

Fortune rice bran oil impact on different stakeholders



**ASSIGN
BUSTER**

Project Report On “ Impact of Fortune Rice Bran Oil on different stakeholders” In the partial fulfilment of Post Graduate Diploma in Management At Cargill India Pvt. Ltd. Head Office Gurgaon, Haryana (Apr 2013-June 2013) Submitted by Vidit Mediratta Roll No. U112119, PGDM 12 Under guidance of Mr Bharat Saxena Senior Brand Manager Xavier Institute of Management Bhubaneshwar Certificate This is to certify that Vidit Mediratta, student of PGDM 12 has successfully completed the project titled “ Impact of Fortune Rice Bran on different stakeholders”, at Cargill India Pvt. Ltd. Head Office Gurgaon under guidance of Bharat Saxena, Senior Brand Manager, Cargill India Pvt. Ltd. from April 2012 to June 2012. Based on the professional work done by him, this report is being submitted for the partial fulfilment of Post Graduate Diploma in Management (PGDM) at XIM, Bhubaneshwar. Date: Project Guide Mr Bharat Saxena Senior Brand Manager Cargill India Pvt Ltd Certificate of Originality This is to certify that Vidit Mediratta, student of PGDM 12 has successfully completed the project titled “ Impact of Fortune Rice Bran on different stakeholders”, at Cargill India Pvt. Ltd. , Head Office Gurgaon under guidance of Mr Bharat Saxena, Senior Brand Manager, Cargill India Pvt. Ltd. from April 2012 to June 2012. Based on the professional work done by me, I am submitting this report for the partial fulfilment of Post Graduate Diploma in Management at XIM, Bhubaneshwar. This report has not been published and submitted to any other institute or university. Date: Student Name: Vidit Mediratta Roll No. U112119, PGDM 12 XIM, Bhubaneshwar Acknowledgement I take this opportunity to extend my sincere thanks to Cargill India Pvt.

Ltd. for offering a unique platform to earn exposure and garner knowledge in the field of Sales and Marketing. I wish to extend my sincere and heartfelt gratitude to my guide Bharat Saxena, Senior Brand Manager, Cargill India Pvt. Ltd. who guided, supported and encouraged me during the entire tenure of the project. I will also like to thank Vikram Anand, Marketing Head, Project Mentor for his encouragement and valuable advice which helped me a lot in the project. Special thanks to Lalith Sharma, Nitish Raj, Sibby and Sanjana, for spending their valuable time in giving me invaluable guidance and data support. Their devotion to analysis and serious attitude toward management has given me great encouragement and inspiration to accomplish this project. Also wish to thank all people in the Head Office of Cargill India Pvt. Ltd. for their constant support and help in accomplishing the objectives of the project. Vidit Mediratta Roll No. U112119, PGDM 12 XIM, Bhubaneswar

Executive Summary Fortune is one of the largest players in the edible oil market. It is the leader in different variants of edible oil like Soya, Sunflower and Mustard.

It has been known to aggressively promote its products and has an excellent consumer pull in the market. In Nov 2012 Fortune launched its Rice Bran variant with an aggressive promotion campaign. Rice Bran Oil is a very small category in India and has only grown at about 10% in the last 3 years. In spite of this Fortune decided to enter the category and expand it. Fortune is one of the major competitors of Cargill so it becomes imperative to understand the magnitude of the launch of Fortune Rice bran and analyse the impact on different stakeholders.

The different stakeholders are the Consumers, Retailers, wholesalers and the competitors. The study analysed the impact on each of them. Questionnaires were prepared for the consumers to understand what is the kind of awareness that Fortune Rice Bran has created. How many trials are there and what is the number of retrials. The buyers were then analysed to understand the purchasing and repurchasing criteria of Fortune Rice Bran Oil. Consumers switching from individual brands like Saffola etc were analysed to get an indepth understanding of consumer behaviour.

Questionnaires were prepared for the retailers as well to understand the demand trends of the product and analyse the impact on the competitors in the retail markets. Also the spend was calculated at the retailer level done by Fortune Rice Bran. The study came to a conclusion that Fortune has spent about 32-35 crores on its promotional activities both ATL and BTL. Through its promotions it has been able to create excellent awareness of the product but the trials are still very low. The retrials are high indicating that the product is perceived as a good quality product and is slowly building a loyal consumer base.

In addition to this Fortune Rice Bran has been able to expand the category in Rice Bran Weak areas but in Rice Bran Strong areas it has not been able to make much of an impact due to the higher penetration of local players and Rice Bran being consumed by the price conscious consumers and not the health conscious.

1 Introduction
2. 1 Company Overview Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. Founded in 1865 by William Wallace Cargill headquarter in Minnetonka, Minnesota, U.

<https://assignbuster.com/fortune-rice-bran-oil-impact-on-different-stakeholders/>

S. , its privately held company employs 142, 000 people in 65 countries.

Cargill help customers succeed through collaboration and innovation, and are committed to sharing our global knowledge and experience to help meet economic, environmental and social challenges. Cargill comprises 75 businesses organized around four major segments: 2. 2 Cargill in India Cargill's operations in India started in 1987. Our business comprises refined oils, food ingredients, wheat flour, grain and oilseeds, sugar, cotton, animal feed and trade and structured finance.

Cargill refine and market leading consumer brands of edible oils such as NatureFresh, Gemini and Sweekar and Rath and Sunflower Vanaspati brands of hydrogenated fats. We also market packaged wheat flour under NatureFresh brand. Cargill employ more than 2, 000 employees working in offices and plants across the country and have a network of warehouses and depots. In India Cargill food operates in 3 Business units: Consumer packs, Commercial packs and B2B as shown in figure 4. Figure 3: Business in India 2. 3. 1 Cargill Product Portfolio Figure 4: Product Portfolio 2. Edible Oil Industry in India Cargill Foods India processes, refines and markets a wide range of indigenous and imported edible vegetable oils, fats and blends for the food industry. We serve household consumers with packaged, branded and vitamin-fortified edible oils and vanaspati (hydrogenated fats). We also offer high quality food ingredients from our global portfolio and deliver a broad array of ingredient solutions to cater to the growing needs of the food manufacturers and food service industry in India. The demand for edible oils in India has shown a steady growth at a CAGR of 4. 3% over the period from 2001 to 2011. The growth has been driven by improvement in per capita

consumption, which in turn is attributable to rising income levels and living standards. However, the current per capita consumption levels of India (at 13.3 Kg/year for 2009-10) are lower than global averages (24 kg/year). 1 The Indian edible oils market continues to be underpenetrated and given the positive macro and demographic fundamentals it has a favourable demand growth outlook over the medium-to-long term. 2. 4 Competitors The market includes some large industry participants like Marico Limited, Cargill India Private Limited, Adani Wilmar Limited, Ruchi Soya Industries Limited and KS Oils Limited, which have a diversified product portfolio; multiple manufacturing units and operate on a pan India basis mainly in the branded segment. ICRA believes that the larger manufacturers by virtue of their scale enjoy certain advantages like access to cheaper working capital credit and savings in cost of production, which make them relatively better positioned to withstand margin pressures and difficult industry conditions. 2. 5 Financial Statements

Cargill has grown to be a global leader in food and agriculture. According to Fortune magazine, if Cargill were a publicly held company, it would rank 41st on the list of the world's largest companies. Figure 5: Company Financial Cargill performance measures recognize that high performance begins with engaged employees. They focus our efforts on satisfying customers. They acknowledge our commitment to liveable, sustainable communities. 2 Project Overview * Rice Bran as a category is only about 6000 MT in India and is concentrated mainly in the southern parts of the country. It has grown at about 10% in the last 3 Years. Fortune which is the main competitor of Cargill decided to enter the category and expand it. * It launched its rice

bran variant with an aggressive promotion campaign ranging from TVC to print ads, health runs to free health checkups etc. * As fortune is the main competitor of Cargill, it becomes imperative to understand the magnitude of the launch of Fortune Rice Bran and analyse the impact of it on different stakeholders and the category.

3. 6 Need of the Project

* To analyse how Fortune Rice Bran has impacted the Rice Bran category and what are the key drivers of its performance. To analyse the consumer behaviour and understand why people are buying the product and what has been the impact of promotions on the consumer. * Analysing the impact on trade and competitors to get an understanding of how Fortune Rice Bran Oil has altered the dynamics of the edible oil category.

3. 7 Project Objective

* Determine the different promotional activities done by Fortune on its Rice Bran variant. * Estimate the total promotional spend. * Analyse the impact on different stakeholders * Consumer * Trade * Competitors * Analyse the Impact on Rice Bran Category Identify key drivers of Fortune Rice Bran Oil and the areas where it is weak.

3. 8 Project Scope

* To estimate the total promotional spend by Fortune Rice Bran on different ATL and BTL activities and analyse the impact on consumers, trade, competitors and the Rice Bran Category.

3 Execution Plan

The objectives will be achieved in 3 phases *

Phase 1 : Designing * Conduct initial survey in the markets to get a basic understanding of edible oil category. * Identify the areas where the study will be conducted * Identify the research parameters for different stakeholders. * Develop a research methodology. Design a questionnaire for the retailers and consumers. * Phase 2 : Fieldwork * Conduct data collection across different markets. * Gather information about the promotional spends from primary and secondary sources. * Phase 3: Analysis and report preparation *

<https://assignbuster.com/fortune-rice-bran-oil-impact-on-different-stakeholders/>

Analyse the research findings. * Estimate the promotional spend. * Prepare a report

4. 9 Research Methodology

- * Identification of key stakeholders
- * Identification of Research Parameters
- * Consumers
- * Who are the consumers
- * Purchasing criteria
- * Repurchasing criteria
- * Impact of promotions
- * Purchasing criteria of consumers of individual brands.
- * Retailers
- * Extent of Visibility
- * Demand of the Product
- * Effect on the competitors.
- * Price dynamics.
- * Impact on the Rice Bran Category.
- * Modern Trade
- * Extent of Visibility
- * Demand Trends.
- * Impact on the competitors.
- * Geographical areas covered for research
- * A mix of both strong and weak areas has been selected for the research to get an overall understanding of the impact of Fortune Rice Bran Oil.
- * Strong areas: Those areas Fortune rice bran has made a significant impact on Rice Bran category.

Strong Areas| Impact on the category| UP| 18404%| Gujarat| 4066%| Delhi NCR| 398%| Weak Areas| Impact on the Category|

AP| -38%| TN| -23%| Punjab| -20%| * Weak Areas: Those areas Fortune Rice Bran has made no impact on Rice Bran Category. * Why Delhi NCR was chose for the study? * A rice Bran weak area so the impact of branding and communication would be the maximum. * A stronghold of competitors like Saffola and Sundrop. * Why Punjab (Ludhiana) was chosen for the study? * A Fortune stronghold still Fortune Rice Bran has not been able to make an impact. * Close proximity to Delhi * Sampling Technique Used for identification of markets to be covered in Delhi NCR. * Stratified Random Sampling * Judgement Sampling * Sample Size Consumers 260 (Fortune Rice Bran Buyers = 60) * Retailers 120 * Data Collection Methods * Primary Data * Questionnaire * Interviews * Observations * Secondary Data * Media

Agencies * Nielsen retail data * Designing the questionnaire * Based on the initial survey conducted and the parameters identified for the stakeholders, a questionnaire was designed for both retailers and consumers. 4 Promotional activities done by Fortune Rice Bran and the Spend. 5. 10 Introduction: * Launched on Nov 23 by Lara Dutta in Ahmedabad as the healthiest oil in the world. * Media campaign rolled out in January which included TV, Print, Radio and Cinema. For the first time Fortune had an extensive online campaign which included a website for the oil, Facebook, Twitter and leading blogs. 5. 11 Promotional Activities - Above the Line PAID MEDIA Medium| Activity| Message| Channels| Target Audience| TV| 3 TV Ads aired during Jan-Apr| 1. Reduces cholesterol 2. Healthiest oil 3. Additional health benefits| Mass - 56%Eng - 18%Regional - 26%| Mass audience. | Print| A full page Ad in the leading dailies| The oil is healthier than its competitors| TOI, Economic Times, Hindustan Times, Hindu| SEC A and B| Radio| 1. Ads (Jan-Apr)2. Spreading awareness bout outdoor activities| Lead a health lifestyle by switching to Fortune Rice Bran| Radio Mirchi, Radio City, Big FM, My FM| Mass Audience| MasterChef| Recommendation by Sanjiv Kapoor| It makes your food tastier and is also healthy. | Star Plus| Housewives| Cinema| An Ad by Dr Anjali Mukherjee (Mar-Apr)| Rice Bran Oil has proven health benefits. | PVR and Adlabs| SEC A and B| * Owned Media * Website (www. fortuneric Branhealth. com) * Health benefits of Fortune Rice Bran Oil. * Featured articles by Dr Anjali Mukherjee (a leading health expert) * How to live a healthy lifestyle Online competition - Answer health related questions and win a free health check up. * Facebook * Regular updates about living healthy so as to form an emotional connect with the people. * Encouraging people to try new recipes with Fortune Rice Bran Oil. * Blogs * Reviews of <https://assignbuster.com/fortune-rice-bran-oil-impact-on-different-stakeholders/>

Fortune Rice Bran Oil by leading chefs. * Competition on best recipes using Fortune Rice Bran Oil. Media Spend Activity| Spend (in lakhs) (approx)| TV Ads| 800| Print Ads| 500| Radio Ads| 200| MasterChef Sponsorship| 1200| Cinema Ad*| 120| Owned Media*| 60| Total Spend| 2880| 5. 12 Comparative Analysis of Media Promotions

Medium| Parameter| Fortune Rice Bran| Fortune Plus| Fortune Sunlite| TV| Spend | 800| 300| 600| | Reach| All the leading channels with special focus on mass| Major concentration on sports channels| Major concentration on regional channels| | Average GRP| 385| 231| 197| Print| Spend| 500| 400| 0| | Reach| 7 newspapers across 13 states| 8 newspapers across 13 states| | Radio| Spend| 200| 17| 0| | Reach| 6 channels across 8 states. | Limited to Gujarat| | * The spend and the reach of fortune rice bran is almost twice compared to previous launches of Fortune Sunlite and Fortune Plus. * Average GRP(Gross rating points) is 1. times the other launches indicating the extensive reach and frequency of the promotions. 5. 13 Promotion Activities - Below the Line Activity| | Duration| Details| Visibility in Retail shops| Shelves| 1-3 months| Rs 200-6500| | Hanging Pouches| 1-3 months| Rs 15 per pouch| Promotion Schemes| Health Card| | Free Health check up at ThyroCare| | Target Scheme| 2 months (Apr-May)| Rs 1. 5 - Rs 5 per litre off on purchase of 8 to 60 cartons| Salesmen convincing consumers to switch to Fortune Rice Bran| | Every month from 1st to 10th| Conducted in major markets where company salesmen convince Saffola and Sundrop Consumers| . 14. 2 Extent of Visibility and Promotions * Target Scheme is the most extensive form of visibility as it is the best way to push sales of the product. * About 64% of the shops have been given visibility in the form of

Shelves and hanging pouches giving an indication about how big Fortune has gone for the promotion of its rice bran variant.

5. 14. 3 Outdoor Activities *

- * Health Run organized in 10 cities on World Health Day
- * Moving Van visiting different colonies.
- * People encouraged to run on a tread mill and win prizes.
- * Create a Limca Record
- * Pledge to live a healthy lifestyle.

5. 14 BTL Spend

Activity	Spend (in lakhs)	Visibility in Retail Shops*	Shelves and Hoardings
21			
Hanging Pouches	4	Promotion schemes*	Target Scheme
8			
Health Cards	6		
Total Spend	49		
Outdoor Activity in 10 cities	20		

The Total Spend in Delhi NCR on BTL activities is about 50 lakhs. The Spend on outdoor activities is 20 lakhs.

5 Impact on the Consumer

1. 75% awareness - Excellent reach of the promotion
2. 16% trials - Promotions are still not able to convince the customers to try the product
3. 72% retrials - High satisfaction level - Perceived as good quality

6. 15 Impact of promotional mediums on the Consumer

- . TV - Very effective in creating awareness
- 2. Doctors, Promoters and Discounts play a major role in the purchase of the product.
- 3. Premium Product - People need to be convinced more

6. 16 Analysis of Buyer Behaviour

6. 17. 4 Who are the Buyers
6. 17. 5 Brand Usage patterns of the Buyers
- * Major impact on Fortune. 36% fortune consumers have switched to rice bran.
- * 23% consumers have switched from Saffola to Fortune Rice Bran.

6. 17. 6 Why are Fortune Consumers buying its Rice Bran variant

- * Perceived health benefits
- * Reduces cholesterol
- * Good for heart
- * Less fatty
- * Brand Loyalty
- Want to try a new product of the brand they trust.
- * Not much of a price difference between Fortune Sunlite and Rice Bran.
- * Doctor's and dieticians' recommendation to buy Rice Bran Oil.

6. 17. 7 Why are Saffola Consumers Buying Fortune Rice Bran

- * Similar health

benefits at a lower price * Both the oils are good for heart * Both the oils have similar ingredients. * Aggressive promotions against Saffola by Fortune Rice Bran both at the ATL level and BTL level are pushing the consumer to try the product. * Doctors' advice to keep changing oils is inducing more trials of the rice bran variant by the Saffola consumers. . 17. 8 Why are the Consumers Buying again * Benefits are being conveyed to them through different sources * Reassures them that what they are using is good for them. * Increases the trust on the product and the brand which leads to repurchases. * No dissatisfaction with the oil in terms of taste, lightness and other tangible factors. * The attractive price as compared to its competitors also is the key driver of the repurchases. * In edible oils, the differentiating factors are very few, hence promotions and price becomes the most important factor to buy and rebuy a product. Impact on Trade and Competitors 7. 17 Competitors response * Saffola * Promoting Saffola Gold as Saffola Rice Bran Oil. (Make the consumers aware that its equally good) * Reduction in prices by 5-8% * Attractive promotion schemes. (5l + 1l free) * Sundrop * Promotional offer (1kg sugar free with 5L pack) * Promoters in leading Modern Trade outlets. * Players like Tirupati and Taralite have launched their own Rice Bran variant at attractive prices compared to Fortune Rice Bran. * Ricela * Aggressive promotions in MT. * Attractive margins to the retailers. * Increasing its penetration. Impact on Rice Bran Category | | Without Fortune| With Fortune| Rice Bran (Vol MT)| Saliency (Dec'12-Mar'13)| Aug'11-Nov'11| Aug'12-Nov'12| Growth%| Dec'11-Mar'12| Dec'12-Mar'13| Growth%| All India| 100%| 5, 928| 6, 518| 10%| 6, 737| 6, 562| -3%| AP| 22%| 1, 637| 1, 676| 2%| 1, 904| 1, 469| -23%| TN| 21%| 1, 835| 2, 059| 12%| 2, 253| 1, 397| -38%| WB| 12%| 596| 563| -6%| 574| 788| <https://assignbuster.com/fortune-rice-bran-oil-impact-on-different-stakeholders/>

37%| MH| 11%| 473| 913| 93%| 816| 694| -15%| UP| 9%| 3| 11| 240%| 3| 595|
 18407%| Kar| 8%| 648| 631| -3%| 574| 514| -10%| Punj| 5%| 537| 407| -24%|
 444| 356| -20%| Guj| 2%| 1| 22| 1960%| 4| 161| 4066%| Delhi| 2%| 24| 23| -
 2%| 27| 134| 398%|

Chht| 2%| 38| 68| 77%| 34| 111| 227%| Har| 2%| 9| 70| 645%| 24| 107|
 355%| Orissa| 1%| 15| 20| 31%| 37| 75| 105%| MP| 1%| 0| 1| 293%| 0| 44|
 21289%| Raj| 1%| 57| 2| -97%| 5| 41| 739%| Ker| 1%| 46| 34| -26%| 35| 35|
 1%| Jhk| 0%| 4| 13| 184%| 0| 19| | Assam| 0%| 5| 6| 26%| 5| 14| 209%| Bihar|
 0%| 0| 0| | 0| 5| | Utt| 0%| 0| 1| 155%| 0| 2| 580%| * Doing very well in Rice

bran weak areas and has been able to start the category. * Not able to make
 an impact in Rice bran strong areas and negligible effect at an all India level

8. 18 Why is it performing well in Rice Bran Weak Areas * Advantage at the
 retailer level Very few competitors in this category. * Low penetration of

Ricela. * Better margins than Saffola and Sundrop. * Advantage at the
 Consumer level * 87% of the buyers have come to know about Rice bran

through Fortune Rice bran communication hence they believe easily on the
 brand communication. * 64% associate Rice bran oil with health benefits. *

Due to no competitors in the Rice bran category, consumers do not question
 the price of the oil. 8. 19 Why is it not performing well in Rice Bran Strong

Areas * Problems at the retailer level * Very high penetration of local players
 like Ricela, Ginni and TaraLite. Higher margins given to the retailers by the

local players. * Due to a lower demand the product is not able to spread to
 retail shops where fortune distribution is not there. * Problems at the

Consumer level * High awareness about the category so its not a ' new' thing
 for them. * Premium consumers equate Fortune Rice Bran with Ricela which

is perceived as a low quality product. * Huge price differential between local players and Fortune Rice bran. * Rice Bran consumers are price conscious consumers and not health conscious so there is not much of a switch to Fortune Rice Bran. CONCLUSION * The trials of Fortune Rice bran are still very low but it is slowly forming a loyal customer base. * The maximum impact of Fortune Rice Bran has been on its own portfolio. * The main drivers of its growth in selected areas is its creative positioning as a health product, aggressive promotions and lower price compared to Saffola and Sundrop. * Other Rice Bran players are gaining because of Fortune Rice Bran and the increased competition may harm Fortune Rice Bran's sales in the future. 9

References * AC Nielsen Retail Data. * Zenith Optimedia Media Agency. Group M Media agency. * <http://www.thehindubusinessline.com/companies/adani-wilmar-cooks-plans-to-promote-rice-bran-oil/article4653800>. ece * http://www.business-standard.com/article/companies/adani-wilmar-to-extend-fortune-oil-brand-to-rice-pulses-112121500023_1.html * http://www.superbrandsindia.com/images/brand_pdf/consumer_3rd_edition/Fortune%20Oil.pdf * <http://www.adgully.com/masterchef-kitchen-ke-superstar-viewers-get-the-opportunity-to-make-a-fortune-54016.html> * <http://blog.blogadda.com/2013/03/04/healthy-tasty-recipe-contest-fortune-rice-bran-health>