Abstract

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Impact of clusters in dairy supply chains: the case of the Egyptian dairy chain

Purpose: The dairy industry is one of the most important components of the world food system, and is undergoing dramatic change at the current time. There are strong constraints to the trade of milk and dairy products, owing to their perishable nature and relative bulkiness. This is particularly true for liquid milk. The dairy industry is a major industry in Egypt, occupying a significant place in food supply. The dairy industry is characterized by the multitude of products and therefore production lines. The Egyptian dairy supply chain depends on cooperatives activities that are required between process the milk, transform it into different dairy products and in some cases distribute it. However, most of those cooperatives do not distribute the dairy products directly and instead sell their products to consumer packaged goods companies. The purpose of this study is to evaluate and analyse the Egyptian dairy supply chain through conducting an empirical study on the Egyptian north coast territory. The study investigates the impact of clustering dairy products on enhancing the performance of the Egyptian dairy supply chain and highlights the cluster’s expected outcomes. Moreover, it identifies opportunities for establishing a dairy cluster between motivated key players in the Egyptian dairy supply chain. Research approach: This research is part of an EU Mediterranean project called “Lactimed” which aims at initiating the creation of a cluster of typical Mediterranean dairy products. The research mainly employs in-depth qualitative and quantitative methodologies to investigate the key aspects of the research topic. Primary data was gathered through semi-structured interviews with the industry experts, then structured interviews were conducted with a representative sample of the SMEs and farms in the Egyptian north coast territory. The collected data was interpreted and analysed quantitatively and qualitatively to reach a synthesis. Findings and originality: The research addresses the challenges faced by the Egyptian dairy supply chain and suggests solutions through introducing the clustering concept to enhance the performance of the Egyptian dairy supply chain. The projects investigates an important field and presents a pilot model that can be followed by other developing countries. Research impact: This research presents a thorough study of the challenges faced by the Egyptian dairy supply chain and identifies solutions through clustering of different players of the dairy chain. Thus, it presents a model to academics to explore and further investigate in the field of food chains. Practical impact: This study might assist the dairy supply chain players in other developing countries to relate to the Egyptian model and adapt the Egyptian model to their situations. Keywords: Dairy supply chain, Egypt, EU Mediterranean project, Cluster