

**A STUDY ON AMUL'S PROMOTION STRATEGY****Tushar Jain (1412054), Debashish Mitra (1412015), Ishaan George (1412023)****(Under the guidance of Dr. Shridharan)****Abstract**

“Amul is one of the biggest players in the Indian market and have a huge market share. It is the brand of choice trusted by a lot of people in India. There are many reasons behind the success. The Promotion strategy adopted by Amul is one such reason.”

**Introduction**

Amul is definitely an “Amoolya” brand. Amoolya in Sanskrit means something which is invaluable or priceless. With a presence in almost every product which can be made by milk, Amul has won over hearts along with market share to become a highly valued brand with an Indian origin. The reason Amul is such a strong brand is because of the marketing mix of Amul.

Amul is responsible for one of the most unique and longest running outdoor campaign as well as one of the most known outdoor advertising characters – The Amul girl. Amul hoardings mainly feature the current news and are used to take a tongue in cheek viewpoint at current happenings. However, each advertisement hits the nail on the head.

**Research Objectives:**

The study objective is to analyse the development of promotion strategies and techniques of the products manufactured and produced by Amul. The study is intended to present a complete picture of Promotion as marketing mix by Amul.

**Review of Literature:**

International literatures and also literature on the distribution available from various sources as per details below were reviewed to have an understanding of the international practices and strategies. Articles in different online Journals, Business / Financial Papers covering the different factors of distribution system across the country are been reviewed.

**1. Dairy giant Amul reports slowest growth in 8 years**

(Sally, 2015)

This article states that Amul has reported its slowest growth in the last 8 years due to the fall of global milk prices that has hit the rate of revenue increase. Gujarat Cooperative Milk Marketing Federation ended the fiscal year with a revenue of Rs. 20,730 crores which was a 14.2% increase over the previous year.

R S Sodhi stated that the consumer product line grew by 21% but the company suffered a 77% drop in revenue in the sale of bulk commodities.

Amul currently processes 154 lakh liters of milk every day that is procured from Gujarat and other states. They want to expand the total capacity of the plant by 14% so that they can process 175 lakh liters of milk every day.

Mr. R S Sodhi also said that "With the current expansion in setting Greenfield projects and expanding existing units, we should achieve a turnover of Rs 25,000 crore (for Amul brand) in 2015-16." The dairy cooperative has been expanding the market for liquid milk under the Amul brand in new markets while it has pushing the sales of value-added products to earn higher margins and profits.

To expand its export market which had slumped by 53% in the last fiscal year, Amul has decided to focus only in the SAARC and Middle East countries while in the domestic market Amul plans to add 1,000 retail outlets during the current fiscal year, taking the total number of exclusive parlors across the country to 9,000. In addition, to expand the distribution network, it will add 900 wholesale distributors this year to the existing 4,800.

**2. Marketing strategy of Amul**

**(Marketing 91 web site, n.d.)**

This article talks about the strategy Amul employs in marketing their products. They showcase different strategies like-

**Market Segmentation-** The segmentation of Amul is the mass population and in general. Different people of different age groups and demography consume Amul products. This is due to Amul's presence, not only in the Milk market but is also present in products such as Ice cream, Butter, Cheese and other milk related products. It uses the principle of mass marketing. This article states how the real target audience are the regular middle class people for ice creams as higher end customers have a lot of high end products as an alternative in ice cream. This article also states that for other products like Butter and cheese, both high end and low end customers are the target as there are few high end brands with no real difference in taste and quality.

**Competitive advantage in the Marketing strategy of Amul –** There are two major competitive advantages of Amul over other brands. First is their supply chain because of the large numbers of dairy suppliers, Amul has a tremendous strength and reliability in its supply chain, hence it is able to produce such high volumes. The second competitive advantage is the wide product range due to which it can run Amul shops and also have its products present in retail.

**Distribution strategy in the Marketing strategy of Amul –** Amul concentrates on breaking the bulk. It supplies in huge amounts to its cost & freights, which are required to have the right arrangements to store Amul products in bulk and transfer products to distributors who in turn give it to retailers. Amul also has a direct sales team which sells to modern retail stores. Besides this, the company has exclusive Amul stores which sell all products of Amul brand.

**Brand equity in the Marketing strategy of Amul –** Because of the excellent products, the top of the mind positioning, the fantastic distribution and supply chain channels and finally the point of purchase branding and advertising of the Amul girl, Amul finds itself in a very strong position where its brand equity is concerned. Amul brand is worth \$3.2 billion as per the 2013 brand equity report. Furthermore, most analysts say that Amul would have touched the \$4 billion mark, but the dropping value of the rupee is what caused the difference.

**Competitive analysis in the Marketing strategy of Amul –** Amul has some big competitors who have entered the market in the last decade and growing strong steadily. Most of these ice

creams entered regionally but have held on to the regional market share. Thus, even though individually these brands might not be a worthy adversary, combined and with their total net aggregate, all of them together are giving a very tough competition to Amul. Many of these ice cream products have their own niche or geographic targets. Besides these organized players, there are many unorganised local players who also give competition to Amul by having their own outlets and their own variants of ice cream. However, the competition in Butter and Cheese and other dairy products is far lesser.

**Market analysis in the Marketing strategy of Amul** – The FMCG market is highly competitive in nature and is known to have a combination of organized players as well as unorganized players. This article states that, in the FMCG sector, direct competition is equally important as indirect competition. When the market of Amul is analysed, Amul is the clear market leader in some cases, whereas in other products it is a competitor in the market.

**Customer analysis in the Marketing strategy of Amul** – The typical customers of Amul belong to the Sec B and Sec C segment wherein they are either middle class or lower class. Amul in general uses mass marketing and therefore it targets these 2 classes majorly. The high end customers are more likely to prefer a brand which meets their taste and status.

### **3. Amul's world's biggest vegetarian cheese brand**

(Srinivas, 2005)

This article is about Amul being the biggest brand for cheese and demand is growing at a rapid pace with exports that is expected to reach 600 tonnes and with a growth rate of 20%.

This article explains how this cheese is pure vegetarian cheese as they do not contain any animal derived rennet. This article also says that Amul exports to Middle East, USA, Singapore, Hong Kong and neighbouring countries. Amul cheddar is a top selling brand as it has captured 50% of the total market, it has a 90% share of the cheese spread market and is the only major player selling mozzarella cheese.

This article shows how Amul has grown and its projected growth in 2015 which was estimated to be about Rs. 11 billion. It statistically shows how India consumes only 2.4 Kg's per annum while citizens in the US consume 20 Kg's of cheese per annum; it also shows cheese is mainly consumed in urban areas. It states that India is the world's top milk producer with a growth rate of 4.5% compared to the world's 1%.

**Findings**

Incomes less than 5000 to 10000 are more attracted to Amul Milk. As per the data, most of the respondents' income comes under this group.

This study shows the main purchasing factors for the Amul Milk is Quality and Brand image.

Most of the total respondents are using product since from a long time. The majority of the respondents are using Amul Milk for more than 3 years.

Overall opinion of the product performance reveals that Amul milk satisfies most of the respondent.

It is found in the survey that some of the total respondents were dissatisfied with the dealer's services and customers are influencing through Word of Mouth whether the review is good or bad.

**Methodology**

The data and information for this research comprises of various critical analysis drawn from secondary data and other research works by various other researches and scholars. References were taken from various research articles and journals available online revolving around the company and the topic in discussion. The validity of the data faces the disadvantages of secondary data as it cannot be personally verified by the researchers.

**Scope**

This study focuses on the promotional activities conducted by Amul. The scope of study is limited to Indian market and in that only a few markets could be covered because of the lack of resources, hence, this research may fail to provide overall impact of promotional strategies at pan-India level.

**References**

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