, the US, and Japan.
Quality Standards	The Indian dairy industry faces several quality challenges, including poor milk hygiene, adulteration, and lack of cold storage facilities.	New Zealand has stringent quality standards for its dairy products, and the industry is known for its high-quality milk and dairy products.
Government Policies	The Indian government has implemented various policies to support the dairy industry, including the National Dairy Plan and the Rashtriya Gokul Mission.	The New Zealand government has also implemented various policies to support the dairy industry, including the Primary Growth Partnership and the Sustainable Farming Fund.

#### • Challenges

Despite the significant growth of the dairy industry in both countries, there are several challenges that both industries face. In India, the dairy industry is largely unorganized, with a large number of small-scale farmers, which makes it difficult to implement standardization and quality control measures. The industry also faces challenges related to animal health and productivity, infrastructure, and marketing.

In New Zealand, the dairy industry faces challenges related to environmental sustainability, animal welfare, and the impact of climate change on dairy farming. The industry is also facing increasing competition from other dairy-producing countries, which has put pressure on prices and profitability.

#### Conclusion

The dairy industries in India and New Zealand are significantly different, with each country having its unique strengths and weaknesses. India is the largest milk producer in the world, but the sector is primarily made up of small-scale farmers, making it difficult to implement and enforce quality control and safety standards. New Zealand, on the other hand, is the world's largest exporter of dairy products, with strict quality control and safety standards in place. The country's dairy industry has a low environmental impact, with farms being required to implement sustainable farming practices.

The New Zealand dairy industry is a mature, efficient, and technologically advanced industry with a strong focus on exports. On the other hand, the Indian dairy industry is a largely unorganized sector, dominated by small-scale farmers with limited access to modern technology and infrastructure.

The analysis highlights the significant challenges facing the Indian dairy industry, including low productivity, inadequate supply chain infrastructure, and lack of quality control. In contrast, the New Zealand dairy industry has overcome many of these challenges and has emerged as a major player in the global dairy market.

Overall, the analysis underscores the need for India's dairy industry to adopt modern technology and best practices to improve productivity, quality, and efficiency. The Indian government and industry stakeholders need to focus on addressing the fundamental issues such as infrastructure, supply chain management, and quality control to ensure that the industry can compete with global dairy players.

In conclusion, the comparative analysis offers valuable insights into the strengths and weaknesses of the Indian and New Zealand dairy industries. It provides a roadmap for policymakers, industry leaders, and stakeholders to address the challenges and opportunities facing the Indian dairy industry and create a more vibrant and competitive sector in the years to come.

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