Victor Brand

DIAGNOSES
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CASE ANALYSIS I

Sunil Venaik
Assistant Professor, Marketing Area
Indian Institute of Management, Ahmedabad
e-mail: svenaik@iimahd.ernet.in

The objective of this case is to review Victor India Ltd.'s (VCIL) past decisions and prepare an action plan that will enable the company to survive and grow successfully in the future. VCIL is in three types of cocoa-based product businesses. First is the industrial products business of semi-processed cocoa used in different stages of chocolate manufacturing. Second is the chocolate business where it competes with large, established brands owned by multinational companies. Third is the cocoa-based beverage business. The focus of the case is mainly on VCIL's cocoa-based beverage business.

THE BEGINNINGS

The company set up a plant with large production capacities to produce and market chocolates under its own brand name. The capacity utilization for the various product lines in 2000 ranged from 9 per cent to 40 per cent. On closer examination, it is seen that the highest capacity utilization is in the industrial product lines of cocoa bean crushing and cocoa powder (40% and 30% respectively). The capacity utilization for the consumer product lines ranges from 9 per cent for the moulded chocolate line to 23 per cent for the Victor Plus beverage line. Due to the low capacity utilization, especially in its consumer product lines, the company was forced to take up contract work from MNCs for the production of chocolates under the MNC's brand name.

Although not explicitly mentioned in the case, it seems that the company was initially an industrial products firm supplying semi-processed inputs to the MNCs who produced and marketed chocolates under their own brand names. Due to the seemingly large difference in the price paid by consumers and the cost of inputs for chocolates, the company saw an opportunity in internally processing the chocolate ingredients and marketing the end product

The October-December 2002 (Vol 27 No 4) issue of *Vikalpa* had published a management case titled "Victor Brand" by Simon George. This issue features six responses on the case by Sunil Venaik, Malavika R Harita, Rajan Saxena , YLR Moorthi, R C Natarajan, and Salma Ahmed and Ashfaque Khan.

under its own brand name. Despite formidable competition, in 1996, the company decided to launch its Victor brand of chocolates with a modest advertising and promotion expenditure.

By integrating forward and producing and marketing its own brand of chocolates, the company planned to add and capture greater consumer value within the organization. However, since the company was a new brand pitted against large, established MNC brands, its sales volumes were very low and inadequate to fully utilize its production capacity. Hence, it failed to reach its expected target sales forcing it to produce chocolates on a contract basis for one of the large MNC brands.

Interestingly, although VCIL could not sell its chocolates in the market under its own brand name, the same products were acceptable for sale under the MNC's brand name. It is, therefore, clear that VCIL's products were of superior quality and comparable to that produced and marketed by MNCs using their own production facilities. It is also evident that the end products were sold at a reasonable premium since the MNCs purchased the finished products from VCIL and then sold them profitably in the market by simply adding their brand name.

CONSUMER BEHAVIOUR: CUSTOMER VALUE DRIVERS VERSUS COMPANY VALUE LEVERS

In the case of VCIL's chocolates business, it is clear that the company's products were comparable to that offered by MNCs. However, the total value proposition including the brand image and the channels of distribution was inferior to that provided by MNCs. As a result, the company failed to meet its targeted sales. If VCIL had undertaken market / consumer research before setting up the plant, it would have helped the company to significantly reduce the Rs 200 million investment in a large, high capacity chocolate manufacturing plant.

Before designing its business / marketing strategy, VCIL should have identified the various benefits that the customers are seeking from the chocolate purchase / consumption experience, and how these benefits are combined / weighted to arrive at the overall value derived by the customers. Next, it should have examined its internal resources and capabilities to see if it is capable of delivering the key values that the chocolate buyers are seeking from the chocolate purchase / consumption experience. If the company did not have some of the key capabilities required to deliver the value that the customers are seeking, for example, well known brand and distribution infrastructure, it could either develop these capabilities internally or source them from the market. If neither were feasible, it should restrict its activities to those elements of the customer value chain where it can deliver maximum value and leave the remaining elements to other players in the market.

VICTOR PLUS: A REVIEW

Forecast sales in 2000 = 500 tonnes
Expected sales = 75 per cent of 500 tonnes = 375 tonnes
Actual sales in 2000 = 250 tonnes (Table 7)
Total market size in 2000 = 90,000 tonnes
Victor's market share is very small, less than 0.3 per cent.

Financials for Victor Plus

The total variable cost of a 500gm bottle of Victor Plus is Rs 51.38. At MRP of Rs 70, the contribution per bottle is Rs 18.62 (26.6% of MRP). In 2000, the company sold 250.87 tonnes valued at Rs 35 millions. Thus, the total contribution from Victor Plus is Rs 9.3 million. The fixed costs are Rs 49.3 million. In addition, the Area Sales Officers' costs are Rs 15.6 million. Thus, the total fixed costs are Rs 64.9 million. At 20 per cent allocation, the fixed costs allocation to Victor Plus is Rs 13 million against a contribution of Rs 9.3 million. If the company can achieve the target sales of 500 tonnes, it can get a contribution of Rs 18.6 million. After deducting the fixed cost allocation of Rs 13 million, Victor Plus will generate a profit of Rs 5.3 million for the company. However, it must be noted that the 20 per cent overhead allocation is an arbitrary allocation on this product line, especially the production overhead of Rs 26.1 million, since the other product lines already incur these fixed costs. Thus, effectively, the entire contribution from the Victor Plus line could be considered as "profit" from this line. If we remove the production overhead of Rs 26.1 million, the total fixed cost reduces to Rs 38.8 million and 20 per cent of this is Rs 8 million. Thus, the contribution of Rs 9.3 million from the current sales volume of 250 tonnes are adequate to cover all costs plus leave a small profit of Rs 1.3 million from the Victor Plus beverage line. Thus, Victor Plus has been a successful product launch by the company.

Total company sales are Rs 350 million, comprising Rs 200 million from consumer and industrial products sales and the rest from MNC production contracts. The sales from Victor Plus are Rs 35 million. The chocolate sales value is Rs 85 million. Thus, the industrial product

sales are Rs 80 million and MNC production contracts provide the remaining Rs 150 million of the total sales of Rs 350 million. The contribution margin from Victor Plus sales is 26.6 per cent. If we assume that the company earns the same contribution percentage of 26.6 per cent from chocolate sales, the chocolates business provides a contribution of Rs 23 million. The contribution from industrial sales and MNC production contract is likely to be lower. Let these be 20 per cent and 15 per cent respectively or Rs 16 million and Rs 22.5 million respectively. Thus, the total contribution from all four businesses will be Rs 9.3 million, Rs 23 million, Rs 16 million, Rs 22.5 million or approximately Rs 70 million. Currently, the company overheads are Rs 50 million and ASO costs are Rs 15 million, or Rs 65 million plus advertising and promotion costs of nearly Rs 50 million. Thus, the company is able to cover both its fixed and variable operations and marketing costs. However, assuming an ROI of 20 per cent on its plant cost of Rs 200 million, the company needs to earn another Rs 40 million annually to cover the cost of capital.

Objectives

Based on the above analysis, the objective of the company currently is to generate an additional contribution of Rs 40 million in order to achieve an ROI of 20 per cent. Let us assume that the company generates the additional contribution from the Victor health beverage business.

With a contribution margin of about 25 per cent, the company will require additional sales of Rs 160 million. At Rs 140 per kg, this translates into additional sales of 1,143 tonnes or total sales of 1,410 tonnes and a market share of 1.6 per cent. On the face of it, it seems to be an achievable target.

Product Alternatives and Evaluation

The company has several alternatives for increasing its sales and profitability in the beverage business. These include the following:

- Introduce three variants of its brown beverage with three different positions—pure health, pure taste, and a combination of both health and taste. This will help in better satisfying the diverse segments in both the consumer and institutional markets. Those who are seeking pure taste, for example, as a milk additive in North India, may prefer the taste only variant of Victor. Similarly, those who are looking for pure health, for example, people who are old, sick or convalescing, may prefer either the pure health or health and taste variant of the drink. The three variants of the Victor beverage will also help in satisfying the diverse needs of the institutional market consisting of a large variety of restaurants and food and drink outlets in different regions of the country.
- Introduce a white beverage to complement its brown beverage product so that the company covers the entire spectrum of the health / taste beverages market. Today, white beverages comprise 66 per cent of the total market that is nearly twice the size of the brown beverage market at 34 per cent.
- The company may introduce a ready-to-drink variant of the health drink. This decision, however, should be based on detailed market research that shows customer preferences and intention to purchase such a drink. The downside to this alternative is that VCIL is a small company with limited distribution and the channel for ready-to-drink beverage is likely to be much more extensive. The competition in this segment is also likely to be much more intense. Given these factors, the company may explore this as a long-term option.

The style and design of its product label look very old and traditional in nature. The pictures on the package, the colour scheme, the shapes and sizes of the letters on the package, and the wording of the appeal, all need to be revamped and given a more modern and contemporary look so that it appeals to the target audience of parents who buy the product and children who consume it.

Pricing Options

As shown in Table 5, the health beverages are mostly consumed in high income households with young children. Hence, low price may not be a very critical purchase criterion for brand choice. On the contrary, low price may give the perception of poor product quality. To overcome such perceptions, it is recommended that the company raise the price of its products by 10 to 15 per cent so that it is at par with well-known brands. To incentivize purchase of the Victor brand, the company may use part of the additional revenue to provide more value for its customers such as larger quantity per pack, for example 600gm instead of 500gm, or reusable containers, or free chocolates. Thus, higher price will enhance product image, the freebies will act as promotions, increase the value of the total offering to the

customer, and incentivize the households to switch to the company's brand. Additionally, revenues from the higher price would help in partly supporting advertising in high cost mass media such as television that the company is unable to afford at present.

Distribution Strategy

The company has several disadvantages in distribution vis-à-vis the established players such as Cadburys and Nestle. First, the number of outlets selling its products is one-fourth of those selling Cadburys and Nestle products. More importantly, most of its outlets are B and C class even though the main consumers of this product category are likely to be shopping in A class outlets. It is important for the company to expand its distribution channels to cover more A class retailers. Furthermore, Victor Plus is stocked by 20 per cent of VCIL's outlets, the key reason being the slow movement of the product due to poor brand appeal. As suggested earlier, there is a strong need to lift the brand image with more contemporary packaging and labelling, and make large investments in advertising and promotion to introduce and sustain the new brand image and appeal, both among the channels and end users.

Advertising and Promotion

Since Victor Plus health beverage is a frequently purchased consumer good, it is important to support the brand position with sustained advertising using popular mass media such as television, radio, and print advertising. To successfully launch its new products and make it salient in consumer's mind vis-à-vis established competition such as Cadburys and Nestle, the company has no choice but to invest heavily in large-scale advertising and promotion, to introduce the new positioning, and to launch the new products in the market. To ensure repeat purchase, the launch must be supported with sustained advertising to ensure that the top of the mind brand recall and intention to purchase at the point of purchase are carried forward through all future product purchase cycles. As the sales volume increases, the unit cost of advertising will fall to affordable level.

Although the company is carrying out a number of promotional activities aimed at children who are the final consumers of the product, it is doing precious little to influence the intermediaries who take the product category and brand choice decisions, namely the parents and the channel members including distributors, wholesalers, and retailers. It is important for the company to spend money, time, and effort to encourage the retailers to stock the Victor brand and to convince the parents to buy the Victor brand. Events should be organized that involve all entities—children, parents, and channel members—participating in the brand and category purchase decision. Example of events include community activities such as Independence Day and Republic Day functions where everyone participates simultaneously.

The ad punch line "Be a Victor with Victor Plus—the tasty cocoa-based health drink. Drink with milk" is a no-brainer. It is dull and lacks creativity, fun, and excitement! It looks more like an ad brief. There is a need to design a more creative presentation of the punch line that is in tune with the product positioning. Given the earlier recommendation to have three variants of the Victor Plus beverage, different positions and punch lines must be designed for each of these products.

CONCLUSIONS

Although the company is still in the red, its performance is improving. It is able to cover its variable costs and a large proportion of its fixed costs. The key challenge now is to gain additional sales from its successful product lines in order to improve its bottom line. Victor Plus has been a successful product launch by the company. It is recommended that the company continue to focus on this product with a number of changes in its overall marketing strategy. First, new variants of the product should be introduced with different positions, namely, health, taste, and a combination of the two. The company should actively look at the option of entering the highly attractive white beverages business. On a long-term basis, it may explore the possibility of entering the ready-to-serve health drink market. The company should revamp its product packaging and redesign the labelling to give it a more modern and contemporary look that appeals to children who are the key consumers of the product. It should increase the price of Victor Plus by 10 to 20 per cent to enhance consumer perception of the product. The additional revenues could be used to build and enhance brand image through mass media advertising such as television and to incentivize the trade to stock the company's product lines. As "pull" demand is created through mass media advertising, it is critical that the product is available on the retailers' shelves to fulfil the demand from prospective customers. Otherwise, the intention generated by large-scale advertising to try the product may not translate into actual demand for the

company's product. Even if the product quality is good and the experience with product trial is satisfactory, Victor's superior brand position, sales, and market share can be sustained only if there is high repeat purchase rate. This would require continuous reminder to the customers about the product's superiority vis-à-vis competition, at least till such time that the brand purchase becomes a force of habit that is difficult to change by competitive advertising. As the high income segment mostly purchases the product, it is important that the company targets A class retailers. This may require additional incentives for the channels in the form of higher discounts, especially in the initial stages of the new product launch when it has to compete with well-established brands for shelf space. Finally, the company should continue to track and monitor sales of its products by product lines, channels, and segments so that problems can be identified and corrective actions taken before the customers and channels lose interest in the product / brand and / or the company is confronted with a strong challenge from established played in the market.

CASE ANALYSIS II

Malavika R Harita
Executive Vice President
Saatchi & Saatchi Direct, Bangalore
e-mail: malavika_harita@saatchi.co.in

What is keeping Victor Plus from taking off in the market? Sales are restricted to 250 tonnes per annum in a 90,000 tonnes market growing at 7-8 per cent per annum.

THE MARKET

Four players, Horlicks, Bournvita, Complan, and Boost, dominate the overall milk / health beverage market contributing to 87 per cent of total sales. There are a few smaller, national players like Milo and Maltova with insignificant shares contributing to the balance.

Victor is clearly a fringe player and is not perceived as a "national" brand, in spite of an all India shelf presence. A typical case of a me-too product in a highly competitive market, dominated by age-old brands, who are able to command a premium, with a legacy of large investments in advertising and promotion.

All the brands target SEC A and B households with one or more children. The decision- maker is the mother though "pester power" plays a significant role and is the reason for the school level promotions undertaken by all the brands.

THE ORGANIZATION

"This year will be the start of the turnaround. The performance in 2002 will be much better if we are able to look more closely at the brands' costs and pricing, product ingredients and a few critical product strategies." Mr Prabhu's (the Executive Director) words are characteristic of VCIL's culture.

Without a distinctive position for its products or the company, VCIL has been tinkering with every plan and strategy repeatedly over the years. Roping in a new consultant or Executive Director will not help if it keeps treating the symptoms instead of the disease. As Trout and Ries put it, "the road to chaos is paved with improvements."

"I saw to it that the plan which was recommended was perfectly implemented. Nothing more, nothing less." This statement by the Marketing Manager is reflective of an organization that is passive, satisfied with status quo, and quite content with creeping growth. No strategy is likely to succeed in the circumstance unless the current mindset of fuzzy focus and implementation without passion changes.

The MRP of Victor Plus is not mentioned in the case. Only the cost structure in Table 8 and the price of the original Victor as Rs 65 per 500 gm is given. We are assuming that Victor Plus is priced between Rs 65 and Rs 75 for 500 gm. VCIL's objective should be to maintain this price leadership.

Capacity utilization across all manufacturing lines is 30 per cent at best. Taking incremental steps is not the answer. VCIL needs to take a quantum jump to utilize current production capacity. One way could be to take up contract manufacturing. The institutional segment, constituting 40 per cent of the market, is also worth pursuing. It can be

tapped with an efficient distributor without committing major resources since VCIL already has a cost and price advantage. Ensuring a steady revenue stream, generating volumes, and reducing overheads on Victor Plus would ensure VCIL's price leadership in the consumer segment and fund essential brand building activities.

VCIL does not have the resources to dominate the category so it needs to flank competition. It needs to be much more aggressive in the marketplace. Sometimes, in war, it makes sense to retreat, regroup, and attack elsewhere. With the kind of volume VCIL has currently, 250 tonnes in a 90,000 tonnes market, it has nothing to lose and market share to gain.

STRATEGIC CONSIDERATIONS

VCIL has a good quality product in Victor Plus and is also priced reasonably. There are no negatives about the perceived quality of the product and the brand scores high on taste and price. So, can VCIL build on these strengths?

Sub-optimal spends on newspaper advertising, no television or magazine advertising and sponsoring school events without the air cover have not really done anything for the brand. Customers are neutral or unaware of Victor Plus. Since we are not beginning with any negatives, the task of repositioning Victor Plus becomes relatively easier.

The consumer has not been given a reason to buy Victor Plus. It was first positioned as an energy drink then an instant chocolate drink. The label itself is symptomatic of the lack of clear positioning. It has four different messages, "nutritious and tasty cocoa drink," "the nutritious and tasty health plan," "richer, tastier instant cocoa drink with milk," and "rich taste of nutritious cocoa drink."

The brand has lost its focus, if it had one in the first place.

RECOMMENDATIONS

VCIL is a me-too product and hence the marketing strategy should be aggressive and different from the rest. The problem is how to reposition Victor Plus in the consumer's mind to gain volume and market share? Instead of being a fringe player in an overcrowded market, can VCIL play in and dominate another playing field?

The company has not leveraged its strengths of a good quality product priced reasonably with a name that encapsulates the secret aspirations of every parent. The brand name *per se* does not possess the equity of the established players. However, since Victor is not known, adding a "plus" to the name is redundant. The product should just go by its original name of Victor with modern graphics and a well designed label, to give shelf throw and visibility. Instead of the standard Pet jar, can VCIL look at a zippered stand-up pouch that will give the product distinctiveness and perhaps reduce cost of packaging?

The functional benefit of Victor Plus is a chocolate flavoured health drink; it is the emotional benefit that is not defined.

Victor Plus has got into the "everybody" trap. What is required is to find that unique "creneau." Victor Plus needs to own a word in the consumer's mind, like Volvo and safety or Crest and cavities. Victor Plus needs to focus on this one powerful attribute and drive it consistently over time.

A competitive scan reveals that the four basic platforms in the milk/health beverages category are owned by others. Boost owns the word "Energy" in the consumer's mind, Complan owns "Health," Horlicks stands for "Nourishment," and Bournvita for "Nutrition."

What is not taken is "fun" and "price." "A fun drink for kids" may be an option but immediately brings VCIL into competition with cold beverages like Coke and Pepsi. Also, establishing this position requires large spends on TV.

The price positioning on the other hand is a strong one at both the consumer and trade level, especially in today's scenario with deal prone customers. Being a price leader also adds the necessary aggression to VCIL's overall strategy. The trick is to build consumer demand through localized advertising and ensure trade push through schemes and incentives, at the same time controlling costs.

Can VCIL Do a Nirma on Victor Plus?

Since Victor Plus cannot match the big brands in terms of spend levels, it needs to change the playing field. Instead of spreading scarce resources thin, it should concentrate on one objective.

The company cannot fight the big players through advertising; but it can fight them at the distribution level where agility and relationships count. It needs to ensure that Victor Plus is on every shelf in the focus markets, not just in 25 per cent of them like currently.

Instead of widening the distribution base, VCIL needs to restrict it to the four Southern states that are traditionally brown beverage markets and increase penetration

by going down pop strata instead of concentrating on the larger towns. The top ten cities are normally where everyone plays, not just Horlicks and Bournvita. In fact, VCIL is competing for a "share of wallet" and a share of mind with every other consumer product player.

The best strategy, therefore, for a player like VCIL with limited resources is to focus on the South which accounts for 56 per cent of the consumption and withdraw from the other three regions letting the bigger players open up the other markets before it ventures into them again. The South, barring Bangalore, also has the lowest distribution costs, and accounts for 60 per cent of the Victor Plus sales, which is higher than the industry pattern of 56 per cent. It is a cash cow, so they should milk it.

VCIL already has a presence in the B, C, and D class outlets (80%), and hence they should exploit that position. If the focus is the Southern states, can VCIL disband the Area Sales Offices there and appoint super stockists who directly lift stocks from the factory? VCIL is thereby effectively reducing a layer in the distribution chain ensuring continuing price competitiveness.

The traditional target for all brands has been the high-income households and hence VCIL should look at SEC B and C households, who aspire but do not have the wherewithal. To facilitate trial and repeat purchase, can VCIL look at smaller sachets and packs instead of just 500 gm jars? Like Chik shampoo.

The choice of daily press as a medium supported by some school promotion is, in fact, a sub-optimal use of resources and is unlikely to fetch results. And if it is spread over a long period of time, it has virtually no impact. In fact, VCIL has wasted resources. At the end of the day, VCIL is selling a food product, where taste matters. And taste can only be communicated through visual appeal or in other words through television. The investment in production of a commercial is essential. A commercial which can be aired on regional channels or on local cable networks is very cost effective in terms of the eyeballs it gives you and will also help to kick start the operation.

At the same time, VCIL needs to generate immediate awareness in the focus markets, so using local celebrities to endorse Victor Plus may be effective. This would also help build a personality and differentiate Victor Plus from competition.

Single-minded focus, continual efforts, aggression, introspection, and some hard decisions are needed if VCIL and Victor Plus are to get back on track and stay there.

CASE ANALYSIS III

Rajan Saxena
Director
Indian Institute of Management, Indore
e-mail: director@iimidr.ac.in

VCIL is an example of a company which is not able to decide if it wants to be a third party manufacturer or a significant player in the fast moving consumer group (FMCG) industry through its own brands. At the outset, it is important for the company to settle this conflict because each of the options requires a different mindset, resource, and strategy to succeed. The creation of brand at a national level requires a significant investment in the market. Typically, a brand building process involves focusing on four As, i.e., awareness, attractiveness, availability, and affordability.

On the attractiveness front, some of the significant parameters to be considered are: image, credibility in the target market which should lead to creating a respect for the brand, and finally maximizing perceived value in purchase. The brand has to necessarily create an excitement in the target market such that the consumers not only get attracted towards it but also hold it in admiration and affection.

The third party manufacturing approach, on the other hand, involves focusing on internal operations and delivering the product to the principal buyer's specifications. This would involve issues in quality management, management of both inbound and outbound logistics, and honouring the commitments made to the buying organizations.

Assuming that VCIL is interested in creating a brand, then it needs to re-look at some of its fundamental assumptions.

THE TARGET MARKET

The first set of assumption relates to the target market. From the data available, it appears that the company has decided to target the high-income households presumably

for the reason that since milk beverages are priced around Rs 100 for 500 gm pack, other income groups cannot afford it. This is a fundamental error. Most urban professional middle-class families with one or two children want to provide the best products and services to their children. Hence, invariably, the parents do not mind spending more on products that they perceive as contributing to their child's health and growth. Today, the child is an important influence in the decision-making and, therefore, VCIL should focus on the middle-class as also the child.

Further, the company needs to consider the psychographic variables also for segmenting the market. Perhaps if it were to carry out research on the psychographic profile of its target consumer, it may be able to identify the life style and personality of the target consumer. One of the factors that need to be examined here is whether the milk additives are a learnt behaviour or in other words an acquired behaviour from the West or is it natural for an Indian family to add such nutritive beverage powder to the milk. Most of the time, milk is consumed without any additives. The typical Indian flavours, if added, are more natural, like *elaichi* and *kesar*. The other flavours like chocolate are acquired tastes, which the multinationals sell in the Indian market. If this hypothesis is accepted, then the profile of the target market is urban, professional, middle to higher-income families with one or two children. They have an international perspective and want their children to study in the best English medium public or convent schools. They have high aspirations and dream that their child would be an achiever.

India is today witnessing emergence of a new life style and values across different age and income groups. Today, health is an important value and consumers across different age groups have become highly conscious of the need for exercise, regulating their diets, and eating more nutritious food. One can see more number of people in all age groups using gyms, health clubs or simply on the walking tracks everyday in the morning or during the day. Also, there has been an increase in the number of consumers indulging in outdoor activities like playing golf. Health drinks, therefore, are products which are sought by all consumers. VCIL, therefore, needs to de-link its brand from the child market and position it as a health drink for all age groups. Further, consumers today are more influenced by dieticians, health instructors, *yoga* trainers, etc. They see them as being more credible when it comes to selecting a product or a brand for health purposes. Hence, the social channel plays a far more significant role in the acceptance of a brand in the health product category.

This consumer group is an informed consumer group which is impacted both by the brand imagery and the tangible benefits that a brand promises to deliver. Typically, he / she is a reader of English and local language newspapers and watches news both in English and regional language. This consumer generally buys global brands whose power of imagery exceeds local brands. Given the above, VCIL may like to re-evaluate its segmentation and targeting strategies.

PRODUCT POLICY ISSUES

VCIL can take a fresh look at the ingredients of Victor. The comparison shows Victor losing out on wheat flour, milk solids, malted barley, and malt extract, which are essential for the growth of the child and health of all consumers.

In order to enhance consumption, it needs to re-look at its packaging strategy. The retail pack today discourages single consumption. Hence, it may consider introducing sachets for single use. Through this it will also be able to overcome price resistance in most of the other income segments. It should also examine other situations requiring high energy and position Victor accordingly.

POSITIONING

VCIL's current positioning is confused. It appears to be a copy of a well-known international brand in the market. From the data shown in the case, it appears to be an example of 'me-too' brand. It also seems to suffer from an image of a 'local' rather than a 'global' brand. As mentioned earlier, if the above hypothesis of an acquired behaviour from the West is to be accepted, then VCIL's local brand image can come in the way of it succeeding in the beverages market. Hence, it is important for the company to reposition the brand not just on attributes and benefits basis, but on the basis of life style or a USP which sells most in the market. In other words, to make the brand attractive, VCIL needs to touch the feeling component of the target market. The two feelings which the brand needs to consider are: excitement and affection.

The child's excitement and the mother's feelings of warmth, love, and affection for her child should be captured by the brand. In other words, both the ethos and pathos of the marketing communication needs to be reconsidered in repositioning the brand. The brand values

will have to be redefined beyond attributes and corresponding benefits. This, in turn, can help maximize value in the purchase of Victor.

Should VCIL decide to position Victor as a health drink, it needs to then get it endorsed by celebrities who have not so far endorsed any brand of soft drinks or aerated drinks. Typically these should be the young, fresh faces from sports.

The company should avoid superman positioning and as said earlier, focus on health. In view of this, the product labelling, the design of the pack, including its colour, the advertising copy, and the public relations exercise may require change.

DO LOCAL BRANDS HAVE A LIFE?

VCIL should take heart in the fact that today local brands dominate the Indian market and are threatening international brand dominance. This is visible across product categories. But, for doing so, the brand needs to have strength in distribution and have stronger alliances with other firms in the market.

For example: Can VCIL consider setting up milk/juice parlour in key B category towns in Southern India, which accounts for 46 per cent of the country's consumption? A success here can make the company cash rich which can help it expand its parlour strategy in the Western and Northern regions in the country.

In addition to the milk or juice parlours, the company may consider using other non-conventional channels for distribution like health clubs, gymnasiums, stalls near walking tracks, and joggers parks in various cities. It may even consider sponsoring health events and entering into a tie-up with milk companies or cooperatives for using their retail outlets.

In the context of institutional market, the company may consider getting Victor brand included in the menu card of the leading restaurants. These restaurants should encourage consumers to ask for Victor brand of drinking chocolate or Victor milk shake. The company may even consider a tie-up with firms offering coupons to its employees for purchase of goods. These coupons could be made redeemable on purchase of Victor brand of milk additives.

DISTRIBUTION STRATEGIES

The company should adopt a hub-and-spoke pattern of distribution. This will be cost- effective and also ensure that all markets are adequately served and there are no distribution patches in any area. The hub will be the main distributor which will distribute it to various stockists in different areas in the city. These stockists, in turn, will then spread out to both the conventional and non-conventional retailing outlets. The company's marketing team should oversee this distribution and ensure that each of these 'spokes' up to the retail outlet are serviced. While it will be the distributors' sales team that will be distributing to the stockists, the retail salesman owning two/three-wheelers will be on the pay roll of the stockist. VCIL may consider adequately compensating its channel partner as this will enable it to reach into the interiors of the market.

CRM FOR BRAND ENHANCEMENT

The company at the moment does not have a database of the distributor and the final consumer. Today, one of the inputs in brand building is the customer relationship strategy. The customer relationship management (CRM) today is, as we all know, IT driven. It is advised that the company consider creating a data warehouse of its intermediaries. This can help the company track the movement of both VCIL and Victor Plus. It would also help it to customize its pricing and communication strategies. It may even consider creating a helpline where the consumers could ask questions relating to health to be answered by a well-known dietician or a health instructor. Finally, the company is advised to break the marketing organizational hierarchy. It must end at sales executive level and, as far as possible, must be two-tiered for smooth and effective information flow and decision-making.

To conclude, VCIL today has done everything that one would expect on the tangible and price front. But, to succeed now, it has to reposition it as a health drink and use information technology and telecommunication technology to connect to the target market in a more effective manner.

CASE ANALYSIS IV

Y L R Moorthi
Professor, Marketing Area
Indian Institute of Management, Bangalore
e-mail: ylrm@iimb.ernet.in

There are good reasons given in the case for making Victor a business-to-business (b2b) product rather than a business-to-customer (b2c) brand. Branding in general is expensive. In this specific instance, VCIL is at a disadvantage in terms of branding costs. Except Nutramul, all the brands in the market are priced more than Victor. Assuming similar cost structures for all manufacturers, others have more to spare for advertising and promotion than VCIL, given their higher price. The dealers explicitly stated that they do not rate the brand high. Victor was also rated as the weakest brand in the market by consumers. It was rated much lower than Nutramul, though the latter was not priced very differently. Besides, already 150 million of Victor's Rs 350 million turnover comes from processing charge earned from an MNC. The case also mentions direct sales to vegetarian restaurants and juice parlours as potential sources of income. Thus, there are several indicators that make the case for a strong b2b offering rather than a weak b2c brand.

There are other reasons for according the branding exercise a lower priority. Blind tests reveal a positive evaluation for the product. Thus, while Victor brand is weak, its product is rated fine. That is all the more reason for making Victor a b2b offering where the product's intrinsic qualities are more important. Further, branding in the health beverage category seems to be less important than product related attributes. Branding contributes to only 10 per cent of the weightage in consumer evaluation. Since nutrition, taste, and price are more important than brand in consumer evaluation, it may be important to focus on these parameters rather than branding.

An examination of the positioning statements shows that the "nutrition" benefit, crucial to the category, has not been convincingly exploited by any brand in the market. Table 1 shows how the contents of the positioning statements compare.

It is somewhat surprising that not a single drink directly uses the word "nutrition" in its positioning statement, given that nutrition is the most important dimension in consumer evaluation. From Table 1, it is clear that "energy" and "food" are the most advertised benefits followed by "health." Health and nutrition platform however are similar. Horlicks that uses "nourishing" platform and Bournvita that calls itself a "balanced formula drink" can be classified either way. Though Horlicks and Bournvita are leaders, they do not use the word "nutrition" directly to describe themselves. This can be exploited by Victor. But, currently, Victor is rated low on nutrition by consumers. To claim the nutrition platform, Victor should include ingredients that add to that perception. Of the nutrients, only Vitamin A is there in Victor. Other nutrients such as Vitamin B2, B6, B4, C etc. should be added to Victor without making it more expensive. Similarly, ingredients like Potassium Bi-carbonate (digestion, metabolism) can also be added to further underline the nutritive connotation. One option is to increase the nutritive content through ingredients without appreciably adding to cost and keep it as a b2b offering. But, if Victor does eventually want to become a brand, it can use the "nutrition" platform but after making the requisite product changes.

A via media option is to make Victor a regional brand rather than a national one. This would bring down its

Table 1: A Comparison of Positioning Statements

Brand	Taste	Energy	Health	Food	Ingredient	Nutrition
Boost		XXXX				
Complan			XXXX			
Nutramul				XXXX	Cocoa, Malt	
Maltova		XXXX			Malt	
Bournvita			XXXX			
Milo	XXXX	XXXX		XXXX	Chocolate	
Horlicks				XXXX		Nourishing
Victor	XXXX				Cocoa	XXXX

promotion and distribution costs. Since Victor is headquartered at Bangalore it might opt to focus on South India where 46 per cent of the milk beverages are sold. Since mothers are the most important influencers, a nutritive, affordable drink aimed at them is an option. (The by-line could also be changed to something more catchy like "Victor is to nutrition as mother is to love.")

A clearer understanding of why branding Victor is not easy emerges from Tables 2 to 5. The costing sheet in Table 4 shows that Victor is making a loss (Victor achieves breakeven at 463 tonnes, it is presently selling 250 tonnes).

The contribution to sales ratio of Victor is 16.6 per cent (Table 2) and the corresponding figure for Boost is 30.86 per cent (Table 5). Thus, Victor is earning much less than competitive brands. This is why it will not be able to make much money on the brand. Table 3 shows the allocation of ASO costs to the Victor brand in proportion to its tonnage. The ASO costs allocable to Victor are Rs 4.517 million (last row in Table 3). This appears in Row 6 of Table 4.

Table 4 estimates the total fixed cost, breakeven, and profit realized if Victor sells 500 tonnes. The breakeven volume is 926 million 500 gm packs. This translates to 463.03 tonnes. Thus, if Victor sells 500 tonnes, it makes 1.23 per cent of sales as profit. This again confirms the low profit possibilities from this brand. (However, there is another important question that needs to be answered about Victor before we pronounce it a success or failure. When it is a by-product, why should 20 per cent of fixed costs be allocated to it as the case demands?) By the present formula of allocation, however, the brand has to double its turnover even to achieve breakeven. This may be difficult given the reluctance of consumers as well as dealers. The branding programme is ostensibly to handle that problem. But even if this would work, the brand will have only a marginal presence in the market. (Victor has a capacity of 1,200 tonnes in a 90,000 tonnes market. To achieve full capacity utilization, the brand has to multiply its sales tonnage close to five times. After that it will still have less than 2 per cent share in the market. So, a crucial question here is: how serious is the organization about this brand. Building a brand in a category where market

Table 2: Variable Cost of Victor

	Per Pack	Per Tonne
Material	22.00	44,000
Bottle	7.00	14,000
Label	2.50	5,000
Excise	7.28	14,560
Stock. com	4.20	8,400
Retailer margin	8.40	16,800
Total variable cost	51.38	1,02,760
Selling price*	70.00	1,40,000
Contribution	18.62	37,240
Advertisement (10% of SP)**	7.00	14,000
Contribution net of advertisement	11.62	23,240
Contribution/Sales	16.60%	

Note: All figures in Table 2 are in Rs except the last row.

* The price of Victor Plus is inferred as Rs 70 (If the retailer margin is Rs 8.40@12 per cent of sale price, then the sale price is Rs 70).

** Table 2 assumes that advertising expenses are 10 per cent of sales (This works to about Rs 35 lakh, slightly higher than the outlay for 2000, which is Rs 30 lakh. A rough figure of 10 per cent had to be assumed because the advertising spends were uneven Rs 8 lakh in 1999 and Rs 30 lakh in 2000. Besides, Cadburys spends 10 per cent on advertising. Small companies will have to spend at least that much as percentage of sales though usually the percentage is higher. Leaders spend less than smaller brands on advertising as percentage of sales. Thus, 10 per cent advertising expenses is a reasonable assumption. Rs 10 lakh = Rs 1 million.)

Table 3: Area Sales Officer Cost Allocation

Total expenses at ASO (Rs lakh)	156.29 [66.1+41.68+48.51]
Total sales quantity (tonnes)	867.95[617.08+250.87]
Victor Plus sales quantity (tonnes)	250.87
Proportionate ASO cost (Rs lakh)	45.17 [(156.29/867.95)*250.87]

Table 4: Fixed Cost

General department	77.10*
Service department	111.90*
Production department	261.37*
Corporate office	42.50*
ASO cost	45.17*
Total fixed cost	538.04*
Allocated fixed cost (@20 per cent)	107.61*
BEP Volume (lakh) (packs of 500 gms) (Allocated fixed cost/Contribution net of advertising)	9.26
BEP Volume (tonnes)	463.03
Profit at 500 T sales = (500 – breakeven tonnage) *Contribution net of advertising (Rs)	8,59,126.9
Sales value for 500 tonnes (Rs)	7,00,00,000
Profit/Sale (%)	1.23

* Figures in Rs lakh.

Table: 5 Details for Boost

Sale price	93
Variable cost (assuming similar cost structure as competition)*	55
Contribution	38
Advertising (10% of sales price)	9.3
Contribution net of advertising	28.7
Contribution/Sales	30.86%

Note: All figures in Table 5 are Rs except the last row.

* The total variable cost of Victor is Rs 51.38. Assuming a similar cost structure, Boost should have a similar total variable cost. Making allowance for other marketing expense, the corresponding figure for Boost was put at Rs 55.

share is difficult to achieve makes poor business sense).

In sum, Victor has the following possibilities:

- making it a b2b product
- making it a regional brand to bring down advertising and distribution costs
- positioning it as "the nutrition brand" in South.

What option Victor picks up depends on how serious it is about the product category. But unless capacity is increased and consumer perceptions are radically changed, it is difficult for Victor to become a successful brand. In such a scenario, a less ambitious goal like a b2b offering or a regional brand with a low tonnage is a more realistic option.

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CASE ANALYSIS V

R C Natarajan
Associate Professor, Marketing
T A Pai Management Institute, Manipal
e-mail: cnutraj@mail.tapmi.org

The case reveals the typical predicament of Indian brands that try to fight pioneer brands of MNCs in the FMCG sector.

COMPANY

Hot beverage consumption among children in India is mainly confined to additives such as brown beverages or white beverages. Hence, any organization targeting children in this market automatically competes in health beverages. VCIL is a late entrant in this market, having no prior corporate image. The competitors, mostly MNCs, have entrenched themselves over 50 years in the minds of their consumers as well as among the trade. Therefore, VCIL cannot afford to win the game by playing by rules set by these organizations in the market.

By size, VCIL is a tiny player. The health beverage market in India is estimated at 0.12 million tonnes per year. Brown beverages account for 35 per cent of this market, i.e., 42,000 tonnes per year. VCIL's installed capacity for Victor Plus is 1,200 tonnes, i.e., about 3 per cent of the brown beverage market. Their present sales volume represents 0.65 per cent of the brown beverage market and will not cause any major concern and reaction from any of the MNCs. However, the MNCs can be expected to remain silent strategically and to become aggressive tactically in markets that are of importance to them.

Since VCIL neither has the strength to fight the MNCs in their field nor is a threat to them, the company has to look for a strategy that will circumvent the strengths of the competitors and identify those markets where the MNCs are not interested. This means that the brand has to target more than one small segment that will add up to its total capacity.

SEGMENTATION

VCIL can look at two segments, namely, household consumers and institutional consumers. The two segments are diverse in many characteristics such as reason for purchase, purchase type, level of involvement, decision process, weightages for different aspects of the brand, etc. and hence necessitate two distinct marketing strategies.

Household Segment

Customers

Households constitute 60 per cent of the beverage market. Applying the same ratio for brown beverage, the sizes of household market and institutions turn out to be 25,200 tonnes and 16,800 tonnes per year. The former is the market in which brands of MNCs aggressively compete.

In households, the mother takes purchase decision regarding health beverages, though children have strong influence over brand selection. Price is the third important attribute, after nutrition and taste (Table 6). Moreover, considering that upper middle-income category and above form the major market for this product category, price is not a major consideration in purchase decision. Victor Plus being a low priced product does not infuse enthusiasm in this segment. This warrants the need for VCIL to explore the possibilities of shifting the focus to other segments, such as the middle-income and lower middle-income groups. The fact that MNCs have not entered this market, perhaps, implies that they do not find it an attractive proposition in terms of market-size and they may not enter it at all. Thus, this segment can be considered a virgin field for VCIL.

Geographically, VCIL should target metros, A, B, and C class towns with greater focus on B and C class towns. It is assumed that the company is already targeting B and C class towns. The case points at a distributor base of 250 and retail coverage of 25,000, implying that the coverage is more in B class and smaller towns. In metros and A class cities, the retailer-distributor ratio will be above 300. This implies that the sunk cost of distribution in terms of appointment of distributors and establishing rapport with retailers will enable retail penetration of the product much faster.

Product

Almost all brands make claims of health, nutrition or energy as the benefit offered. Most of the leading brands have a single position to claim, except Milo, which saddles between taste and energy. It is interesting to note that the consumer rating for nutrition-content is very high for Complan and Horlicks—both white beverages—and very low for Victor Plus. VCIL's claim of nutrition is not working with the consumers. Given its lowest price and its ingredients, the claim "nutritious" lacks credibility. The product's attributes do not support the claim of nutrition and so the pack label has to be changed by removing the term "nutritious." Hence, there is an urgent need to rework communication of brand in their packing design.

For both inducing trials and emergency purchase, a smaller pack size of 100gm sachet is recommended. This suggestion goes alongside a recommendation made later in this analysis for installing a sachet-packing machine.

Price

VCIL should continue with their current price of Rs 70 for the 500gm pet bottle. The 100gm sachets should be fixed an MRP of Rs 15, generating a reasonable margin to play with and keeping the price affordable to the segment under consideration. The price does not deter trial purchase.

Positioning

MNCs target their brands at the upper middle and upper class households. Given the fact that their communication power is very high, creation of a new brand in this segment through mass media is a stupendous task. VCIL cannot take this route cost-effectively. Its brand-building has to depend on promotional routes other than communication through mass media.

Nutramul is perceived cheaper than Victor Plus, despite the truth being contrary. Advertisement messages of different brands reveal phrases that mostly converge towards nutrition, health or energy. They are aimed at mothers. The semantic differences among these phrases notwithstanding, these slots are already well occupied by the brands of MNCs. Victor Plus will be better off communicating economy aspect to the mother, a slot that is evidently vacant. Moreover, the brand is rated well on taste, price, and ease of mixing as reflected in the sample survey (Table 6). Given these strengths, the targeted segment, viz., lower-middle and middle-income group, can be made aware of the taste aspect which is useful in making children drink milk, highlighting the lower price to the mother.

Regarding a product that is purchased for her children, even a rational mother will like to believe that her decision is not solely guided by economy. Therefore, the selling proposition has to combine emotive and rational appeals carefully. Economy offers the rational base and taste offers the emotional endorsement for her decision.

Victor Plus should highlight the taste aspect clearly in its communication while also displaying its economy factor. The copy of advertising should talk about the easy-to-mix aspect of the product, the positioning theme should clearly be "tasty drink at affordable price," a position no other brand in the market, including Nutramul, can occupy.

Promotion

Consumer promotion and trade promotion have to be designed in tandem. The two-pronged promotional strategy is as follows:

- ***Consumer promotion***: A major strength of the product is its taste. This can be conveyed effectively by making the consumer taste the product. Therefore, the company can look at the possibilities of introductory offers with the small pack (100gm sachet) such as freebies to children by publicizing the offer in retail outlets and purchase points near schools in B and C class towns. A typical freebie can be labels and timetables for school children and these can be procured at low cost. This campaign will be most effective towards the end of summer holidays. During the other part of the year, the freebies can include materials such as fancy pencils, erasers, and even pencil boxes with the brand name and design clearly visible. The word of mouth effect of such a message is normally very high among students. This will induce the children to influence the parents for

purchase of the product.

A more effective programme for communicating taste and attracting middle-class consumers is sampling the drink through in-shop sampling campaign. This has the advantage of converting the affective change into behavioural change, more so if a trial pack of 100 gm sachet is introduced. Sampling has a greater probability of converting consumers' conviction about taste to purchase decision. This campaign's estimated cost is Rs 2.591 million. Since Victor Plus does not have to contend with any strong mindset about its brand and its perceived position, the move towards taste as a single-minded proposition can be smoother and well supported by the brand's attribute, an area where Bournvita seems to have failed.

The company's advertisement budget of Rs 3 million in 2000 works out to 2.63 per cent of its sales turnover from chocolates and Victor Plus. This is far below the advertisement spending of competitors. Being a new player attempting to develop a new segment, VCIL should be prepared to invest around 10 per cent of its expected turnover of the brand in advertising and promotion.

The choice of newspapers as the medium for advertising of Victor Plus needs reconsideration. The readership of newspaper among women in our country is very low, whereas the decision-maker for purchase of health beverages in households is the mother. Therefore, the product can be effectively advertised in vernacular magazines such as weeklies and fortnightlies, which are read widely among women under discussion.

- ***Trade promotion***: A major factor hindering the brand in its reach to the consumers is the retail shelf-space for which many companies vie. It is necessary for VCIL to "buy" shelf-space periodically to catch the attention of the shopping consumers. This will induce retailers to stock the product and push it to consumers. Therefore, it is recommended to carry out an extensive Window Hiring Scheme (WHS) in B and C class outlets, which will cost VCIL Rs 6.75 million. The pack to be focused upon for WHS is the 500gm bottle, since sachet pack will be lost among the plethora of packs that are normally hung in retail outlets and are not amenable to effective display, unless VCIL plans for preparation of separate dispensers.

The sales planned in the household segment are 540 tonnes through the WHS. This is achieved through 25 outlets per distributor, leaving a balance of 75 retailers unexplained. It should be the endeavour of the field force to tap 50 outlets of the remaining to sell at least two packs of 500 gm of Victor Plus per month per outlet among them. In this case, the sales potential is 300 tonnes per year. VCIL can plan conservatively to sell through these outlets a quantity of 100 tonnes to start with. Thus, the total sale planned in the household market is 640 tonnes in the next year.

Institutional Customers Segment

Customers

The customers are mainly hotels and restaurants, currently accounting for 16,800 tonnes of brown beverages per year. This market segment is purely utilitarian in its buying decisions. Price is a major consideration for their decisions and brand name is relatively a less significant factor. They look for regular supply of a brand that will be acceptable to the customers. Whenever their customers want a hot beverage drink that is non-coffee / tea, they serve Horlicks, Bournvita, Cocoa or Drinking Chocolate. Taste is an important attribute for their customers and the institutions assign a lot of weightage to this aspect. Once a brand is found acceptable to their customers, purchase decision is a mere routine activity. Victor Plus' strength lies in this segment with its price advantage and taste. VCIL should enter the menu cards as a strategy.

Product

To tap this market, VCIL should introduce a new brand. The brand name has to be utilitarian, conveying the product's attributes clearly. Therefore, selection of a suitable name for the product is an inevitable decision. For this market, the name should correspond to the content rather than intended benefits. This is because the consumer in a sit-in restaurant should be able to discern the item on the menu and should be induced to order for the product. Therefore, the brand name "ChocoMilk" will be suitable for this purpose as it enables introducing products such as "Lassi with ChocoMilk Top," "Hot ChocoMilk," and "ChocoMilk Shake" on the menu.

The case mentions that the cost of additional ingredients works out to Re 1 per ingredient. To sell the product in this segment, there is no need for vitamins, thus saving Re 1 per pack. In addition, the product should be sold in foil pack. Foil packing will cost about Rs 3 per pack. Thus, this will require a packing machine, which is available with an investment of slightly above Rs 0.1 million.

Price

Given the fact that this segment is price-sensitive, institutions should be serviced by the distributor of the company directly. Thus, there is further cost saving and the product can be sold to the restaurants at a price of Rs 56 per 500 gm. In due course, VCIL can consider 1 kilo pouch packing that will save packing costs further.

Promotion

The company's sales force should visit the institutions frequently, in the initial stages, to convert them to users. The distributors should follow this up through regular and timely delivery. These two functions have to go in tandem.

To achieve the objectives stated above in the institutional market, VCIL has to appoint Institutional Marketing Executives (IME), who will cover a larger territory than sales representatives. They may be in the cadre of executives and paid a salary of Rs 8,000 in addition to the traveling allowances, daily expenses, etc. The estimated cost to the company will be about Rs 0.24 million per annum. VCIL is operating in 15 states now. It is proposed that two IMEs per state will be appointed. This will involve an additional Rs 7.2 million.

To support the IME's efforts to gain patronage of hotels and restaurants, VCIL can print menu cards with ChocoMilk brand highlighted under the respective item. Each card is estimated to cost about Rs 50. Each restaurant may be given 10 menu cards. No doubt, the restaurants will expect a little pay-off for this "free publicity" in the form of discounts or credit facility. This can be dealt within the form of sales-linked incentives to the bearers. This type of promotion can be introduced in the second year when the brand would have gained some foothold in the segment. Any intensive promotional effort calls for strict monitoring systems in place too.

CONCLUSION

The strategy to develop VCIL's brown beverage is two-pronged, one for households and the other for institution segment. The product has to be targeted to such segments that are not focused by MNCs so that VCIL has an edge. The strategy has to be implemented with suitable marketing mix supported by appropriate facilities such as manpower, sales force intensive promotions, empowerment to decide locally, speed of decisions/ approvals, etc., backed by rigorous monitoring systems, without losing sight of the costs as well as the long-term vision for the product/brand. The underlying assumption is that VCIL faces no inherent organizational constraints and internal compulsions regarding budget allocation, manpower recruitment, empowerment, system-creation, and monitoring.

CASE ANALYSIS VI

Salma Ahmed
Senior Lecturer, Logistics
and Information Systems
Aligarh Muslim University
Aligarh
e-mail: salmaahmed6@rediffmail.com

Ashfaque Khan
Manager
Kale Consultants Ltd
New Delhi

e-mail: Ashfaque_Khan@kaleconsultants.com

It is apparent from the various sales figures and customer feedback that Victor Plus is up against competition from established players and categories. A SWOT analysis of VCIL reveals the following:

STRENGTHS

- Victor has a price advantage as compared to other established players. The company is introducing a new product in an existing market using price as a differentiator rather than as an instrument to penetrate the market.
- The margin offered to the retailer is much higher than that offered by other existing players.
- The company is concentrating on brown beverage only.

WEAKNESSES

- The level of distribution is weak as compared to other established players. While other major players have over one lakh active retail outlets, Victor Plus has only 25,000 and that too mainly in C and D cities.
- Consumers at large are not aware of Victor Plus. Those who are aware do not place it in their consideration set.

- VCIL's advertisement policy is ineffective as the brand is currently advertised only in regional newspapers. Therefore, it is not effective at the national level. TV would be a more suitable channel.
- The product is offered in only a single pack size.
- There is no separate sales team looking into the sale and distribution of the product.
- The company has some production-related problems (may be labour problem which it is not highlighting) due to which the company is not able to utilize its capacity fully.
- The product is available only in one flavour.

The excise duty levied is very high. It is 10.4 per cent of MRP.

OPPORTUNITIES

- There is a large market to tap—a market of 90,000 tonnes growing at a rate of 7-8 per cent per annum. Therefore, even a one per cent increase in sale would give it a 900 tonnes volume per year.
- The company can explore opportunities to cater to the institutional segment as there are not many established players in this segment.

THREATS

- The usage of white category beverages is increasing. Also, white is the more preferred choice in the South where this product (brown) is being introduced.
- The market has a flavour for the established players. The more known brands instil consumer confidence making it more difficult for this product.
- There is no clarity whether the product is a regional or a national player. As such it lacks focus and can be easily wiped out from the market.

STRATEGIES FOR SUCCESS

It is clear that the victor brand failed—it could not get the level of acceptance desired because plans were not implemented as desired. Some weaknesses and the strategies for success are given below:

Issues to be Taken Up by the Company

There are some production-related problems, but more predominant market related issues that the company should handle with care to secure a better market image and position.

Correct Positioning

Firstly, VCIL should position the product properly if it wants to focus on the B and C class towns. Further, the company needs to decide if it wants to be a regional player or also have national presence. It is so far being promoted only in the Southern states where milk-based products are more popular. Hence, it first needs to develop in the consumers an acceptance for the brown product.

Further, the company can target multiple segments. Today, a health drink is the need of every age group. Thus, it can target school-going children, working men and women, housewives as well as senior citizens. For instance, it could promote Victor Plus as health drink for kids, drinking chocolate for the middle-aged segment, and vitalizer for the senior citizens.

Currently, the promotion campaign and the advertisements are focused on children alone. It could augur well for the company to realize that other segments are also prospective markets. Therefore, repositioning of the brand could help.

Category-related Positioning

Victor Plus is in a product category which is crowded by many players. Therefore, the company should employ an important differentiating strategy by taking the same basic product and positioning it in another category so that the brand is perceived by consumers in a different light.

Apart from the nutrient factor, this could be introduced as an instant breakfast or food for the diet conscious as health and fitness are the in-thing today. This will save the product from being categorized as a 'me-too.'

Price-Quality Positioning

Victor Plus should first position itself on the perceptual map vis-a-vis other players. For instance, Complan as well as Horlicks are placed high on the nutrient value factor as well as price factor. Victor Plus is placed high on nutrient value but median on price. Therefore, it is value for money on which the company is laying stress. Hence, its brand strategy should be such that it highlights the economy factor. The positioning of Victor Plus should be with respect to economy and this should be re-inforced by the advertisement campaigns.

Positioning by Usage or Time of Use

The company should alter the perception that Victor Plus is used only as a supplement or replacement for skipped breakfast. It should promote its use as a culinary ingredient useful for making desserts or cakes and thereby increase its use not only in the household but in institutions too.

Further, it could also position it by occasion or time such as for relaxing at the end of the day or as a 'good night cup' as, in the present competitive world, stress, tension, and work pressure are an inherent feature of everyday life. It is a vacant position in an otherwise crowded beverage market. (Cadburys had introduced its *good night cup*; but for reasons not known soon pulled out). Promoting multiple usage and positioning by usage is a strong differentiating strategy that the company could employ.

Brand-building Loyalty Programmes

The company should leverage its brand image by various brand-building programmes. Awareness and loyalty progra- mmes should be initiated at the school level itself. For instance, events like an intra-district sports meet could be organized to back its claim "the tasty cocoa-based health drink." Also, it would go a long way to create awareness and preference among children as they have a strong say in the brand selection, particularly, in this product category.

Since mothers are also influencers in brand choice, the company should lay emphasis on the additional nutrient value in Victor Plus (vitamin A, B1, B2, minerals, and irons) as that is a critical factor on which most mothers base their choice of a product. Some loyalty programmes could be initiated for them too.

Institutional Segment

A large market exists in the institutional segment (market share 40%) and no other brand has a differentiated product for this segment. This is a vacant segment and an opportunity for the company to explore. The company could promote Victor Plus in this segment as an alternative to beverages like cold drinks or coffee. It could set up a separate sales team to study and explore the opportunities that exist in this segment.

Distribution

Though VCIL as an organization has 25,000 retail outlets, Victor Plus is being promoted only through 5,000 (barely 20%) odd retailers. To create brand-awareness, the push has to be backed by shelf space and visibility. Further, despite substantial commission being given to the retailers (higher than provided by competitors), they did not favour the brand. The company should initiate schemes for retailers so that they are motivated at their end to push the product to the consumers.

Packaging

Most major players such as Horlicks, Bournvita, Complan, and Boost are all available in 200gm and 500gm packs. They are also available in refill packs. This is an area unexplored by VCIL. It could provide the same sizes as offered by other players and smaller packs of 100gm for trial purposes and 1000gm for loyalists with substantial price benefit.

CONCLUSIONS

- Since VCIL cannot focus as a national player, it should focus itself as a regional player wherein it can use its production / sourcing to its advantage.
- It should target a select market (age) group.
- It should create an institutional and retail distribution network.
- It should increase the size of its packages.
- Last and most important, it should reposition its brand by category, price, usage, and occasion.

Effective managers live in the present but concentrate on the future.

James L Hayes