CHAPTER-V

MARKETING STUDY OF INSTNAT FOOD PRODUCTS

A) MARKET POTENTIALITY

Manufacturer produces different types of products to sell to the customers. Such products must reach to the society and satisfy the peoples needs. Hence, entrepreneur should think over whether there is a real market for the proposed products which he is going to manufacture. Defining the target market and its potentiality is the most important and challenging part of the business plan.

Different products are produced to satisfy different needs of the people. Moreover, such products are produced to facilitate the people and get maximum satisfaction. While producing any type of product due care must be taken that it will satisfy all types of utilities to the customers. These utilities are transferred to the needy person or consumer.

Marketing scope:

The marketing scope for the products produced is very wide. It may be analyzed in terms of performance of various functions. The marketing process involves different functions.
Exchange functions:

1. **Buying function**: Buying means transfer of ownership of goods from seller to buyer. The function of buying has to be performed at various levels. Manufacturers buy raw materials for production purpose, wholesaler purchases finished products from manufacturers to sell it to retailers and retailer buys it to sell it to the end users.

2. **Assembling function**: Assembling function is different from buying. Assembling function includes the conversion process of the
different types of raw materials purchased from different sources so as to create different utilities and place it in the hands of consumers.

3. **Selling function:** Producing the goods is easy but it is very difficult to sell them. Selling involves transfer of ownership from seller to buyer.

**Physical distribution functions:**

1. **Inventory management:** Inventory management includes
   - Short-term sales forecasting
   - Product mix at stocking points
   - Number, size of location of stocking point
   - Just in time (JIT) or push or pull strategies.

2. **Transportation:** It includes the decision regarding fixing the mode of transport, service selection, freight negotiation, fixing routing, vehicle scheduling and processing claim etc.

3. **Warehousing:** Warehousing includes following functions
   - Space determination
   - Stock layout and design
   - Stock placement

4. **Material handing:** It includes the following functions:
   - Equipment selection
Functions of facilities:

In the process of marketing requires different facilities which are discussed below:

1) **Financing:** The importance of finance as a selling tool cannot be underestimated. It requires higher working capital. Therefore it is essential to have adequate financial institutions in the market orbit area. Such institution provides short term, medium term finance to the business units.

2) **Risk taking:** In the process of marketing high risk is involved. The marketer should plan ii properly. The risk of competition, change in technology, Govt. Policy, consumers attitude should be adequately planed.

3) **Standardization:** Buyer and sellers always prefers standard goods and services. This will relieve buyers from examining the product and wasting time. Hence, in the process of marketing due care should be taken towards this factor.

4) **After sale services:** In the marketing process this is an important function. It should be noted mere selling of goods is not proper marketing process. After sale service is an important part of marketing which attracts the customers. Hence, in marketing
process after sale service plan should be properly planed and highlighted at the time of selling the product.

**What is marketing concept?**

An entrepreneur is required to study all concepts of marketing. Concentration and application of these concepts are essential for becoming a successful entrepreneur.

**What is Market?**

Market refers to actual and potential buyers and sellers of the goods. The object of market is to facilitate the exchange of goods and ensures the customers satisfaction

**Market Assessment:**

Market assessment is concerned primarily with two questions

A) What would be the aggregate demand for the proposed product?
B) What would be the market share of the project under process?

Market demand includes all persons and organization that buy or may be induce to buy the product. It includes actual and potential concepts. Market demand can be studied considering a simple formula.

\[ M = P1 \times P2 \times P3 \]
Where, M stands for market demand which is the interaction of three factors.

P1 stands for population pattern, which includes the people or originations who are buying it. These are called as demographic variables.

P2 stands for life style pattern of the people, and their Preferences to buy the product, which includes the test, attitude and sociological factors. Hence, market assessment must identify and consider three P categories

P3 stands for life style pattern of the people and their preferences to buy the products which includes the test, attitude and sociological factors. Hence, market assessment must identify and consider these three P categories. Market assessment can be done by the entrepreneur considering following factors:

1. **Target market:** Identification of ‘target market’ is one of the most important activities of market assessment. It includes a set of individuals or companies or dealers who are willing to buy the products. It is essential to develop a ‘customer profile’ so as to decide the potential customers for the product being to be offered at high, low, or medium prices. The object of target market is to identify the overall market potentiality for the product.

2. **Overall market:** The entrepreneur should first assess the overall market for the products, its conditions, projections for the sale, growth rate and other trends. Who are leading
competitors in the market? Moreover, the level of market for the product should also be considered i.e. local, regional, State and national levels.

3. **Specific market:** The entrepreneur should study the specific target market segment for his product where he would like to introduce it. Assess the present and projected conditions of the market. Assess the customers’ needs, wants, income, and occupations. It should observe that who are five largest buyers? What is the trend of largest buyers? What are the income sources of the customers? Is demand tied to another product?

4. **Population pattern:** Population size determines the demand for product. Moreover, the statistics relating to the income, age, education, literacy, family size, lifestyle, etc. determines the demand potentiality.

5. **Demand assessment:** It is essential to assess the willingness and ability of customers to buy the products. This can be accessed by considering following questions:
   - Who are the customers? Individuals or business units?
   - What is the economic status of customers?
   - What is expenditure pattern of customers?
   - What are the needs of customers?
6. **Understanding competition:** In the assessment of market it is essential to understand the power and position of the competitors existed already in the market. Entrepreneur should access the power of substitute product, its strength and weaknesses. Following questions need to be asked to understand the competition:

   i. Who are the market players?
   ii. How many enterprises are offering the same product or service?
   iii. What is their market share?
   iv. What are the strength and weaknesses of the products?
   v. What type of image the products enjoy in the minds of the customers?
   vi. What are the credit terms offered by the enterprise?
   vii. Who are the major customers for each brand?
   viii. What are the trade practices / strategies adopted by the enterprises?
   ix. What are the special characteristics of the customer needs of the target areas?

7. **Purchasing power:** Lorry Rosenber says, ”purchasing power is the economic dimension of market potential”. It helps to
understand customers’ ability and willingness to buy. Following economic and attitude factors determine purchasing power of customer.

- The income of individual and family. The spending pattern and change in income must be considered.
- The credit position of the person signifies the purchasing power.
- The types of assets holed (i.e. liquid of fixed assets) by the people express the purchasing power of the customers.
- Economic factors like inflation, unemployment, recession etc. influence the purchasing power of the people.

8. **Trade practices**: The entrepreneur should access the market understanding the existing practices in the target market. Whether the services of dealers, middlemen, retailers, wholesalers, distributors, brokers are available.
Market potentiality of Marathwada Region

The role of population is very important factor to be considered to assess the market potentiality of the area. Highly populated area considered as a potential area as a market for the product. While considering the market potentiality other factors related to the population must be consider i.e. the education of the people, literacy rate, income sources of the people, employment of the people, living standard of the people, attitude of the people etc.

Table No. 5.1
District-wise Population and Density of Population

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of district</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Aurangabad</td>
<td>29,20,548</td>
</tr>
<tr>
<td>02</td>
<td>Jalna</td>
<td>16,12,357</td>
</tr>
<tr>
<td>03</td>
<td>Parbhani</td>
<td>14,91,109</td>
</tr>
<tr>
<td>04</td>
<td>Hingoli</td>
<td>9,86,717</td>
</tr>
<tr>
<td>05</td>
<td>Nanded</td>
<td>28,68,158</td>
</tr>
<tr>
<td>06</td>
<td>Osmanabad</td>
<td>14,72,256</td>
</tr>
<tr>
<td>07</td>
<td>Latur</td>
<td>20,78,237</td>
</tr>
<tr>
<td>08</td>
<td>Beed</td>
<td>21,59,841</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,55,89,223</td>
</tr>
</tbody>
</table>
**Employment position:**

Employment is another important factor to be considered assessing the market potentiality of the area. Different types of employment opportunities to the people provide solid income source and increase purchasing power of the people. The employment position of the people from Marathwada region is given in the following table.
Table No. 5.2
District wise Employees Census 2001 (No. of Employees)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>District</th>
<th>Government*</th>
<th>Zilla Parishad*</th>
<th>Nagar Parishad*</th>
<th>Industrial Employment**</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Aurangabad</td>
<td>21030</td>
<td>14800</td>
<td>863</td>
<td>35008</td>
<td>71701</td>
</tr>
<tr>
<td>02</td>
<td>Jalna</td>
<td>11506</td>
<td>8879</td>
<td>1183</td>
<td>6299</td>
<td>27867</td>
</tr>
<tr>
<td>03</td>
<td>Parbhani</td>
<td>7773</td>
<td>9605</td>
<td>2121</td>
<td>4360</td>
<td>23859</td>
</tr>
<tr>
<td>04</td>
<td>Hingoli</td>
<td>3849</td>
<td>6429</td>
<td>454</td>
<td>1947</td>
<td>12679</td>
</tr>
<tr>
<td>05</td>
<td>Nanded</td>
<td>16003</td>
<td>19356</td>
<td>1069</td>
<td>4409</td>
<td>40837</td>
</tr>
<tr>
<td>06</td>
<td>Osmanabad</td>
<td>7812</td>
<td>11893</td>
<td>1490</td>
<td>5832</td>
<td>27027</td>
</tr>
<tr>
<td>07</td>
<td>Latur</td>
<td>8694</td>
<td>19858</td>
<td>1802</td>
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<td>40574</td>
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<tr>
<td>08</td>
<td>Beed</td>
<td>10987</td>
<td>16393</td>
<td>4729</td>
<td>17209</td>
<td>49318</td>
</tr>
<tr>
<td>Total</td>
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<td><strong>87654</strong></td>
<td><strong>101213</strong></td>
<td><strong>13711</strong></td>
<td><strong>85284</strong></td>
<td><strong>293862</strong></td>
</tr>
</tbody>
</table>

* Figures as per census 2001

** Figures as per data as per office of joint director of ind. Govt. of Maharashtra State, Aurangabad.

Comparative study of density of population and employment position of Marathwada region will help to assess the market potentiality. Following table reveals the situation
Table No. 5.3

Comparative study of Density & employment position of Marathwada Region

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>District</th>
<th>Population (in thousand)</th>
<th>Employment (in thousand)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Aurangabad</td>
<td>2920.5</td>
<td>71.70</td>
</tr>
<tr>
<td>02</td>
<td>Jalna</td>
<td>2159.8</td>
<td>49.32</td>
</tr>
<tr>
<td>03</td>
<td>Parbhani</td>
<td>986.7</td>
<td>12.78</td>
</tr>
<tr>
<td>04</td>
<td>Hingoli</td>
<td>1612.4</td>
<td>27.87</td>
</tr>
<tr>
<td>05</td>
<td>Nanded</td>
<td>2078.2</td>
<td>40.57</td>
</tr>
<tr>
<td>06</td>
<td>Osmanabad</td>
<td>2868.2</td>
<td>40.84</td>
</tr>
<tr>
<td>07</td>
<td>Latur</td>
<td>1472.3</td>
<td>27.03</td>
</tr>
<tr>
<td>08</td>
<td>Beed</td>
<td>1491.1</td>
<td>23.86</td>
</tr>
</tbody>
</table>

(Source- Population censuses 2001)

* The figure includes the industrial employment & as per censuses 2001.
Graph No. 5.4

GRAPHIC PRESENTATION OF POPULATION & EMPLOYMENT POSITION OF MARATHWADA REGION

Considering high density of population and higher rate of employment position of the people Aurangabad, Beed, Nanded and Latur districts respectively are most potential market places in the Marathwada region.

Other features of population from Marathwada region are:

- Urban population percentage is 22.60%
- Most of the people depends on agriculture as a main business
- The percentage of irrigated land in region is 18.6% (i.e. 57.98 lakhs hectar land)
- Literacy rate percentage is 68.95%
B) BRANDING AND PACKING STUDY:

Importance of Packing & Branding

Introduction:

Branding and packaging are two of the most important components of marketing. Packing is a marketing tool used to reflect the brand. A company uses packaging to sell the product inside. Attractive packaging helps to attract the consumers towards the product and create impression on his mind. The colors, fonts, descriptions and logo are designed to drive consumers to buy the product. In successful brand campaigns, customers recognize the company's product packaging and purchase in part because they identify with the brand. Brand consist of brand name, symbol etc.

Packaging:

Packaging is a very important marketing strategy to glamorize your product in order to attract the consumer’s attention. Sometimes packaging is so important that it cost more than the product itself in order to attract the consumers to buy it. Packaging should definitely be included in the 4 major P’s of marketing (product, place, promotion and price). Most consumers recognize a product by its packaging before buying. So it is logical to say attractive packaging is crucial in order to get the first time buyers to buy your products.
Packaging is now generally regarded as an essential component of our modern lifestyle and the way business is organized. Packaging is the enclosing of a physical object, typically a product that will be offered for sale. It is the process of preparing the safe for transportation and storage and which embraces preservation, identification and packaging of products. Packing is recognized as an integral part of modern marketing operation, which embraces all phases of activities involved in the transfer of goods and services from the manufacturer to the consumer. Packaging is an important part of the branding process as it plays a role in communicating the image and identity of a company.

The significance of packing has increasingly recognized in export as well as in marketing the product with in the country. The volume of export depends not only on quantity and prices of the product. But also substantial standard of packing of the product.

Goods damaged in transit or arriving at the destination in an unacceptable condition tarnishes the reputation of the manufacturer as well as the country as a whole, besides colossal wastage of scarce economic resources.

**Need of Packing in Food Product:**

Changing lifestyle changed the attitude of consumers and attracted them to consider need of packed processed food and different types of instant food products. Processed food products requires most significant and suitable packing to protect the product from all types of hazardous factors and keep the product safe from environmental impact. It requires
preserving the product and increasing its utility life. In this competitive marketing such packing should be attractive and convenient. Apart from the look and attraction the purpose of food packing is also to keep the product fresh and safe. There are varied types of food packing used to pack varied food products like- plastic Jars, Bottles & cans are used to store pickles, Jams, Tomato Sauce & other liquid products, flexible packing for instant soups, curries, vegetables, bags for chips etc.

Packing is the heart of marketing strategy as it increases the shelf value and convenience for handling. Moreover while designing the food packing it is essential to consider how it will be more attractive and at the same time it will protect the food from environment impact on it and keep to the product fresh.

**Food packing tips:**

- Any packing must contain the food in a way that it does not leak.
- Food packing should be such that it does not cause and retrain while opening it.
- Any kind of food packing if done in a difficult way will cause the customer to avoid that product.
- Food packing should be done as tightly to make it air-tight, water-tight and resistant to odors and steam.
- Easy to handle.
- Easy to identify food from packing.
- It should provide instructions tips for its use, ingredients contents etc.
Importance of packaging:

- Some of the major significance of packaging can be detailed as follows:

- Can make a product more convenient to use or store, easier to identify or promote or to send out a message.

- Can make the important difference to a marketing strategy by meeting customers' need better.

- Packaging plays a key role in brand promotion and management. Packaging is of great importance in the final choice the consumer will make, because it directly involves convenience, appeal, information and branding.

- The paramount concern of packaging is the reach ability of the product without any damage. No matter where and how the products are transported or shipped, they arrive at the customer's door in working condition without need of repair or adjustment.

- Packaging is especially important in certain industry where future sales may be based largely on the quality, integrity and performance of a company's previous delivery.
Functions of Packing:

1. Protection and preservation:

A basic function of package is to protect and preserve the contents during transit from the manufacturer to the ultimate consumer. It is the protection during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; and from infestation. Protection is required against transportation hazards spillage, dirt, ingress and egress of moisture, insect infection, contamination by foreign material, tampering pilferage etc.

2. Containment:

Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. A better packaging help to maintain the quality of the product and reach ability of the product in the consumer's hand without spillages It gives better image to the organization.

3. Communication:

A major function of packaging is the communication of the product. A package must communicate what it sells. When international trade is involved and different languages are spoken, the use of unambiguous, readily understood symbols on the distribution package is essential. It is the interest further that to get appropriate communication to the consumer
about the product, how to use it and other utility information. Packaging protects the interests of consumers. Information includes: quantity; price; inventory levels; lot number; distribution routes; size; elapsed time since packaging; color; and merchandising and premium data.

**Types of packaging**

An important distinction is to be made here between two types of packaging

- **Transport packing:**
  The product entering into the trade need to be packed well enough to protect against loss damage during handling, transport and storage. Eg: fiberboard, wooden crate etc.

- **Consumer Packing:**
  This packaging holds the required volume of the product for ultimate consumption and is more relevant in marketing. Eg: beverages, tobacco etc.

**Branding:**

Branding is a term used to describe the name, description and design of a product. Branding differentiates a company's product from their competition. One of the most effective methods of branding is the use of slogans. The importance of branding a product lies in the fact that branding means recognition and an identity. Branding is an important marketing function. It is not just a process of getting a trademark and logo, but it is
process of evolving as a well reputed name on the market and field. Branding can be done for anything that can be promoted in the consumer's market.

Often you might see some new product carry the tag that says 'from the makers of …brand', well this is another advantage of branding. When a business who owns an already famous brand wants to launch a new brand in the market, they can use the pre-earned goodwill and reputation for the new launch. The advantage is that, people are bound to purchase the new products out of curiosity. Your brand should be strong enough to convey a message and a feeling in an instant. Your brand is more than a series of words; it is Company’s corporate identity.

**Importance of Branding in Marketing:**

Marketing primarily involves the study of demand in a market and creating a response in the form of supply. In the field of marketing, the brand name plays an important role as it helps the people to promote the brand name and its merits quite easily. As a result of a brand loyal group of consumers, it also becomes easier for marketing department to asses regular and promised demand.

**Importance of Branding in Advertising:**

Advertising is often considered to be a part of marketing however; branding a particular product helps the advertisers to provide catchy logos and advertisements. As a brand name can never be copied, advertisers face
lesser heat from unauthenticated advertisements, effectively, their advertisement creation gets protected. Apart from that advertisers can initiate fearless and independent advertising as due to the process of branding, the consumers are already well aware of the product, its identity and nature.

C) FOOD SAFETY

Introduction:

One parameter of differentiation for food processors is related to the physical attributes of their products, which a consumer experiences when eating a food product. It can be a source of distinguish such as better flavor, nutrition, texture, smell, color, storability, packing, cooking requirements, appearance & freshness. In a general sense all of these attributes represent the quality. It may not be surprising that many food processing companies regard enhancing product quality through quality management & are always concerned about it. In the era of global trading, increasing public awareness and competitiveness, the processing industries are compelled to adopt foolproof systems, which are aimed to provide zero defect products. Ideally, a successful quality management program should result in superior products leading to more customers willing to pay higher prices for the products. Older method of quality & food safety certification had depended on the end point product inspection to control quality problems which had many shortcomings. Recently, three main quality
management models have emerged in the efforts towards quality improvement. Hazards analysis critical control point (HACCP) programs, the 9000 series of the international organization for standardization (ISO 9000) & Malcolm Baldrige National quality award, which is linked closely with a business philosophy known as Total Quality Management (TQM).

Hazards analysis critical control point (HACCP) programs are based on seven principles involving establishment of a system of the supply chain, processing activities and product distribution to identify various points where hazards, such as foreign objects, unwanted micro organization or other contaminants, which might enter their system & thereby, diminish food quality. HACCP is preventive, easily auditable, readily understandable, permitting early warning and is a valuable educational tool. It is an industry initiative to improve product quality and address public concerns about food safety. It has been extremely useful in providing a framework for managing food safety & quality as a consequence of concerns for the safety. Food safety an integral part of the quality, is of great significance involving concerted action from various agencies as depicted.
The focus of ISO 9000 is on setting slandered for the management practices relates to quality as well as quality measurement and to provide some degree of international harmonization in quality management system, thereby, facilitating trade.
The Union Ministry of Food Processing Industry is celebrating the Year 2008-09 as Food Safety and Quality Year. Food Safety is a growing concern across the world. There is an increasing need to provide greater assurance about the safety and quality of food to consumers. Foods standards are expected to acquire greater importance, given increasing concerns on food safety on the one hand, and growing consumer demand for products which are healthy on the other. It is right of every consumer the world over to have access to safe and good quality food and the provision for the same is a crucial issue of public health.

Global focus on the quality of food implies that food safety and quality are of paramount importance to sustain and increase India’s food export. Globalization and the removal of tariff and non-tariff barriers have brought in international competition to the domestic markets, making it essential for Indian industry to adopt strong practices of food safety and quality to be competitive. Improving food safety and quality has to be constant and continuous efforts for improvement rather than a one shot effort and all stakeholders have to be involved in it.

Developed countries & certain developing countries are moving towards higher levels of protection in areas such as food safety/ quality. The quality & safety of food intended for manufacturing or processing can be ensured by applying Good Manufacturing Practices (GMPs) & Good Hygienic Practices (GHPs).

In some cases, because of the nature of the food processing methods or the hazards associated with some foods, consideration is given to applying intensified safety control procedures or systems. One such system is that based on Hazards Analysis % Critical Control Point (HACCP). In order to make the HACCP system to be effective, there must be on
effective Good Manufacturing Practices (GMPs) & Good Hygienic Practices (GHPs) system in place first. By applying HACCP the potential Hazards find out first, which can be associated with the food being processed and then Critical Control Point (CCP) in the processing are identified where controls can be exercised to prevent, reduce or eliminate these hazards.

In the manufacturing & processing of food, it is also necessary to ensure the safety of ingredients used as technical aids, additives, flavorings or colorings. Such safety assessments require the analysis of test data, chemical specifications for ingredients involved & information human dietary consumption levels and patterns.

Developing countries like India thrive on export of food items & thus have a particular interest in strengthening national food central systems, harmonizing national food regulations with international standards and establishing import & export food inspection systems to ensure conformity with WTO’s agreement. The WTO agreement, protection of animal & plant life or health and also protection of the environment is of paramount importance.

Following some of Acts which are applicable to Food Processing Industries. These Acts focus on quality and Safety of foods which are supply to all consumers. Moreover, improvement of quality and Safety is also prime objective of these Acts.
Importance of ISO 9000

ISO 9000 is a set of international standards of quality management that have become increasingly popular for large and small companies alike. "ISO is grounded on the 'conformance to specification' definition of quality. The standards specify how management operations shall be conducted. ISO 9000's purpose is to ensure that suppliers design, create, and deliver products and services which meet predetermined standards. ISO Used by both manufacturing and service firms, ISO 9000 had been adopted by more than 100 nations as their national quality management/quality assurance standard by the end of 1997. The ISO 9000 quality standards are broken down into three model sets—ISO 9001, ISO 9002, and ISO 9003.

This quality standard was first introduced in 1987 by the International Organization for Standards (ISO) in hopes of establishing an international definition of the essential characteristics and language of a quality system for all businesses, irrespective of industry or geographic location. In fact, small and moderate-sized companies account for much of the growth in ISO 9000 registration over the past several years. Many small businesses have decided to seek ISO 9000 certification because of their corporate customers, who began to insist on it as a method of ensuring that their suppliers were paying adequate attention to quality. Other small business owners, meanwhile, have pursued ISO 9000 certification in order to increase their chances of securing new business or simply as a means of improving the quality of their processes.
ELEMENTS OF ISO 9000

The standards of ISO 9000 detail 20 requirements for an organization's quality management system in the following areas:

- Management Responsibility
- Quality System
- Order Entry
- Design Control
- Document and Data Control
- Purchasing
- Control of Customer Supplied Products
- Product Identification and Tractability
- Process Control
- Inspection and Testing Control of Inspection, Measuring, and Test Equipment
- Inspection and Test Status
- Control of Nonconforming Products
- Corrective and Preventive Action
- Handling, Storage, Packaging, and Delivery
- Control of Quality Records
- Internal Quality Audits
- Training
- Servicing
- Statistical Techniques
Advantages of ISO 9000

The advantages associated with ISO 9000 certification are numerous, as both business analysts and business owners will attest. These benefits, which can impact nearly all corners of a company, range from increased stature to bottom-line operational savings. They include:

- **Increased marketability**— Nearly all observers agree that ISO 9000 registration provides businesses with markedly heightened credibility with current and prospective clients alike. Basically, it proves that the company is dedicated to providing quality to its customers, which is no small advantage whether the company is negotiating with a long-time customer or endeavoring to pry a potentially lucrative customer away from a competitor. This benefit manifests itself not only in increased customer retention, but also in increased customer acquisition and heightened ability to enter into new markets; indeed, ISO 9000 registration has been cited as being of particular value for small and mid-sized businesses hoping to establish a presence in international markets.

- **Reduced operational expenses**— Sometimes lost in the many discussions of ISO 9000's public relations cache is the fact that the rigorous registration process often exposes significant shortcomings in various operational areas. When these problems are brought to light, the company can take the appropriate steps to improve its processes. These improved efficiencies can help companies garner savings in both time and money. "The cost of scrap, rework, returns, and the employee time spent analyzing and troubleshooting various
products are all considerably reduced by initiating the discipline of ISO 9000, " confirmed Richard B. Wright in Industrial Distribution.

- **Better management control**—The ISO 9000 registration process requires so much documentation and self-assessment that many businesses that undergo its rigors cite increased understanding of the company's overall direction and processes as a significant benefit.

- **Increased customer satisfaction**—Since the ISO 9000 certification process almost inevitably uncovers areas in which final product quality can be improved, such efforts often bring about higher levels of customer satisfaction. In addition, by seeking and securing ISO 9000 certification, companies can provide their clients with the opportunity to tout their suppliers' dedication to quality in their own business dealings.

- **Improved internal communication**—The ISO 9000 certification process's emphasis on self-analysis and operations management issues encourages various internal areas or departments of companies to interact with one another in hopes of gaining a more complete understanding of the needs and desires of their internal customers.

- **Improved customer service**—The process of securing ISO 9000 registration often serves to refocus company priorities on satisfying their customers in all respects, including customer service areas. It also helps heighten awareness of quality issues among employees.

- **Reduction of product-liability risks**—Many business experts contend that companies that achieve ISO 9000 certification are less likely to be hit with product liability lawsuits, etc., because of the quality of their processes.
• **Attractiveness to investors**—Business consultants and small business owners alike agree that ISO-9000 certification can be a potent tool in securing funding from venture capital firms.

**Disadvantages of ISO 9000**

Despite the many advantages associated with ISO 9000, however, business owners and consultants caution companies to research the rigorous certification process before committing resources to it. Following is a list of potential hurdles for entrepreneurs to study before committing to an initiative to gain ISO 9000 certification:

• **Owners and managers do not have an adequate understanding of the ISO 9000 certification process or of the quality standards themselves**—Some business owners have been known to direct their company's resources toward ISO 9000 registration, only to find that their incomplete understanding of the process and its requirements results in wasted time and effort.

• **Funding for establishing the quality system is inadequate**—Critics of ISO 9000 contend that achieving certification can be a very costly process, especially for smaller firms. Indeed, according to a 1996 Quality Systems Update survey, the average cost of ISO certification for small firms (those registering less than $11 million in annual sales) was $71,000.

• **Heavy emphasis on documentation**—The ISO 9000 certification process relies heavily on documentation of internal operating procedures in many areas, and as Meyer stated, "many say ISO's exacting documentation requirements gobble up time. Indeed, there
are horror stories about companies losing substantial business because a documentation obsession redirected their priorities."

- **Length of the process**—Business executives and owners familiar with the ISO 9000 registration process warn that it is a process that takes many months to complete. The 1996 Quality Systems Update survey indicated that it took businesses an average of 15 months to move from the early stages of the process to passage of the final audit, and that processes of 18-20 months or even longer were not that uncommon.

**Significance of Agmark Standard:**

The Indian government's Agmark standards are used to grade agricultural produce. Between market and consumer, Agmark's network of laboratories operates as a third-party guarantee for product and packaging. Voluntary Agmark grading on the product label is recognized by consumers at the point of purchase, which feeds back to a higher consciousness of quality among producers and traders. Agmark grades for spices are compulsory, and grades are based on purity, cleanliness, percent moisture, size, color, density and flavor.

**Export Inspection**

India launched compulsory inspection of export spices under the Pre-shipment Inspection and Quality Control Act of 1962. The Export
Inspection Agency uses the established Agmark grades for export certification. The agency further administers India's Prevention of Food Adulteration Act of 2005 (PFA) and tests for any incidental or deliberate contamination of product. For example, the spice turmeric is tested to detect starches of other plants added as fillers. More importantly, turmeric testing prevents illegal coloring additives from reaching consumers, including lead chromate, a poisonous yellow commercial paint pigment.

**Indian Consumer Confidence**

Domestic Agmark inspection is compulsory only for ghee, oils and spices. On October 22, 2003, the "Times of India" reported that economic liberalization policies of the 1990s increased market competition, so that consumers were confident that no food producer would risk a quality scandal. Agmark became less significant to consumers and fewer food processing companies felt Agmark voluntary certification was necessary. The "Times of India" reported that Agmark's fees deterred some manufacturers from getting voluntary certification, but Agmark countered that the fee assured that only serious manufacturers would ask to be graded.

**Agmark Certification**

Agmark is an acronym for Agricultural Marketing and is used to certify the food products for quality control. Agmark has been dominated by other quality standards including the non manufacturing standard ISO 9000.
Benefits of ISI and Agmark Certification

Products having ISI Certification mark or Agmark are not required to be inspected by any agency. These products do not fall within the purview of the export inspection agencies network. The Customs Authorities allow export of such goods even if not accompanied by any pre-shipment inspection certificate, provided they are otherwise satisfied that the goods carry ISI Certification or the Agmark.

The Food Safety and Standards Authority of India (FSSAI):

The Food Safety and Standards Authority of India (FSSAI) has been established under Food Safety and Standards Act, 2006 which consolidates various acts & orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The Act also aims to establish a single reference point for all matters relating to food safety and standards, by moving from multi- level, multi- departmental control to a single line of command. To this effect, the Act establishes an independent statutory authority – the Food Safety and Standard Authority of India with head office at Delhi.

Establishment of the Authority:
Ministry of Health & Family Welfare, Government of India is the Administrative Ministry for the implementation of FSSAI. The Chairperson and Chief Executive Officer of Food safety and Standards Authority of India (FSSAI) have already been appointed by Government of India. The Chairperson is in the rank of Secretary to Government of India.

FSSAI has been mandated by the FSS Act, 2006 for performing the following functions:

- Framing of Regulations to lay down the Standards and guidelines in relation to articles of food and specifying appropriate system of enforcing various standards thus notified.
- Laying down mechanisms and guidelines for accreditation of certification bodies engaged in certification of food safety management system for food businesses.
- Laying down procedure and guidelines for accreditation of laboratories and notification of the accredited laboratories.
- Collect and collate data regarding food consumption, incidence and prevalence of biological risk, contaminants in food, residues of various, and contaminants in foods products, identification of emerging risks and introduction of rapid alert system.
- Creating an information network across the country so that the public, consumers, Panchayats etc receive rapid, reliable and objective information about food safety and issues of concern.
- Provide training programs for persons who are involved or intend to get involved in food businesses.
- Contribute to the development of international technical standards for food, sanitary and phyto-sanitary standards.
• Promote general awareness about food safety and food standards.

**Fruit Product Order (FPO), 1955:**

Fruit Products Order -1955, promulgated under Section 3 of the Essential Commodities Act - 1955, with an objective to manufacture fruit & vegetable products maintaining sanitary and hygienic conditions in the premises and quality standards laid down in the Order. It is mandatory for all manufacturers of fruit and vegetable products including some non fruit products like non fruit vinegar, syrup and sweetened aerated water to obtain a license under this Order. Following minimum requirements are laid down in the Fruit Product Order for hygienic production and quality standards:

(i) Location and surroundings of the factory  
(ii) Sanitary and hygienic conditions of premises  
(iii) Personnel hygiene  
(iv) Portability of water  
(v) Machinery & Equipment with installed capacity  
(vi) Quality control facility & Technical staff  
(viii) Product Standards  
(viii) Limits for preservatives & other additives

This order was earlier implemented by Ministry of Food Processing Industries (now by FSSAI) through the Directorate of Fruit & Vegetable
Preservation, Headquarter at New Delhi. The Directorate has five regional offices with headquarter located at Delhi, Mumbai, Kolkata, Chennai and Guwahati as well as a sub-office at Lucknow under Northern Region. The field officers of the Regional Offices undertake periodic inspections of the manufacturing units to ensure maintenance of hygienic conditions in the factory and draw random samples of products from the factories as well as from markets which are analyzed in the laboratories to test their conformity according to the specifications laid under FPO.

**Prevention of Food Adulteration Act, 1954:**

The Act was promulgated by Parliament in 1954 to make provision for the prevention of adulteration of food, along with the Prevention of Food Adulteration Rules, 1955 which was incorporated in 1955 as an extension to the Act. Broadly, the PFA Act covers food standards, general procedures for sampling, analysis of food, powers of authorized officers, nature of penalties and other parameters related to food. It deals with parameters relating to food additives, preservative, coloring matters, packing & labeling of foods, prohibition & regulations of sales etc. Like FPO, amendment in PFA rules are incorporated with the recommendation made by the Central Committee of Food Standards (CCFS) which has been setup by Central Government under the Ministry of Health and Family Welfare comprising members from different regions of the country. The provisions of PFA Act and Rules are implemented by State Government and local bodies as provided in the rules. Prevention of Food Adulteration Act, 1954 will be repealed from the date to be notified by the Central Government as per the Food Safety and
Standards Act, 2006. Till that date new standards are specified, the requirement and other provisions of the PFA Act, 1954 and Rules, 1955 shall continue to be in force as a transitory provision for food standards.

**Food Research & Standardization Laboratory Ghaziabad:**

Food Research and Standardization Laboratory, Ghaziabad was established in 1971 under Directorate General of Health Services / Ministry of Health and Family Welfare, to check the adulteration and to undertake analysis of food samples from market for the purpose of determining their quality and purity. This laboratory is working as Appellate Laboratory (Central Food Laboratory) under Prevention of Food Adulteration Act, 1954 to check the adulteration of food sample.

After WTO Agreement import of packaged and processed food has increased tremendously in the country. Lot of new chemicals and food additives of varied nature in the form of colors, preservatives, antioxidants, emulsifiers, stabilizers, anti-caking agents artificial sweeteners, flavoring agents, sequestering and buffering agents etc. are being used to certain limits in processed foods due to technological requirements for their manufacturing and Preservation to increase the shelf life and cosmetic value of the food. Some of these food additives are toxic in nature and may be harmful for human consumption, if used beyond a certain limit. To check the use of such food additives in various food items they need to be examined regularly so that such food items may not be dumped into India.
D) MARKETING STRATEGIES:

MARKETING:

Every business unit has to face many problems. Marketing of the products is one of it. Marketing is comprehensive process of selling the product in different markets. The term marketing has defined in different ways. It is not often clear to the people who use the word marketing. To the salesman it is selling, to the advertiser it is advertising.

“Marketing is the function which directs the business activities for converting customers’ purchasing power into effective demand for a specific product or service and moving the product or services to final user so as to achieve company objective.”

“Marketing is the technique to sell the product effectively applying different marketing strategies skillfully”

Marketing is the process which includes all activities for introducing the product in the market effectively so that consumers be attracted towards the product and induce them to buy it.

MARKETING PROBLEMS:

Manufacturing unit whether it is a big or small has to sell the products produced in the market. Such unit faces many marketing problems. Marketing problems are related to following 5 P’s.

1) Product
2) Product life cycle
3) Physical distribution
4) Pricing
5) Promotion
1. **Product**: product problem relates to the planning and development of the product to be marketed. It is studied technically such as—policy regarding existing products, adding new product, policy regarding branding, packaging and standardizing.

2. **Product life cycle**: Product life cycle is an important concept in the marketing problem. As every human being have certain length of life, during which he pass through different stages like- infant stage, young stage, old age stage. Similarly, every product has certain length of life and passes through different stages. Marketing point of view such stages are—1) Introductory stage 2) Growth stage 3) Maturity stage 4) Decline stage.

1) **Introductory stage**: This is first stage of product life cycle. At this stage product is introduced in the market. Generally marketing is done through personal selling and advertising. During this stage distribution of product is limited to small area on trial basis. Technical defects of the products usually appear during this stage. Such defects are studied, considered and try to overcome. This stage is most risky and expensive.

2) **Growth stage**: After introductory stage, once the product accepted by the consumers, the sales will grow up. Under this stage product is produced in sufficient quantity and marketed. Sales and profit rises rapidly. During this stage competitor enters in the market considering outlook for profit.
3) **Maturity stage:** During this stage sales continue to increase but at decreasing rate. Profit stabilizes or decline because of increasing marketing expenses incurred to defend the competitors. Under this stage prices are forced by market to reduce. Competitors also introduce new models.

4) **Decline and death stage:** After maturity stage sales start to decline. Buyers do not buy much. At this stage competitors introduce superior products considering consumers’ need. Moreover, advertising and other promotional expenses are forced to curtailed, as prices are reduced to maintain the market. Most of the management shifts their attention to other product, gradually discontinuing the manufacturing of old product. In this way product die.
Time span of the product life cycle varies with the nature of product. The product that highly population related and stay in maturity stage for long duration have ‘longest life cycle’ e.g. instant snakes like: Kurkure, Potato chips, Magi etc. The product having fast rate of technological development have’ short product life cycle’ e.g., development of hardware and software in computer system.

3. **Physical distribution**: it refers to the distribution channel through which product reaches to the market at right time. The distribution channel is the route used by the producer to move the goods from producer to ultimate consumer or industrial user. The SSI Units are
required to study carefully this problem and fix appropriate
distribution channel to market the product produced.

4. **Pricing**: Every SSI-Unit faces the pricing problem. It relates to
determination of pricing policies for the marketing of goods, policies
regarding discount, freight payable, credit terms etc.

5. **Promotion expenses**: Promotion expenses relates to the expenses
incurred to increase and maintain sell. It includes advertising, sales
promotion, publicity, personal selling, offering gifts etc. SSI-Units
are acutely required to spend such expenses in order to stand in the
market.
Distribution channel is a system through which product passes from the point of production to the point of consumption. The distribution channels may be broadly classified as follows:

**Distribution Channels:**

A) Distribution without help of intermediaries i.e. Direct distribution or Marketing.

![Distribution Channels Diagram](image)

Figure No. 5.7
B) Distribution with the help of intermediaries i.e. indirect distribution or Marketing.

Figure No. 5.8
Following distribution channels are available for Small Scale Units:

a) Producer → Consumer or direct channel:

In this channel producer directly distribute his product to consumers. There are no intermediaries between the producer and consumers. Producer sells the product either by mail or by house-to-house visit through salesmen. This channel is generally used in:

- Perishable products like bakery products, fruits, vegetables, eggs etc.
- High priced products like household appliances.
• Cosmetics and perfumes.

![Diagram]

b) Producer – Retailer – Consumer channel:

Under this channel the product is sold to consumers through retail shops of the retailers’

![Diagram]

c) Producer – Wholesaler – Retailer – Consumer:

In this channel producer have no direct contact with consumer. He supplies his products to wholesaler who in turn sell it to retailers and retailers sell it to ultimate consumers

![Diagram]

d) Manufacturer – Agents / middlemen – retailer – consumer:

In this channel of distribution producer uses the services of intermediaries to market the product.

![Diagram]
Marketing Strategy for Food Processed Industries:

Food Processed Industries must prepare a good marketing strategy to build a competitive edge. The main elements of this marketing strategy are as follows:

1. **Focus on the Customer:** Many firms lose sight of the important component of every business: the customer. The entrepreneur must realize that everything in the business—even the business itself—depends on creating a satisfied customer. One entrepreneur says, “If you are not taking care of your customers and nurturing that relationship, you will lose your total business.” It has been reported that sixty-seven percent of customers who stop patronizing a particular business store do so because an indifferent employee treated them poorly.

Although winning new customers keeps a company growing, keeping existing ones is essential to success. The real key to marketing success lies in a company’s existing customer base. The most successful small business has developed a customer focus and has instilled a customer satisfaction attitude throughout the company. Companies with world-class customer attitudes set themselves apart by paying attention to “little things” such as remembering a customer’s unique preferences.

The following are some basic strategies for developing and retaining loyal customers:

(i) Identify your best customers and give them incentives to return.
(ii) When you create a dissatisfied customer, fix the problem fast. One study found that, given the change to complain, 95 percent will buy again if a business handles their promptly.

(iii) Make sure your business system makes it easy for customers to buy from you.

(iv) Encourage customer complaints.

(v) Contact lost customers to find out why they left.

(vi) Ask employees for feedback on improving customer service.

(vii) Get total commitment to superior customer service firm top managers-and allocate resources appropriately.

(viii) Allow managers to wait on customers occasionally.

(ix) Carefully select and train everyone who will deal with customers.

(x) Develop a service theme that communicates your attitude towards customers.

(xi) Reward employees “caught” providing exceptional service to the customer.

2) Devotion to Quality:

Quality goods are a prerequisite for success in this intensely competitive global business environment. The worst of all marketing catastrophes is to have great advertising but a poor-quality product. Research by Josh Garden shows that almost 60 percent of customers who change suppliers say they switched because of problem with a company’s products or services.
Today, quality is more than just a slogan. World class companies treat quality as a strategic objective—an integral part of a company’s strategy and culture. This philosophy is called total quality management (TQM) – quality not just in the product or service itself but in every aspect of the business and its relationships with the customers and continuous improvement in the quality delivered to customer. The key to developing a successful TQM philosophy is seeing the world from the customer’s point of view. In other words, quality must reflect the needs and wants of the customer.

2. **Concentration on Innovation:** Innovation is the key to future success. Markets change too quickly and competitors move too fast for a small company to stand still and remain competitive. Because they cannot outspend their larger rivals, small companies often turn to superior innovation as the way to gain a competitive edge. “Never stop innovating or taking risks,” says Michelael Dell. It is the ‘innovation’ that makes venture running smoothly and profitable. Big companies under taking innovation in instant food sector and manufacturing new products easy to use by any consumer and prepare value added eatable products at home with less efforts. For e.g. HUL have introduced Magi Bhuna masala which can be used to prepare any type of vegetable like restaurant test. Small firms are expected to focus on innovating products, unique techniques, and unusual marketing approaches. They must be leaders in innovations.
3) **Service and Customer Satisfaction:**

Customer service must become a top priority for business world. Zimmerer writes that smart companies are rediscovering that unexpected, innovative; customized service can be a powerful strategic weapon. Providing incomparable service—not necessarily a low price—is one of the most effective ways to attract and maintain a growing customer base.

In fact, a recent study of consumer behaviors reported that 73 percent of customers buy for reasons other than price. It is said that “Sales starts a customer relationship and service turns it into a profitable relationship. Successful businesses recognize that superior customer service is only an intermediate step towards the goal of customer satisfaction. These companies seek to go beyond customer satisfaction striving for customer astonishment!

3. **Emphasis on Speed:**

Technology is changing fast. It has changed the pace of business. Today speed has become a major competitive weapon. “Today’s customers expect business to serve them at the speed of light.” Businesses that can satisfy their customer’s insatiable appetites for speed have a distinct advantage.

According to Zimmerer and Scarborough, this philosophy of speed is called time compression management (TCM), and it involves three aspects: (1) speeding new products to market, (2)
shortening customer response time in manufacturing and delivery, and (3) reducing the administrative time required to fill an order.

Impact of Globalization

In the context of globalization of Indian Economy, there is a need for transparency of operations and answerability on the part of Indian Industries. It entails an immense amount of economics and social interest. The object of globalization in the economy is to make Indian Industry efficient in marketing of its goods and services and competitive at international marketing along with the development of Indian multinationals. According to numerous studies the impact of globalization on SSIs in India are as follows:

- Many of the SSI units have closed their activities because they are more or less ancillary in nature. Some large industrial units are taken over by the MNCs. The tendencies of merger, amalgamation and absorption have increased since 1991.

- An additional transitory hazard of survival awaits small-scale industries. While all along we have been protecting our SSI units from competitions from our own larger units through reservation, our concessions under the WTO agreement would mean that the market in India are open globally for more than half (480 out of 812)
of all the products of SSIs. We have thus prearranged most of our products of small scale units for global manufacturers.

- The large and medium size units have changed their production and marketing policies regarding “Make or Buy” decisions. These units do not give job work to SSIs but they are on their own producing the required spare part for their final product which is purchased by themselves to save the marketing cost.

- Some of the SSI units are in progression of cost benefit analysis-reduction in cost, maintaining relation between the returns or production and the salary paid to the workers and employees.

- The Indian industrial sector, including small – scale industries, has experienced a great depression in the post 1997 period. The demand from customers for consumable goods and from industries for industrial goods has reduced enormously.

- Medium Scale and Small Scale Industrial units have also adopted the ‘Hire and Fire Policy’. Due to irregular orders, the SSIs do not employ staff on permanent basis. Many, SSIs are outsourcing the employees from other units or agencies and get their work done so as to stand in the global market.

- Industrial sector at the global level as a whole is passing through a phase of depression. However, it should not be considered as a depression. In reality, it is the attainment of ‘Permanent Level’
which means the prices of each product and service will be settled on
global level in the international market.

- There is a great fear amongst the small-scale industrialists in India
  that the globalization of the economy will make way for
  multinationals rich in technology and financial resources and would
  create an atmosphere of unhealthy competition. Such type of
  unhealthy competition has already started towards the loosing the
  even assured markets.

- Some of the SSI units have tired to compete in the global market but
  have failed because the cost of their products is higher than the price
  of the same origin products.

- Due to steep competition in global market, closing down of the
  marketing activities by majority of SSI units, implementation of
  VRS as well as Hire and Fire Policies, the social atmosphere is being
  polluted to some extent. This is because the voluntarily or
  compulsorily retired persons are burden to their families and the
  society.

The business confidence of Indian entrepreneurs is declining day by day.
This because they consider globalization as a constraint in marketing the
products and not as an opportunity.
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