

IMPACT



Covid and Consumers

This short report will delve into Osam's strategy and steps towards consumer demand and sales post the onset of Covid.

Introduction

Osam Dairy ('Osam') is a vertically-integrated dairy business operating in eastern India. Osam sources, processes, and markets milk and milk products in the states of Jharkhand and Bihar. The company procures 100% of milk from ~22,000 small dairy farmers via a network of village collection centers managed by agents called Dairy Promoters. After the procurement, Osam chills and processes the milk for consumption. The three production plants in Jharkhand and Bihar supply the distributors with the milk quantity requested. Through this supply chain process, Osam integrates the retailers and consumers into its network.

Ever since Osam has started, it has focused on the age-old, efficient method of distributorship and retailer model of reach to the consumers. With a network of 320 distributors and 15,800 retailers and presence in 17 districts of Jharkhand & 15 districts of Bihar, Osam has built its distribution network across Jharkhand and Bihar to reach its consumers. Additionally, Osam has digitally mapped (geo-tagged and geo-fenced) all the 15,800 retailers across Jharkhand and Bihar for its consumers to easily access the nearest retailer that stocks Osam's milk and milk products. However, with the onset of COVID-19 and restricted mobility, Osam has started a pilot to directly reach the consumers.

Covid and changing consumer behaviour

Covid-19 is changing the landscape of consumer behaviour in India. With restrictions on mobility and rising cases of coronavirus, the consumers are looking at consuming healthy products which are delivered to their door steps by maintaining the new accepted social distancing norms. While home delivery was prevalent in bigger cities in India due to families not having time, its acceptance in semi-urban India especially Bihar and Jharkhand was limited until now. To cater into this untapped demand (brought upon by Covid), Osam has started to look for alternative routes to reach the end consumers keeping their safety at the highest priority.

Content

1. Introduction
2. Covid and Osam's Sales Levels
3. Direct to consumer Model
4. The result of the pilot
5. Mapping exercise

Osam has decided to reach the consumers directly by delivering milk at the doorstep of the consumers. Keeping in view the commercial viability of home delivery, Osam targeted a residential society with 500-600 households where the consumption is more than 1500 litres of milk per day.

Direct to Consumer Model



- Osam started to scout the right residential society in Ranchi (capital city of Jharkhand) which has a minimum 500 households and daily milk consumption of 1000-1500 litres of milk. This criterion was important to ensure that per litre cost of delivery is not high as other companies who are trying this in other parts of India have struggled to control the per litre cost of delivery;
- Once we shortlisted the society we took formal permission from the society administration to start home delivery of milk and milk products;
- We set up the mobile refrigerator and product branding stall in a prominent area within the housing society and started delivering milk and milk products between 6:30 am to 8:30am directly to the consumers.
- To create awareness, we distributed pamphlets and did product sampling. In addition to the on ground activities, Osam started running targeted Facebook and Instagram ads with a call to action to book milk for households in the target society for direct home delivery.
- Osam also started to market its offerings through the official Whatsapp/telegram groups of the society.
- We started running promotional campaigns tailored to specific products and promotional schemes around it;

We started to take orders through Whatsapp. For all the payments of the dairy requirements of the households, we enabled digital payment through debit cards/ GooglePay/Paytm and cash transactions were actively discouraged

The Results of the Pilot



The pilot gave Osam valuable insights on the product offerings and consumer behaviour.

We found that **more than 30% of the consumers were open to home delivery of their milk and dairy product needs**. With the onset of Covid and mobility restrictions, understanding of this metric enables Osam to prepare for the demand across counter purchases and direct delivery model.

We also found that the **25% of the total consumers opted for monthly subscriptions**. For daily contactless payments, Osam encouraged consumers to opt for a monthly coupon system where consumers can get their daily dairy needs .

Similarly, **15% of the total consumers opted for digital transactions**. Osam encouraged consumers to opt for contactless transactions by enabling direct payment through UPI(united payment interface), contactless swipes and coupons.

Additionally, **we observed a significant increase in sales of our value added products in comparison to the sales through distributor-retailer mode**. This gives Osam an unique perspective on marketing efforts and will enable our sales strategy to focus on targeted marketing of value added products.

Lastly, **we saw a growth of 65% from the first day sales in just 25 days**. Osam aims to reach the breakeven point for this model within the first four months. Osam hopes to change the delivery channel to secure as much as 10% of the total sales through this direct delivery model over the next 5 years.

Mapping Exercise



With the imposition of lockdowns across cities after Covid, consumers were in a state of uncertainty. The general administrations across Jharkhand had their challenge with the supply of daily rations. With panic buying setting in, Osam wanted to make all the retailers' locations online to help the consumers get their daily needs without hassle of panic buying and hoarding.

Everytime an outlet makes an order to a sales executive at Osam, the backend architecture geo-tags it with our CRM, and Osam sees which outlets (which sold our milk) are taking orders. Additionally, Osam had a very good estimation of the number of stores which were operating under different regions in Jharkhand as well as Bihar prior to the onset of Covid.

Osam's sales data helped map the entire chain of outlets on Google Platform ~ "Google Maps" which already came default in millions of android phones. Osam came up with an easy to remember link, (<http://bit.ly/osammap>) and shared it via social media, whatsapp groups, and also requested employees to circulate to help the general public.

Osam was sharing 8000+ store details which were selling not just milk, but 'essential' supplies within their areas within a couple of days. With no online/digital shopping and outlets, consumers had to go to the nearby retailers for essential items and having access to a list of small outlets in the area helped these consumers to find a local shop nearest to their residence. The district administration's appeal through social media to use the link to see the outlets reached thousands of consumers and the general public.

This report has been written by Abhinav Shah, CEO and Procurement Director, Baba Prasad Nath (Senior Procurement Manager) and Sarabpreet Singh(IT Manager) The design structure is influenced by CDC investment work's Insight Series.