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## Market Analysis and Product Launch Critical Tools for Success in Indian Food Industry



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**Vinay Kumar KM\*<sup>1</sup>, Shveta Saraswat<sup>2</sup>, S. B.  
Puranik<sup>3</sup>, Deepak Kucheriya<sup>4</sup>**

<sup>1</sup>Research scholar OPJS University, Churu, Rajasthan,  
India

<sup>2</sup>Research Guide OPJS University, Churu, Rajasthan,  
India

<sup>3</sup>Drishti Institute of Distance learning, Bangalore

<sup>4</sup>Research scholar OPJS University, Churu, Rajasthan,  
India

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### ABSTRACT

Initiated based on my learning, insights, and scope observed in my 23 years of experience in the Indian Food Industry. I have observed numerous MNC's and Indian organizations been successful, have failed and perished by not understanding the Indian Food Market. The Indian population which presents with huge food potential for growth also throws its set of challenges. With Government Policies such as FDI in retail, GST policies, FIT INDIA movements Food Industry looks promising with industry set to grow across various segments and building blocks such as Agriculture, Dairy, Food processing, Baby food, Animal fodders, Nutraceuticals, Food ingredients to mention a few. With a formidable analysis to launch a devised product and ensuring qualitative supply chain management will surely pave way for winning ways into Indian Food Market



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## INTRODUCTION

India has 3% of world land and 17% of the world's population (population survey as of Jan 2017). Basis which India becomes an upbeat and must growth market with umpteen growth potential for domestic and multinational companies to venture into Indian food market.<sup>1</sup>

Importance of Market Analysis, which is principally critical to devise a strategy for developing building blocks to ascertain product launch and device supply chain management to ensure end to end, seamless process for market domination.

Product launch becomes a key strategy for any organization for a winning and longevity approach to stay historical the Indian food market can be broadly classified into four zones/ regions North, East, West & South (NEWS). Hence product launch becomes crucial and specific to each region. As each region has a set of challenges be it, people, culture, geography, and climatic conditions for agriculture, cultivations, and importantly local political governance. Manpower, skills.

A product launch can be platformed to the following phases:

- New product development
- Research and development
- New product launch
- Return on investment
- Voice of the customer in the segment of Business to Business (B2B)& Business to Customer (B2C)
- Regulatory Compliances

**Indian food products market segment can be classified to sub-categories of the industry which can be:**

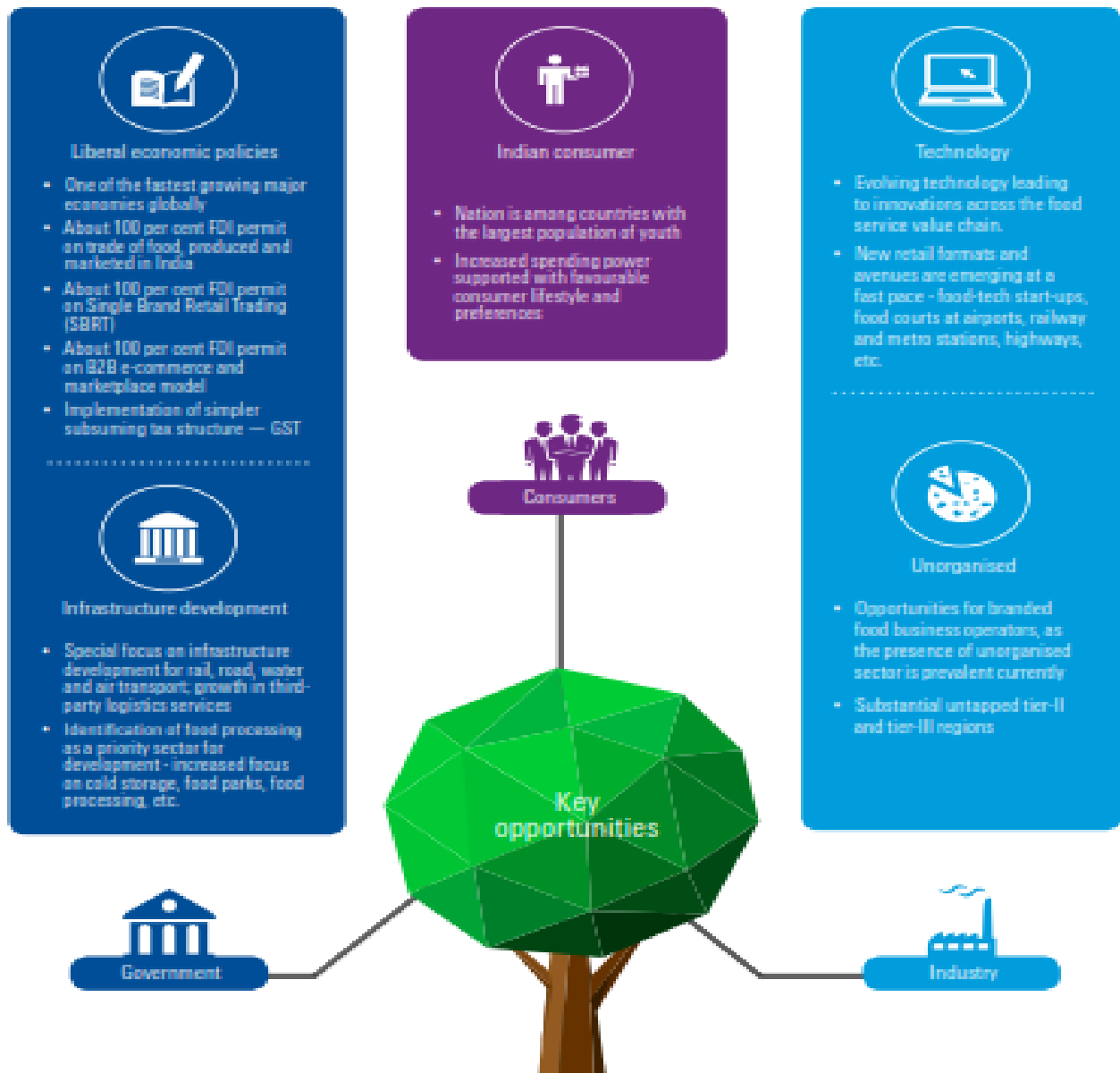
- Agriculture Produce (Rice, Pulses, grains, flours, Dried Foods, Sugar, Spices, Fruits & Vegetables, Cereals, Organically derived Produce)
- Additives & Supplements (wellbeing, Diet & Health, animal feed, Fishery)

- Bakery Ingredients (Yeast, Glutens, improvers, Natural flavors & extracts, Colours, Oleoresins)
- Canned Foods (vegetable broths, cut fruits, corns, minced meat, purees, pastes)
- Frozen & Chilled Foods (Meat, seafood, seasonal agriculture products)
- Condiments & Sauces (emulsified sauces, cooked up sauces)
- Confectionary (sweet and savory)
- Processed Foods (Ready to Eat, Ready to cook, soups, snacks, fruity syrups, fruit juices, seasonings, Baby and Infant foods)
- Dairy
- Edible Oils and Fats
- Sea Foods
- Meat & Poultry



A positive outlook of Product launch is must be in the Indian market, an illustration. Comprising the following attributes, Ref KPMG

- Liberal Economic Policies
- Infrastructure development
- Indian consumer
- Technology
- Unorganized market and growth opportunity in Tier -2 cities & Tier – 3 cities.



**Figure No. 1: Illustration of analysis on key drivers**

The following Flow chart is a product life cycle illustration comprising Application: Endorsing phase **customer engagement phase** via Print Media and the Internet.

Flow Chart A:

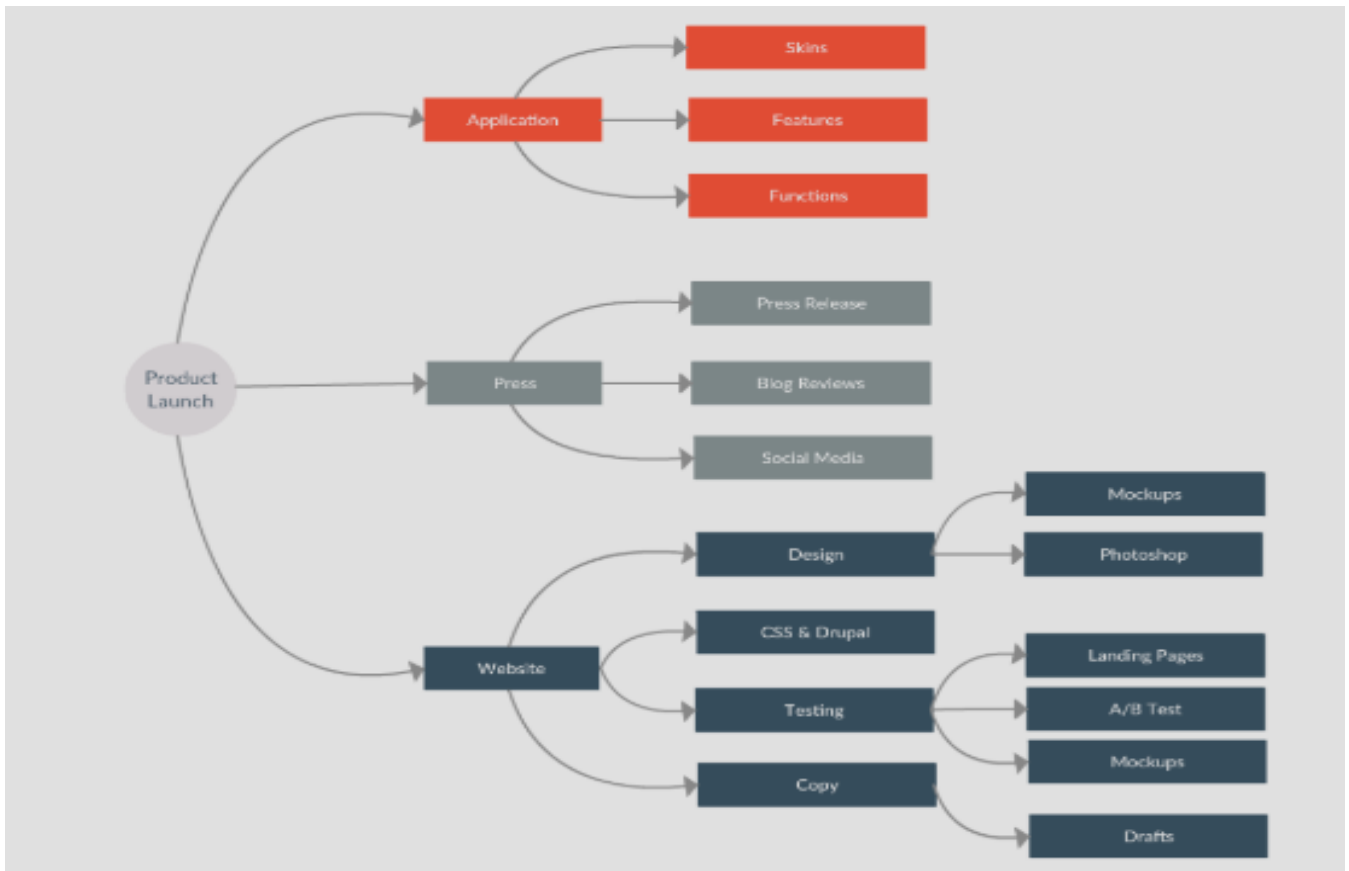


Figure No. 2: Marketing mix to strategies TG

This graph depicts an article published by Nikunj Aggarwal in the year 2010-11, Aston business school.<sup>3</sup>

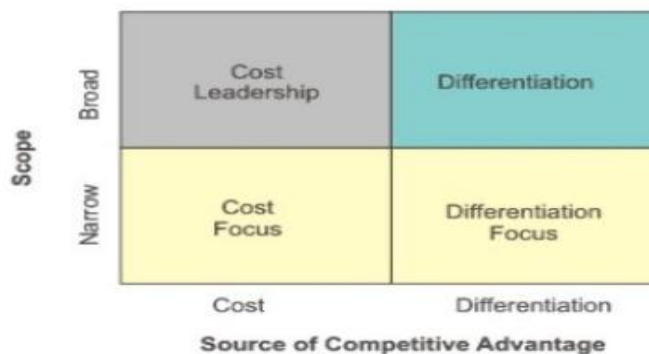
India's strategies cannot be carpet-bombed, A strategy that yields results in the Northern part of India might not get executed in West, East, Central, or South India. Food culture varies for region to region. Be it Tea, breakfast, snack, or lunch all these occasions have varied precepts. Organizations might be a push to re-strategize analysis, product launch, and supply chain management to encapsulate the market and emerge as a winner. For this to happen a formidable product analysis basis building blocks w.r.t product type (ref 6) need to be in place.



**Figure No. 3: Illustration of market building blocks to establish market <sup>3</sup>**

India promises growth potential and also with a set of its constraints. Organizations need to re-implement and work around generic porters strategies.

Figure 1: Porter's Generic Strategies



**Figure No. 4: Porters generic strategies for product launch<sup>3</sup>**

For food manufacturers (small, medium, big) who wish to peruse competitive advantage, by implementing Porter's generic strategy is lowering the cost of a product, product differentiation, and focus on the niche market. These strategies assist to void stagnation and offer product features seamlessly. For Instance, Café Coffee Day caters to a niche of customers who want to relax, socialize, and enjoy the best coffee and good food. The challenge for the company was to break the consumer mindset that Café Coffee Day was “just another coffee shop”. The outlets are strategically located, and people who want to discuss matters at leisure over a cup of coffee will choose CCD over any other outlet.

Regulatory compliances:

The Indian food processing industry is regulated by several laws that govern the aspects of sanitation, licensing and other necessary permits that are required to start-up and run a food business. 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. Under this Act Grade standards are prescribed for agricultural and allied industries.

### Key drivers of growth

As one of the fastest growing economies of the world, India offers a variety of advantages for the food service industry.

### Demand factors

The major demand-side factors driving the industry's growth can be classified under four major buckets:

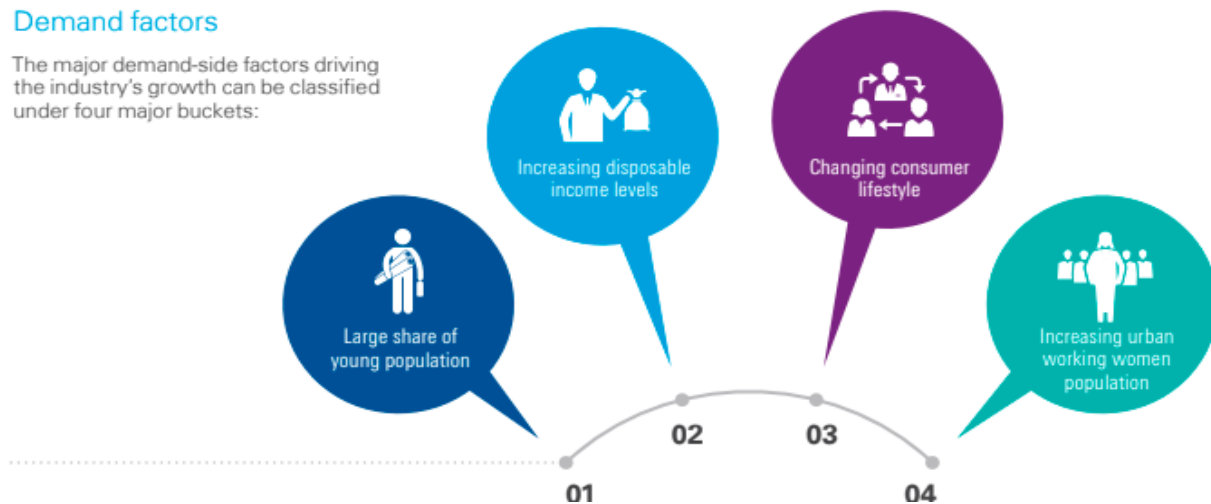


Figure No. 5: Key Drivers of Growth<sup>2</sup>

Why does one require market analysis, how to evaluate, and positioning of products that make and strike cord to target basic market expectation be it Primary (or) secondary. The vast majority of techniques fit into one of six categories:

1. Secondary research (to understand market potential)
2. Surveys (to meet the target group)
3. Focus groups (to infer into particular market cluster or geography)
4. Interviews/ feedback tracking (to understand product position and life cycle)
5. Observation (product status v/s desired results to analyze position)
6. Experiments/field trials. (for ascertain need of product localization)

Secondary research (to understand market potential)

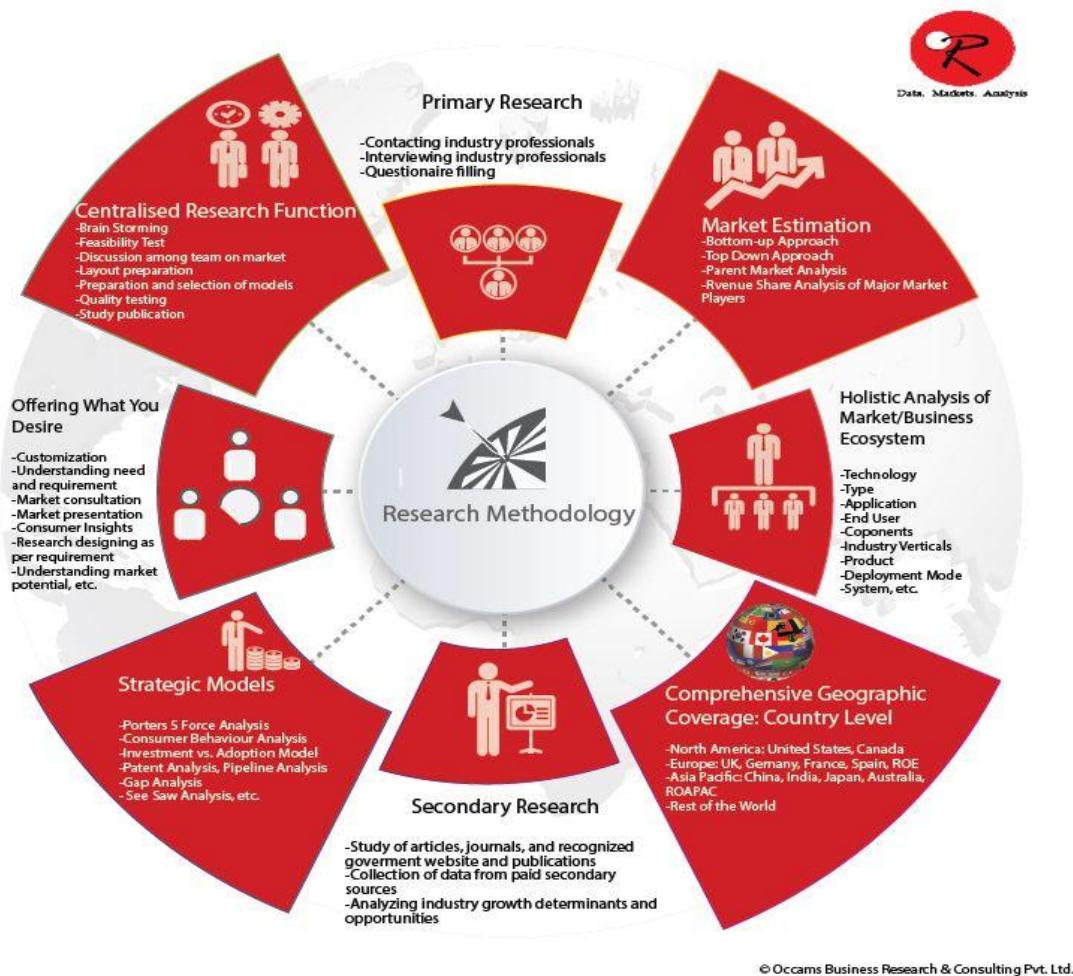
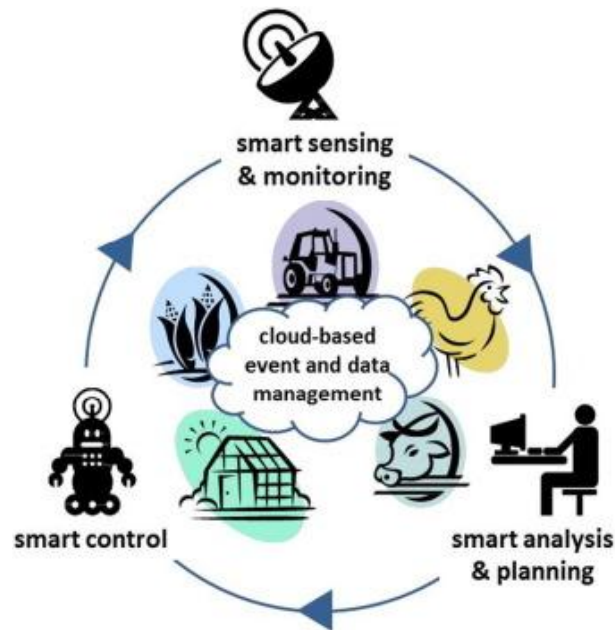


Figure No. 6: Secondary research (To understand market potential)

A possible Conclusive data which pertains to analyzing desired product versus competition which comprises of evaluation of trend reports, market statistics, industry content, sales data, competitor data, Trade publications, Media sources. Thus by these businesses will have a hypothesis of affectivity and suitability to device product launch. Viz plant-based, animal source.



For instance, **Farm fork with structured Information Technology integration**



**Figure No. 7: Farm fork with structured Information Technology integration**

**Surveys (to meet the target group)**



**Figure No. 8: Surveys (to meet the target group)**

Survey forms an important reliable phase for any food industry, be it for fortune 500 or a small start-up to know the appropriate target market/group for better understanding importance for present and future opportunities of the Indian food Industry.

**Focus groups (To infer into particular market cluster or geography)**



**Figure No. 9: Focus groups (To infer into particular market cluster or geography)**

For the food industry to be successful in India, building and understanding become staple phases as food trends, consumption, culture, opinions, perspectives vary from every geographical state of India. This allows food industry manufactures or producers to create their market space aimed to reach real cluster geography-wise.

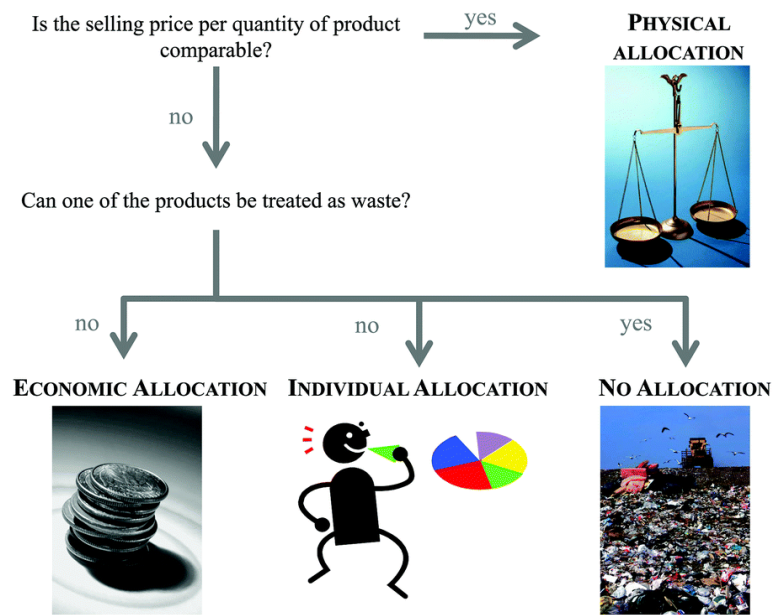
**Illustration of Target Group (TG)**

The majority of the Indian population comprise of millennial <sup>5</sup> with awareness and inclination towards wellness. With current governments' emphasis and movements initiations like “FIT INDIA,” it becomes more evident for organizations to have clear labels. These clear label further needs to comply by regulations such as FSSAI norms.



**Figure No. 10: Illustration of Target Group (TG)**

**Interviews/ feedback tracking (to understand product position and Product life cycle)**



**Figure No. 11: Interviews/ feedback tracking (to understand product position and Product life cycle)**

This is a data collective phase for growth drivers. Seeking opinion from potential Opinion leaders offers data to Manufacturer need to incorporate change needed be it in terms of sensory, appearance, packaging. This phase offers a manufacturer or producer a lot of data If there is an actual need to launch, will this offer growth in profits and sales. To derive success in the Indian food industry be it in aspects of Price point, the package ( eg: a green pack will appeal in J&K, where they prefer milk flavor, white and creamy sensory). A Product and taste which gave success to a product in South India might not appeal in North. Thus before launching to know and understanding the right positions will assure longevity to the existence of a product( Nestle Maggi, Cadbury dairy milk<sup>20</sup>, Parle G biscuit) and sustain market share.

**Product life cycle**

The following illustration is another aspect to be target audience engagement, one of the important product launch steps is to target audience research. How successful your product launch depends on how many people you will influence, with your promotional efforts. So get an idea of the type of people you will be targeting and how to approach them.

Do your customers share common characteristics? Interests? Do they belong to the same age category or come from the same geographical area? You can segment your audience based on different factors. Categorizing them using a diagram like this will make it easy to refer to.

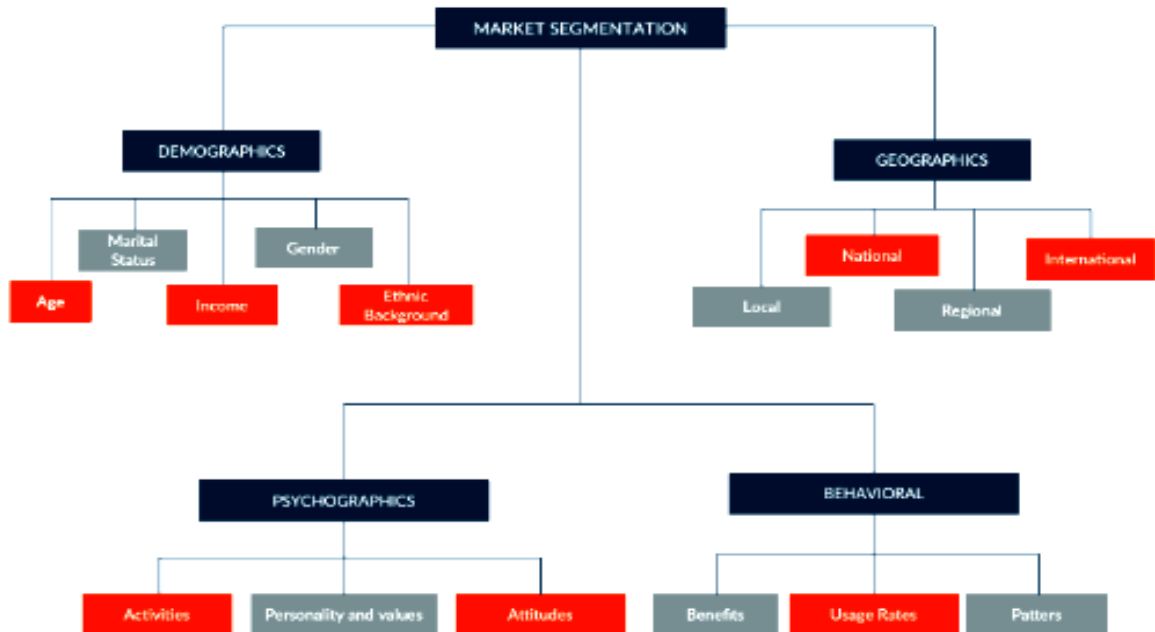


Figure No.12: Illustration of the Product life cycle

**Observation (product status v/s desired results to analyze position)**



Figure No. 13: Observation (product status v/s desired results to analyze position)

This is an analytical statistical phase that offers dipstick for a food producer (or) manufacturer if the product is faring well in terms of market share v/s expected potential. Evaluate the product well in-flight course.

**Experiments/field trials. (for ascertain need of product localization)**



**Figure No. 14: Experiments/field trials. (For ascertain need of product localization)**

Whether the product is as per acquired taste or is a trend on its own can only be known by staging samplings running field trials to know how the product performs from the phase when it was produced to the last mile when it reached the desired market or target group. Offers a lot of detailed data to various functions for instance Sales team will know if the product is priced right, geographical wise product placements and availability, marketing team on data such as the aesthetic appeal of the package, campaigns so on, supply chain on product execution costs in terms of sourcing ingredients to the product development team, production team for packaging materials, logistical costs to connect the product to the desired market to ensure availability. Localization cost in terms of Labour, product taste acceptance so on.

Why conduct these, as India being diverse with vivid food habits and culture requires a unique strategy for food localization to meet customer aspirations. Thus a fixed carpet bombing of analysis will not yield expected results.

If one needs to be successful and find Winning ways to be in Indian food market they need to have multiple platforms in place with such apt and Various types of Market analysis **An Product analyst**<sup>3</sup> with suggested proposed **role** to understand and include following:

- Research into Consumer Trends,
- Benchmarking reports,
- Industry forecasts,

- Best practices,
- Operation reports,
- New Product launches,
- Competitive analysis

Indian Food industry comprises companies that operate by manufacturing, producing, packaging, retailing, and distribution of food products in various forms. The Indian food industry has been witnessing growth and evolving greatly over the past two decades thanks to technological advances, keeping pace with growing demand for convenience foods. Food Market sector calls for greater demand for packaging to ensure safe, fresh, easy-to-use products. With awareness and millennial population forming a greater chunk.

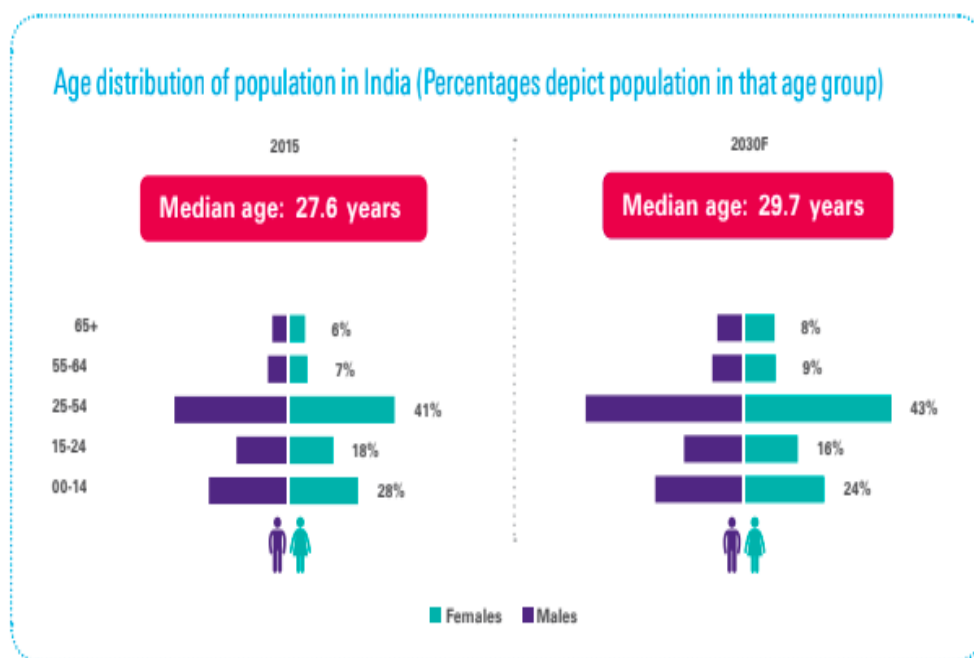


Figure No. 15: Depiction of age group KMPG 2016<sup>2</sup>

Demand for better quality foods and in greater quantity means the food industry drives several other sectors and such as local Kirana stores (historical touchpoints), stand-alone supermarkets, organized supermarkets, MNC managed & joint ventured hypermarkets and supermarkets represent the biggest market share in terms of sales.

## CONCLUSION

This research topic “Market Analysis, Product launch, Supply chain management – A winning approach into Indian Food Market” nictitated basis my learning’s, insights and scope observed in my 23 years of experience in the Indian Food Industry. I have observed numerous MNC’s and Indian organizations been successful, have failed and perished by not understanding the Indian Food Market. With Indian population which presents with huge food potential for growth also throws its set of challenges. With Government Policies such as FDI in retail, GST policies, FIT INDIA movements Food Industry looks promising with industry set to grow across various segments and building blocks such as Agriculture, Dairy, Food processing, Baby food, Animal foddors, Nutraceuticals, Food ingredients to mention a few. With a formidable analysis to launch a devised product and ensuring qualitative supply chain management will surely pave way for winning ways into Indian Food Market.

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