

# Parle g becoming the largest selling biscuit brand marketing essay



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FOR a change, the Mumbai-based makers of the largest selling brand of glucose biscuits, Parle Products, want to be in the limelight. The reason being that for the first time, the low-profile company wants to fulfil its consumers dreams through its Parle-G My Dream Come True contest - its biggest promotion till date.

Setting aside a budget of almost Rs 2.5 crore for this contest alone, more than enforcing sales, the Parle-G brand is reinforcing its leadership position in the biscuit market while giving contestants a chance to fulfil their dreams.

States Pravin Kulkarni, Marketing Manager, Parle Products Pvt. Ltd, " We want to give children a platform to fulfil their dreams. After all, dreaming is synonymous with the brand values of Parle-G, which brings about all-round development to achieve their dreams." The promotion is the largest of its kind and gives contestants the opportunity to win whatever they dream of in contrast to the traditional promos where prizes are fixed. This contest has only first prizes and these prizes are defined as per the child's dream.

Launched in 1939, the more than 50-year-old brand of Parle-G is India's first glucose biscuit to be introduced from the House of Parle. With a dominant volume share in the glucose biscuit market, Parle-G is pegged as the largest-selling biscuit brand in the world, making up almost 80 per cent of Parle Products' turnover of Rs 1,300 crore.

The family-run business operating out of the western suburb of Vile Parle in Mumbai has always adopted the philosophy of being low key with an endeavour to give value for money. This biscuit and confectionery major has in fact not bothered to raise the price of its flagship brand for the past six

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years and has always tried to provide its offerings at nearly 33 per cent discount to competitive brands.

While the high profile Britannia Industries has been busy stretching its portfolio of brands with more premium offerings, Parle Products has never felt the need to be wary of competition. It has been enjoying a 'far too' comfortable position in the biscuit market, especially in the largest segment of glucose, with its Parle-G brand. Today it wants to stay primarily focussed on its oldest biscuit brands, Parle-G, Monaco and Krackjack, and is intentionally staying away from the premium end of the Rs 2. 400-crore market.

Considering Parle-G has already topped charts worldwide as revealed by the US-based Bakery Manufacturers' Association, there seems to be no apparent need for concern. But there is, since Britannia has priced its offerings on par with Parle, especially with respect to the latter's three main brands (Parle-G, Monaco and Krackjack). Closing the gap in market share is thus an imminent possibility.

While Parle-G may be leading in the glucose category with a 65 per cent volume share, Tiger (Britannia's Glucose brand) is trailing at 23 per cent volume share, as per ORG-MARG. The difference in share between Monaco and Snax is also substantial but Krackjack and 50: 50 are on par both in terms of pricing as well as shares.

Thus Parle is not really expected to sit still. Apart from becoming more visible and adding value to the imagery of its flagship brand through its recently launched all-India contest, it continues to look at all brands within <https://assignbuster.com/parle-g-becoming-the-largest-selling-biscuit-brand-marketing-essay/>

its portfolio either with intentions of adding more SKUs and variants or even launching new offerings and pruning away some unfeasible brands. Thus, the focus is on consolidation of its biscuits and confectionery business in terms of adding more variants and SKUs to its heritage brands rather than looking into allied areas to get added growth. Besides, Parle's internal research reveals that the biscuit market has graduated from the core glucose and Marie offerings to more value-added variants and that this applies to the rural markets as well. Another finding revealed that packaging played a crucial role in both biscuits and confectionery, with regard to the acceptance of any brand.

Meanwhile, riding on properties such as chess championships and cricket trophies, the Parle-G brand has been sponsoring sports events in these areas propagating its values of mental and physical health. In the recent past, the brand's positioning has moved to 'tasty healthy food' from nutrition and energy. It has also changed its packaging from the staid wax paper wrapper to a more plastic and contemporary cover for its glucose brand.

Today Parle is exploring more variants for its flagship brand, especially popular flavours such as chocolate, with more price points and SKUs (it already has eight) ranging from its glucose biscuit brand between Re 1 for 25 gm and Rs 37 for one kg. For the company, it makes sense to stretch the franchise of its mass brand than that of premium brands such as Hide & Seek.

The limited volumes gathered from its premium range of Hide & Seek have made Parle put its variants on hold. States Daphne Nair, Brand Manager,

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Parle Products, “ There are not many takers at the premium points, especially for niche variants like mint. We have thus decided to hold back the flavours of Hide & Seek and limit it to a chocolate cookie.”

Launched in 1998, Hide & Seek was Parle’s foray into the premium biscuit market with offerings in chocolate, orange, coffee and mint. Moving away from its earlier baseline, ‘Game with taste buds’, its new message is ‘Best of both worlds’. Today Parle believes in delivering both taste and health through its chocolate and biscuit offering through Hide & Seek. Adds B. P. Aggarwal, Managing Director, Surya Foods, manufacturer of the Priya Gold brand of biscuits, “ Hide & Seek has failed to make an impact. However, its glucose brand of Parle-G continues to rule the market.”

In fact, it is Britannia which is expected to have a greater value share among biscuits due to its premium offerings and continues to hold a dominant position in the Rs 35-crore, 2, 000 tonnes per annum premium biscuit market while Parle reigns over the popular biscuit market with its flagship brand, Parle-G.

Says Jagdeep Kapoor, Managing Director, Samsika Marketing Consultants, “ Both the companies rule the biscuit market. Between them one has a stronghold on the popular market and the other, on the premium. Once in a while they do tend to move into each other’s territories but on the whole they continue to mutually respect each other.”

Comparisons between brands can, however, be drawn directly between these two biscuit majors. For instance, its sweet and salty biscuit of

Krackjack is comparable to Britannia’s 50: 50 and comes as the second  
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largest volume brand in Parle's biscuits portfolio. It is followed by another of its heritage brands, its salty biscuit, Monaco, which has stretched to include flavours like cheese, jeera, methi and onion in the past and can be compared to Britannia's Maska Chaska, a variant of 50: 50, which has also come up with spicy herbal toppings.

Meanwhile, there are certain changes happening within Parle's portfolio. Its more salty offering of the Nimkin brand of biscuits, which is present in the East, is preparing for a national roll-out while its cream biscuit brand (Fun Centre) will add more flavours to the current chocolate, orange, pineapple and elaichi with more SKUs catering to family packs. Besides, there will be extensions among its namkeen offerings of cheeselings, Jeffs and Sixer to include more products to the portfolio.

Within its confectionery portfolio, Parle has pegged its toffee brands such as Kismi, Lux, Dairy and Mayfair at the 25 paise price point. However, it expects the 50 paise price point to be more viable. It already has a host of hard-boiled confectionery brands operating in that segment including the likes of Mango Bite, Tangy and Pick ' n' Pack. This segment is expected to be a focus area for the company. Explains Nair, " Although the 25 paise segment is the biggest potential segment, most of the bigger companies cannot cover their overheads. The 50 paise segment is the most viable followed by the Re 1 price point."

A new toffee brand of Cafechino has just been launched at Re 1 down South while it has stretched the franchise of its Mango Bite to a juicy centre-filled offering at the same price point. Confectionery brands in the rolls category

include another heritage brand, Poppins, which was relaunched two years ago with new flavours and packaging while Rol. a. Cola is on the threshold of a similar exercise.

However, confectionery is not really a thrust area for the company now and contributes only 15 per cent to the turnover, although the business is nearly as old as its biscuits, having been launched way back in 1929.

While core brands in the glucose and Marie category comprise the bulk (65 per cent) of the biscuit market, the higher growth rates of 10-12 per cent seem to be coming from the non-core segments. Explains Nair, " There is magnified value growth due to the higher margins in the non-core biscuit category." Pegging growth rate for the core biscuit market between seven and 10 per cent, the glucose biscuit category in India is now estimated at Rs 1, 500 crore.

There is no dislodging Parle-G in its segment. Industry observers mainly attribute it to its well-entrenched distribution (the company covers 12-15 lakh outlets across the country) which can beat any new player wanting to make an entry. In any case, the volumes are expected to come from this segment alone with the others (the non-core segments) such as the salty and cream biscuits commanding meagre volumes between three and four per cent of the entire biscuit category, according to the company. The Marie segment, however, seems to register higher volumes of 12-13 per cent while the sweet and salty category registers a nine per cent volume in the market.

Considering India is supposed to be the world's second largest biscuit

industry (after China), in the past, several MNCs tried entering the biscuit  
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segment but failed due to the existence of unorganised players in the popular segment of the market.

According to the Federation of Biscuit Manufacturers, the per capita consumption in India is about 1.2 kg per annum, compared to 15 kg per annum in developed countries. Now there are more players preparing to set up shop including the likes of United Biscuits and Nestle (which has increased its stake in Excelsia Foods). But such players will have to tackle Britannia in the premium market. Competing with Parle will never be easy in the popular biscuit market in India, especially now that it has taken the onus of fulfilling its consumers' dreams.