Chapter - III

Profile of the Organization
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Profile: Britannia

Foods major – Britannia industries (BIL), is one of the leading producer of biscuits and other bakery products. BIL, has a major advantage of the interest taken by the French collaborator – Groupe Danone. Groupe Danone is one of the leading players in bakery product business. The association with Groupe Danone has been a good technological support to BIL. The company is jointly controlled by Groupe Danone of France, which is holding 22% stake and Nulsi Wadia group. Nulsi Wadia is one of the leading industrial houses in the country. Britannia enjoys a prominent position in the Industry. Over the last couple of years, it has trimmed down its wide product portfolio and began to focus on value – added instead of low-margin products. The company divested a range of unrelated business interests in soyabean extraction, edible oils, export of cashewnuts and shrimp, granites and software. The company rationalized its products portfolio by reducing the products from 35 to around 25. In October 1999, the company has issued bonus shares in the ratio of 1:2. Britannia is the market leader in the 1.2 million tonne Indian biscuits with a 60% share. It
mainly caters to the premium segment. With the launch of Tiger brand, it has taken a plunge in the low-end category, taking competition head on with Parle which is the leader in this segment. The company has also diversified within dairy and bakery products to enter the butter, cheese and ghee markets.

Britannia has built an enviable retail distribution network which services 400,000 retail outlets in 2,200 towns with the help of 2,500 distributors. The company is aggressively expanding its network with a bias towards the rural markets.

Britannia constantly expands its product portfolio to achieve its vision of converting every third Indian into its consumer. In order to appeal to the younger generation, the company added two new products – Sweet Lassi and Milkman Cold Coffee – to its existing dairy – based drinks portfolio which includes the ZipSip, brand of flavoured milk.

Recently, in the ethnic food segment, the company introduced a new range of traditional ‘namkeens’ in Mumbai called Britannia Snax. The new range includes seven varieties of traditional namkeens like ‘Bikaner Ki Bhujia’ and ‘Rajasthani Alu Bhujia’ in a price range of between Rs. 5 and Rs. 20.
In Dec. 2000, Britannia dropped its plans to enter the mineral water segment. The move comes close on the heels of Danone launching its own mineral water brand, Evian, in India, through a separate wholly — owned subsidiary, Danone India. Groupe Danone is globally the second-largest producer of mineral water in the world with brands such as Evian, in India, through a separate wholly — owned subsidiary, Danone India. Groupe Danone is globally the second-largest producer of mineral water in the world with brands such as Evian, Volvic, Ferrarlle Badoit, Font Vella and Aquaprima among others. In March 2002, the company entered into a joint venture with the Fonterra Cooperative Group, New Zealand. BIL will be transferring its existing dairy business to the new joint venture. The joint venture will be effective from 27th March 2002 and will be engaged in areas relating to sourcing / Manufacturing and distribution of milk and milk products in India.

A humble beginning was made to manufacture biscuits in a small house in central Kolkata with an investment of Rs.295 in 1892. In 1892, the business, was taken by the Gupta Brothers who moved the operating to Dum, Dum a suburb of Kolkata, under the name of V.S. Brothers.

V.S. Brothers secured initial order for 100 tonnes of service Biscuits during World War I. In 1918, Gupta Brothers took Mr. C.Holmes, an English businessman in Kolkata, as his partner. The Britania Biscuit Company Limited (BBCO) was registered on March 21st, 1918 and the brand name ‘Britannia’ was launched. In 1919 the sales turnover is Rs. 4,60,896.
In 1924, the main Mumbai factory was set up. Peak Frean, UK acquired a controlling interest in BBCO. In 1939 the sales increased to Rs. 16, 27,202. The business received a big fillip during World War II – ‘Service Biscuits’ were supplied in large quantities. In 1952, Kolkata factory was relocated from Dum Dum to present site at Taratola road, Delhi. In 1965, the executive office was moved from Kolkata to Mumbai.

In 1966, the New Delhi plant was setup at the present site of Lawrence road and R & D Department was set up in Mumbai factory. The Chennai factory commended production on 1967. In 1968, BBCO celebrated Golden Jubilee. In 1971, sea foods division was setup and BBCo takes over biscuit distribution from Parry’s.

In 1979, the company name was changed to Britannia Industries Limited (BIL). Nabisco brands Inc., U.S.A. became a major Foreign shareholder. In 1983, Sales crossed Rs. 100 crores.

Britannia Industries has sure come a long way from being a company with a stodgy bet well – recognized brand name and an inconsistent financial performance in the mid – 1990s.

After a through overhaul of the operational structure, a revamp of its product portfolio and an ambitious foray into new areas, such as dairy
products and snack foods, the company has managed to turn its robust financial performance over the past four years.

**ROBUST SALES GROWTH**

At a time when growth rates for most FMCG products has wound down to single digit, Britannia has managed to sustain a fairly healthy growth in its sales revenues. This is on account of several factors. One, the company has rationalized its product portfolio, pruning the number of brands from 35 to 25, so that it can devote greater attention to key business.

Two, in 1998, the company moved into the mass market for biscuits introducing low priced varieties under the umbrella brand, Tiger. The success of this brand has enabled Britannia expand its market share in the ‘Glucose’ biscuit market from 10 percent to over 20 percent.

While growth rates in the mod-priced and premium biscuits have flagged, it is Tiger which has kept Britannia’s biscuit business roaring. Meanwhile, the company kept up the high-decibel promotional campaign to make known its other major brands — 50 : 50, Mariegold, Bourbon, Pure Magic, Nice, Snax and Milk Bikis.
Three, to pep up overall growth rates, the company had also been leveraging its brand image to establish a foothold outside of the highly competitive biscuit market. Over the past couple of years, it had launched a slew of dairy products (processed cheese, flavoured milk, butter, ghee and dairy whitener) and ethnic snack foods such as Aloo Bhujiya and Chana Choor.

With Hindustan Lever and Nestle India also planned to expand their presence in the confectionery segment, the threat to Britannia in this segment could be potent. Of course, Britannia also does has the option to draw from the product portfolio of one its parents, Groupe Danone, one of the largest food companies in the world.

However, unlike Nestle or Hindustan Lever, Britannia has seldom drawn from the parent’s product portfolio for its domestic product launches. And groupe Danone, which controls 36 per cent of Britannia’s equity, does not hold a majority stake in Britannia.

As for the threat from the phase-out of the QRs, in respect of biscuits, 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, could post only remaining threat to Britannia. On this, Britannia’s already established brand name in the foods business could erect an entry barrier, however temporary, when it comes to mass market products.

Though both HLL and Nestle have the option of drawing products from their parent’s portfolio, these brands would scarcely be familiar names in India; therefore, Investments in brand-building would be necessarily high, at least in the initial stages. In the bakery business, HLL’s acquisition of Modern Foods, the largest bread manufacture in India, could pose a treat. However, Britannia’s dependence on the bread segment is now negligible, and any extension of the modern brand to biscuits.

**BRITANNIA PORT FOLIO**

- Britannia Cream Treat
- Delite
- Good day
- Jacob’s Thin
- Little Heart
- Marie Gold
- Milk Bikes
- Nice Time
- Tiger
- Snacks Biscuits
- 50-50
PARLE – PROFILE

When the British ruled India, a small factory was set up in the suburbs of Mumbai city in the year 1929, to manufacture sweets and toffees. The Market was dominated by famous International brand that were imported freely. Despite the odds and unequal competition, this company called Parle Products, survived and succeeded, by adhering to high quality and improvising from time to time.

A decade later, in 1939, Parle Products began manufacturing biscuits, in addition to sweet and toffees. Having already established a reputation for quality, the Parle brand name grew in strength with this diversification. Parle Glucose and Parle Monaco were the first brands of biscuits to be introduced, which later went on to become leading names for great taste and quality did you know, how to make biscuits affordable, despite World War II.

Biscuits were a luxury food in India, when Parle began production in 1939. Apart from Glucose and Monaco biscuits, Parle did offer a wide variety of brands.

However, during the Second World War, all domestic biscuit production was diverted to assist the Indian soldiers in India and the Far East. Apart from this, the shortage of wheat in those days, made Parle decide to concentrate on the more popular brands, so that people could enjoy the price benefits.
Today, there’s no dearth of ingredients and the demand for more premium brands is on the rise. That’s the reason for a wide range of biscuits and mouthwatering confectionaries to offer. Over the years, Parle has grown to become a multi-million Us, KrackJack and confectionery brands such as, melody, and Kismi.

Parle – the name symbolized quality even in the remote village of India and yet, we know that this reputation has been built, by ting and catering to new tastes. This can be seen by the brands, such as, Hide & Seek, or the single twist wrapping of bite.

Connecting on consumer tastes and preference and research & Development, the Parle brand grows from strength. Quality commitment has one factory at Mumbai that manufacturers biscuits and another factory at Bahadurgarh, in Haryana manufacturers. Parle has manufacturing facilities at Neemrana, Bangalore and Mamataka.

They are manufactured under the most hygienic conditions. Great in the selection and quality control of raw materials, packaging and quality standards are ensured at very stage of this process. Every batch of biscuits and confectioneries are thoroughly checked by expert staff, using the most modern equipment.

Marketing strength, distribution network, built over the years, is a major strength for pale biscuit and sweets are available to consumers. 1,500 wholesalers, catering to 4, 25,000 retail outlets directly two hundred strong
dedicated field force services these retailers. Additionally, there are 31 depots and C & F agents ods to the wide distribution network.

Marketing ting philosophy emphasizes catering to the masses. Our designing products that provide nutrition and fun to the past offerings are in the low and mid-range price segments.

In 1929 when Indians were munching crispy imported biscuits shipped in by the British, and India set up a small factory in the suburbs of Mumbai to make toffees. A decade later, he started making biscuits without giving a damn to the imported biscuits that were freely available. And six decades later, one of the factor’s product emerged as the world’s single largest brand in the country.

With Annual sales volume of 179.9m kg, Prakash Chauhan’s Parle-G is the World beater in biscuits, followed by Italy’s Mulino Bienco with 110.3m kg and America’s control Brand at 108.9m kg.

Industry sources said Parle-G has the highest sales because it is the cheapest biscuit in the Branded category. Most Parle offerings, unlike Britannia, are mass brand in the low and mid-range price segments. As it has been around for over 60 years, it has a loyal consumer base. And for most, it is a food supplement rather than an evening snack. In mid-income households, kids averse to dal chawal are often given glucose biscuits to make up for the cereals, said an industry source. But the industry says that even though Parle-G is the highest selling brand, the per capita consumption
of biscuits in India is still very low. On an average Indians eat 0.48 Kg every year, while Americans eat 4 Kg.

But surprisingly, Indians eat over three times more branded biscuits (490m Kg) than the Chinese (180.5m Kg). “Given that both India and China have conventional food habits where traditional snack items like idli, dosa, dhokla, and samosa have a fair share, Indian consumers appetite for biscuits is enormous, “Says Anmol Sherpa, global services co-ordinator for AC Neilsen India.

Besides heritage and price, distribution is crucial to the success of any consumer goods brand. Even though Kellog’s launched Chocos at Rs.5/pack, its distribution strategy was not up to the mark, Parle has 1,500 wholesalers catering to 4,25,000 retail outlets.

PARLE PORT FOLIO

➢ Krack Jack
➢ Parle-G
➢ Parle-G Magix
➢ Parle-G Milk Shakti
➢ Hide & Seek
➢ Fun Centre
➢ Monaco Bits