Why Pre Joining Assignments?

MBA at Amity is a cohesive blend of students from diverse backgrounds. Therefore pre joining assignments are a tool to bring such diversities into a common launch pad. Consider this as an attitudinal/academics warm-up and a sneak peak into a life developing journey which awaits you.

Assignment 1

Read any 3 out of 5 below mentioned books and summarize in 2000-2500 words each

1. **First, Break All the Rules**
   by Marcus Buckingham & Curt Coffman Simon & Schuster,

   Based on a mammoth research study conducted by the Gallup Organization involving 80,000 managers across different industries, this book explores the challenge of many companies - attaining, keeping and measuring employee satisfaction. Discover how great managers attract, hire, focus, and keep their most talented employees!

   Key Ideas:
   1. The best managers reject conventional wisdom.
   2. The best managers treat every employee as an individual.
   3. The best managers never try to fix weaknesses; instead they focus on strengths and talent.
   4. The best managers know they are on stage everyday. They know their people are watching every move they make.
   5. Measuring employee satisfaction is vital information for your investors.
   6. People leave their immediate managers, not the companies they work for.
   7. The best managers are those that build a work environment where the employees

2. **Good to Great**
   by Jim Collins

   This book addresses a single question: Can a good company become a great company, and if so, how? Based on a five year research project comparing teams that made a leap to those that did not, *Good to Great* shows that greatness is not primarily a function of circumstance; but largely a matter
of conscious choice and discipline. This book discusses concepts like Level 5 Leadership, First Who (first get the right people on the bus, then figure out where to drive it), and the Flywheel.

3. **The One Minute Manager**  
   by Kenneth Blanchard and Spencer Johnson

The objective of the book is to define the effective managers in this dynamic world of business where various external and internal factors influence their performance. The author does it through a search mission of a young man whose quest is to find managers who make both— their organization and people win with their managerial skills. The author talks about a continuum, where one end is occupied by tough or autocratic managers who make their organization win but their people loose; while the other end is reserved for nice or democratic ones who make their people win but their organizations loose. Effective managers are ‘the one minute managers’ who adopt principles of one minute goals, one minute praising and one minute reprimands.

4. **The Black Swan: The Impact of the Highly Improbable**  
   by Nassim Nicholas Taleb

The idea of the black swan refers to the fact that, prior to the discovery of Australia, it was assumed that all swans were white, because no one (well, no European at least) had ever seen a black swan. However, they do exist.

However, in the book, a “black swan” refers to any event that is rare, has an extreme impact, and is explainable and predictable - but only in hindsight.

- Rare events occur much more often than we expect. Our minds are programmed to deal with what we’ve seen before, to “expect the expected”, and so to speak. However, all too often extreme events do indeed take place, and have large and long lasting effects.
- Our tendency to discard rare events happens in part because people underestimate their ignorance. There is a great deal we don’t know, but since feeling ignorant isn’t pleasant, we tend to put it out of our minds.
- We tend to invent stories where there are none. In other words, after the fact, we like to invent explanations for why things happened the way they did, which is much more
- Comforting than staring at sheer randomness.
5. **Who Will Cry When You Will Die**  
by Robin Sharma

Would you like to replace that empty feeling inside you with a deep sense of peace, passion, and purpose? Are your hoping that your life will not only be successful but significant? Are you ready to have the very best within you shine through and create a rich legacy in the process? If so, this potent little book, with its powerful life lessons and its gentle but profound wisdom, is exactly what you need to rise to your next level of living. Offering 101 simple solutions to life’s most frustrating challenges, bestselling author and life leadership guru Robin Sharma will show you exactly how to recreate your life so that you feel strikingly happy, beautifully fulfilled and deeply peaceful. Specific lessons include how to: "Discover Your Calling," "See Your Troubles as Blessings," "Enjoy the Path, Not Just the Rewards," and "Live Fully So You Can Die Happy." This is a truly remarkable book that you will treasure for a lifetime!

**Assignment 2**
Prepare a 500 words write-up on “My Dream Organization”.

**Assignment 3**
Read the following cases and solve the questions:-

Case Study I Devesh Sharma  
Case Study II Developing a marketing plan Nivea for Men  
Case Study III Haldiram's Group - Seeking the 'Right' Marketing Mix
Case Study I

Devesh Sharma

April 8, 2005

Attended the convocation. Received MBA Degree. Felt like a bridegroom. Writing this while spending a sleepless night traveling in Delhi Mail. My heart beats in symphony with the beats of the wheels on the rail….

April 9, 2005

Reached Delhi: Took complete rest.

April 10, 2005

Today is a new landmark in my life. Stepped into the business world, with high aspirations. Tough I am not a professionally qualified cost accountant, I have been appointed by the ABC Engineering Works, Delhi, is their cost accountant and that too at Rs. 49,000/- a month. Thanks to IIMA! As they don’t have any cost accounting system it is a challenging assignment. My immediate boss is the Chief Accountant (CA). Couldn’t meet either the General Manager (GM) or the Deputy General Manager (DGM); both of them were abroad on business tour. I was told that both DGM and GM are equally powerful. GM looks after all production and technical matters, and DGM looks after all administrative matters including purchases, stores, accounts, legal and personnel. Generally, rather of them interferes in each other’s official work.

April 11, 2005

Spent the day with the CA. He is in his late forties and appeared to be a practical man with lot of experience. He has also joined ABC recently. From 1989 to January 1999, he worked in the Accounts Department in NTPC, at various positions. When he resigned from NTPC to join ABC he was the VP (Accounts & Finance). He was not a professionally qualified accountant. He gave me a brief description of ABC. They are basically heavy engineering fabricators and specialists in manufacturing machinery for sugar and cement industry. They also accept orders for other types of
casting, machining, and fabrication jobs provided such jobs are sufficiently large and have adequate capacity. The workshop is located on the outskirts of Delhi. The factory is divided into three parts: a foundry, a machine shop, and a fabrication shop. Many parts for sugar and cement industry have to go through all the departments, generally in the same order in which they are listed above. Most of the orders received are either single job orders or batches of similar job orders.

ABC is of medium size and is quite successful. It was established in 1984. The sales and profit figures for the last three years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>38.32 billion</td>
<td>3.30 billion</td>
</tr>
<tr>
<td>2001-02</td>
<td>28.61 billion</td>
<td>2.52 billion</td>
</tr>
<tr>
<td>2003-04</td>
<td>15.31 billion</td>
<td>1.50 billion</td>
</tr>
</tbody>
</table>

After a brief description of the company, the CA remarked, “Devesh, you will be well advised not to be over enthusiastic. The Production Manager is a bit allergic to controls. Moreover, GM has great faith in this gentleman. You would be better off to suggest your ideas for any kind of control system gradually. Don’t try to force the pace.”

April 12, 2005

The CA took me to the plant and introduced me to the Plant Manager, the Planning Engineer, the Design Engineer, the Chief Inspector and the three Plant Superintendents in charge of foundry, machine shop and fabrication. The Plant Manage suggested that I spend a fortnight in the various sections of the plant to study the manufacturing operations and their internal problems before thinking of introducing a cost accounting and control system.

May 7, 2005

Spent two weeks in the plant – a highly educative experience. Became more familiar with their problems. The CA advised me to spend two to three days each with the Legal Officer, the Purchasing Officer, the Stores Superintendent, and the Financial Accountant. (They do not have a
personnel department. Seems that recruitment for the production and technical sides was generally
done by the Plant Manager and for all commercial departments by the CA).

May 18, 2005

The GM and DGM returned to Delhi from Germany after signing a collaboration agreement with a
German firm to set up a paper machinery manufacturing plant. As a matter of fact, I haven’t had a
chance to meet them earlier, as they were away on tour at the time of my interview. I was
interviewed only by the CA). The CA introduced me to them. The GM appeared to be a pleasant
person, in his late sixties. He didn’t talk much and wished me good luck.

DGM appeared to be a tough guy – younger than the CA, may be in his late thirties or early forties.
Advised me to be in constant touch with him in all my endeavours. For the next two days, he gave
me a specific assignment to study the work done by all the personnel in the stores department. He
added, “I know there is something wrong there. However, Devesh, I don’t want you to come up with
any recommendations at this stage. I want you to make a thorough study. And give me just a factual
report”.

May 22, 2005

Submitted a detailed report to the DGM. Even though I didn’t get much cooperation from the stores
personnel, I didn’t make any mention of it in my report. Gave a copy to the CA. Neither of them
called me to discuss the report.

May 23, 2005

The CA advised me to spend the next two months as a staff assistant to him. Was given a seat next
to his office in the mail hall and was asked to look into all his incoming and outgoing papers.

June 15, 2005

The ‘year-ending’ for the company is 30th June. Every year the company used to take the book
balances as per the stores accounts for income statement. DGM called the CA and me, suggested we
have a physical verification this year and assigned the full responsibility to me. He also sent a note
to all production departmental heads and the Stores Superintendent to furnish all necessary assistance
to me in this regard.
June 28, 2005

Talked with the Plant Superintendents and Stores Superintendent. Finalized arrangements for stock verification. Personnel from production departments were deputed for the purpose. My role was that of a coordinator. Sent notes to all concerned.

July 3, 2005

Stock verification was completed. Found large discrepancies between physical stocks and ‘book stocks’. Started investigating the reasons for the discrepancy. I was satisfied with the security arrangements. Ruled out the possibility of that by outside parties. Most of the stores items are of iron and steel (plates, beams, squares, rods, pipes, etc.) and the accounts are kept in terms of weight. ABC has permanent contract arrangements with a transport company to bring in materials either from the railway station or from the godowns of the various suppliers. For payment, separate records are kept in the incoming gatekeeper’s office. Gate keeper’s records are kept by actually weighing the lorries on a weighbridge when they come in and go out. Stores personnel prepare SRMs (Stores Receipt Memos) independently, based on which the payments are made. Sample checks are made comparing the figure recorded in the gatekeeper’s office, stores records, and the stores ledger kept in the accounts department which is posted on the basis of passed bills. Except for differences in the timing of posting these entries, no major discrepancy was noticed.

But as far as material issues were concerned, the entire system appeared to be in a mess. The following was observed:

1. Many materials were stored outside the stores in the yards. It was possible for the production people to take away materials from these yards without raising indents. (But this should have created discrepancy only in the bulky steel items which were kept outside. The discrepancies were also observed in materials kept inside the stores).

2. Apart from the carbon copy which the indenter kept, only one copy of the stores indent was made. This was used in the stores to post in cards; and in the stores accounts, to post stores ledger. There was a clerk in the Accounts Department who collected the indents from the stores ledger clerk and analyzed them job-wise to find out how much material was being issued to various jobs. (This one-man section was
known as the Cost Accounts Section and was placed under my charge. There was a
time-lag of nearly two to three months between the raising of an indent and its
reaching the cost clerk, mainly due to sheer lethargy at various stages.

To my horror, I accidentally found some old used stores indents lying in the backyard of the
stores. They were not the indenter’s copy (Indenter’s copy is in buff paper and the original
copy is in a fairly thick paper of blue colour.) Could not make out the content or the
department to which they belonged. All the entries had faded.

*July 4, 2005*

Discussed this problem with the CA. He wondered as to what we could do about it. We did
not have proper storing arrangements for all the materials. However, he suggested that I may
study the matter in detail and bring forth any concrete suggestion, if I wished.

*July 5, 2005*

Not sure how to tackle this matter. Anyhow, decided to bring it to the notice of the DGM.
Prepared a note and submitted to the CA with a copy to the DGM

*July 8, 2005*

Haven’t got any reaction from the DGM. The CA also hasn’t talked to me about it though I
was working with him on various routine accounting matters for these last three days.

*July 9, 2005*

A fine Sunday morning. But was not very happy as I felt uneasy at the lack of any interesting
developments in the office. Don’t feel like continuing as a staff assistant to the CA. Must set
up my own Cost Accounts Department. From tomorrow onwards, I will submit a note per
day on various control aspects which gradually, I hope, will usher in the establishment of a
Cost Accounts Department.

*July 10, 2005*
Besides the routine work, prepared a note on the control of attendance and the booking of working time on the job cards. The one month I spent in the plants helped me a lot in preparing these notes.

July 11, 2005

The ‘labour booking system’ I suggested was basically meant to facilitate the ascertainment of the time spent on various jobs by the workers. Since the CA told me about the DGM’s reluctance to recruit more men for establishing a separate Cost Accounts Section, I suggested that the plant superintendents can utilize their existing assistants to compile the necessary data from the daily job cards and send a weekly return to the Cost Accounts Section.

July 12, 2005

The CA told me that he had discussed the attendance control and time booking, procedure suggested by me with the Plant Manager. In the light of his suggestion I prepared a new note and submitted to the CA with a copy to the DGM.

July 13, 2005

Again, there was no response.

July 14, 2005

Decided not to give up. Prepared a note on production reporting. This is also part of my strategy to bring in a costing system slowly and steadily. Considering the overall resistance to change at different levels in the organization. I do not think it feasible to suggest any comprehensive costing system. Production reporting can be an indirect way of introducing a cost accounting system later.

July 15, 2005

Mr. Roy (Chief Metallurgist, Foundry) met me in my office. He has become one of my close friends. I showed him the copies of the various notes I have prepared. He was quite
enthusiast about my attempts. Besides being a metallurgist, he is an Industrial Engineer and had some idea of introducing a costing system for the foundry section. He suggested that we discuss it tomorrow at his house. He also invited me for lunch.

July 16, 2005

Went to Roy’s house. Discussed the introduction of costing system in the foundry. Though we could not finalize a comprehensive plan, he suggested that I trigger off some action by putting up a note on the subject. In order to overcome the allergic reaction that erupts at almost all levels in introducing cost control systems, we decided to call the note simply a ‘production reporting system’.

July 17, 2005

Prepared a note to introduce a ‘production reporting system’ in the foundry and submitted it to the CA with copies to the DGM and the Foundry Superintendent. (Roy is comparatively new to the organization, whereas the Foundry Superintendent, who is Roy’s boss, is one of the old guards – has been with ABC for 15 years)

July 18, 2005

As usual, reached my office at 9 AM. There was a surprise packet for me on my table. It was nothing but a bunch of copies of all my notes to DGM. Obviously the DGM had referred them back to the CA had given his comments. Seemed as if he went on accumulating them. But there was a note from the CA for me on top of the bundle saying, “such notes are to be submitted to me first and only after I give the approval they have to go forward”. I could not discuss the matter with the CA. He went our of station the previous night. My immediate reaction was to take the bundle to the DGM and discuss it with him. On second thoughts I decided not to short-circuit the CA. Returned home an hour early. Was seriously thinking over this for the last two hours. I feel that the only line of action for me is to resign.

Q) Prepare a write-up on your learning’s from the above Case Study.
Case Study 2
Developing a marketing plan
Nivea for Men

Developing a marketing plan

Introduction

The NIVEA® brand is one of the most recognised skin and beauty care brands in the world. NIVEA creme was first introduced in 1911 and the NIVEA brand now extends to 14 product ranges worldwide from suncare to facial moisturisers, deodorant and shower products.

In 1980 when Beiersdorf, the international company that owns NIVEA, launched its NIVEA FOR MEN® range internationally; it broke new ground with its aftershave balm product. It was the first balm on the market that did not contain alcohol, which can irritate the skin. It proved to be very popular with consumers.

In 1993, NIVEA FOR MEN developed a fuller range of male skincare products. This reflected the growing social acceptance of these products with male consumers. The brand was able to exploit its knowledge of the skincare market. The company's research showed men mainly wanted skincare products that protected the face after shaving. Men were willing to buy products that helped calm and soothe irritated skin caused by shaving.

The NIVEA FOR MEN brand was launched in the UK in 1998. At that time total annual sales of men's skincare products (facial and shaving preparations) in the UK were only £68 million with the male facial product sector worth only £7.3 million.

Sales of male skincare products have grown steadily since the launch of NIVEA FOR MEN and the market in 2008 was worth over £117 million with male facial products worth £49 million.

NIVEA FOR MEN wanted to increase its share of the UK male skincare market. This case study examines how NIVEA re-launched the NIVEA FOR MEN range in 2008. This was part of its overall plan to develop the range in the UK. It shows how the company developed a marketing
plan for the relaunch and organised its marketing activities to achieve its aims

and objectives. The study focuses on how a company can respond to changes in consumer expectations, external influences and business aims to achieve those objectives.

What is a marketing plan?

A business needs to set its overall direction for the company through a business plan. This plan sets out how the company is to achieve its aims. The aims and objectives of a business inform and shape its business plan. A vital part of the overall business plan is the marketing plan. The relationship between the two plans is shown in the diagram.

Marketing involves identifying, anticipating and satisfying customer needs. A marketing plan takes the stated aims and objectives and then puts in place a series of marketing activities to ensure those objectives are achieved. Marketing plans can cover any time period, but normally set out activities for the next one to five years at either a business or brand level.

The main sections of the plan cover:
• SWOT and competitive analysis - to assess where the business or brand is currently and what competitors are doing
• objectives - what the plan needs to achieve
• the marketing strategy - how the objectives will be achieved
• sales forecast - by how much sales are likely to increase
• budget - how much the marketing activities will cost and how the plan will be financed
• evaluation - how outcomes will be monitored and measured.
There is no set model for a marketing plan. The structure of the plan - and the amount of detail - will depend on the size of the brand, the timescale involved and how the market and economy is behaving. However, NIVEA's marketing plan for the relaunch of NIVEA FOR MEN follows closely the outline described here.

**Assessing the market**

The first step in devising a marketing plan is to conduct an evaluation of the business, its brands and products. This should include an assessment of the brand's position and the state of the market. NIVEA FOR MEN needs to know what its male customers want and what competitor products exist. As well as targeting the male consumer, women are also an important target market for NIVEA FOR MEN. This is because women often buy male grooming products for their partners as well as helping them choose which products to buy.

NIVEA FOR MEN used a **SWOT analysis** to help it assess the market. This takes a detailed look at the internal strengths and weaknesses of the business, as well as external opportunities and threats in the marketplace.

<table>
<thead>
<tr>
<th>NIVEA FOR MEN identified several strengths</th>
<th>As the leading male facial brand, NIVEA FOR MEN needed also to be aware of any weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIVEA FOR MEN was the UK market leading male facial skincare brand* which gave it strong brand recognition. • The company had a sound financial base, so it had the resources to put together a strong marketing campaign. • It also had staff with relevant skills – researchers with the scientific skills to develop products that men want and marketing staff with the skills to help promote these products effectively.</td>
<td>Was the product range still relevant for the target audience? • Did it have the right sales and distribution outlets? • Was its market research up-to-date?</td>
</tr>
<tr>
<td>One clear opportunity was that the market was growing</td>
<td>However, as the market for male skincare products grows, there are threats</td>
</tr>
<tr>
<td>• NIVEA FOR MEN had seen an increase in sales</td>
<td>Consumers were becoming more aware of the benefits of male grooming products</td>
</tr>
</tbody>
</table>
in the sales of male skincare products and it wanted a greater share of this market.

• The company wanted to take advantage of changing social attitudes. Men were becoming more open, or certainly less resistant, to facial skincare products.

They were knowledgeable and price conscious. They often expect sales promotions such as discounts and offers.

• The risk of competitors entering the market. NIVEA FOR MEN needed to differentiate its products in order to ensure that, in an increasingly competitive market, its marketing activity gave positive return on investment in terms of sales and profits.

Setting objectives

A successful marketing plan relies on setting clear and relevant objectives. These must relate directly to the business' overall aims and objectives. In other words, the marketing plan must fit with the overall company strategy that is set out in the business plan. Beiersdorf states its goal as '

...to increase our market share through qualitative growth. At the same time we want to further improve our sound earnings performance so that we can fulfil our consumers' wishes and needs with innovations today and in the future. This will give us a strong position within the global competitive environment.'

The marketing team set SMART objectives for the NIVEA FOR MEN relaunch. These are Specific, Measurable, Achievable, Realistic (given the available resources) and Time constrained (to be achieved by a given date). The marketing team used research data to forecast market trends over the next three-to-five years. This helped them set specific targets for increasing sales, growing market share and improving its brand image.

Beiersdorf wanted to increase its UK market share for NIVEA FOR MEN, but also wanted greater market penetration for male skincare products. In other words, it wanted not just a greater share of the existing market; it wanted to expand that market. It wanted more men buying skincare products. One key aim was to move men from just considering skincare products to making actual purchases. It also aimed to sell more male skincare products to women. Research had indicated that women were often the initial purchaser of skincare products for men. NIVEA FOR MEN used this key fact as a way to increase opportunities for sales. Another objective was to develop the NIVEA FOR MEN brand image. The NIVEA brand has always stood for good quality products.
that are reliable, user-friendly and good value for money. The brand's core values are security, trust, closeness and credibility. These values would be strengthened and expanded on with the re-launch, to get more men and women to think of NIVEA as first choice for skincare.

Marketing strategies

The NIVEA FOR MEN team devised marketing strategies to deliver its objectives. These strategies set out how the objectives would be achieved within the designated budget set by the management team.

This focus on product development combined with an emphasis on consumer needs is a key differentiator for NIVEA FOR MEN. It is a major reason why in the UK the brand is still the market leader in the male facial skincare market*.

Another cornerstone of the UK marketing strategy for the re-launch was promotion. NIVEA sought to build on and develop the approach it had used in the past. In the 1980s, advertising in men's style and fashion magazines along with product sampling was a major promotional tool. In the 1990s, the company used radio, television and press advertising together with sampling. Since 2000, there has been a greater emphasis on consumer needs and an increasing use of experiential activities in the promotional mix. Experiential marketing is about engaging consumers through two-way communications that bring brand personalities to life and add value to the target audience. This helps build an emotional connection between the brand and the consumers.
It is important to get the promotional balance right. NIVEA FOR MEN promoted the new launches of its products through a mixture of above-the-line and below-the-line promotion. The use of sport was a key element here. NIVEA FOR MEN supported football events at a grass-roots level through its partnership with Powerleague to build positive relationships with men. This helped create stronger brand affinity for NIVEA FOR MEN among men. It also allowed the brand to build and maintain a consistent dialogue with men, which helps to drive sales.

Above-the-line promotion included television and cinema adverts, which reached a wide audience. By using links with sport, NIVEA FOR MEN aimed to build a positive male image associated with male facial skincare. The brand also benefited from press advertorials in popular men's magazines, making the daily usage of their products more acceptable.

Promotions were used to attract new customers. For example, the distribution of free samples encouraged trial of NIVEA FOR MEN products which drove purchase. These promotions have helped build up brand awareness and consumer familiarity which reinforce the NIVEA FOR MEN brand presence. There is a dedicated NIVEA FOR MEN website to support its products and provide information to educate men on their skincare needs. To enhance the brand a tool called a 'Configurator' was created on the website to help customers specify their skin type and find the product that best suits their needs.

**Conclusion - evaluating the plan**

The marketing plan is a cycle that begins and ends with evaluation. The final stage in the marketing plan is to measure the outcomes of the marketing activities against the original objectives and targets. Continuous evaluation helps the marketing team to focus on modifying or introducing new activities to achieve objectives.

NIVEA FOR MEN adopted a range of key performance indicators to assess the success of the NIVEA FOR MEN re-launch in the UK. It looked at:

- market share - Did the re-launch accelerate this growth and help achieve its market share objectives? NIVEA FOR MEN is market leader in many countries and is consistently gaining additional market share.
- overall sales - Was this in line with objectives? Internationally, NIVEA FOR MEN skincare products grew by almost 20%. Its sales in the UK market at retail in 2008 were nearly £30 million and in line with expectations.
- brand image ratings - NIVEA FOR MEN was the Best Skincare Range winner in the FHM Grooming
Award 2008 for the fifth year running. This award was voted for by consumers. It illustrates that NIVEA FOR MEN has an extremely positive brand image with consumers compared to other brands.

- product innovation - In response to consumer feedback and following extensive product innovation and development, the NIVEA FOR MEN range has been expanded and the existing formulations improved.

These results show that, in the UK, the NIVEA FOR MEN re-launch met its overall targets, which was a significant achievement, considering the difficult economic climate. The marketing plan for the re-launch used past performance and forecast data to create a new marketing strategy. This built on the brand and company's strengths to take advantage of the increasing change of male attitudes to using skincare products.

**Questions**

1. Describe two pieces of data that NIVEA used when preparing its marketing plan to relaunch NIVEA FOR MEN.
2. Explain why NIVEA used football sponsorship to help increase its sales of NIVEA FOR MEN products.
3. Using the case study, put together a SWOT analysis of NIVEA's position just before the relaunch of NIVEA FOR MEN.
4. Discuss how effective you think the marketing plan for NIVEA FOR MEN has been.
Case Study 3
Haldiram's Group - Seeking the 'Right' Marketing Mix

Introduction

Over a period spanning six and a half decades, the Haldiram's Group (Haldiram's) had emerged as a household name for ready-to-eat snack foods in India. It had come a long way since its relatively humble beginning in 1937 as a small time sweet shop in Bikaner, in the Rajasthan state of India. In 2001, the turnover of the Haldiram's was Rs 4 billion.

The group had presence not only in India but in several countries all over the world. Till the early 1990s, Haldiram's comprised of three units, one each in Kolkata, Nagpur and New Delhi. The Agarwals family that owned Haldiram's were always conscious of the need to satisfy customers in order to grow their business.

The company offered a wide variety of traditional Indian sweets and snacks at competitive prices that appealed to people belonging to different age groups. Haldiram's had many 'firsts' to its credit. It was the first company in India to brand 'namkeens'. The group also pioneered new ways of packaging namkeens.

Its packaging techniques increased the shelf life of namkeens from less than a week to more than six months. It was also one of the first companies in India to open a restaurant in New Delhi offering traditional Indian snack food items such as "panipuri," "chatpapri," and so on, which catered to the needs of hygiene conscious non-resident Indians and other foreign customers. Since the very beginning, the brand 'Haldiram's' had been renowned for its quality products.

The company employed the best available technology in all its manufacturing facilities in India. Given the increasing popularity of Haldiram's products, the group planned to expand its operations. However, some analysts felt that Haldiram's still had to overcome some hurdles. The company faced tough competition not only from sweets and snack food vendors in the unorganized market but also from domestic and international competitors like SM Foods, Bakeman's Industries Ltd, Frito Lay India Ltd.(Frito Lay) and Britannia Industries Ltd.

Background Note
In 1937, Ganga Bishen Agarwal, (popularly known as Haldiram), opened a small sweet shop in Bikaner, a small district in Rajasthan. Bikaner had a large number of sweet shops selling sweets as well as namkeens. 'Bhujia sev,' a salty snack prepared by Ganga Bishen, was very popular among the residents of Bikaner and was also purchased by tourists coming to Bikaner. In 1941, the name 'Haldiram's Bhujiaawala' was used for the first time.

In 1950, Prabhu Shankar Agarwal (Prabhu), along with his father Rameshwar Lal Agarwal (son of Ganga Bishen), expanded the business by establishing a small manufacturing unit for sweets and namkeens in Kolkata. The success of this unit motivated Prabhu to upgrade its machinery to improve the quality of its products. As demand for Haldiram's products increased, it was decided to scale up the company's manufacturing and distribution activities. In 1970, a large manufacturing unit was set up in Nagpur in the state of Maharashtra (India).

In 1983, a retail outlet was set up in New Delhi. The outlet became very popular not only among the Delhites but also among tourists visiting Delhi. Haldiram's was able to achieve significant growth during the 1980s and 1990s. In 1992, a manufacturing unit with a retail outlet attached to it was set up in the outskirts of Delhi. A year later, Haldiram's syrups and crushes were successfully launched in the Indian market.
In 1995, a restaurant was opened in New Delhi. In 1997, realizing the potential of namkeens, the company set up a manufacturing unit in Delhi exclusively for making namkeens. To add potato products to its existing product portfolio, machinery was imported from the US. Haldiram's maintained high quality standards at every stage of the production process. All its food items were prepared and packaged in a very hygienic environment.

In the mid 1990s, Haldiram's added bakery items, dairy products, sharbats and ice creams to its portfolio. At the beginning of the 21st century, Haldiram's products reached millions of consumers not only in India, but also in several other countries, including the US, Canada, UK, UAE, Australia, New Zealand, Sri Lanka, Nepal, Japan and Thailand.

Analysts felt that the growing popularity of Haldiram's products could be attributed to its constant focus on all the elements of the marketing mix. An article posted on the website apeda.com quoted some of the company's strengths, "To sustain in the competitive market, Haldiram's has endeavored stress on its product quality, packaging, shelf life, competitive price with a special emphasis on consumers satisfaction and its lingering taste is amongst the best available in the world."

**The Marketing Mix**

**Products**
Haldiram's offered a wide range of products to its customers. The product range included namkeens, sweets, sharbats, bakery items, dairy products, papad and ice-creams (See Exhibit I for details of product range). However, namkeens remained the main focus area for the group contributing close to 60% of its total revenues. By specializing in the manufacturing of namkeens, the company seemed to have created a niche market.

Haldiram's sought to customize its products to suit the tastes and preferences of customers from different parts of India. It launched products, which catered to the tastes of people belonging to specific regions. For example, it launched 'Murukkus,' a South Indian snack, and 'Chennai Mixture' for south Indian customers.

Similarly, Haldiram's launched 'Bhelpuri,' keeping in mind customers residing in western India. The company offered certain products such as 'Nazarana,' 'Panchratan,' and 'Premium' only during the festival season in gift packs. These measures helped Haldiram's compete effectively in a market that was flooded with a variety of snack items in different shapes, sizes and flavors.

**Pricing**
Haldiram's offered its products at competitive prices in order to penetrate the huge unorganized market of namkeens and sweets. The company's pricing strategy took into consideration the price conscious nature of consumers in India.

Haldiram's launched namkeens in small packets of 30 grams, priced as low as Rs.5. The company also launched namkeens in five different packs with prices varying according to their weights (Refer Table I). The prices also varied on the basis of the type of namkeens and the raw materials used to manufacture it. The cost of metallized packing also had an impact on the price, especially in the case of snack foods. The company revised the prices of its products upwards only when there was a steep increase in the raw material costs or additional taxes were imposed.

**Place**
Haldiram's developed a strong distribution network to ensure the widest possible reach for its products in India as well as overseas. From the manufacturing unit, the company's finished goods were passed on to carrying and forwarding (C&F) agents. C&F agents passed on the products to distributors, who shipped them to retail outlets. While the Delhi unit of Haldiram's had 25 C&F agents and 700 distributors in India, the Nagpur unit had 25 C&F agents and 375 distributors. Haldiram's also had 35 sole distributors in the international market. The Delhi and Nagpur units together catered to 0.6 million retail outlets in India. C&F agents received a commission of around 5%, while distributors earned margins ranging from 8% to 10%. The retail outlets earned margins ranging from 14% to 30%. At the retail outlet level, margins varied according to the weight of packs sold.

Retailers earned more margins ranging from 25% to 30% by selling 30 gms pouches (priced at Rs.5) compared to the packs of higher weights. Apart from the exclusive showrooms owned by Haldiram's, the company offered its products through retail outlets such as supermarkets, sweet shops, provision stores, bakeries and ice cream parlors. The products were also available in public places such as railway stations and bus stations that accounted for a sizeable amount of its sales.

Haldiram's products enjoyed phenomenal goodwill and stockists competed with each other to stock its products. Moreover, sweet shops and bakeries stocked Haldiram's products despite the fact that the company's products were competing with their own products. Haldiram's also offered its products through the Internet. The company tied up with indiatimes.com, a website owned by the Times of India group8 to sell its products over the Internet. Haldiram's products could be ordered through a host of other websites in India and abroad.

Giftstoindia.com, giftssmashhits.com, tohfatoindia.com and channelindia.com enabled people residing abroad to send Haldiram's gift packs to specified locations in India. Region-specific websites enabled people to send gifts to specified regions. These include indiamart.com (Delhi and surrounding areas), mumbaiflowersgifts.com (Mumbai), and chennaiflowersgifts.com (Chennai and other parts of Tamilnadu). These websites competed on issues such as delivery time, which varied between 48 hrs to one week, delivery charges (some websites offered free delivery of products) and value added services (like sending personal messages along with the gift packs).

**Promotion**

Haldiram's product promotion had been low key until competition intensified in the snack foods market. The company tied with 'Profile Advertising'9 for promoting its products. Consequently, attractive posters, brochures and mailers were designed to enhance the visibility of the Haldiram's brand.

Different varieties of posters were designed to appeal to the masses. The punch line for Haldiram's products was, 'Always in good taste.' Advertisements depicting the entire range of Haldiram's sweets and namkeens were published in the print media (magazines and newspapers). These advertisements had captions such as 'millions of tongues can't go wrong,' 'What are you waiting for, Diwali?' and 'Keeping your taste buds on their toes.'

To increase the visibility of the Haldiram's brand, the company placed its hoardings in high traffic areas such as train stations and bus stations. Posters were designed for display on public transport vehicles such as buses, and hoardings, focused on individual products were developed. Captions such as 'yeh corn hain' (this is corn), 'chota samosa - big mazaa' (small samosa10 - big entertainment), 'yeh
Kashmiri mix khoob jamega' (this namkeen item will gel well) and 'oozing with taste' (for Rasgoolas) promoted individual products.

For those customers who wanted to know more about Haldiram's products, special brochures were designed which described the products and gave information about the ingredients used to make it. Mailers were also sent to loyal customers and important corporate clients as a token of appreciation for their patronage. Packaging was an important aspect of Haldiram's product promotion.

Since namkeens were impulse purchase items, attractive packaging in different colors influenced purchases. Haldiram's used the latest technology (food items were packed in nitrogen filled pouches) to increase the shelf life of its products. While the normal shelf life of similar products was under a week, the shelf life of Haldiram's products was about six months. The company projected the shelf life of its products as its unique selling proposition.

Posters highlighting the shelf life of its products carried the caption 'six months on the shelf and six seconds in your mouth.' During festival season, Haldiram's products were sold in attractive looking special gift packs. The showrooms and retail outlets of Haldiram's gave importance to point of purchase (POP) displays. Haldiram's snacks were displayed on special racks, usually outside retail outlets. The showrooms had sign boards displaying mouth-watering delicacies with captions such as 'Chinese Delight,' Simply South,' 'The King of all Chats.'

Posters containing a brief account of the history of Haldiram's, along with pictures of its products, were also on display at these showrooms. Haldiram's also diversified into the restaurant business to cash in on its brand image. The company established restaurants in Nagpur and Delhi.

The restaurant at Nagpur devised an innovative strategy to increase its business: It facilitated people who were traveling by train through Nagpur station to order food from places where stockists of Haldiram's Nagpur unit were located. The customers could order for lunch/dinner by sending a demand draft (DD) or cheque to the Nagpur unit or giving the same to specified local distributors belonging to the Nagpur unit.

Along with the DD/cheque, customers had to provide information such as the name of the train, its likely time of arrival at Nagpur, their names and coach and seat numbers. Haldiram's restaurants in Delhi also used innovative ways to attract customers. The restaurant located at Mathura road had special play area for children.

To cater to NRI's and foreign tourists, who hesitated to consume snack foods sold by the roadside vendors since it was not prepared in a hygienic manner, the Haldiram's restaurant located in South Delhi used specially purified water to make snack foods including pani puri and chat papri. These promotional strategies helped Haldiram's to compete effectively with local restaurant chains such as Nathus, Bikanerwala and Agarwals and with western fast food chains such as McDonald's and Pizza Hut.

**Positioning**

The above initiatives helped Haldiram's to uniquely position its brand. Haldiram's also gained an edge over its competitors by minimizing promotion costs. Appreciating the company's efforts at building brand, an analyst said, "Haldiram once was just another sweet maker but it has moved into trained brands first by improving the product quality and packaging. Through its clever products and brilliant distribution it had moved into the star category of brands."
Haldiram's earned recognition both in India and abroad. The Nagpur unit of Haldiram's was conferred the International Food Award by the Trofeo International Alimentacion of Barcelona14, Spain for having maintained high standards in quality and hygiene, at its manufacturing unit. The Delhi unit was awarded the Keshalkar Memorial Award by the All India Food Preservers Association in the mid 1980s in recognition of its efforts for popularizing ethnic Indian foods in India and abroad.

In 1994, the unit was awarded the International Award for Food & Beverages by the Trade Leaders Club in Barcelona, Spain. The unit also received the Brand Equity Award15 in 1998. Manoharlal Agarwal, who played a key role in the success of the Delhi unit, was included in the eighth edition of Distinguished Leadership by the Board of Registrars of The American Biographical Institute16. Haldiram's was also admitted as the member of Snack Food Association, US17.

The Road Ahead

In the financial year 2001-2002, the combined turnover of all three units of Haldiram's was estimated at Rs. 4 billion. The company targeted a growth of 15% for the financial year 2002-2003. Analysts felt that, given the competition in the industry, Haldiram's needed to develop new initiatives achieve this growth.

The competition in the ready-to-eat snack foods market in India was intensifying. Frito Lay India Ltd. (Frito Lay), one of Haldiram's major competitors, was expanding its market share. Instead of directly competing with the market leader Haldiram's, the company launched innovative products in the market and backed them with heavy publicity.

Frito Lay's product range consisted of a mixture of traditional Indian and western flavors which appealed to younger and older generations. Its products included Leher Namkeens, Leher Kurkure (snack sticks), Lays (flavored Chips), Cheetos (snack balls), Uncle Chips and Nutyumz (nut snacks). Frito-Lay was the first company to launch small 35 gm packs namkeens priced at Rs. 5 and also the first company in the organized sector to launch Aloo Bhujia18. Another competitor, SM Foods, introduced a range of innovative products. The company launched India's first non-wafer chips in 1988. SM offered products under two main brands - Peppy and Piknik. Under Peppy, it had sub brands such as Cheese Balls, Ringos, Hi Protein Crispies, Potato Rackets, Hearts, Veggie Treat, Mixtures and Minerette. Under Piknik, it had Protein Pin, Junior and Corn Puffs. Haldiram's also faced tough competition from domestic players such as Britannia Industries Ltd., Bikanerwala Foods and ITC.

In addition, FMCG major HLL had also announced plans to enter the snack food market. Analysts felt that Haldiram's lagged behind competitors in offering snack foods targeted at children, who were always eager to try new flavors in every product category. They felt that the company concentrated too much on traditional Indian items such as Bhujia Sev and Moong Dal. Haldiram's had in fact, taken steps to fill the gaps in its portfolio. Rajendra Agarwal, the owner of the Nagpur unit said, "We want to expand our market by introducing snacks that will appeal to younger people. There will be no growth in the traditional snacks category."19 The unit planned to launch products such as flavored ready-to-eat popcorn and a product similar to Leher Kurkure.

Though Haldiram's had increased its focus on advertising and promotion in the last couple of years, still more initiatives in this direction were necessary. Frito Lay's expenditure on product promotion was much higher. With successful ad campaigns such as "control nahin hotha" (it is irresistible) for the Leher brand of namkeens, the company made sure that it attracted the attention of viewers.
According to media reports, Haldiram's lagged behind competitors in the area of customer service. A report in Deccan Herald that Prabhu Shankar Agarwal, the owner of the Kolkata unit, was arrested on charges of manhandling customers only reiterated this opinion. The report also mentioned that few of the company's restaurants did not possess the minimum requirements, such as sufficient seating arrangements and adequate parking lots.

Haldiram's also had to deal with problems created by spurious products. Some companies claiming to be close associates of the original Haldiram's of Bikaner used the Haldiram's brand name in their products. For example the 'Haldiram Madanlal' company claimed that its proprietor, Anil Kumar Agarwal, belonged to the Haldiram's family of Bikaner.

The manufacture of spurious products threatened to dilute the Haldiram's brand image apart from affecting the sales. According to some analysts, many of the problems facing Haldiram's arose due to an informal split between its three units in the early 1990s.

The split occurred when Prabhu Shankar Agarwal, who was heading the Kolkata unit of Haldiram's, filed a complaint in the court against the Delhi and Nagpur units, alleging breach of contract when they opened a sweet shop in New Delhi in 1991. This led to a bitter court battle for many years. The court delivered a final verdict in 1999, when Haldiram's units were formally split as three separate companies with specific business territories.

The consequences of the split were a matter of concern. Though on paper, the three companies had clearly defined boundaries within which they should operate, in practice, they did not stay within their boundaries. They penetrated each other's territories and competed among themselves for a larger share of the snacks market. Analysts felt that competitors would take advantage of this split.

Since the scope for increasing market share in India was limited, these companies began to compete aggressively in international markets. They used the internet, not only to market their products but also compete with each other. Each company claimed that its products were superior to those of the others in terms of quality.

For instance, an advertisement in 'haldiramusa.com', a web portal that sold the products of the Delhi company in the US, read, "Our items come specially packed from the Original Haldiram's of Delhi offering superior taste and superior quality, the only Haldiram approved by the US FDA (Food and Drug Administration). Try the Delhi stuff and you will never touch the Nagpur Haldiram packets that most grocery stores store." Analysts were of the opinion that the internal rivalry among its own companies may lead to dilution of Haldiram's brand equity.

Q.1. Analyse the strategies used for marketing mix.
Q.2. What are the future prospects of Haldiram?
Q.3. Define competitive advantage and SWOT analysis of Haldiram.
Q.4. In recent times, the turnover of Haldiram is increasing. Discuss the possible reasons.
Submission Guidelines

1) Students are required to submit the completed assignments during the orientation program to your assigned Faculty Mentor which would be informed once you join the course. (*No Excuse will be entertained for non submission.*)
2) The assignments should be hand written on A4 size sheets and spiral bound.
3) The cover page should specify your Name, Program, Registration Number.