

Britnna biscuits case study

Business



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In 2007, Britannia, one of the India's largest biscuit brands held a market share of 38% in terms of value. Indian biscuit industry, the third largest producer of the biscuits in the world was highly under-penetrated. This presented numerous growth opportunities to new as well as existing players. Apart from the presence of big players like ITC Foods and Parle, the local manufacturers of biscuits and other Indian snacks had been raising concerns for Britannia. Besides competition, Britannia faced critical challenges due to declining margins in the biscuit industry due to the increasing costs of raw materials. Its profit had been on a decline since 2005.

Though Britannia had forayed into dairy and bakery products, 90% of its revenues still came from its core business in biscuits category which was largely driven by product innovation. (www. ibscds. com)A Britannia industry limited is successful Indian company since 1892, started in India with initial investment of Rs. 295.

this company is very well known for its biscuits (Britannia ; Tiger). Britannia is one of the largest biscuits selling company and leading biscuit firm of India with estimated 38% market share. (www. britannia. co.

in) In 1997, Britannia jumped into dairy product market with its two new products (Processed Cheese ; Dairy Whitener), In 2002, Britannia's New Business Division namely ' Britannia Milkman' formed a joint venture with Fonterra, the world's second largest Dairy Company, and Britannia NewZealand Foods Pvt. Ltd. was born. (www. wadiagroup. com) The company is a growing and profitable one.

Between 1998 and 2001, the company's sales grew at a compound annual rate of 16 per cent against the market, and operating profits reached 18 per cent. More recently, the company has been growing at 27 per cent a year, compared to the industry's growth rate of 20 per cent. At present, 90 per cent of Britannia's annual revenue of Rs2, 200 crore comes from biscuits. (www. wikipedia. om) and Dairy Product gives almost 10% revenue to Britannia.

N. P. I. approach Britannia Dairy Products targets specially in urban areas of the country. It is less popular in rural areas and rarely available. They believe to sell quality products that's why they have slogan " Eat Healthy, Think Better" because the one common threat emerged in recent times has been shift in lifestyles and a corresponding awareness of health.

People are increasingly becoming conscious of dietary care. They targeted in urban area because their products are little bit expensive than their competitive products but with good quality and wide range of products, with their products more of the upper middle class families targeted, especially those are food loving and want healthy, so they give healthy, nutritious, optimistic and combining it with a delightful product range to offer variety and choice to consumers. [pic] [pic] [pic] The above products present the approach that has been adopted in order to introduce and manufacture the different variety. Britannia generates \$722. 55 million revenue this year (2009-10). Britannia dairy firm was de-licensed in 1991 with given a reasons to encourage private investment and flow of capital and new technology in the segment.

MMPO (Milk and Milk Products Order) regulates milk and milk products production in country. this was like there was no permission to handle more than 10, 000 to 75, 000 litres of liquid milk per day or solid milk up to 500 tonnes per annum this license was given by the state government but they were handling more than 75, 000 litres of liquid milk and 500 to 3750 tonnes of solid milk per year, so the firm had to registered with the central government. (www. aavinmilk. com) Britannia New Zealand Food Pvt Ltd was trying to pay attention on cheese product to expand their market because at that time in India this was at its worst condition with 5% only.

Where the joint venture company already cornered with 45% of 450 crore. In the cheese market this was the rapid growth they seen before, because last year this was growing with 5% but now this is growing with 12%. The market of cheese in India is estimated at almost 9000 tonnes and is rapidly increasing with 15% per year, because cheese is mainly used in cities or in metro cities. This shows that only in four main metro cities cheese consume more than 50% of consumption. They have got a very tough competition with their other business rivals amul, Dabon international, vijaya this was creating competition tougher day by day.

But Britannia was having their own customers with pride. Britannia has faced this threat reasonably well over the past one year, without a visible impact on its financial performance. The proposed foray by Nestle India and Hindustan Lever into confectionery and dairy products. Business strategy (2007-08) Britannia strategy is simple - to get more people to buy & enjoy more of their brands - anytime, anywhere - everyday.

Britannia's performance in 2007-08 was strong, with a sales growth 17.5 per cent, besides a 27.5 per cent growth in the previous year, adding Rs 800 crore of incremental revenue during this period (total revenue for 2007-08 was Rs 2,617 crore). Britannia is among the fastest growing FMCG companies in the last two years. Its net profit increased by 77.5 per cent and operating margin by 307 basis points to 7.

5 per cent in 2007-08, despite inflation in key commodities by 20-25 per cent in the last two years. In a survey conducted by AC Nielsen ORG-Marg, consumers voted brand 'Britannia' among the 'Top 10' most trusted brands across categories for the fifth successive year. It was also rated as the second most trusted food brand in 2008 and first in 2007. It was rated as the seventh most trusted brand across all categories in 2008. Consistent with its credo of swasth khao, tan man jagao, Britannia created a partnership with Global Alliance for Improved Nutrition (GAIN) and the Naandi Foundation to supply iron fortified Tiger biscuits to supplement the mid-day meal programme in schools.

This has been recognised as a unique programme globally by GAIN. The World Bank Institute has written a case study and Britannia was invited to make a commitment to the Clinton Global Initiative, a non-partisan catalyst for action that brings together a community of global leaders to devise and implement solutions for some of the world's pressing challenges like nutrition. (www.alibaba.com)References 1- (<http://news.alibaba.com/article/detail/analysis/100000711-1-%2527%2527biscuits-industry-provides-vast-opportunity.html>) 2- www.aavinmilk.com 3- www.ibscds.com

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