

Comparative Marketing Mix Analysis of Dairy Products: Implications for Market Competitiveness

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ABSTRACT

This study compares the marketing mix tactics of two large dairy brands in India, Nandini and Amul, with a focus on market competitiveness. This research tries to discover how these organisations differentiate themselves in a highly competitive dairy industry by analysing the four Ps (product, price, place, and promotion). This study uses both qualitative and quantitative research methods, with a strong emphasis on quantitative approaches. The research uses statistical analysis and numerical tools to identify patterns and significance in client preferences and actions. The key quantitative methodologies are quasi-experimental, descriptive, correlational, and causal-comparative studies. The study reveals strong customer preference for Nandini products, particularly milk, with 88% favouring these offerings. Amul products also enjoy popularity, notably paneer, preferred by 40% of respondents. Daily milk purchases are predominant, accounting for 80% of consumer habits. Despite a significant portion (53.3%) of customers not planning their shopping, advertisements prove effective for both Nandini (46.7%) and Amul (46.7%). Affordability concerns are prominent among 78.7% of respondents, yet satisfaction rates are moderate, with 64% satisfied with Nandini and 65.3% with Amul. Low brand loyalty is observed, as 77.3% of customers are open to purchasing either brand. Notably, 69.3% perceive Nandini as cost-effective.

Keywords: Marketing Mix, Market Competitiveness, Quantitative Research, Pricing, Brand Loyalty

INTRODUCTION

The milk industry in India is a significant sector of the economy, contributing substantially to agricultural GDP and rural employment. India is the largest producer of milk globally, thanks to its vast bovine population and a well-structured dairy cooperative network. Karnataka, one of the prominent states in India, plays a crucial role in the country's dairy industry. This background study delves into the historical evolution, current status, and future prospects of the milk industry in India and Karnataka, with a focus on key literature sources.

The dairy industry is an important vocation for farmers, with nearly 75% of the Indian people dependent on agriculture, which acts as the country's backbone.

There is a strong link between India's dairy sector and its agriculture business. Before independence, the dairy business received little attention. In 1886, the British Department of Defence developed dairy farms in Allahabad to provide milk to British troops. William Smith, an expert in dairy farming, made significant efforts to increase milk output in 1920. Discrimination during this time led to the establishment of India's first milk union, the Lucknow Milk Producers Co-operative Union Ltd., in 1973.

In 1946, AMUL (Anand Milk Union Ltd.) was established in Gujarat with the goal of improving peasants' economic stability. Prime Minister Lal Bahadur Shastri's visit to AMUL highlighted the organisation's social service function in promoting villagers' well-

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being and integrating them into the national economic system. Karnataka initiated an integrated project in 1974, inspired by AMUL's cooperative ideals, with the goal of restructuring and revitalising the dairy industry.

BACKGROUND OF THE STUDY

The Indian dairy industry has a rich history, marked by significant milestones such as the launch of Operation Flood in 1970. Spearheaded by the National Dairy Development Board (NDDB), Operation Flood transformed India from a milk-deficient nation to the world's largest milk producer. This initiative emphasised cooperative structures, resulting in the establishment of the Gujarat Cooperative Milk Marketing Federation (GCMMF), famously known as Amul, which became a model for dairy development across the country (Shah, 1996). Karnataka's dairy sector witnessed a similar transformation post-Operation Flood. The Karnataka Milk Federation (KMF), established in 1974, adopted cooperative principles to enhance milk production, processing, and marketing. The success of KMF's flagship brand, Nandini, mirrors the success of Amul, contributing significantly to rural income and nutrition (Kumar & Mishra, 2012).

India's milk production stood at approximately 210 million tonnes in 2021, accounting for 22% of the global milk production (FAO, 2021). The cooperative model remains pivotal, with over 15 million dairy farmers linked to around 190 milk unions across the country (NDDB, 2021). This network ensures a stable income for farmers, fosters rural development and supports nutritional security. Karnataka ranks among the top milk-producing states in India, contributing around 7% to the national milk pool. The state produced approximately 8.4 million tonnes of milk in 2021 (Department of Animal Husbandry & Dairying, 2021). The Karnataka Cooperative Milk Producers Federation (KMF) manages around 14,000 dairy cooperative societies, with over 2.3 million members, reflecting a robust cooperative framework (KMF, 2021). In Karnataka, the focus is on sustainable dairy farming practices, digitalisation of dairy operations, and enhancing the export potential of dairy products (KMF, 2021). With a strategic approach to addressing challenges and leveraging opportunities, the dairy industry in India and Karnataka is poised for sustained growth and contribution to economic development (Hiremath et al.,

2022; Panda et al., 2023).

CONSUMER BEHAVIOUR IN DAIRY INDUSTRY

Consumer behaviour in the dairy industry is influenced by various factors that shape purchasing decisions and brand preferences. Research indicates that consumer choices are often guided by factors such as product quality, pricing, brand reputation, and health considerations (Smith & Sparks, 2009; Sharma & Bharadwaj, 2020). For instance, consumers tend to prioritise freshness and purity in dairy products, leading them to prefer brands known for their quality assurance and adherence to safety standards (Sharma & Bharadwaj, 2020). Pricing strategies also play a crucial role, with competitive pricing and perceived value influencing purchase decisions (Shukla & Singh, 2018). Additionally, consumer perceptions of health benefits associated with dairy consumption, such as nutritional value and natural ingredients, impact brand loyalty and consumption patterns (Smith & Sparks, 2009). Marketing efforts, including advertising and promotional activities, further shape consumer perceptions and influence brand choices in this competitive market (Shukla & Singh, 2018).

Understanding consumer behaviour in the dairy industry is essential for companies to develop effective marketing strategies and product innovations that align with consumer preferences and expectations (Hiremath & Prashantha, 2018; Hiremath, Suvarna et al., 2022). By focussing on factors like quality, pricing, health benefits, and effective marketing, dairy companies can enhance customer satisfaction and loyalty, ultimately driving growth and competitive advantage in the marketplace (Hiremath & Chittaranjan, 2018).

EVOLUTION OF THE DAIRY INDUSTRY

The Karnataka Milk Federation, or KMF, is one of the greatest and most effective organisations representing dairy producers in the State of Karnataka. The Karnataka Dairy Development Corporation (KDDC), a company founded in 1975, carried out the Dairy Development Projects funded by the World Bank. The company expanded swiftly, and in 1984 the KMF, an apex cooperative entity was born as it distributed the newly discovered rural economic activity of dairy throughout

the State. It carried out the many aspects of dairy activity organisation and covered the entire State with 13 District Co-operative Milk Unions. The entire system was redesigned using the now-famous “ANAND” pattern of cooperative societies. In eight southern Karnataka districts, 1800 dairy cooperative societies, four milk unions, and processing facilities with a daily capacity of 6.5 lakh pounds of milk were initially intended to be established by 1984.

Nandini offers a range of prominent dairy products known for their quality and taste. Nandini Toned Milk, with a fat content of 3.0% and 8.5% SNF, is available in convenient 500 ml and 1 liter packets, ensuring freshness and accessibility. Good Life provides pure cow’s milk processed using UHT technology, packaged in tamper-proof Tetra-packs that maintain freshness for up to 60 days without refrigeration until opened, and offered in 500 ml Tetra packs and 200 ml brick packs. Nandini Ghee, made from pure butter, is prized for its purity and delightful flavour, hygienically packed in 200 ml, 500 ml, and 1000 ml sachets with a shelf life of six months under ambient conditions. Similarly, Nandini Curds are crafted with the same purity, available in various sizes including 200 ml, 500 ml, and 1000 ml sachets, as well as larger packs, ensuring freshness for six months. Nandini Butter, made from fresh, pasteurised cream, is renowned for its rich texture and flavour, enhancing culinary creations in 100 gms (salted), 200 gms, and 500 gms sizes in both salted and unsalted versions. Finally, Nandini Dharwad Peda, a specialty of the Dharwad Milk Union, stands out for its premium quality and unique taste, available exclusively at ₹286 per kg, reflecting its local tradition and craftsmanship.

Amul offers a diverse array of renowned dairy products cherished for their quality and flavour. Amul Milk, a staple, comes in variants like full cream, toned, and double-toned, providing essential nutrition in convenient packaging sizes. Amul Butter is celebrated for its creamy texture and rich taste, made from pure cream and available in salted and unsalted varieties, catering to different culinary preferences in sizes ranging from 100 g to 500 g. Amul Ghee, prepared from pure butter, offers a distinct aroma and flavour, packaged in sizes including 200 ml, 500 ml, and 1 liter, with a shelf life suitable for ambient storage conditions. Amul Cheese, available in a variety of types such as processed cheese slices, blocks, and spreads, is favoured for its consistent quality and versatility in

cooking and snacking. Amul Ice Cream, known for its wide range of flavours and creamy texture, is a favourite dessert option across age groups, offering indulgence in cups, cones, and family packs. These products showcase Amul’s commitment to quality and innovation, catering to diverse consumer preferences across India and beyond.

SCOPE OF THE STUDY

The pricing competitive analysis is a summary of business strategy and its relationship to the competition. The goal of pricing competitive analysis is to identify the strengths and weaknesses of competitors in your market, methods that will give you a distinct advantage, and barriers that can be built to prevent competition from entering the development cycle.

Objectives of the Study

The objectives of this research are threefold: firstly, to comprehensively understand the marketing mix employed by Nandini milk; secondly, to analyse Nandini’s pricing strategy in comparison to its competitors; and thirdly, to conduct a competitive analysis focused on promotion and pricing strategies.

TYPES OF RESEARCH

This study adopts a descriptive research approach, which involves employing various fact-finding techniques, including surveys, to characterise current circumstances. Descriptive research, also known as ex post facto research, is used by researchers to uncover features, frequencies, and patterns within a given context. This methodology is particularly effective in providing insights into the present state of affairs regarding Nandini’s marketing and pricing strategies relative to its market competitors.

DATA COLLECTION TOOLS

We employed structured questionnaires using Google Forms to gather systematic feedback for this study. Our approach utilised the descriptive research method, which blends quantitative and qualitative techniques to provide precise insights. A total of 76 responses were collected through simple random sampling, analysed using descriptive statistics and Google Forms response analysis tools, and evaluated on a 5-point Likert scale.

Primary data was sourced from a structured questionnaire distributed to customer using Nandini and Amul products. Secondary data encompassed internal company publications, published articles, and online resources accessed through the internet. Our sampling plan ensured the data collected was representative of the target group, employing a strategic framework to guide the research process effectively. This approach aimed to validate the accuracy and reliability of our findings within the dairy industry context.

The sampling frame was designed to include consumers of dairy products, while the sampling unit specifically targeted individual consumers. This structured methodology facilitated comprehensive data collection and analysis, essential for drawing meaningful conclusions and insights relevant to the research objectives.

DATA ANALYSIS AND INTERPRETATION

To understand customer preferences for Nandini products, a descriptive analysis was conducted using data collected through Google Forms. The analysis of the collected data is as follows:

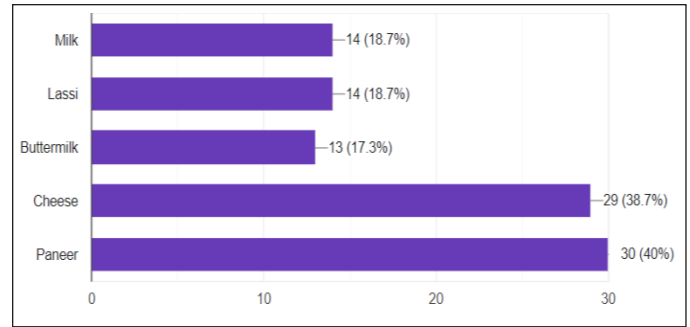


Fig. 2: Customer Preference of Amul Products

Fig. 2 indicates that most customers purchase Amul products, with Paneer being the most preferred at 40% cheese follows closely at 38%, while milk and lassi is chosen by 18% of customers.

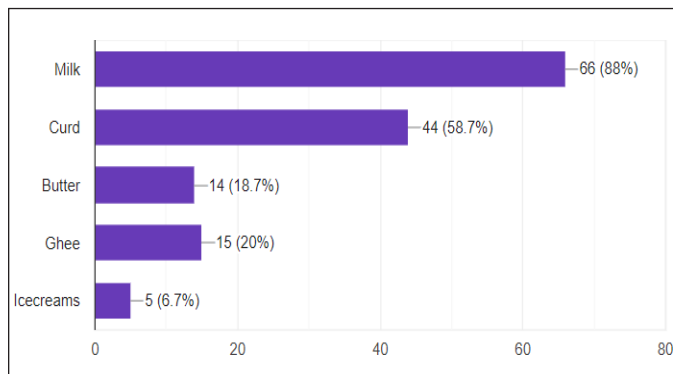


Fig. 1: Customer Preferences of Nandini Products

The data in Fig. 1 indicates a strong preference for Nandini milk among customers, with 88% of respondents choosing this product. Other popular Nandini products include curd, butter, and ghee, with preference rates of 58.7%, 28.7%, and 20%, respectively. Ice cream is the least preferred, with only 6% of customers selecting it.

This analysis reveals that milk is the most favoured product among Nandini’s offerings, followed by curd, butter, and ghee. The lower preference for ice cream suggests potential areas for marketing and product development to enhance its appeal to customers.

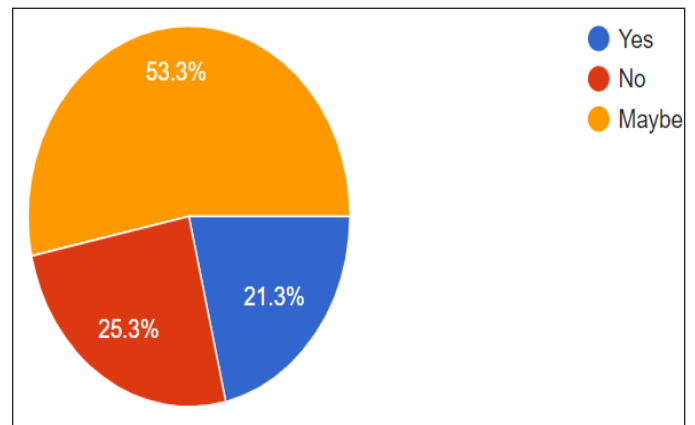


Fig. 3: Customer Purchase Behaviour

The data in Fig. 3 shows that most customers do not plan in advance to purchase Nandini products when shopping. Specifically, 53.3% of customers do not plan in advance, while 25% plan their purchases before shopping. Another 21% decide to purchase Nandini products while shopping.

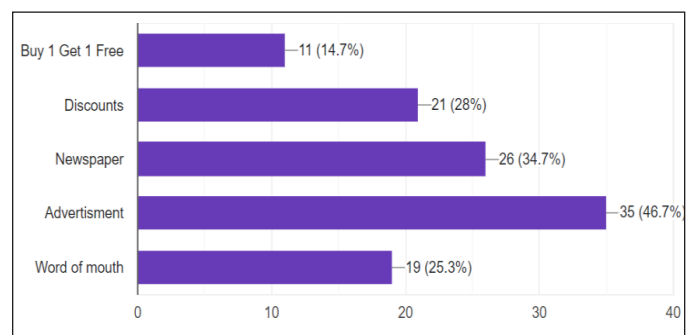


Fig. 4. Promotional Activities of Nandini

The data in Fig. 4 indicates that a significant number of customers have noticed various promotional activities for Nandini products. Specifically, 46.7% of customers have seen advertisements, while 34.7% have encountered promotions through newspapers. Additionally, 28% of customers have noticed discounts, 25.3% have heard about Nandini products through word of mouth, and 14.7% have been attracted by “buy one, get one free” offers.

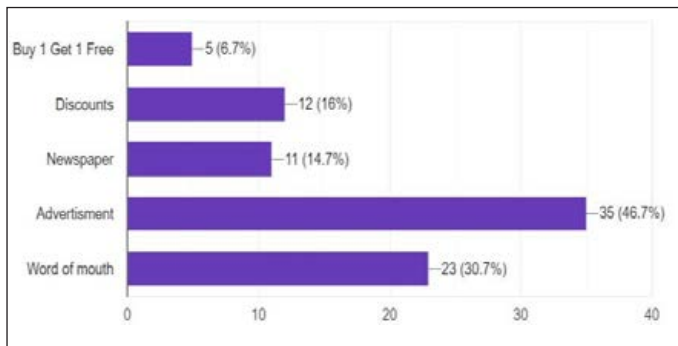


Fig. 5: Promotional Activities of Amul

The data indicates in Fig. 5 that a significant number of customers have noticed various promotional activities for Amul products. Specifically, 46.7% of customers have seen advertisements, while 30.7% have heard about Amul products through word of mouth. Additionally, 16% of customers have noticed discounts, 14.7% have encountered promotions through newspapers, and 6.7% have been attracted by “buy one, get one free” offers.

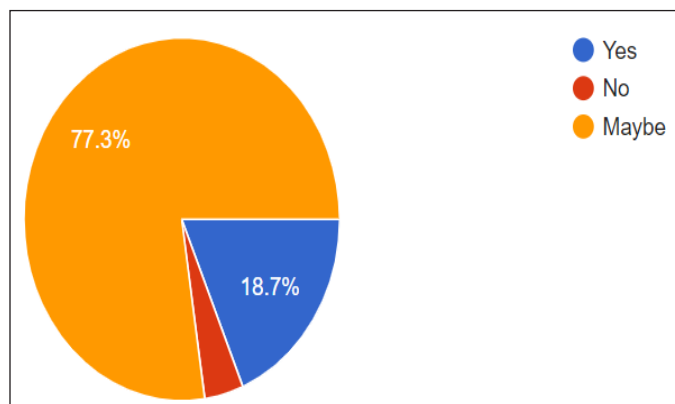


Fig. 6: Preference of Amul Products Over Nandini

The data in Fig. 6 indicates that when Nandini products are unavailable, 77.3% of customers are open to purchasing either Nandini or Amul products interchangeably. Specifically, 18.9% of customers prefer to purchase Amul

products, while 9% of customers are not inclined to buy Amul products if Nandini products are not available.

FINDINGS

Most customers show a preference for Nandini products, with 88% choosing them, particularly favouring milk, along with curd, butter, ghee, and ice cream, which also enjoy substantial sales percentages. Daily milk purchases are preferred by 80% of customers, while 8% opt for occasional purchases. In terms of shopping habits, 53.3% do not plan their purchases in advance. Advertisements for both Nandini and Amul products reach a majority of customers, complemented by other effective promotional methods. Affordability is a concern for 78.7% of customers, though 17.3% find Nandini more affordable. Satisfaction rates are noteworthy for both brands, with 64% satisfied with Nandini and 65.3% with Amul. However, brand loyalty appears to be low, as 77.3% of customers are open to purchasing either brand. Nandini is perceived as cost-effective by 69.3% of customers, although 18.7% consider it less cost-effective. These statistics collectively offer valuable insights into customer preferences, behaviours, and perceptions regarding Nandini and Amul products.

IMPLICATIONS

Based on the conclusions drawn from the research findings, several strategic guidelines emerge for Nandini and Amul to enhance their market position and better meet customer expectations. Firstly, ensuring the consistent availability and high quality of Nandini milk and Amul paneer is essential, given their popularity among customers. Secondly, both brands should continue investing in advertising, as it has proven influential in boosting customer awareness and driving sales; expanding advertising efforts across diverse platforms could further amplify their reach. Thirdly, optimising promotional activities such as newspaper ads, discounts, and leveraging word of mouth remains crucial for maintaining customer engagement and loyalty. Additionally, recognising customer preferences for specific items like curd, cheese, and butter suggests opportunities for product line expansions or variations to cater to diverse consumer needs effectively. Lastly, capitalising on the perception of affordability among Nandini customers presents an opportunity for the

brand to emphasise its value proposition compared to competitors, thereby reinforcing customer trust and satisfaction. These strategic guidelines aim to leverage consumer insights to strengthen market presence, enhance customer satisfaction, and foster sustainable growth for Nandini and Amul in the competitive dairy products sector.

LIMITATIONS OF THE STUDY

Several limitations should be considered when interpreting the findings of this study. Firstly, there is potential bias towards customers already familiar with or favouring Nandini or Amul products, which could influence the generalisability of the results to the broader population. Secondly, the survey might have been conducted in a specific geographic area, potentially limiting its applicability to customer preferences and behaviours in other regions or countries. Thirdly, the data on customer preferences, purchasing habits, and satisfaction rely on self-reported responses, which are susceptible to social desirability bias or memory inaccuracies. Moreover, the study's sample size may be small, affecting the statistical power and reliability of the conclusions drawn. Lastly, the study focusses on a limited number of Nandini and Amul products, which may not fully represent the entire range of offerings from these companies or other competitors in the market. These limitations underscore the need for a cautious interpretation of the findings and suggest avenues for future research to address these potential biases and broaden the scope of analysis.

CONCLUSION

This research provides valuable insights into customer preferences, behaviours, and perceptions regarding Nandini and Amul products in the dairy industry. The findings highlight significant trends such as the strong preference for Nandini milk and Amul paneer among customers, indicating these products' popularity and market strength. However, several limitations must be acknowledged to contextualise the findings effectively. The study's potential bias towards existing customers of Nandini and Amul products suggests caution in generalising the results to the broader population. Geographic specificity in the survey implementation further emphasises the need for considering regional variations in consumer habits and preferences.

Moreover, reliance on self-reported data introduces the possibility of social desirability and recollection biases influencing the accuracy of responses regarding purchasing behaviour and satisfaction levels. The study's modest sample size also limits the statistical robustness of the conclusions drawn. Furthermore, the focus on a select range of Nandini and Amul products may not fully capture the diversity of offerings from these companies or reflect the competitive landscape comprehensively. Despite these limitations, the findings underscore strategic implications for both brands. Recommendations include ensuring consistent availability and quality of popular products, expanding advertising efforts across diverse platforms, optimising promotional activities, and considering product line expansions based on customer preferences. Leveraging perceived affordability perceptions among Nandini customers presents a strategic opportunity to reinforce value propositions.

Overall, while the study provides valuable insights into customer dynamics within the dairy market, future research should aim to address these limitations and broaden the scope to enhance the applicability and reliability of findings across different demographics and market segments.

Disclaimer: The research study is conducted solely for academic purposes. The data and information used in this research have been gathered from publicly available sources, including websites, reports, and other secondary resources. This study does not claim to represent the official views or marketing strategies of any organisation. All analyses, interpretations, and conclusions drawn from the data are the researcher's own and are not endorsed by the respective companies. The purpose of this research is to provide a comparative insight into the marketing practices of the two brands and their market competitiveness, and it should not be construed as a professional market assessment or a recommendation for business decisions.

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