

Marketing management of britannia biscuits co ltd marketing essay



According to the Federation of Biscuit Manufactures of India (FBMI), the biscuit industry in India in the organized sector produces around 60% of the total production, the balance 40% is contributed by the unorganized bakeries.

The production by organized players is estimated to be 1561, 000 tonnes, for the year 2005, which means if we include the unorganized sector the total tonnage should be at least 2, 600, 000. The industry consists of 3 large-scale manufacturers, around 50 medium scale brands and 2500 small-scale units in the country. The unorganized sector is estimated to have approximately 30, 000 small & tiny bakeries across the country.

The major brands are – Britannia, Parle, ITC, Priyagold, Cremica, Dukes, Anmol, Priya, etc besides various regional and state brands. Biscuit industry, which was reserved in the small-scale industry sector, was unreserved in 1997-98, based on the recommendations of the Abid Hussain Committee. (Biscuit Federation)

Britannia

Britannia was incorporated in 1918 as Britannia Biscuits Co Ltd in Calcutta. Britannia strode into the 21st Century as one of India's biggest brands and the pre-eminent food brand of the country. It is equally recognised for its innovative approach to products and marketing. Biscuits are the main revenue earners for BIL (about 85% of the total sales). Over the years, BIL has been continuously expanding its product portfolio to achieve its vision of converting every third Indian into its consumer. BIL's biscuit volume growth has outpaced the segment driven by the various initiatives taken by the

management. Tiger biscuits launch in July 1997 led Britannia's foray into the glucose category. Tiger now contributes about 40% to the biscuits turnover and has been Britannia's biggest success. BIL has decided to focus on seven core brands in the biscuits category. The brands include Good Day, Tiger, 50-50, Snax, and the Cream Treat brands, among others. (Britannia)

Task 1: Concept of Marketing

The concept of marketing is related to analysing the markets and the customers in relation to any particular product. This is done basically in order to discover the unfulfilled demands of the consumers. Marketing process refers to the procedure where the steps are taken and decisions are made in order to match the requirements of the consumers by implementing the strategies in order to compete with the competitors.

According to Chartered Institute of Marketing (UK), " Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably."

According to Kotler, " Marketing is the social process by which individuals and groups obtain what they need and want through creating & exchanging products and value with others."

These are the two definitions that talk about the marketing concepts and the customer forefront. And, thus, helps in decisions making in order to maintain the maximum satisfaction of the customers. (What is marketing?)

Product Life Cycle

Product refers to something which is capable of satisfying of the customer needs. This product includes both physical products and also the services. All the various stages that come in a products life are altogether known as Product Life Cycle. The Product Life Cycle of a product includes 4 major stages:

Introduction

Growth

Maturity

Decline

Introduction Stage – this is a stage where the product is introduced. Here in this the market size and growth is not much. Here in this stage, there comes a need for substantial research and development costs to be calculated. Also, the product needs to be promoted and a proper distribution channel needs to be designed.

Growth Stage – this is a stage where there happens rapid growth in terms of sales and profits. Profits come up because of the increased output, which is known as economies of scale and thereby some better prices.

Maturity Stage – this exists as the most common stage in all the markets. Here the competition exists at the peak and all the companies in one industry fight in order to maintain their share. The marketing and finance are

the main key activities in this stage. This is the stage where the maximum profits are earned by the market in total.

Decline Stage – here, the market shrinks and keeps on shrinking, thereby reducing the overall profit amount which is thus shared amongst the competitors. Thus, there needs to be proper care taken of the product.

PRODUCT STRATEGIES

Guarantee

After Sales

Branding

Features

Core

Function

A product should be viewed in three levels.

Level 1: Core Product. What is the core benefit your product offers?.

Customers who purchase a camera are buying more than just a camera they are purchasing memories.

Level 2 Actual Product: All cameras capture memories. The aim is to ensure that your potential customers purchase your one. The strategy at this level involves organisations branding, adding features and benefits to ensure that their product offers a differential advantage from their competitors.

Level 3: Augmented product: What additional non-tangible benefits can you offer? Competition at this level is based around after sales service,

warranties, delivery and so on. John Lewis a retail departmental store offers free five year guarantee on purchases of their Television sets, this gives their customers the additional benefit of 'piece of mind' over the five years should their purchase develop a fault.

Market segmentation and selecting target market

It is an effort to increase a company's precision marketing. The starting point of any segmentation discussion is mass marketing. In mass marketing, the seller engaged in the mass production, mass distribution and mass promotion of one product for all buyers. Market segment consists of a large identifiable group within a market with similar wants, purchasing power geographical location, buying attitudes or buying habits. It is an approach midway between mass marketing and individual marketing. Through this the choice of distribution channels, and communication channels become much easier. The researchers try to form segments by looking at consumer characteristics; geographic, demographic, and psychographic. After segmenting the market then target market selected.

Pricing: using information collected in the above steps, select a pricing method, develop the pricing structure, and define discounts. It is the most important aspect in company's point of view. Price of the product will be decided by the company according to the competitor's price.

Place: Place simply refers to how one sells his products to the customers.

Depending on what it is that he is selling will directly influence how he distributes it, and it affects mainly those businesses that are in production.

There are six basic channel decisions:-

Do we use direct or indirect channels?

Single or multiple channels

Cumulative length of multiple channels

Types of intermediary

This plays a major role in the entire marketing system. The company emphasizes on its distribution network. Proper distribution network gives proper availability of the product.

Promotion: -The fourth part of the marketing mix refers to the process of informing the customers of the company's products.

To make the customers aware that the products exist, there are a number of methods a company may choose to use, they include:

Media Advertising (television, magazines, Internet, radio)

Personal selling (involving a sales person)

Non-personal communication (persuasion advertising – competitions, free samples. Other promotional types include public relation exercises and free publicity.

Promotion is one of the major aspects in marketing strategies. By adopting various promotional activities, the company creates a strong brand image. It also helps in increasing the brand awareness. It includes advertising, sales promotions and public relations etc.

Positioning:- The positioning is a creative exercise done with an existing product. The well known products generally hold a distinctive position in consumer's minds. The positioning requires that every tangible aspect of product, price, place and promotion must support the chosen positioning strategy. Company should develop a unique selling proposition (USP) for each brand and stick to it, PPL consistently promotes its DAP fertilizer by Higher yield at lower cost. As companies increase the number of claims for their brand, they risk disbelief and a loss of clear positioning. In general a company must avoid four major positioning errors. Those are under positioning over positioning, confused positioning and doubtful positioning.

Product: – A product is any offering that can satisfy a need or want. The major types of basic offerings are goods, services, experiences, events, places, properties, organizations, information and ideas. The company gives more importance in quality, packaging, services etc. to satisfy the customers. The products have its life cycle. The product strategies are modified in different stages of product life cycle.

Research and Development: – after testing, the new product manager must develop a preliminary marketing strategy plan for introducing the new product into the market. The plan consists of three parts. The first part describes the target market's size, structure and behaviour. The second part outlines the planned price, distribution strategy and marketing budget for the first year. The third part of the development describes the long run sales and profit goals and marketing mix strategy over time.

Marketing

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Mix

Target Market

PRODUCT PLACE

Product variety Channels

Quality Coverage

Design Assortment

Features Locations

Brand Names Inventory Packaging Transport

Sizes PRICE PROMOTIONS

Services List Price Sales Promotion

Warranties Discounts Advertising

Returns Allowances Sales Force

Payment Period Public Relations

Credit Terms Direct Marketing

Task 2: SWOT Analysis of BRITANNIA

SWOT Analysis refers to the strategic planning process which is used to evaluate the strengths, weaknesses, opportunities and threats which exist in any project. Thus, SWOT analysis is required for the start up by definition of

the desired end state / objective. A SWOT analysis can be incorporated in the strategic planning model. The following are the important parts:

Strengths: the various attributes of any individual / company which can be helpful in achieving the various objectives.

Weaknesses: the various attributes of any individual / company which might harm in achieving the objectives.

Opportunities: the various external conditions which are helpful in the achievement of the objectives.

Threats: the external conditions which can damage the objectives.

Strength

Fulfill one of our Basic Requirement among Air , Water , Food, Shelter

Widely accepted in all Generations

Easily available in various forms

Provide good Instant Remedy for hunger in the form of readymade food

Preserves the non seasonal food and makes it available all throughout the year

Weakness

Decreases nutritional value

Increases the cost of food product

Industry and technology requires high investment

Regular usage of processed food can cause alteration in health

Opportunities

Increase economy of India

Generate employment opportunity

Good quality of Goods

Provide competition to foreign companies

Improve living standard

Provide goods to nation at cheaper rate

Inflow of foreign reserve and funds for the govt.(taxes)

Threats

Many companies are result oriented

Increase in pollution

Sometimes provide poor quality of product for more profit

Lack of technology

Unable to utilize all the resources efficiently

Task 3 Primary & Secondary Research

AIM OF STUDYING THE PROBLEM

The main objective of undertaking this project was to compare the performance of Britannia with other brands of its kinds in the market. In this project we studied the techniques adopted by the brand to position itself in the market and also the various market segments catered by the brand were taken into account. Objectives included: –

Identifying the various market segments of the Britannia biscuit.

Conducting the marketing mix for Britannia biscuits.

Analyzing the buying behaviour of the customers.

Studying the market share of Britannia.

Analyzing the major competitors.

Recommendations for improving the market share.

SCOPE & COVERAGE

In this project we concentrated on all the biscuits offered by Britannia

The primary survey area was restricted to Noida and Greater Noida only.

The competitor analysis was limited to the major players in biscuit industry – Parle and ITC and Priyagold.

The market segments considered in this project were restricted to the age group and occupation.

The study was conducted for a period of 3-4 weeks.

RESEARCH QUESTIONS (Hypothesis)

1: Dependency between different age groups and buying behaviour of the customers towards Britannia biscuits.

2: Based on various parameters like taste, brand image, price, etc. people prefer Britannia over other brands.

RESEARCH DESIGN

The research approach for this study was conclusive research. We applied descriptive as well as inferential statistics for the purpose of our study. The sample size was limited to 100 and in order to have stratified sampling we took equal no. of samples from every age group. We used various non-parametric and parametric to analyze our results.

DATA COLLECTION

Primary Survey

a) Personal Interview – Local vendors for Britannia were interviewed to get first-hand information about the demand and sales for this brand.

b) Consumer survey through questionnaires to determine the consumption trend.

2. Secondary Survey

Online materials were used to find the market size, market share and current growth of Britannia.

DATA CLASSIFICATION

Secondary Data

Task 4: Marketing Plans & Strategy

For Cream biscuits well-differentiated advertisements targeted at children were shown on cartoon channels, which showed a complete cream world with cream rivers, cream mountains and cream trees.

For Glucose biscuits mothers received information on the importance of glucose and the wholeness of wheat on entertainment channels.

To promote itself, the company tied up with Bey Blades, the popular television series that was a rage among.

Innovation in the product line – biscuits with butterscotch cream with actual granules in the cream, strawberry cream with flavour-enhancers and orange-flavoured Marie.

Competitive advantage from the well established distribution network of its tobacco business.

Endorsement by celebrities like Shah Rukh Khan and southern star Surya as brand ambassadors for Sunfeast.

Branded the WTA tennis tournament with promos starring tennis stars, Mahesh Bhupati and Sania Mirza. (ITC Portal)

Designing products that provide nutrition & fun to the common man.

Parle offerings are in the low & mid-range price segments. The value-for-money positioning helps generate large sales volumes for the products.

Parle Products also manufacture a variety of premium products for the up-market, urban consumers, catering to a variety of consumers. (Parle Products)

Family packs of economical prices of badam pista biscuit.

Biscuits are kept at 'eye level' in the shop floor to improve visibility of their products.

Offers and freebies like extra biscuits in the pack are given to customers.

Offered Mercedes cars as the first prize for a contest titled PriyaGold Khaao Aur Khelo.

Indulges in activities like sending vans carrying Priyagold biscuits to villages.

Promotes products by way of wall paintings, stalls in exhibitions and by financing prizes in melas or during ramlila.

The company ensures distributors operate in clearly demarcated territories so they are able to cover all retail outlets in their areas more efficiently. This allowed a faster inventory turnover.

They identified newer segments and flavours where there was virtually no competition, and launched variants like Kesar Bite, Cheese Crackers and Cashew Chat Masala.

In order to emphasize the value-for-money proposition, it focused on economy packs.

Instead of reinventing some of the issues, they've focused on value adding, such as putting more sugar or making biscuits softer and crunchier.(Priya Gold)

MARKET ANALYSIS

CUSTOMER SEGMENTATION

SEGMENTATION BASES:

1) BENEFITS OF BRITANNIA BISCUITS:

Products offered by Britannia under biscuit segment.

Tiger

Good day

50-50

Treat

Milk Bikis

Nutri choice

Little Hearts

Nice time

TASTE BASED BENEFITS:

Cream biscuits (Cream treat) – Target consumers involve children and young age people.

HEALTH BASED BENEFITS:

Sweet biscuits: Target consumers include children, young and occasional eaters. The products under this category include Good day, Tiger, Nice time, Tiger and Milk Bikis.

Less sweet: This category involves mainly the young people as well as the health conscious people. The products in this category include Little Hearts and Nutri Choice.

Salted Biscuits: In this category the target consumers are those who generally use biscuits with their morning and evening tea. It includes fitness-conscious people who prefer taking salty biscuits to sweet ones. Also people suffering from diabetes and other health problems would prefer taking salty biscuits. Britannia's 50-50 comes under this category.

ECONOMY BENEFITS:

Britannia also aims at low price segment of customers through biscuits like Tiger, 50-50.

2) DEMOGRAPHIC

This is based on:-

AGE: The biscuits are targeted to the consumers on the basis of different age-groups. This includes:

13-19 years- This segment prefers to take sweet biscuits preferably cream biscuits.

20-26 years- This segment again prefers cream biscuits.

27-35 years- This segment prefers cashew and butter biscuits.

36-45 years-this segment prefers to have glucose and butter biscuits.

> 45 years-this segment prefers to have salted and glucose biscuits.

Task 5 MARKETING MIX FOR BRITANNIA

PRODUCT

Product width

Tiger

Good Day

50-50

Marie gold

Treat

Milk Bikis

Nutri Choice

TIGER

Tiger, launched in 1997, became the largest brand in Britannia's portfolio in the very first year of its launch and continues to be so till today. Tiger is

described as “ nutri-glucose” biscuits and comes with the added goodness of wheat and milk.

GOOD DAY

It is one of the fastest growing brands under Britannia and is a leader with almost 2/3 share of market. It is a real butter biscuit and infuses happiness into people daily lives. It is available in good day pista badam, good day chocochips, and good day coconut

50-50

Britannia 50-50 is considered as the “ very very tasty tasty” snack. With the success of 50-50, another variant was launched named Maska Chaska which is a thin and crispy snack with peppery flavor.

MARIE GOLD

Marie gold is one of the Britannia’s oldest brand and is the #1 in its category since a long time. It is crispy, light, healthy and delicious. It is a must for every tea break.

CREAM TREAT

Treat is a range of delicious cream biscuits with yummy treasures within the biscuit shells. It offers a wide variety of flavours, such as Bourbon & Elaichi, fruit flavoured cream such as mango, orange, pineapple and jimjam range.

MILK BIKIS

Milk cream is a variant launched under Milk Bikis. These are round biscuits with smiley faces, full of milk cream, making it popular among children.

NUTRI CHOICE

Britannia introduced Nutri Choice range of healthy biscuits in 1998. It is delightfully tasty biscuits. The brand is targeted towards overall health and wellness for adults.

The range has 4 variants, namely NutriChoice Thin Arrowroot, NutriChoice Cream Cracker and NutriChoice Digestive.

NEW PRODUCT LAUNCHES:

New Launches under Nutrigo:-

NutriChoice SugarOut

NutriChoice SugarOut is the most novel product range to have been introduced in the market. It contains no added sugar. This range is available in 3 delicious variants namely Liteme, Chocolate cream, and Orange cream, targeted towards all health sensitive people. It is also relevant for consumers with sugar related ailments.

NutriChoice Digestive Biscuit

The new and improved NutriChoice Digestive Biscuits made with 50% whole-wheat and packed with added fibre (10% of our daily dietary needs). These delightfully tasty biscuits are amongst healthiest bites of the day.

New Britannia Milk Biscuits

With a unique and attractive honeycomb design and an enhanced product experience, the new biscuit prompts the 'Kid's will love it' reaction amongst

mothers. The milk goodness in the recipe is now enhanced with SMART NUTRIENTS – 4 vital vitamins, iron and iodine, proven to aid mental and physical development in growing kids.

Britannia 50-50 Pepper Chakkar

The launch of the latest 50-50 variant left everybody guessing “ What it eez?” From TV ads, radio, outdoor and in-store display materials to events, a website and SMS and email blasts, traditional and new media were blended synergistically to create excitement and curiosity about the unique taste of the biscuit. The 50-50 Pepper Chakkar launch is truly a case of leveraging the marketing mix to best advantage.

PRICE

The organised biscuit industry is dominated by Britannia and Parle which account for 70 per cent of the industry’s volumes. Success comes to those brands which offer the right price at a value-for-money equation While Parle derives a large portion of its revenues from low-priced biscuits; Britannia derives a fairly large share of their revenues from the medium- and premium varieties. In fact, Britannia’s market share in the medium and premium varieties is significantly higher. For instance, cream biscuits from Britannia cost Rs 10 for 100 grams. Parle, however, only charges Rs 5 for its cream variants. Britannia looks at a two-pronged strategy. It goes for high margins in cream variants and volumes from the Marie and Glucose segments because companies have little choice in terms of their pricing all the Glucose and Marie variants that straddle between the range of Rs 4-6 (for 100 grams).

The rural penetration of the branded biscuits segment is also significant. Towns with populations of less than a lakh contribute significantly to the industry's turnover, with some estimates placing it at 40 per cent. However, rural markets largely consume lower-priced varieties, and it is here that branded biscuits meet with stiff competition from the unorganised sector. According to official statistics, the contribution of the unorganised sector, which sells biscuits loose, could be as high as 50 per cent. While the presence of a large unorganised segment could mean that a sizeable population can be converted into branded biscuits consumers and, therefore, represent huge market potential for companies in the organised sector and companies are tapping this by introducing pile packs, priced between Rs 3 and Rs 5, that prove to be a step-up between sachets (or tikki-packs as the company prefers to call them). They currently include brands like Marie; Jam Treat, Bourbon and 50-50. Britannia has been working hard at keeping costs down, therefore, most of these tikki packs do not ship with the biscuit trays present in larger pack sizes. Tiger from Britannia is a very good example of a brand providing value at the lower end of the market. Biscuits almost form a part of the food consumption culture and Tiger provided an offering which effectively competed with other offerings from the unorganised sector at an affordable price.

The percentage of society that consumes some better value lines of brand Britannia is small. Company caters to smaller multi-brand outlets with pile packs, Chutkule and Chota Tiger. The company is ensuring that Tiger's own cream offerings don't cannibalise pile packs by having no flavours in common. Company has very sensibly increased the prices by not going for

higher price levels but by decreasing the pack sizes. The 100 gm pack (sold at Rs 4) has been reduced to 90 gm; the 75 gm pack (Rs 3) reduced to 67 gm and the 50 gm pack (Rs 2) to 45 gm. In spite of market forces affecting the pricing strategies, Britannia is trying to absorb the cost pressures by implementing cost saving measures such as more efficient logistics and factory systems.

It is a matter of concern that regional players such as Priyagold offer products at retail prices that are almost half that of Britannia.

To cater to different market segments, Britannia has categorised its biscuits into 3 groups:-

LOWER SEGMENT

To target the price sensitive customers, the company has introduced biscuits that provide them value for money and have nutritional value.

Tiger (100gms) – Rs. 5

Milk Bikis (100gms) – Rs. 7

MIDDLE SEGMENT

The company has a range of biscuits that lie in the mid-segment that are light and include both sweet and salty variety.

50-50 (135gms) – Rs. 10

Marie Gold (100gms) – Rs. 13

Time Pass (75gms) – Rs. 15

Little Hearts (67gms) – Rs. 10

Nice time(100 gms)-Rs. 10

PREMIUM SEGMENT

The premium segment offers biscuits that have more to them in addition to the taste and value for money. They offer a wide assortment of biscuits with dry fruits and different cream flavours.

Good Day (100gms) – Rs. 12

Treat (100gms) – Rs. 9 to Rs. 12

NutriChoice Digestive (100gms) – Rs. 12

Therefore, doing this has enabled Britannia to widen its customer base.

PLACE

For FMCG products, distribution channels are very important. For biscuits, distribution and visibility are extremely important as it's partly an impulse purchase product. And in biscuits, setting up a distribution channel is anything but easy.

Britannia Industries Ltd. is one of India's leading producers of biscuits and other bakery products. The company is partially owned by the French company Group Danone, one of the world's largest food products company. BIL has a widespread retail distribution network that services 400, 000 retail outlets in 2, 200 towns with the help of 2, 500 distributors. In addition to this, the company is constantly expanding its product portfolio and retail network.

Britannia's managers are constantly on the move, given this breadth and depth of its business and the geographic spread

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.

While the premium end of the market has seen a flood of new entrants, including several multinational brands, Britannia, with its established distribution network, appears to be in a better position to capitalise on the growth in the mass market. Apart from stockists and sub-stockists, Britannia has used traditional haats and melas to promote the Tiger brand. It has made the ongoing Kumbh Mela a major promotion and sales outlet to capture the rural market. Whenever there is a major mela or haat, Britannia ensures that its brand is stocked in large quantities.

PROMOTION

Eat Healthy, Think Better! – This tag line is something that has changed the face of Britannia completely. This logo encapsulates the core essence of Britannia-healthy, nutritious, optimistic-and combines it with a delightful product range to offer variety and choice to customers. “ Swasth Khao Tan Man Jagao” promises the new generation a healthy and nutritious alternative-that is also delightful and tasty.

Britannia is widely recognised as an innovative marketer. The brand's

association with cricket world cup schemes and the recent ‘ Kaun Banega
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Crorepati' and ' Lagaan' tie-ups stand testimony to this. " Eat Britannia, Go for World Cup" was the theme adopted in 1999. People bought the biscuit packs and searched for the lucky scratch for flying to England to see world Cup Cricket match. The sales bounced 37% high on account of this strategy. The scheme came alive again during the world Cup Match in 2002-2003 in South Africa. " Lagan - the super hit movie" brought fame to Britannia Biscuits also as 40000 buyers of Britannia Biscuit packs were invited to see and a small lucky group to play the game with the movie Stars of Lagan. It proved to be a novel way to promote a product - a perception in correct proportion indeed!! Britannia spends approx 10 % of its sales on marketing.

World Cup Promos:- Britannia India's Britannia khao, World Cup jao promotion emerged as the most recalled sales promotion among all World Cup-related cricket sales promotion activity, according to topline findings of market research agency NFO MBL.

The NFO study captured consumer response to all World Cup-related sales promotion activity from 28, 000 respondents, across 30 Indian towns and cities, from the period between January and March 2003.

Interestingly, biscuits captured the No. 1 slot among all the categories surveyed, with 21 per cent respondents claiming to have seen or heard a biscuit-category related promotion. This was followed by corporate promotions (11. 5 per cent) and televisions (4. 8 per cent). Britannia had the highest promotion recall level among all brands (20. 2 per cent), followed by LG Electronics (9. 2 per cent), Samsung (3. 6 per cent) and Pepsi (2. 5 per cent).

Awareness of the promotions apart, 7.6 per cent of the respondents surveyed eventually availed of any World Cup related sales promotion. In this category too, Britannia came out tops, accounting for 77 per cent of all the promotions availed. Other significant promotions most availed by the respondents were from Colgate, LG Electronics, Frito Lay, PepsiCo, Lehar Kurkure and Samsung. Geographically, people of Chennai were the most inclined to avail World Cup related promotions, scoring over the other metros. According to the NFO findings, 11.8 per cent people from Chennai availed