

Case study on britania essay



**ASSIGN
BUSTER**

“ Our markets are poised for exciting times. As a successful organisation, we must not only keep pace with consumer expectation, but also anticipate them. Our new identity is to lay the base to project our future as a successful ‘ food’ company, a company that provides high quality and tasty, yet healthy foods and beverages”- Nusli Wadia, Chairman, Britannia Industries Limited. “ I conform to the view that there are three kinds of companies - those that watch things happen; those that make things happen; and those that wonder what happened.

We certainly wish to make things happen..... My personal commandment is Do unto others what you don't wish Done unto you. It's not the big who swallow the small, it is the fast who swallow the slow” - Sunil Alagh, CEO, Britannia Industries Limited. Makeover of Britannia: A Path Less Travelled An old maxim goes, ‘ Why does something when it ain't broke? ‘ This may be the credo of most firms, but not of the food major, Britannia Industries Limited (BIL). In 1997, BIL, whose business seemed to be doing well, instead of concentrating on it, virtually charted a new course by seeking to reinvent itself.

It built a new corporate identity and adopted a colourful and identifiable logo with a new base line - ‘ Eat Healthy, Think better. ‘ From being a manufacturer of baked products, BIL kicked off a diversification exercise to become a comprehensive foods and beverages company making cheese and other dairy products, in addition to its bakery products. BIL seemed to be doing something radical by venturing into totally new areas, while this puzzled many, some analysts felt that it was BIL was doing this out of compulsion.

They reasoned that the 16% growth rate of BIL sales, which was just 8% in real terms when corrected for inflation, though good by the standards of a mature market, was not good enough for a growing market like India, specially in the foods segment. Others felt that BIL's makeover decision may have been influenced by the threat of potential competition. They also felt that with the organised biscuit market in India being commoditised, and the major chunk being controlled by the unbranded segment, reliance on biscuits alone could be detrimental to its long-term interests.

However, some analysts were of the opinion that the diversification of BIL into relatively new areas was risky, and that it should have concentrated on its core competence, the biscuit business. By the end of 2000 the exploits of BIL seemed to have fructified, at least in the short-run. In a survey conducted by A&M, BIL emerged as the number one food company well ahead of competitive brands like Nestle and Cadbury. BIL's dairy business seemed to be doing reasonably well. In the cheese segment it stood second with about 35% market share.

In the bakery segment also it was doing well, with its biscuits business making significant inroads. Its positioning plank, ' Eat Healthy, Think Better' also seemed to have struck the right chord with its customers. Said Sunil Alagh (Alagh) " Our brand today represents family trust, quality with a contemporary, youthful image. " ' Food for Thought' BIL, since its inception had been mainly involved in the manufacture of biscuits, which contributed around 85% of its revenues (1997). The biggest problem then, for the 80-year-old BIL was that its name was strongly associated by customers with biscuits (or more broadly bakery products).

With the de-reservation of biscuits from the small sector and commoditisation of the Rs 3500 crore biscuit market, coupled with cutthroat competition after the entry of multinationals and stagnating net profits, BIL looked for a fresher approach to survive and prosper. BIL realised that it would have to scale up its marketing strategy in its main line of business and in addition tap new food categories to grow. One reason why BIL seemed to have woken late was that the company didn't have a proper parent until the French food and beverages major, Danone, acquired RJR Nabisco's holding in the company.

BIL seemed to have realised that the time had come to change the rules of the game. It crafted a makeover plan to diversify into new but related areas, and at the same time consolidate and improve its core business, biscuits. By doing so BIL hoped to remain the market leader in biscuits and become a major player in related businesses also. Donning a New Look As a first step in its makeover plan, BIL hired a Paris based design studio- Shining Strategic design, to craft a new logo and corporate slogan.

Its work involved understanding the perceived and potential value of the brand where everything from colours and symbols to the typeface, was evaluated. The work also involved looking at the potential of the market and seeing where BIL could venture in future. Research showed that the brand 'Britannia' was synonymous with trust and quality, and the wide portfolio of products was seen as a source of strength. But, BIL was aiming at faster growth, by expanding its business within the bakery segment and in select synergistic areas.

Consumer research conducted with these specific objectives in mind, brought to the fore two key issues: 1. Although the brand had tremendous strength associated with it, it needed to communicate modernity strongly. 2. It needed to assure the customers that apart from being a trusted and a familiar brand, it was also a contemporary one, and changed with the times. The fact that the existing brand was too closely associated with the bakery business, could have been a hindrance to BIL's diversification efforts. Therefore, Britannia needed a more dynamic expression.

So there was a need to restage the logo, with the twin objectives of communicating modernity and dynamism. While developing the new logo and brand statement, the existing red and white shield like unit was retained with a modern rendition. The new corporate identity had three colours red (symbolising energy and vitality), green (nutrition and freshness) and white (purity) which collectively represented what consumers looked for in foods and beverage. Research had shown that the brand statement, Eat Healthy, Think Better, captured the essence of the Indian concept of the unity of body and mind.

During the developmental process, care had to be taken to ensure that there was adequate representation of all social economic strata in urban and rural India, for 'Britannia' as a brand, cut across a cross-section of consumers. The red wave communicated the dynamic and energetic movement of BIL. Analysts felt that the redesigned shield made BIL powerful and was the identifying stroke that communicated the innovation and futuristic power of BIL and that the redesigned typography made BIL very contemporary and

less industrial. The roundness communicated the value of nature Eat Healthy, Think Better.

The concept communicated perfectly BIL's potential value from physical to mental benefits. Said Alagh, " The new corporate identity will testify to the implicit (good) quality of all our products and all our products and colours stand for things we look for in all foods and beverages... " The Balancing Act For BIL, the new identity, laid the base to project its future as a successful food company- a company that provided high quality and tasty, yet healthy foods and beverages. Analysts felt that BIL seemed to have realised that its customers weren't really buying biscuits; they were buying health, nutrition, and food.

If it was nutrition, not biscuits, that the customer was buying when he bought Britannia, BIL could easily extend the brand to other markets where the customer looked for nutrition in every purchase. It was a repositioning that did not have any intrinsic boundaries and BIL, by taking a health platform could enter other markets. Said Alagh, " A key reason for re-engineering the brand was not only to make it more robust and contemporary but also stretchable. " With the new identity in place, the next step in BIL's makeover plan was embodied in a two-pronged agenda: to bolster BIL's strength in biscuits and to reduce its dependence on biscuits.

As a part of its makeover plan, BIL reinforced its strength in biscuits (and more broadly Bakery business) by seeking to consolidate and improve its leadership position using aggressive marketing strategies. Said Alagh, " The bakery business is our pillar and we want to strengthen that first. " To ensure

that the core business was not sidelined, BIL brought about changes in the management structure until that there were two clear divisions: Bakery and Dairy-each operating as independent profit centres.

To meet the objective of bolstering its bakery business, BIL re-positioned each one of its biscuit brands on a new platform and ensured that each brand had a base statement making clear the 'higher order benefits' of the brand. BIL used combinations of price and appeal to straddle every segment of the market, challenging all levels of competition. BIL had structured a wide range of price-points: from Re 1 for a sachet of Tidbits to Rs 12 for a pack of 10 Good Day Pista Badam cookies, to Rs 15 for a 100 gm pack of Cheezlets.

Likewise, BIL had straddled the spectrum of segments with different product-benefits, all of which only reinforced the mother brand's new platform. In regard to brand building, BIL followed the strategy of 'brand clustering'. The strategy was to let 'Britannia' remain the mother brand under which a cluster of sub-brands would be present for specific product categories. While the umbrella brand would act a guarantee for the consumers, the sub-brand was used to give focus and distinct images for its new product categories and businesses to get economies from brand building.

Analysts felt that a company like BIL, which wished to cater to a varied customer-base, needed to possess a large portfolio of brands, with different USPs, positioned at different price-points, yet unified under a uniquely differentiated mother brand. With this in view, BIL revamped its biscuit business. At the low-end price-point, was the 'Tiger' brand, a "calcium-

enriched" glucose biscuit launched in 1997, which acted as the umbrella brand for the mass market. Until then, BIL had focussed on the middle and premium segments of the biscuit market, leaving Parle's Parle G to rule the mass market.

With the mass segment accounting for half of the unorganised market, it seemed strategically important for BIL to make inroads into the same. Therefore, as a part of its new plan to attack the mass market, BIL launched the 'Tiger' brand and positioned it as a 'healthforce biscuit' as consumer research showed that good health was the overwhelming consideration when mothers chose snacks for their children. Analysts felt that since Glucose had become a generic brand, BIL by establishing a new brand was clearly differentiating its Glucose biscuits from others.

The 'Tiger' brand eventually seemed to have been a huge success with its products, Tiger Glucose (Rs 5 for a 100-gm pack) and Tiger Cashew Badam (Rs 6 for 75 gm) together, achieving within a year of their launch a turnover of Rs 100 crore and a marketshare of, 30% in the glucose biscuits segment. BIL then focused on its core biscuit brands- Marie, Thin Arrowroot, and Milk Bikis-which faced competition from similarly branded alternatives like Bakeman's English Marie, Milka Biscuits, and Priya Marie.

In order to overcome the competition, BIL differentiated its brands by bringing them under the 'Eat Healthy, Think Better' banner and giving them clearly-defined positioning. For Milk Bikis, targeted at children, BIL launched variants like Milk Bikis Funland, which were animal-shaped biscuits. Marie was renamed Marie Gold, and positioned as a tea-time biscuit. Thin

Arrowroot was renamed Jacob's Thin, with its position as the low-calorie health biscuit reinstated.

In 1999, BIL relaunched its low-calorie, high-nutrition brands-Thinlite, Cream Cracker, and Digestive under the Nutrichoice umbrella, targeting the fast-growing health-conscious segment. BIL seemed to be quick in gauging the rising demand for products in the impulse category of snacks (e. g. chips and chocolates). Accordingly, BIL came up with trendier products like Little Hearts, Pure Magic, and Chekkers, targeting the under-24 urban consumer, positioning them with statements they identified with. For example ' Direct Dil Se' for Little Hearts, ' Full Of Taste And Fun' for Pure Magic, and ' For The Ups And Downs In Life' for Chekkers.

In 1999, BIL had launched Snax, a line of ethnic snackfoods using low-fat oils and hygienic processes, in 3 variants: Calcutta Ka Chana Choor, Bikaner Ka Bhujiya, and Rajasthan Ka Aloo Bhujiya, with an eye on the almost Rs 1800 crore snack market in India. In the segment of ' breads' which contributed about 6% of the company's total revenues, BIL's presence was restricted to a few cities. In the face of increasing competition, it decided to strengthen its bread business in the southern states and was seriously looking for acquisitions and manufacturing tie-ups in that region.

It also planned to leverage the key strength of the aily distribution system of its bread business in its new ventures like milk. With a view to boosting volumes, BIL also changed its packaging strategy by launching biscuits in small sachets. It launched the low-priced sachets, ' Tiger Tikis-nibblets' priced at Re 1-targetting the mass market. BIL simultaneously revamped its

distribution channels, increasing its retail distribution network to more than 1.20 million outlets. To increase penetration, more than half of the new outlets serviced, were in the rural and semi-urban markets—a break from the past, when BIL's distribution was distinctly skewed towards urban India.

As part of its strategy to reduce its dependence on biscuits, BIL sought to diversify its product portfolio to include categories that fitted within its overall objective of transforming itself into a food company. BIL targeted segments where it had the potential of capturing either the number one or number two position. Said Alagh, "I am not into pioneering new eating habits. On the contrary, we want to capture the essence of the Indian consumer.

So we will be entering only those areas which will form part of the daily eating habits of an Indian home and offer either high volume or high value. Analysts felt that what BIL had done was to build on the company's already successful brand. With the basic motto of 'eat the BIL product you like, but eat,' the company provided the consumer with an option at all times of consumption (other than the main meals of lunch and dinner). The underlying philosophy was to provide 'tasty yet healthy' snacks that one could eat and drink throughout the day, in short, a product for each occasion and for every consumer. BIL saw an opportunity in the dairy segment as it had only one large player, Amul.

Its strategy was to build on the strong affinity that Indian consumers had for milk and milk products in its dairy venture. BIL wanted to do in dairy products what it has done in biscuits: cover all segments. Said Alagh "As

with other large markets, we will seek to segment the market for dairy products too. This could mean that our portfolio will include premium brands, with a high degree of value-addition, as well as popular-priced brands that could add critical mass. " BIL entered the dairy segment in 1997 with cheese and milk powder or dairy whiteners.

By 2000, BIL captured about 35% of market share of the cheese market and 20% in the dairy whitener segment. It launched butter in 1998, flavoured milk, sub-branded ' zipsip' in tetra packs in 1999 and ghee in February 2000. The company relaunched its entire dairy business in late April 2000 by bringing it under the ' Milkman' name. The pricing, communication, package, design had all been revamped. The word ' flavoured' was dropped from the milk range, as research had shown that in India, the word ' flavoured,' connoted ' artificial' to consumers.

BIL's diversification reflected its parent, Danone's portfolio. Ever since it got control of BIL, Danone had been providing it technology in biscuits and pastries. Danone's biggest business, dairy products, was the driving force for BIL's diversification. However, dairy products accounted for a meagre 9% of BIL's turnover. But BIL hoped that was going to change. Said Alagh, " In the next 3 years, we expect new businesses to contribute about a quarter of our turnover. "

The Road Ahead BIL's makeover plan seemed to have worked well. The sales increased from Rs 752. crore in 1996-97 to Rs. 1169 crore in 1999-00 and net profits increased almost 4 times since 1996-97. Although BIL's biscuit business seemed to have done well, its diversification into dairy segments

did not seem to be an unqualified success. Analysts observed that the value-added dairy market which BIL had targeted was a minuscule 0.10 per cent of the market. While the size of the cheese market was a mere Rs 140 crore, it was growing at 20 per cent per annum. The Rs 400-crore butter market was growing at 10 per cent a year, and Amul-the only national butter brand-had an 85% share.

The Rs 350-crore dairy-whitener market was growing at 10% a year, but large brands like GCMF's Amulya (marketshare: 45%), Nestle's Everyday (32%), and HLL's Milkana (14 %) dominated it. Analysts felt that for BIL, using brand equity alone to break into competitors' domain, may not be that easy. BIL had to make sure that the products it made were acceptable to Indian tastes. The mere fact that a product in its parent, Danone's portfolio was successful abroad was no guarantee that it would succeed in India.

The best example, analysts pointed out, was that of 'Mini roule,' a Swiss roll from Danone, which failed to take off, in India. BIL, however seemed to believe that its core competence was foods, and that by going into dairy products, it was not moving from its original focus. BIL also believed that its makeover plan had worked well, and that this was reflected in the remarkable improvement in profits. Accordingly it set ambitious targets for the future. Said Alagh, " Our vision is to make every third Indian a Britannia consumer within the next three years ...

We want to be part of our consumer- at home, out of home, a natural part of his life. Consume the product of your choice, but consume Britannia. "

Analysts felt that the challenge for BIL lay, in continuing to remain

aggressive and in evolving to meet the needs of dynamic markets of the new millennium. If BIL was to achieve the objective it had set for itself, it had to continuously strive to deliver products with value that exceeded consumers' expectation. BIL's gamble and its long-run success would ultimately depend on whether consumers liked the new products it introduced in the market or not.