

# Market communications and strategies of britannia



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Britannia, India's one of the leading biscuit firms started from Kolkata and currently based in Bangalore, have been in the Indian market for more than 100 years with consistent performance providing delight to million households daily. Britannia's annual production capacity is approximately 433, 000 tonnes. Britannia takes pride in creating prominent brand names of biscuits like VitaMariesGold, Tiger, Good Day, 50-50, Treat, Milk Bikis, Bourbon, Little hearts, Nice, Thin Arrowroot, Pure Magic, Good Morning etc.

Fig 1. Products of Britannia

## **Performance**

With a market share of 38% and 27% y-o-y growth Britannia has been able to find itself at the top position in India in manufacturing and sales of biscuit, bread, cake, dairy products and rusk. The net profit grew significantly at 382% from Rs 396 mn in 1998-99 to Rs 1, 910 mn in 2007-08, giving a CAGR of 19. 1%. As per latest financial reports, the issued and paid up capital of Britannia amounts to 23, 890, 163 equity shares having a nominal value of Rs 10 each and the shareholder base is about 25, 300 in number. Also it features as one of the top 100 most trusted brands in the world. This enormous success and huge brand value is the compounded result of its excellent marketing strategy and efficient distribution network.

## **Competitors**

In this area the organized sector consists of the large to medium to small scale biscuit manufacturers and Priyagold, Amul, Parle, Bakeman's etc. are the major players other than Britannia. The unorganized sector consists of cottage and household type manufacturing plants and bakery units catering

supply to the surrounding locality. But this unorganized sector consists of a huge proportion of biscuit production in India.

## **1. Marketing Channels**

Britannia has tactically managed its marketing channels to retain control on the products as well as pricing. Through its wide network of distribution it has possibly reached to all corners of this country. While the wholesaler and the retailers look for maximization of their profits from the different SKUs of a company it calls for the most efficient distribution network.

Britannia adopted the indirect marketing channel and uses the 2-level distribution channel as shown in the figure. It also relies on the Dependent channel arrangement to avoid any conflict with the intermediaries. The channel member functions are as follows:

1. Place order with manufacturers
2. Gather information about the potential and current customers,

Fig 2. Consumer Marketing Channel of Britannia

competitors and other actors and forces in the market environment.

3. Provide a successful storage and smooth movement of physical products in least cost.
4. Create more market by persuasive communication to stimulate purchasing.

Britannia also takes care of its forward and backward flow of activity in respect of product and information. While analyzing the channel design decision it takes into account the lot size, waiting and delivery time and product variety. Then it segments its market depending on its preset criteria and assigns proper channel for each segment minimizing total channel cost and still providing desired levels of service output. For products like hard biscuits or without any cream or wafer indirect marketing is what Britannia follows. But for perishable products it requires more direct marketing. To provide these products to big retailers like food-bazaar sometimes Britannia itself does the distribution through its sales force or their agent does it for them.

Being a daily consuming food in households, biscuits are needed in huge lots in the retailers. Britannia does an Intensive distribution (Mass Coverage) depending on their forecasting in that area. As Britannia's products are consumed daily, relatively low priced products and consumers seek these products in the nearest stores at their convenience so stuffing of products in all possible corners are needed. With large area of coverage the distribution cost increases, but then it has to be offset with the high increase in sales volume.

As far as channel powers are concerned it's undoubtedly the Product power or the Backend power of Britannia that is in the market place of distribution. Therefore channel members have little choice but to take up these products as part of their sales and distribution portfolio. But to maintain a healthy relationship with the channel members a perfect two-way conversation is also very essential. As members pass on the required information to <https://assignbuster.com/market-communications-and-strategies-of-britannia/>

Britannia, it also provides incentives to the retailers. These incentives are normally additional free products, bonus or free trips for achieving sales goals. Britannia also provides shelves to its retailers when and as needed to accommodate their products at free of cost with Britannia's standees or advertisements along with it.

As far as marketing channels are concerned Britannia has also been into telemarketing and internet marketing. In 2009 Britannia with vendor Mobile2Win, a leading mobile VAS company that provides contests and interactivity, initiated the famous campaign " Little Hearts, Many Connections!" to promote its product Little heart. It was a network making SMS sending campaign for young people to indulge in little chit chats over SMS and the lucky winner could get away with a new Chevrolet Spark.

Fig 3: Little Heart Campaign on MTV website Fig 4: Britannia Online Memory Game

launch. Thus Britannia has used its hybrid channels to venture into different arenas to maximize its market coverage. The diagram in Fig5 tells us about the type of value-adds happen with different marketing channels and Britannia has done their campaign almost through all channels and that too with tremendous success. The campaign was done through internet and TV commercials. In the web it was put up on MTV's website. For another famous campaign of " Britannia khao world cup jao" campaign increases its profit by 37%. In 2001 Britannia Lagaan Match was the most successful promotional activity of the year. Maska Chaska has also been India's most successful FMCG

### Fig 5. The Value-adds vs Different Channels

As far as Britannia's marketing channels are concerned it is very much effective and has been in place for years. So it has shaped itself with the market fluctuation and got matured with time. But compared to Priyamarie Gold or ParleG the rural penetration of Britannia has not been that much successful. As a strategy it can promote through local magazine, radio and TV also. In terms of channel they can employ local workers and utilize their acquaintance as a strong penetration mechanism. Otherwise as such there is no issue in Britannia's marketing channels.

## **2. Physical distribution cum logistics strategies**

Physical distribution starts at the factory. Manager at Britannia make decision of warehouse and transportation carriers that will deliver the goods to final destination in the desired time at the lowest cost possible.

### Fig 6: Distribution channel

Britannia is using the intensive distribution for its product so as to achieve the following benefits:

Increase of the product availability

Promote the retailers to compete more aggressively

Increase coverage and sales

Major players in the distribution network are as mentioned below:

Depots

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Wholesalers

Agents (If required)

Retailers

Britannia has nearly 1800 wholesalers catering to 501000 retail outlets directly or indirectly. It also has a strong dedicated field force service which is around 200 in numbers. Additionally there are 48 depots, supplying goods to its wide distribution network.

Britannia has level 1, level 2, level 3 distribution channel levels.

### **Level 1:**

Availability of Britannia biscuits at all the departmental stores across the country

### **Level 2:**

Since it's an FMCG product, this channel exists for the customers spread across India

### **Level 3:**

Mass consumption and suitable for both domestic and international coverage

Its logistic strategies include material management, material flow systems and physical distribution aided by information technology (IT).

Overall logistics and distribution channel can be summarized as given below:

Fig 7: Overall logistic

## **Suggestions for the Britannia Distribution Channels/ logistics**

Increase the margins:

Motivate the various channel members as it is very important factor for the increasing the margin for the hard selling items

Pushcarts:

These should be increased in number so as to increase the penetration in market especially in rural market

### **3. Sales force Design of Britannia**

The following is the sales force design of Britannia Industries

SALES MANAGER

AREA SALES MANAGER

SALES OFFICER

TERRITORY SALES IN-CHARGE

POWER SALES MANAGER (PSM)

AND

ROUTE SALES ADVISORS

### **Fig 8: Sales Force Structure of Britannia**

Sales Force Compensation



Sales Force Size

Sales Force Structure

Sales Force Strategy

**Sales Force Objective**The following aspects should be considered when designing a sales force:

Designing the Sales Force

## **Fig 9: Designing a Sales Force**

Reference: Marketing Management (Kotler et al), Page 537

### **Sales Force Objectives and Strategy:**

The main objective of the sales force of Britannia Industries is to generate higher sales which would translate to increased revenues for the company.

The sales managers in different regions deliver the products of the company to the distributors in those regions who in turn supply the products to the various retailers and grocery outlets.

### **Sales Force Structure:**

The sales force structure of Britannia is as given in Fig 6 above. The organization has a sales manager to whom different Area Sales Managers report. Under the Area Sales Manager, there are several Sales Officers who in turn supervise various Territory Sales-in-Charge personnel. These Territory Sales In-Charge people supervise the Pioneer Sales Managers and Route Sales Advisors. These people are responsible for interfacing with the various Distributors and wholesalers.

## **Sales force Size:**

The company has about 2000 sales personnel nationwide managing sales and attracting potential new customers.

In 2007, the FMCG manufacturer entered into a contract with Trichy-based tech startup mPowerForce Mobile Technology India Ltd with the purpose of providing mobile technology services to about 200 outdoor sales personnel. In 2008, during a period of high inflation, Britannia was able to shore up its sales significantly by taking up bulk supplies to alternative and in-transit avenues of consumption.

## **BRITANNIA**

### **Fig 10: The Four Factors of a Successful Sales Force**

Reference: Marketing Management (Kotler), Page 540

Britannia Industries is a company that is still in the growing stage and hence the objective of its sales force team is to penetrate into existing segments and develop new ones.

## **Recommendations**

Since Britannia biscuits are consumed in bulk in places like railway stations, airports, cinema halls and in corporate canteens, the company can mobilize a separate sales force to cater to these mass consumption avenues.

## **4. Existing Marketing Communications**

### **A strong quality of the product and customer satisfaction:**

Customers always believe in good quality product. In percentage term more people is quality conscious and not price conscious. Customer satisfaction is very important part of the organization that at any cost they have to fulfill.

### **A growing relationship with customer and customer retention:**

Nowadays a good relation with customer is very important for organization.

Sale

is highly dependent on the relation with the customers. Customer's retention is

also a major aspect for growing business. It means retaining the old customer while

winning new customers.

### **Focus on competitor's activity:**

Every organization must be careful about its competitor's step, since they can disturb the growing sales process of the organization.

### **A growing emphasis on global thinking and local marketing planning:**

Companies are growing by pursuing market beyond the national borders.

While

entering foreign markets they must follow the traditions of that country

to capture the local markets.

### **Promotional Strategy:**

It can be achieved by providing incentives to buy Britannia products by launching on and off frequent promotional offers thereby improving its market shares.

### **SWOT Analysis:**

Strength:

Widely accepted in all the generation

Easily available in various forms

Provide good instant remedy for hunger in the form of ready-made food

Preserves the non-seasonal food and makes it available all throughout the Year

Weakness:

Decreases the nutritional values

Increases the cost of food product

Industry and technology requires high investment

Regular usage of processed food causes alteration in health

Improvement in distribution channel – Continuous Replenishment System (CRS)

Less variety with the retailers:

No Periodic Meetings with Distributors

Opportunities:

Increase economy of India

Generate employment opportunities

Provide completion to foreign companies

Improves living standards

Threats:

Cut-throat competition

Perpetual price wars

Sliding profit margins

Recommendations:

Streamlining the delivery mechanism by using Just-In-Time inventory approach

Coverage area of the distributors should be improved

Promotional schemes should be launched during appropriate occasion ensuring that brand equity doesn't get diluted

Increasing the sales volume by launching small pack in the market

Soliciting the feedbacks of distributors and retailers

Retailers demand constant push from the customers

Company needs to concentrate on advertising and brand building strategies to address the discerning buyers

There is a greater need to understand the distributor and retailers behavior, considering them as a team working for the company may help them to be loyal to the company

Improvement in distribution channel - Continuous Replenishment System (CRS) should be emphasized

Product line category with the retailers should be enhanced

Periodic Meetings with Distributors should be mandated

## **5. Message Decision**

Message Decision comprises of following aspects:

Message Strategy (what to say)

Creative Strategy (how to say it)

Message Source (who should say it)

Recently, Britannia has come up with a new tagline - " Zindagi mein life".

The new campaign attempts to capture its strong bonding with customers and try to establish an emotional connection. The campaign demonstrates the role that Britannia plays in the daily life of India - whether it is being the

ideal companion food for every occasion, or bringing a little bit of excitement to life. All the sub categories and brands coming under Britannia like Marie, Tiger and Nutri Choice will now connect to this new premise. Its TV commercials feature all age groups and gender and tries to establish an emotional connect with the viewer. The products in its portfolio are currently not endorsed by any celebrity.

Prior to this campaign, its tagline was: “ Swasth Khao Tan Man Jagao” (Eat Healthy, Think Better). It was in sync with consumers’ shift in lifestyles and a corresponding awareness of health.

## **Product**

### **Message**

Britannia

Zindagi Mein Life

Eat Healthy, Think Better

Cookies

Tan ko lagey. Mann ko chuay.

Tiger Glucose

Tiger Glucose is fortified with “ Iron Zor”\*\*

\*\*IRON ZOR helps make mind sharper and body stronger

Tiger Krunch Cookies

“ Energy of 4 Fruit & Nut Biscuits = Energy of 1 Apple + 4 Cashewnuts”

Good Day

Iska toh ho Gaya Re Good Day

Marie Gold

Active Nutrition for Active People

Time Pass

Aur Kuch Kyun Karein?

Fried is gone, baked is on

Little Hearts

Direct Dil Se

Dil sabka actually sweet hai

Britannia Cakes

A slice of sunshine!

Kuch Healthy Kuch Masti

NutriChoice

Diabetic Friendly

Hello Diabetes, Let's Be Friends



Britannia has focused on delivering different message communication for its brands. Tiger, the largest brand in its portfolio, is positioned as a fun and energy biscuit with nutrition fortification (wheat, milk, iron). Iron is at the heart of its message, addressing the iron deficiency crisis in Indian children. All the TV commercials related to Tiger have children as the protagonists. Its creative strategy consists of informational appeal wherein the message highlights the ingredients.

Good Day is among the fastest growing brands in Britannia's portfolio and it has been the leader in the cookies category ever since its launch. The brand is synonymous with everyday treats that infuse happiness into people's lives. Its new campaign focuses on abundance, goodness, indulgence and now unrestrained joy. Its TV commercial focuses on the aspect of unrestrained joy, wherein he displays an uncontrollable expression stimulated by consumption of cookie. Company has used the IPL platform to establish the expression " Ho gaya re Good Day" by celebrating along the million cricket fans.

Little Hearts was launched in 1993 and targeted the growing youth segment. Its " Direct Dil Se" and " Dil sabka actually sweet hai" campaign have echoed on this sentiment. The related commercials feature a youth genre and encouraged them to openly express their feelings. It makes a transformational appeal by depicting the non-product related benefit.

Britannia cakes deliver a sensory reward promise by focusing on " A slice of sunshine!" message. NutriChoice delivers an informational appeal highlighting its " Diabetic Friendly" message.

## **Recommendation on Message Decision**

Britannia's new corporate campaign, "Zindagi mein Life" is supposed to focus on how Britannia is much more than a biscuit maker. However, the message is too philosophical to be comprehended by an average person. Its previous message "Swasth Khao Tan Man Jagao", endorsed by Sachin Tendulkar was a perfect reflection of fun and health benefits of the biscuit. Though the TV commercial portrays the intended sentiments, but the complexity of the message can perplex anyone. Also, in absence of a celebrity message source, low attention is paid. The campaign lacks a sense of humor and therefore low on seeking attention.

## **Media Decision**

Presently, the media duties of Britannia are handled by Madison Media. It uses both conventional and unconventional mediums. The traditional medium consists of television, radio and newspaper. It also uses internet-pop up, flash, banner, e-mail advertising, digital signage for its promotion. The radio commercials include that of Good Day while the TV ads include almost every brand in its portfolio. Internet medium is used to provide access and download facility for its signature tune – "ting ting ti ding". Similarly, wallpapers highlighting the various human emotions are provided in form of digital image.

## **Recommendations for Media Decision**

Internet as a medium for promotion will have minimal affect. For a low price product like biscuits, the consumers do not gather information prior to shop.

However, a buzz can be created or a viral marketing approach could be used.