

## **ASPECTS REGARDING THE DISTRIBUTION AND PROMOTION OF MILK AND DAIRY PRODUCTS – CASE STUDY AT “SC ILVAS SA” VASLUI**

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### **Abstract**

*Milk constitutes one of the basic foods for all age groups and the raw material for an extremely wide range of products. Home produced milk capitalization is made differently. The distribution and promotion study in the milk and dairy products area presents a great importance in the agrifood industry markets ensemble, fact that is owned to the important role which milk has in human alimentation. Milk is one of the most complete foods, being a produce which can be capitalized in both fresh and processed form.*

**Key words:** distribution, promotion, capitalization, milk, dairy products

### **INTRODUCTION**

*A products` or services` distribution* reflects the marketing decisions regarding the specification of the marketing channels, choosing intermediaries and the specific distribution forms for each product or service category by the manufacturing companies (**Marian C., Chiran A., Gîndu Elena și alții, 2009** ).

The distribution objectives can be summarized this way:

- The dimensions and directions of the goods and services flows (quantities offered, rhythmicity of deliveries and territorial directioning, target objectives of consumers, ways and distribution forms);
- Ensuring a high quality distribution (reducing distribution quality, increasing the adaptability of the distribution system to the modifications which appear on the market, increasing the degree of control of the firm over the distribution channel).

*The promotion of agrifood products* assumes utilizing an ensemble of actions and means of informing consumers, having as a purpose both satisfying the consumption needs and increasing the volume of sales and the companies` profit.

The promotion has both an economic and social role. It is based both and direct and also indirect or impersonal activities, in which a series of mass communication means intervene (Chiran A., et al., 2004).

#### **MATERIAL AND METHOD**

The study was realized in the RACOVA-AGRO-PAN Group of companies and targeted the distribution and promotion strategy for milk and dairy production at “S.C. ILVAS S.A.” Vaslui, firm that is a part of the holding.

#### **RESULTS AND DISCUSSIONS**

In Vaslui County, “S.C. ILVAS S.A.” Vaslui holds a leader position in the dairy products field. The market for the dairy products realized by the company is mainly localized in the Moldova region. The products are presented in all the main cities in the region:

- Iasi;
- Suceava;
- Bacau;
- Tecuci;
- Birlad etc.

The marketed products are destined for all consumer groups despite age or income because dairy products are recommended for daily consumption.

The distribution of dairy products is done through specialized transport vehicles, from the companies' auto park and those of distributors, equipped with refrigeration units which ensure optimal transport conditions and do not interrupt the refrigeration chain.

At the company level, an own sales network has been created through the four stores localized in Vaslui.

Product delivery from “S.C. ILVAS” S.A. Vaslui is done daily on the basis on commands received from clients. Payments of delivered products are realized in general on term or depending on the payment conditions stipulated in the clients' contracts. Until now no major payment incidents have been registered.

Another aspect that must be mentioned is the fact that the company distributes milk and dairy products on the basis of contracts to public and private institutions attributed through auctions: „Milk – corn Programme” Child Protection, Retirement homes, Social canteens, Prisons, Hospitals etc.

Distribution at regional level is realized through collaboration with special distribution companies in counties:

- Iasi;
- Bacau;
- Galati;
- Braila;
- Suceava.

The company's products are sold in hypermarkets in the Moldavia region as well as in specialized stores in commercializing food products.

The capitalization of products is realized through its own stores network, but also through the three warehouses located in Vaslui, Iasi and Braila. The milk and dairy products realized by "S.C. ILVAS S.A." Vaslui are capitalized and through the stores of companies in the RACOVA COM-AGRO-PAN Group of companies (foto 1):

- Vaslui – S.C. ILVAS S.A., SC RACOVA S.A.;
- Birlad – S.C. AGROCOMPLEX S.A.;
- Suceava – S.C. MOPAN S.A.;
- Bucuresti – S.C. ILVAS S.A.



Fig. 1 Aspects from the own stores

Regarding the promotion of „S.C. ILVAS S.A.” Vaslui, it is present online only through the webpage of the group of companies (foto2).

In the campaign for supporting and popularizing the whole VIO brand, online communication was included, an interactive design for [www.ilvas.ro](http://www.ilvas.ro) being realized. Media Factory, the company that deals with the image of “S.C. ILVAS S.A.” Vaslui, realized for this website a unique design for the milk and dairy products market segment and a information management module which offers the possibility of upgrading and complete configuration, the administrator having a real working tool and an online resource capable of bringing real benefits.

The communication campaign started in the last part of July 2009 mainly followed the launch of new products in secondly the dissemination of the brand and VIO products through consumers.



Fig. 2 Webpage of S.C. ILVAS S.A.

The campaign „3 delicious meals per day with Vio dairies” had as a centre point three information dissemination channels:

1. on-line (website [www.ilvas.ro](http://www.ilvas.ro), online banners and adverts campaign);
2. outdoor (transits and bus shelters),
3. in retail network (supermarkets and hypermarkets – shelf market signalling, the first 50,000 products received a free cook book as a present, tasting sessions together with cookies, local signalling with 3D models of approximately 2 m out of printed forex).

The promotion campaign was realized concurrently in 6 counties (*Vaslui, Iasi, Galati, Braila, Bacau, Neamt*), both in the retail network and in neighbourhood stores. For this stage of the campaign, Media Factory analysed the milk and dairy products market and constructed the strategy on online media, written press, outdoor, indoor and projected for all elements included in the promotion campaign: interactive banners, articles, adverts, news, press models, trans visuals, city lights, bus shelters, auto park, shelf wobblers, tastings stands, stores` posters, retail networks signalling means, mini cook book, media buying and media planning (fig. 3, fi 4).

„S.C. ILVAS S.A.” *Vaslui* has a wide range of products of which: VIO UHT milk, VIO children milk, VIO Yogurt, VIO Greek Yogurt.



Fig. 3- Outdoor advertising UHT milk



Fig. 4 - UHT milk in-store promotion

## CONCLUSIONS

The immediate development objectives of „S.C. ILVAS S.A.” Vaslui consist in diversifying its produce range, increasing the production capacity, increasing the market quota by expanding the distribution area.

„S.C. ILVAS S.A.” Vaslui holds numerous advantages over the competition having an own network of raw material production, well organized and established, an own network of stores and last, but not least a network of distribution through its own stores and those of clients.

Although the products have a very good quality level, sometimes the company is having difficulties that must be addressed urgently. In this context defining the problems that must be tracked and finding the adequate solutions for solving them rapidly and efficiently is imposed.

„S.C. ILVAS S.A.” Vaslui has constructed a distribution strategy through its own apparatus and it is now opting for utilizing direct distribution, selling part of the products through its own stores. In the en detail commerce system, it preferred an extensive, wider, distribution system, with a higer number of stores or selling points, scattered territorially.

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