

Social Brand Equity through Economic Pluralism: AMUL Dairy Floods Milk to Empower Farmers

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Abstract

The philosophy of Pluralism is adopted by many non-profit organisations and public administration as an effective means to protect and promote the democratic values of freedom and association. It is popular belief that pluralism gives extraordinary results in terms of achieving social justice, poverty alleviation and empowerment of communities with little focus on economic gain leading to negative ROI (Returns on Investment). Contrary to this belief, the story of AMUL is a grand example of how the Gujarat Cooperative Milk Marketing Federation (GCMMF) adopted the philosophy of "Economic Pluralism" to create and sustain the Social Brand Equity for more than 64 years.

Gujarat Cooperative Milk Marketing Federation (GCMMF) is an institution created by the 2.79 million milk producers from rural India, primarily to safeguard their social, democratic & economic interest.

Members	13 District cooperative milk producers' Union
No. of Producer Members	2.79 million
No. of Village Societies	13,328
Milk Collection (2009-10)	87 LLPD
Annual Turnover	US \$1504 mn

GCMMF is federation of district cooperatives which are in turn federations of Village Societies. It generates profits through value addition of milk and ploughs back 80% of the surplus to its farmers. GCMMF is India's largest food products marketing organization and markets all its products under the brand "AMUL". AMUL is world's Largest Pouched Milk Brand, having largest distribution network for any FMCG company and largest exporter of dairy products to 40 countries from India.

The brand AMUL emerged in 1946 long before GCMMF was established. All the milk products from Kheda Milk Federation (one of the District Cooperative Unions) were marketed under the brand AMUL. The other District unions also evolved their own brands like SUMUL, SAGAR, GOPAL, BANAS & MADHUR for about 15 years until all District unions were integrated into GCMMF and AMUL was accepted as the umbrella brand universally. This integration did not dissolve the traditional brands of the District unions. The district unions continued with their traditional brands in their local areas within well defined boundaries and without interfering with each other. Hence the integration of district unions into federation (GCMMF) was achieved without losing identity of each union, brand value and conflicts of interest. The brand value had multiplier effect with the presence of AMUL in the local areas as well. This diversity of

businesses, heterogeneous economic practices and ethos across the district unions prevailed under the Umbrella cover of AMUL. The brand equity of AMUL kept on increasing with every new union with its own brand joining the federation without losing its own brand value. The non interference of cooperatives in each other's market avoided the Zero sum game that is prevalent in laissez faire. The unions leveraged on the common distribution channel across the globe, expanded their capacities to their most competitive or natural size and maximized their individual and collective economic gain with the cooperative spirit of "the whole greater than the sum". This Economic Pluralism resulted in maximizing economic efficiency and healthy competition among the unions.