

Amul as a brand name



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Company information

Amul as a brand name is familiar to almost every individual in India, Amul is known for its quality products purity and hygiene. For over more than the past 50 years Amul has been serving the consumers of India with a variety of quality products. Amul follows a business model to provide products to customers which provides 'value for money' to the consumer. Amul has enjoyed its status of market leader in products like butter, cheese and dry milk, by providing customers with quality products at competitive prices. It is one of the largest food products manufacturing organisation of India. It is a Dairy Cooperative of Gujarat, also known as The Gujarat Cooperative milk marketing federation Ltd. Gujarat as a state of India is a leader in organizing dairy cooperatives and its success is not only limited in India but acts as a model for rest of the World. Over the last fifty odd years, Dairy Cooperatives in Gujarat have created an economic network that connects more than 2.8 million village milk producers with million of consumers in India and abroad through a cooperative system. These cooperatives collect on an average 7.5 million litres of milk per day from the producers.

Amul has brought a significant change in social and economic situation of our rural people. The Dairy Cooperatives have helped to bring an end to the exploitation of farmers and has increased the level of benefits to our rural producers of milk.

The turnover of Amul during 2008-09 was Rs. 67.11 billion. Amul currently markets the products which are produced by the district milk unions in 30 dairy plants which work under the renowned brand name Amul. The total production capacity of these plants is 11.6 million litres per day, four of the

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dairy plants mentioned are having processing capacity of more than 1 million Litres per day. The Gujarat Cooperative milk marketing federation Ltd. (Amul's) Total Quality Management ensures that the quality of products meets its standards right from the starting place of milk producer through the value chain until it reaches the consumer thus Amul is trying to provide value to its customers which not only satisfies the customer needs but delights the customer.

Amul cannot be considered as business enterprise which works primarily for the generation of profits. It is an institution created by the milk producers to primarily safeguard their economic and social interest. Business houses generate profits in order to distribute profit to shareholders in shape of dividend, whereas in case of Amul the surplus is ploughed back and distributed back to farmers through village societies.

Amul has time and again came up with innovative advertising which has helped Amul to develop itself as a brand which appeals people with assurance of its quality. The creative advertisement of Amul has created a position of its products which is generating higher sales for Amul. For 30 odd years Amul's Utterly Butterly girl has managed to keep her fan following intact, the advertisements are now ready to enter the Guinness Book of World Records for being the longest running campaign ever.

Business Mission

As we take strides towards our future, we need a mission which create an objective for our organization so that we can direct our efforts in order to achieve organizational growth, this mission must be backed up by a set of

action plans which may help us in achieving our objectives in a best possible manner Amul has prepared a comprehensive roadmap in order to guide that the dairy cooperatives of Gujarat to have a group turnover of Rs. 27000 crores by the year 2020. The company is planning on its expansion and through expansion the company will create fresh avenues for growth by catering to the rising demand for new products, this would include increasing the capacity for major product categories including milk powders, Ice-cream, paneer, cheese, curd, ghee and other dairy products. Milk drying capacity will also be enhanced. in order to to strengthen the presence of company in the large market, for liquid milk Special emphasis will be given to metropolitan cities. The company is planning to double its processing capacity of its plants to 20. 7 million kg per day. The basic raw material of Amul products is milk and for increasing milk production nutritious feed should be provided to animals. For this very purpose the company is planning to expand its cattlefeed manufacturing capacity by 2020. Amul's achievement of its mission will not only be beneficial for the organization but it will be helpful for the development of economy as a whole.

Marketing objective

As a company the marketing objective of Amul is to provide quality products to the customers that satisfies their requirements. The company is manufacturing only those products which are not hazardous for the human consumption. In food items Amul is providing nutritious and good quality food to its customers at affordable prices, which is one of the main reason of its quality image in the mind of consumer. With the introduction of noodles

to our product range we are providing a healthier product for our customers in shape of noodles with varied tastes and flavours.

Regarding our sales objective we have set aggressive yet achievable objectives for the first, second and continuing years of the launch of our product .

First year objective (jan 2010 to dec 2010)

- We want to achieve sales for 40% of our existing capacity gaining at least 20% of market. It will be backed by strong advertisement and sales promotion as at least 20% of customers of the total market share may not be loyal towards a certain brand of noodles

Second an continuing year objectives (JAN 2011 TO DEC 2011)

- We want to achieve at least 10% growth in sales on quarterly basis.

Marketing plan

Organizations use marketing plans for several purposes, which are connected with creation and retention of a customer. Several purposes for which marketing plans are used are :

1. Finding out the market for the products.
2. Tastes and preferences in terms of customer likings.
3. Competitors their strengths and weaknesses.
4. Outlining a plan for getting and retaining customers.
5. Recognizing and predicting change.

The main feature of a good marketing plan are:

1. To know the customer.
2. What he likes and what he doesn't like.
3. What he expects out of a product.
4. Know your competition, related products, strengths and weaknesses.

Determining these factors can help you understand the strengths and weaknesses of your competitor, needs wants and desires of a customer and changes in the market. A marketing plan should be able to cover all of the above features so as to be successful in terms of achievement of objective

In order to make a successful marketing plan it should follow the following steps

1. Remember the four P's of marketing . To obtain your goal, your plan should consider product, price, place and promotion.
2. Describe your target market . This can be done in many ways including segmenting on the basis of: age, gender, career, income level or where customers live.
3. Recognize your competition . This can be done through market research data, product demand, determining strengths and weaknesses of competitors.
4. Define your product, and try describing it from a customer's point of view . Successful marketers know or have some idea of what their customers want or expect from them, companies working on the needs of the customers and marketing products keeping in view customer values usually experience a rapid increase in sales.
5. Make a marketing budget for your plan . This is one of the necessary step in market plan as companies become prepared for what they have

to spend on advertisements as it includes money needed for advertising and promotions, materials and a list of media use, as a practical marketing plan needs money.

6. Create a pricing strategy . A company should also develop a pricing strategy, by doing this, you can get a complete knowledge of how to price your product, whether it is in line with competitors price and how you can bring the prices in line. To be successful, you should have a well-planned strategy, establish your policies, and always check prices and operating costs in order to maximize profits.
7. Make an efficient promotional strategy . An efficient promotional strategy can be helpful for the cause of the organization which can lead to increased sales like advertisements in magazines, TV, radio, etc. your strategy should use different outlets to advertise and continue using the ones that work in order to reap high benefits.

Existing product range:

Situation Analysis

FMCG as an industry has had a vast development in terms of the type of products, increasing competition and increasing change in technology. Due to the ever increasing customer requirements for the processed foods it has created tremendous increase in the production of processed foods. Products launched by Amul during the early 2000 were Amul Pizza, Cheese and Amul slice cheese, Amul ice-cream etc. Amul ice cream has now become the 2nd largest brand in the country and has taken major share in its existing markets in a short period of time. Amul's ice-cream manufacturing unit is located at Gandhinagar which is considered to be Asia's largest and most modern integrated ice-cream manufacturing plant. Amul has become very

popular due to its excellent and dynamic marketing strategies. Amul's marketing strategy is to understand the needs of the consumer and produce such products that provide superior value to the customer at a very low price. Amul has created an excellent distribution channel to provide its products to the consumers who are living in the nooks and corners of the country, thus its products available in each part India. Amul is currently producing ready to serve soups like Masti Tomato Soup Masti Hot & Sour Soup and is planning to launch noodles as this marketing plan is being prepared for the introduction of noodles into the market by Amul. Before diversification it is good for the firm to analyse competitors, and in order to analyse the competition in India it should compare its product with maggi, as it has been the most successful brand of noodles in India the company should also consider its strengths opportunities weaknesses opportunities and threats.

Competitors

As this marketing plan has been prepared for the launch of noodles by Amul, it is better to consider the competition the competition in this very segment. In india the market leader for noodles is Maggi, Maggi has been familiar to every individual in India for more than 25 years. Maggi as a brand came up in 1983 , this brand has been able to create a market for itself as when it was launched it was a new product for Indians. Maggi made noodle a household product by generating it's requirement in the masses in India. To lay an emphasis on its silver jubilee, Maggi is running an advertisement campaign " Me & Meri Maggi". The new campaign is designed to be

interactive with the brand, inviting its consumers to share interesting stories Maggi which have a linking in their life.

Maggi became a successful product because it understood the needs, wants and desires of the consumers. Maggi slowly attached itself to Indian consumer's needs without disruption of his other food habits. Maggi took into consideration preferences of the consumers, as when consumers wanted healthy food, Maggi launched Atta Noodle. Maggi over these years have made lot of mistakes due to its experiments which it has been time and again trying to make with its products. Although there are other competitors for noodles in India like Top Ramen and Ching's veg noodles but they are having a limited market share in the Indian market

SWOT Analysis

Strengths

Increasing demand of existing products: A high demand is expected in milk and milk products in future due to the increasing income of the consumers as milk is considered as a necessary product, the demand will increase with the development of an economy, and the projections from various analysts state that India has good prospects to develop in the coming years, thus the sales of Amul are expected to increase over a period of time.

Well established brand image: Amul has been able to maintain its value in the mind of consumers in such a way that it is considered as one of the most loyal brands, which will be one of the major strengths of Amul to generate sales for its newly launched related products if the company wishes to diversify in related product lines.

High profit and low per unit Margins: Amul is earning a reasonable profit, even on packed liquid milk, it is enjoying the benefits of economies to scale. Whereas the margins per unit limit the entry of potential entrants as it may be a high risk situation for them to enter the market with a low percentage of profits.

Flexibility of product lines: Amul has been adding a wide range of products to its product line and has had a high success rate in its diversification, therefore it is providing an option of producing other related products in its diversified product lines.

Availability of raw material and labour supply: There is abundant supply of raw material for Amul products in India, besides there is availability of cheap and skilled labour force in India which can lead to high productivity with minimal costs. Amul has a professionally trained human resource pool that possess good experience and varied technical skills.

Increasing purchase power and changing tastes of the consumers: The robust economic growth has pushed the disposable incomes of the consumers, 45 per cent of which are spent on food items. In addition to this population growth is also playing a major role in triggering the demand with baby food items showing the great potential to grow at a faster pace. The growing urbanisation, nuclear families, increasing number of working women, etc., are slowly influencing the consumption habits and patterns, shifting the consumer preferences in favour of ready-to-eat preparations, thus in turn accelerating the demand for these products and expanding the scope of the industry. Increasing number of NRI-supported families and NRIs

themselves visiting the country apart from the increasing number of foreigners residing in the country, are also responsible for changing composition of the consumption basket to some extent, in turn boosting up the demand of food processing companies like Amul.

Weaknesses

Perishable nature of its products: the products of Amul are perishable in nature and there is a proper requirement of cold storage, the company on its part is playing a vital role for maintaining the freshness of their products but they can get disturbed through the supply of milk from vendors and the sellers of their products in the market although Pasteurization has overcome this weakness partially. Amul Dairy is also taking steps to store milk at the vendors end to improve life of its products.

Uncertainty of availability of adequate raw material: There is little control over yield of milk and its price, as a lot depends upon the monsoon in our country. This is due to the reason that quality of cattle feed that would be produced will not be having the required nutrition that can lead to the high productivity of milk.

Logistics and insufficient means of transport for perishable food items: Bad roads and inadequate transportation facility make transport of milk a problem. All these factors lead to perishing of the procured milk which can create problems for Amul, but with the overall development of Indian economy, these issues would also get resolved.

Lack of adequate Infrastructure: The infrastructure available is not up to the current standards non-availability of adequate infrastructural facilities, like

cold chain systems, refrigerated transport and cabinets, etc. Besides there is use of technology in various global dairies which start from the collection of milk up to its distribution to the end consumer which is one of the weakness of Amul

Opportunities

Processing raw materials for adding value: There is a vast scope for processing milk and making a variety of products from the same. Amul can come up with a diversified range of products as there is the availability of all primary resources like raw material, labour, finances etc, also with a well established brand image, Amul can produce related products and reap the profits from the same.

Globalization And increasing Export potential: Amul is exporting its various products to various countries like Bangladesh, Sri Lanka, Nigeria, and the Middle East. Opportunities for the export of agri-products are increasing in general and the increase in export of dairy products is also expected.

Globalization has integrated the world market and has increased opportunities of various companies like Amul.

Diversification into related products: Amul can diversify into related products which may be already in the market, it may take a large chunk of the market share from the existing producers due to its brand image, which can help in generating the sales for its newly launched products.

Threats

Milk vendors can degrade the quality of raw milk: Milk vendors can pose a threat to the company as they are only concerned with the profit they are

going to earn from milk. The quality of the milk is found to be poor as compared to the international standards. Companies like Amul have now to check the milk properly before it is sold to the end consumer.

Threat form the global companies : Due to globalization a large number of multinational companies may get attracted towards manufacturing their products in India due to abundant availability of raw materials and cheap labour force, which may increase the competition for Amul. It may create shortage of milk in our country and can adversely affect the companies like Amul and the increase in the price due to shortage of milk may effect the end consumer.

Use of technology by foreign companies and quality consciousness of foreign consumer : of Foreign companies are having improved technology like the collection of milk from cattle can be done with the help of machines this leads to efficiency in terms of less wastage of time and, further it is automatically disposed to various channels for processing or packaging of milk, ultimately this helps in higher productivity involving less variable costs of labour and ultimately low cost of production. However this type if system is not yet prevailing in India. Many European customers emphasize on the collection of milk through machines due to their quality consciousness. Because of these reasons they are reducing the market potential of Indian milk products.

The study of this SWOT analysis displays that the ' strengths' and ' opportunities' of Amul outweigh its ' weaknesses' and ' threats'. Amul has a big market share in India where as in European nations it can create its

market demand by making the products which satisfy their standards. Thus any investment idea can generate profits for you if a company is having three essential ingredients of:

1. The ability to take risks as an entrepreneur.
2. An innovative approach in product lines and marketing.
3. Maintenance of quality and considering ethics and society.

Target market identification and strategy

In a market different consumers have varying needs and wants, every person may not like the same food due to their varying tastes and preferences, therefore marketers start dividing the markets into various segments. They identify the features of various consumers who may require the same products and services by checking their utility for the product, like if a marketer starts marketing of newspaper to illiterate, cigarette to non smokers etc, the seller's products will not satisfy any need of consumer and hence the consumer will not purchase the product. Thus a marketer should properly segment the market on the basis of needs and requirements of the consumer in order to determine his target market.

In case of noodles we will segment the markets on the basis of "age" which would determine the target market for our company. We have further fragmented our target market on the basis of tastes of people, some of the prospective customers may like sweet dishes whereas some among the people in our target market may like salty dishes whereas there are others who prefer classic noodles with masala. Therefore in order to cater to all the fragmented markets we are coming up with products for all of them in order to have maximum share of the market. In India potential consumers who

consume noodles are the people who are of the age group of 3-20 years, and we would target the consumers from the same segment by framing our promotions and advertisement campaigns to attract people from the market segment based on the mentioned age group, by doing this we would be able to focus on the large chunk of people who consume noodles in large quantities and can be our prospective customers. This can only be achieved by creating awareness about the product through promotions and advertisements which composes the marketing mix of our company.

Marketing mix

Product

We are manufactured 100% vegetarian noodles in order to target the wide market in India as a lot of people in India have only veg. food we have further prepared a lot of flavours of our noodles in order to give variety to customer. We have further fragmented our target market on the basis of tastes of people, some of the prospective customers may like sweet dishes where as some among the people in our target market may like salty dishes whereas there are others who prefer classic noodles with masala. Therefore in order to cater to all the fragmented markets we are coming up with products for all of them in order to have maximum share of the market. Our product is easy to cook and is at a price which is providing consumer surplus to our customers, thereby we provide value for the worth spent by our customer. If u are not able to cook anything and you are alone, our product can be prepared as they are easy to cook and takes just 2 minutes.

The features which differentiate our products from that of our competitors are:

- Quality raw materials used
- It tastes great and is good for health
- Value for money
- Easy to cook
- Ready in 2 minutes
- Add anything you want (make your own recipe)
- 100% vegetarian
- Family packs at low prices

Product launch information

- There are three variants in our product: sweet, salty and classic
- Out of the variants sweet and classic would be introduced in Market in the first stage, that is in the first year or on introduction,.
- Salty would be introduced during the following year

Brand name of our product

Branding is all about creating differences between products by letting the consumer differentiate the similar products himself. In order to make a branding strategy successful and to create a brand value, consumers must be convinced there are meaningful differences among brands in the product or service category. The name of our noodles have been set in order to give the buyer a clear idea of the manufacturer, as we are having a good reputation in the market, our newly introduced products that are having a similar name of that of the company may generate huge sales in the initial stage of its launch. We have given brand name of our noodles as Amul classic noodles, Amul sweet noodles and after one year of our successful launch of our product we are going to launch Amul salty noodles, thus the

branding strategy which would be used gives corporate name combined with individual product name of the company.

Place/ Distribution:

Amul noodles will be set out for sale in India for the first year of its launch. During the first year of its launch we will plan for the various nations where the availability of our product will generate some demand by considering the values and needs in those countries. Further we are planning to launch our noodles in Asian nations in the second or third year of the launch of our product which will be determined by the market demand of our product in India.

Regarding the distribution channel of our product we already have an existing distribution channel where we sell our products to a distributor and then he further sells the products to a whole seller and then to retailer we have specified the margins separately for each of them, our existing channel of distribution is well established and cover almost all the parts of India. Therefore we would consider our existing distribution channel for our noodles so as to make our product available in the market in a very short period of time.

We can see from figure that Amul's distribution channel is simple and clear. The products move through three parties before it reaches to the final consumer. First of all the products are stored at the Agents or distributors and who are mere facilitators in the network. Then the products are sold to wholesale dealers, then they sell the same to retailers and then the product finally reaches the consumers.

Distribution Channel

Promotion

Objectives of Promotion Strategies

Before determining the promotion strategies, we need to be very clear about what are the objectives we need to achieve through promotion. Therefore we would first determine the objective behind the promotion of our product, this helps in devising a promotional strategy which is in line with its objectives.

The main objective for the promotion of our product is to generate sales, though the objective of promotion is also to some extent determined by our target market, therefore we would devise promotional campaigns that have an impact on the target market. Then we identify the channels for promotion which include various media for advertisement. Which include:

- Online Advertisement
- Television Advertisement
- Radio Advertisement
- Newspaper Advertisement
- Pamphlets
- Sign boards
- Posters
- catalogues
- Marketing Campaigns

Price

According to economic theories the price of a product determines its demand in the market, thus a firm should be able to visualise its demand for a

product before setting its price so as to set a price where it is at least able to reach its break-even point.

The different prices for our variants in noodles are set, although they have the same manufacturing costs involved.

We have set a price for our classic noodles equivalent to the price of noodles of current market leader in noodles i-e Maggi. We have set such a price to take a share in market of those customers who are loyal towards our brand Amul, and the pricing strategy in the future years will be determined by our relative share in the market.

Whereas for our Amul sweet noodles, we have set a high price in the initial stage as there is no availability of sweet noodles in the market and our product will be the first of its kind, so the people will be ready to pay higher price, consequently this can induce competition in the market, therefore we will have to revise the pricing strategy of our sweet noodles accordingly.

Determination of price

The Cost price is estimated at Rs 5 per 100gm per packet which includes cost of raw material, labour, duties excise , sales tax, transportation costs and cost of packaging and other indirect expenses including advertisements. The retail selling price (Mrp.) for the same will be set at Rs 9 for our classic noodles . The product will be sold to distributor at Rs 6 who will, after having the margin of 80 Paise sell it to whole seller at Rs 6. 80. the whole seller will inturn sell the same to retailer at 7. 50, and at last it can be purchased by the end consumer from retailer at Rs 9.

Whereas our sweet noodles will have Mrp. of Rs 15 per packet, This product will be sold to distributor at Rs10 who will, after having his margin sell it to the whole seller at Rs 11. 20, the whole seller will in turn sell the same to retailer at 13, and at last it can be purchased by the end consumer from retailer at Rs 15.

Implementation, evaluation and control

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