

A Study of Effectiveness of Marketing Strategies of Amul for dairy products

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ABSTRACT

This study examines the effectiveness of marketing strategies employed by Amul, a leading dairy brand, in driving Sales Growth within its product line. Three key objectives guide the investigation: evaluating the impact of Product Diversification, comparing Traditional and Digital Advertising strategies, and analysing the influence of End-Use differentiation on Sales Growth. Leveraging a Secondary Research Approach, Sales Data spanning multiple years are compiled and subjected to statistical analysis using T-test methodology. The findings reveal significant insights into Amul's marketing landscape. The study unveils a noteworthy distinction in Sales Growth resulting from Product Diversification strategies between Adult and Children Products. While both segments exhibit positive growth, Adult Products demonstrate a more pronounced impact, suggesting potential areas for strategic emphasis. Additionally, the analysis highlights a significant difference in Sales Growth between Traditional and Digital Advertising strategies, with Traditional channels showing slightly higher mean Sales Growth. This underscores the importance of a balanced approach that leverages the strengths of both advertising mediums. The study underscores the significance of considering the End-Use of Products in influencing Sales Growth outcomes. Final Products exhibit higher mean Sales Growth compared to Intermediate Products, signalling opportunities for Amul to further enhance its consumer-facing product offerings. Based on these findings, several recommendations are proposed to optimize Amul's marketing strategies. These include allocating resources towards diversifying offerings targeted at the adult demographic, adopting a balanced approach to advertising that integrates Traditional and Digital channels, and exploring opportunities to enhance the portfolio of Final Products.

Keywords: Amul, Sales Growth, Marketing Strategies, Product Diversification, Advertising Strategy, Traditional Advertising, Digital Advertising, End-Use Differentiation, Dairy Industry

INTRODUCTION

Amul, an iconic name in the dairy industry, stands as a symbol of India's white revolution. Founded in 1946 by Dr. Verghese Kurien, Amul has transformed the dairy landscape of India, making it the largest producer of milk and dairy products in the world. From humble beginnings to a multi-billion-dollar cooperative, Amul's journey is one of resilience, innovation, and unwavering commitment to quality.

Amul's story began in the small town of Anand in the state of Gujarat, India, where dairy farmers faced exploitation by middlemen. Dr. Kurien, along with Tribhuvandas Patel and farmers of Kaira District Cooperative Milk Producers' Union Limited, pioneered the cooperative movement. This movement aimed to empower farmers by giving them ownership

and control over the dairy industry. Thus, Amul was born, following the principle of "by the farmers, for the farmers."

Amul's white revolution, spearheaded by Dr. Kurien, transformed India from a milk-deficient nation to the world's largest milk producer. Through the establishment of dairy cooperatives across the country, Amul empowered millions of farmers, providing them with a fair price for their milk and improving their socio-economic conditions. This revolution not only fulfilled the nutritional needs of millions but also served as a model for agricultural development worldwide.

Amul's product portfolio encompasses a wide range of dairy products, catering to diverse consumer preferences. From fresh milk to butter, cheese, ice cream, yogurt, and milk powders, Amul offers quality products at affordable prices. The brand's commitment to freshness and purity resonates with consumers, making it a household name across India and beyond.

Amul's success hinges on its unwavering commitment to quality. The brand implements stringent quality control measures at every stage of production, from sourcing milk to packaging the final product. Advanced technology and state-of-the-art facilities ensure that Amul delivers products that meet international standards of excellence. This dedication to quality has earned Amul the trust and loyalty of consumers for decades.

Amul has always been at the forefront of innovation, introducing new products and technologies to meet evolving consumer needs. The brand's research and development initiatives focus on enhancing product quality, extending shelf life, and introducing healthier alternatives. Amul's foray into value-added products like probiotic yogurt and lactose-free milk showcases its commitment to innovation and customer satisfaction.

While Amul's roots are firmly planted in India, the brand has also made significant strides in the global market. Amul products are exported to over 60 countries, catering to a diverse consumer base worldwide. The brand's reputation for quality and reliability has helped it establish a strong foothold in international markets, making it a formidable player in the global dairy industry.

Beyond business success, Amul has made substantial contributions to society. By empowering farmers and promoting rural development, Amul has uplifted millions of lives, fostering economic prosperity in rural areas. The brand's initiatives in education, healthcare, and women empowerment have had a transformative impact on communities, embodying the spirit of social responsibility.

REVIEW OF LITERATURE

The literature on consumer behaviour and marketing strategy encompasses a diverse array of perspectives and approaches. Assael (1992) delves into the intricacies of consumer behaviour and its implications for marketing actions, emphasizing the importance of understanding consumer motivations and decision-making processes. Building upon this foundation, Hoyer and MacInnis (2001) provide further insights into consumer behaviour, exploring factors that influence consumer choices and behaviours. Baker (2000) contributes to the discourse with a

focus on marketing management and strategy, emphasizing the strategic importance of aligning marketing efforts with organizational objectives.

In the realm of service marketing, Booms and Bitner (1981) present seminal work on marketing strategies and organizational structures for service firms, highlighting the unique challenges and opportunities inherent in service-based industries. Brassington and Pettitt (2000) expand on this discussion with principles of marketing tailored to the service sector, offering practical insights into designing effective marketing strategies for service-based businesses. Similarly, Brooks and Weatherston (1997) examine the dynamic business environment, exploring the challenges and changes that impact marketing strategies and organizational decision-making. Chisnall (1997) contributes to the literature with a focus on marketing research, providing guidance on conducting and interpreting research to inform marketing strategies effectively. Davies (1998) further enhances understanding with insights into marketing fundamentals, emphasizing the importance of market orientation and customer-centric approaches. Ellwood (2002) offers valuable insights into branding strategies, highlighting the significance of brand management and the creation of brand equity.

Fill (2002) examines marketing communications within the broader context of marketing strategy, exploring the role of communication in building brand awareness and engaging consumers effectively. Gabriel and Lang (1995) delve into the complexities of consumer behavior, exploring the notion of the "unmanageable consumer" and its implications for marketing practice. Hoffman and Novak (1996) contribute to the discourse with a focus on marketing in hypermedia computer-mediated environments, exploring the evolving landscape of digital marketing.

Kapferer (1997) provides strategic insights into brand management, emphasizing the importance of building and managing brand equity to drive sustainable competitive advantage. Keller (1998) further elaborates on strategic brand management, offering frameworks for measuring and managing brand equity effectively. Kotler, Armstrong, Saunders, and Wong (2001) and Kotler and Armstrong (1997) contribute seminal work on marketing principles and practices, providing comprehensive insights into marketing strategy development and implementation.

RESEARCH GAP

In the dynamic landscape of the dairy industry, understanding the efficacy of marketing strategies is paramount for companies like Amul to maintain a competitive edge. As such, the proposed study seeks to delve into three key areas – Product Diversification, Advertising Strategy, and End-Use differentiation – to unearth insights that could inform and enhance Amul's marketing endeavours.

Firstly, while Amul has consistently expanded its product range to cater to diverse consumer segments, there remains a gap in understanding how Product Diversification impacts Sales Growth, particularly concerning the differentiation between Children and Adult Products. Despite anecdotal evidence suggesting that tailoring products to specific age groups could yield significant benefits, empirical research on this subject within the context of Amul's operations

is lacking. Therefore, exploring the Sales Growth dynamics between Children and Adult Products in the context of Product Diversification represents a pertinent research gap that requires empirical investigation.

Secondly, the evolving landscape of advertising platforms necessitates a thorough examination of the effectiveness of Traditional versus Digital Advertising strategies employed by Amul. While Traditional Advertising methods such as television commercials and print ads have been longstanding pillars of marketing campaigns, the rise of Digital Advertising platforms presents new opportunities and challenges. Yet, existing research on the comparative effectiveness of these strategies within the dairy industry, particularly concerning Sales Growth metrics, remains limited. By scrutinizing the impact of Traditional and Digital Advertising on Sales Growth, the study aims to bridge this gap by providing actionable insights into optimizing advertising expenditures for Amul.

Lastly, the influence of End-Use differentiation on Sales Growth in Amul's product line represents another area ripe for exploration. Given the diverse applications of dairy products, ranging from intermediate ingredients used by food manufacturers to final consumer goods, understanding the Sales Growth dynamics between these segments is crucial. However, existing literature fails to provide comprehensive insights into how End-Use differentiation influences Sales Growth within the dairy industry, leaving a significant gap in knowledge. Consequently, investigating the relationship between End-Use categories (Intermediate versus Final Products) and Sales Growth could unearth valuable insights that inform strategic decision-making for Amul.

OBJECTIVES OF THE STUDY

1. To Assess the Sales Growth impact of Product Diversification between Children and Adult Products in Amul.
2. To Compare Traditional and Digital Advertising effectiveness on Sales Growth for Amul.
3. To Investigate the influence of End-Use (Intermediate vs Final Products) on Sales Growth in Amul's product line.

RESEARCH METHODOLOGY

Research Design:

The study employs a Secondary Research Approach, utilizing existing data sources to analyse the impact of Product Diversification, Advertising Strategy, and End-Use differentiation on Sales Growth within Amul's product line.

Data Collection:

Sales Data spanning 10 years (2012-2022) for various product categories of Amul are compiled from reputable sources, ensuring reliability and accuracy.

For Traditional Advertising analysis, Sales Data from 2000 to 2010 are utilized, while Digital Advertising analysis utilizes data from 2011 to 2020.

Data Analysis:

Descriptive Analysis: Mean and Standard Deviation (SD) are computed to provide a comprehensive overview of Sales Growth trends across different product categories and advertising strategies. Diagrammatic representations such as bar graphs and line charts are employed for visual interpretation.

T-test: Statistical analysis using the T-test method is conducted to compare the mean Sales Growth between different product categories, advertising strategies, and product end-usage. This analysis helps ascertain the significance of observed differences.

Data Processing and Visualization:

Microsoft Excel is utilized for Data Processing, Analysis, and Visualization. The software's robust functionalities facilitate efficient manipulation and interpretation of large datasets, enabling in-depth analysis and visualization of key findings.

Limitations:

While secondary research provides valuable insights, it is subject to limitations inherent in the available data sources, such as potential inconsistencies or biases.

The study's scope is limited to the data availability within the specified timeframe, which may not capture recent market developments or emerging trends.

The accuracy of the analysis relies on the quality and reliability of the compiled Sales Data from various sources, which may vary in completeness and accuracy.

RESEARCH HYPOTHESIS**Product Diversification:**

- **H0:** There is no significant difference in the Sales Growth resulting from strategies of Product Diversification between Children Products and Adult Products of Amul.
- **H1:** There is a significant difference in the Sales Growth resulting from strategies of Product Diversification between Children Products and Adult Products of Amul.

Advertising Strategy:

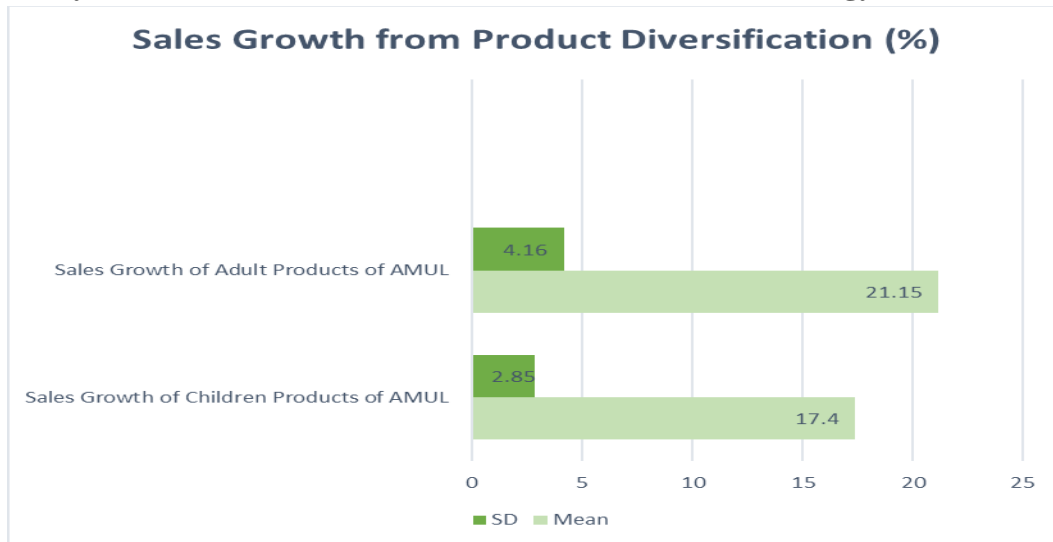
- **H0:** There is no significant difference in the Sales Growth resulting from Traditional Advertising and Digital Advertising strategies employed by Amul.
- **H1:** There is a significant difference in the Sales Growth resulting from Traditional Advertising and Digital Advertising strategies employed by Amul.

End-Use of Products:

- **H0:** There is no significant difference in the Sales Growth resulting from the End-Use of Intermediate Products compared to Final Products of Amul.
- **H1:** There is a significant difference in the Sales Growth resulting from the End-Use of Intermediate Products compared to Final Products of Amul.

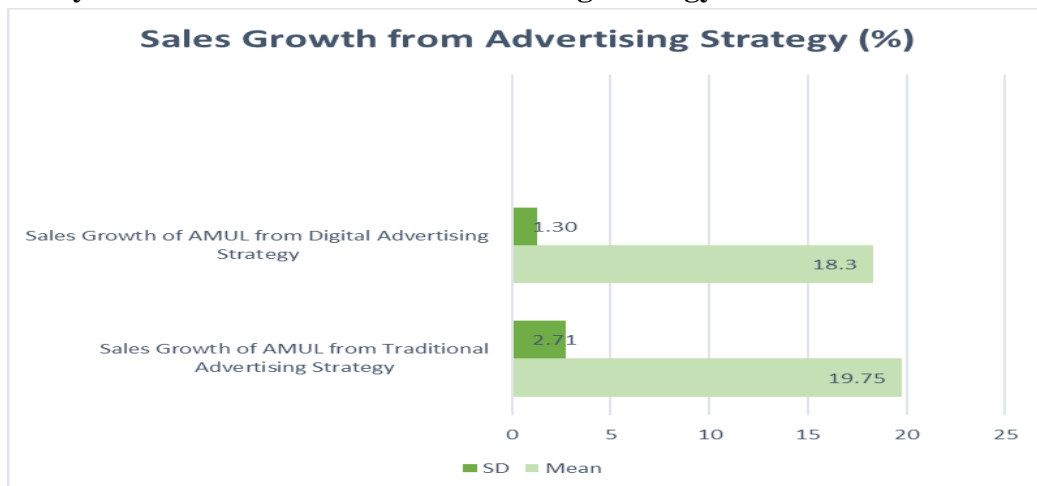
DATA ANALYSIS & INTERPRETATION

Analysis of Sales Growth from Product Diversification Strategy:



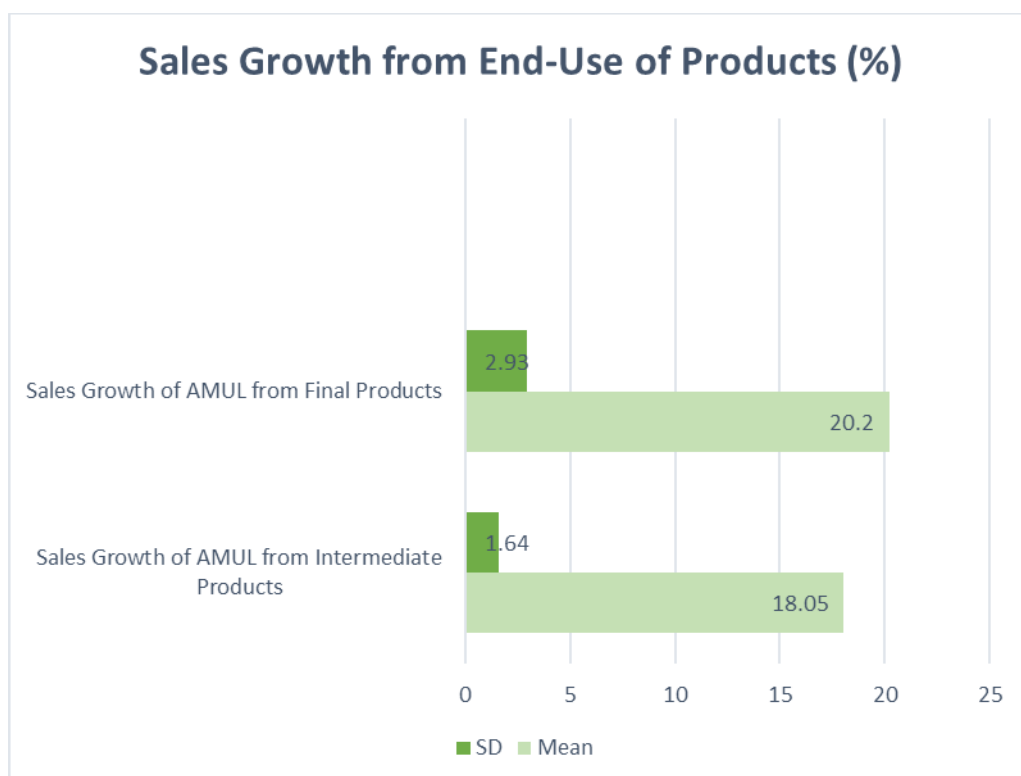
The t-statistics value of -2.43, with a corresponding p-value of 0.02, denotes statistical significance at the 5% level, leading to the rejection of the null hypothesis (H0) that there is no significant difference in Sales Growth resulting from strategies of Product Diversification between Children Products and Adult Products of Amul. Thus, the alternative hypothesis (H1) is supported, indicating a significant distinction in Sales Growth between the two categories. The mean Sales Growth for Children Products, including Chocolate, Ice Cream, and Amul Cool, is calculated at 17.4% with a standard deviation of 2.85, whereas for Adult Products, comprising Regular Cheese, Cheese Spread, Amul Milk Powder, and Nutra Amul, the mean stands at 21.1% with a standard deviation of 4.16. This disparity suggests that strategies of Product Diversification tend to yield higher Sales Growth for Adult Products compared to Children Products. Additionally, the higher standard deviation for Adult Products implies a wider variability in Sales Growth, indicating potential opportunities for further analysis and optimization strategies within this product category.

Analysis of Sales Growth from Advertising Strategy:



The critical t-statistics value of 2.15, coupled with a corresponding p-value of 0.04, indicates statistical significance at the 5% level, leading to the rejection of the null hypothesis (H0) that there is no significant difference in Sales Growth resulting from Traditional Advertising and Digital Advertising strategies employed by Amul. Consequently, the alternative hypothesis (H1) is supported, suggesting a significant distinction in Sales Growth between the two advertising strategies. The mean Sales Growth for Traditional Advertising channels, encompassing TV, Radio, and Newspaper, is computed at 19.7% with a standard deviation of 2.71, while for Digital Advertising channels, including Social Media, Influencers, and Email Marketing, the mean is 18.3% with a lower standard deviation of 1.3. This indicates that while both Traditional and Digital Advertising strategies contribute positively to Sales Growth, Traditional Advertising exhibits slightly higher mean Sales Growth and a higher standard deviation, suggesting a wider range of variability compared to Digital Advertising.

Analysis of Sales Growth from End-Use of Products:



The t-statistics value of -2.86, alongside a corresponding p-value of 0.007, suggests statistical significance at the 1% level, leading to the rejection of the null hypothesis (H0) that there is no significant difference in Sales Growth resulting from the End-Use of Intermediate Products compared to Final Products of Amul. Consequently, the alternative hypothesis (H1) is upheld, indicating a significant distinction in Sales Growth between the two end-use categories. The mean Sales Growth for Intermediate Products, including Milk, Paneer, and Cheese supplied to restaurants, is calculated at 18.05% with a standard deviation of 1.64, whereas for Final Products, the mean stands at 20.2% with a higher standard deviation of 2.93. This suggests that while both Intermediate and Final Products contribute positively to Sales Growth, Final

Products exhibit slightly higher mean Sales Growth and a higher standard deviation, implying a broader range of variability compared to Intermediate Products.

CONCLUSION

The study successfully achieved its objectives by investigating the effectiveness of various marketing strategies employed by Amul in driving Sales Growth within its dairy product line. Through rigorous statistical analysis, it was determined that Product Diversification, Advertising Strategy, and End-Use differentiation significantly influence Sales Growth outcomes for Amul. Specifically, the findings revealed that Product Diversification strategies had a more pronounced impact on Sales Growth for Adult Products compared to Children Products, suggesting potential areas for strategic focus within Amul's product portfolio. Furthermore, the study highlighted a significant difference in Sales Growth between Traditional and Digital Advertising strategies, with Traditional Advertising exhibiting slightly higher mean Sales Growth. Lastly, the analysis underscored the importance of considering the End-Use of Products, with Final Products demonstrating higher mean Sales Growth compared to Intermediate Products. These findings provide valuable insights for Amul's marketing decision-makers, guiding future strategies to optimize Sales Growth and enhance competitiveness in the dynamic dairy market landscape.

RECOMMENDATIONS

Based on the findings of the study, several recommendations can be proposed to optimize Amul's marketing strategies and capitalize on the identified trends to enhance Sales Growth and competitiveness.

Firstly, given the significant difference in Sales Growth between Adult and Children Products resulting from Product Diversification strategies, Amul should consider allocating more resources towards diversifying its offerings targeted at the adult demographic. This could involve the introduction of innovative dairy products tailored to adult preferences and nutritional needs, leveraging market insights to identify emerging trends and consumer preferences.

Secondly, the study highlighted the slightly higher mean Sales Growth associated with Traditional Advertising compared to Digital Advertising strategies. While both advertising channels remain vital, Amul may benefit from a balanced approach that integrates the strengths of both Traditional and Digital platforms. For instance, leveraging the reach and credibility of Traditional Advertising channels for brand awareness and complementing it with targeted Digital Advertising campaigns to engage with specific consumer segments and drive conversions could prove effective.

Furthermore, considering the higher mean Sales Growth observed for Final Products compared to Intermediate Products, Amul should explore opportunities to further enhance its portfolio of consumer-facing dairy goods. This could involve introducing new product variants, packaging innovations, or marketing initiatives aimed at increasing consumer appeal and driving demand for Final Products. Additionally, streamlining distribution channels and strengthening

partnerships with retailers and e-commerce platforms could facilitate better access to Amul's Final Products, thereby maximizing Sales Growth potential.

Moreover, continuous monitoring and analysis of market trends, consumer behaviour, and competitor strategies are essential for Amul to stay ahead of the curve and adapt its marketing strategies accordingly. Investing in market research and leveraging data analytics tools to gain actionable insights can help Amul identify emerging opportunities, refine its product offerings, and optimize marketing campaigns for maximum impact.

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