

Market Penetration Strategies for Amul Organic Products in Nagpur: A Consumer and Retailer-Centric Approach

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ABSTRACT:

The growing consumer demand for organic food products in India has prompted major FMCG players to expand into this segment. Amul, a leading dairy and food cooperative, has introduced a range of organic products. This study investigates market penetration strategies for Amul's organic products in Nagpur, focusing on retailer adoption and consumer preferences. A combination of primary research through surveys and secondary research on market trends was conducted. Key findings indicate that while awareness about Amul's organic products remains low, competitive pricing and brand trust position Amul favorably in the organic food market.

The study suggests enhanced marketing campaigns, strategic retailer incentives, and consumer education programs to improve product penetration.

Keywords: Organic Food, Amul, Market Penetration, Consumer Awareness, Retail Strategies, FMCG, India

1. Introduction

The global shift towards healthier food consumption has accelerated demand for organic products. India, ranking first in organic producers, has witnessed rapid growth in this segment. Amul, a leader in India's dairy sector, has introduced organic rice, pulses, and flour to tap into this burgeoning market. However, ensuring effective retailer adoption and consumer acceptance remains a challenge. This research aims to evaluate Amul's market penetration strategy in Nagpur by analyzing retailer behavior, consumer preferences, and competitive positioning.

2. Literature Review

The organic food market in India has been expanding, with projections estimating a CAGR of 37.01% between 2024-2028. Previous studies indicate that key barriers to organic food adoption include high pricing, limited availability, and low consumer awareness. Retailer perspectives further influence product reach, as shelf space allocation depends on perceived profitability.

Competitive brands such as Tata Sampann and 24 Mantra have established strong market presence, making strategic differentiation essential for Amul.

3. Research Methodology

This study employs a descriptive research approach, integrating primary data collection through surveys and secondary data from industry reports. The methodology includes:

Retailer Survey: Conducted across 20 retail outlets to assess willingness to stock Amul organic products.

Consumer Survey: Targeted 200 respondents to understand purchasing behavior and brand perception.

Comparative Analysis: Evaluated pricing and availability of Amul's products against competitors.

Data Visualization: Used bar graphs and pie charts for analysis.

4. Findings and Discussion

4.1 Retailer Perspectives

36% of retailers were willing to stock Amul's organic range, while 35% were hesitant due to distribution challenges and credit policies.

Key concerns included lack of product replacement policies and competitive retail margins.

Retailers highlighted demand as a crucial factor influencing their decision to stock organic products.

4.2 Consumer Behavior Analysis

86.7% of surveyed consumers were aware of organic food, but only 15% had previously considered purchasing Amul's organic range.

Price sensitivity was a major determinant, with most consumers unwilling to pay more than a 10% premium over conventional products.

82.2% of consumers who had purchased Amul organic products expressed satisfaction and willingness to recommend them.

4.3 Competitive Positioning

Amul's organic product pricing was competitive but lacked visibility in major retail outlets.

Competitor brands like Tata Sampann and 24 Mantra have strong retailer incentives, giving them an advantage in shelf presence.

Shelf life and brand recognition were significant factors influencing consumer decisions.

4. Recommendations

To improve market penetration in Nagpur, the following strategies are suggested:

Enhanced Retailer Engagement: Introduce better credit policies and incentives for stockists.

Consumer Awareness Campaigns: Utilize influencer marketing and in-store promotions.

Distribution Expansion: Strengthen supply chain logistics to ensure product availability.

Pricing Strategies: Offer introductory discounts and bundled offers to encourage trials.

5. Conclusion

Amul holds significant potential in the organic food market due to its strong brand equity and competitive pricing. However, gaps in consumer awareness and retailer willingness need to be addressed through strategic marketing, better distribution, and targeted promotional activities. By implementing the recommended strategies, Amul can effectively enhance market penetration and establish itself as a leading player in the organic food segment.

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