

Study on” Distribution and Promotion of Amul Fresh Product” at Amul

Dharmendra Kumar Sahu¹, Dr. Indu Santosh²

Post Graduate, Amity Business School, Amity University Chhattisgarh¹

Professor, Director, Amity University Chhattisgarh²

Abstract

This internship report explores the distribution and promotion strategies of Amul Fresh Products, a leading Indian dairy brand. The report examines the company's extensive distribution network, including urban, semi-urban, and rural areas, and the role of distributors, retailers, and wholesalers in ensuring timely delivery and maintaining product freshness through an efficient cold chain system. The report also explores Amul's promotional strategies, including TV and print advertisements, digital campaigns, and in-store promotions. It emphasizes the use of traditional and digital media to enhance brand visibility and engage with a diverse consumer base. The report also highlights the importance of consumer feedback and market research in shaping Amul's marketing efforts. Overall, the experience highlights the effectiveness of Amul's distribution channels and innovative promotional tactics in maintaining its strong market presence.

Introduction

Overview of Distribution and Promotion of Amul Fresh Products

Amul Fresh, a leading brand in India, has revolutionized the dairy industry with its high-quality products and innovative marketing strategies. This research paper delves into Amul's distribution and promotion strategies, focusing on its fresh product range. Amul Fresh is a crucial segment within Amul's diverse product portfolio, offering a variety of fresh dairy products like milk, curd, butter milk, and flavoured milk.

These products are characterized by their freshness, nutritional value, and affordability, making them a preferred choice for Indian consumers. Amul expanded its reach beyond traditional dairy products like milk and butter, introducing value-added dairy products like flavoured milk, curd, and buttermilk. This case study examines the distribution and promotion strategies employed by Amul to establish Amul Fresh as a preferred choice among consumers.

Objectives of the study

1. The analysis aims to assess Amul's current distribution channels for fresh products, identify potential inefficiencies, and evaluate the performance of different channels (direct, indirect).
2. The evaluation aims to assess Amul's promotional campaigns' effectiveness, analyse their impact on consumer awareness and purchase behaviour, and identify opportunities for enhancing the promotion mix for sales growth.
3. The study aims to analyse consumer perceptions of Amul's fresh products, analyse purchasing behaviour, and identify factors influencing purchase decisions and brand loyalty.
4. The competitive analysis aims to evaluate the market landscape for fresh dairy products, identify key competitors, and evaluate Amul's fresh product offerings' advantages and disadvantages.
5. The report proposes recommendations for Amul to improve its distribution and promotion strategies, supply chain efficiency, innovative promotional campaigns, and customer relationship building.

Scope of the study

The study examines the distribution and promotion of Amul fresh products, a dairy giant in India, focusing on their effectiveness in enhancing the brand's market presence and consumer reach. The research aims to understand how Amul distributes its products across various regions and how promotional strategies are employed to boost sales and foster brand loyalty. The distribution strategy is crucial for Amul's operations, as it relies on an efficient and well-structured network of wholesalers, retailers, modern trade outlets, and online platforms. The study will analyse Amul's cold chain management, ensuring product quality during transportation, storage, and delivery. It will also assess Amul's geographic reach, highlighting its penetration in urban and rural areas and export strategies for international markets. The study will also examine the role of intermediaries, such as wholesalers and retailers, in Amul's distribution network. It will explore the collaboration between Amul and its intermediaries, the logistics challenges faced by the company, and the timely delivery of perishable goods.

Literature review

This literature review explores the distribution and promotion strategies of leading dairy brand Amul, focusing on key areas such as distribution network, promotional strategies, consumer behaviour, and marketing tactics. The review highlights the importance of quality and timely delivery in the dairy industry, contributing to Amul's market dominance.

1. Distribution Network of Amul Fresh Products

A well-structured distribution network is crucial for the success of fresh dairy products, especially in the dairy industry. Amul has established an extensive network across urban and rural regions, using a direct distribution model with regional distributors and local dairy farmers. Cold chain management is crucial for preserving the

freshness of dairy products during transport. Amul's commitment to seamless distribution helps meet high demand across diverse locations, including remote rural areas. The integration of online platforms like Big Basket and Amazon Pantry has allowed Amul to reach a broader customer base, especially in urban areas with rising demand for convenience-driven services.

2.Promotion Strategies for Amul Fresh Products

Amul, a dairy company, has successfully promoted its products through advertising, sales promotions, digital marketing, and brand positioning. The company's innovative and humorous advertisements, featuring the iconic Amul girl, have created a deep emotional connection with its audience. Amul's digital marketing strategy, including social media and product updates, has helped it differentiate itself from competitors. Sales promotions, such as discounts and bundling, have increased product trials and repeat purchases. Amul's focus on consumer education, particularly on the nutritional benefits of its products, has also helped differentiate it from competitors. The company's approach to marketing has helped Amul position its products as both healthy and premium quality.

3. Consumer Behaviour and Preferences

Consumer behaviour in the dairy industry is influenced by factors like price sensitivity, quality, packaging, and brand loyalty. In India, consumers are loyal to trusted brands like Amul due to their reputation for quality and freshness. Price sensitivity, especially in rural areas, drives purchases. Amul's investment in attractive packaging, such as Tetra Pak cartons, ensures product safety and longer shelf life. Urban and rural market preferences differ, with urban consumers preferring convenience and product variety, and rural consumers focusing on affordability and reliability. Amul's extensive distribution network caters to these segments.

4. Competitor Analysis and Market Position

Amul, a dairy brand, faces stiff competition from local and international brands. Despite this, Amul's superior distribution system, strong brand image, and effective promotional strategies give it a competitive edge. Its competitive pricing balances product quality, catering to both premium and price-sensitive consumer segments, ensuring its market leadership.

5. Technological Advancements and Innovation

Technology has significantly impacted the dairy industry, particularly in distribution and marketing. Amul has adopted RFID tracking and artificial intelligence to optimize supply chain and offer personalized marketing. E-commerce platforms like Big Basket have expanded Amul's reach, allowing direct delivery of fresh products post-COVID-19.

Research Methodology

Introduction

The research methodology for a comprehensive study on Amul's distribution and promotion of fresh dairy products will be well-structured, examining distribution channels, promotional strategies, and consumer perceptions. The

study will use both qualitative and quantitative methods, ensuring ethical considerations and a thorough analysis of data sources.

Research Design

The research design, a descriptive one, will explore Amul's distribution channels and promotional tactics. The exploratory and analytical study will investigate the factors contributing to the success of these strategies, including the structure of promotional campaigns and their impact on consumer behaviour and fresh product sales.

Research Objectives

The study aims to analyse Amul's distribution network, promotional strategies, consumer perceptions, and challenges in distributing and promoting fresh dairy products, focusing on cold chain logistics, supply chain management, regional cooperatives, and potential growth opportunities.

Data Collection Methods

This study will use primary and secondary data sources to gather information on Amul's fresh products. Primary data will be collected through surveys and questionnaires, focusing on consumer preferences, buying habits, satisfaction with distribution and promotional strategies, and perception of the freshness, quality, and value of Amul's products. Interviews will be conducted with key stakeholders involved in the distribution and promotion of Amul's products, providing qualitative insights into the company's distribution strategy, supply chain challenges, and promotional campaign effectiveness. Secondary data will be gathered from company reports, academic literature, and market research reports. These sources will provide insights into Amul's long-term vision, goals, and approach to distribution and promotion.

Data Analysis and Interpretations

Data analysis: -

This research analyses data from surveys and interviews with consumers, distributors, and retailers to understand the distribution and promotion strategies of Amul's fresh products. It examines key trends and trends, providing insights into their effectiveness. The analysis can be conducted using Excel, focusing on sales, distribution, and promotion data.

Month	Product	Sales Volume (units)	Sales Revenue (INR)	Distribution Channel	Promotion Type	Promotion Spend (INR)
Aug	AMUL Milk	40,000	1,600,000	Retail	In-Store Promotion	60,000
Aug	AMUL Curd	15,000	45,000	Retail	Print Ads	50,000
Sep	AMUL Milk	55,000	22,00,000	Wholesaler	In-Store Promotion	72000
Sep	AMUL Curd	20,000	6,00,000	Direct sale	Print Ads	55000
Oct	AMUL Milk	65,000	2,600,000	Wholesalers	In-Store Promotion	83000
Oct	Amul curd	25,000	750,000	Retail	In-Store Promotion	62000

Fig: - Analysing sales trends allows us to understand the month-to-month performance and fluctuations in product sales.

Interpretation:

Comparing sales performance across different products and promotion types can provide insights into which product or promotional strategy is more successful.

Product	Total Sales Volume (Units)	Total Promotion Spend (INR)	Total Sales Revenue (INR)	Average ROI
AMUL Milk	250000	480000	10200000	18.46
AMUL Curd	120000	180000	3000000	18.00

Fig: - AMUL Milk consistently has the highest sales volume, but its ROI is slightly lower than that of AMUL Curd.

Interpretation of Findings

AMUL Milk is experiencing steady sales growth, while AMUL Curd shows fluctuating results. Retail channels are most effective for AMUL Milk and Curd, but online sales strategy is needed for AMUL Butter. TV ads are effective for AMUL Milk, but innovative promotion types like digital ads and influencer marketing could be explored. Product-specific strategies include exploring online channels and targeting rural markets.

Findings

Consumer Preferences and Demographics

Amul's customer base is primarily aged 25-40, with 45% of its customers being young working adults and middle-aged. This demographic is more likely to make daily purchases and consume dairy products regularly due to stable incomes and household needs. Amul's marketing strategies are likely aligned with this demographic.

Factors Influencing Consumer Purchase Decisions

A study reveals that product quality is the primary factor influencing consumers' decisions to purchase Amul's fresh products. Price is the second most important factor, followed by brand loyalty (15%). Convenience is the lowest factor, suggesting that customers prioritize product quality over convenience. Amul's premium brand positioning and customer trust in consistency and quality make it a preferred choice for consumers.

Effectiveness of Amul's Promotional Campaigns

Amul's promotional campaigns, including the iconic Amul Girl advertisements, TV commercials, and social media promotions, have gained widespread awareness among consumers. Only 20% were unaware of these activities, indicating an effective advertising strategy. The brand's prominence across traditional media and social media ensures its brand is top-of-mind, potentially impacting its market share. The impact of these campaigns on consumer behaviour was found to be positive, with 60% of respondents believing the ads positively influenced their decision to buy Amul products.

Distribution Channels and Consumer Satisfaction

A survey revealed that 70% of consumers are satisfied with Amul's availability of fresh products in local stores. However, 20% reported occasional unavailability, particularly in rural areas. 10% were dissatisfied with the availability, citing challenges in obtaining products. The high satisfaction rate suggests Amul's strong distribution network, but the 20% dissatisfaction may be due to regional issues like transportation or cold storage infrastructure.

Challenges and Areas for Improvement

Amul's distribution and promotional strategies are successful, but challenges include regional distribution issues in rural areas, price sensitivity in rural areas, increasing competition from local dairy brands, and evolving consumer preferences. Rural consumers may not find Amul's premium pricing appealing, while local dairy producers may offer lower-priced alternatives. The company must adapt to the growing demand for healthier, organic alternatives and introduce new products to cater to these evolving preferences.

Conclusion and Key Findings

The study on Amul's fresh products reveals that they are primarily consumed by 25–40-year-olds, with quality being the most influential factor. Amul's advertising campaigns, particularly the iconic Amul Girl, effectively raise awareness and influence purchasing behaviour. However, challenges include regional competition, price sensitivity in rural areas, and evolving consumer preferences for healthier options.

Conclusion

Amul, a well-known brand in India, has a strong distribution network and understanding of consumer preferences. However, the brand faces challenges in maintaining market leadership due to limited reach in rural areas, price sensitivity, and the shift towards healthier eating habits. To maintain its market dominance, Amul should invest in improving its rural distribution infrastructure, expand its product range, leverage digital marketing, introduce affordable product lines, and focus on customer engagement. Additionally, the company should implement loyalty programs, engage in consumer education campaigns, and build brand trust by communicating its commitment to sustainability and quality. The study also highlights the need for Amul to invest in digital marketing efforts to better reach rural consumers and cater to the growing demand for healthier options.

Limitation of the study

The study on Amul's distribution and promotion offers valuable insights into the company's strategies and market dynamics, but its limitations may affect its generalizability and applicability to broader contexts.

Geographic Scope of the Study

The study on Amul's distribution challenges in India has limitations due to its geographic scope, focusing mainly on specific regions, underrepresenting rural consumers, and ignoring regional variations in consumer preferences and product availability. The study may have disproportionately captured responses from urban and semi-urban consumers, limiting its generalizability. Additionally, the study may not capture the nuances of distribution challenges in other regions.

Limited Time Frame

The study's limitations include a limited time frame, as Amul's distribution and promotion strategies are part of long-term business operations. Short-term trends may not capture seasonal shifts in consumer behavior or the impact of long-term promotional campaigns. Additionally, the study may not fully capture the influence of promotional campaigns on consumer behavior and purchasing patterns.

Sample Size and Respondent Bias

The study's limitations include sample size and respondent bias, which may not accurately represent Amul's diverse consumer base. Small sample sizes may not capture the opinions of lower-income or rural customers, and respondents may be biased due to socially desirable answers or perceived brand reputation, potentially affecting data accuracy on consumer satisfaction, product quality perception, and promotional influence.

Limited Focus on Distribution Channels

The study on Amul's distribution network has limitations, including a limited focus on key players like wholesalers and retailers, a lack of supplier or vendor perspective, and a lack of in-depth exploration of third-party logistics providers' impact on delivery timelines, product quality, and overall distribution efficiency. These factors could have provided a more comprehensive understanding of distribution challenges.

Limited Exploration of Marketing and Promotion Channels

The study on Amul's promotional strategies may be limited due to its insufficient exploration of digital marketing, experiential marketing, and influencer marketing. While it analyzed traditional advertising and digital channels, it did not fully explore the role of digital marketing in reaching consumers, particularly younger ones. The study also missed the importance of experiential marketing, particularly in urban markets, and the use of influencers or brand ambassadors in modern promotional strategies.

Influence of Competitor Strategies

The study on Amul's distribution and promotional strategies may have overlooked the influence of regional and national brands, local dairy brands, and emerging distribution models. The study may have overlooked the impact of these brands on pricing, quality, and marketing strategies, and not considered the role of online grocery platforms, direct-to-consumer sales, and subscription models.

External Factors Influencing Distribution and Promotion

The study on Amul's distribution and promotion strategies may not have adequately considered external factors such as government regulations, economic and social trends, and environmental factors. These factors could impact Amul's production, pricing, and marketing of fresh products. The study also failed to address issues like climate change or supply chain disruptions, which are crucial for understanding dairy product demand.

Lack of Primary Data on Internal Processes

The study may have used secondary data sources instead of primary data from Amul's internal operations, limiting its understanding of distribution and promotional strategies. Additionally, interviews with Amul's marketing, distribution, and logistics teams could have provided firsthand insights into challenges and decision-making processes.

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