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Marketing Strategies in Indian Food Industry

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ABSTRACT

Indian Food Industry is dynamic & diversified, however, attractive for the profit seekers. Study of Marketing Strategies is critical to understand the success factors of the players ruling this Industry. 4 P's of Product & additional 3P's of Service makes a perfect Marketing Mix[2]. This article, deeply studies each component (7P's) of Marketing Mix, elaborated with examples of Product & Service based companies in the Indian Food Market.

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INTRODUCTION

Marketing Strategies are derived based on the Marketing Mix.

According to Philip Kotler – "The set of controllable tactical marketing tools – product, price, place and promotion – that the firm blends to produce the response it wants in the target market" [2].

The Marketing Mix denotes to all the amalgamations of factors that affect the model of an organization. It is the mix of all those tools that a firm or an organization decides to achieve the objectives of an organization like profitable growth, higher valuation etc. These tools help organizations to make an efficient investment in their target market.

A company uses the marketing mix to add a high value to its product, by doing, Above The Line (ATL) activities like Media or Digital sites & Below The Line (BTL) activities like promotion stall outside the shop.

Product plays most important role & is always at the center. Other P's are used establish product or a service. Product, Pricing, Promotions & Place are the 4 P's for Product Marketing Mix. However, 3 more P's are added for a Service mentioned as People, Process & Physical evidence.

Both Product & Service Marketing Mix are effectively used in Indian Food Industry. We will try to decode the subcomponents of these 7 P's to understand its effective application. With the inclusion of maximum examples around these components, post reading this article one can have a clear idea about each of these Marketing Mix.

1. Product:

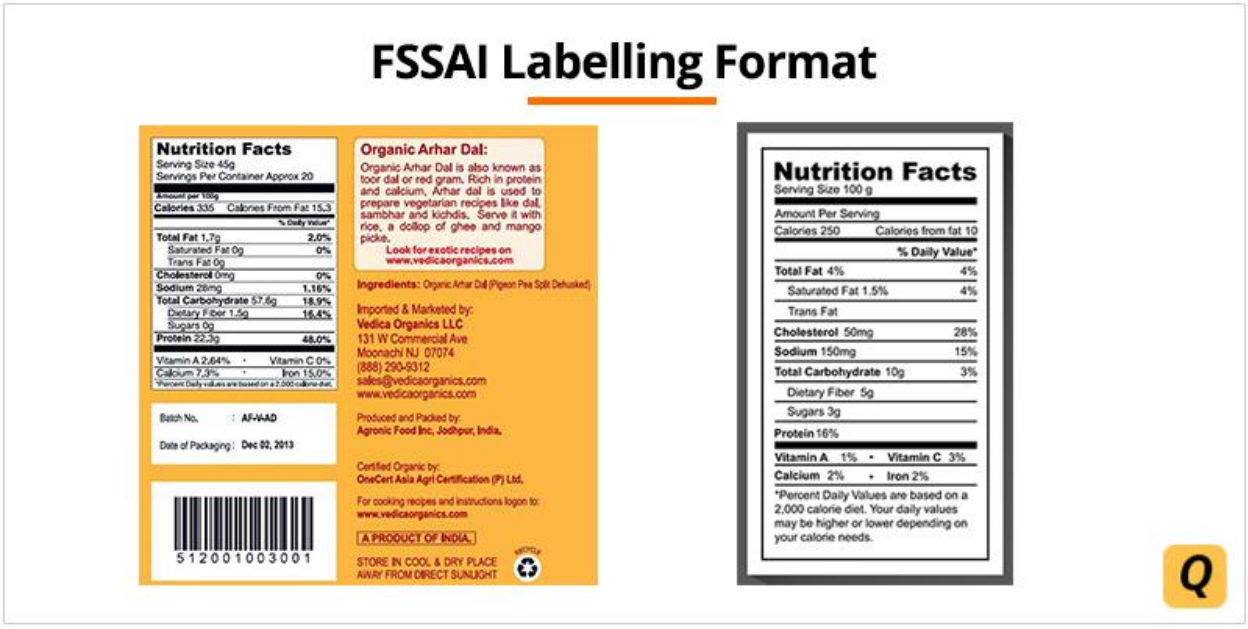
Product means the goods-services combination the company offers to the target market[2]. Product can be classified as tangible (goods) & intangible (service). The typical marketing decisions included in this tool are:

a. Product Design– It includes all the decisions regarding the product's features like easy, light, fresh, bigger or improved, how it is to be designed & the product's quality.

b. Branding– Branding refers to assigning a brand to a product, e.g. ITC has classified product portfolio in Brands like Sunfeast for their Biscuit range, Ashirwad for Flour range, Bingo for savory range & B-Natural for their juice range etc. A Brand gives identity to any product & creates a perception in consumer's mind to influence purchase behavior[3].

c. Packaging & Labelling-After the product is given the brand name, it needs to have an attractive & safe packaging to deliver to the customer. It should have important attributes of the product along with appropriate Labeling complying the norms of Food Safety and Standards Authority of India (FSSAI)[4].

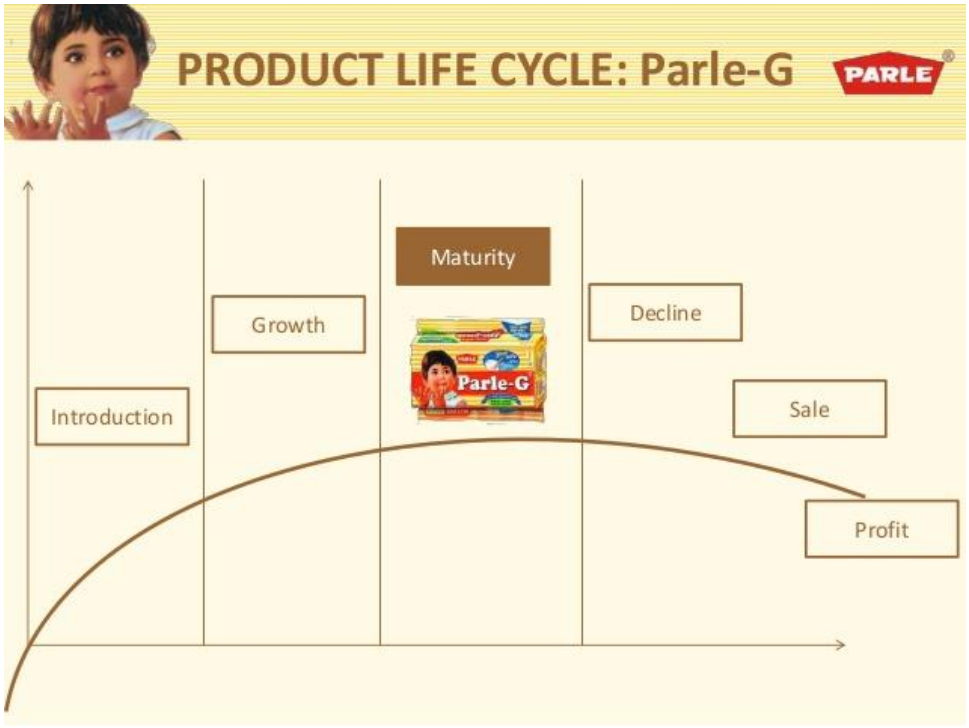
Labelling



d. Services– A customer always looks for the additional services to be provided, along with the product. In Food Category, timely delivery is one of the most important service expected, to enjoy Fresh Food. Some players like Domino's claims to deliver in 30 min or give the product free of cost, within the defined geographies.

e. Guarantees & Warranties–Food Industry has norms-based practice of mentioning Best Before Date on the product, differing from Guarantees & Warranties followed by other industries. With the controlled shelf life studies[5] conducted in certified labs, companies arrive on the duration of product, safe to be consumed or used. Within this period, product is claimed to be consumable, hence, provides a warranty, if stored in defined conditions.

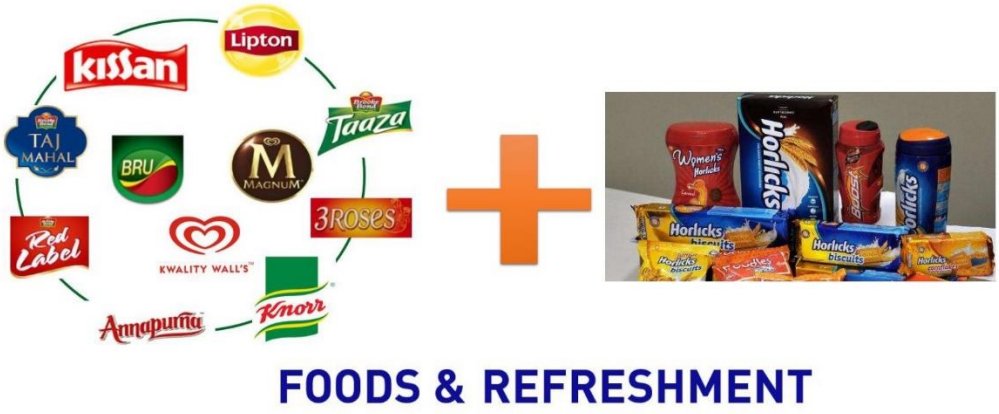
f. Product life cycle– Each product has its individual life cycle & both the consumer & the firm take their decision keeping in mind the life cycle for the same. Parle-G in India, after ruling the Biscuit Category, experiencing decline in sales[6]. It's a classic example of product life cycle, where, product passes through Introduction, Growth, Maturity & reaches Decline phase. Hence, this is an important subcomponent of Marketing Mix.



Apart from the above subcomponents, a product has three major aspects that define itself:

g. Product Line: It is a set of related products that are marketed under the same brand name which is sold by the same company. Nestle, leverages Maggie Brand for introducing range of products creating a Family under one Brand[7].

h. Product Width: It is the number of different product lines offered by a company. HUL has a group of Brands having a family of product below them. To unleash the potential of Indian Market HUL has increased focus on Food Category[8].



i. Product Depth: Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic. Domino's offers different sizes of Burgers of the similar variety, to feed different hunger levels by creating differentiating feature.

2. Price:

Price is the amount of money customers have to pay to obtain the product[2]. In other words, it can be referred to as a sacrifice consumer is ready to make to acquire a product.

As a Marketer, the following factors will be considered before deciding the final price of the Product:

a. Cost of Production

b. Price of Competing Firms

c. Objective

d. Marketing Method used

e. Government Regulations

f. Purchasing Power of Consumers

g. Demand for the Product

Marketing decisions in Price mix are as follows:

a. Price strategy– "What price should be decided?", "How the price will affect the consumer?" etc. These decisions are made in this element.

b. Allowances– It includes allowances such as rebates for the distributors or channel partners etc. Usual Margins of 5 to 10% are passed to the channel partners for distribution of the products in the defined territory.

c. Discounts– Additional value or percentage offered as a reduction of price for the customers. Most commonly used by the Organized Retails & Online Food Delivery chains to attract customers.

d. Payment terms– It includes payment methods for a product to be consumed. Defining Days Credit extension to the distributors comes under this part.

3. Place:

Place includes company activities that make the product available to target consumers[2].

Typical marketing decisions included in this mix are:

a. Strategies- It refers to the technique to be undertaken for the distribution of goods like intensive distribution, extensive distribution, etc.

b. Franchising- An organization does franchise to provide branded products to the consumer in their locality easily, by opening their franchises like Mc Donald's.

c. Channels of distribution- It refers to the type channels an organization opts for the distribution of goods like either a single channel of distribution (manufacturer to consumer) or multiple channels are included for distribution (Manufacturer to Clearing & Forwarding Agent to Distributor to Retailer to consumer).

d. Inventory- Companies always decides how much stock, inventory should be maintained according to the demand of a product. The norms of the inventory are defined, based on the shelf life, supply chain efficiency & limit of Days of Inventory Outstanding (DOI)[9]. E.g. For dairy companies the inventory will be much lower than a snack manufacturer.

e. Supply Chain- Goods manufactured at one place needs to be distributed where they are demanded. Supply chain eases this process.

4. Promotion:

Promotion is the process of marketing communication involving information, persuasion, and influence.

The typical marketing decisions included in the promotion are:

a. Advertising – Advertising is a one-way communication whose purpose is to inform potential customers about products and services and how to obtain them. E.g.TV, Radio or Digital Media showcase of products.

b. Sales promotion – Sales promotion is a marketing strategy where the product is promoted using short-term attractive initiatives to stimulate its demand and increase its sales.

c. Personal selling- It is a promotional method by which the salesperson uses his or her skills and abilities to make a sale.

d. Public relations- Public Relations involves a variety of programs designed to maintain or enhance a company's image and the products and services it offers. Successful implementation of an effective public relations strategy can be a critical component to a marketing plan.

These are the only 4 p's that are majorly discussed in the marketing mix concept, and those are for mainly the product marketers.

But as it was diversified further 3 more P's were added in the same for the service marketers.

These are as follows:

5. People

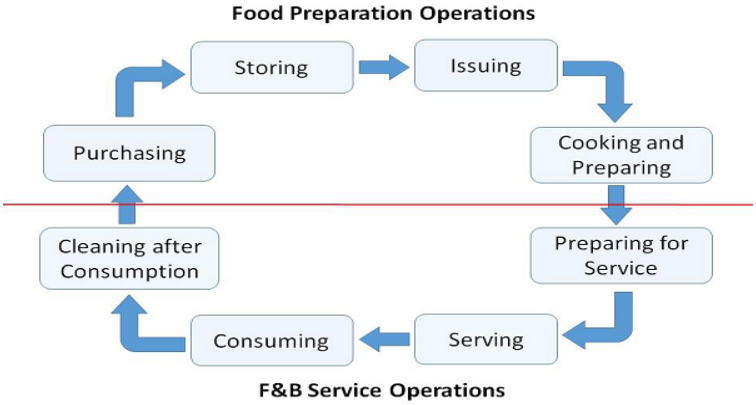
People suggests the service personnel that represents the company, or human factors participating in the service sector of the company.

It involves interaction between consumers and employees.

Therefore, helps the company to know the interest of the consumer.

6. Process

It refers to the mechanisms, way or flow of activities by which a service is delivered.



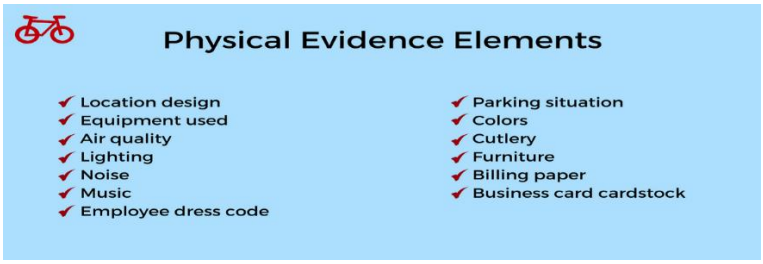
It includes flow of activities like purchasing, storing, issuing followed by cooking & preparing in food preparation option & preparing for service, service, consuming & cleaning after consumption in Food & Beverages (F & B) Service Operations etc.

7. Physical Evidence

It refers to the external environment in which the service is being provided.

It can also be said as space where the customers & service personnel interact.

Basically, its main aim is to provide a framework or suitable conditions for the services to take place.



CONCLUSION

7 P's of Marketing mix are extremely important to design Marketing Strategies of Indian Food Industry like other Industries. Marketers have done wonders working on these parameters of Product, Price, Promotion & Place. Right amalgamation of these 4 P's can provide a wholistic marketing construction for Product Marketing. People, Process & Physical evidence are the additional 3 P's, to plan Service Marketing. Marketing Managers, by following these components can surely get positive results their respective organizations.

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