

Context of indian juice industry marketing essay



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Over the last decade the health consciousness of consumers has become an important factor driving the agri-food market. Healthier food products have entered the global markets with force in the past years and rapidly gained market share.

Various studies have concluded that better understanding of consumer perception of healthy foods and its determinants are key success factors for market orientation and development and for successfully negotiating market opportunities. The basic purpose of this research project is to identify the influence of various factors on the buying decision of customers. Through this project we attempt to determine the awareness level of consumers with respect to juice in powder format.

There has been an increasing growth in food processing sector and India has set a target of 20 per cent growth by 2015. It comprises agriculture, horticulture, animal husbandries, and plantation. The opportunity for growth is huge when we compare the fact that merely 1.3 per cent of food is processed in India, whereas, about 80 per cent of food is processed in the developed world. Changing lifestyles, increased spending powers, disposable incomes and changing consumer tastes are expected to change the face of the food retail market in India.

Carbonated drinks, fruit juice and juice-based drinks, energy and sports drinks, malted beverages, probiotic drinks and bottled water are also showing huge growth in India. Within this sector, the fruit drinks segment, the juice and juice drink category is among the fastest growing segments.

While carbonated soft drinks are growing at 6-8 per cent, fruit drinks as a category is growing at around 18-20 per cent each year.

Juice and related concepts in context of Indian Juice Industry

Fruit juice Juice is the liquid that is naturally contained in fruit or vegetable tissue. Juice is prepared by mechanically squeezing or macerating fresh fruits or vegetables flesh without the application of heat or solvents. For example, orange juice is the liquid extract of the fruit of the orange tree. Juice may be prepared in the home from fresh fruits and vegetables using a variety of hand or electric juicers. Many commercial juices are filtered to remove fiber or pulp, but high-pulp fresh orange juice is a popular beverage. Juice may be marketed in concentrate form, sometimes frozen, requiring the user to add water to reconstitute the liquid back to its “ original state”. However, concentrates generally have a noticeably different taste from that of their “ fresh- squeezed” counterparts. Other juices are reconstituted before packaging for retail sale. Common methods for preservation and processing of fruit juices include canning, pasteurization, freezing, evaporation and spray drying.

Labelling and Health effects – Sangi

Since, this paper deals with the customers’ behaviour towards the Fruit Drinks category. So it is better to understand the market scenario and the major players of this market i. e. what they are offering to their customers which can influence their behaviour.

Intro of fruit juice industry in India

The Indian lifestyle has a traditional predilection for fresh fruits and vegetables, especially home processed/cooked ones. People who intend to drink juice either produce it at home using electronic devices or buy it from vendors which produce juice instantly from fresh fruits in front of the consumer. But with the increasing influence of western culture on life style and eating habits Indian consumers have started consuming processed juices available in tetra packs. Also the factors like lack of availability of time for making juice at home and increased awareness regarding hygiene have contributed to increase in demand for packed juices.

Matter of factly, Juice is no more considered as a luxury especially for the middle class society in the urban and semi urban areas, where the population is getting more and more health conscious and are realizing the important nutrient values of fruit and are making them a part of their daily diet. The companies in this Rs. 100 crore industry since inception have been trying to educate the consumers about packaged fruit juice that it is as pure and nutritious as fresh juice which is perceived as fresh as it is extracted in their presence through various promotional and awareness campaigns. The fruit juice products market consists of three often overlapping product classifications: 1) storage method, 2) flavor, and 3) juice content.

The storage method classification includes refrigerated, shelf-stable bottled, frozen concentrate, aseptic, canned, and shelf-stable liquid concentrate. In the Indian market, the flavour classification includes orange juice, mixed fruit drink, cranberry juice (including 100% juice cranberry juice blends and cranberry juice cocktails), apple juice, fruit juice blends, grapefruit juice

(including 100% grapefruit juice and grapefruit juice cocktails), tomato/vegetable juice, lemonade (including limeade), and grape juice. The juice content classification includes 100% fruit juices and fruit drinks.

Increasing consumer interest in and spending on fresh fruit has affected the fruit juice market. Consumers often perceive fresh fruit as healthier than processed fruit products, including juices. Governmental and medical organizations have spurred this trend by issuing guidelines that recommend fresh food. Although recent years have seen a trend of growth in packaged fruit juice industry, the major growth drivers in fruit juice market are:

Increase in health consciousness among consumers,

Increase in disposable incomes,

More sophisticated cocktail culture.

Major brands – Sangi

Industry Analysis

The market for fruit and vegetable juice has grown at almost a steady rate in the last five years. This is largely due to increase in importance of leading a healthy life among Indian consumers.

The market grew from just under Rs. 1200 crore to over 3200 crore in the past 5 to 7 years.

The indicated CAGR is of 21.67%

The market has grown from around 250 million litres to over 550 million litres in terms of volume.

The data shown below from year 2004 to 2009 is indicative of the growth in the sector.

Market Size Fruit/Vegetable Juice Industry

Source: Passport by Euromonitor International

The market can be categorized in terms of product content and there are three major product contents available. ·

Fruit Drinks: Juice with pulp content less than 24%,

Nectars: Juice with pulp content between 25 – 99%,

Juices: Juice with pulp content more than 100%

Fruit Drinks is the largest market with an estimated market share of close to 50-60%

Mango is the most popular flavour and accounts for approx. 85% of volume across all the players. Other flavours orange (5%), pineapple(3%) and a fusion of two or more flavours

Market Players in the category

Parle agro is the market leader for this segment with its brand Frooti commanding a market share of around 75%.

The rest of the market is shared by Godrej's Jumpin, Coca-cola's Maaza and Pepsico's Slice.

Fruit Juice category claims a market share of around 30%

The expected growth in this category is 20-25% annually

Major market players of this category are

Dabur's real fruit juice is the market leader with 50% of market share

Followed by Tropicana with Market share of 35%.

Real Mixed Fruit juice is the highest selling product in the category.

Other Players include Godrej's X's brand products and Mother Dairy's Safal brand Juices

Nectar is the smallest category with estimated market share of close to 10%.

Major market Players are:

Godrej and Dabur are major players in this category with products under X's and Coolers brands respectively.

Dabur's Real Active Apple is the highest selling product of the category

Tropicana's has limited presence in the category under the brand name Tropics with mango, guava and Litchi flavours.

Other emergent forms include juices with fibre or pulp like Coca-cola Minute-maid's pulpy orange and Tropicana's Fibre Active+. Pepsico is also planning to launch juice in powder format under its established Tropicana brand.

Target Markets:

The women of the house

Children – consumption for self-satisfaction based on attractive advertisements and different flavours and colours offered.

The teenagers – for health conscious and as a pre-work out energy source for Gym going teens.

In-home consumption – for consumption at home.

Out of home consumption – On roads, quick food joints, working places and entertainment zones are the places of probable consumption.

Substitutes

Fruit juice companies have to face a two level competition i. e. on the first level with the substitutes and the then the players within the industry. The 'sip war' is comprised of the following players with respect to India.

Soft Drinks (both carbonated and Non- carbonated soft drinks) Soft Drinks are divided into carbonated and Non- carbonated drinks. While Cola, lemon and oranges are carbonated drinks mango drinks come Noncarbonated category.

Flavoured Milk (energy, N-Joy etc.) Just like fruit drinks Flavoured milk is also positioned on the health platform. Companies are trying to project it as a fun drink with added flavours and innovative packaging.

Mineral Water: Fruit drink sellers consider even mineral water as substitute to their offerings. The main assumption is that packs ensure quality delivery and

Other products: Milk by- products like buttermilk and lassi also serve as major substitutes. They compete in terms of low price as well as easy availability. These drinks are also considered important from the health perspective. Main Competitors : A host of brands are jostling for thirst space. Not just colas but beverage sand fruit juices of all hues are adorning shop shelves. From bottled iced-tea to branded chhaas, fruit-based drinks and flavoured milk, beverage makers have gone berserk with product innovation as new variants continue to flood the market. Fruit drinks are high on the swig list in summers as it is part of the health fad sweeping the nation. Health conscious consumers are increasingly giving aerated drinks the go by and making a beeline for fruit-based concoctions. Moreover, sporadic controversies about pesticide-infested cola drinks are said to be driving consumers towards fruit-based drinks as a safer alternative. That is why even existing players are going all out to pour out new flavours.

Trpoicana - Sangi

Pepsi to launch Tropicana in powder format

PepsiCo is set to roll out flagship juice brand Tropicana in a powder format, pitching it directly against global rival Cadbury-Kraft, which sells Tang, as <https://assignbuster.com/context-of-indian-juice-industry-marketing-essay/>

well as home-grown firm Rasna. India may be the only market in which one of the world's largest beverage makers is taking Tropicana into the powder concentrate category.

While the powder concentrate market is estimated at over Rs 600 crore, Ahmedabad-based Rasna is by far the market leader with an over 80% share; it has been selling the eponymous brand since the last three decades while multinational Cadbury-Kraft's Tang is a distant No 2.

Leveraging Tropicana's global fruit expertise, PepsiCo claims to have developed a unique technology that preserves real-fruit taste and allows converting fruit juices into easily soluble powder without added artificial preservatives. With this launch Pepsi aims to

Drive accessibility

Attract more consumers to packaged fruit juice/beverage category and

Expand the franchise of Tropicana in India.

For PepsiCo, this isn't its first foray in the powder category. It had extended its sports drink Gatorade to powder format in early 2010 by launching Gatorade Sports Mix.

Pepsi's new offering appears to be a significant innovation and could help in growing the brand as well as the category, But this market won't be easy to capture. Apart from Rasna, Pepsi will have to compete with Cadbury-Kraft's Tang, which is world's largest powdered beverage brand. The unique selling

points of Tang are right on trend with what consumers opt for — affordability, taste and refreshing goodness.

Price Analysis – Sangi

Objective of the Study

The main goal of this study is to address two main questions:

Intention to buy

Brand awareness

The intention to buy a fruit drink would measure the factors that strongly affect a buyer's decision

Measure the awareness among consumers for the juices in powder concentrate form

Literature Review

â-°Czepiel (1980) : Researcher undertook a study on managing customer satisfaction in consumer service business. The study states that marketing involves the distinct processes of both attracting consumers and satisfying them. Glowing promises are useful ways to attract purchasers, but marketers should bear in mind that these promises may form the basis for consumer expectations. Since consumer dissatisfaction springs from negative disconfirmations of these expectations, some instances of dissatisfaction could be avoided if consumers simply expected less in the first place.

â-°Nandagopal and Chinnaiyan (2003) concluded that the level of awareness among the rural consumers about the brand of soft drinks was high which

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was indicated by the mode of purchase of the soft drinks by “ Brand Name”. The major source of brand awareness was word of mouth followed by advertisements, family members, relatives and friends.

â-°Douglas Sorenson (2005): The objective of this study was to identify the optimal product design attributes for a range of chilled probiotic orange juice beverages and to evaluate the contribution of market oriented research methodologies to the development and strategic marketing of innovative functional beverages. New product development opportunities exist for probiotic based beverages juice although functionality should not be relied on solely to leverage a competitive advantage.

â-°Ramasamy et al. (2005) indicated that, the buying behavior is vastly influenced by awareness and attitude towards the product. Commercial advertisements over television was said to be the most important source of information, followed by displays in retail outlets. Consumers do build opinion about a brand on the basis of which various product features play an important role in decision making process. A large number of respondents laid emphasis on quality and felt that price is an important factor while the others attached importance to image of manufacturer.

â-°Dilber Ulas H, Bader (2006): The purpose of this study was to present a broad view and analysis of brand switching attitudes of cola consumers in Turkish cola market. Cola turka, the new cola brand has captured Coca-cola preserving its dominance . Pepsi-Cola has surpassed by this new product.

â-° Narang (2006) opined that, a buyer does not stick to one brand in case of food purchasing. They should be able to recall different brand names when
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they go for purchase. Repetitive advertising can be used to promote brand recall. The product should be associated with style and trend, so that it appeals to the youth and the brand name should be developed as a fashion statement. Promotional schemes such as discount and free offers with purchase are suggested to increase rates.

â-° Vincent (2006) elicited that quality is an important factor that draws consumers towards branded products. Branded products are accepted as good quality products. People do not mind paying extra for branded products, as they get value for money. Media is a key constituent in promoting and influencing brand. A child's insistence affects family's buying behavior. Children are highly aware and conscious of branded items. Although unbranded products sometimes give same satisfaction as branded products, customers would still prefer to purchase a branded product.

â-° Usha. V (2007) The study revealed that in majority of the households women made the buying decisions of instant food products. The retailers influence plays very important role in the purchasing of instant food products and retail shops are the important source for purchase of these products by consumers. There is a general perception among the consumers that Instant Food Products are expensive than home made products

â-° Marianela Fornerino, Francois (2010) This experimental research seek to offer a method for measuring the respective product and brand contributions to the global perceived quality dimension in the case of five brand of orange juices. Result indicate an assimilation effect for the national brands, particularly strong with the most preferred brand and non-significant brand

effect for the retailer's brand, although both the products were rated the same in the blind evaluation.

â-º Saroj Hiremath and E. J. Jagtap (2011) The study examines the consumer behavior and brand loyalty for tetra packed juices in Pune City, Maharashtra, India. The study of the overall objective poses the clear picture regarding consumers' awareness and buying behavior regarding Tetra packed juices of different brands. From the study it has been observed that tetras packed juice consumers prefer packed juice to actual juices because of its freshness, convenience and storing capacity. The consumers in Pune City are well aware regarding the use of their brands among the available alternatives.

Research Methodology and Data Collection

Based on literature survey and expert interview with Mr. Arjun Mehra, Area Sales Manager in Mumbai, Pepsico India Ltd. a list of relevant variables was prepared. The factor analysis performed using ' principal axis method – Dont remember the name sum1 write it please' resulted in ?? factors with ?? variables distributed amongst them. Based on the factors obtained a questionnaire was prepared to capture the relevant factors, which was initially pre-tested at IMT Ghaziabad. After its finalization; primary data was collected from 120 respondents across metro cities in India by administering the survey personally and online. The respondents were chosen using convenience sampling keeping packaged juice consumers as sampling frame.

The questionnaire was aimed to capture information on the psychology of the consumer when he/she makes a buying decision for packaged juice, thus

only 2 demographic factors namely age and place were taken into consideration to study their affect on consumer's buying decision. The study revealed that ?? percent of respondents were in the category of ?? - ?? Range age. Also it was observed that ?? percentage of respondents consume juice 1-2. 3-5, 6-10 and > 10 times in a week. Table 1 below shows the above information in tabular form.

Table 1: Consumer (Sample) Profile**Frequency of Consumption of Fruit Juice (times per week)****Demographic****Characteristics****1-2****3-5****6-10****> 10 times****Number of Respondents****Age Category****< 25 years****25 – 50 Years****> 50 years****Place****North****East****West****South**

Please Fill in the Data or help me doing it

The following diagram depicts the methodology followed using a flow diagram

Figure 2: Flow diagram depicting Methodology for study

Hypothesis and Regression Equation Assumed – Existing System

Data Analysis and Results – We need not show any SPSS result tables please refer to some research papers I have sent along with the mail – We need to write only the interpretation part.

We can use Pie charts here – Loveraj

Proposed System – Final regression equation after analysis (with coefficients obtained)

Limitation – Anirudh please elaborate on them.

Sample Size

Time

Geographic constraints

Limited secondary data

Cost constraints

Recommendations

Maximum people prefer buying sachets during travel, hence the company should focus their distribution in bus stand kiosks, railways.

Attractive promotional offers make the buyer switch brands hence competitor activity should be closely monitored.

Celebrity endorsements do not affect the buying decision of the buyer hence less budget should be allocated to it.

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