

Herbal cigrattes case

Business



BHAVSAR HERBAL SMOKING DEVICE - NIRDOSH CASE ANALYSIS SUBMITTED

TO: Prof. Rajesh Aithal SUBMITTED BY: Abhishek KumarPGP27135 Gagan

KshirsagarPGP27145 Harsh BansalPGP27150 Abhishek JoglikarPGP27152

VarunPGP27193 Table of Contents 1. Alternatives3 1. 1Pros and Cons3 2.

Alternative Selected4 3. Implementation Plan4 3. 1Highlights of Marketing

Implementation Plan4 3. 2Marketing Plan5 4. Distribution Channels6 1.

Alternatives Considering all the possible alternatives in order to launch

Nirdosh in Indian market, there are 3 main options for Maans Products, India

to market their product " Nirdosh" Ref. [http://www. indiamart.](http://www.indiamart.com/maansproducts/)

[com/maansproducts/](http://www.indiamart.com/maansproducts/)] 1. 1Pros and Cons: Alternative Markets| Pros| Cons|

Tobacco Smoking Industry| (1)Huge market potential worth Rs. 250 crore.

(2)As the company is the sole producer of herbal cigarettes, it can create a

monopoly in the market facing no competition. (3)Easy distribution of

Nirdosh if distributed at the Pan stalls where tobacco cigarette smokers visit

quite often. | (1)Impact on non smokers will be less. (2) It would be quite

difficult for Maans as they would be indirectly competing against biggest

tobacco brands in India. 3)Lack of satisfaction from smoking Nirdosh

cigarettes might create problems in tobacco smokers| Herbal Remedy

Market| (1)Acceptability must increase as it will be introduced as an herbal

remedy. (2)Target market is quite considerable worth Rs 100 crore.

| (1)Availability might become an issue as consumers can get it only in

Ayurvedic stores. (2)Perceived as cigarettes, consumers will be reluctant to

use. | Tobacco Industry and Herbal Remedy| (1)Huge revenues(2)Almost

every segment of consumers will be targeted in order to get greater gains. |

<https://assignbuster.com/herbal-cigrattes-case/>

(1) Greater capital requirement. 2) Some other form might have to be invented so that consumers find inhaling smoke in good manner. | 2.

Alternative Selected: With our analysis we selected to launch Nirdosh as a non-tobacco cigarette and target the Tobacco Smoking Industry for the sales. The reasons behind selecting this alternative are as below: * It is a unique product which is similar looking to cigarette having positive impact on people's health which will help its positioning in the cigarette industry. * Total Market potential of Cigarette (250 Cr) was large in comparison to herbal remedy market (100Cr) making Tobacco Industry as an obvious choice to enter into. Maans Production had been in the industry of Beeri from long, so health remedy product from this industry will not have easy acceptance from the society. Still, on the backdrop of Ayurveda and Nirdosh's proven effects, Maans have great chance to get out from the stereotype of being Beeri manufacturers and enter into a new spectrum of business.

* Considering the Herbal market, the design of Nirdosh was similar to Cigarette, so marketing it in Herbal market as health remedy would not work well as people who don't smoke, woman and children will be reluctant to use it as a health remedy. . Implementation Plan 3. 1 Highlights of Marketing Implementation Plan * Consumers have been segmented based on demographic and geographic factors. This has been done to figure out buying patterns of consumers on the basis of amount of money they spend on cigarettes and factors like occupation, income, geographic location etc.

* Consumers working in white collar jobs have been targeted because they buying premium cigarettes and it will be easier to reach to them and communicate then the advantages and feature of Nirdosh. Switching the buyer habit will be easier for them. Consumers in metros like Ahmedabad and Mumbai have been targeted first because presence of white collar job people is higher and company has some amount of infrastructure in terms of distribution in these cities. Moreover smoking population density is higher so reaching large chunk of smoking population will be easier. * Marketing channel of Door to door advertising has been chosen because it can be seen that 1 sales executive has on average sold 50 packs per day. So it offers a huge potential to tap offices with people working on white collar jobs.

Newspapers have been selected as White collar employees are expected to read newspaper and they can reach a large chunk of target consumers. *

Bus panels have been chosen as it offers a cheap medium and has a high visibility among target consumers.

3. 2Marketing Plan | 1984(in crores)|
1986in crores)| Total Cigarette Market(Based on ITC share and sales given)|
1186| 1352| Estimated potential market(20%)/Smokers of premium
cigarettes| 237. 2| 270. 4| Estimated potential can be captured(20%)| 47.

44| 54. 08| Estimated Revenue(1%)| 0. 4744| 0. 5408| Projected selling Price
(to distributor)| 4| 4| stimated sales(cigarettes)| 0. 1186| 0.

1352| Cost per cigarette| 2. 24| 2. 24| Profit per cigarette(4-2. 24)| 1. 76| 1.
76| Gross Profit| 0.

208736| 0. 237952| Estimated Expense on sales and distribution(5%)| 0.

010437| 0. 011898| Estimated expenditure on sales = Rs. 1. 1 Lakhs (In

<https://assignbuster.com/herbal-cigrattes-case/>

accordance to the calculations done) Advertising Plan| Marketing Channel| Expenditure(in Rs.

)| Hiring 10 people(5 Ahmedabad 5 Mumbai Door to Door Marketing (2000*10)| 20000| Times of India Mumbai 2 insertions Quarter page(12000*2)| 24000| Gujarat Samachar Ahmedabad 2 insertions Quarter page(10800*2)| 21600| Bus Panel (Mumbai) 25*3*25(Quarter 25 buses)| 16875| Bus Panel (Ahmedabad) 415*3*20(Quarter 25 buses)| 24900| Total| 107375| 4. Distribution Channels Distribution methods used by Mr Bhavsar to distribute Nirdosh were: 1. One main outlet in Ahmedabad which was manufacturing plant as well as warehouse. 2. Sent to ordering parties (Individuals) in various towns and cities of India through VPP. 3.

Sent to some retailers in other towns through VPP. 4. Door to Door marketing of Nirdosh at various offices. ISSUES WITH DISTRIBUTION STRATEGY: * Poor accessibility of Nirdosh for repeat buyers Even though Mr Bhavsar was promoting as an anti-smoking device but it was still in form of a cigarette. It is a Fast Moving Consumer good. For FMC goods accessibility of product is very important factor which decides upon its success or failure.

Even though Door to Door selling can increase sales for time being but it will not be long term solutions. Individuals normally will go to Retailers like pan-valas for their cigarette purchases. * No major distributors outside Ahmedabad As we can see from case study big brands have distribution centers in many cities. Apart from sales, companies Brand value is also affected by type of Distribution channel. SUGGESTIONS TO BEEF UP

DISTRIBUTIONS: * More retail presence in Ahmedabad. Exhibit 3 Table 10 states retailers in a city to be 9000.

These retailers could be targeted by door to door selling. We can keep some sales force of 4-5 people who can target retailers/offices in Ahmedabad. They should be kept for 5-6 months till the time revamped marketing/publicity campaign for Nirdosh is going on and subsequently could be reduced.

Expected salary of a sales person = 500
Expenditure = 5 sales person * 500 Rs * 6 months = 15000. * We should try to deliver Nirdosh through normal distribution channel viz Manufacturer wholesaler Retailer Customer. In our case Wholesaler link is missing.

They can be very versed with demographics of an area. So we should increase more wholesalers contact for our business. Exhibit 3 Table 10 mentions GST has 150 wholesalers in a city. One issue which Mr Bhavsar has to look into is that when he inserts this Wholesalers link then his pricing to a retailer from Manufacturer Wholesaler retailer and Manufacturer retailer link should be same. For this he should charge lesser price to wholesalers (as we see further best price for Nirdosh according to target market is 5).

* After some time when (6 months) when retail presence has increased in Ahmedabad due to door to Door selling and marketing/publicity campaign we can expect Retailers/wholesalers will contact Bhavsar on their own for supplies. Then we can divert some resources towards aggressive marketing in other big cities in close proximity to Ahmedabad viz. Mumbai We can follow same model here like door to door selling to retailers/offices and increasing wholesalers networking.