

# Competitive priorities of amul essay



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Definition of Operations Strategy: Operations strategy is the total patterns of decisions and actions which set the role, objectives and activities of the operation so that they contribute to, and support, the organization's business strategy. Operations strategy addresses very broad questions about how these major resources should be configured to achieve the desired corporate objectives. Some of the major long-term issues addressed in operations strategy include: \* How big to make the facilities? \* Where to locate the facilities? \* When to build additional facilities? \* What type of processes to install to make the products?

Definition of Competitive Advantage & Competitive Priorities Competitive advantage is term as the extra edge that a firm has over their industry peers (Reid and Sanders, 2005). The capability of a firm in managing their operation can be transform into their competitive advantage if there can identify and tap into their intangible resources. Competitive priorities represent the strategic emphasis that a firm places on certain performance measures and operational capabilities within a value chain. The key to developing a competitive OM strategy lies in understanding how to create value-added goods and services for customers.

Specifically value is added through the competitive priority or priorities that are selected to support a given strategy. There are five key competitive priorities that translate directly into characteristics that are used to describe various processes by which a company can add value to its OM decisions including: \* Cost \* Quality \* Delivery \* Flexibility \* Innovation COMPETITIVE PRIORITIES OF AMUL To be a market leader and stand above the competition are the goals of every business. As seen previously in manufacturing

strategy, Amul employs one of the best practices for the manufacturing of its goods.

It incorporates state-of-the-art technology, robust supply chain management, effective quality management and best labour practices. This has enabled Amul to become & remain the market leader in its segment. Amul has always managed to keep competition at bay by incorporating a mix of all the competitive priorities mentioned above. The following points will highlight how Amul analyses the market & competition effectively and manages to position the right product in the right market to remain as the market leader:

1) Cost: Amul is an organization run by milk producers themselves.

A huge network of milk farmers ensures them robust supply of milk. It means that Amul need not source its inputs from a third-party supplier, but they themselves own the supply chain of the inputs required. This leads to economies of scale, which reduces manufacturing cost as there is bulk purchase of inputs at low cost. This reduction in cost is passed on to the consumers, who get Amul products at relatively lower prices than the competitors. Price of Amul's products is, perhaps, the single most important determinant of its success. Also, Amul products are available in several sizes that fit all segments of the market.

A Amul product can be purchased by a consumer residing in a slum to a high-class chef managing a 5-star hotel kitchen. There is a low-cost butter available in 8 grams pack and there's a case of 30 packs of 500 grams each. The several package structures has brought in several price structures as well. The affordability and availability of Amul products has given it a huge

competitive advantage. 2) Quality: Amul products have a good amalgamation of being available at low prices with high quality. They follow world standard methods like Total Quality Management in their operations.

Right from the supply side where they adopt practices like Kaizen to ensure the quality of the milk in terms of acidity and its sourness. The processing meets the AGMARK standard and BIS Specifications No. IS: 13690: 1992 which gives a testimony to their quality measures. All these proactive initiatives gives them a firm foundation to build over in order to pursue their marketing policies. 3) Delivery: Amul has over 47 Sales Offices and a dealer network of 5000 dealers and 10 lakh retailers, one of the largest such networks in India. With a robust supply chain management, Amul's products are always available in the market.

They also manage to get prime position in retail shops and malls and their visibility is immense. They apply several time-reduction techniques in their production by usage of state-of-the-art production facilities & technology. The supply chain is vast and well connected. There is lesser hold time in warehouses and all efforts are taken to reach the final consumers in the quickest time. Therefore, the supply chain management of both getting the inputs and delivering the outputs has raised Amul at the highest position in their segment of operation. ) Flexibility: As discussed above in cost priority, Amul indulges in mass customization so that its products are available in several sizes with different prices that fit all segments of the market. Since health consciousness is gaining momentum in our country as well, Amul reacted to it with the introduction of new products in its line- Amul Lite which offers a low fat butter, and Amul Delicious which is a no cholesterol table

margarine( a substitute for butter). This gives them a wider reach to the new found segment of health aware target group.

Amul products are also available for several other purposes as well. There is a list of value additions that can be derived through any Amul product. Amul Butter can be used as a spread, or as a topping, or as an active Ingredient in Biscuits, Cakes, Breads, or as a Cooking Medium for thousands of delightful recipes. It is a product that is available for a slum dweller to a chef in a 5-star hotel. 5) Innovation: AMUL Butter's product advantage is not only restricted to the superior quality that it has, but also the constant innovation that they undergo in their manufacturing, storage & packaging.

By replacing traditional methods of manufacturing milk products, Amul has innovated the whole process of manufacturing by incorporating state-of-the-art technological facilities & machinery. With this ability, Amul products are high in quality and low in prices. CONCLUSION As seen above, Amul's competitive advantage lies in their ability of incorporating a mixture of all the competitive priorities. Due to these factors, Amul has managed to capture 86% of the market share of milk products in India. It is the reigning champion in its market segment and the nearest competitor has to do a lot to catch up.