



# MARKET RESEARCH OF AMUL BAKERY PRODUCTS IN AHMEDABAD TERRITORY

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# **DECLARATION**

I Manmohan Singh, hereby declare that this project titled "Market Research of Amul Bakery Products in Ahmedabad" submitted at Institute of Management, Nirma University is an original work done by me under the guidance of MR. ANKIT PARIKH, Senior Sales Manager, Ahmedabad and Prof. Ritesh Patel, my faculty coordinator. This project work is submitted in the partial fulfilment of the requirements for the award of the degree of Masters of Business Administration. I declare this is my original work and is not copied from anywhere else.



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# 1. EXECUTIVE SUMMARY

#### **Objectives:**

The primary objective of this project is to analyses the existing market of bakery products in Ahmedabad and find the ways by which Amul can establish their bakery products in the market with more acceptance from both, the retailers and the consumers.

#### **Scope of Study:**

The study will be done for Ahmedabad market as Amul want to establish bakery products in Ahmedabad.

#### Methodology:

The entire project is divided in three parts. In first part, we will analyse the total potential market of the bakery products in Ahmedabad territory. In second part we will focus on the major players of the bakery products and their offerings in the Ahmedabad territory. In final part of this project we will analyse the bottlenecks faced by Amul in establishing their bakery products in Ahmedabad market and will be providing suggestions to overcome them.

#### **Source of Data:**

The primary data is collected through one to one structured interview with Amul bakery product wholesalers, other brands wholesalers, retailers of all the four regions of Ahmedabad. In addition to get a better picture, I had conducted a survey on consumer to know their preference.

# **Major Findings:**

Brand name Amul is definitely a major factor for acceptance of bakery products by consumers as they trust the name more than any other brand. There are factors like delivery timing, shelf life, limited portfolio, incentives, etc. are causing reluctance for the retailers to keep Amul bakery products in their shops.

#### **Conclusions and Recommendation:**

By improving delivery timing, increasing shelf life through various methods, and by increasing margin profit for the wholesaler and the retailer, Amul can establish its bakery products in Ahmedabad territory more adamantly.



# 2. INTRODUCTION

In this project, I have travelled all the four regions of Ahmedabad, i.e. Ahmedabad East 1 & 2 and Ahmedabad West 1 & 2, to meet wholesalers, retailers and consumers to get their opinions on Amul bakery products. I also tried to find, as much as possible, the challenges faced by wholesalers and retailers to sell Amul bakery products. I also met with multiple wholesalers of different bakery brands in Ahmedabad to know their strategy of selling their products, so that it can help me generating recommendation for Amul.

# 2.1 About the Organization



Amul is an Indian dairy cooperative association with headquarters in Anand, Gujarat. It is a cooperative brand administered by the Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), which is owned by 36 lakhs (3.6 million) milk producers in Gujarat and is the apex body of 13 District Milk Unions spanning across 13,000 villages. Amul was a driving force behind India's White Revolution, which saw the country become the world's largest producer of milk and dairy products. It offers a diverse portfolio in segments like dairy, confectionary, milk products, bakery etc. The GCMMF is India's largest marketing organisation for food items. It is the governing body of Gujarat's dairy cooperatives. It is the sole marketing organisation for items sold under the Amul and Sagar brands. Dairy cooperatives in Gujarat have built an economic network that connects more than 31 lakhs (3.1 million) rural milk products to crores of Indian consumers during the previous five and a half decades. Amul has seen growth in its portfolio throughout the years, with the category rising at a rate of 53 percent. Amul Taaza, which is packed in Tetra Pak containers and has a



long shelf life, undergoes UHT treatment to eradicate all harmful microorganisms while maintaining the nutrition in the milk. Solely in Ahmedabad, Amul sells around 1.6 million litres milk every day.

# 2.2 About the Project

The project is to provide an insight on current potential market of bakery products in Ahmedabad territory, factors that are inhibiting distributors to touch more number of retailers. It also involves to provide solutions on how Amul can overcome the challenges of placing the bakery product in the market.

# 2.3 Objective and Scope

The objective of the project is:

- 1. To measure the total market size of bakery products in Ahmedabad territory.
- 2. To understand the challenges faced by Amul to establish the products in market.
- 3. To understand difficulties faced by distributors in reaching more retailers.

The scope of study is within the Ahmedabad territory as the organization want to establish bakery products in Ahmedabad only. Also, the study will be limited to the bakery segment only, hence the findings will be for bakery products only.

#### 2.4 Bakery Market in Ahmedabad

The bakery market of Ahmedabad is very diverse and filled with many market players. It is also a very big market as it hosts more than 5.5 million people. Bakery products, especially breads and buns, are a convenient breakfast option for almost every kind of family as it is easy to prepare and very convenient to carry as well. To do the study properly, I have studied the market zone wise so that it could be easy to comprehend the bakery market in Ahmedabad. AmulFed has divided Ahmedabad, for their ease of supplying, into four regions which are: East 1 & 2 and West 1 & 2. East region being the old Ahmedabad and hosts mostly the natives while West being more of urbanized and hosts people from various cities. The consumption is also slightly different in both the regions as per their preferences.



#### 2.5 Consumption Pattern of Bakery in Ahmedabad

The innate culture of Ahmedabad offers more traditional foods like Khaman, Dhokla and other Gujarati dishes, but with the introduction of bakery products and its usability as base material for many dishes, the bakery product is well accepted and consumed by the people of Ahmedabad. Vadapav and Sandwiches have become fast moving snacks which people consume very often. At homes, bread butter, bread jams, sandwiches, pizzas, brown breads, etc. are consumed very frequently in all the regions of Ahmedabad. The consumption pattern of people from East region is more conservative yet healthy, i.e. the demand for white sandwich bread is more in East region for conventional sandwiches but the demand for brown bread, which is a healthier option is also demanded in some regions which hosts people coming from medical background or people who are health conscious. While in West region, the demand for brown bread, multigrain bread and crustless bread are more. Apart from that, pizza bases and buns are also in good demand in west region.

#### 2.6 Major Bakery Player in Ahmedabad

As bakery is one of the lucrative business, there are multiple players are in the market. The pattern observed in market is that few players are dominating the market, while others are trying to establish themselves. Three major players of the market are **SUPER**, **MARUTI**, **AABAD FOOD PVT. LTD.** Most of the market is captured by these three players only. Other players with significantly lower market share are BRITANNIA, ATUL BAKERY, AMUL, THE GRAND BHAGWATI (TGB), KALORY etc.



# 3. METHODOLOGY

# For calculating Market Size

I have adopted random sampling method of distributors of bread of major competitors in all the four zones of Ahmedabad. After meeting with distributors of different brands, I get to the conclusion that total distributor of bakery products is approximately 350 in Ahmedabad territory.

Population Size = 350

Margin of Error = 10%

Confidence Level = 90%

Sample Size Calculated = 58

So, I have met with approximately 60 distributors who have been distributing bakery products majorly from Super, Aabad, Maruti and Amul. The sample of 58 is chosen using random function in excel sheet. And then the data is collected from these random 58 distributors.

#### 4. DATA ANALYSIS

I prepared a questionnaire and based on that collected the data from different wholesaler of bakery products, retail shops and chain stores. The data collected are analysed from different viewpoints which is below.

#### 4.1 Total Market Size

The calculation of total market size is based upon the number of distributors present in the Ahmedabad market from major companies. Calculating daily sales of these distributors have given me an approximate idea of total market size in terms of sales revenue. Below is the bifurcation for the same. There are, in total, approximately 12500 retail store, chain store and Amul APOs present in Ahmedabad territory. In terms of sales revenue by different brands, the total daily revenue for Ahmedabad territory is ₹1,37,85,500.



# **4.2 Market Players and their shares**

There is a pattern in Ahmedabad bakery market and that is: most of the time, at one shop, there will be bakery products of only one brand and that is because the major three brands give incentives to the retailers and chain stores at the end of the year on a condition that retailer have to keep bakery products of their brand only for the whole year. There are approximately 15 players in the bakery market in Ahmedabad. Of which, 3 are dominant and others are trying to establish themselves. The three of them are Maruti, Aabad and Super. Below is the list for all the market players in Ahmedabad in Bakery segment.

- Maruti
- Super
- Aabad
- Kalory
- Brittania
- The Grand Bhagwati
- Atul Bakery
- Amul



#### **♣** MARUTI



Maruti Popular Bread Factory, commonly known as Maruti Bread, is situated in Ahmedabad and have their production unit in Ahmedabad. Maruti bread is the market leader in bakery segment in Ahmedabad with its diverse product offerings. Below are the products offered by Maruti Breads:

- Multigrain
- Whole Wheat Brown
- Multi Grain Thick Slice
- White Thick Slice
- Whole wheat Thick Slice
- Aata Bread
- Aata Crustless Sandwich
- Crustless Sandwich
- Crustless Whole Wheat

- Good Morning White Bread
- Aata Roti Whole Wheat
- Pizza Base
- Sandwich White Bread
- Family Bread
- White Bread
- Garlic Pizza Bread
- Milk Bread

As above stated is the portfolio of Maruti Bread which has numerous offerings, although there was quite similarity between many breads but the diversity in product aids in brand visibility. Also Maruti has done extremely good job in their packaging department, which even more appeals the customers.



# **SUPER**



Super Bakers, popularly known as Super Bread, has attained a substantial market share in Ahmedabad. The offerings of Super Bread is not as diverse as Maruti but it covers mostly all the segment which is demanded by customers, hence it is quite popular in the market. Below are the various offerings from Super Breads:

- Multigrain
- Brown
- White Bread
- Double Roti Whole Wheat
- Aata Bread
- Crustless Big Slice Sandwich Bread
- Garlic Bread
- Burger Bun
- Pizza Base
- Pav Bhaji Bun



#### **♣** AABAD



Aabad is a diverse bakery product manufacturer based in Ahmedabad. It is second to Maruti in terms of market share. The products offered by Aabad is very diverse and covers all the categories in bakery segment desired by the population of Ahmedabad. Following is the product offering by Aabad breads:

- Multigrain Bread
- Brown Bread
- Aata Bread
- Aata Sliced Bread
- Crustless Sandwich Bread
- Sandwich Bread
- Garlic Bread
- Milk Butter Bread
- Fruit Bread
- Pizza Base
- Pav Bhaji Paav



# **4** AMUL



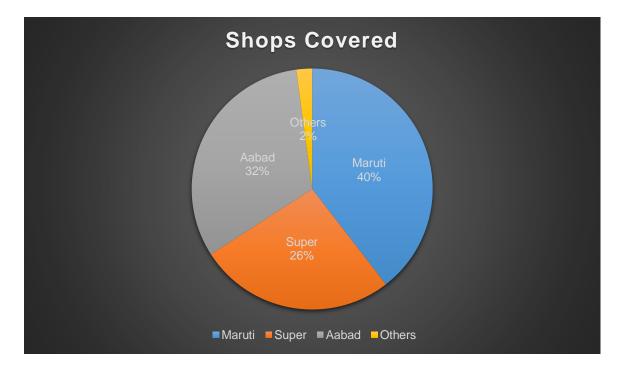
Amul, in bakery segment, has launched their products way back in 2013. The product offerings of Amul is not as diverse as other major competitors but it still manages to allure customer due to its quality and an adamantly established brand value. Apart from retail stores, Amul has its dedicated Amul Preferred Outlets (APO) and Amul Garden Parlours, where it supplies the bakery products. Below are the offerings of Amul in bakery segment:

- Sandwich White Bread
- Whole Wheat Bread
- Fruit Bread
- Milk Bread
- Pav Bhaji Paav
- Bun
- Pizza Base

As it is very clear, the product offering from Amul in bakery segment is quite low and hence it impacts customer preference.



Below pie chart depicts the bakery market captured by different brands





Total Sales (Per Day): 1,40,000,00 (approx.)



#### 5. PROBLEMS FACED BY AMUL IN BAKERY SEGMENT

#### **5.1 Delivery Timing**

Amul, being a dominant player of dairy business in Ahmedabad with more than 97% market share in it, its operation starts at as early as 4am. Orders placed by retailers for milk and milk products start getting delivered from 4am only. All the distributors of bakery products of Amul are mostly the distributors of Amul Milk and Milk Products and hence they first deliver the milk products in the morning to retailers. Due to such operational setting, the delivery timing of bakery products gets postponed till 10 am to 11 am and that causes reluctance for retailers to keep Amul Bakery products. The major portion of bakery sales happens at the morning, mostly till 9 am, hence getting stocks delivered after 9 am make it sit in store for next day to get sold. In my conversation with retail store owners and Amul parlours, most of them complained about the delivery timing of bakery products and its implications.

On the other hand, the other brands who have only bakery business unlike Amul, start their delivery at 5 am and hence they are able to deliver their products at appropriate time of sale. Other brands finish their delivery latest by 10 am.

#### 5.2 Shelf Life of Bakery Products

The Shelf life of bakery products plays a major role in its sale. A product with greater shelf life can stay at shelf for a longer period of time which reduces the chances of wastage. The average shelf life of bakery products is 6-7 days. **Amul breads have shelf life of 3 days only.** After getting late deliveries, the lesser shelf life adds on in the reluctance of retailers for keeping Amul Bakery products. As products are already getting delivered late, there is negligible sale of bakery products on the delivery day. This causes to lapse one shelf day for the bakery products. Resultantly, the Amul breads remain with only 2 days' shelf life. This depiction of remaining 2 days' shelf life on bread packets instills customer with feeling of unsafe product. This averseness of customers towards Amul Bakery products leads to lower sale.

On contrary, other brands like Aabad, Super and Maruti provides shelf life of 4 to 6 days. Hence, retailers tend to keep stock from these brands and it also serves the mind set of consumer of having product with more days to consume.



#### 5.3 Portfolio

The number of offerings by a brand plays a vital role in market presence. Consumers tend to incline towards variety offered by the brand. Amul is a stalwart in terms of brand value and market presence in dairy and dairy product sector, but when it comes to bakery segment, it lags behind its competitors. Companies like Aabad, Super and Maruti have a very diverse portfolio on the table, while Amul have a very limited offering in bread brands. In my conversation with consumers, retailers and wholesaler, all of them concluded one common thing and that is limited portfolio. Whenever consumer needs a packet of crustless bread for making sandwich or any other item, he/she have to look out for another option and not Amul, because Amul does not offer crustless bread. In my conversation, almost all of the distributors of Amul have exhibited their despair about not having a product which is very much demanded in market. Particularly in East Ahmedabad region, distributors have shown the conviction that they can increase their sales by almost 40% if they have been offered more diverse portfolio. Specially the crustless breads are more in demand but the Amul does not have any offering for those customers which leads to demotivation for wholesaler and downturn by consumers.

#### **5.4 Replacement Policy**

Replacement policy for breads to wholesalers and consequently to retailers motivates them to keep stocks in their inventory as they will be assured of not losing their invested money in it. In Amul, there is no replacement policy for any of their products. Be it dairy, milk, milk products, fresh products or bakery, Amul does not give replacement in case the product is expired in inventory of wholesaler. Wastage or unsold inventory is inevitable in bakery business as it has very less shelf life. This is the most prominent problem, on the basis of survey done on wholesaler and retailer, for not keeping Amul bakery products in shops. And if shopkeeper does not get replacement, he will not buy it from wholesaler. This was the first and most emphasised issue any wholesaler stated whenever I converse with them. First, there is low shelf life of Amul bakery products and to add to aggravate the problem, no replacement policy comes forth.



#### 5.5 Incentives

One of the substantial motivator for retailers to promote or push any product is the incentives associated with the product. Here in the case of bakery market of Ahmedabad, it was like an official arrangement of providing incentive to the promoters of the product. The top three major players of bakery business in Ahmedabad, i.e. Aabad, Super and Maruti pays incentives to the retailers. It is a systematically given incentive by these companies on the basis of amount of sale per year. What does these companies do is, they pay a fixed amount of 20,000 to up to 1,50,000, depending upon the sales figure of that retailer, on a yearly basis contract in which the retailer compulsorily had to keep bakery products of that particular company on their shelves.

Amul does not offer such kind of incentives to retailers as it believes in organic customer growth. In my conversations, it was the second most prominent factor for retailers to not keep the Amul bakery products on their shelves.

# 5.6 Irregular Supply

On time delivery and consistent supply is a positive influencer for the wholesaler and for the retailers. Supply must be on demanded time and it should be accurate as per the order. Sometimes producer dump stocks to wholesaler and the wholesaler cannot move the stocks as the demand is not as per the supply. Also, there could be instances when a product supply is substantially less than what was demanded by the wholesaler.

In my conversation with retailers and mostly wholesalers, they have complained about the inconsistent supply of bakery products. Not only in bread segment, but also in biscuits and toast segment, there were instances when wholesaler and retailer do not have the stock of the products which is advertised in Amul portfolio. This results in losing the customers. It had been observed that the supply of bread and allied products are more than demanded quantity by wholesaler, especially in Ahmedabad west region. Also, there were retailers and Amul Preferred Outlets in Ahmedabad East region who does not get enough stocks even they when they have higher sales record. These irregular supplies hamper with the smoothness of business and causes an aversion by the retailers.



#### **5.7 Consumer Awareness**

Consumer awareness and brand visibility plays a significant role in increasing the sales figure of the company. The brand visibility of Amul is prominent in all of the Ahmedabad and rather it would not be wrong to say in India. The consumer awareness of dairy and milk product segment of Amul is unmatched. But when it comes to bakery segment, it is comparatively lower than other segments. Despite of making breads of better quality than the competitors, Amul lags in consumer awareness about their bakery segment. People who do not regularly visit Amul Preferred Outlets mostly didn't know about the Amul breads and other bread products. Amul makes its bread in butter and not in vegetable oil which makes Amul bread tastier and better option. But most of the consumers didn't know about it. Although there was advertisement in the newspapers but still people did not recognize this add on by the Amul.

# 5.8 Profit Margin for Wholesalers and Retailers

Profit margin is the regular incentive for the wholesaler and moreover retailers. It was found in the conversations with many retailers that they can manage with no yearly incentives if they were given a substantial margin in Amul products. Below is the table showing the margin of wholesaler and retailers by different companies in bakery segment in Ahmedabad:

| BRAND  | WHOLESALER MARGIN | RETAILER MARGIN |
|--------|-------------------|-----------------|
| AMUL   | 10-13%            | 14-17%          |
| SUPER  | 12-17%            | 20-24%          |
| AABAD  | 13-16%            | 22-26%          |
| MARUTI | 14-17%            | 21-27%          |

As shown in table above, the margin offered by Amul is quite low in comparison to other competitors. While Maruti offers the highest margin to the retailers as well as wholesaler for their bakery products.



#### 6. FINDINGS AND RECOMMENDATIONS

- ♣ Delivery timing: It can be improved by delivering bakery products along with the milk and milk products in the morning, as early as possible. The fresh bread, which come from factory, can be delivered next day by this approach. Also, in my conversations with milk wholesalers, provisions can be made in trucks to facilitate the bread delivery in the same vehicle as of the milk. This approach will also serve for customers to have more shelf life for the bread. Also, if the bread will be delivered before 9 am, retailers can make comparatively more sale on the day of delivery.
- ♣ Portfolio: As it is found that demand in Ahmedabad east region is substantial for crustless bread, provisions can be made to produce crustless breads. Also, there are crustless bread in the market from other brands which are having a substantial sale. Amul bakery wholesalers also demand crustless bread as they are being demanded of the same by the retailers.
- ♣ Shelf life: Increasing shelf life will be a big game changer as many of the wholesaler fear of losing their investment due to low margin in profit. The gap in manufacturing date and expiring date is 5 days in Amul breads, but it reaches the shelves of the retailer in 3 days which cut down the shelf life to 2 days. If the delivery can be done on same day of production to Gandhinagar facility and then next morning to the retailers through wholesaler, it will have a shelf life of 4 days which is similar to the competitors.
- ♣ Margin and Incentives: As it is found that margin offered by Amul is comparatively low in bakery products. If milk wholesalers are given the stock of breads to deliver along with the milk, then their margin can be cut down and that can compensate to retailer's margin. By this way we can motivate retailers to promote Amul bakery products.