

Haldirams group – analyzing consumer behaviour



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Haldiram's Group – Analyzing Consumer Behaviour Haldiram's group is a true rags to riches story, which has expanded from being a small shop in Bikaner in 1937 to being one of the largest smart food chains in India and the world today. They are today a Rs.

10 billion company with multiple outlets across rural and urban India as well as a tremendous presence outside the country. Brand Haldiram's is renowned for its superior product quality and supreme manufacturing processes which have been developed through tremendous research over the years. As the company continued to grow, they faced tough competition from local sweet and snack food vendors in the unorganized market. Their Unique Selling Proposition (USP) against the unorganised sector was the level of hygiene and product quality they maintained without any compromise in taste. This resulted in a shift of the utility curve towards the right, whereby consumers got a higher level of satisfaction, by consuming products from a bigger brand which believed in far better hygienic procedures (Ref graph). With this in mind, they evolved a competitive pricing strategy to survive and grow in the market dominated by smaller players.

INDIFFERENCE CURVE ANALYSIS Haldiram's has a huge product portfolio and sought to customize its products to suit the tastes and preferences of consumers from different parts of India. It has launched products, which cater to the tastes of people belonging to specific regions of the country. However, they maintained concentration on their core products such as 'namkeens', which contributed to almost 60% of their revenue mix and was also the first company in India to brand 'namkeens'. At every stage of their

business, Haldiram's developed new innovative ways of pricing and marketing their products.

They pioneered new ways of packaging which increased the shelf life of their products from less than a week to more than six months, thereby catering to the needs of hygiene conscious non-resident Indians and other foreign customers. At the same time, they were aware of the price consciousness of the typical Indian consumer who constituted the bulk of the market. Thus they managed to exploit the best out of the diverse consumer base by offering something for everybody. HALDIRAM'S - CAPTURING MARKET AND CONSUMER SURPLUS To exploit the best of both market segments, Haldiram's did the following: -The company launched products in different packs with prices varying according to their weights. (Ref table below) PRICE RANGE OF ' NAMKEENS' OFFERED BY HALDIRAM'S PACK WEIGHTPRICE (IN RS)PRICE PER GRAM 30 gms50.

16 85 gms100. 11 180 gms - 250 gms18-350. 13 400 gms - 500 gms40-700. 12 1kg95-2000. 15PRICE PER GRAM AT VARIOUS QUANTITIES OF DEMAND

With the above table and graph in mind, Haldiram's effectively lowered the price per gram in the 200-800 gms segment, which is where the bulk of their consumers were, thereby ensuring higher satisfaction for this market segment.

-The company also customized specific products with attractive packaging and distribution concepts specifically for the festive season. -The company offered value-added services like online retailing and sales of Haldiram's products in train and bus stations for consumers in transit. The company

diversified its business by opening restaurants in various metros thereby encashing on its huge brand image and offering traditional Indian snack food items. Currently, Haldiram's is facing tough competition from domestic and international competitors such as Britannia, HUL, ITC etc, apart from the local players in the market.

To counter this and retain their market share, Haldiram's is on an aggressive promotion and marketing spree. With all the above mentioned points in mind, we plotted the Demand Curve for Haldiram's. Prior to its entry into the unorganized sector, the company focused on niche market segments from where they generated bulk of their revenue. Their demand curve resembled the blue line as indicated in the graph above. Once a conscious management decision was taken to enter the unorganized sector; Haldiram's adopted extremely aggressive pricing strategies so that they could compete with the local vendors.

MOVEMENT OF THE HALDIRAM'S DEMAND CURVE This helped in shifting the demand curve to the left, as indicated by the pink line in the graph, thereby ensuring that they set a foot into the unorganized sector. Having built a base for themselves, and sustaining their brand image in the unorganized sector over a prolonged period of time, Haldiram's leveraged its position to become the market leader thereby pushing its demand curve above, back to the blue line in the graph. Now with the entry of domestic and international players, the market is going through another competitive phase. Haldiram's is doing everything possible to hold onto their current position. With their track record in mind, they are focused and determined to tide over the current competitive scenario, so that they can offer additional value to their

customers in the future, thereby pushing their demand curve further up, to the red line as indicated in the graph above.