

Abstract

Processing and marketing of milk are important levels of growth of dairy industry. A survey was conducted on 17 dairies based in 11 trading centres within the semi-arid region of Eastern Kenya using a structured questionnaire. The objective was to understand the functioning of the milk processing and marketing systems and identify appropriate interventions to enhance growth of dairy industry. Data collection techniques included direct questioning, informal discussion and review of kept records. The survey was carried out between July and September 2008.

Three categories of processing and marketing channels were identified. Of these channels, about 17.7% are dairy farmers' co-operatives, 23.5% are self-help groups and 58.8% are individually owned milk shops or bars. Smallholder farmers were the only suppliers of raw milk to the dairies. Dairies are not specialized and processed a few product lines. Of the total milk handled by dairies, 71% was sold as raw milk, 22% was processed into fermented milk, 6.9% was boiled and a paltry 0.1% was processed into yoghurt. The largest markets outlets are individual households who absorbed over 80% of total dairy products marketed.

Lack of equipments and skills are greatest impediment in processing of milk while competition for market from other dairies is the greatest threat to growth of the industry in the region. For the dairies to remain competitive in the market, they need to diversify their product through value addition using simple and cost effective methods.