CHAPTER 9

Sustainability Marketing and Rural Empowerment: A Study of Amul's Cooperative Model

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ABSTRACT

India's dairy cooperative sector is an example of marketing sustainability where theory and practice converge. This study examines the Sustainability Marketing framework using secondary data and focuses on the Gujarat Cooperative Milk Marketing Federation (GCMMF) Amul brand. It shows how Amul incorporates sustainability within the framework of its cooperative model. Amul seems to treat sustainability in an integrated manner as opposed to other companies that treat sustainability as an ancillary concern in procurement, farmer development programs, and brand communication. The framework explains and analyzes 6 interrelated issues, which are primary and crucial. Why sustainability marketing is relevant beyond the marketing lexicon in a cooperative model that is dense with social concerns. The character of a cooperative and its place in the dairy value chain; the ethical grounds of livestock farming and how the reconciliation of value systems and welfare as an ethical necessity is possible within the confines of business on a trading scale. Based on an analysis of reports, sustainability disclosures, and literature on the cooperative model, it will be argued that Amul can teach the entire cooperative model the importance of the dairy sector in a commercial economy.

Keywords: Cooperative model, Rural empowerment, Sustainability marketing, Sustainable value chain.

1.0 Introduction

'Sustainability' is at risk of losing its meaning from overuse and misuse within the corporate world. Sustainability is especially meaningful and prominent in rural India where it indicates whether families are able to support themselves after the harvest has been collected. This phrase describes the rural Indian farming situation that has no parallel relationship with the corporate world which lets the global corporate world speak of their environmental commitments with no real substance.

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For rural Indian farmers, it is much more literally and directly consequential. There will always be a relationship and dissonance between rhetoric and reality. Amul is worth examining because it seeks to reconcile corporate inertia with agrarian reality. Millions of farmers in regions such as Gujarat, Rajasthan and Uttar Pradesh rely on milk as their main or secondary income. This situation can be economically both destabilizing and demeaning for the small farmers. Amul was designed to create a critical mass of producers able to gain access to markets. Amul's marketing is driven by the cooperative vision whereas other companies focus on product quality and distribution. Amul has successfully created a narrative of buying Amul as buying from the farmer.

2.0 Literature Review

2.1 Sustainable marketing

Peattie and Belz (2010) include a definition of sustainable marketing that is both early and valuable. They write that sustainable marketing is a strategy whereby a company meets the needs of its customers, while also being mindful of both the environment and social justice. The main differentiator of this definition from previous socially responsible marketing frameworks is the focus on the needs being fulfilled at the same time. That is, sustainability is not an afterthought added to the business model.

Kotler (2011) elaborates that what is currently being seen in marketing, particularly in industries that face heavy scrutiny from stakeholders, is the shift from a product centered model to a model where social welfare is inherently tied to the process of exchange. Dairy, with its perceived impact on environmental issues, animal welfare, and smallholder livelihoods, is a prime example of this marketing shift. The research has largely validated that rather than being a cost, sustainability efforts actually provide a company with a competitive advantage. Leonidou and other people found that companies do better when they make sure their promises to be sustainable are connected to what they're really good at. They do better than companies when it comes to money and what people think of them. It is important to make sure these promises are actually connected to what the company does not say. If a company just says they are doing something, but they are not it does not work. Recently Lim said that talking about sustainability is different from just talking about a brand. People who buy things from companies and other companies they work with can tell when a company is not actually doing what they say they are doing. This is called "greenwashing". Companies that make sure people can see what they are really doing to be sustainable tend to make the people who care about the company trust them more. Leonidou and other people and also Lim are saying that companies need to be honest, about what they're doing to be sustainable like Leonidou and other people found in 2013 and Lim found in 2022.

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2.2 ESG and corporate strategy

The link between a companys social performance and its financial success has been studied a lot recently. A study by Eccles, Ioannou and Serafeim in 2014 looked at companies over eighteen years. They found that sustainable companies performed better in the stock market and made money. This was especially true for companies with many employees and high resource usage such as those in the dairy sector. Companies that chose to be sustainable did financially than those that did not. The study observed a connection between sustainability and financial success. It seems that being sustainable can actually help companies make money. This is news for companies that want to do well financially and also be good for the environment and society. The researchers looked at a lot of data to come to this conclusion. Their findings suggest that sustainability is not just good for the planet but for a companys bottom line. The studies' results are based on a period of time eighteen years. This makes the findings more reliable. Overall, the study provides evidence that sustainable companies tend to do financially.

Other people, like Friede, Busch and Bassen did a study in 2015. They looked at what they found from over two thousand studies. What Friede, Busch and Bassen found out was that ninety percent of these studies said that environmental issues and social issues and how well companies did financially were connected in a way. More than half of these studies even said that companies that did well with issues did better financially. Friede, Busch and Bassen found that ESG performance is really important. ESG criteria are connected to financial performance, which is something that Friede, Busch and Bassen wanted to show. ESG performance is really important, to companies because ESG criteria are connected to how companies do financially. While its hard to say for sure in each case all the evidence suggests that sustainability is more of a business benefit than a cost. The idea of 'shared value' by Porter and Kramer in 2011 is right at the center of this discussion. They said that companies can make money by helping society, which was a radical idea at first. Some people didn't like it because it seemed to ignore the conflict between making profits for shareholders and doing what's good for society. When it comes to cooperatives this idea makes sense. Cooperatives are set up to share value with everyone, not a few people. This means that business success and social goods are connected in a way that's not just by chance. Sustainability and shared value are key here. They show that business and society can benefit together. Cooperatives are an example of how this works in practice. They show that making money and doing good are not mutually exclusive. In fact, they can go hand in hand.

3.0 Statement of Researcch Problem

The gap this paper addresses is not just academic. Many companies now talk about sustainability. There is still real confusion about whether they actually change how they

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work. This is especially true in their dealings with producers. The dairy industry in India has grown a lot over the twenty years. However, the benefits of this growth have not been shared equally. Many small dairy companies still work in a way that makes farmers take on the risk of price changes. These companies then make most of their profit from processing and selling milk. The dairy sector, in India has seen growth. Many smaller dairy companies continue to operate on procurement models that transfer price risk onto farmers while capturing margin at the processing and retail end. They make money from processing and selling milk. Farmers often bear the risk. Amul's cooperative model is a way of doing things. This model needs people to manage it and make decisions all the time. It also needs people to really want to keep following the ideas even when Amul gets bigger. We want to know if Amul's cooperative model helps or hurts its efforts to be sustainable. We also want to know how this affects the communities that Amul works with. The main question is how Amul's cooperative structure affects its sustainability practices and what happens to the communities it serves. Amul's cooperative model is important to consider when looking at its sustainability practices.

4.0 Scope of the Study

This study is about Amul and what they do for sustainability. It looks at how Amuls sustainability activities and marketing strategy're connected to how the company is run. The information used for this study comes from things that're available to the public. This includes Amuls reports and sustainability reports from GCMMF, information from the National Dairy Development Board and things that other people have written about dairy cooperatives. The study does not have information that was collected just for this. It also does not compare Amul to dairy companies whether they are cooperatives or private companies. The focus is on Amul. What they do. Studying has some limits. This means it can do some things, and it cannot do things. It can look at the sustainability framework that Amul shows to the public and try to understand what it means. It cannot check if the things Amul is doing are really making a difference on the ground. The study can see how Amuls approach fits into some ideas. It cannot say that Amuls Way is better than what other similar organisations are doing because it does not have enough information to compare them. These limits are not excusing. They are honest statements about what the study can really do when it is based on information, from other sources.

5.0 Research Objectives

- I want to check how Amul includes marketing in its business model as a cooperative.
- I am trying to understand how Amul's marketing approach helps farmers in areas through its cooperative model.

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- I need to find out how Amul's marketing for sustainability helps the brand and leads to growth that includes everyone with a focus, on Amul's sustainability and Amul's brand.

6.0 Research Methodology

Research Design: This study is looking at things in an analytical way. It does not try to figure out what causes what. Instead, the study of governance and sustainability practice and marketing strategy wants to understand how these things work together in a specific company. The goal is to get a picture of the relationship between cooperative governance and sustainability practice and marketing strategy.

Nature of the Study: The research is wholly secondary in character, drawing on documents already in the public domain.

Data Collection: I looked at reports from Amul and GCMMF about how they're being sustainable and what they did every year. I also checked out what the National Dairy Development Board has to say. The Government of India has reports on the dairy sector too. I read those. I found some articles in journals that talked about how cooperatives market themselves and how they are sustainable. I even read some business magazines that write about the dairy sector in India. I picked these sources because they are from institutions and the information is new and relevant to cooperatives that deal with dairy. When the reports from institutions made some claims, I tried to find sources that are not connected to them to see if they say the same thing. This way I could be sure that the information is correct. I did this for Amul and GCMMF sustainability and annual reports and other sources, like National Dairy Development Board publications and Government of India dairy sector reports.

7.0 Data Analysis and Interpretation

Objective1: Sustainability initiatives in Amul's Cooperative Network:

Amul has a network of people working together. This network is made up of around 3.6 million farmers who work with Amul. These Amul farmers are part of groups in their villages. All these village groups together form the base of Amul's three-part system. Because Amul's network is big, small changes that help Amul farmers in their villages can add up to make a big difference, for Amul across the whole country.

Objective 2: Integration of Sustainability into Marketing Messaging:

The programmes that are really making a difference are the ones that help improve the productivity of livestock. These programmes are working in over 5,369 villages. They are helping around 38.6 lakh cattle. There are also programmes to improve fertility in 4,226 villages. These programmes are important because they help the farmers take care of their

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animals and improve the health of their herds. This means that the animals will have babies and give more milk. The farmers will then have money because they can sell more milk. What is really great about these programmes is that they help the cooperative and the farmers at the time. The cooperative gets the milk it needs. Farmers get healthier animals and more money. This is what happens when everyone works together and benefits from the thing. The cooperative and the farmers both want the thing, which is to have healthy animals and a good business. These programmes are an example of how things can work well when everyone is happy. The farmers are happy because they have livestock and more money. The cooperative is happy because it has the milk it needs. This is what we mean by value. It is when the cooperative and the farmers both get what they want. The cooperative gets the milk, and the farmers get the money. This is a thing, for everyone.

Amul has a unique way of talking to people in India about the things they sell. The Amul Girl is a part of this. She has been around for a long time and Amul is known for talking about what is happening in the world. This is a way of advertising that makes Amul seem like it is part of the conversation people are having than just trying to sell them dairy products from Amul. Amul also talks about things that're good for the earth in a way that feels natural. When Amul writes about what they're doing they always make sure to mention that the people who own Amul are the farmers themselves. This is something that Amul's very proud of and they want everyone to know about the farmer-owned structure of Amul. When Amul talks about its products it often mentions how it gets the things it needs. This process is fair because Amul pays a guaranteed price and grades things in a way that's easy to understand.

People who buy things from Amul like to know that the company is being honest about where its products come from. Amul can prove that it is being honest because it has a system in place that allows the people who are part of the company to make sure the managers are doing the thing. This means that the people who are part of Amul can hold the managers accountable, which is not always the case with companies and their shareholders. Amul is transparent about how it does things. That is important to people who care about what happens in the supply chain. The supply chain is like a line of people who help get products from one place to another. Amul wants to make sure that everyone in this line is treated fairly.

The way Amul talks about sustainability is different, from what most dairy companies do. By just saying they support farmers Amul can show specific things they do. Like the village dairy society, the district union and the state federation. To help farmers. These are the things that actually help protect the interests of farmers. Not all people who buy milk may understand all these details. It makes Amul look more trustworthy. This is something that other companies may find hard to do if they do not have a system in place. Amul's way of doing things makes people trust the brand more.

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Objective 3: Environmental Sustainability and Brand Positioning:

Amul's environmental commitments are clear in its sustainability reports. They focus on three areas: energy, water and waste. Amul uses energy sources, like solar and wind power. These sources make up 8.2 percent of the energy used in their processing operations. This is a start, but not a huge number. It does show that Amul is trying to use kinds of energy. The food processing sector usually relies heavily on fuels. Now lets look at water management. It's a bit more complicated. Amul is working on water management. It needs more attention. They are trying to manage water in a way. Amul's water management is an issue. They want to handle water.

The cooperatives water recycling systems handle around 700 kilolitres per day of treated wastewater. This amount seems small compared to the water needs of dairy processing. Milk processing uses a lot of water at stages like cleaning equipment and making products. Recycling treated water for -product use greatly reduces the cooperatives water intake from local sources. On waste Amul's programmes have helped recycle 78,000 metric tonnes of plastic waste. In India companies that make packaged goods must take responsibility for their packaging waste.

They have to manage it as per the law. The cooperative is working hard to reduce its water usage and recycle waste. Amul's efforts are a step, in the direction to reduce plastic waste. Amul's performance shows that they are doing things correctly and they are able to do their work. The things they are doing for the environment are helpful in two ways. They reduce the problems that Amul faces like getting access to water, which is getting harder to get in some parts of Gujarat. They also show people that Amul is a company that cares about the environment. In a market where people are watching companies closely to see how they treat the environment this is important for Amul. It is not about looking good, it is also about protecting Amul from problems that might come up.

8.0 Findings and Results

1. Amul is a company that helps people by making sure they get a price for the things they make. This is because Amul buys things from the people who make them and then sells them for a price that's fair. This way the people who make things can be sure they will get an income. Other ways of buying and selling things do not always work like this.
2. Amul has programmes to help the people who take care of animals. These programmes help Amul make money. They also help the people who take care of animals. It is hard to say what is good for Amul and what is good for the people who take care of animals because Amul and the people who take care of animals need each other. This is what makes Amul a good company.

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3. Amul is trying to do things for the environment. Amul is using energy from the sun and recycling water. Not using so much plastic. These are all things, but Amul is a big company so it is not doing these things as much as it could.
4. Sustainability is a part of how Amul does its marketing. It's not something they talk about sometimes. It's built into how they work.
5. People trust the Amul brand because it has been around for a time. The company is open about how it's run. This trust is hard for other private dairy companies to match. They would have to make changes to how they are owned and run.

9.0 Conclusion

Researchers have been looking at the way Amul works with its model. One thing that really stands out is that when we talk about Amul being sustainable it is not something they decide to do on purpose. It is like a result of how they are set up. Amul is a cooperative, which means it is built to share the value it creates. When this works well it is good for the environment and for people. This happens because of how Amul's governed not because they have special projects for the environment or for people. Amul does a lot of things that help the people who work with them. They have programmes to help farmers they are clear about how they set prices. They even have veterinary services in villages. These things are a part of what Amul does, they are not just extras. Another thing that stands out is the connection between Amul being sustainable and the Amul brand. The way people think about Amul is closely tied to the fact that it's a cooperative. The Amul brand and the cooperative identity of Amul are really connected.

The Amul brand has been talking about farmer ownership and fair pricing for a long time. This has made people think of the Amul brand in a way. The Amul brand is associated with values that're hard to separate from the brand itself. This is very important because if someone were to question the Amul brands record it would be a big deal. This is because the Amul brand is about these values, not just something they say to sound good. The Amul brand has also been doing some things for the environment. For example, they use 8.2 percent energy, which is a good start. They also recycle a lot of water around 700 KLPD. They recycle a lot of plastic, around 78,000 metric tonnes. These are numbers and they show that the Amul brand is trying to do the right thing. However, these numbers also show that the Amul brand still has a lot of work to do to make a difference. The Amul brand has a way to go when it comes to the environment. A cooperative that helps 3.6 million farmers and works over the country will have to make big changes to reduce its carbon footprint. This cooperative needs to do this if it wants to stay in line with what the government and consumers want over the ten years. The cooperative has to move by reducing carbon emissions the cooperative has to make a lot of progress in this area so the

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cooperative can keep doing what the government and consumers expect from the cooperative. So, the way Amul works with its model really does what people say it does. It helps Amul make a lot of products and also makes sure everyone gets a share. Amul's cooperative model also thinks about the future. Try to be sustainable. The story of Amul's model is not perfect because a big company, like Amul will always have some problems. It is a good example and people who want to know how businesses, governments and people work together should really pay attention to Amul's cooperative model.

10.0 Limitations

1. The biggest problem with this study is that it relies on sources. Reports from institutions and sustainability disclosures show how organisations want to appear; they are not meant to be checks. This study cannot confirm if the numbers given. For example, livestock covered with water reused and plastic recovered. Are correct? It also cannot verify if these numbers are consistent over time or calculated in the way, as those reported by other organisations. The study has no way to ensure the figures are reliable or comparable.
2. The cooperative is meant to help farmers and members of cooperatives. Their views are missing in this analysis. We do not have information from them. If we had survey or interview data from people, in village dairy societies, it would give us an understanding. Future research should focus on getting this information.
3. The problem is that we do not have information to compare Amul to other dairy companies in India. We want to know if Amul is doing something with its sustainability practices. Or is Amul just doing what big dairy companies with a lot of resources are doing. The information we have about Amul does not tell us this. We need to compare Amul to dairy cooperatives and private dairy companies to understand Amul's performance and Amul's sustainability practices.

11.0 Recommendations

1. Amul would really gain from sharing detailed information about how they are doing with environmental and social issues. Now they only give overall numbers for the whole company but if they broke it down into smaller parts like by district or type of project or even by male and female farmers it would be a lot easier to see what is working and what is not. This would also make Amul's claims about being sustainable more believable to people outside the company who are getting better at reading these kinds of reports and want to know the truth about Amul's social practices.

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2. When it comes to marketing the cooperative can do more than what it's doing now. The Amul Girl is funny. Talks about what is happening now but the cooperative needs to tell more stories about the farmers. The cooperative should share stories about how farmers are making more money or how their animals are getting healthier. It should also talk about how it's helping the community. This will make the cooperative's story more interesting and real. It will show that the cooperative is really working to make a difference, not just saying things that sound good. The cooperative needs to show people what it is actually doing to help farmers and the community so people can see that it is genuine.
3. For the plan we are currently at 8.2 percent renewable energy. This means there is a lot of room to increase our use of energy. Solar power has become much cheaper over the last ten years. This makes it a good choice for dairy processing facilities. These facilities have roofs and need a lot of energy during the day.
4. They are well-suited to generating their solar power on-site. A clear plan to increase our use of energy would help. This plan should have targets and report on our progress every year. It would make our cooperation stronger and more able to withstand challenges. It would also improve how the public sees us.

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