

## MARKETING MIX VARIABLES WITH REFERENCE TO FMCG SECTOR

Mr. Arundeeep Singh Brar,*	Sharanpreet Singh,	Parampal Singh
OPAIC Aucland ,New Zealand	BFGI, Bathinda	BFGI, Bathinda

*Market is a place where buyer and seller meet together to do transactions. Marketing is the business function that identifies unfulfilled needs and wants, defines and measures their magnitude, determines which target market the organization can best serve, decides on the appropriate products, pricing and promotion and distribution programs to serve these markets to develop a market orientation. From a societal point of view, marketing is the link between a society's material requirements and its economic patterns of response. Marketing satisfy these needs and wants through exchange processes and building long term relationships. Marketing is the science of choosing target markets through market analysis and market segmentation, as well as understanding consumer buying behavior and providing superior customer value.*

**Introduction to FMCG:** Fast Moving Consumer Goods (FMCG) – or Consumer Packaged Goods (CPG) – are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, and grocery items. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be substantial. ITC Limited, Procter & Gamble and Unilever are the three biggest consumer goods company that operates across the globe.

**Objectives of Study:** The objectives of the research study are as follows:

- ✓ To analyze the factors make Indian Competitiveness and Comparison with the world market in FMCG sector.
- ✓ SWOT Analysis of FMCG Sector.
- ✓ To Compare The Marketing Mix Variables- Horlicks, Bournvita & Complian.

**Research Methodology:** The Primary and Secondary sources of information are used for this research study that is to be carried out.

**Main Results:** The Main results states with objectives are as follows:

### 1. “Indian Competitiveness and Comparison With The World Markets” :

- ❖ Availability of Raw Materials: Because of the diverse agro-climatic conditions in India, there is a large raw material base suitable for food processing industries. India is the largest producer of livestock, milk, sugarcane, coconut, spices and cashew and is the second largest producer of rice, wheat and fruits & vegetables. India also produces caustic soda and soda ash, which are required for the production of soaps and detergents. The availability of these raw materials gives India the location advantage.

- ❖ **Labor Cost Comparison:** Low cost labor gives India a competitive advantage. India's labor cost is amongst the lowest in the world, after China & Indonesia. Low labor costs give the advantage of low cost of production. Many MNC's have established their plants in India to outsource for domestic and export markets.
- ❖ **Presence Across Value Chain:** Indian companies have their presence across the value chain of FMCG sector, right from the supply of raw materials to packaged goods in the food-processing sector. This brings India a more cost competitive advantage. For example, Amul supplies milk as well as dairy products like cheese, butter, etc.

## 2. “Analysis of FMCG Sector”:

### Strengths:

- Low cost of production owing to labour-intensive techniques of production.
- Intense network of distribution in both urban and rural areas.
- Innovative brand promotion strategies that help to create a larger market share.

### Weaknesses:

- ≈ FMCG companies do not invest much in technology and hence fail to enjoy lower costs in long-run or economies of scale.
- ≈ Inflationary pressures hit the production costs.
- ≈ Imitated products in market hurt the brands.

### Opportunities:

- Unexplored rural markets.
- Increasing disposable income of consumers.
- Large and expanding domestic market.
- Changing tastes and preferences of consumers - preference to packaged goods.

## 2. “Comparison of Marketing Mix – Horlicks, Bournvita & Complan”

**Marketing Mix:** The Marketing mix is a set of four decisions which need to be taken before launching any new product. These variables are also known as the **4 P's of marketing**. These four variables help the firm in making strategic decisions necessary for the smooth running of any product / organization. These variables are

1. Product

2. Price
3. Place
4. Promotions

Several strategic analysts over the years believe that the marketing mix can make or break the firm. Having the right marketing mix at the start of the marketing plan is absolutely essential. Over time the concept of marketing mix has provided a steady platform for the launch of a new product or business.

#### **A.MARKETING MIX OF HORLICKS:**

In 1960, a factory was built in the state of Punjab, India following pressure from local Government, heavy tariffs and diminishing import permits for Horlicks. This involved using Buffalo milk rather than cow's milk, and the modified technology of using vacuum ovens, rather than the traditional vacuum pans. During 1969, a second factory was started in Andhra Pradesh, India subsequently increased in size until finished in 1978. The two factories now produce twice the quantity of product now produced at Slough (a factory at England).

#### **The Merger 1989**

On July 26, 1989, SmithKline Beckman and the Beecham Group merged to form SmithKline Beecham. SmithKline Beecham was formed with a compelling goal to become an integrated human healthcare company, covering prevention, diagnosis, treatment, cure and disease management — all built around creating customer healthcare solutions for today and tomorrow's evolving healthcare needs.



**\*\* Product:** Horlicks is a widely regarded and highly respected 130-year-old brand. GSK has four brands in the health food drinks segment. Apart from Horlicks, which contributes Rs 600 crores in revenue to the consumer healthcare division, it has Boost, Maltova and Viva – the last three are much smaller brands than Horlicks. Faced with stagnating sales in the health food drinks segment, the company has chalked out an aggressive brand push strategy and a revamp for its flagship brand, Horlicks. The relaunch aims to focus on children as Horlicks was previously considered as a nourishment drink for old people. The company expects Horlicks contribution to the total turnover to be around Rs 800 crore which amounts to a major chunk of the company's turnover. Horlicks is a nourishing malted food drink which combines the wholesome goodness of malted barley, wheat and dairy ingredients. For more nourishment, Glaxo SmithKline. A Consumer Healthcare India Ltd (GSKCH) has relaunched its flagship brand Horlicks. A is to enable consumers choose different flavours, Horlicks is now available in Regular, Chocolate, Creamy Vanilla and Honey Buzz varieties in a new package. A Horlicks drinks provide the following essential nutrients: Proteins, Carbohydrate, Fat, Vitamin A, Niacin, Vitamin B1, VitaminB12, Vitamin E, Vitamin B6, and Iron & Calcium

**\*\* Price:**

#### **HORLICKS**

**Flavors (Rs)**

Weight(gm)	Elaichi		Chocolate		Honey Buzz		Vanilla
	Jar	Refill Pack	Jar	Refill Pack	Jar		Jar
200	57	-	57	-	-		-
500	108	103	108	103	108		108
1000	199	189	-	-	-		-

#### **HORLICKS JUNIOR**

Weight(gm)	Jar	Refill Pack
200	58	-
500	114	105

**Target Market:** Earlier Horlicks believed, white drinks are for the entire family in contrast to the browns, whose prime target audience is children. This is probably because whites—whose growth rate is faster than the browns—have the added advantage of being perceived as food which enhances the healthy image of those who are recovering. But gradually they realized that they have to focus on one segment of market that is children. Horlicks is now positioned as a pleasurable nourishment drink aimed at children between the age group of 8 -14. Nowadays children have tremendous influence on the things purchased for the family and therefore we want children to prefer Horlicks as a pleasurable nourishment drink. While all the action will be in the general Horlicks segment, the focus of Junior Horlicks (target segment: kids between one and three) will continue to remain the same.

**\*\* Promotion:** The company has earmarked around Rs 10 crores for brand promotion throughout 2003, and 70% of this will be spent in next six months. Sixty-five per cent of the ad-spend (around Rs 10 crores) will be for the visual medium and the balance for the print and others. Apart from the high-decibel media campaign, the company also plans to conduct an inter-school competition called Activity 2003 in which around 1.5 million students are expected to take part. Unlike its other drink (the Rs 170-crore Boost, promoted by Sachin Tendulkar); the new Horlicks does not have a brand ambassador. While all the action will be in the general Horlicks segment, the focus of Junior Horlicks (target segment: kids between one and three) will continue to remain the same. The brand will continue to talk to the mother since the purchase decision rests with her.

**\*\* Place:** It has a strong marketing network in India comprising over 1800 wholesalers and direct coverage of over 4,00,000 retail outlets. Horlicks sales have been strong in the south and eastern markets which contributes about 46 per cent and 47 per cent of the total sales. Milk-deficient South and East preferred white liquid powders (Horlicks, Viva, and Complan) as the drink could be prepared with hot water.

#### **B. MARKETING MIX OF BOURNVITA:**

The nutritional drink or the health drink industry has been marked by competition from various companies in the past few years. The health drink manufacturers in India have tried to retain their brand image by improving their product quality & by meeting consumer expectation. But only one health drink has successfully captured the heart of millions of Indians & that is a Cadbury Bournvita.

In spite of the fact that our health drink market is flooded with newer fun drinks for kids, Cadbury Bournvita has made a niche for itself as a drink for children who are mentally and physically active. Every bright and sportive kid down the block must be drinking Cadbury Bournvita. In fact nobody has forgotten the jingle screaming BOURN VITA!!

- ▲ **Product:** Cadbury India Ltd launched Cadbury Bournvita, a chocolate health drink in 1947 in India. But even before launching its new health product in the Indian market, Bournvita was one of the most loved chocolate drinks around the world. Bournvita is a combination of 2 words, Brown & Vita. Brown because it's brown in colour & Vita because it has lots of vitamins. If I were to ask you all a simple question like what is Cadbury Bournvita. I am sure you would say Woh powder jo mummy doodh mein milati hai But that as not what Bournvita is all about. It's a nutritional drink which acts as a dietary supplement providing nourishment along with good taste & flavors. For today kids who detest milk in its pure state unless flavored, this is an ideal drink. It has its own unique flavor, and the taste is rich and full-bodied. It as so easy to prepare, just instant mix it into your milk. Even a child can manage this for himself when he is in a hurry to run off to play! Many children I have known just scoop up a spoonful of Bournvita fine granules into their mouth and crunch away happily and goes to prove its taste bud friendly value for kids.
- ▲ **Price:** Normally, price is the most important element in deciding the fate of any product. While purchasing any health drinks however, a housewife or a mother who is the ultimate buyer gives price secondary importance. She will carefully study the taste & nutritive values in the health drinks. I agree that Bournvita is one of the most expensive health drinks in the market (Rs.101 for 500gms) but still due to its good taste & great nutritive values it has captured the majority of the market.

Bournvita Weight(gm)	Price(Rs)	
	Jars	Refill pack
200	54	54
500	110	101

**Target Market:** Brown HFD target audience has always been kids who are in the age group of 7-15. Why a HFD targets audience in this age group? The answer to this is very simple. Most of the children in this age group have casual eating habits and milk is like a curse for them. This is were a HFD comes into picture the work of HFD is not only to add flavor to the milk but also act as supplement which can add nutrition to their child. The other advantage of having this segment as target market is HFD are mostly taken with milk and the largest consumption of milk is seen in this segment.

- ▲ **Place:** The distribution pattern followed by Cadbury Bournvita is more or less same as the traditional channel of distribution. Cadbury's distribution network encompasses 2100 distributors and 4,50,000 retailers. The company has a total consumer base of over 65mn. Besides use of IT to improve distribution logistics, Cadbury is also attempting to improve distribution quality. To address the issues of product stability, it has installed coolers at several outlets. This helps in maintaining consumption in summer, when sales usually dip due to the fact that the heat affects product quality and thereby off take.

### C. MARKETING MIX OF COMPLAN:

- ⌚ **Product:** Complan is much more than a nutritious drink. It is a complete planned food in a deliciously flavored drink. It is easy to prepare. Each cup of Complan contains a balanced combination of all the 23 vital nutrients your body needs everyday. It is therefore an ideal supplement for those with special nutritional needs. Complan works when taken regularly everyday. If you are recovering from illness, a healthy, nourishing diet is more important than ever. You may not feel up to proper meals but you still need all the nourishment you can get to speed you on your road to recovery and Complan can provide it. Complan will give you all the nourishment of a complete meal in a

delicious, easy-to-prepare drink or healthy cereal. Just one serving is equivalent to 250 calories and it is fortified with 50% of the RDA of 11 essential vitamins, 25% of the RDA of vitamin A as well as 40% of the RDA of 6 minerals. In fact, Complan provides half your daily allowance of vitamins C and E as well as being an important source of iron and calcium. So, there is no surprise Complan is recommended by doctors and healthcare professionals all over India.

- ⌚ **Place:** Complan believes in more or less Direct Selling kind of distribution channel hence it does not have many middle man like C&F Agents, Wholesalers, Stockiest etc. this help the company to charge less to their customer and give them more or less personalize treatment. And the less no of middlemen also helps to increase our profit margin.

**Target Market:** Complan mainly target growing children because children need adequate and balanced nutrition to help them achieve their maximum growth potential. Complan with 23 vital nutrients in planned proportions is the ideal food supplement during these crucial years. Other than children they also target other person like. A Active people, which needs the extra nourishment for traveling & sporting activities. Busy Executives, who now & then have to skip their meal due to increase work load. Pregnant Women & Lactating Mothers, because they require nutrients during these vital periods.

- ⌚ **Price:** Complan is priced higher than other competitors because of its nutritional contents and there is no compromise on the quality of the product and price is given a second thought when it comes to health.

#### COMPLAN

Weight(gm)	Flavour (Rs)			
	Chocolate	Plain	Mango	Chocolate (Jar)
200	68	55	60	75
500	140	120	-	150
1000	245	-	-	-

- ⌚ **Promotion:** Complan is a very old highly nutritional drink in Indian Market and may be one of the first in this category. Hence it doesn't require an aggressive kind of promotion techniques. Hence complan is know concentrating on sponsorship of various sports related events and also introducing various schemes such as window display scheme etc. The various sports event it sponsored are: Complan Junior Squash Open 2002, sponsored by Heinz India Private Limited. The Complan junior Open may be the highest junior prize money tournament in India. The total value of price distributed was Rs. 2.25 lakhs. Heinz India has launched the Complan Under-15 National Cricket Talent Search, in which a galaxy of former India captains like Polly Umrigar, Nari Contractor, Chandu Borde, Hanumanth Singh, Bishen Singh Bedi and former Australian captain Bob Simpson, are involved. Young under-15 schoolboys from all the five zones across the country at North, South, East, West and Central at are being put through a rigorous regimen on the fundamentals of cricket.

**Conclusion:** The marketing mix is the combination of elements necessary to the planning and execution of the total marketing operation. The total marketing operation mainly consists of three processes: Analyzing the situation of companies, STP, Marketing mix. Marketing managers first analyzes the situation of the company and then conduct STP: Segmentation, Targeting, and Positioning. In STP, they segment the market, choose the target market in which the company can have competitive advantages and determine what is to be their products' position in the market, and then they design the marketing mix. In the process, marketing managers should design an internally consistent and mutually supportive marketing mix. It was specifically divided into the 4Ps : Product, Place, Price and Promotion by E.Jerome McCarthy in 1960, and from then it has been dealt with various variables. These variables include not only goods and services but usage, value, image and so on.

**Relative importance among 4Ps:**

In devising the marketing strategy: the total marketing operation, it is usually said that getting a competitive advantage should be considered importantly than any other factors. Thus, product and price is firstly determined because in the case they could be seen more related to the competitive advantage. In that case, decision-making about place and promotion is considered relatively later after determining the strategic position of the products by comparing rival products and then giving relative quality of products, price of products to the market. However, it is usual way of using marketing mix, and the relative importance of each mix can be different in many cases in terms of the situation of the market, the characteristic of the product, the characteristic of the company and so on. Thus, place or promotion can be the highest priority in any cases. In conclusion, marketing managers must pursue the most appropriate marketing mix with a bid to achieving competitive advantage using minimum effort.

**References:**

- ✚ Kotler, Philip (2003) "Marketing Management", Prentice Hall, ISBN 0131457578.
- ✚ Chae Seo Il (2007) "Marketing", B&M Books, ISBN 89-91879-19-5