

www.parleproducts.com



Marketing Strategy Group - 6

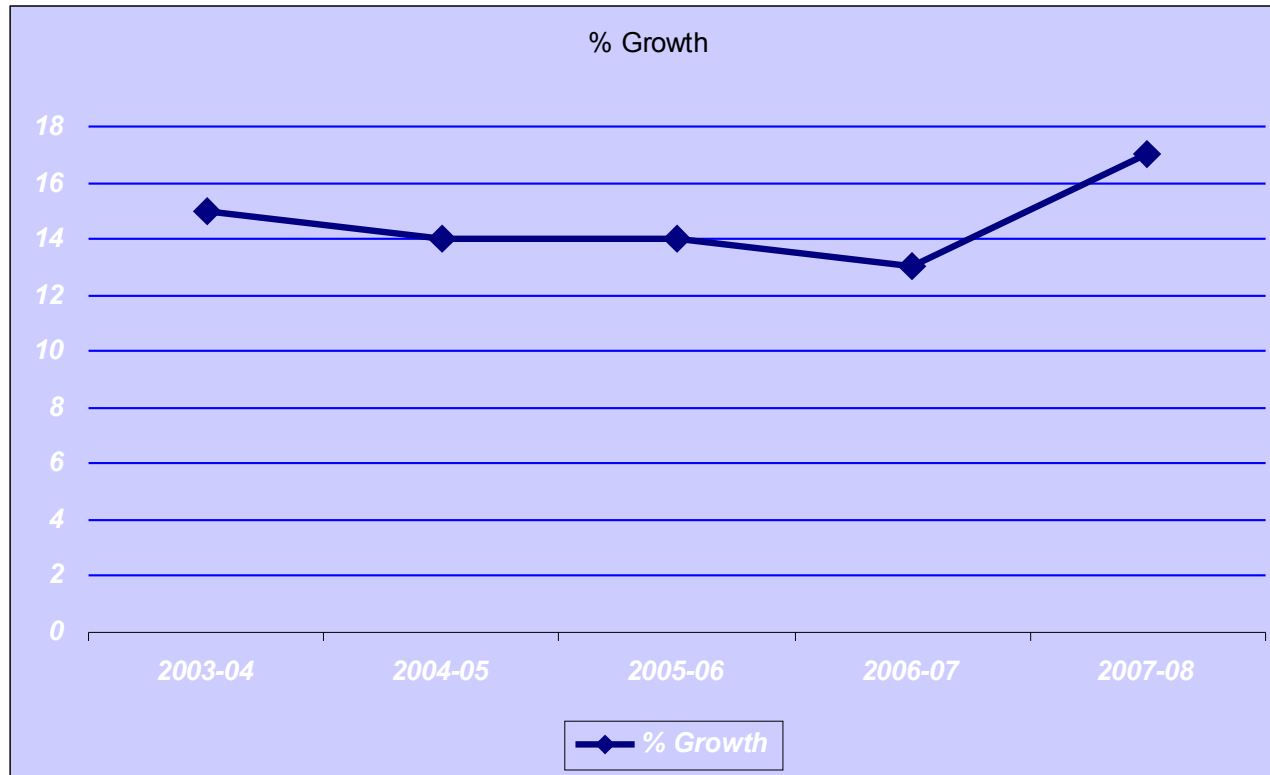


PRESENTATION OVER VIEW

- Overview of Biscuit Industry in India
- Porter's Model
- About Parle
- Parle Products
- Parle SWOT analysis
- About Parle G Biscuit
- Parle G - Future Challenges
- Our Suggestions

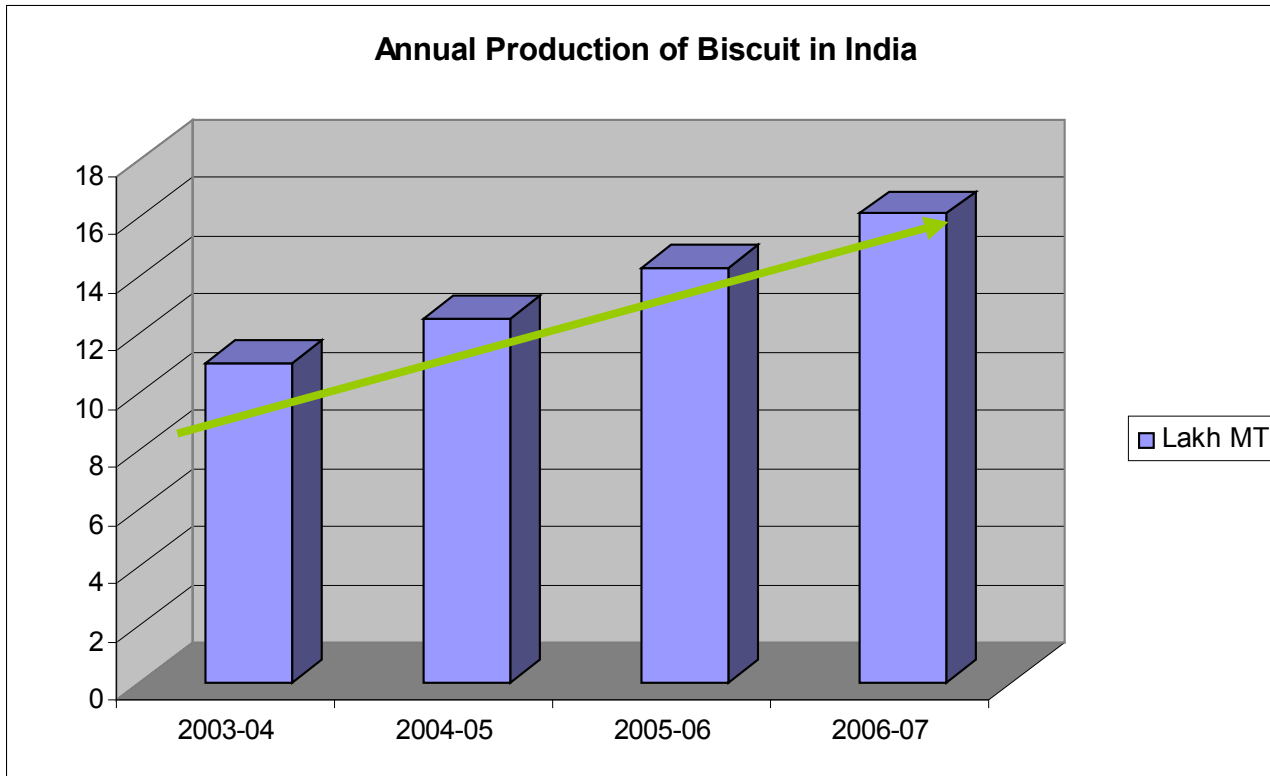
Introduction on Biscuit Industry

- **Biscuits market in India : Rs 9,000-crore (Rs 90-billion)**
- **Annual growth rate of Biscuit Industry as follows:**



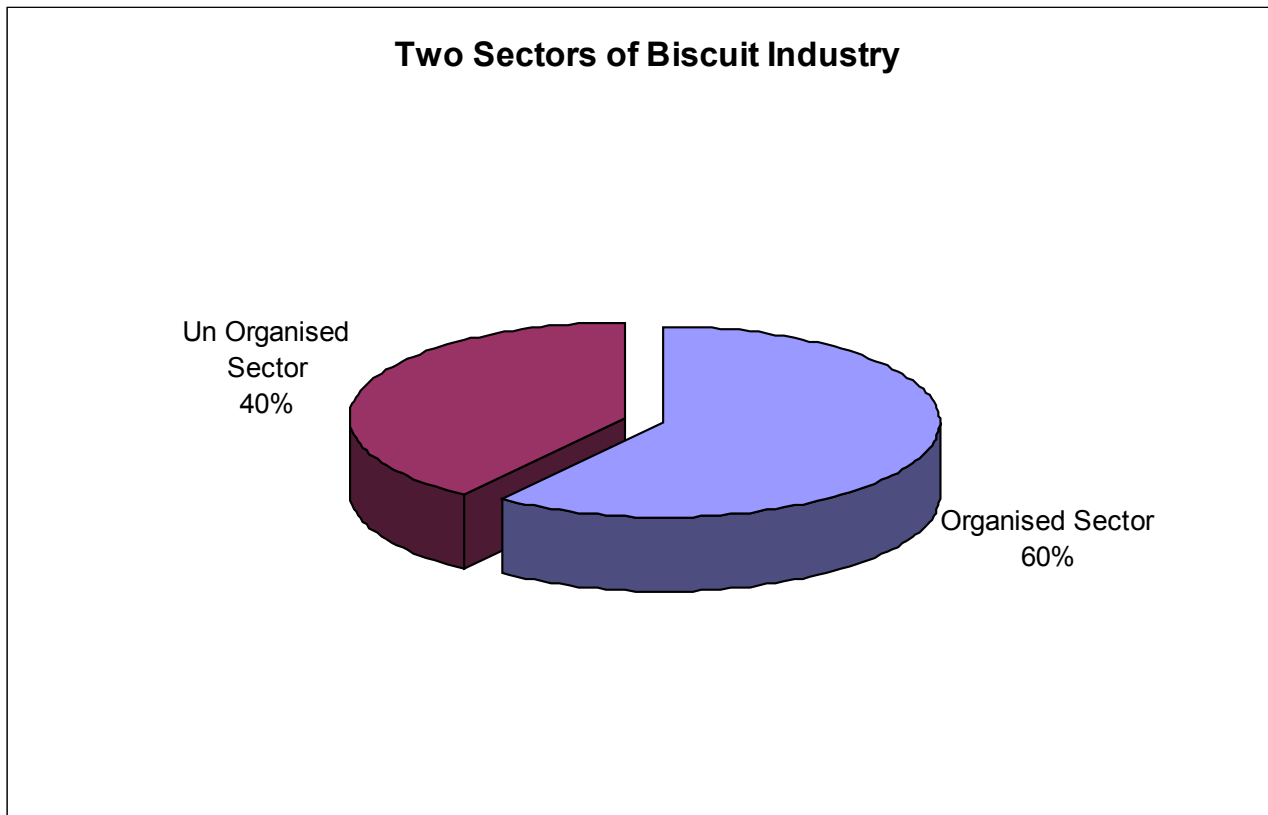
Yr. 2008....exemption from Central Excise Duty...

Annual production Biscuit Industry



YoY growth shows rising consumption in India...

Biscuit Industry profile



Organised : Unorganised :: 40 : 60

Introduction on Biscuit Industry

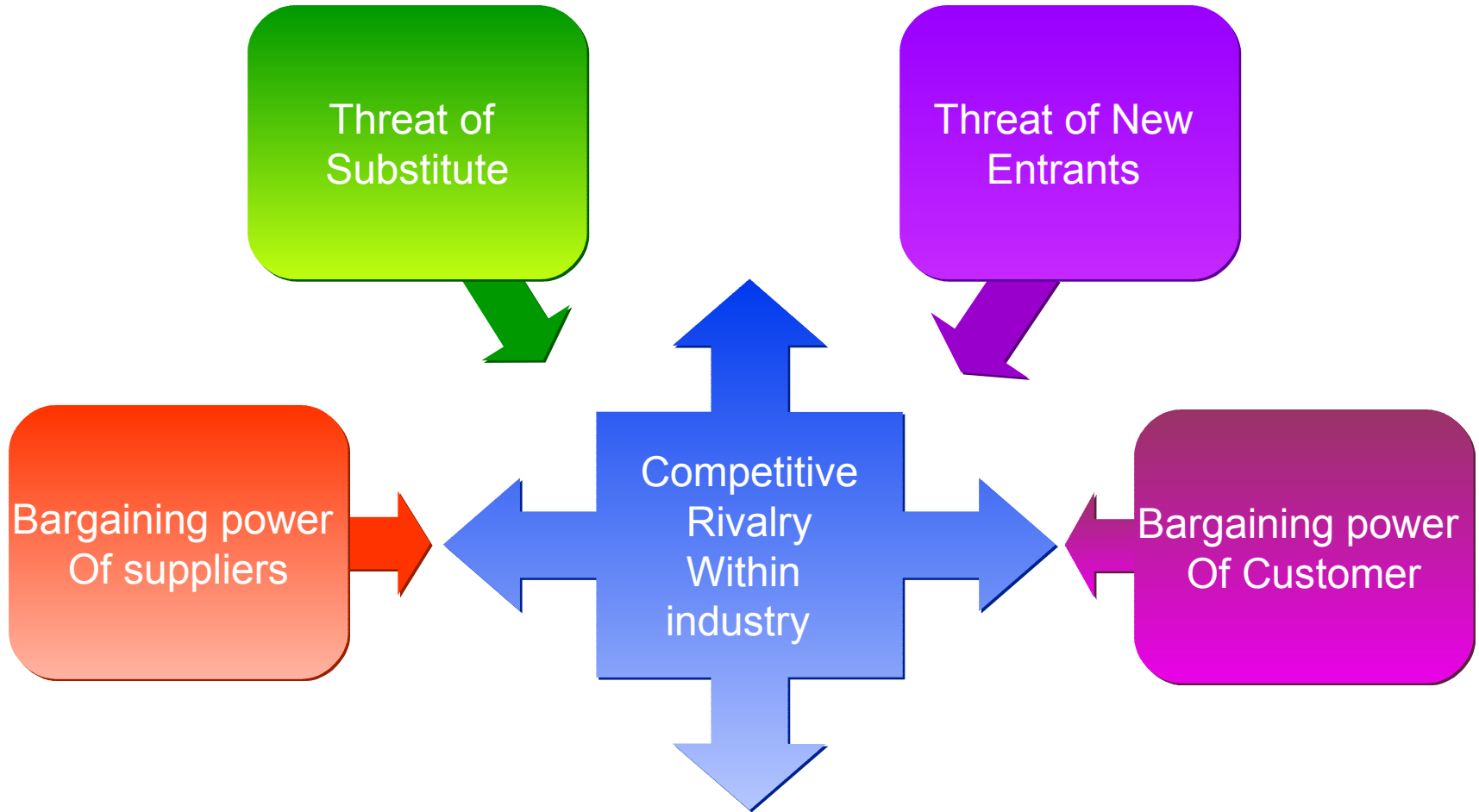
- Rural-urban penetration of Biscuit :
 - Urban Market : 75% to 85%
 - Rural Market : 50% to 65%

- Per capita consumption of Biscuits :
 - INDIA 1.8 kg,
 - South East Asian Countries 2.5 kg to 5.5 kg
 - USA 7.5 kg

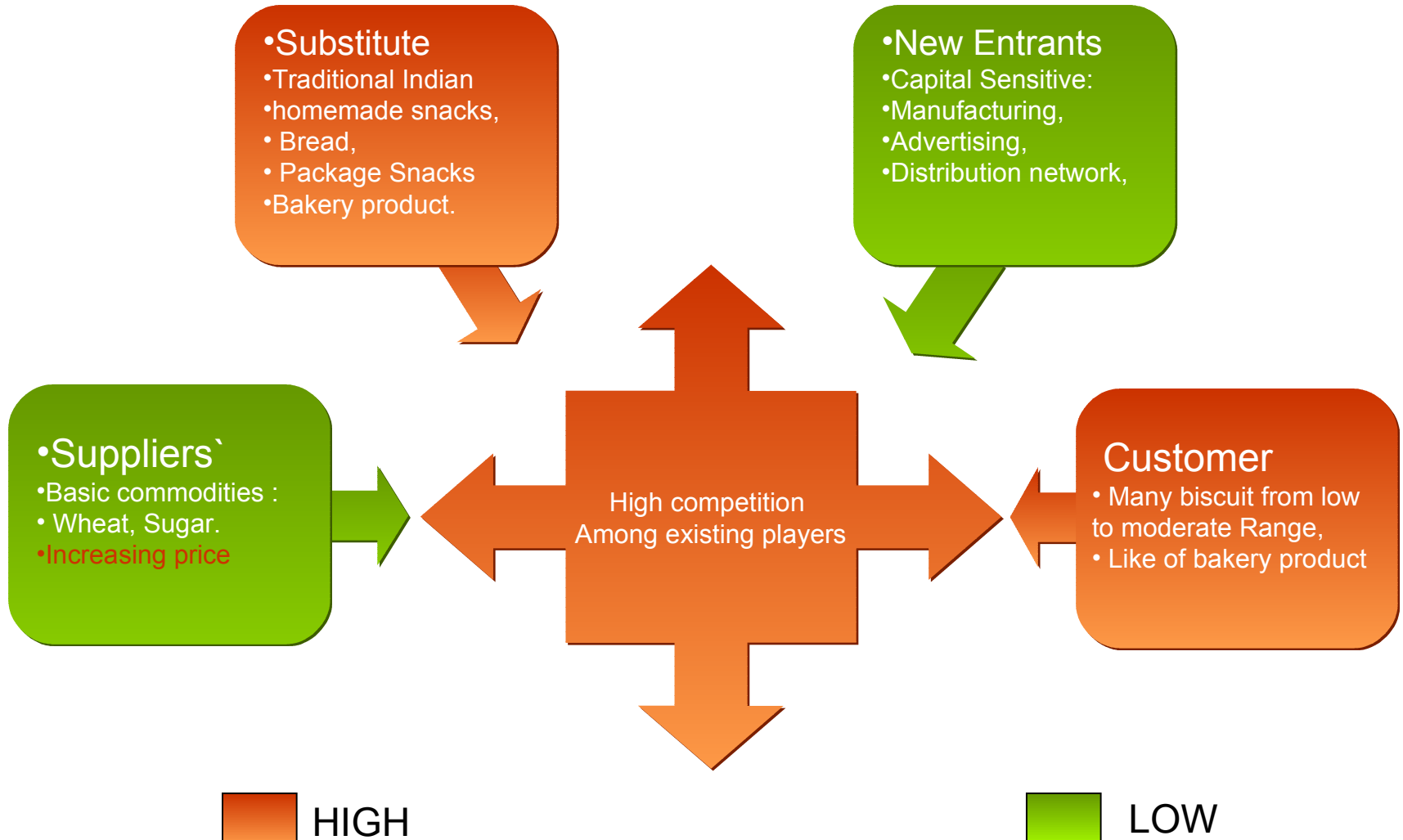
Biscuit Industry major players



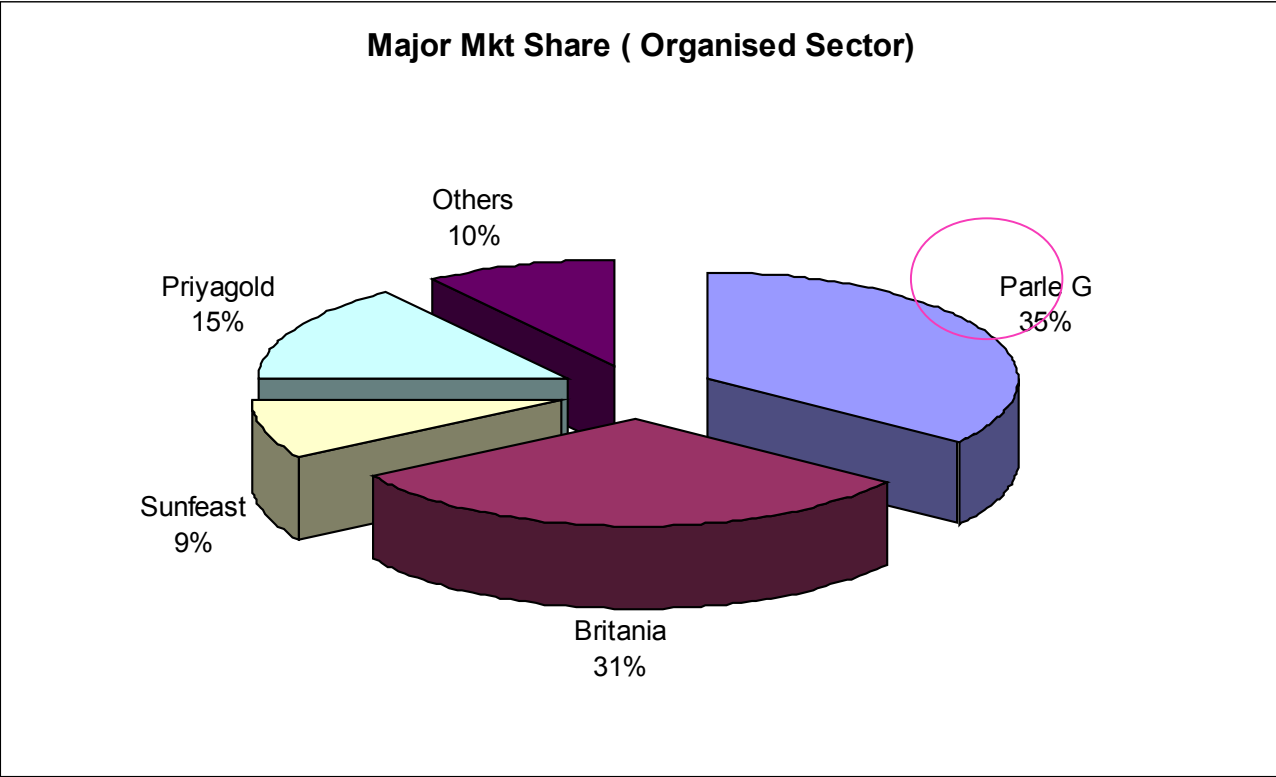
Porter's Five Force model



Porter's Five Force model



Biscuit Industry major players





ABOUT PARLE

- Established in 1929
- 1st brands – Parle Glucose and Parle Monaco
- Market leader in many products
- Won acclaim at the Monde selection since 1970
- 35% share of the total biscuit market
- 15% share of the total confectionery market
- 14 manufacturing units for biscuits & 5 manufacturing units for confectioneries
- Parle has largest such manufacturing units in India
- Annual turnover 2000 crores
- It has provided its products to the mass with the affordable range.

Parle Products..... Biscuit.



Parle Products..... Confectionaries.



Parle Products..... Snacks.



SWOT Analysis of Parle



SWOT Analysis of Parle

• Strengths

- Parle Brand,
- Diversified product range,
- Extensive distribution network.
- Low and mid price range
- Catering to mass,
- Better understanding of consumer psyche

• Weakness

- Dependence on retailers & grocery Stores for displaying diversified Parle Products on shelf, induce impulsive buy
- Dependence on Parle G
- (flagship brand)

• Opportunities

- Estimated annual growth of 20%
- Low per capita consumption,
- Changing consumer preference,
- Increasing demand for sugar free,
- Diet biscuit,

Threats

- Hike in cost of production due to hike In Raw material cost,
- Increasing distribution cost,
- Local bakery products,
- Entry of various new entrant, ITC etc.

About Parle – G Biscuit

- Parle –G has been a strong household name across India.
- A cream colored yellow stripped wrapper with a cute baby photo containing 10 – 12 biscuits with the company's name printed in Red and you know these are Parle G biscuits.
- The great taste, high nutrition, and the international quality, makes Parle-G a winner.
- Times changed, variety of biscuits did come and go but nothing has changed with these biscuits.
- It has been the undisputed leader in the biscuit category for decades.



G = Genius



Parle G - Target base

- Parle-G is consumed by people of all ages, from the rich to the poor, living in cities & in villages.
- While some have it for breakfast,
- For others it is a complete wholesome meal.
- For some it's the best accompaniment for tea,
- While for some it's a way of getting charged whenever they are low on energy.

Parle company practices mass marketing for Parle- G which appeals to masses. It is a product liked by everyone and does not cater only to a specific group or part of the whole market. Thus it is mass production, mass distribution and mass promotion of Parle- G for all buyers.

Consumer psyche and Parle - G

- Parle-G is consumed by people of all ages, from the rich to the poor, living in cities & in villages.
- While some have it for breakfast, for others it is a complete wholesome meal.
- For some it's the best accompaniment for chai
- While for some it's a way of getting charged whenever they are low on energy.



G = Genius



Parle – G..... as a Brand

- The brand is associated with the positive values of life like honesty, sharing and caring.
- The incredible demand led Parle to introduce the brand in special branded packs and in larger festive tin packs.
- It is synonymous to energy & nutrition.
- It has become a part of the daily lives of many Indians. It wasn't a biscuit any more. It had become an icon.
- Parle G conjures up fond memories across the length and breadth of the country.
- Be it a big city or a remote village of India, the Parle G symbolizes quality, health and great taste.



G = Genius



Parle - G and Price mix

- Parle G has adopted the Market Penetration strategy i.e. low price along with capturing of a large market
- Also they focus on providing good quality products at the same time, which means it uses the value pricing method.
- The value-for-money positioning helps generate large sales volumes for the products.
- Parle G is available in Re 1, Rs 2, Rs 4 to Rs 25 packet
- Profit margin for distributors is 4% and for retailers is 10-12%
- Parle-G maintained its price of Rs.4.00 for the last 12 yrs & has seen the variation in its sales due to increase in price by mere 50p.



G = Genius



Parle - G and Place mix

- The extensive distribution network, built over the years, is a major strength for Parle Products.
- Parle G biscuits are available to consumers, even in the most remote places and in the smallest of villages with a population of just 1500.
- Parle has nearly 1,500 wholesalers, catering to 4,25,000 retail outlets directly or indirectly. A two hundred strong dedicated field force services its huge wholesalers & retailers network.
- Additionally, there are 31 depots and C&F agents supplying goods to the wide distribution network.
- Factories at strategic locations & Establishment of manufacturing units in rural areas



G = Genius



Parle - G and promotion mix

Advertising - It was advertised mainly through press ads. The communication spoke about the basic benefits of energy and nutrition.



In 1989 Parle-G released its "Dadaji" commercial which was a huge success and was aired over a period of 6 years. The communication spoke about the basic benefits of energy and nutrition.

Parle - G and promotion mix (contd..)

- The next level of communication associated the brand with the positive values of life like honesty, sharing and caring. Just a few months back a reminder TV commercial was launched for Parle-G where the product is being called 'hindustan ki takat'
- Recently Parle G has started the use of celebrity in their advertisements



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Parle - G and promotion mix (contd..)

Sales promotion - Every year it holds day fairs at branded venues where games and fun events are organized for the employees of Parle and their families; where Parle products are giveaway prizes.

Public relations - Parle has done the following for enhancing public relations:

- In the year 1997, Parle-G sponsored the tele-serial of the Indian superhero, **Shaktimaan** that went on to become a huge success.
- In the year 2002, a national level promo - '**Parle-G Mera Sapna Sach Hoga**' was run for a period of 6 months. The promo was all about fulfilling the dreams of children.
- **Parle Saraswati Vandana**, one of its initiatives, is an inter-school contest based on the Saraswati Puja celebrations. Since it started in 2002 it has seen a tremendous increase in participating each year, with entries coming from schools of West Bengal.
- Parle had introduced the novel promotion called **Parle Golu Galata** contest in 2005. (Golu means Doll & Galata means Dhammal.)

Parle - G and Competitors

Competition to Parle – G is from following players : -

• Lets do strategic mapping on following ground :

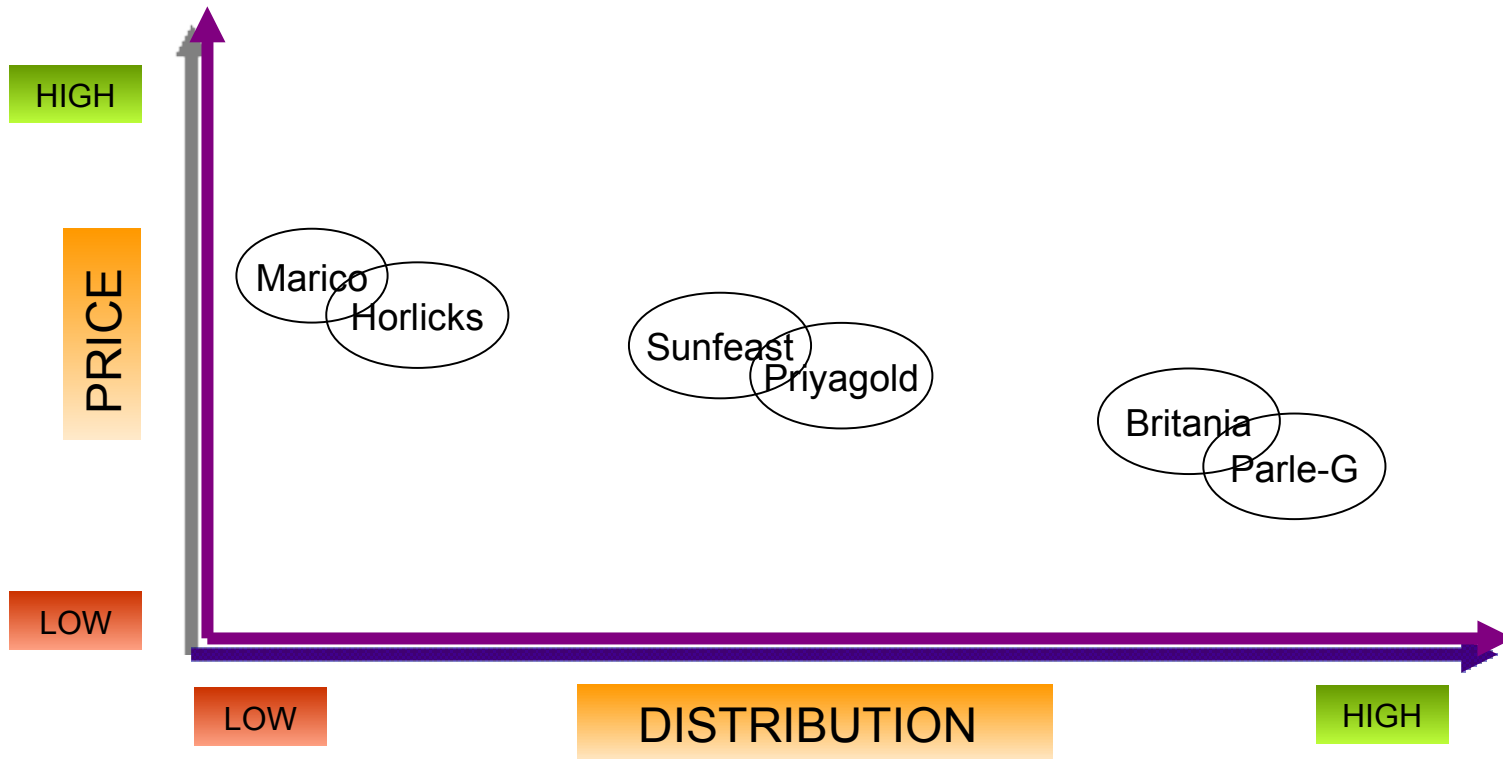
Price – Distribution,
Nutrition content – Brand,
Innovation – Technology,
Packaging.



G = Genius



Parle - G and Competitors Price – Distribution

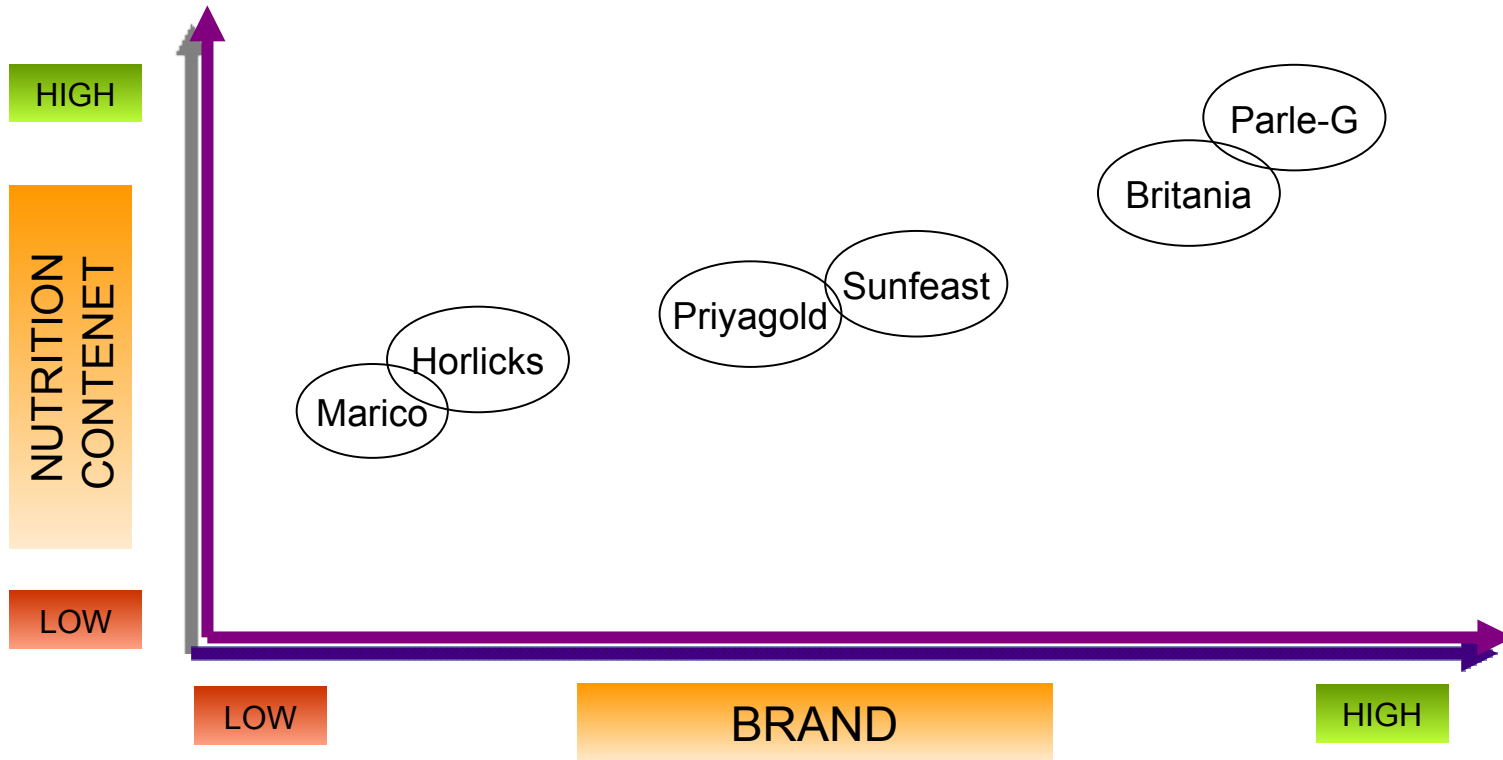


G = Genius



Parle - G and Competitors

Nutrition content – Brand

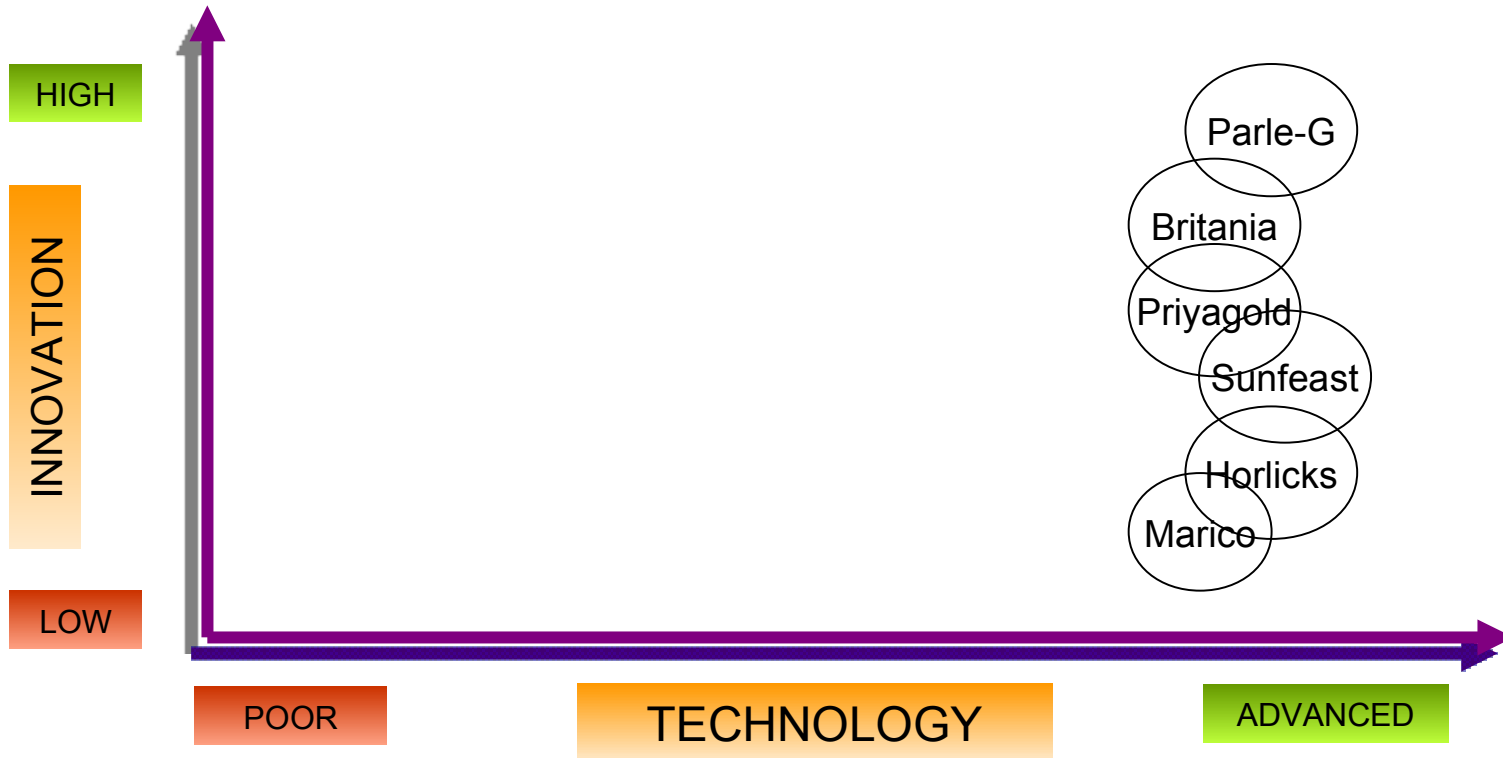


G = Genius



Parle - G and Competitors

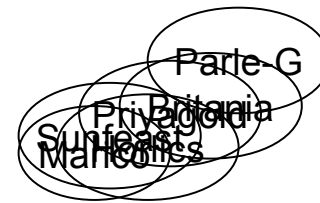
Innovation – Technology



G = Genius



Parle - G and Competitors Packaging



G = Genius





BREAKING NEWS

Parle - G and Challenges



Neo Sports aims to double topline to Rs 1,000 cr

Our Bureau
MUMBAI

NEO Sports Broadcast is looking to double its revenues to nearly Rs 1,000 crore for the current fiscal. This includes around Rs 700 crore from advertising while the other Rs 300 crore is expected to come from subscriptions, the company said at a press conference. The broadcaster has two channels in its fold — Neo Cricket and Neo Sports.

Neo Cricket will broadcast the Sahara BCCI Corporate Trophy in September, which will be followed by the India-Australia one day international (ODI) series in October, the India-Sri Lanka series in November-December and the India-Sri Lanka-Bangladesh tri-series in December. India will also play five ODIs and three tests against South Africa in India starting January 2010. Neo Sports holds the rights to all matches that take place at home

Biscuit prices to rise by 10%

Hike Aimed At Dealing With Rising Prices Of Sugar, Milk And Milk Powder

Ratna Bhushan
MUMBAI

ABOUT 40 companies that account for almost one-third of the organised biscuit market in the country will increase prices by 10% across the board from next month to cope with soaring prices of key ingredients like sugar, milk and milk powder.

The price hike, the steepest in the industry in two years, will come into effect on September 1, according to the Indian Biscuit Manufacturers Association (IBMA), which represents these second-string biscuit makers whose list include Priyagold, Ammol, Cremica, Bono and Crown.

"Hiking consumer prices is a last resort move, but we have no choice on account of soaring price hikes," said BP Agarwal, president of IBMA and managing director of Surya Food & Agra, the maker of Priyagold biscuits.

The top players — Parle, Britannia and ITC — that make up for the rest of the Rs 6,500-crore organised biscuit market in the country said they are yet to decide on price hikes to deal with rising prices of sugar and wheat. "We are evaluating costs but we have not yet taken a call on increasing consumer prices," said Neeraj Chandra, vice-president, sales, marketing and innovation, of Britannia Industries, India's largest biscuit maker. Prices of sugar have shot up by 35% between January and August this year, while the prices of milk and



FINAL CALL

Parle, Britannia and ITC say they are yet to decide on price hike. Sugar prices have shot up by 35% between January and August this year while the prices of milk and milk powder went up by 10%.

milk powder went up by 10%. The situation may get worse with the drought-like condition due to the shortfall in rains this year expected to impact agriculture output. According to experts, the biscuits market is highly price-sensitive and even a small price hike may make consumers switch brands. The IBMA move is expected to help the Parle, Britannia and ITC to use their market share, unless they too resort to price hikes.

"Yes, there can be some loss of market share, but it's just not sustainable to sell at the current prices," said an executive of a biscuit manufacturer, deferring the decision for price cut. Companies have so far been resisting a price hike by reducing the net weight of units while keeping the selling price unchanged.

To counter a hit on their margins, big companies are pushing volumes by stepping up promotions and lower priced unit packs. Also, according to industry experts, they can negotiate better deals with suppliers of different ingredients as they usually enter into long-term contracts for raw materials. Smaller companies, in contrast, buy their ingredients in a month-to-month basis and, therefore, are much more vulnerable to market price hikes. These companies are now demanding a tax cut on biscuit, the only processed food item to attract a 12.5% value-added tax (VAT). Other processed foods like bread, juices and jam are either exempt or levied 4% VAT in all states. IBMA also said it wants the government to allocate sugar to biscuit manufacturers in the small and medium size segment, particularly in view of a deficient monsoon.

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CRUNCH TIME

Retailers plan front-end hiring



G = Genius



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Parle - G and Challenges

- Increasing prices of basic Raw material like , Sugar, Wheat, Milk, Milk powder.
- This leading to increase in manufacturing cost of the biscuits.
- Parle G very price sensitive product.
- Small increase in price (by 50 paise) in past had seen high decline in sales.
- **Should Parle increase price of flagship brand PARLE G?**



G = Genius



Parle - G and Group suggestions

- Should keep the price of Parle G same and increase price of other high end variant products like, Milano, Hide n Seek, Bourbourn.
- High end products can absorb the increased production cost,
- This will help to cater to existing market without price change.



G = Genius



Parle - G and Challenges

- Even though the Parle is market leader in the segment, others are also trying to capture the chunk of market share.
- Fake brands like Parel G, Parle Jee tried to extract market share.
- How ever only serious competition faced by Parle G is from Britannia Tiger biscuit.



G = Genius



Comparative Analysis of Parle - G and Britannia Tiger



Vs



Comparative Analysis of Parle - G and Britannia Tiger

Nearest competitors in Glucose Category.

“Tiger” gained 28 % Market Share in 100 gram Glucose biscuit segment in a short span of 7 years (1997 – 2004)

VERSUS

“Parle G” established since 60 years – 57 % Market Share in this segment.,

In 2006 – 07 Parle G raised price for its 100 gram pack by 50 paise (i.e. Rs. 4.50), while Tiger maintained its price at Rs. 4/-.

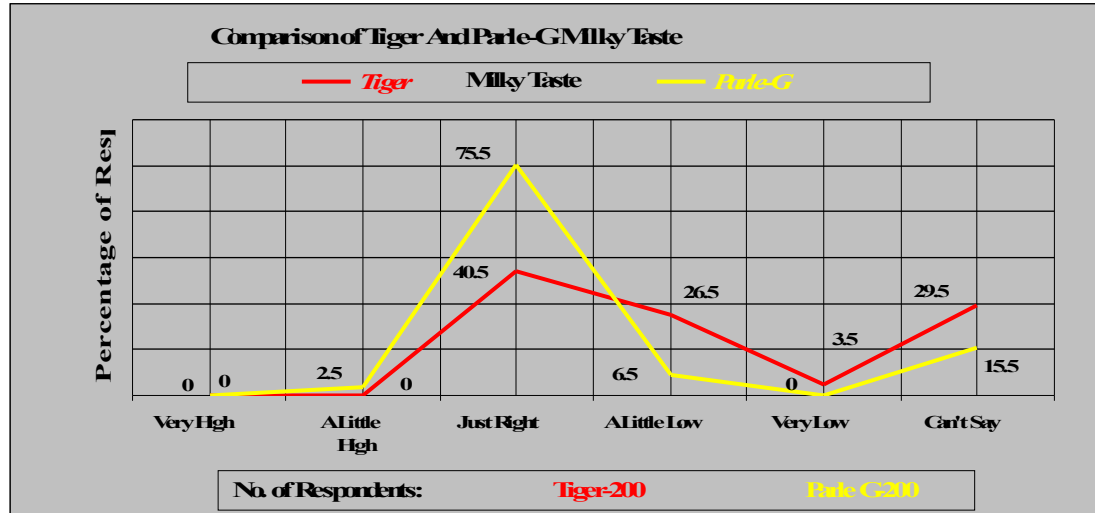
RESULT

Sales of Parle G dipped to Tiger. Customers of Parle G tended to switch-over to Tiger. PARLE G is highly price sensitive since it caters to the bottom of the pyramid.

HOWEVER

Comparative Analysis of Parle - G and Britannia Tiger

PARLE G's QUALITY = BRAND LOYALTY



RESEARCH SAYS PARLE G CUSTOMERS PREFER PARLE G OWING TO ITS MILKY TASTE

- What should Parle G do to sustain the market leader position?

Parle - G and Group suggestions

- Concentrate on rural market, why?
- Rural market penetration is 50 – 65%
- Parle G market reach very high but due to distribution network
- Consumer psyche: Recognize Not as Parle G but ...as biscuit ka puda.
- Need to increase awareness about the PARLE G as BRAND. How???



G = Genius



Parle - G and Group suggestions

- Target young generation, i.e. school going children,
- Associate with various Government initiative like,
Primary Education scheme,
National Rural health mission centres,
Mid-day meals being serve in primary school,



- This will help in
 - Brand Registration,
 - Associate Parle G as health food, and complete nutrition package...