

Britannia the best known brands in india marketing essay



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The objective of this project is to identify the problem faced by Britannia Industries Limited in the SCM area and provide a solution to it.

The main problem identified is the “ Bullwhip Effect” and the proposed solution is to implement an ERP based solution.

Organization Background

Britannia is one of the best-known brands in India, one of the largest biscuit manufacturers in the country, The Company known as Britannia Industries Ltd. today began in 1892 in a ordinary house in Kolkata. The initial investment to form the company was 295 Indian Rupees (US\$7) at today’s exchange rate. More than 100 years later, sales have reached approximately 18. 7 billion Rupees (US\$400 million).

Britannia begins with the business producing electricity, Britannia mechanized its operations, and in 1921, it became the first company east of the Suez Canal to use imported gas ovens. Britannia’s business was flourishing. But, more importantly, Britannia was acquiring a reputation for quality and value. As a result, during the World War II, the Government reposed its trust in Britannia by contracting it to supply large quantities of “ service biscuits” to the armed forces. And therefore the company was incorporated in 1918 as Britannia Biscuits Co. Ltd. in Calcutta and in 1924, Peek Frean UK acquired a controlling stake in the company, which was later passed on to Associated Biscuits International UK (ABI). During the 1950s and 1960s, Britannia expanded its operations beyond Calcutta to Mumbai, Delhi and Chennai.

In the year 1978 company went for public issues and Indian shareholding crossed 60%, firmly establishing the Indian ness of the firm and formed Britannia Industries Limited (BIL). Four years later in 1983, it crossed the Rs100 crores revenue mark.

In 1987, Nabisco acquired ABI. Then in 1989, JM Pillai, a Singapore-based non-resident Indian (NRI) businessman, and Grouped Danone acquired Asian operations of Nabisco and the controlling stake in Britannia. Later, Danone and Nusli Wadia took over Mr. Pillai's holdings.

Britannia has been jointly owned by Danone and Wadia Group since 1997. The two along with five other companies form a holding company called Associated Biscuits International Ltd., which owns a 51% share of Britannia. The remaining 49% share is held by the public and financial institutions.

On the operations front, In 1997, the company unveiled its new corporate identity – “ Eat Healthy, Think Better” – and made its first foray into the dairy products market. In 1999, the “ Britannia Khao, World Cup Jao” promotion further fortified the affinity consumers

Britannia strode into the 21st Century as one of India's biggest brands and the pre-eminent food brand of the country. It was equally recognized for its innovative approach to products and marketing: the Lagaan Match was voted India's most successful promotional activity of the year 2001 while the delicious Britannia 50-50 Maska-Chaska became India's most successful product launch. In 2002, Britannia's New Business Division formed a joint venture with Fonterra, the world's second largest Dairy Company, and

Britannia New Zealand Foods Pvt. Ltd. was born. In recognition of its vision
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and accelerating graph, Forbes Global rated Britannia ' One amongst the Top 200 Small Companies of the World', and The Economic Times pegged Britannia India's 2nd

Most trusted brand.

Having succeeded in garnering the trust of almost one-third of India's one billion populations and a strong management at the helm means Britannia will continue to dream big on its path of innovation and quality. And millions of consumers will savor the results, happily ever after.

Britannia puts a lot of emphasis on its primary biscuit brands including Tiger, Good Day, Marie, Milk Bikis, 50: 50 and Treat. Biscuits make up more than 80% of the company's production - bread, cakes and dairy constitute the remaining 20%. Its brands are considered to be an excellent value by India's price-conscious consumers.

BIL is the first company to introduce the several varieties of biscuits in India, such as 50: 50, glucose biscuits for children, chocolate biscuits, butter biscuits and became the household name of the country. In fact some of these brands are bigger than several multinationals in the food business in India. The Tiger brand biscuit, one of the most well-known, is extremely popular among rural consumers - with almost 50% of the brand's value sales coming in from rural areas.

Market of Britannia

According to Euromonitor International, Britannia continues to have a strong presence in India's bakery products industry. In 2001, the company had 18.

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9% market share for all bakery products; that number rose to 19.9% by 2004. As for the biscuit portion of the business, Britannia had 41.2% market share in 2001 and 43.6% in 2004 when Britannia was the national leader in biscuit sales. Currently Britannia Industries Ltd, accounts for about 38% in value and 32% in volume of the organized biscuits market in India.

Bakery product sales increased from 13.9 billion Rupees (US\$295.6 million) in 2001 to 17.2 billion Rupees (US\$368.1 million) in 2004, a 7.6% compound annual growth rate. Biscuits made up 82% of Britannia's bakery products value sales in 2001 and rose to 85% in 2004.

Of Britannia's total biscuit value sales, 82% are from sweet biscuits and 18% are from savory biscuits and crackers. In the company's baked foods category, 87% consist of bread products, 13% are cakes.

The entire biscuit market is estimated to be around 1.1 million tones per annum, and valued at over Rs 50 billion. The biscuit segments enjoy the most developed markets for any item of mass consumption, covering over 90% of the overall potential market. This implies that over 900 million Indian buys and eat biscuits, with varying frequency in any year. The market is highly competitive at the supply side, with thousands of small scale manufactures as well as others in the organized large scale sectors.

After the 1997 Britannia changed its strategies from product oriented to opportunity oriented. Earlier Britannia has narrow lined products mainly for kids but when the trends. Preferences and taste of common man changed Britannia also added number of varieties in its products and they in real

sense used the opportunity in making the products, Britannia widen its product line which follows the STP.

They served the products for all the categories of people, now biscuit is not only meant for guest but also for the individuals by introducing tiger biscuits in small packs, The length of Britannia brand is demonstrated by the fact that it stands far above all in this fiercely competitive market, with over 46% market share by value. Targeting the key consumers and and changing the products with opportunity has worked for the Britannia and that's why they are the leader in the biscuit range.

Product Portfolio of Britannia

Britannia's entire product offering derive their premium qualities from the principles of health and taste. This key premise has led to the evolution of a lifetime menu where Britannia product exists for every stage in a person's life. The highest consumption group for biscuit are children; here Britannia offers milk bikis with all the 'goodness of milk' required by younger kids.

While the tiger brand is aimed for 7-14 year olds and provides them with the exuberant health required by winners of tomorrow. Treat a range of delicious cream biscuit- is meant as a treat for children during fun times.

A particularly notable success has been little hearts, meant for teenagers and kids, which has completely dispelled an erstwhile industry axiom that this target group did not snack on sweet biscuit.

Moving on other age groups, Britannia created 50-50 as a biscuit snack for young adults with its sweet and salty taste. The savory time pass brand is targeted at the same age group as well, Britannia mariegold, is a venerated
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tea-time offering that is packed with wheat energy and has found much favor with health conscious urban adults. Good day, a cookie filled with rich ingredients is a healthy everyday treat for entire family.

Britannia has a range of bread and cakes entrenched in the fresh bakery segment. these products aloe the consumers to interact with the brand more often and maintain continuity of the taste with health promise.

In 2004, the company was extremely active in rolling out new products. It introduced its Little Hearts brand, which are referred to as “ melt in the mouth” biscuits. Little Hearts Orange (orange-flavored biscuits) and Classic retail for 10 Rupees. Britannia also added Blackcurrant Treat, Jam Treat, Good Day Gingernut and Good Day Choco-Nut to its growing biscuit line in 2004. For the bread and dairy markets, Britannia introduced NutriChoice vitamin-enriched bread and Milk Man low-fat cheese slices.

There were no new product launches in 2005, instead the company worked on strengthening existing brands. It released Premium Assorted Exotic Creme Biscuits, which feature varieties of some of the most popular biscuits – Pure Magic Chocolate, Pure Magic Vanilla, Pure Magic Strawberry & Vanilla and Jam Treat. The pack retails for 100 Rupees. The company also reformulated its 50: 50 Maska Chaska biscuits.

Sourcing Strategy: Outsourcing Vs Manufacturing

With only four plants located in the country, it's hard to imagine how Britannia Industries Ltd. became one of the largest food companies in India. But thanks to the company's system of outsourcing a significant quantity of

products, Britannia is able to offer more than 13 brands and more than 200 SKUs for its customers in India and around the world.

The company's plants are located in India's four major metropolitan cities - Kolkata in eastern India, Chennai in southern India and Delhi and Uttaranchal in northern India. Combined, these facilities employ more than 4,300 people and yet only make 30% of the company's products. Sixty-one other contracted factories produce the remaining 70% of Britannia's product line.

It's a distributed manufacturing strategy in Britannia Industries Limited designed to optimize the delivered cost to the consumer. Outsourcing manufacturing is a model used by many other companies in India, both in the consumer packaged and durable goods segment in such companies Britannia Industries Limited and Hindustan Unilever limited are effectively using this strategy.

The 61 factories contracted to produce Britannia products do not produce any other products at their locations. Certain brands and product varieties are made at particular facilities. Even though the contracted facilities are not owned by Britannia, they are monitored by company representatives to ensure quality control.

For example in the northern region of India there are eight manufacturing units including Britannia Industries limited New Delhi, where Britannia has outsourced its manufacturing. And for the quality control there is a Quality Assurance Team guided by Quality Assurance Manager Mr. Dev Raj Dabas. A brief introduction of these eight is given below:

French Foods Faridabad

Gokul Foods Kanpur

RKM Foods Kandrori

BIL New Delhi

Delta Foods Biscuits Gaziabad

Delta Foods Cake Gaziabad

JB Managaram Gawalior

Super Snacks Gaziabad

Britannia generally launches products that offer the company good returns, supporting these through brand building and leveraging on its nationwide supply chain.

Sales and Distribution of Britannia

Britannia two different kinds of distribution networks one is for dairy products and other one is Bakery products. Here distribution network of bakery products has been discussed. In Bakery products Britannia applies two kind of distribution system. These are given below:

Mass Distribution

Selective Distribution

1. Mass Distribution

Britannia use to produce general FMCG products which are in form of packaged food and which need not to have very special kind of distribution strategy. Like other FMCG companies Britannia also use mass distribution system. Since all almost all the products of Britannia are of low price, repeat purchase items, and does not require much of effort from customer side. So ultimately these products are sold on mass distribution basis.

Mass Distribution Structure of Britannia for Bakery Products:

C&F

Distributor 1

Retailers

Consumers

Distributor 2

Distributor 3

Factory

There are four C&F of Britannia in NCR region:

Mudka - Bahadurgarh

Bakoli

Gaziabad

Kundali- Sonipat

49 distributors are working under these four C&F. The distribution network of Britannia's products from top to bottom is given below:

First of all stock is sent to these C&F, and then this stock is sent to the various distribution centers of Britannia. All of these distribution centers do not contain products of any other brand. Now this supply of stock is based on full e-network. This system has been provided a particular terminology i. e. "UDAAN PACKAGE". In this system the accountant who is in distribution center submits an online order to the C&F. Then in C&F the order for a particular distribution center is automatically generated and further fulfilled by C&F.

Britannia has established these C&F at very appropriate locations. As soon as there is a demand generated in any distribution centre These C&F are able to fulfill the demand within four to six hours. So it is clear that C&F provides quick delivery to the distribution centre. But in order to meet this demand the C&F also has to keep some inventory with it.

Now if we talk according to the distribution point of view we will find that Distribution Centre has to also make some inventory in order to meet any kind of scarcity or instant demand. According to Mr. Randhir Kumar, (Territory Sales Incharge, Britannia Industries Limited), the distribution center has to maintain inventory of three days.

Now the distribution of stock from the distributor to retailer can be further explained by taking a distributor Keshav Enterprises. Keshav Enterprises is the distributor near Kishan Garh Vasant Kunj; handles 850-1000 outlets. The area which a distributor covers is also very large. E. g. Keshav Enterprises
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handles Munirka, R. K. Puram, South Moti Bagh, Vasant Kunj, Sataya Niketan, Mahipal Pur, Kapashera Border, Bijwasan, Nangal Dairy and Vasant Vihar.

There are 49 such distributors of Britannia in Delhi.

Under this distributor five sales men work and they cover the entire area which is mentioned above.

Here the distribution is again divided into two parts i. e. distribution for

General Shops

Key Account Outlets (KAT)

1). General Shops

Distribution to general shops is done by two sales men. They cover 30 to 40 outlets every day. Now the number of these outlets is not content, it varies time by time as they are not very loyal to the company and also does not contribute to very prominent sale.

2). Key Account Outlets (KAT)

These outlets are covered by two sales men and they take order from these outlets biweekly. These sales men visit twenty to twenty five outlets every day. These outlets are very much loyal to the company and provide prominent business to the company. So from the sales point of view these outlets are very important.

Now the stock is moved from distributor to the retailers. For selling the stock on the retail outlets there are two processes:

Order Booking

Ready Stock

1). Order Booking

There are separate sales teams who perform this task. For example one sales team has to go for order booking. In this process the salesman first go to shop to shop and book the orders from there. On the other day or some times on the same day the delivery van goes every where in order to fulfill the orders. Now due to this method distributor not only gains the sales as well as looses the sale. Order booking process is done in Britannia on Biweekly or Weekly basis. Some times Order Booking and Ready Stock both the task are performed by the same sales man.

Benefits of Order Booking

In this process the distributor always remains in better position to forecast the demand. As the sales man has already an order list. This helps not only to the distributors but also to the C&F as well as finally to the factory in order to make more realistic demand.

Since the sales man does not have to do more but to book the order, it enables the sales man to search out the new opportunities in the market. It helps not only to the company but also to the sales man as sales man gets special rewards from the company side.

Since during this process the sales man gets extra time in which he/she gets enough time to interact with the retailer which is again very important.

Actually the retailer does not want only profit but also a better respect and courtesy from the salesman. So in such situations if the retailer is getting

good time with the salesman, surely he will be more loyal to the company. Also during this period the sales man could increase the visibility of its products in the shelves of the shop keeper.

Drawbacks of Order Booking

Along with all these benefits there are some drawbacks also involved in this advance booking process. Some times sales man takes orders from the shopkeeper and assures him that the order will be fulfilled on next day. But during this period the sales man of other company comes and provides the same product at some discounts or with some schemes in this condition the shopkeeper takes the stock from that sales man.

2). Ready Stock

In this process the sales man carry the team along with him which contain a delivery van, a driver, and one or two helpers. The sales man takes order from the shops and also places the order at the spot. There are following benefits and drawbacks of this method. Almost thirty to forty outlets are visited by this way.

Benefits of Ready Stock

The retailer gets stock on the spot without any delay.

The sales man does not give a chance to the retailer to switch any other brand.

The defected stock is replaced on the spot.

Drawbacks of Ready Stock

The sales man does not get enough time; he simply dumps the stock and moves from one store to another store.

Even then he does not cover many retailers, as the delivery process takes a lot of time.

What amount of stock should be carried by the sales man is also can not be predicted.

The sales man moves to pre decided path and could not find new shops, so the market penetration by the sales man is also very rare in this case.

2. Selective Distribution

Selective distribution is done for premium products of Britannia. There are eight SKUs, for which Britannia uses selective distribution. These brands are:

Chochlor Intoxication

Almond Addiction

Chocolus Addiction

These products are very costly and lie between the prices ranges of Rs. 150 to Rs. 200. Now these products are not supplied by the distribution centre but directly from C&F. These distributions are done through the Merchandiser Team. Merchandiser Team is elaborated in further pages.

Merchandiser takes order from these exclusive shops and transfers this order to the C&F. Now C&F sends the stock and the billing is done by the respective distribution centre.

Selective Distribution Structure of Britannia for Bakery Products

Exclusive Retail Outlet

Exclusive Retail Outlet

Exclusive Retail Outlet

Exclusive Retail Outlet

C&F

C&F

Factory

The Challenges

To compete effectively, Britannia found that it was essential to get sales people out in front of customers – yet this isolated them from their ordering systems. Managers wanted to enable remote working to allow more time to be spent with customers, while providing easier access to ordering and production management tools.

The Solution

Use of ERP based solution in Supply Chain

It is recommended that Britannia implement “ mySAP” ERP applications on the high performance, highly scalable IBM technologies. The mySAP ERP software enables full access to company production planning, stock, sales

order systems and more, accessed through a simple Web browser and SAP client.

The Benefits: Britannia can expect to achieve around 30 per cent lower database administration costs, with better technical performance leading to increased productivity as sales staff complete orders more quickly without waiting to return to the office; Britannia can provide information on pricing and availability in real time; lower software license fees for remote systems and reduced administrative and maintenance workload means a significant reduction in TCO.

The ERP functions from the perspective of supply chain optimization are shown in following flowchart.

Overall process optimization

Expense optimization

Revenue and Profit optimization

Logistics optimization

Knowledge optimization

ERP optimization at various stages of supply chain

The business value of the ERP system includes:

Streamlined supply chain and accurate information.

Reduced supply chain costs.

Increased sales through accurate product availability.

The following figure highlights IT components in ERP, IT infrastructure and resources in SCM. The SCM planning is the input for ERP.

Operating system

Data warehouse

Retail Link

Data, account, analysis

Forecast

Inventory plan

ERP

SCM Manufacturing planning

Feedback

S

E

R

V

E

R

S

Intelligent Systems

Internet

ERP, IT Infrastructure and resources in SCM

Key Solution Components

Industry: Foods

Applications: mySAP™ ERP ECC 6. 0

Hardware: IBM System p5™ 570, p5-520, IBM System Storage® DS4300™ ,
IBM TotalStorage® 3580 tape drives

Software: IBM AIX® 5. 3, IBM DB2®