Pillsbury presses flour power in india

Company Overview

Pillsbury, one of the world's largest producers of grain and other foodstuffs was founded in 1872 by Charles Alfred Pillsbury and his uncle John Sargent Pillsbury. In 2001, General Mill Inc. became one of the largest food companies in the world after buying Pillsbury for $10. 4 billion.

In mid 1990's Pillsbury decided to expand its business into the potentially market of India. India was utilizing about 69 million tons of wheat a year, second only to China. (The U. S was utilizing approximately 26 million tons). Large number of India's wheat ends up as *roti* , a flat bread prepared on griddle that unites almost every meals. Moreover, most of Indian housewives buy raw wheat in bulk, then clean it by hand and store it in huge metal hampers and every week carry some to a neighborhood mill, or *chakki* , where it is ground between two stones. To help these housewives, the company entered into the Indian market as Godrej-Pillsbury, which was set up as joint venture in 1996 with a 50-50 equity ownership of both parties. The joint venture distributed food products including flour, canned corn and fruit juice. Godrej-Pillsbury launched with flour which played a significant role for Pillsbury to lay its roots in the Indian market. Pillsbury has widespread distribution channels around the worldwide and sells high-value products whereas Godrej is local food giant as well as marketer and distributor of food products.

Marketing Strategy

There is a high degree of uncertainty as to the widespread in India because of political instability which entails for the main reason among many countries. Moreover, transport devastating conditions, utilities and commercial infrastructures account for other reasons of uncertainty. The aforementioned conditions in India's business infrastructure illustrate a severely harsh environment where the company is obligated to work from scratch if it decides to work on its own. Because of these factors, Pillsbury set Godrej Food Limited as its partner. Godrej Food Limited is a division from India's leading conglomerate, Godrej Group, with modern manufacturing facilities and a national distribution network of 800 distributors and 24 consignment agents. It is also well known for offering diverse packaging solutions for various types of products. Given the wretched circumstances of India's basic socioeconomic systems Pillsbury had to spend in billions to start its business. Partnering with a robust, traditional firm will certainly reduce its risks and allow Pillsbury to make the best out of the distribution and packaging-wise know-how of its Indian counterparts.

Also the company's strategy was more transnational that appeared as the company attempts to combine the benefits of global scale efficiencies with the benefits of local responsiveness. Moreover, Pillsbury was growing rapid in its expansion into the Indian market, the company gained first mover advantages.

Customization and Standardization of the Four P's

Pillsbury realized that in this tradition bound Indian market they need to push the basics first. Even though the ultimate aim of Pillsbury for targeting Indian market is to sell lucrative product, Pillsbury had to launch Chakki fresh atta, pounded wheat flour, which is more basic product. Consequently its goal is to establish its flour business and then introduce new products to carry its customers up to more profitable products. The main character of

Pillsbury's flour product is that it is differentially positioned on the softness factor. Chakki fresh atta maintains the softness up to 6 hours which is most important aspect. In addition to that it provides greater quality of packaging. Maintaining the same taste after the purchase is the primary competence of Pillsbury's product. Furthermore, since 2004, Pillsbury started offering healthier Atta than refined wheat flour. It adds the value of health and well-being to the product by adopting the platform of " wellness" and offering the 100% Whole Wheat benefit to the Indian consumer. Pillsbury product provides customized product by Launching products keeping in mind regional preferences. It segmented the atta market to pit itself against the regional players. General Mills India has launched a new sub-brand under its Pillsbury brand.

Price is kept at a little lower value than its main competitors branded Atta, but higher than local Chakki Atta and local brand Price. Pricing in Indian is customized along with the standards of living in India. At first place Pillsbury wanted to offer high-value food which requires some appliances such as micro oven and refrigerator. However, most Indians can't afford to buy such appliances, so Pillsbury had to abandon the strategy.

The primary method of promoting is the mascot, The Pillsbury's Doughboy. But this mascot was not same as it is in US market. It was customized to Indian culture. Doughboy greeted in an Indian way and had spoken six regional languages in the local commercial break. Besides, Pillsbury used a free sample of sunflower oil with every five-kilogram package of flour as a promotion tool. Retail and point-of-sale space its visibility is very low. In order to prevent this, it has also been paying grocers to display a standing cardboard Doughboy with its prisible spot in shops.

Mode of Entry

The Diageo PLC unit of Pillsbury entered the Indian market by allowing itself to stick to a plan that was somewhat unconventional to their usual standards of entry. This company is accustomed to selling high value products such a microwave pizzas, ice cream, and other frozen baked food products. However, the Indian market is not flowing with significant income in comparison to other parts of the world. In order to successfully enter this market, the company had to rely on the inexpensive and simple goods. The decision was made to enter the Indian market by selling packaged flour. Through its joint venture titled, Godrej-Pillsbury Ltd, the company launched its flour in southern and western India in the late 1990’s. Selling pre-packaged flour means that Pillsbury will have to sell high volumes of the products because of the relatively low price attached to it. However, the goal is to first establish the Pillsbury name within Indian households, and earn the trust from the Indian wives. Once the Indian wives trust that Pillsbury flour is reliable and convenient, then Pillsbury can think about introducing more lucrative product lines into the market. It has been noted by the company though, that this goal may take a significant amount of time to achieve. Pillsbury knew that entering the Indian market would be a challenge, but the growth potential in the Indian processed food market should not be overlooked. Many foreign companies have recognized the growth potential and have entered in India’s food-processing sector, including Pillsbury. Pillsbury knew that if it wanted to successfully enter the market, it would be best to do so through a joint venture. A reputable and experienced local agent has a good understanding of the market and also maintains good contact with Indian end users. The local agent in India also has good connections with government officials which helps the foreign company gain necessary licenses and clearances. What is also important is that the local agent can help with promotional activities such as placing advertisements in local areas1. We have learned that Pillsbury reached some of these benefits by using a joint venture with the well-established company, Godrej, in India. The company has been able to pay local grocers to display a standing cutout of the Pillsbury Doughboy alongside it's product in visible areas of the stores. This is considered a significant advantage since many grocers have little space within their stores to allow for promotional displays. By entering the market through a joint venture, Pillsbury can find ways of establishing its name more easily, and ensure that their products are successful.

Dunning's Eclectic Theory: Ownership, Location and Internalization factors

With Dunning's eclectic theory, we will analyze Pillsbury's ownership advantage, and location advantage. Since Pillsbury is exporting its goods to India using the form of joint venture it does not have any internationalization advantages. This will give us an approximate idea of how well Pillsbury will achieve in the India market and how it will overcome the difficulty of competing with local India brands. Pillsbury is a brand well known all over the world and is a leader in developing new products and food packages. Therefore, even though it's competing with local firms on their home turfs, Pillsbury is still able to offer fresh pre-packaged flour that can't be matched by its competitors. One of its location advantages is that since traditional flour has always been prepared from raw by Indian housewives, which is a very long and complicated process, Pillsbury would be one of the first to enter the India market to sell pre-packaged dough. Since India is the world's second largest consumer of wheat, the size of the Indian flour market and its need to provide fresh products makes undertaking this business activity in India more profitable than undertaking it in the domestic location. By setting up operations in India Pillsbury is able to overcome weaknesses in the market for exporting flour such as transportation time or barriers to importing and exporting in a way that further strengthens Pillsbury's brand recognition on an international level. Even though Pillsbury will be the pioneer in selling pre-packaged flour to India, due to it being a multinational corporation is it able to deliver goods and services in places where other companies cannot. Which in turn making it able to meet customer needs in time and succeed in the launching of its product in the India market.

Recommendations

To be competitive in the Indian market, Pillsbury needs a clear strategy that will help the company to break into the market. It will need to thoroughly understand the local competition, which is the traditionally way flour are sold in the Indian market and what Indian housewives look for in their flour. Because Indian housewives are the direct users of this flour, one of the strategy would be to increase the connection between Pillsbury and Indian housewives, such as organizing cooking classes where they can have a personal connection with the women and introduce the advantages of this product. Because of the diversity Pillsbury is bringing into the market, it would first need to gain the trust of its consumers. To further promote the flour, Pillsbury can choose to give out free samples in grocery stores to widen the exposure of its product. Another factor to consider would be the local responsiveness of the Indian market. When Pillsbury first went into the India market, they found that the work place and product regulation India had was very poor. The factory environments and safety hazards did not meet their requirements. Considering this, Pillsbury should build their own factory, not only would this help in meeting the standards required to make its own products it would also contribute to increasing production. Only by building a connection with the consumers and having the right environment to manufacture its products will Pillsbury be successful in bringing its signature product into the India market.