

Ice cream industry analysis



Ice Creams| Frozen Deserts| Definition ???? Ice cream is a frozen dessert usually made from dairy products, such as milk and cream, and often combined with fruits or other ingredients and flavours| A frozen dessert is any type of dessert made by freezing a mixture of liquids, semi-solids, and sometimes even solids. | Fat Content:| Contain at least 10 percent milk fat and 6 percent non-fat milk solids.

| Anything less than those are considered to be different frozen desserts. Texture:| Ice creams are creamier and richer in flavor| Less creamier and richer as compared to ice creams| Process Of Making:| Complicated and delicate process of making. The process of making ice cream aims to emulsify ingredients together and make the mixture foamy. | Less complicated process of making and much faster | Categories:| Ice creams are further categorized based on the amount of milk fat it has for example 1. Regular Ice Creams – more amount of milk fat.

2. Premium Ice Creams – less amount of milk fat| Frozen desserts can be categorized on the basis of a lot of things. Ingredients:| Milk fat, non-fat milk solids, sugar/flavoring, and air. | Sorbets, low-fat ice cream, frozen yogurt, and frozen custard.

| INDIAN ICE CREAM INDUSTRY The ice cream industry in India is in many ways, reflective of the overall population distribution. The country's population is primarily rural with approximately 65% of the population living in villages with a population of less than 5, 000; this means there are well over 150, 000 villages with a combined population in excess of 650 million. This has contributed to a highly fragmented industry that by many estimates

has over 70, 000 ice cream entities. Many of these are single family operations where the product is made either in the home or in very small factories and sold on the streets. The 350 million remaining people are concentrated in the cities where the industry is reasonably concentrated in the hands of a few international and domestic firms.

It is estimated that only 30% of the entire market is “ organized” and the industry meets the classic definition of a fragmented industry, that is, one where there is an absence of market leaders with the power to shape industry events. The Indian ice cream industry is currently estimated to be worth Rs. 2, 000 crores; growing at a rate of approximately 12% explains RS Sodhi, Chief General Manager of Gujarat Co-operative Milk Marketing (GCMMF), the makers of Amul. The ice cream market in India can be divided into: The Branded Market: Amul, Kwality Walls, Vadial, Mother Dairy, Scoops and Others. The Gray Market: small local players and cottage industry players.

Industry at a glance| The ice cream industry in India is worth Rs. 2, 000 crores| The industry can be divided into the branded market and the unbranded market. The branded market at present is 100 million liters per annum valued at Rs. 800 crores| n 2008-09, in the branded ice cream market, Amul held the number one spot, with a market share or 38%, followed by Kwality Walls at 14%, Vadilal at 12% and Mother Diary at 8%| The per capita consumption of ice cream in India is approximately 300 ml, as against the world average of 2. 3 liters per annum| Vanilla, Strawberry and Chocolate together constitute approximately 60% of the market. | Indian summers are synonymous with ice creams.

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A number of colorful pushcarts selling the choicest of ice creams in numerous flavors from the traditional vanilla and chocolate to unusual varieties like Mother Dairy's Shahi Nazrana can be seen. The ice cream range for the children would be entirely different from that of a teenager or for that matter adult. For those who like to have ice cream in peace, there are a number of ice cream parlors that are opening shop. A 100 ml scoop of ice cream may contain upto 50% air! This makes the business a highly profitable venture to get into – sometimes, the profits can go upto 100%

COMING TO INDIA – PER CAPITA CONSUMPTIONThe per capita consumption of ice creams in India is just 300 ml per annum, compared to 22 liters in the US, 18 liters in Australia, 14 liters in Sweden.

India is a way too far behind even in terms of the world average per capita ice cream consumption of 2.3 liters per annum, this despite the fact that India is a country with hot climate with a young population. “ Indian cuisine has a huge range of desserts in its mix. Ice cream always competes against these for attention.

” Besides desserts, ice cream also vies for attention with other like foods for example in summers with cold drinks, coffee, juice, etc. Another trend that is witnessing a change is the seasonal nature of the industry. Having said that, the peak season for ice cream still remains the summer months of April-June and dips in the months of November-February. According to the industry players, this trend especially holds true for the North and the Western parts of India.

The ice cream industry has traditionally grown at a healthy rate of 12% year-on-year. “ The growth in Ice cream industry has been primarily due to strengthening of distribution network and cold chain infrastructure. Channels such as Mobile Vending Units have been increasing year on year to reach out to a larger set of consumers. Besides, consumers also have the choice of trying out varied product offerings from different brands to keep them excited

Ice Cream Making Process
Blending Ingredients
Pasteurization
Homogenization
Aging the Mix
Freezing
Hardening

Now, during the hardening process, the ice cream mixture is incorporated with air. This is done to make the product ‘ light’ and ‘ creamy’.

This is necessary as without air, ice cream would be like frozen ice. Now the ice cream can contain a considerable quantity of air, even up to half of its volume. This perhaps makes ice cream a business with high profit margin.

ANCIENT CIVILIZATION- ICE CREAM THEN Ancient civilizations have served ice for cold foods for thousands of years. The BBC reports that a frozen mixture of milk and rice was invented in China around 200 BC, and in 618-97 AD, King Tang of Shang had 94 men who made a frozen dish of buffalo milk, flour, and camphor.

The Roman Emperor Nero (37-68) had ice brought from the mountains and combined with fruit toppings. These were some early chilled delicacies. In 400 BC, Persians invented a special chilled pudding-like dish, made of rose water and vermicelli which was served to royalty during summers. The ice was mixed with saffron, fruits, and various other flavours. The treat, widely made in Iran today, is called “ faloodeh”, and is made from starch (usually wheat), spun in a sieve-like machine which produces threads or drops of the

batter, which are boiled in water. The mix is then frozen, and mixed with rose water and lemons, before serving.

INDUSTRY COMPETITIONAs the industry evaluation would indicate the competition is significant. The 70, 000 some participants is a large number but the more serious challenge comes from the top six national firms; Amul, Kwality Walls, Scoops and Baskin Robins These top five firms dominate the market and essentially control the branded market. Detail statistics are not available to indicate market share but Ben & Jerry's estimates that these six firms control 40% to 50% of the urban market. Historically MNC's have not achieved much success in penetrating the Indian market. There are a number of possible explanations for this; the relative embryonic and disorganized nature of the market, excessive government regulation that included excessive tariffs and the restriction that imported ice cream could only be sold in hotels, and a highly fragmented and ineffective media.

Most of these market inefficiencies have been or are in the process of being corrected and Ben ; amp; Jerry's believes that conditions have ripened to the extent where MNC's can now effectively enter the market and compete with the domestic firms. **INDUSTRY GROWTH** The three factors of growth, population, per capital consumption, and price are all projected to increase over the next six years. Population is projected to grow at 1. 8%, per capital consumption is projected to grow at 5%, and prices are projected to increase at just over 1% per year.

(Overall the long-term projection for consumer prices is expected to rise at 3. 5%, however, given the intense level of competition Ben & Jerry's does not

think it likely that ice cream prices will rise that fast. Overall the market will grow from \$245 million to \$360 million, a compound growth rate of 8%. Of the \$115 million in growth, 60% will come from increased per capita consumption, 24% from increased population, and 16% from increase in price. MARGIN ON SELLING While for bigger players, the distribution and advertising costs eats into the profit margins, for smaller players, it is the volumes that matter.

Besides selling their products through kiosks, parlors and push carts, a significant part of the revenue comes from corporate sales. COST OF SETTING UP A PLANT The cost for setting up a small scale ice cream plant could come to approximately Rs. 10 lakh, including the cost of a ice cream plant, labor (3-4), storage freezers, and so on. This price is not including the land cost.

” INNOVATIONS IN THE INDUSTRY Of late, a number of players who have entered the segment are playing on innovative aspects, for example, * Natural flavors made from fruits. * Some players like Mumbai-based Space Dotz are also coming up with newer technology. “ Unlike the normal ice cream, their product comes in the form of balls. Besides, the product has no air content and uses cryogenic technology, used in rocket science.

” * Another noteworthy innovation was the pro-biotic and low fat ice cream bought into the market by Amul. CHALLENGES IN THE WAY There are several challenges that affect the industry adversely. * The industry players not only face competition from their competitors, but also from other like foods.

Though changing, consumers still consider ice cream as a dessert and a side

item. We observed that consumers ordered ice creams as a side item or only when they were accompanied by children. Moreover, of the ice cream consumption in India, nearly 60% is accounted to by three flavors of vanilla, strawberry and chocolate.

And to be on the safer side, major players tend play around these flavors only. * For big players, regional competition from smaller players is another major issue. * Another major problem faced by the industry players, especially while expansion, is poor infrastructure such lack of cold storage and in case of rural penetration, even erratic power supply becomes an issue. This is especially true for big players. Besides the presence of other players, another hurdle is the the high rent charged for floor space, especially in malls.

This also becomes a problem when we try to expand. ” SWOT ANALYSIS OF THE ICE CREAM INDUSTRY STRENGTHS:| 1) They are available in reasonable prices. | 2) Known for product quality. | 3) Strong presence of parent company in India. | 4) The Brands almost generic to their product category| 5) Wide variety of unique ice cream flavors. | WEAKNESS:| 1) The durability of ice-creams is not really good| 1) It melts very soon|) The industry has a complex supply chain management and the main issue is traceability| 3) Domestic business as well as many international markets are thriving| OPPORTUNITIES:| 2) They can come up with new flavors| 3) They should focus more on their advertising and marketing strategies| 4) They should come up with offers for purchase of ice-cream in whole market| 5) Efforts to exploit export potential are already on| THREATS:| 1) Currently, the threat of new viable competitors| 2) Foreign players entering the market|) Consumer

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buying power also represents a key threat in the industry | 4) Consumers can easily switch to other substitutes with little cost or consequence| MAJOR PLAYERS IN THE INDUSTRY BASKIN ROBINS Baskin-Robbins is a global chain of ice cream parlours founded by Burt Baskin and Irv Robbins in 1953, from the merging of their respective ice cream parlours, in Glendale, California.

Headquartered in Canton, Mass. , Baskin-Robbins is part of the Dunkin' Brands Inc. family of companies. It claims to be the world's largest ice cream franchise, with more than 5, 800 locations, 2, 800 of which are located in the United States. Baskin-Robbins sells ice cream in 34 countries, including Canada, Japan, Mexico, Bahrain, the United Kingdom, the United Arab Emirates, Egypt, Saudi Arabia, Australia, the Philippines, Thailand, Vietnam, Indonesia, Malaysia, China, Bangladesh, South Korea, India, Pakistan, Panama, Taiwan and the United Arab Emirates.

The Baskin Robbins story in India began in 1993, when the first store opened in Mumbai. Today it is spread across the country with more than 300 outlets in 61 cities. Baskin Robbins also caters to other premium channels like star hotels, leading airlines, malls, multiplexes and top retail chains across India. Baskin Robbins is one of the diverse businesses of the Gravis Foods Pvt. Ltd. It has an exclusive franchise for the SAARC region.

The brand has a global presence where it maintains a similar brand strategy, yet with some small differences. BRAND POSITIONING “ Taste different flavours everyday”-Baskin 31 Robbins The younger generation in India now seeks variety in their fast paced lives. They want to try something new every day. Positioning Baskin Robbins in the minds of such consumers would be

easy and effective for the brand. BRAND PERSONALITY Product Related Characteristics: Soft/Tender User imagery: Fun loving youth & children Sponsorships: Events that attract today's generation youth children Age: 60 years & still YOUNG!!!!!! Symbol: Baskin Robbins logo Rich & Inviting Core Identity: Variety in flavours, 100 percent vegetarian, Quality SCOOPS The Scoops brand of Ice creams was introduced in 1989 by the Haridwar Group as a strategy to introduce quality ice cream exclusively at their group of hotels. The immense popularity the brand earned in the early period of its introduction laid the foundation for what was to be a truly remarkable story of success and sweetness.

By franchising outlets Scoops was then able to capture a significant market share and has become the undisputed leader in the super premium Ice Cream segment. World-class production techniques and machinery has been brought from Italy to further strengthen the quality of the products and increase in production. Unfazed by market growth, Scoops, has emerged pioneer in using improved techniques and strategies to change the way ice cream is consumed. Newer strategies such as “ Temptations” have been introduced to bring new flavours and products to the actual customer. In keeping with the strategy to continuously evolve as a brand name, the company in 2003 launched a concept of ice cream parlours named “ Temptations”, to provide its customers not only quality ice cream but also the right ambience to relax with a purpose of enriching the overall experience of enjoying ice cream.

Starting with the cities of Hyderabad and Bangalore, “ Temptations” stores are conveniently located and are done up in soothing and appealing colour

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combinations with importance on functionality, appeal and comfort to provide customers with the most enjoyable outdoor ice cream eating experience. The stores are being launched mainly as company outlets to control the feel that is generated from visiting the outlet and create a uniform appeal throughout various locations. The concept is based on displaying the full range of ice cream that Scoops makes in one place and to bring the brand closer to its end user that is the customer. AMORE Their roots go back to 1960 when forefathers of its cofounder Chef Costanzo opened a family gelato shop in an idyllic seaside village close to the acclaimed “ Cinque Terre” villages in Italy. They had a simple dream – to make people happy by serving the best gelato available with totally natural ingredients.

And even at that time, the motto was: never compromise on quality! Today the same shop continues to serve exceptional gelato to 2nd and 3rd generation customers and the fruits of all this wonderful experience have been brought over to India. When Amore started in Italy, their objective in life was simple – They wanted to create something they could be proud of. Then one day, they had a visitor, Nair, an Indian friend who lived close by and was passionate about gelato. So much so that he challenged: Will you be able to produce your authentic handmade gelato in India”? India needed good gelato – a naturally made product that was good for everyone, those who ate it, those who made it, the country and the environment. An easy plan, they thought..

. How wrong they were! It was extremely hard to start up that in India. It was an exciting challenge, especially for them! They were good at producing

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gelato, but anything else they had to learn it on the field, starting from learning English, where they were not fluent at all! But they poured their hearts into it. In March 2006 they opened their doors in INDIA! Their first tiny AMORE gourmet Italian “ Gelateria” (GELATO parlour) still serves up gelato with a smile at Carter Road, Bandra, Mumbai.

Gelato by nature is a delicate product, requiring the freshest ingredients, a foolproof supply chain and proper storage. When they opened, they had none of the resources required locally to make authentic Italian gelato. Since then, by waking up before the birds every morning, and certainly earlier than any ice-cream makers, they have been committed to ensure that there is no compromise on quality. It took them 4 years to perfect their natural, 100% locally made, 100% natural and vegetarian authentic Italian gelato. But even today, as it was 50 years ago, ‘ no compromise on quality and their traditions still remains their most important guiding factor.

CREAM AND FUDGE The Cream & Fudge Factory offers super premium smooth and creamy ice cream, made fresh. After the customer selects their favorite flavors, the ice cream is hand folded on a frozen marble stone with the customer’s choice of mix-ins of nuts, fruits, candies and fudge. In addition to allowing customers to create their own combinations, The Cream ; amp; Fudge Factory has a menu of proprietary and innovative creations made at the stores for customers to enjoy fresh. The company also offers take-away ice cream in pints and ice cream cakes. In 2005, “ The Cream & Fudge Factory” was launched and became part of the portfolio of Global Franchise Architects. Using its Swiss expertise and its worldwide

research and development capabilities, in just 3 short years it has expanded its operations in Thailand, India, Indonesia, Oman, and Vietnam.

The Cream ; amp; Fudge Factory prides itself on serving the highest quality premium ice cream blends, homemade waffle bowls ; amp; cones, innovative recipes, a wide range of mix-ins and like all GFA brands, its undying dedication to enhancing the customer experience worldwide. An upscale and world class experience in the super premium ice-cream mix-in category, The Cream ; amp; Fudge Factory offers a luxurious atmosphere where customers can enjoy their carefully mixed creations or customize their own. The Cream ; amp; Fudge Factory is the ideal environment in which to enjoy such pleasures, where cool contemporary styling and casual comfort complete a thoroughly dreamy all-round ice cream experience. VADILAL Vadilal's concept of serving ice creams with a difference was launched in 1991 with the name "Happinezz". Happinezz parlours are now popular hang out places for all age groups. But that is no surprise considering that the group has the largest range of ice creams in the country in a variety of flavors, packs and forms.

Happinezz parlours are exclusive ice cream boutiques designed to meet the expectations of ice cream connoisseurs. The parlours ensure a cozy, nice and cool ambience where one can enjoy world-class ice creams, sundaes, shakes and other ice cream concoctions. Presently Vadilal has about 88 parlours across the country that ensures amazing ice cream preparations for its consumers. HYDERABAD – DEMOGRAPHIC PROFILE POPULATION The city's population in 2001 was 3.6 million and it has reached over 4.

0 million by 2009 making it among the most populated cities in India.

Muslims constitute about 40% of the population, making Hyderabad's Muslim community the largest in Andhra Pradesh. Muslims have substantial presence across the city and are predominant in and around Old City.

Christians constitute a small amount of the city's population.

Churches are located across the city and the popular ones are in Abids and Secundrabad areas LANGUAGES Telugu and Urdu are the principal languages spoken in the city. English has a strong presence among the educated people. Telugu is the official language of the state, spoken by 80. 5% of the population.

Telugu is the second most widely spoken language in India, after Hindi CULTURE The culture of Hyderabad is a diverse one. Not only does it have an amalgamation of different cultures, Hyderabad boasts of a rich cultural heritage too. Being ruled by the Asaf Jahi dynasty, it came to be known as the " city of Nizams". As this dynasty crumbled, the Mughals took over and brought about sea change in the cultural outlook of the people. Today Hyderabad flourishes in its rich cultural history.

The contemporary world sees this city as a blend of unique cultures with a touch of modern lifestyle. In general, Hyderabad people are regarded as very friendly and hospitable. As a matter of fact, generosity is the other name of the Hyderabadis. They take immense pleasure and pride in conversing in their local, characteristic and vibrant Hyderabadi language, which is a mix of Urdu, Hindi, and Telugu. The Hyderabadi Urdu is more like city's vernacular of Hindi language. It thrives in a world of its own.

Like the Mumbai 'tapori' language, Hyderabadi lingo too has its own dissimilar resonance and flavor. It is more assorted as it has its own dialects in different parts of the city. If the actual Hyderabadi has a manifestation of Urdu language and is archetypal to the old city, the new city has a fair mix of English and Telugu to it. In Secunderabad Cantonment region, there is a typical Tamil touch to it, due to the proximity of Tamil Nadu to it. You will find a very surprising element in these people.

They wear the latest branded stuff, flaunt attitude and drink gallons of beer in the most happening bar. But when it comes to culture, no one can beat them nor question their traditional beliefs. You will find the prettiest women wearing shorts and tank-tops one day and at a temple in a nice traditional sari the other day! So there is a blend of tradition and modernity in the unique city of Hyderabad. CLIMATEThe climate of Hyderabad remains fairly warm through most parts of the year and does not receive much rainfall in the monsoon.

With the onset of winters in North and central parts of India, temperatures marginally come down in the months of December and January and the nights become quite cool in and around the Hyderabad city. During the summer months, the mercury goes as high as 42 C while in winters the minimum temperature may come down to as low as 12 C. June to November are the months of monsoons, accompanied by rains. During the Monsoons also the temperature goes down at times.

Thus, for most parts of the year the weather and climate of Hyderabad remains fairly moderate and you can visit the Hyderabad city anytime in the

year but the best season to visit Hyderabad is between October-February.

LIFESTYLE Andhra Pradesh has a concoction of various communities, religions, customs, lifestyles and cultures. In broad terms, the people of Andhra are nice and friendly, who live in perfect harmony, in spite of belonging to different castes and following different religions. Indeed, many people have come from other states and areas to settle in Andhra Pradesh for commercial reasons. Like people from other parts of India, Andhra dwellers are kind, polite and god-fearing, who reside maintaining social peace and religious accord. Infact, there is no segregation on the basis of caste or color, yet every society has its own tribal identity, which is known as its caste.

The caste conflict in the state is nothing more than the existing tribalism. The castes have been categorized in two, one being based on the tribal, cultural and religious differences, while the other is based on duties. Except from the Brahmins, all the other castes are exceptionally localized in Andhra Pradesh. Every caste has its own deity and different social formalities.

Few people still observe old traditions, which forbid interaction between various castes due to religious, cultural and tribal concerns. From the primitive times, Andhra Pradesh makes the abode of foresters, hill-men and other tribes. The nomads and tribals still dwell in the expanse of the state. In the big cities and towns, people have taken up contemporary jobs and businesses, yet there are lots of people who rely on agriculture, cottage and handicraft industry. In short, people of Andhra Pradesh have held on to their roots and yet have proceeded with the modern times.

PER CAPITA INCOME IN INDIA Per Capita Income of The two backward states of the Indian republic

Jharkhand and Orissa are growing at a rapid rate in terms of the per capita income because of rise of industrial activities in these two states.

Karnataka is at the top of the chart with the fastest growing per capita income (nearly 9.28%) followed by Gujarat with 8.92%. The per capita income in 17 states is below the national average of 8.

4%. Per capita income shows the purchasing power of the states and so it is very important for the states to increase the per capita income of each person. In 2002-03 the Per Capita Income in India was Rs 19040. * In 2003-04 the Per Capita Income in India was Rs 20989. * In 2004-05 the Per Capita Income in India was Rs 23241.

* In 2008-2009 the Per Capita Income in India was 37490. In spite of the global meltdown, India has performed well in comparison to the rest of the world. HYDERABAD The average annual income of a citizen of the State is Rs. 29,074, up by nearly Rs. 3,000 over the previous year. In spite of this increase, the growth rate of the per capita income during the year was significantly less than the national average.

At the all India level, the per capita income grew at the rate of 13.04 per cent (from Rs. 25,711 to Rs. 29,069) while it was 10.

9 per cent in the State (from Rs. 26,211 to Rs. 29,074). As a result, the difference between the State's average per capita income and the national average has come down steeply from Rs. 495 to Rs. 5.

The gross State domestic product at constant prices has been estimated at Rs. 2.02 lakh crores by advanced estimates against Rs. 1.88 lakh crores of the previous years, registering a growth rate of 7.

15 per cent. Much of this growth can be attributed to the manufacturing and services sectors, which registered a record 11.56 per cent and 10.24 per cent growth, respectively. AMUL GCMMF is India's largest food products marketing organisation. It is a state level apex body of milk cooperatives in Gujarat, which aims to provide remunerative returns to the farmers and also serve the interest of consumers by providing affordable quality products.

GCMMF markets and manages the Amul brand. From mid-1990s Amul has entered areas not related directly to its core business. Its entry into ice cream was regarded as successful due to the large market share it was able to capture within a short period of time – primarily due to the price differential and the brand name. It also entered the pizza business, where the base and the recipes were made available to restaurant owners who could price it as low as 30 rupees per pizza when the other players were charging upwards of 100 rupees.

Amul ice-creams were first launched on 10th March 1996 in Gujarat. In ice-creams it has different products like cups, cones, sticks as well as take home packs and institutional catering packs. Amul ice cream achieved no1 position in the country after combated competition like walls, mother dairy Baskin Robins and Temptations etc. Today Amul offers 220 varieties of products. Amul ice creams have 7 manufacturing units in India.

Amul pro-biotic ice-creams won one of the world's prestigious awards-The international dairy federation marketing award (2007) for amul pro-biotic icecream launch. Amul has recently entered into direct retailing through “ Amul Utterly Delicious” parlours created in major cities Ahmadabad, Bangalore, Baroda, Delhi, Mumbai, Hyderabad and Surat. Amul has plans to create a large chain of such outlets to be managed by franchisees throughout the country. A franchise is rights to market create and sell another company's products or goods.

That right is granted to the franchisee to work within a specific geographical area while abiding by specific company rules. GCMMF has entered into franchising through Amul parlours in various formats. These parlours store and sell entire range of Amul products. It had already created a network of 3000 such parlours in prominent places. Amul has plans to create a large chain of such outlets in Hyderabad to be managed by franchisees. The Franchises are confined to selling amul products only.

The franchisees shall be supplied with pre-packed Amul ice creams and other amul products in different varieties and volumes as per their requirement.

OBJECTIVES OF THE PROJECT PRIMARY OBJECTIVE 1) To carryout a comparative analysis on Amul ice-cream scooping parlours with its competitors: Baskin Robins, Scoops, Kwality Walls etc. 2) Address new franchisee enquires by suggesting all possible advantages of taking up the franchisee. Finally converting those enquiries into sale. SECONDARY OBJECTIVE) Understanding and learning consumer behavior towards ice-creams in general and then analysing if Amul's strategy is in the correct direction. OBJECTIVE 1 1) To carryout a comparative analysis on Amul ice-

cream scooping parlours with its competitors: Baskin Robins, Scoops, Kwality Walls etc.

METHODOLOGY To achieve this objective I first did a detailed analysis of the franchisee model of AMUL. After gaining a through understanding of Amul's offering I then studied the different models of its competitor brands. I posed as prospective client who wants to buy a franchisee and made cold calls to sales representatives. Finally I met them and in the process understood in detail about their offerings and analysed how different it is from Amul's offerings.

AMUL MODELS Two models of Amul are:- 1. Scooping parlours – sells ice cream scoops as well as packed Amul products 2. APO-Amul preferred outlets – sells only the packed products of Amul **DIFFERENCE BETWEEN APO AND SCOOPING PARLOURS AMUL PREFERRED OUTLETS| SCOOPING PARLOURS|** These outlets will be exclusively selling only packed amul products. | These parlours store and sell entire range of Amul products both in scoops as well as packed ice-creams and other amul products. It requires an investment of about 1-1. 5lakhs approximately| It requires an investment of about 3.

5lakhs approximately. | The franchisee gets an association with the national brand with meager brand deposit of Rs 25000/- refundable| The franchisee gets an association with the national brand with meager brand deposit of Rs 100, 000 refundable| For renovation Rs 60, 000-70, 000 approximately| For renovation and interiors 75, 000Rs approximately| Equipment costs 45000-60, 000Rs approximately| Equipment costs is 150, 000Rs approximately| |

Working capital 25, 000Rs approximately| Margin on ice creams is 22%|
 Margin on ice creams is 100%| Margin on beverages is 13-20%| Margin on
 beverages is 13-20%| Margin on other products is 10%| Margin on other
 products is 10%| Requires 150 sft or more| Requires 200-300sft mandatory| |
 | RETURN ON INVESTMENT CONSIDERING THE LOWEST BUSINESS EXPECTED
 FOR APO Value per month| Dairy products| Ice creams| Total | Sales | 30,
 000| 60, 000| 90, 000| Gross margins earned| 3, 000| 11, 700| 14, 700| Less:
 electricity| | | 1, 700| Less: rental of shop| | | 2, 000| Less: misc. expenses| | |
 1, 000| Net margin earned by the APO owner| | | 10, 000| RETURN ON
 INVESTMENT CONSIDERING THE LOWEST BUSINESS EXPECTED FOR
 SCOOPING PARLOURS. VALUE PER MONTH| TOTAL IN Rs. | Sales| 150, 000|
 Gross margin earned| 75, 000| Less: electricity| 5, 000| Less: rentals| 20,
 000| Less: manpower| 10, 000| Net profit per month| 40, 000| EQUIPMENTS
 REQUIRED Equipments| Cost in Rs. | Scooping Cabinet with SS bowls| 30,
 000| Waffle Cone Machine| 13, 000| Mixer/Grinder| 3, 000| Cone
 Holder/Toppings Tray for placing Sauces, Nuts etc.

| 1, 000| Visi-Coolers| 28, 000| Deep-Freezers – 2 Nos. | 50, 000| POS
 Machine| 25, 000| Total Cost| 150, 000| OPERATION The franchisees shall be
 supplied with pre-packed Amul Ice-Creams/Amul products in different
 varieties and volumes as per their requirement through authorized wholesale
 distributors. The franchisees shall purchase necessary toppings, sauces and
 consumables from approved vendors/brands. The products to be sold from
 these parlours would be as per the recipes and prices approved by Amul.

AGREEMENT An agreement would be executed between the franchisee and
 GCMF Ltd. as per the standard draft finalized by GCMF Ltd. COMPETITIVE

ANALYSIS Amul is not without its competition, it is being beaten both on the retail side and on the parlour side. Market leader Amul (38% market share) has a huge emotional connection with Indian consumers as it was the nerve centre of the White Revolution in India.

Its ice cream is available in no less than 70, 000 stores across the country — a number it plans to raise to 100, 000 in the next one year. Its growth target for the year is 20 per cent. (The market has grown at 15 per cent per annum in the last five years. Vadilal, the third largest player in the ice cream market with a share of 12 per cent and a strong player in western India (Maharashtra, Goa and Gujarat), has drawn up aggressive growth plans Mother Dairy (market share: eight per cent) has fanned out from its stronghold of North India to the eastern and western parts of the country in the last few years. Its strength is the 4, 000 pushcarts out on the streets of the country at all times.

As a large category of consumers buy ice cream on impulse, this fleet has helped Mother Dairy grow 35 per cent this summer. Baskin Robbins doesn't have any direct competition as they are a premium player. Theirs is not a volume based business. But he also accepted the fact that there is indirect competition from domestic brands and other local parlours. The rest is constituted by the regional players like naturals fudge point etc.

FEEDBACK FROM FRANCHISEES POSITIVES: * They do feel that Amul's offering is good as they provide both ice creams and packed products in one place. * The ambience of the parlour is amazing and to the expectation of the franchisee owners. When customers in the parlour come to have ice

creams they do have a tendency of buying packed items as well after looking at items on display. NEGATIVES: * Since the same flavours are sold to the retailers and scooping parlours, a large number of customers have a tendency to buy family packs and go home and eat rather than visiting the scooping parlours.

This eats into the share of the scooping parlours. * Baskin Robins and many other companies have a standard menu in all scooping parlours across the city. However this standardization is missing in all Amul parlours. Thus other companies have an edge over Amul. Franchisees also feel that things like ice cream cups should also be standardized.

* Customers are not genuinely attracted to parlours and they require more premium products. * Company staff does not visit the parlours at all after selling the franchisees. Franchisees expect counseling on how to increase and better promote their parlours. * Some of the essential ingredients needed to run the show like syrups, chocochips, toppings etc are very low in supply.

* Irregular supply of pizzas. Even ice creams are in melting condition at the time of delivery. Franchisees also feel that that the time of supplying ice creams and other products preference should be given to scooping parlours over retailers. * Companies do not give proper training to the franchisee staff as promised to them earlier.

The franchisee themselves have to take the pain to train their staff. * Franchisees feel that it's the company's initiative also to promote the scooping parlours and not just the work the franchisee owners. OBJECTIVE 2

2) Address new franchisee enquires by suggesting all possible advantages of taking up the franchisee. Finally converting those enquiries into sale. WHAT IS A FRANCHISEE Franchising is the practice of using another firm's successful offerings. The word ' franchise' is of Anglo-French derivation – from franc- meaning free, and is used both as a noun and as a (transitive) verb.

For the franchisor, the franchise is an alternative to building ' chain stores' to distribute goods and avoid investment and liability over a chain. The franchisor's success is the success of the franchisees. On the part of the franchisee, he is said to have a greater incentive than a direct employee because he has a direct stake in the business. REQUIREMENTS OF A FRANCHISEE Brand Elements of the Scooping Parlour Franchisee requires around 300 Sq.

Ft. space at a premium location. * Air-conditioned parlour with toughened glass installation at the entrance * Wall claddings with Green Lam Laminates of fiesta colour (Saffron Hue) * Signature A made from stainless steel at the entrance * Neon sign with Amul in acrylic letters as per standard specifications * Interiors with vinyl posters ; amp; price list * POS with retailing software METHODOLOGY Our role in this process is to create new franchisees and/or generate new leads for this let me explain the sales process with the use of the ' sales tunnel'. SALES TUNNELA Sales tunnel is the way that both direct sales persons visualise the sales process of a company. In any step of the sales process prospects drop out of it, and from the large number of initially interested persons on the narrow end of orders

only a fraction of the initially interested people remain and actually buy the franchisee.

The structure may start at various process steps (e. g. a sales lead, or later, a sales offer) to a closed/finished contract or Deal Transaction. A sales funnel is constructed by stacking several layers together. Typical layers include 1. New Opportunity 2.

Initial Communication 3. Fact Finding 4. Develop Solution 5. Propose Solution 6.

Solution Evaluation 7. Negotiation 8. Sales Order 9. Account Maintenance

NEW OPPORTUNITY: These are the initial enquiries or leads that we get from the company. INITIAL COMMUNICATION: We first call and introduce ourselves as employees of Amul fix an appointment and pitch the business plan. FACT FINDING: On meeting the client we try and find out the clients requirement, their proposed investment capacity, their thought behind setting up the parlour, their present occupation, a bit of a family background, the land space where they want to set up the parlour and so on.

DEVELOP/ PROPOSE/EVALUATE SOLUTION The 4th 5th and the 6th step in the sale process doesn't have too much of a significance in my area of sales as we have a standard product i. e. scooping parlours. However at this stage of the sales process we solve their queries about how to go about setting up a parlour. We provide them with company support in terms of giving them information about equipment vendors, feasibility study of setting up a parlour at their desired location, various other doubts that they might have.

NEGOTIATION: In terms of negotiation there is not much we can do in terms of price as the investment is fixed for setting up a parlour.

Generally clients have urgency and they request that the entire process of entering into a franchisee agreement and setting up a parlour be done quickly. This what we try and achieve for them **SALES ORDER:** If everything works out well and the client is satisfied by our offerings then we finally make them meet the company superiors and complete the sales agreement formalities and seal the deal. The key to surviving in sales is to make sure that each layer never goes empty. Knowing that it can take weeks or months to walk prospects through the funnel process, you better have multiple prospects at all the layers of the funnel. So the bottom line is pretty straightforward. Make sure that you have action at all levels in the sales funnel and you'll never be desperate for a deal to close again.

ACCOUNT MAINTENANCE: In this step again we as sales person do not have much of a role as after selling the franchisee to the client they have direct contacts with the distributors from whom they purchase their ice creams and other packed items. An effective sales process can be described through steps that walk a salesperson from meeting the prospect all the way through closing the sale. Often a bad sales experience can be analyzed and shown to have skipped key steps. This is where a good sales process mediates risk for both buyer and seller. A solid sales process also has the dramatic impact of forecasting accuracy and predictability in revenue results.

RECOMMENDATIONS: In this process of selling the franchisee we have come across a common complaint from clients that Amul is extremely slow in

responding to their enquiries. Some of the leads were six to seven months old. My suggestion to the company would be to speed up the process of reverting back to those enquiries. If need be recruit more sales people who can entertain and meet the clients within a week from having an enquiry.

This would instill confidence in the clients in the Amul brand and eventually encourage them in buying the franchisee. **OBJECTIVE 3** 3) Understanding and learning consumer behavior towards ice-creams in general and then analysing if Amul's strategy in increasing the market share is in the right direction. **METHODOLOGY** I conducted a survey amongst people who eat ice creams. For this I formulated a questionnaire and surveyed a sample of 200 people in random.

The questionnaire is attached in the annexure. The scaling technique used will be likert scale where the respondents would be asked to rate the statements given in the questionnaire on the scale of 1 to 10 in increasing order of preference. The data collected would be analyzed by using a number of multivariate techniques.. These will include Cluster Analysis. The survey analysis allows my organization to identify and target the most profitable customers with marketing campaigns directed accordingly.

Integrating these channels allows for targeted sales force management and the tracking and monitoring of campaign results. **SAMPLING** The questionnaire was administered personally by me and my team and the responses were collected majorly from the students of IBS Hyderabad and few others (convenience sampling).. For our survey we have taken a sample size of 200 respondents. **CLUSTER ANALYSIS** Cluster analysis or clustering is

the assignment of a set of observations into subsets (called clusters) so that observations in the same cluster are similar in some sense.

1) PROBLEM FORMULATION Objective of cluster analysis in this project is to group respondents with similar preferences together in the first place. Then looking at the clusters identifying the best profitable cluster or group and devising a strategy to attract and please them with the company's products and offerings. The different ice cream attributes and various other important factors are mentioned in questionnaire attached as an annexure to this report. The various factors identified were formed into statements with Likert scale. INTERPRETATION OF THE RESULTS On completing the survey and analysing the results we came across three clusters of people.

Extremely Brand Conscious Extremely Flavour Conscious Flavour Conscious People Not Brand Crazy
 CLUSTER 1 CLUSTER 3 CLUSTER 2 People give more importance to promotion People are also very particular about the way their ice cream is served to them
 CLUSTER 1: The first cluster has 17 respondents.
 CLUSTER 2: The second cluster has 171 respondents. CLUSTER 3: The third cluster has 12 respondents. I have carried out a detailed analysis on the various attributes of Ice cream namely: 1.

Flavour 2. Brand 3. Promotion 4. Availability, 5. Type 6. Price.

Average Preference For Diff Flavours Of Diff Clusters| Cluster| chocolate| Strawberry| Green Pista| 2 in 1| Kaju Draksh| 1. 0| 7. 36| 5. 23| 3.

76| 4. 57| 3. 65| 2. 00| 6. 80| 5. 23| 5.

01| 4. 83| 4. 43| 3. 00| 0.

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77| 0. 87| 1. 27| 1. 03| 1.

05| Average Preference For Diff Flavours Of Diff Clusters| Cluster| Butter
Scotch| Fruit Bonanza| Afghan Dry Fruit| Chocochips| Nuts 'bout U| 1. 00| 3.
96| 4. 89| 4. 34| 6.

39| 5. 05| 2. 00| 5. 56| 4.

85| 4. 56| 6. 17| 5. 14| 3. 00| 0.

96| 1. 09| 0. 98| 1. 17| 1. 05| We see that chocolate by far is the most important choice of people amongst all clusters.

However there is sufficient liking and preference for other flavours as well. This shows that Amul can retain its chocolate flavor and try and experiment with other new flavours as well Average Preference For Different Brands By Diff Clusters| Cluster| Amul| Kwality Walls| Scoops| Baskin Robins| Mother Dairy| 1| 1. 741176471| 1. 517647059| 1. 094117647| 1. 858823529| 1.

070588235| 2| 5. 787134503| 5. 663157895| 4. 93625731| 6.

046783626| 3. 662573099| 3| 3. 083333333| 2. 475| 2. 816666667| 2.

316666667| 1. 466666667| Though people in the 2nd cluster are a little more loyal towards the brand AMUL and that is what is what our target people are. In general if we look at the all the three clusters combined the favourism towards the brand AMUL is very less and Baskin Robins is the leader in the minds of the people. Hence promotion work still needs to be worked up as 44% of the total sample is still unaware of the AMUL scooping parlours. Also there is 96% branded market share in the ice cream industry

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so it goes to show how much important attribute it is in the minds of the people. This goes to show that people do not prefer a clutter of outlets in their vicinity.

On selling franchisees to clients the company needs to ensure that there aren't many Amul parlours in the area already. Care should be taken that in a particular area say for example Punjaguta there should be a maximum of 5 outlets and not more than that. Average Preference For different Modes Of Promotion| Cluster| TV| Newspaper| Hoardings| Magazines| Radio| 1| 4| 3| 4| 3| 2| 2| 4| 3| 3| 3| 3| 3| 4| 4| 4| 4| 3| TV by far is the most preferred medium of promotion by people across all clusters and radio the least. As seen earlier that 44% of the people still are unaware of the AMUL scooping parlours, TV promotions should be scaled up.

The analysis shows that the old and the traditional cone is still peoples favourite. Keep the cone variety intact in the product mix in fact bring some innovative ways to please the customers. Probably different flavoured cone could be a good idea. The analysis shows that the law of demand holds true. It's a price sensitive market.

All the three clusters prefer to have ice creams at the lowest price. This proves the age old fact that price still occupies the mind of consumers and they do base their purchase decision most importantly on price of the ice creams. As the price of the product increases the demand for it decreases.