

# Critically Analyze the Indian Biscuits Market and Evaluate Competitive Strategies of Sunfeast and Britannia

**Author: Dr. Mahesh Uday Mangaonkar**

*Professor, Department of General Management,  
Indira School of Business Studies (ISBS) City- Pune, State-Maharashtra, Country-  
India*

**Abstract:** Indian Biscuits Industry came into major existence and started gaining a sound status in the bakery industry in the later part of 20th century when the urbanized society called for ready-made food products at a tenable cost. Biscuits were assumed as sick-man's diet in earlier days. But today it has become one of the most loved fast food products for every age group. Biscuits are always easy to carry, tasty to eat, cholesterol free and reasonable at cost. States that have the larger intake of biscuits are Maharashtra, West Bengal, Andhra Pradesh, Karnataka, and Uttar Pradesh. Maharashtra and West Bengal are the most industrially developed states; hold the maximum amount of consumption of biscuits.

The present paper analyses the Indian Biscuit Market and evaluates the strategies of ITC Foods used to introduce the Sunfeast brand and also evaluates the evaluate Britannia's competitive marketing responses to these situations.

**Key words:** Biscuit Industry, Sunfeast, Britannia, Strategy.

## 1. INTRODUCTION

India is the world's largest biscuit consuming nation. And this is evident from the fact that biscuits and cookies is the largest (~72%) segment in the bakery industry in the country.

- The biscuits and cookies industry in India, valued at INR 145bn (~USD 2.41bn) in FY 2014, has been growing at a CAGR of ~10% over the last three years. Value Notes estimates that the industry will be worth nearly INR 279bn (~USD 4.65mn) by FY 2019, growing at a CAGR of ~14%.
- Growth of this segment is expected to slow down as manufacturers are offering discounts to push volume sales, which in turn has slowed down the value growth of the industry.
- The share of glucose biscuits is expected to decline as they have reached a point of saturation. With rising incomes, consumers are being lured towards cream biscuits and cookies instead of glucose biscuits.
- Share of premium biscuits is likely to increase by FY 2019 as manufacturers are now aggressively entering the premium segment on account of higher margins prevalent in the segment.
- Increase in disposable income, changing lifestyles, growth in organized retail and increasing consumption of processed and packaged food are the main drivers of the industry.
- Latest trends witnessed in the industry reveal that companies are engaged in improving product packaging.
- Also, concerns like growing media coverage of health, rising incidence of health conditions, increasing concerns over physical appearance, changing lifestyles, and soaring costs of healthcare have led the biscuits and cookies market to move towards a healthier path.

## 2. OBJECTIVES OF THE STUDY

- 1) To analyse the Indian Biscuit Market.
- 2) To evaluate the strategies of ITC Foods used to introduce the Sunfeast brand.
- 3) To evaluate Britannia's marketing responses to competitive situation.

### 3. INSIGHTS ABOUT INDIAN BISCUIT MARKET

#### Market capitalization

India Biscuits Industry is the largest among all the food industries and has a turnover of around Rs.4350 crores.

#### Size of the industry

The production capacity of wafer biscuits is 60 MT and the cost is Rs.56, 78,400 with a motive power of 25 K.W. Indian biscuit industry has occupied around 55-60 % of the entire bakery production.

#### Total contribution to the economy/ sales

Biscuit industry contribute Rs. 8,000 crore to the FMCG industry today, provides vast opportunity for growth, as the per capita consumption of biscuits is less than 2.1 kg in our country. India is classified under two sectors: organized and unorganized. Branded /Organized to Unbranded/Un organized market share of biscuit has been 70% for organized sector and 30% for unorganized sector. Apart from Big 3(Britannia, Parle, ITC) there are around 150 medium to small biscuit factory in India.

#### Top leading Companies

- Parle
- Britannia
- Sunfeast
- Priya Gold
- Cremica
- Dukes
- Anmol
- Horlicks
- Biskfarm
- Rose
- Sobisco
- Nezone

#### Latest developments

- Indian biscuit market is 1.1 million tonnes per annum at Rs 50 billion. About 90% of Indians buy and eat biscuits.
- According to estimates the bakery industry in India is worth Rs 69 billion. Out of which bread and biscuits hold about 82% of the share. The bread market has a business volume of 1.5 million tonnes. The major factors for growth in this segment are: Brand loyalty, volumes and strong distribution networks.
- Growth in the over 40-year-old Indian biscuit industry has remained slow. The analyst's calculations will show that per capita consumption is less than Rs 3 per month on biscuits or less than Rs 15 per household per month.
- Back in 2003, nobody thought Sunfeast would have consumers eating out of its hands. ITC's Sunfeast has been a big gainer with its share increasing from 2.7 to 6.7 %.

#### 4. THE STRATEGIES OF ITC FOODS USED TO INTRODUCE THE SUNFEAST BRAND

Can a cigarette manufacturer succeed in marketing Biscuits? What do management thinkers say about unrelated diversification? Unrelated diversification will succeed if it is based on the core competency of the firm. So what is the core competency of ITC that is being leveraged when it decided to enter the Foods market?

ITC relies on three core competencies

1. The depth of distribution
2. Its brand building capabilities
3. The ability of Quality outsourcing

Sunfeast has been a success because of these three competencies of ITC. Sunfeast was launched in 2003 was one of the diversification forays of ITC which wanted to establish itself as a serious FMCG player from its position of Tobacco products leader. ITC had the advantage of the well-entrenched distribution setup which is matched only by HLL. Indian biscuit market is estimated to be around 4500 - 5000 crore. The market is dominated by Parle and Britannia. Parle is the volume leader with brands like Parle-G, Krackjack and Monaco while Britannia is the value leader with brands like 50:50, Milk Biskis, Tiger, Good Day etc. The biscuit market has now moved from the core Glucose base to more value added categories. The key markets are UP, Maharashtra, and Tamilnadu. The per capita consumption of biscuits in India is only 1.2 kg per annum while the per capita consumption is 15 kg p.a in developed nations. While the glucose biscuits are popular in Rural India, Urban market prefer Cream biscuits.

#### How Sunfeast is charting growth

To establish a brand in this tough market was never easy. Sunfeast using heavy promotion and careful brand building have already garnered 10% market share in this market. Sunfeast is positioned as an exciting brand. This platform is supported by a series product launches. Since Biscuits are convenience goods, new tastes and new products are essential to build excitement in the market. Sunfeast have maintained continuous series of new launches like Milky Magic, Coconut, strawberry, pineapple cream etc. Recently Sunfeast launched a product for the premium segment named "Dark Fantasy" with chocolate flavour and cool advertisements. Sunfeast have used the baseline "Spread the smile" as the brand essence and the brand is endorsed by Shah Rukh Khan. The use of SRK makes sense since the TG is mainly kids. SRK have the energetic persona that goes well with the brand. The mascot of Sunfeast is the Animated Sun which is the symbol of contentment, satisfaction and Pleasure. This mascot has been well received by the TG. The ad campaigns are catchy and full of colours and excitement. The product is also of very high quality. Thus Sunfeast has managed to get all the winning combinations in the right mix. Sunfeast is also trying to garner more share in the Marie category which is estimated to be around 600 crore. It launched the Marie with different flavours that has enabled it to gain a strong foothold in that category. To expand the brand in to the snack category Sunfeast has launched Pasta Treat which talks of a healthy snacking option for kids. Sunfeast also uses lot of below the line promotions for brand building. It sponsors Sunfeast Open, a recent initiative aiming at the school kids by providing them an opportunity to enhance creativity through painting competitions, "Hara Bano" campaign which set a world record in planting maximum number of saplings etc. The constant product launches and careful promotions have enabled Sunfeast to move to the top league in the biscuit market with in a span of 3 years. We may see this brand expanding too many categories. In July 2003, ITC made a foray into the biscuits market by launching the Sunfeast range of biscuits. Since then, Sunfeast biscuits have always stood for quality and

are known for offering innovative and wholesome biscuits. Sunfeast connotes happiness, contentment, satisfaction and pleasure. Within a span of 12 years, Sunfeast has well-established presence in almost all categories of biscuits

## **5. BRITANNIA'S COMPETITIVE MARKETING RESPONSES TO THESE SITUATIONS**

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.

### **Britannia's Market Strategy and Competitive Strategy**

In view of the fact that Britannia Industries Limited is a food based organization which produces a large variety of Biscuits, Dairy products, Rusk, Bread and Cakes, it is evident that they have now excelled in their business. The evidence of company's current position and success is at hand with a concentration on the marketing mix and the SWOT analysis of Britannia. In brief, Britannia Industries Limited, continues to improve the quality of their products to meet the consumer's demands and prevail over the competitive edge. Britannia Biscuits was set up in 1892, in a very plain and ordinary house in Kolkata with the initial investments of Rs. 295. By 1978, Britannia biscuits had crossed 60% of the shares of the firm, followed by renaming the company to Britannia Industries Limited (BIL) and in 1983 it crossed Rs. 100 crores revenue margin. Then as we know, in 1992 it celebrated its Platinum Jubilee. "Eat Healthy, Think Better" was revealed in 1997. It was gaining the status of 'quality and value' and in 1999, the "Britannia Khao, World Cup Jao" promotion made the consumers even more aware than before which helped them even more prominent in the market. In the 21st century it came out as India's largest and most famous brand of biscuit.

Now Britannia is no more just another ordinary biscuit but it is one of the most renowned and well known biscuit in the world. From a small fairy tale it reached new standards and from a small investment it has got a high margin of profit which has been very positive for the company investors. They have a variety of biscuits even considering the health and economy to the life-style oriented types.

### **SWOT Analysis of Britannia**

#### **Strengths:**

- Widely Distributed network and accepted by all age groups.
- Innovative products like-Little Hearts, 50-50 Chakkar, and Nice Time.
- Celebrity endorsements - Sachin Tendulkar, Aamir Khan.
- The Brand Slogan of Britannia "Eat Healthy Think Better" is the key asset of the firm.
- It is available in various different forms of packages.
- The variety of products is an added advantage as they not only focus on assorted biscuits but also cakes, breads, Rusk and dairy products.

#### **Weaknesses:**

- Faces stiff competition from their rival Parle and Nestle on the basis of Price and Distribution channels.

- The industry and technology requires high investments.
- As too many different types of brands enter the market, they might lose focus.
- Even though the prices are affordable, they might not be easily available to the lower income groups.

#### **Opportunities:**

- People are willing to try newer variants and hence it satisfies the taste buds by its newer variants.
- It generates employment opportunities.
- As consumers are very concerned about their health, it helps them to strengthen brands NutriChoice and Tiger biscuits.
- Competition increases. This helps to enhance mergers.

#### **Threats:**

- They might sometimes be unable to utilize all the resources efficiently.
- They may provide poor quality of biscuits for more profits.
- As there are a number of biscuits in the existing market, they have large number of challengers.
- Consumer demands may alter impulsively.
- Government might come up with new restrictions without notices.

#### **Britannia's Marketing Strategy**

Marketing Strategy include anything from facts, events, procedures, values and personalities. Britannia nearly sells all their products all over India and even exports it other few countries. Their market rate kept growing every year in the Indian market. Therefore, BIL has implemented a Diversification strategy, so that it becomes the market leader in the food and biscuits industry. But they made sure that when they diversify, they make similar kinds of products such as cheese, dairy products and even more bakery items. So the company can realize their marketing strategies by underlining the opportunities in the market. There are a various different strategies they adopted.

**Segmentation** - They believed in the best quality of products for the consumers as they are health conscious and so they fulfil this need of the consumers.

**Targeting** - The Company focussed on building a good relationship with the customers as they are they play the most important part in the sale of products. Not only did they keep up to the old customer's expectation, but they also try to make new customers as their retention plays a major role for the growth of their business.

**Positioning** - While manufacturing new products, they don't fail to remember their competitor's way of fighting against them, instead they pay even more attention to each and every step they take towards success as they want to be ahead of them and succeed.

#### **Britannia's Growth Strategy**

Even though Britannia biscuits started off by selling their products in India, they slowly expanded and started to export it to other parts of the world. By doing so, they adapted to the different cultures of those countries and made plans for those neighbouring areas and researched and analysed which product has more demand than the others and ways to improve their sales.

Promoting their brands is a very essential idea for their marketing strategy as it helps understand the consumers the variety of benefits they get while purchasing the product. They should advertise and publicize their message clearly stating the facts.

Based on the marketing strategies, we understand that building a brand is an important part of the company. They understand how to increase sales and profits in a short span of time while continuing to promote its variety of brands to create loyal consumers.

## The Marketing Mix of Britannia

### Product

Britannia have a large variety of products to choose from, not only do they manufacture Biscuits, but they also make different types of Dairy items, Breads and Rusk. They launch products which in gets good returns for the company through building a good brand and quality products which are supplied across different countries.

### The main streamline of Britannia products include:

Biscuits such as:

Marie Gold

Treat

Milk Bikis

Time Pass

Tiger

50-50

NutriChoice also available for Diabetic people.

### Benefits of Branding

As we all know, Britannia biscuits still have higher growth potential in the market as its one of the best-known brands in India and popular among other countries as well. Even though they have come up with new variety of biscuits, they still emphasis on their initial biscuit brands such as Tiger, Good Day, Marie, Treat and even more. Britannia has diversified by also making Breads, Cakes and other Dairy products. Its brands are considered to be an excellent value by India's price-conscious consumers. Tiger Biscuit is one of the most distinguished brands and is extremely popular among the rural areas and consumers. Sports and sporting events also are a key channel for promotions. The company's "Britannia khao, World Cup jao" (Eat Britannia, travel to see the World Cup) campaign in 2003 was the most recognized sales promotion among all Cricket World Cup-related sales activity.

### Place

Britannia had started selling products in India, but now it has expanded overseas to places like Middle East and Sri Lanka.

### Price

Britannia has adopted the Market Penetration Method of pricing. It focuses on the quality of the products keeping in mind the pricing strategy. This helps improve and generate large sale volume for their products. It aims at maximizing the market share and to produce new product lines.

### Example

Britannia Tiger Banana packed with IRON ZOR priced at Rs.2, Rs.4 and Rs.10.

### Promotions

To attract the consumers of Britannia, they very innovatively came up with ideas to promote their brand in numerous different ways, and now they have leveraged India's two most successful passions of all times:

Cricket

Movies

Nearly every Indian's dream was to be present at a stadium while India is playing cricket, during the World Cup, so Britannia created the 'Britannia Khao, World Cup Jao' contest in 1999. They made it very simple for their target market to enter this contest, which was to purchase more products to win a scratch and win lucky card and winning an all-expenses paid trip to England to watch the World Cup Match. They held it again in 2002-2003 held in South Africa which successfully set a unique trend of their own. They even came up with another creative promotion of 'Britannia Khao, Cricketer Ban Jao' that was fuelled by the need of every Indian to be a part of the passion called Cricket followed by a promotion called 'Britannia Lagaan Match' in 2001 that revolved around a movie called Lagaan was based on a cricket match. This promotion gave the consumers a chance to interact with the film stars and also get to pay cricket with them. The match had over 40,000 spectators and made the headlines of leading newspapers and news channels and was found to be the most unbeaten promotional act of that year. So we understand that sports and the sporting events are the key promotional tools of Britannia.

Therefore we now know that Britannia promotes their products through various media's such as Events, Television, Magazines and Sales Promotions too.

## 6. CONCLUSION

India is the third largest producers of biscuits following United States and China. The biscuit market of India is driven by factors such as increasing income of consumers, shift to premium biscuits, more manufacturing facilities set up, growing health awareness, innovation in biscuits, attractive packaging, etc. Major companies operating in the biscuit market of India are ITC Limited, Britannia Industries Limited, Parle Biscuits Private Limited, Surya Food & Agro Limited and Unibic Foods India Private Limited. The biscuit industry has emerged in later parts of the 20th century and now it has become the most loved snack enjoyed by every age group. The variations in the biscuits like cholesterol free, healthy, tasty and easiness to carry at a reasonable cost has attracted lots of people making the industry grow at a larger pace.

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