

A Case Study

on

“Marketing Strategies of Ready-to-Eat Food of ABC
Pvt. Ltd.”

By

Dr. Neha Mehta (Assistant Professor) with following students of
MBA

Narendra Vegada
Seema Bariaya
Keyur Jotaniya
Juned Jethva
Zuber
Nikunj Rathod
Paresh Bhesara
Jimit Prajapati
Pratik Chauhan
Dasrath Patel
Hasmukh Baraiya
Nayan Satvara
Rajesh Makwana

under

Vikalp – Case Study Forum

L J MBA

2013-14

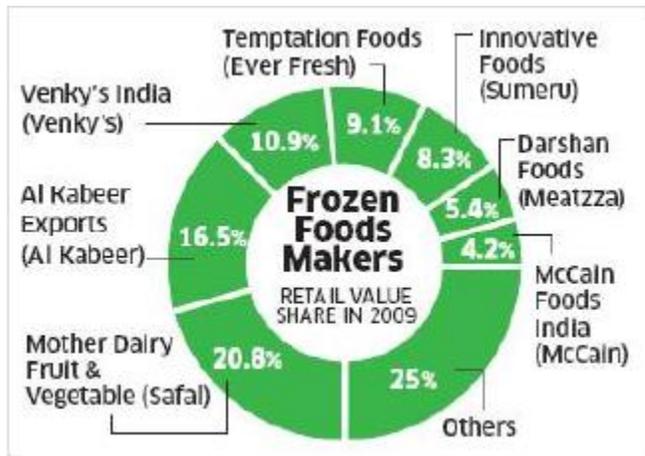
INTRODUCTION

Few years ago consuming frozen food was taboo in India, but things are changing now. These foods do not require cooking and can be consumed straight from the pouch with or without pre-warming. From fruits and vegetables, meat, fish and other sea food to samosa, different types of parathas, idli, etc are the food items that are available in frozen or ready-to-eat or ready-to serve form. Food processing industry in India has been addressed as a sector which is into its juvenility. Though, the potential of it is never doubted with many growth driving reasons. Food processing industry in India is estimated to be INR 8 lakh crore which contributes 1.3 to 1.5 in GDP. Out of which Indian frozen food market is of Rs. 1400 crore which is expected to double to more than Rs. 3500 crore in four year. These foods meet the specific needs of convenience, nutritional ability, shelf stability, storage distribution to centers. In India ready-to-eat or frozen food segment has come up as avant-garde alternative to home cooked food or eating out. Icing on the cake is modern retail which gives prodigious product visibility on shelf to convenience food. This industry initially was export oriented. Majority of produced used to get exported to many countries in US, UK, Saudi Arabia, Malaysia, Singapore, etc. India has advantage in export of this products are firstly it is an agriculture based country and secondly it has a geographical advantage of connectivity with foreign countries.

A Frozen food is becoming popular is many Indian families with many social, personal, economical and demographical changes. Even cooking style and eating pattern has undergone change in last few years. Females of India have become career oriented. Hence, with changing preferences, kitchen work for them has taken a back seat. Even after marriages they continue working, with which the concept of dual spouse income came into existent in India. With this they get less time or like cooking in short time. So since urban consumers are in lack of time and they seek a convenience option, they have driven the sales of frozen foods by 18% to 240 crore in 2010. For cooking work at home they take domestic help. But, when it is not available the only option to quickly serve up is various frozen foods available in the market. There are certain people who migrate from one city to other for education, job, and other reason. These people who live alone rely of this frozen or ready-to-serve which again is convenience and taste along with nutrition. Also many consumers like and prefer to eat the food which has taste as is available in restaurants out there. Since, they might be people who eat out mostly, seeking the

similar taste which is available to eat at home. So for this kind of products which are available in frozen form and ready-to-eat in the market makes it convenient for them to fetch the taste. The growth opportunity is huge and there are many national and multinational players keeping their eye on this growing market.

There are many companies which are into business of providing frozen fruits and vegetables, snacks and other food items. The major players of this industry are McCain Foods India, Al



Kabeer, Temptation Food, Venky's India, etc. Vadilal and Godrej is also one of the players in this sector. "The retail infrastructure is still skeletal to launch frozen meals in India, I would give it a couple of years," says ITC Foods Chief Executive Chitranjan Dar. Young consumers, urbanization and modernization, increasing literacy rate, increased number of women workforce, rising

per capita income, savvy consumers, and increased marketing communication will help this category grow drastically in future. The major hurdles for this industry are educating consumers regarding frozen or ready-to-serve food in processed food category having nutritional values as well along with taste, level of price elasticity being less in processed food category, proper supply chain management and storage means hygiene along with proper cooling facilities, food control and laws regarding this type of food, backward and forward integration which helps players to grow, etc.

SWOT Analysis of Indian Food Processing Industry

Strength

Availability of wide variety of natural resources across the country due to diverse climatic condition is most advantageous.

Availability of cheaper workforce can be used to set up production unit for this kind of products nationally and globally at cheaper rate.

There are several research institutions to aid development and technological enhancement in this sector like Central Food Technological Research Institute, Central Institute of Fisheries Technology, National Dairy Research Institute, National Research and Development Centre etc.

Weakness

Availability of hi-tech instruments for production of ready-to-eat food is lesser.

There are inadequate infrastructural facilities for production, storage and transportation.

There might be possibility of improper supply chain as large number of intermediaries.

International standards of quality control and testing might be difficult to achieve.

Raw materials required might not be available across all seasons.

Opportunities

Government is promoting development in new startups; sme and msme which will help kick start the food processing units.

Demographic profile of the country is changing, with rise in dual spouse income houses. This change in lifestyle might promote the growth of food processing industry.

Technological advancement that the country is adopting in different fields provides huge scope of development, fast advancement and progress.

Threat

The Indian culture still prefers consuming fresh food rather than processed food.

Quick service restaurants (QSR) and international players make the market for national players more competitive.

Lack of trained work force, hygiene conditions and atmospheric conditions also is a threat for food processing and ready-to-eat/ready-to-cook food products.

Huge cost involved in packaging, storing conditions and transportation conditions is also an area that hampers growth of this industry.

PEST Analysis of Indian Food Processing Industry

Political: Increased Government investment in food processing infrastructure, transportation and development in rural area (connectivity with rural areas) boosts growth of this industry.

Government is providing lot of benefits for development of agriculture in the country.

Economical: Rise in per capita income has raised the demand for food products. Income of people is rising considering strong economic growth of country.

India is integrating with global economy. Exports of India are also increasing to key export destination.

Socio-cultural: Consumer preference is moving towards healthier snacks because of rising incomes, increasing urbanisation, a young population, the emergence of nuclear families and dual spouse earnings. The middle class segment is also growing with urbanisation. Rise in disposable income with rise in salaries. Lifestyle has changed which has changed eating habits of people.

Technological: Introduction of modern technology in food processing industry both through international and domestic sources. Lot of research and development is encouraged in this area. Technological up gradation, implementing of stringent quality standards that match international benchmark is also a great backing to development of this industry.

Environmental: India is agriculture based country, with different agri based products, abundant livestock and cost competitiveness. Geographical condition of the country is such that industry gets a boost with the raw material production. This advantage makes India second largest producer of vegetables and fruits.

Legal: Government is creating conducive environment for healthy growth of food processing industry. Vision of it targets trebling of food processing sector. Government is promoting mega food parks, Agri Export Zones to attract FDI and aid infrastructure. Tariffs and duties for food processing sector have also been rationalised.

Company Overview

ABC Pvt Ltd is a company which is a manufacturer, exporter and supplier of tempting and savory frozen food established in 2011. The company believes that world is changing with fast track and so is changing the eating habits of consumers, which leads them to seek easy, safe and convenient option for eating, in many situations unhealthy too. The company tries to provide this group of people delicious yet healthy food. The company has global certifications i.e. ISO 22000:2005, BRC 6, HACCP, WHO-GMP, ASCB(E) UK & HALAL.

Discover an easy nutritious food habit served by ABC Pvt Ltd!!

The company is promoted Mr. A and Chairwoman of the company is his daughter Ms. B. Globally women are surging ahead in multi fields & one such Indian woman is Ms. B. Her roots

to be a foodist with a passion was sweetened up by destiny way back in 1915s when her grandfather established a sweet shop in her hometown Nagpur, Maharashtra, India. The Chairwoman's vision for the company is "ABC Pvt Ltd is a result of passionate foodists' efforts who have cooked up a delicious yet a healthy business vision, thereby enabling score of stakeholders to breathe a nourishing lifestyle! Charting multi category food product chain(s), our company is obsessive with cooking up innovative yet healthy eating habits so that globally people can enjoy the traditional taste sans the unfit food lifestyle. Considering the fast track syndrome, our focus is to activate a fresh perspective, so that people in any situation be it a corporate or a homely, can relish and follow their schedules conveniently and authentically in an Indian way.

At ABC Ltd, our only reservoir is quality in accordance with the world food and health standards! We strongly believe that adherence to these foundations will enhance the company's ability to improvise, eradicate process hazards compete globally & fulfill stakeholders' needs. Food safety acts as a benchmark for us; allows us to measure our progress that would lead to a more valuable business scale, & yield stronger and sustainable growth". Today this legendary passion has spread pan globe and we envisage making ABC Pvt Ltd Foods a largest brand in foods category world over by 2020!!

"Enjoy your quick healthy platter with ABC Pvt Ltd! Chairwoman's sweetened background!"

As their products they have IQF vegetables and fruits. IQF stands for Individually Quick Frozen which involves storing vegetables and fruits at a very low temperature varying from -18°C. The vegetables and fruits includes carrot, green peas, corn, mixed vegetables, fenugreek, red chilli, bitter gourd, cluster bean, ivy gourd, etc few to mention. The other product includes Indian breads like puranpoli, chocolate paratha, jam paratha, pizza naan. Other products are samosa, dosa etc.

The manufacturing unit of company is highly hi-tech and fabulously hygiene. It is colossal consisting of imported and automated samosa making equipment, mechanized paratha line and a traditional clay oven/electric tandoor having a total production capacity of 5 metric tons per day.

Cold storage facility situated in-house is situated to store huge number of pallets backed up by an independent power support system.

Quality is something that cannot be overlooked or taken for granted. It is ubiquitous right from the procurement to packaging to its final destination. It wants to assure that every time a customer buys products, they experience freshness locked in it and a conformance quality is also assured. Whatever they offer has a quality trademark. They try to balance on their demand and supply. Their state of art in manufacturing plant adheres to stringent world food processing standards. Every process right from raw material procurement to packaging involves lab based quality checks as well as process based monitoring techniques. To ensure that high quality ingredients are used and that every employee is engaged to deliver quality, passionate for all procurement, in every process and every pack. Their constant endeavor is to introduce innovative products, improvising product line via latest techniques, satisfied customer base, efficient employees and international collaborations. As the product is food, hygiene is main priority of the company. Various measures like cook cap, hand gloves, clean clothes, footwear, no accessories, etc are taken care of. In terms of quality control they have stringent world processing standards wherein the company has to adhere to the taste required in particular country. Samples are prepared and tasted to adhere to it, while for food there are other quality control criteria which as supposed to be taken care of. Hence, the samples prepared are tested thoroughly for it.

The products are present in India as well as in many foreign countries. Globally the company has presence in Asia, Africa, Australia, Canada, New Zealand, Middle East, UAE and UK.

After the production food prepared goes for freezing and finally for deep freezing after packaging of it. For different type of food expire date in terms of labeling is different. Labeling of the packaged food happens in the company.

SWOT Analysis

Strength: Super tech manufacturing infrastructure. It is globally certified. Hygiene is one thing that is taken care of fabulously. There is strong quality control department. The company has well managed logistic and storage facility with cold storage facilities for food products. There

skilled work force available with the company. The company is well established in international market.

Weakness: The Company is not able to tap domestic market properly. Large chunk of Indian consumers are price conscious. People in India still have this strong mentality of home-made food. The company has good storage and transportation facilities for the products, but not all stores in India have proper cold storage facilities for products that are mandatory. Marketing team of the company is small in size. People are not aware much about this kind of product availability in the market.

Opportunity: Less tapped domestic market and international market for the kind of ready-to-eat products company produces. Food processing industry is still growing in India. Indian Government promoting make in India which will help growth of this industry. It will provide good employability opportunities for women of the country.

Threat: FDI in food industry allows lot of international player to enter Indian market. Along with this there are domestic players also which makes market more competitive. There are lot of domestic players also with similar product range and are well established in market. Lot of quick service restaurants are also a major threat for this company.

Conclusion and Future Recommendation

Lifestyle of Indian people has changed lot with change in socio-economic background. There are working women in many households of India as women are getting career oriented. This drives them to choose quick and easy options for cooking which less time consuming yet healthy and lip smacking. The company ABC Pvt. Ltd. offers mouth-watering ready-to-eat authentic Indian food options that satisfy hunger pangs quickly. The company is successful in maintaining Indian taste with international quality standards. The company is doing fantastically well in international markets like Dubai, United States, New Zealand etc. It is not yet able to tap Indian market. There is lot of competition from various players domestic and international from the same category and also from the ones in restaurant business. Though the company has wide range of healthy product, it has to position it well in the minds of customers. Currently the marketing team of the company is small. It will have to expand the team within the country enter the market. Company has not put any efforts to build the brand in India. Marketing

communication of the company is not in place. They need to build the brand with help of either its own team or with the help of an external agency. Once, that is done the company needs to create awareness for the brand by assertive marketing communication and place it well in the minds of customers. There are lots of opportunities that company can grab as a major thrust is put by Government of India for growth of this industry. There is tremendous potential in this segment though it is in a very nascent stage.