

Quality Perception vs Price Sensitivity: What Drives AMUL's Branded Dairy Purchases among Rural Youth?

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ABSTRACT

In India's competitive dairy market, consumer decisions are shaped by multiple factors—most notably, perceived quality and price sensitivity. This is particularly true in rural settings, where branded dairy products must strike a balance between cost-effectiveness and brand trust. This study explores the relative influence of quality perception and price sensitivity on rural youth's purchasing decisions for AMUL dairy products, focusing on Jhunjhunu district in Rajasthan. Based on a structured survey of 300 respondents aged 18–30 and follow-up interviews, the findings indicate that while rural youth value affordability, quality perception remains a dominant motivator—especially when associated with hygiene, taste, and trust in the AMUL brand. The paper offers insights into how dairy marketers can appeal to rural youth through balanced value propositions.

Keywords: AMUL, rural youth, dairy consumption, price sensitivity, quality perception, branded products, consumer behavior, rural marketing, affordability, trust

1. INTRODUCTION (EXPANDED)

India's dairy sector, one of the largest in the world, is undergoing rapid diversification as consumer expectations evolve. Amid growing health consciousness and exposure to branded products, young rural consumers represent a key segment for marketers. This demographic is unique: grounded in traditional consumption habits, yet increasingly influenced by digital media, peer networks, and rising aspirations. AMUL, with its cooperative identity and expansive product portfolio, is a leading player in this evolving landscape. Known for its consistent quality and national branding, AMUL enjoys high levels of trust, even in India's remotest villages. However, as price competition intensifies and local brands offer cheaper alternatives, AMUL's rural youth market faces potential erosion.

This study investigates a fundamental marketing dilemma: what drives rural youth to choose branded dairy products like AMUL—quality perception or price sensitivity? While AMUL is viewed as a symbol of purity and value, rural youth often make decisions constrained by affordability and income uncertainty. Understanding the tension between perceived value and price can help marketers design more effective strategies for brand retention in youth-centric rural segments.

2. REVIEW OF LITERATURE

Zeithaml (1988) defines perceived value as the consumer's assessment of product utility based on what is received versus what is paid.

Kotler & Keller (2016) argue that consumer choice in low-income markets often involves complex trade-offs between quality and price.

Rani & Singh (2020) observed that rural youth consider hygiene and packaging more critically than older consumers when choosing dairy products.

Chatterjee (2019) found that quality assurance and trust in brand origin influence rural purchase behavior, especially among educated youth.

Gupta & Sharma (2014) identified affordability as a key barrier to sustained branded product use in rural FMCG.

Kanchan et al. (2020) noted that AMUL's success in rural youth marketing stems from its consistent messaging and perceived nutritional reliability.

Mehta (2015) emphasized the importance of value-for-money in sustaining AMUL's cooperative image in cost-sensitive regions.

Kapoor & Paul (2017) argued that perceived quality drives emotional loyalty, especially in categories associated with health and safety.

Jain & Singh (2021) highlighted that rural youth are more open to branded products when backed by peer influence and visible quality cues.

White et al. (2019) underlined that trust, even more than price, drives purchasing decisions for consumables with perceived health value.

3. OBJECTIVES OF THE STUDY

- To evaluate the influence of perceived product quality on rural youth's purchase of AMUL dairy products
- To assess how price sensitivity affects brand choice and purchase frequency
- To compare the relative weight of quality and price in influencing final purchase decisions
- To provide actionable recommendations for dairy marketers targeting youth in rural India

4. RESEARCH METHODOLOGY

- **Research Design:** Quantitative and qualitative, descriptive in nature
- **Study Area:** Jhunjhunu district, Rajasthan
- **Sample Size:** 300 respondents aged 18–30 from 8 rural clusters
- **Sampling Technique:** Simple random sampling
- **Data Collection:** Structured questionnaire, semi-structured interviews
- **Analysis Tools:** Descriptive stats, cross-tabulation, correlation matrix, thematic coding

5. RESULTS AND ANALYSIS

5.1 Demographic Profile

- 52% male, 48% female respondents
- 68% had monthly household income under ₹25,000
- 43% were pursuing or had completed higher secondary education

5.2 Quality Perception

- 74% viewed AMUL as a symbol of safety and hygiene
- 66% cited taste and freshness as reasons for loyalty
- 59% associated AMUL's branding with national pride and trust

5.3 Price Sensitivity

- 61% agreed that AMUL is slightly more expensive than local brands
- 42% said they sometimes shift to cheaper alternatives for non-staple products like flavored milk
- 38% said price only matters when trying a product for the first time

5.4 Comparative Influence

- 65% chose quality over price when asked to rank influence on purchase
- Only 29% said they would switch brands based on price alone
- Positive correlation ($r = 0.61$) found between quality perception and repeat purchase rate

6. DISCUSSION

The data affirms that perceived quality outweighs price sensitivity for most rural youth when it comes to dairy products—especially those related to health and nutrition. While affordability is undoubtedly a concern, AMUL's brand equity appears to buffer against price-related switching. Consumers are willing to pay a premium if the product assures hygiene, safety, and consistent quality.

Interestingly, price becomes more decisive in non-essential items or first-time trials, suggesting that value packaging, promotions, and product sampling can help overcome price resistance. Moreover, rural youth are more influenced by peer perception and visible product appeal (e.g., clean packaging, expiry dates) than by cost alone.

7. RECOMMENDATIONS

- **Highlight Quality Credentials:** Use packaging and ads to communicate purity, safety standards, and certification (e.g., FSSAI approval).
- **Introduce Affordable SKUs:** Offer smaller, budget-friendly packs of paneer, cheese, and flavored milk for youth segments.
- **Student-Centric Promotion:** Sponsor school and college-based health awareness drives linked to dairy nutrition.

- **Strengthen Retailer Incentives:** Enable retailers to explain product benefits and price justifications effectively.
- **Local Branding Campaigns:** Use regional influencers or “AMUL Youth Champions” to promote quality and trust messaging.

8. CONCLUSION

Rural youth are emerging as value-driven yet quality-conscious consumers. For branded dairy products like AMUL, quality perception—reflected in hygiene, taste, and national trust—plays a more decisive role in driving purchase behavior than price alone. While affordability matters, it is not the sole determinant. Brands that succeed in balancing price competitiveness with visible quality assurance are more likely to build long-term loyalty among this aspirational demographic. As rural youth become more brand-aware, it is imperative that dairy marketers position their offerings not just as economical, but as safe, trustworthy, and enriching.

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