

Brink Foods Pvt. Ltd. - Sales and Promotional Strategy

Hiren J. Patel

*I/C Head & Associate Professor, Ganpat University-V. M. Patel
Institute of Management
hiren.patel@ganpatuniversity.ac.in*

Amit Patel

*Pro Vice Chancellor and Executive Registrar, Ganpat University
registrar@ganpatuniversity.ac.in*

Rachita Jayswal

*Assistant Professor, Ganpat University -V. M. Patel Institute of Management
rachita.jayswal@ganpatuniversity.ac.in*

Rajen Purohit

*Executive Dean, Ganpat University
rajen.purohit@ganpatuniversity.ac.in*

Abstract

Focusing on the rural segment of Gujarat, Brink covered the satisfactory share in Gujarat region. Aiming to leverage health consciousness trend, Brink decided to target the urban consumers of Gujarat who are brand-savvy, more health conscious and purchase from mom-and-pop shops. This posed a great challenge to the existing strategies adopted by Brink. It is to see that Brink would be able to compete in urban markets, maintain and capitalize on their sales and promotion effectiveness.

Key words:

Brink, Marketing Strategies, Sales, Promotion



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Introduction

Brink Foods Pvt. Ltd. (Brink), the largest potato manufacturer in North Gujarat region established their fully automatic manufacturing plant in Deesa, Banaskantha. Brink, established in 2009, had achieved an annual turnover of Rs. 12-15 crore in a short span of its inception. Brink offered Potato Chips, Dal, Tedha Medha, Namkeen, Sev and Farali with many variants (refer Annexure I) and available in two price points Rs. 5 and Rs. 10. Brink installed the effluent treatment plant to comply the Gujarat Pollution Control Board (GPCB) norms, setting industry benchmarks in North Gujarat. Till date, Brink covered Banaskantha, Sabarkantha, Kutch, Mehsana, Surendranagar (Saurashtra line), and some parts of Rajasthan (nearer to Gujarat state). It has the state-of-the art technology, capable of producing 720,000 tons per annum. They positioned their products based on taste and targeted all segments with positioning statement “Yeh taste sabke liye”. In plant, 50 percent snacks were produced from potatoes which was produced from own farms. The control on raw materials’ cost and availability provided a competitive advantage to Brink over other competitors in snacks market. Indian Snacks Market – ScenarioGlobal Industry Analysts (GIA), a market research firm, estimated that global snacks market grew to \$ 300 billion by 2010. The burgeoning

consumer affinity towards convenience foods (due to out-of-home consumption), increased demand for healthier products and changed lifestyles fueled the growth of this industry. Followed to the global scene, the Indian snacks market was made up of Rs. 3000 crore. The snacks market was divided in organized (80 per cent) and unorganized market. In India, potato chips contributed to approximately 50 per cent of snacks market. Generally, snacks foods are perceived to be high in fat, the popularity among Indian consumers is rising. However, the increased health consciousness resulting into demand for low-fat, low-calorie products raised the concern for snack manufacturers. Thus, quality became the key when an opportunity for product differentiation was perceived to be low.

This raised the demand for frozen potatoes, and an infrastructure to store them. The companies with storing capacity had an advantage on raw materials. So, the demand for potatoes was spurred and because of that many MNCs involved in contract farming to control the cost of raw material. On the contrary, the potato manufacturers were entered into this business signaling low entry barriers. In addition to this, snack products were considered as low margin, high volume and shorter product life cycle forced manufacturers to make efficient distribution channel backed by well supported sales team.

In last decade, Gujarat achieved 15.5 per cent average Gross State Domestic Product (GSDP) growth rate higher than all-states and ahead in share of per capita expenditure on food than all-states. Gujarat emerged as the most preferred destination for snack manufacturers considering industry attractiveness with high policy thrust and highly favorable factor advantage referring skilled and unskilled labour availability, presence of natural resources and capital. The snack was dominated by Frito Lay, ITC, Parle and regional brands such as Haldiram, Bikano and Balaji. Frito Lay was emerged out as the market leader in this segment.

Brink' Sales Management and Promotions- Striving for Higher Effectiveness

By the beginning of 2010, Brink started its sales from North Gujarat region. For faster growth in sales, Brink decided to penetrate the rural areas of Gujarat first and after that second phase will be covering urban part of Gujarat. Initially, Brink was worried about their entry into rural market and the market acceptance. Brink management believed that the distributors will be proved critical to success. For that, they started to give free samples to distributors they visit and tried to develop the first trial and thus preference. They thought that if distributors are convinced well by quality of Brink products, they will act as opinion leaders and spread positive word of mouth about the Brink. Moreover, to get distributors' preferred packaged food, top management decided to supply Brink to distributors for free.

However, it was felt that the awareness was low and something was needed immediately. To create awareness among target audience, Brink developed an advertisement which was shown on "Aaj ki bat"- a local channel on "Rathyatra- a festival". Looking at the familiarity of 'E TV-Gujarati', Brink telecasted an advertisement on this channel to cater the whole Gujarat. For further exposure of Brink brand, they developed banners and wall posters which were used as promotional materials and distributed to distributors. After that, distributors passed this promotional material to their retailers. These banners and posters were fixed at the retail outlets to stimulate impulsive buying behaviour. Despite this, Brink realized that retailers were the touch points of customers and their behaviour must be directed. For that, Brink initiated a scheme of "12+1". Thus, on purchasing of 12 packs, retailers will get 1 pack free equivalent to 10% commission. This has proved a successful maneuver for Brink in stimulating sales.

While expanding in the Gujarat region, the first step was needed for Brink was the territory establishment. In doing so, Brink chosen the districts closed to them because of the Brink management policy of full control on intermediaries. Instead of use of C&F agents, Brink relied on the distributor- retailer model that

minimizes the unwanted nonconformities. Brink had 3 area sales managers and responsible for the account of one region only. Districts and Tahsils were combined to form territories such as Kutch, Sabarkantha, Banaskantha, Saurashtra etc. To control costs, Brink allocated area sales managers and sales managers on the basis of workload. Brink aimed to become sole or preferred supplier in respective territory and involved in long term relationships. To achieve this, Brink used a team selling approach comprising area sales managers and 2-3 sales managers to build trust.

By this time, Brink observed that the territories formed were unbalanced in size and profitability. Therefore, Brink developed geographical based organization structure that ensures simplicity and results in high efficiency (refer Annexure II). In Brink, sales and marketing skills and category experience were the ingredients needed in area sales managers. At Brink, for hiring sales managers in each category, 1:3 ratio was maintained for sales managers for effective resource allocation and control. To compensate employees, Brink adopted fixed pay structure and reimbursement of variable expenses. The sales representatives were recruited on company pay-roll.

Brink usually discussed with all its area sales managers and considered the grass-root realities before the setting quota. At Brink, top management motivated their area sales managers to take active participation in setting quota. On assuming the resources, Brink followed participatory quota setting procedure, and fixed quota based on geographical territory that results into higher effectiveness. Its top management realized that the pressure exerted from major brands like Balaji, ITC, and Pepsi etc. was intensive and thus the quota set was flexible to cope up these conditions.

Brink took another step by choosing the sales representatives from same territory who understand the problems more accurately, and aware about the local markets. This helped Brink to bring the cost down and thus sales efficiency was increased. Sales managers were responsible for generating leads called prospective distributors. They met to these prospective distributors through prior intimation, emphasized them to taste samples to prove the quality. However, few distributors were not satisfied with taste and argued, and then sales representatives explained them that Brink provided average 5 gram extra on every Rs. 5 pack, higher than any competitor. This led sales representatives to stress the 'value for money' mantra and tried to close the call successfully. Sometimes, distributors were reluctant due to spoilages and thus unwilling to carry Brink line, in this case, sales repetitive closed a call by giving assurance of taking back after the 4-month expiry.

By this time, Brink realized the consumers' preferences towards brand 'Brink' and satisfactory share of market from competitors. So, top management thought that the '12+1' scheme changed to '10+1' resulting into more profits. Brink received complaints from their retailers who expressed the dissatisfaction about regular visits. Under this light, Brink asked its area sales managers to meet retailers directly and solved the queries. To gauge the real picture, area sales managers started surprise visits to the retailers. In this visits, area sales managers observed the behaviour of distributors in all territories signaling dissatisfaction though they got 8% which is at par. Henceforth, top management decided to initiate sales promotion schemes targeting to distributors. Under this, based on sales data, they decided to give 1 per cent on every 1 lack rupee sales above their targets, responded well by distributors.

In mid of 2011, the top management observed the sales data for each product and classified them under category A (Primary items), B (Secondary items) and C (Third items) (Annexure III). In fact, Brink management asked its area sales managers and sales representatives to streamline their sales efforts with this classification. This was proved a stepping stone for Brink as sales effectiveness was raised. Still, Brink felt that the brand recognition was poor in consumers' mind residing in Deesa. Thus, Brink decided to build favourable public attitude and organised a welfare Hockey match at Deesa, indicating the social responsibility. This helped Brink in reinforcing brand into consumers' mind, and hence recall.

The challenges foresee

Focusing on the rural segment of Gujarat, Brink covered the satisfactory share in Gujarat region. In 2011, Brink decided to target the urban consumers of Gujarat who are brand-savvy, more health conscious and purchase from mom-and-pop shops. This posed a great challenge to the existing strategies adopted by Brink. Apart from this, big brands were also compete for their share, made the competition more intensive. In this, to match the promotional budget of big brands such as Frito Lay, Parle, ITC, Balaji etc. created a pressure on Brink. These big players used various maneuvers such as product mix enrichment, higher net realization, smart commodity sourcing and active cost management across supply chain to realize more effectiveness and profit.

Recently, Brink announced a launch of new product line called 'Dingo' targeting kids. Brink planned to distribute the sales and distribution costs over more units sold. However, the challenge Brink faced was the how to promote the brand with enhanced visibility in urban markets against the presence of big brands and effectively drive the revenue growth. Would Brink be able to compete in urban markets, maintain and capitalize on their sales and promotion effectiveness?

Assignment questions:

- What are the change drivers of snacks industry? Also discuss the structure of Indian snacks market.
- Discuss the sales management process followed by Brink. Moreover, how is the territory development carried out at Brink?
- Discuss the appropriateness of the sales structure used by Brink. In addition to this, discuss pros and cons of the Brink's sales structure.
- At Brink, team selling approach was used. What role does the sales representative play in team selling to increase effectiveness?
- Analyze trade sales promotions strategies adopted by Brink. Suggest various trade sales promotions tools required for Brink to enter in urban market.
- Do you think the existing sales strategy is appropriate for expanding into urban market? If no, what changes do you recommend to Brink?

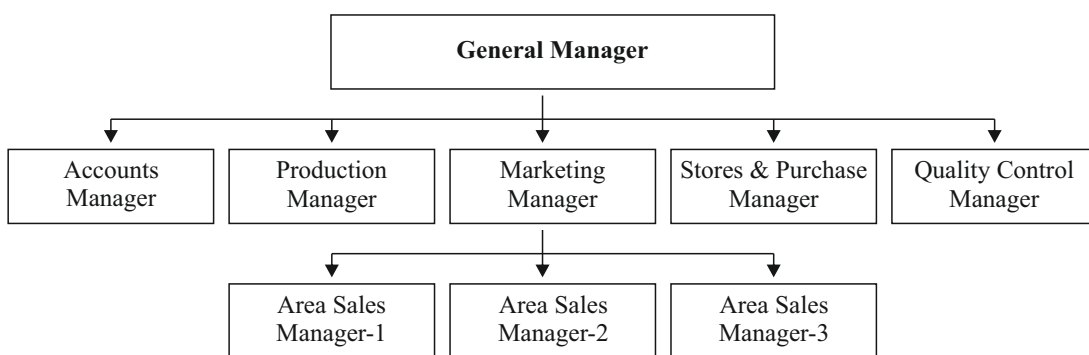
Annexure I Product Portfolio- Brink

Product Category	Product Name	Rs. 10 Weight	Rs. 5 Weight
Potato Chips	Takatak Tomato	45	20
	Cream & Onion	45	20
	Mirch Masala	45	20
	Tasty Salty	45	20
Dal	Moog Dal	55	25
	Chana Dal	65	30
Teda Meda	Tasty Tomato	65	30
	Spicy Masala	65	30
Namkeen	Shing Bhajiya	65	30
	Chavan Thikha	65	30
	Halka Fulka	70	35

Product Category	Product Name	Rs. 10 Weight	Rs. 5 Weight
Sev	Aloo Sev	65	30
	Bikaneri Sev	65	30
	Ratlami Sev	65	30
	Jorapuri Ganthiya	65	30
Farali	Farali – Thikha	65	30
	Farali – Mitha	65	30
	Banana MAri	65	30

Source: <http://brinkfoods.com/products.html>

Annexure II Geographic sales structure



Source: Brink Foods Pvt. Ltd.

Annexure III Product Classification

Category	Premium Products (A)	Secondary products (B)	Third Products (C)
	Ratalami Sev	Farali Chevdo – Tikha	Chiki – nuts
	Alu Sev	Farali Chevdo – Mitha	Chiki – Mamra
	Bikaneri Sev	Halka Fulaka	
	Tedha Medha – Tomato	Wafers Salty	
	Tedha Medha – Masala	Wafers Masala	
	Sing Bhujia	Wafers Cream & Onion	
	Mung Dal	Wafers – Tomato	
	Chana Dal	Wafers – Banana	
	Mix Chavana		
	Jorapuri Ganthiya		
	Dingo (Proposed)		

Source: Brink Food Pvt. Ltd.

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