

# Swot analysis of horlicks | glaxosmithkline



**ASSIGN  
BUSTER**

Horlicks is product of GSK (GlaxoSmithKline plc) Company. GlaxoSmithKline plc (GSK) is a British multinational pharmaceutical, biologics, vaccines and consumer healthcare company headquartered in London, United Kingdom. It was established in 2000 by the merger of Glaxo Wellcome plc (formed from the acquisition of Wellcome plc by Glaxo plc) and SmithKline Beecham plc (formed from the merger of Beecham plc and SmithKline Beckman Corporation, which was formed by combining the Smith Kline French and Beckman companies).

## **HORLICKS**

### **‘ The Great Family Nourisher’**

Horlicks is the leading Health Food Drink in India and as the ‘ Most trusted Drinks Brand’ (Economics Times Survey, 2004) in India, enjoys more than half of the Health Food Drink market. In 2010, Horlicks accounted for 85% of the INR2, 306 crore (US\$417. 39 million) revenue of GlaxoSmithKline in India. It is currently the most widely consumed packaged beverage in India, after bottled water. In India, the Horlicks available has been scientifically developed and specifically caters to the needs of the Indian diet. Horlicks is a beneficial supplement for children to aid not only their growth, but also enhanced attention and concentration.

## **SWOT ANALYSIS**

Strengths:-

About 100-yr old extremely strong brand with about 80% market shares in the White segment. Very strong distribution/presence in South and East. Further, sales in South are mainly from TN and East from WB.

<https://assignbuster.com/swot-analysis-of-horlicks-glaxosmithkline/>

Weakness:-

Pricing a bit on higher side. Increase in availability of UHT milk could impact the demand.

Opportunities:-

Wide scope for market penetration. Ready-to-drink format offers opportunity to tap out-of-home consumption.

Threats: – Cadbury is a major threat (Brand wise and promotion wise).

## **BCG MATRIX**

HORLICKS comes under the category Star which has high growth and high market share. The products here are generally the market leaders and are very strong generating a lot of cash. Horlicks is one of the strongest contenders here. It has the maximum market share of more than 50% in health drink category with high level of market share and growth opportunities. Boston\_Matrix. gif

## **PORTERS 5 FORCE MODEL**

Availability of substitutes: – Currently in health drink industry there are many players apart from horlicks and thus due to it the threat of substitutes are “HIGH”. For example Bournvita, Complian.

Competitive Rivalry: – Currently Horlicks has a market share of more than 50% in the Indian market but at the same time, it is facing a tough competition from Bournvita, which is holding around 20% of the market.

**Buyer's Power:** – Most of the consumers prefer horlicks, so it has the major share. That means the buyers power is high.

**Supply Power:** – Horlicks has one of the best supply & distribution network. It has more than 600 distributors and 5000+ sub-distributor. It is available in more than 1.5 million outlets.

**Threat to new entrants:** -Currently the health drink market in India is growing at a good pace. According to a survey in 2006 the total market was estimated to be around 2.77 billion at retail selling prices, which is a 30.7% growth since 2002. So the threat of new entrant is 'High'.

## **Value Delivery Chain**

### **Primary Activities:**

**Inbound Logistics-**bringing materials into business. The various ingredients/materials required for making horlicks are like Powdered malt, dried skim milk, sugar, dried milk whey, calcium carbonate, hydrogenated palm oil, salt, lactose, sodium chloride, potassium bicarbonate, milk proteins, vitamins (c, niacin, e, pantothenic acid, b6, b2, b1, a, folic acid, biotin, d, b12), ferric pyrophosphate, zinc oxide comes under inbound logistics.

**Operations-** converting it into a final product. After using all the above mentioned materials Horlicks is created.

**Outbound logistics-** shipping out of final product. After the product is ready it is supplied to different parts of the country.

Marketing & Sales- the marketing and sales techniques used to advertise the product and to increase the sales of the product. Horlicks uses various advertisement campaigns like “ Taller, Stronger and Sharper”.

## **MARKETING MIX**

### **PRODUCT:-**

Horlicks is a widely regarded and highly respected 130-year-old brand. GSK has four brands in the health food drinks segment. Apart from Horlicks, which contributes Rs 600 crore in revenue to the consumer healthcare division, it has Boost, Maltova and Viva - the last three are much smaller brands than Horlicks. Horlicks is a nourishing malted food drink which combines the wholesome goodness of malted barley, wheat and dairy ingredients. To enable consumers choose different flavours, Horlicks is now available in Regular, Chocolate, Creamy Vanilla and Honey Buzz varieties in a new package.

### **PRICING:-**

## **HORLICKS**

### **Flavours (Rs)**

### **Elaichi**

### **Chocolate**

### **Honey Buzz**

### **Vanilla**

Weight(gm)

Jar

Refill Pack

Jar

Refill Pack

Jar

Jar

200

57

—

57

—

—

—

500

108

103

108

103

108

108

1000

199

189

—

—

—

—

## **HORLICKS JUNIOR**

Weight(gm)

Jar

Refill Pack

200

58

—

500

114

105

**Promotion:-**

In 1961 Horlicks started promoting the brand, with the 1st television advertisement, with Billy Raymond with the tagline “ Horlicks, the food drink of the night.” Horlicks whiz kids an inter school fiesta was launched in twenty five cities targeting school children. In urban areas promotion adopted by Horlicks promotion was through Banners and Hoardings. “ Video on wheels” (showing magic shows) is another sort of promotions adopted by Horlicks in rural areas. Horlicks is endorsed by Darsheel Safari. In 2008 Chocolate Horlicks was promoted by signing up with the blockbuster movie “ SPIDERMAN 3”.

**Place:-**

It has a strong marketing network in India comprising over 1800 wholesalers and direct coverage of over 4, 00, 000 retail outlets. Horlicks sales have been strong in the south and eastern markets which contributes about 46 per cent and 47 per cent of the total sales. Milk-deficient South and East preferred white liquid powders (Horlicks, Viva, and Complan) as the drink could be prepared with hot water.

**HORLICKS IN RELATION TO MICRO ENVIORNMENT**

**THE COMPANY:** - GSK is a highly organized company, it has a very good set of skilled level of employee, and it also has a good high functional R&D which constantly upgrades their product lineage with newer and better products.

**THE SUPPLIERS:** - GSK'S product HORLICKS has 4 sales regions. More than 600 distributors and 5000 sub distributors.



**MARKETING INTERMEDIARIES:** - It has large distribution network. Horlicks is available in more than 1 million outlets.

**CUSTOMER:** - HORLICKS Self service stores and supermarkets, though mall as a channel today, are fast emerging in metros and large towns. This channel provides the company with a great opportunity for brand interaction with customers. Customers are able to touch and feel the products, and thus make informed choices. HORLICKS has done a commendable job in this regard. Horlicks has more than 700k customers.

**COMPETITORS:** - HORLICKS is firmly leading the health drink segment with more than 50% market share as compared to the 15% market share of its closest competitor.

**PUBLICS:** - It refers to any group that has an interest in or impact on the organization's ability to meet its goals.

## **HORLICKS IN RELATION TO MACRO ENVIRONMENT**

**Political:** - The political environment includes all laws, government agencies, and groups that influence or limit other organizations and individuals within a society. The forces that affect the society's basic values, perception, preferences and behavior.

**Economic:** - Factors that affect consumer buying power and patterns. Price of the product, Income of the consumer, availability of the product.

**Technological:** - All the technological factors that are needed to cope up with the recent market trends to fulfill the needs of ultimate customers.

DEMOGRAPHIC: – HORLICKS has segmented & targeted its product according to an age group.

Technological: – All the technological factors that are needed to cope up with the recent market trends to fulfill the needs of ultimate customers.

## **MARKET SEGMENTATION**

GEOGRAPHIC SEGMENTATION:-Horlicks has a very good demand in Southern part India as a white drink while chocolate horlicks has good market in southern part of the country.

DEMOGRAPHIC SEGMENTATION:- Here the segmentation of horlicks is based on the age group.

Junior Horlicks – for preschool children. Keeping the targeted customers in mind the packaging is cute and the package has the picture of a small elephant which is very exciting for the small children.

Horlicks regular – For general use. Regular Horlicks is the health drink for people of all ages. The packaging is contemporary and has great visuals to attract the children and the young adults.

Women's Horlicks – is special nutritional drink with 26 vital nutrients designed keeping the specific needs of the pregnant and breast feeding women. The packaging is very interesting – it is shaped like an hour's glass.

Horlicks Lite – A nutritional drink and snack specially designed for all health conscious adults and is also suitable for use by people with diabetes. The packaging again is very interesting. The Horlicks Lite is thin and tall.

Chocolate Horlicks - For Teenagers.

## **TARGET MARKETING**

Earlier Horlicks believed, white drinks are for the entire family in contrast to the browns, whose prime target audience is children. This is probably because whites-whose growth rate is faster than the browns-have the added advantage of being perceived as food which enhances the healthy image of those who are recovering. But gradually they realized that they have to focus on one segment of market that is children. Horlicks is now positioned as a pleasurable nourishment drink aimed at children between the age group of 8-14. Nowadays children have tremendous influence on the things purchased for the family and therefore we want children to prefer Horlicks as a pleasurable nourishment drink. While all the action will be in the general Horlicks segment, the focus of Junior Horlicks (target segment: kids between one and three) will continue to remain the same.

## **LOYALTY STATUS**

brand loyal status. jpg

Brand loyalty is a reputation of the brand which the customer has towards it. Horlicks is a brand the consumer is satisfied using. Despite strict competition in the market, Horlicks holds a formidable position through effective marketing.

## **POSITIONING AND RE-POSITIONING OF HORLCKS**

POSITIONING:-It was initially introduced both a substitute & an additive to milk and it were initially positioned itself as " food for convalescing" & a nutrient supplement for kids only.

<https://assignbuster.com/swot-analysis-of-horlicks-glaxosmithkline/>

RE-POSITIONING :- The re-launch also includes a new look for the brand not only in terms of packaging but also new positioning which addresses children instead of mothers. Junior Horlicks is now positioned for children in the one to three age groups. The brand variants targeted different consumer segments such as Junior Horlicks for infants, Mother's Horlicks for pregnant women, Horlicks Lite and Chocolate Horlicks for kids.

## **DEMAND FORECASTING**

Demand forecasting is the ability of estimating the quantity of a product or service that consumer will purchase. There is no scientifically designed technique used by GSK for assessing the demand. The demand is assessed on the basis 60% Value Based and the rest 40% is Gut based.

Value based includes

Previous year same time sales

Last three month sales

Current trends

Competitors' drives

Consumer promotion schemes

Two way process for demand assessment. Distributor tells his demand requirement to the company and then the top level sets his targets

## **Factors Affecting Demand**

During summer vacations, demand for Horlicks is lower than during school days.

In summers, kids consume more Horlicks as a cold drink with milk.

Mothers' Horlicks is sold through doctors' prescription, only at chemists.

Horlicks Lite is sold only at confectioners.

At bunk outlets, only small SKU's of Horlicks are sold.

## **Seasonality**

The demand for Horlicks goes up in the rainy season as doctors prescribe Horlicks when people fall ill. The sales are lean in November and February.

## **CUSTOMER LIFE TIME VALUE**

Horlicks has been a popular brand in the Indian market since 1930s; Horlicks underwent a revamp in 2003 to further increase, its relevance. Since the past 70 years horlicks has been one of the leading health drink brand and have been retaining customers throughout. Horlicks owes its success to a strong brand heritage, commitment to quality, focused communication, a strong distribution network and a deep understanding of consumer needs.

New products have been specifically for India, catering different segments of the Indian market. The size of the market is estimated at Rs 10, 170 million.

Horlicks occupies the leading position with over 50% shares of the market.

The new positioning strategy adopted by Horlicks via product packaging which now carries a logo saying – ' Now proven – Taller, Stronger, Sharper.'

The various categories of Horlicks are:-

Junior Horlicks

Regular Horlicks

Women Horlicks

Chocolate Horlicks

Horlicks Lite

Customer Acquisition- The re-launch also includes a new look for the brand not only in terms of packaging but also new positioning which addresses children instead of mothers. Junior Horlicks is now positioned for children in the one to three age groups. The brand variants targeted different consumer segments such as Junior Horlicks for infants, Mother's Horlicks for pregnant women, Horlicks Lite and Chocolate Horlicks for kids.

Customer Retention- the most important thing believed in Horlicks is its quality no matter what the quality of the product is not hampered. Horlicks satisfies its customers by various innovation, persistent quality, regular feedback and interesting advertisement campaigns. This is how it retains its customers.

Customer Expansion- as mentioned earlier horlicks not only surveys its existing customers but it also surveys the other people who do not use horlicks and try to know the reason. Horlicks also does campaigns on a wide scale where everybody can participate and know pamper themselves. Through such various schemes horlicks tries to expand its market.

<https://assignbuster.com/swot-analysis-of-horlicks-glaxosmithkline/>

## **CONSUMER BEHAVIOUR PROCESS**

Buying decisions for Horlicks are influenced by

### **SOCIO-CULTURAL FACTORS**

CULTURE- beliefs and traditions

GROUPS and FAMILY influences to buy the product.

### **STIMULI**

INTERNAL STIMULI- Health conscious customer feels need for health enhancing drink for the whole family which makes them buy their product.

EXTERNAL STIMULI- By market offer and environment such as advertisement, sales and promotions and publicity.

### **BUYER CHARACTERISTIC**

Age and life cycle stage. (Children, youngsters, mothers)

Life style (interests)

Psychological Factors (Health Consciousness)

### **SAMPLE QUESTIONNAIRE:**

Q1. Do you prefer milk or health drinks?

YES NO

Q2. Do you prefer normal health drink or flavored health drinks?

Normal Flavoured

Q3. If flavored, which flavor do you prefer the most?

<https://assignbuster.com/swot-analysis-of-horlicks-glaxosmithkline/>

Chocolate Elaichi Honey Any other

Q4. Which health drink brand do you prefer?

Horlicks Bournvita Complan Any other

Q5. Why do you prefer this particular health drink brand?

Nutrients Price Availability Any other factor

Q6. Are you a brand loyal or would always like to buy something new or other brands if it promises?

YES NO

If NO, Please state the reason

Q7. Are you satisfied with this health drink at the available price?

YES NO

If NO, Please state the reason

Q8. Would you like to suggest anything apart from what you get with this particular brand?



---

---

---

---

**NAME: –**

---

**AGE: –**

---

—

**OCCUPATION: –**

---

**MOBILE NO: –**

---

**E-MAIL ID: –**

---

-----THANK YOU

---