

# **A Comparative Study of Consumer Preference: Local Dairy Milk at Shyam Dairy**

**A Proposal report for the BDM capstone Project**

**Submitted by:**

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## **Declaration Statement**

I am working on a Project titled “A Comparative Study of Consumer Preference: Local Dairy Milk at Shyam Dairy”. I extend my appreciation to Shyam Dairy, for providing the necessary resources that enabled me to conduct my project.

I hereby assert that the data presented and assessed in this project report is genuine and precise to the utmost extent of my knowledge and capabilities. The data has been gathered through primary sources and carefully analysed to assure its reliability.


Additionally, I affirm that all procedures employed for the purpose of data collection and analysis have been duly explained in this report. The outcomes and inferences derived from the data are an accurate depiction of the findings acquired through thorough analytical procedures.

I am dedicated to adhering to the information of academic honesty and integrity, and I am receptive to any additional examination or validation of the data contained in this project report.

I understand that the execution of this project is intended for individual completion and is not to be undertaken collectively. I thus affirm that I am not engaged in any form of collaboration with other individuals, and that all the work undertaken has been solely conducted by me. In the event that plagiarism is detected in the report at any stage of the project's completion, I am fully aware and prepared to accept disciplinary measures imposed by the relevant authority.

I agree that all the recommendations are business-specific and limited to this project exclusively, and cannot be utilised for any other purpose with an IIT Madras tag. I understand that IIT Madras does not endorse this.

Signature of Candidate:



Name: MANYA SHARMA

Date: 3/10/24

## **1. Executive Summary**

The project is a comparative study of consumer preferences for local dairy milk at “Shyam Dairy”. It is a small scale B2C business serving directly to the consumers at their doorstep and from their shop as well.

The major business issue that this shop is facing is acquiring new customers, as the customers are more attracted to the alternatives available in the market due to their cheaper price. Also, it is a small scale business, so no advertising is done and the only form of promotion that works here is word of mouth. Adding more to the issues, their price increase leads to losing customers to cheap alternatives present in the market.

To address these issues, I’ll firstly be looking at the past data available with the owner, to understand under what conditions they tend to lose their customers, and analyse how much is the price difference. I am also planning to help them by providing strategies on acquiring new customers and help them to understand who their target consumers are. For collecting, visualising and analysing the data I’ll be using tools such as MS Excel and Python.

## **2. Organisation Background**

The business that I have chosen to work with is a local dairy milk shop named “Shyam Dairy” situated in Shahdara, East Delhi. They have been in this business for more than 40 years, and it is currently handled by the second generation. Their main business is of fresh milk products such as milk, curd, paneer and ghee along with which, they also sell some daily household items like snacks, beverages, soaps and other items for additional income.

However, their main focus is on the milk that they sell because that's where their maximum profit comes from. They also mentioned that around 10 years ago they used to have their own dairy farms, but due to some issues they had to shut them down and now they buy fresh milk from Ghazipur dairy farms and sell it directly to their customers.

Their USP is their quality rich milk, which has helped them to sustain their position in the market for a long time. But they have seen how earlier, people used to only consume quality fresh milk and now, how they have transitioned to packaged milk just because of its easy availability and cheaper price.

### **3. Problem Statement**

- 3.1 The first problem that the business faces is acquiring new customers and convincing them that their milk is of higher quality and provides valuable health benefits compared to other alternatives present in the market.
- 3.2 Secondly, since the milk is fresh and not packaged, it is provided to the consumers within just a few hours of it being produced, hence it is priced a little higher than the packaged ones. Thus, the pricing is also an issue that the business faces to compete in today's market.
- 3.3 Another problem faced by this business is that whenever the price of the milk is increased, the business tends to lose the customers as they switch to cheap alternatives present in the market.

### **4. Background of the Problem**

The three major problems that I was able to identify while talking to the owner of the business are mentioned in the previous section. After analysing all these problems, the main challenges I could detect were the lack of knowledge about the benefits of their milk and no advertisement to spread more word about their business.

- Problems in acquiring new customers might be due to lack of knowledge of people. People need to understand the invaluable benefits of the product as to change their preferences. The people are not very educated to know the benefits of consuming quality fresh milk, which makes it difficult for the business to increase the sales.
- Secondly, their product being slightly expensive also leads to less customers. People tend to neglect the healthier alternative and consume packaged ones just because they are slightly cheaper. My family and I have been consuming the milk from this shop for a very long time and can vouch for the quality of their milk. Since the business also sells packaged milk due to its high demand, they have personally seen how people prefer the packaged one much more. As a matter of fact, I have myself witnessed this instance as I visit the shop on a regular basis, the customers inquire about the prices of both the milks and end up choosing the packaged cheaper one.
- The easy availability of alternatives is a major problem which hinders the sales of the business. Although there is no comparison of the quality and freshness the business provides with the quality of the alternatives. It is difficult to make people understand why to choose their product.

## 5. Problem Solving Approach

Since the business is facing major problems, we need to implement some problem solving approaches in order to overcome them. We need to apply both qualitative and quantitative analysis to ensure success.

Since the data collected is time series data, it will be easy for me to create graphs, plots and charts and in return it will help me to identify the patterns and trends hidden in the data.

### **Quantitative analysis:**

1. Analyse the data and identify when the business tends to lose the customers and what are the major issues causing that to happen.
2. Compare the price with the alternatives so as to know the impact of difference in prices that leads to losing customers.
3. Calculate how many customers come back after their first purchase and find out how much is the retention rate.

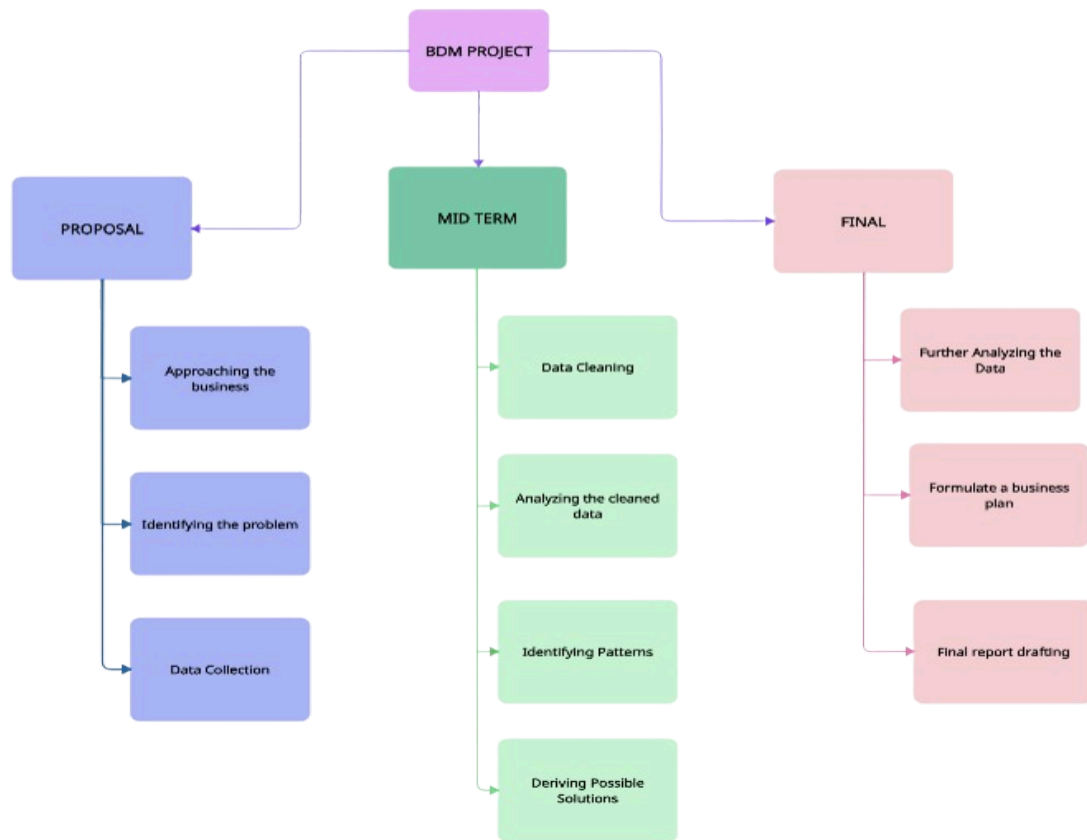
### **Qualitative analysis:**

1. Conduct surveys with existing consumers so as to understand what makes them buy milk from Shyam Dairy even though different alternatives are easily available, it should also consist of what they think can be improved in their services. This will help them understand their customers better and what they need to work on as it will give them a customer's perspective.
2. Focus on spreading awareness about the health benefits of their fresh milk compared to packaged milk. Because milk is something that is more or less consumed in every household. This will help them in gaining new customers.
3. Identify what are the reasons that cause people to buy their alternatives, there has to be some non-price barriers.
4. Recognize and identify families that are more health conscious and have children in their home because families like these tend to invest more in high quality fresh milk to ensure they do the best for their kids and maintain a healthy lifestyle.

For conducting quantitative analysis, I'll be using tools like MS Excel and Python to store data, identify patterns and trends, and visualise the data.

## 6. Expected Timeline

### 6.1 Work Breakdown Structure:



### 6.2 Gantt chart

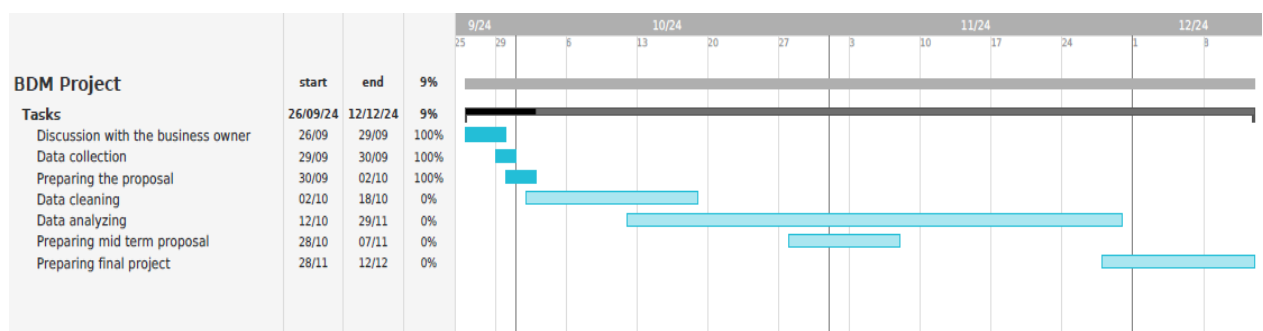


Figure 1 Expected timeline for completion of project

## 7. Expected Outcome

Following are the outcomes that are expected to be achieved by the end of my analysis:

- Formulate a business plan to increase the potential customers of the shop.
- Helping the business owner in determining their strengths as to compete in the market.
- Providing them with a well structured strategy to retain their customers and helping with the problems mentioned above