

# Analysis of marketing mix



**ASSIGN  
BUSTER**

We took up Amul Ice Cream as a product for our study and analysis. The project basic objective was to acquire a deeper understanding of the product and apply the concepts related to marketing mix, 4P's of marketing and the consumer behavior as learnt in the course.

The project was studied in three parts:

- Marketing mix of Amul Ice cream
- Study of the consumer behavior with the help of a structured questionnaire
- Marketing mix of two main competitors; Kwality Wall's and Mother Dairy, suggestions and foresight about Amul Ice Creams

In the first part, we studied the marketing mix of Amul ice cream which was further divided into four parts: Product, Price, Place and Promotion.

## **MAIN CONTENTS**

Note: all corrections/additions/reasons in lieu of corrections are done below the remarks itself.

### **SESSION 1**

#### **Marketing Mix of Amul Ice cream**

Amul Ice Cream was launched on 10th March, 1996 in Gujarat. It was launched on the platform of ' Real Milk. Real Ice Cream' given that it is a milk company and the wholesomeness of its products gives it a competitive advantage.

In 1997, Amul ice creams entered Mumbai followed by Chennai in 1998 and Kolkata and Delhi in 2002. Nationally it was rolled out across the country in 1999.

It has combated competition from the established players like Walls, Mother Dairy and achieved the No 1 position in the country. This position was achieved in 2001 and it has continued to remain at the top.

Today the market share of Amul ice cream is 38% as against the 9% market share of HLL, thus making it 4 times larger than its closest competitor.

### **Product**

Amul has added a vast variety of flavours to its ever growing range. Currently it offers a selection of 220 products. Amul has always brought newness in its products and the same applies for ice creams.

The broad heads under which Amul markets its ice creams are as follows:

- Royal treat range (rajbhog, cappuccino, chocochips, butterscotch, tutti frutti)
- Nut-o-mania range (kaju draksh, kesar pista, roasted almond, kesar carnival, badshahi badam kulfi, shista pista kulfi)
- Utsav range (anjir, roasted almond)
- Simply delicious range (vanilla, strawberry, pineapple, rose, chocolate)
- Nature's treat (alphonso mango, fresh litchi, anjir, fresh strawberry, black current)
- Sundae range (mango, black current, chocolate, strawberry)
- Millennium ice cream (cheese with almonds, dates with honey)
- Milk bars (chocobar, mango dolly, raspberry dolly, shahi badam kulfi, shahi pista kulfi, mawa malai kulfi cream, green pista kulfi)
- Cool candies (orange, mango), Cassatta, Tricone cones (butterscotch, chocolate), megabite-almond cone), Frostik – 3 layer chocolate bar,

Fundoo range – exclusively for kids, Slimscoop fat free frozen dessert (vanilla, banana, mango, pineapple), Health Isabcool

In January 2007, Amul introduced SUGAR FREE & ProLife Probiotic Wellness Ice Cream, which was a first in India. This range of SUGAR FREE, LOW FAT Diabetic Delight & ProLife Probiotic Wellness Ice Cream is created for the health conscious.

### **Price**

Amul has managed to stay ahead of its competitors by providing quality products at competitive prices, maximizing customer value. Amul followed the penetration pricing strategy and entered the market with prices much less than the leader in the market “kwaality Walls”. This helped Amul in achieving great success at the start. Amul also captured a lot of the lower end untapped market due to its pricing strategy and gradually acquired a market share of 12-15% in the first few years. The pricing has been a major advantage of the brand. Following Amul, other players lowered their prices consequent to which Amul now follows a competitive pricing as its major strategy.

Range of price – minimum and maximum?

Amul frostiks start from Rs 10 and go upto Rs. 20. The prolife pro-biotic icecream is priced at Rs. 15 for 125 ml. the super saver take away packs start from as low as Rs. 110 for 2 litre whereas catering the higher end, exotica range starts from Rs. 120 per litre brick and extends upto Rs. 160 for different flavours.

**Place**

Ice cream, being a perishable item, it is very important to have a good distribution channel. Amul's head office is at Anand. The entire market is divided into 5 zones. The zonal offices are located at Ahmadabad, Mumbai, New Delhi, Kolkata and Chennai. Moreover there are 49 Depots located across the country and Amul caters to 13 Export markets also.

Amul follows four marketing channels to distribute its ice creams.

- Level Zero also called direct marketing channel consists of a manufacturer selling directly to the final customers how?
- Amul has entered into direct retailing through “ Amul Utterly Delicious” parlours created in major cities Ahmedabad, Bangalore, Baroda, Delhi, Mumbai, Hyderabad and Surat. These parlours surpass the regular softy and ice-cream scoop offering joints in terms of popularity and look set to give the more established ice cream brands in the cities a run for their money. In these parlours, icecream is stored and transported in a frozen condition (- 28o centigrade or below). They also keep frozen pizzas and frozen paneer.
- Level One contains one selling intermediary such as retailer to the final customers
- Level Two has two intermediaries typically distributor and the retailer
- Level Three comprises the distributor, retailer with the jobber in between

**Promotion**

Amul doesn't follow an aggressive marketing strategy for its ice creams. In the beginning, TV commercials for products such as amul tricone, real milk ice cream, frostik and premium ice cream were seen frequently. However these commercials cannot be spotted now. Instead the company prefers a more direct approach to sales promotion strategy. Offers such as super saver packs, one plus one and the likes are often given to lure the consumers into buying. Apart from these, Amul Company as a whole with its advertising partner FCB-ULKA puts up its hoardings which are famous for their satirical take on current happenings, for its complete basket of products including ice cream.

The main reason for Amul retaining its dominant position in the market despite a conservative marketing strategy is because all the market players in this product category follow the same kind of strategy, i. e. minimal exposure to electronic media and high on sales promotion technique. In such a scenario Amul has been successful in creating a niche for itself.

Amul's entry into ice creams is regarded as successful due to the large market share it was able to capture within a short period of time. The differential pricing, quality of products and of course, the brand name made this possible.

**SESSION 2****Consumer Buying Behavior**

We studied the marketing mix of Amul ice creams. Now we'll study and analyze the behavior in terms of consumer's decision making process and

factors affecting their buying behavior. Consumer behavior is how individuals, groups, and organizations select, buy, use and dispose of goods, services and ideas to satisfy their needs and wants. Consumer passes through five stages in buying a product:

1. Need Identification
2. Information Search
3. Evaluation of Alternatives
4. Purchase of Product
5. After Sales Service

Consumers don't always pass through all the above stages while making a purchase. For many of products (mostly perishable), the kind of involvement in the buying process is low. Consumers tend to do a lot of brand switching for the sake of variety and novelty. While buying a regular brand of ice cream, one goes directly from the need for ice-cream to the purchase decision skipping information search and evaluation. Even if they are present, the time given to each of these is negligible as compared to other stages. This is very important part of consumer buying behavior which in turn affects the factors affecting the consumer behavior. If one is loyal to one brand he will repeatedly purchase that brand and flavor. However if one doesn't find that product, he is very likely to switch to other available brands without much effort and may start liking it.

**Factors affecting the consumer behavior:**

Various types of factors which affect the consumer behavior and lead them towards a particular ice-cream brand are as follows:

- Product specifications, variety, price range, promotion strategies, and availability of product (which forms an integral part in case of variety seeking products)
- Reference groups (family, friends , media etc) and their effect on choices
- Knowledge of other brands existing in the market and their positioning in the minds of the consumers
- Demographics – age, gender, income group
- Situational – occasions where a consumer buys a product
- Involvement in buying the product in terms of frequency of purchase

**Studying the consumer behavior:**

In the survey conducted, (sample size= 60) we'll first do a general analysis studying the market and Amul ice-cream's position in it. In second part of the analysis, we'll see how different age groups may behave differently in consuming ice cream.

**Methodology:**

Samples for the study consisted of people from the age group of 18-40.

Samples were taken randomly where a structured questionnaire was mailed to the people and their responses recorded. The questionnaire had the following dimensions:

- Demographics of the respondents such as age, income group, occupation, gender
- Knowledge/awareness about the various brands available in the market
- Frequency of purchase of ice cream,

- place of purchase,
- price preferences,
- reference groups,
- Favorite brands vis-à-vis Amul in terms of ratings on the features of the product.

**Sample size:**

60 respondents from the target population were approached to fill in the questionnaire.

**Result and discussion:**

The decision in buying ice cream is influenced by many factors such as taste, availability, pricing, packaging, variety of the product, occasions and mood and so on.

Results of the data analysis will be studied in two parts:

1. An overall analysis of all the factors.
2. A comparative analysis of the age groups to analyze the difference in their behavior due to different age.

**Overall analysis:****Demographics of the respondents:**

Data was collected with respect to four demographics of the sample; age, gender, income groups and occupation. Based on the analysis, it was observed that 68% of respondents were in the age group 18-24 and 32% in the age group 25-40. One third of the respondents were females. More than 50% of the samples were students owing to which the income range of less

than 50000 Rs. bears the highest percentage in the income distribution. The following pie charts show the age, and income group distribution of the sample:

Consumer behavior with respect to frequency of purchase and the occasions/moods leading the buying towards buying ice creams:

The frequency of purchasing of ice creams is high. 7% and 35% of the respondents buy ice cream on a daily and weekly basis respectively. This implies that buying frequency for ice creams is fairly high. This influences the level of involvement in looking for the alternatives each time the buyer consumes an ice-cream. The consumer is more or less habitual own interpretation? in purchasing the ice cream due to which the 2 steps in buying behavior become redundant as already mentioned earlier.

By habitual, we mean routine to be more precise. This can be seen in the following pie-chart which shows the frequency of purchase. Restating the data, 7% of the respondents are buying on a daily basis and 35% are doing so weekly.

In terms of mood in buying, people generally buy ice-cream without any reason when buying very frequently. If they buy occasionally then the occasions on which buying is carried out on the occasions as given below:

The samples are equally distributed over the occasions such as birthday, marriage, family outing, hanging out with friends, or part with the % of people consuming it with friends dominating the others.

As far as choosing the flavor/brand of ice-cream is concerned, over 93% choose the flavor/brand themselves. It can be inferred that the influence of family and friends in choosing the ice-cream is very low and people go by their own choices while buying it. 5% of the people eat ice-cream flavors as decided by the family which may be the case when one is buying bricks of ice-cream. Rest 2% constitutes people who go by the friends' choice in choosing the flavor/brand.

**Place of purchase and importance attached to packaging:**

More than 50% of the consumers buy ice cream from the corner shop of their colony. It signifies the importance of distribution channels and the kind of availability they need to have to maintain to create a position in the market. If they go out of stock they are at the risk of losing their customers to other competitors. The data infers that availability of Ice-creams are high in round the corner shop and Super markets whereas Malls may afford to go loose on all time availability. Regarding the packaging, 93% place importance on the packaging of the ice-cream which again makes it important for the brands to have a very attractive packaging in order to attract the consumers.

**Factors forming an important consideration for trying a new product/flavor:**

There are various factors which lead to trying out a new product launched in the market and make repeated purchases. The following pie diagram shows the constitution of various factors that may lead to trying out and repeated a new flavor, brand or product:

It can be seen that taste forms the most important factor leading to buying of ice cream which is placed higher than the brand name also. It

reemphasizes the fact that brand name of the ice-cream is not the most important. If the consumer likes the taste of other product, one may shift to the other brand. The 2nd most important factor is advertising. Ice-cream brands are generally low on their promotional strategies. However the importance of advertising with consumers is easily visible in the survey. For one fourth of the people, advertising is the force which leads them towards an ice-cream product. Most of the advertising for Ice-creams comes through billboards and hoardings and here Amul as a brand scores over others as the brand awareness of Amul is one the best. 2. Comparison of consumer's favorite ice-cream and Amul ice-cream on various attributes: We asked our sample to rate their favorite ice-cream vis a vis Amul ice-cream on various attributes such as taste, packaging, price, variety and availability on a scale of 5 where 1 was the worst and 5 was the best (out of total samples 13 rated Amul as their favorite ice-cream also which is roughly 21% of the total samples). A comparative chart of the same is given below:

**Studying the parameters:**

Taste: People rate their favorite ice-cream as approx 3. 7 (average of all the samples collected) whereas rate the Amul ice-cream as approx. 3. 1. And as we saw that taste is the most important factor in determining the choice of consumers, how you can conclude this? Graph shows that Amul ice cream is lagging behind in this attribute to quite a large extent as compared to other factors.

In the previous question, we had asked the consumers about the factors which would lead them to try out a new product/flavour/brand. The response was in favour of “ taste” with over 50% of the respondents going for the <https://assignbuster.com/analysis-of-marketing-mix/>

same. We took five parameters in that question and we've taken the same in the rating scale also. So using the data from above, we've concluded that from these five factors, taste is the highest influence in making the choice for ice cream.

**Packaging:** Favorite ice-cream stands at an average of approx 3.4 as against Amul ice cream which stands at 2.9. The company needs to work on its packaging also in order to attract the consumers.

**Price:** Amul ice cream fares slightly better than the consumers favorite ice-cream. This is obvious as Amul is known for its lower range products.

Kwality-walls among the other brands are known for slightly higher prices. Amul has been doing well on this front.

**Variety:** Favorite ice-cream is rated at 3.4 Vis a Vis Amul rated at 2.8 on this parameter. Though Amul offers a wide range of products, but maybe people are not aware about the variety of the Amul ice-creams. Amul needs to create awareness among the consumers on this front.

**Availability:** On the parameter of availability, people rate their favorite ice-cream as approx. 3.4 and Amul as 2.9. Amul has to ensure that it never goes out of stock due to the nature of buying behavior of the product.

**Awareness about other brands existing in the market:**

People are well aware about the brands in the market. Among the top 3 brands mentioned by the consumers, Amul and Kwality-walls feature the most among the two. For the 1st preference, Kwality-walls overtake the awareness whereas for the 2nd choice Kwality-walls and Amul stand at an

equal rating. This is important from the point of view of Amul as the people who are variety seeking will switch over easily to the other brands if they are not happy with Amul.

Among the brands that are well known to the customers, Amul, Kwality-walls and mother dairy are the most sought after brands. Other than these regulars brands, there are other brands such as Vadilal, havmor, Baskin Robbins, creambell, and others which constitute a small share in the market in terms of awareness level.

**Analysis with taking age, income (demographics) as the distinguishing factors:**

For analyzing the difference in factors leading to buying behavior due to difference in age, we have already divided the samples into 2 age groups 18-24 and 24-40 years.

**Frequency of purchase:**

Following is a chart depicting the total sample of people on the parameter of frequency of purchase divided age wise:

It is clearly visible that 18-24 years consume ice-cream more frequently than the people in the age group of 25-40 years. 57% of people in the age group of 25-40 consume ice-cream occasionally which is only 31% in the case of the lower age group. On the other hand, the combined % of people consuming ice-cream on a weekly or daily basis for 24-40 year age group is only 25% as against 48% in case of 18-24 year olds with weekly consumption leading for the same.

Factors consuming new ice cream product, brand or flavor:

<https://assignbuster.com/analysis-of-marketing-mix/>

It can be observed from the above table that number of people preferring taste is much higher in case of 18-24 year olds. Also people in the age group of 24-40 years don't consider packaging or cheaper price as a leading factor while considering a new product. This is an important observation as Amul mainly sells on the lower price strategy. If it is offering a lower priced product, it needs to work on packaging as large numbers of people give importance to packaging in this group (also shown in the following chat). However it may or may not work so much on packaging if it is introducing a new product/flavor in the higher end markets.

**Willingness to buy sugar free ice cream at a higher price:**

To determine the level of health consciousness of the people and their willingness to buy the ice cream at a higher price if available, the data was collected, representation of which is given below:

70% of the people were not willing to buy the sugar free ice-cream at a higher price. This can be due to 2 factors: always better to ask from the respondents

1. people are less health conscious
2. people are price sensitive

The options given to determine the same would not have been exhaustive. Possible the open-ended question wouldn't have been of much use. But yes, it is certainly better to ask from the respondents and due care would be taken next time.

To further judge this, we distributed this data age wise to which how many people in which age group are willing to buy the ice-cream at a higher price.

The representation of the findings is given below:

In case of people in the age 25-40 years, over 42% of the people are willing to buy the sugar free ice cream if available at a higher price. However this falls to 32%

In case of the age group 18-24 years. This can be again attributed to 2 factors:

People in the lower age group are less health conscious or they are earning less so they are price sensitive or both. People in the higher age group are more health conscious or they are earning more so they can afford higher prices.

Miscellaneous remarks about Amul ice creams: (optional in the survey)

- Amul is my favorite brand but more chocolate varieties are possible using different caramels and nuts.
- It's like since childhood I have an image that Kwality Walls is the best ice cream. Amul and Mother Dairy are my second best.
- They should come out with some good advertising campaigns for their ice creams and should really try out the social media to market their brand.
- It is good, but sometimes some flavors are out of market, especially mango flavor.

- The Amul ice cream should be readily available and the variety should be more. Also the marketing is very poor we do not see much.
- Amul seems to be a brand for common men – the middle class, very well placed to cater to middle class people – the biggest chunk of Indian population...although not very popular among the higher class

These remarks about Amul ice cream highlight the fact that we have been saying all throughout our analysis. The variety in some products of Amul is not at par with the other brands or the needs of the consumers. The availability is on a lower side due to which some of the samples complained of the brand getting out of stock. Also the level of awareness of the ice creams of Amul among the consumers is very less due to which it suffers a lot. Amul needs to go aggressive on its promotion strategies so that it can expand its market share and perform well.

### **Conclusion:**

From the above survey, we can conclude that major factors affecting Consumer behavior are Taste, Price, Packaging, Brand Perception and occasion. As Ice-cream is a variety seeking product, therefore the availability of Amul Ice-cream has a major impact on the actual consumption by the consumers and since Amul is very close to the market leader Kwality-walls. It has to take care of availability especially at round the corner stores and super markets where the sales of Ice-cream are maximum.

Taste is considered the most important factor in determining the consumer behavior as per the survey. Amul Ice-cream is lagging behind in “Taste” as per the consumer perception when compared to Market leader.

Attitude of the consumer is favorable towards Amul Ice cream and this can be seen through the comparative analysis of different brands in the market. Part of it can be attributed to Amul's brand perception across all the product categories countrywide.

There is no significant difference in behavior towards purchasing Ice cream based on gender but the younger age group prefers to eat ice cream more than their older counterparts. Since most of the younger age group also falls in relatively lower income group, this shows the higher consumption trends by low income group in survey.