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ANALYSIS OF COMPETITIVENESS ON THE MARKET OF MILK AND DAIRY PRODUCTS IN ROMANIA

NICA MARIA¹

Abstract: *The dairy sector is indispensable for the overall development of an economy because it provides a vital link between agriculture and industry. This helps diversify and market agricultural products; increases farmer income; creates markets for food exports, and generates more employment opportunities. The purpose of this paper will be to identify consumers' preferences for these products, the reasons for non-consumers, the wishes of consumers, the economic and financial situation of the main milk and dairy producers, the competitive dairy market as well as the information revealed by the consumer profile questionnaire sources of information and brands known to consumers. The stage of the milk and dairy market in Romania will be assessed, and then the competitiveness on the milk and dairy market in Romania will be analysed. Competitiveness requires special attention, each company has to compare products, prices, promotion and have competitive advantages constantly. In order to determine competitiveness, marketing researches on consumer preferences for milk and dairy products will be used; at the same time, the economic and financial performance of the main economic agents on this market will be analysed. The end of this study will be concretized by the comparative analysis of consumer preferences and the order of companies offered by their economic performance.*

Key words: *competitiveness, milk market, economic performance, marketing research*

JEL classification: Q12, Q13

INTRODUCTION

Milk and dairy products are important components of people's diet.

The dairy sector is indispensable for the overall development of an economy because it provides a vital link between agriculture and industry. This helps diversify and market agricultural products; increases farmer's incomes; creates certain markets for food exports, and generates more employment opportunities.

In the increasingly competitive market today, it is not enough to understand customers for the company to succeed and earn profit. Companies need to pay special attention to their competition. They must constantly compare their products, prices, channels and promotional efforts with their close competitors to identify areas of competitive advantage and disadvantage.

The purpose of this paper was to identify the consumer preferences of these products, the reasons for non-consumers, the wishes of consumers, the economic and financial situation of the main milk and dairy producers, the competitive dairy market, as well as the information revealed by the questionnaire used about the consumer's profile, information and brands known to consumers.

MATERIALS AND METHODS

Competitive positioning defines the relative position of a company in competitive space. This allows a firm to create an easy position to defend by choosing strategies based on strengths and weaknesses of the firm as well as on the opportunities and threats imposed by the competition space.

To determine competitiveness, I will conduct a qualitative research, as well as a quantitative research on the milk and dairy market, with the help of the interview guide and the questionnaire.

Qualitative and quantitative research should not be considered as competing and contradictory, but should be viewed as complementary strategies appropriate to different types of research questions or issues.

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RESULTS AND DISCUSSIONS

The interview guide was applied to a sample of 8 people aged 22-24 years of age, with a similar level of education - higher education. Of these 8 respondents, by gender, 2 were men and the other 6 women.

If we refer to the residence environment of interviewees, most of them live in rural areas, and the rest in urban areas.

The most frequent monthly income of the sample persons is between 1000 and 1500 lei, 5 persons out of 8 are here, and one for the other three groups (1500-2000, 2000-2500, and over 2500). Thus most of the respondents earn below the minimum wage, with a monthly income between 1000-1500 lei.

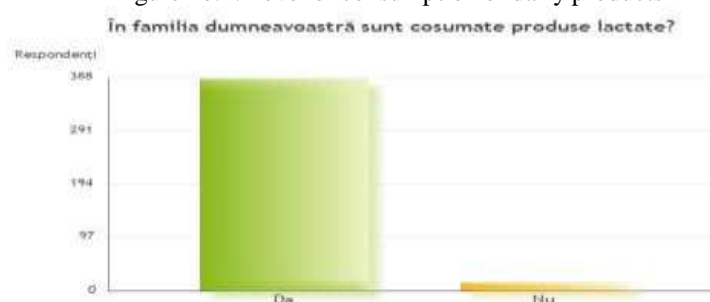
Of those interviewed, one consumes milk or dairy products every 2-3 days, the rest consuming these products every day.

Depending on the fat, most (5 out of 7) prefer fat 3,5%, one standard milk fat 1,5%, and the last one out of 7, prefer fat-free milk (0%). With regard to milk flavor, the majority of 6 out of 7 people, preferring "no flavor", "classic" or "standard" milk, one person prefers coffee flavored milk.

Quantitative research is a study that involved the use and analysis of numerical data using statistical techniques. Quantitative research methods are designed to produce statistically reliable data that tells how many people do or believe.

The questionnaire was developed on a sample of 400 people, to be completed, it was created on www.isondaje.ro and distributed on social networks.

Figure no.1. Level of consumption of dairy products

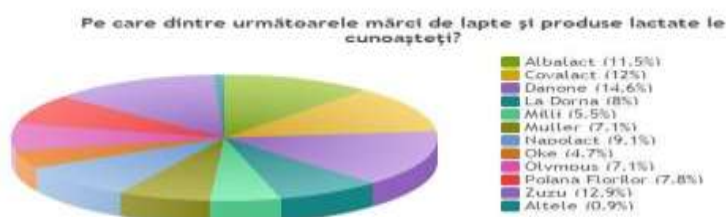


Source: Transpose data available on www.isondaje.ro

In this question 96.2% responded affirmatively, 61.2% are female consumers, 9% are married and 52.2% are unmarried and 35% are male, 5.5% are married and 29.5% are unmarried. People who do not consume milk and dairy products are 3.8%, of these non-consumers, 1.8% are females, 1% are married and 0.8% are unmarried, and 2% are male and unmarried.

As we can see in the following figure, the Danone brand achieved the highest percentage, namely 14.3%, 10.31% of the interviewees are urban and 4.03% are rural.

Figure no.2. Level of knowledge of the mark on the market



Source: Transpose data available on www.isondaje.ro

The Zuzu brand achieved a percentage of 12.8%, 9.60% live in the urban area and 3.27% live in the rural area, Covalact obtained a percentage of 11.9%, 9.0% of the interviewees are from urban area and 3% are rural. The Albalact brand achieved 11.4%, 8.43% of the interviewed people live in urban areas, and 3.09% of them live in rural areas; the Napolact brand achieved a 9%, 6.54% interviewees live in urban areas and 2.46% live in rural areas.

The other consumers who have chosen other brands have collected a coefficient of 0.8%. Of these consumers, 0.22% chose the Pilos brand and dwell in the urban area, 0.31% chose imported dairy products and live in the urban area, 0.13% chose the Kaufland brand and live in the urban area, and 0.14% said they consume milk and dairy products from their own household and are from rural areas.

Figure no.3. The order of preference of the brands on the market



Source: Transpose data available on www.isondaje.ro

With regard to the order of preference of the brands: Danone won 1st place with 1051 points, Zuzu second place with 1495 points, Covalact third place with 1548 points, Napolact fourth place with 1652 points, Albalact place of fifth with 1594 points, Muller ranked sixth with 1598, and Olympus seventh place with 1924 points.

Those who chose 1st place in the order of preference for Danone brands have collected a share of 38.44%, 24.16% are urban and 14.28% are from rural areas. Those who have chosen Zuzu for the 1st place have collected a 20% share, 17.63% are urban and 2.33% are rural.

Those who opted for the 1st Covalact have collected a share of 7.79%, 5.98% are urban and 1.81% are from rural areas, those who have chosen 1st place for the Napolact brand, have collected a share of 12.46%, 8.31% live in urban areas, and 4.15% live in rural areas, those who have opted for Albalact's 1st place, have a 7.79% share, 5.72% live in urban area and 2.07% live in rural areas. Those who chose Option 1 for Muller have a percentage of 7.27%, 4.42% live in urban areas, and 2.85% live in rural areas. Those who chose Olympus 1 have a 6.25%, 5.22% live in the urban area, and 1.03% live in the countryside.

Comparative analysis of consumer preferences and economic performance of milk and dairy producers

Finally, in order to be able to conclude the differences between societies from the economic and financial point of view, we made a comparison using the rank ordering method; so we have a table in which we have ordered the four companies per place according to the 5 indicators presented: net turnover, average number of employees, labor productivity, gross profit and profit rate.

In order to be able to offer a score to each company, we awarded points for each place, so for the 1st-4th place; 2nd-3rd place; 3rd to 2th place; fourth place - one point, and the results are as follows:

$$\text{SC Danone SRL: } 4+3+4+3+2 = 16$$

$$\text{SC Albalact SA: } 3+4+2+4+4 = 17$$

$$\text{SC Covalact SA: } 2+2+1+2+3 = 10$$

$$\text{SC Napolact SA: } 1+1+3+1+1 = 7$$

Table no.1. Evolution of differences between societies

Indicators	First place	Second place	Third place	Fourth place
Net turnover	SC Danone SRL	SC Albalact SA	SC Covalact SA	SC Napolact SA
Average number of employees	SC Albalact SA	SC Danone SRL	SC Covalact SA	SC Napolact SA
Work productivity	SC Danone SRL	SC Napolact SA	SC Albalact SA	SC Covalact SA
Gross profit	SC Albalact SA	SC Danone SRL	SC Covalact SA	SC Napolact SA
Profit rate	SC Albalact SA	SC Covalact SA	SC Danone SRL	SC Napolact SA

Source: Transpose data available on <http://www.mfinante.gov.ro/>

Following these orders, according to the economic and financial indicators, SC Albalact SA ranked first, second place SC Danone SRL, third place SC Covalact SA, and SC Napolact SA.

In order to be able to evaluate the order of preference of the milk brands I calculated the score using the ranking method: for the place I I was awarded 7 points, for the second place I granted 6 points, for the third place I awarded 5 points, for IV place I granted 4 points for the V place we awarded 3 points, for the 6th place we awarded 2 points, and for the last place I awarded a single point.

Quantitative research was developed on a sample of 400 people, addressed to students from The Bucharest University Of Economic Studies, to employees of SC Fly Point RO SRL and to those interested in research who buy milk and dairy products.

In the survey, 385 people responded affirmatively and specified their preference for dairy brands.

Table no.2. Evaluation of the Milk Trademark Preference Order

Brands / Places	1 st place	2 nd place	3 rd place	4 th place	5 th place	6 th place	7 th place	-persons-
DANONE	148	73	49	40	26	15	34	
ALBALACT	30	66	67	54	57	51	60	
COVALACT	30	60	80	66	43	63	43	
MULLER	28	57	56	71	66	75	32	
NAPOLACT	48	34	67	61	82	60	33	
OLYMPUS	24	35	31	45	60	70	120	
ZUZU	77	60	35	48	51	51	63	

Source: Transpose data available on www.isondaje.ro

$$P_{\text{DANONE}} = \frac{148 \cdot 7 + 73 \cdot 6 + 49 \cdot 5 + 40 \cdot 4 + 26 \cdot 3 + 15 \cdot 2 + 34 \cdot 1}{385} = 5,24$$

$$P_{\text{ALBALACT}} = \frac{30 \cdot 7 + 66 \cdot 6 + 67 \cdot 5 + 54 \cdot 4 + 57 \cdot 3 + 51 \cdot 2 + 60 \cdot 1}{385} = 3,87$$

$$P_{\text{COVALACT}} = \frac{30 \cdot 7 + 60 \cdot 6 + 80 \cdot 5 + 66 \cdot 4 + 43 \cdot 3 + 63 \cdot 2 + 43 \cdot 1}{385} = 3,97$$

$$P_{\text{MULLER}} = \frac{28 \cdot 7 + 57 \cdot 6 + 56 \cdot 5 + 71 \cdot 4 + 66 \cdot 3 + 75 \cdot 2 + 32 \cdot 1}{385} = 3,84$$

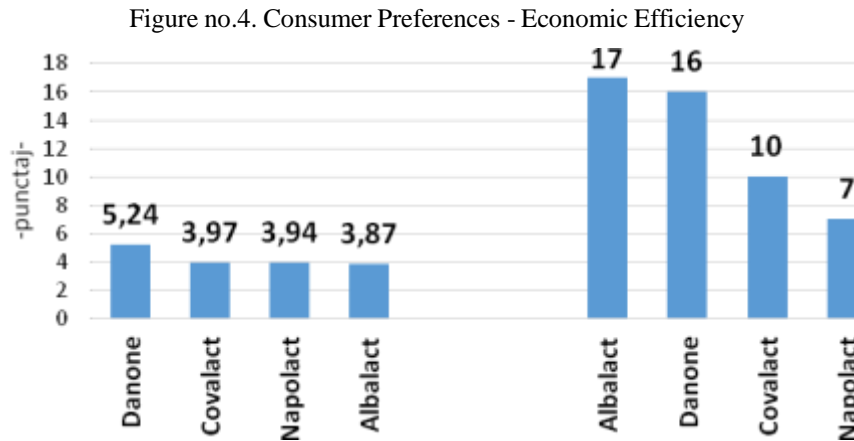
$$P_{\text{NAPOLACT}} = \frac{48 \cdot 7 + 34 \cdot 6 + 67 \cdot 5 + 61 \cdot 4 + 82 \cdot 3 + 60 \cdot 2 + 33 \cdot 1}{385} = 3,94$$

$$P_{\text{OLYMPUS}} = \frac{24 \cdot 7 + 35 \cdot 6 + 31 \cdot 5 + 45 \cdot 4 + 60 \cdot 3 + 70 \cdot 2 + 120 \cdot 1}{385} = 2,99$$

$$P_{\text{ZUZU}} = \frac{77 \cdot 7 + 60 \cdot 6 + 35 \cdot 5 + 48 \cdot 4 + 51 \cdot 3 + 51 \cdot 2 + 63 \cdot 1}{385} = 4,11$$

The order of preference for milk brands is as follows: Danone (5.24), Zuzu (4.11), Covalact (3.97), Napolact (3.94), Albalact (3.87), Muller and Olympus (2.99).

For the comparative analysis between the dairy preference order and the economic and financial analysis, I will only consider the brands of SC Danone SRL, SC Napolact SA, SC Albalact SA and SC Covalact SA because the economic and financial analysis we made only for these companies.



Source: Own calculations

In the order of preference of the consumers of milk and dairy products, Danone is the first one and, from the economic and financial point of view, following the use of the rankings method, is second only to a one-point difference from Albalact.

Covalact ranks second in the preference line of milk brands and third place in economic and financial terms during 2011-2015.

Napolact ranks third in the order of preference for milk brands and fourth place in terms of economic and financial indicators.

Albalact achieved the highest economic and financial score and the smallest score in the order of preference of brands, because some consumers have another perception of this brand and believes that Danone deserves the first place in the order of preference, society SC Danone SRL having the best marketing strategy compared to other companies.

CONCLUSIONS

Competitive analysis requires an understanding of competitiveness theory and how it is applied in the economy, competitiveness being an important objective for each economy.

The ultimate goal of the competitive analysis is to know a competitor as best to be able to think in the same direction as the competitor, so only the competitive strategy of the firm can be formulated to take into account the likely actions and responses of competitors.

Qualitative research has been done to make the subject more clearly defined or understood to provide a better understanding of marketing research. Most people consume dairy products daily, most prefer fatty and no-flavored milk. When purchasing milk and products, most of them appreciate the quality of the products, most of the sample people are open to novelty and consider that the products are being promoted sufficiently, all respondents consider domestic products to have advantages compared to imported products, the main advantage being the taste.

Most interviewees consume milk and dairy products, most of them feminine and unmarried. Non-consumers are also feminine, but they are married and the reasons they do not consume milk and dairy products are: they do not like the taste, they prefer milk substitutes, they have lactose intolerance or do not consider them beneficial for their health.

The most well-known brands of milk and dairy products are: Danone, Albalact, Napolact, Covalact, but those who have chosen other brands have also specified the following brands: Pilos, Kaufland, Carrefour or even the fact that they prefer milk on their own household. As regards the order of preference, the Danone mark is the favorite among the interviewed consumers, followed by Zuzu, Covalact, Napolact, Albalact, Muller and Olympus.

Most of the interviewed consumers are aged 18-25, they are female, unmarried, students, they have the income between 1000-1500 Ron, the last form being higher education and live in the urban area.

For the financial analysis we analyzed the main economic and financial indicators of the companies, such as: number of employees, net turnover, gross profit, labor productivity and profit rate. I chose to analyze four of the big competitors on the dairy market to establish competitiveness on this market and the following companies are: SC Danone SRL, SC Albalact SA, SC Covalact SA and SC Napolact SA.

Danone is ranked first in the consumer preference line and is second only to a one-point difference from Albalact in economic terms, as marketing greatly influences consumers' perception of consumed products rather than efficiency their economies. Danone is among the top five dairy brands worldwide with a magical formula consisting of health, diversity and education.

Covalact is ranked second in consumer preference and third place financially, and Napolact is ranked third in the dairy consumer preference line, and fourth in terms of economic-financial.

Albalact has the best place from the economic and financial point of view, but unfortunately does not have a good marketing strategy and in the order of the consumers got the lowest score.

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