

Business in off-stream product- An Opportunity or a Mirage?

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Abstract

It is always said that doing business in off-stream product is a two-edge sword. You may get success and may get off track like the product. The case is all about Satvaras-a natural cold press juice brand and the firm established by an IT Engineer based at Ahmedabad with having entrepreneurial background and guts. Being an off track FMCG category, the product puts many challenges to the entrepreneur. The case throws light on approaches and strategies adopted by the entrepreneur to penetrate the brand in market and to sustain it for long time. However, the sustainability of the brand and enterprise will depend on the road map designed and dynamics of the market. The case discusses both the opportunities prevailing and threats ahead with such product category.

Keywords: Off-stream Product, FMCG, entrepreneurial skills, sustainability

The Optimist

Dharmik Patel sitting in his office was pondering about the future of his new venture in the years to come. An IT engineer from Ahmedabad completed his engineering degree in the year 2004 from Government College Gandhinagar, Gujarat, India. He had rich entrepreneurial family back ground of Steel Business. He was very enterprising and risk-taking had flare to explore new business opportunities. Soon after his graduated he initiated his own venture of outsourcing business for pharmaceutical sector. He had cliental based of local as well as multinational companies such as Prathma blood bank and Advance bio medical research. However, in 2009 he exited from this venture and along with his four friends started Brillare Science- A company dealing in cosmetic products research, development and selling. The company started its operation from small set up

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from Ashram road Ahmedabad, Gujarat. He took care of the companies IT initiatives. Brillare Science had more than 100 employees by the end of 2018.

Association with Brillare science was enriching, but somehow he never enjoyed working as he started developing health related issues. He started following naturopathy to improve his health status. Moreover, he also developed allergy towards milk and milk-based products. This made him vegan and explore various dietary patterns and alternatives for Milk. Milk in India is highly consumed product by all age groups as well all social classes. People have strong believe that the milk is a complete food and it has a rich content of protein, fat, carbohydrates, minerals, vitamins which are essential for healthy life. However, naturotherapists viewed, milk as a food product not for human beings and causes side effect, like cough, cold, and lactose allergies. He found cold pressed juices as best alternative to his health problems and a solution for people who are habituated to consume milk.

He discovered that Raw Pressurey, a Mumbai based company was procuring best quality fruits, vegetables and nuts from across the world pressing and packing in bottle and delivering across Mumbai since 2013. The company was pioneer for High Pressure Processing Machine in Asia. This product had shelf-life of all their juices to 21 days (When refrigerated) without any added preservatives. He also found that people of Mumbai have fast changing lifestyle are time pressed and therefore more health conscious.

The Launch

This gave him solution to his thoughts to replace milk from diet by cold pressed juices. However, the market was already flooded with juices like real, Tropicana, Miute maid, as well as aerated fruits. He in 2017 choose to launch another venture on partnership basis of cold pressed juice of fruits and vegetables in the Commercial capital of Gujarat –Ahmedabad. He started his production unit in 6000 sq. feet area within his father's business premise and imported the machines from Canada and Spain as well customized some machines. His initial investment in the company was nearly Rs. 1 crore. In this year he launched his product under the brand name '**Satvaras**'. **Sattva** in Hindi, Gujarati and Sanskrit means purity and divineness and **Rass** means juice.

The Beliefs

This venture was started to provide healthiest drink to make the day beautiful. Blending or grinding juice creates heat and introduces oxygen into juices denaturing fruits and vegetables. A hydraulic press juicer extracts nectar directly from the pulp, allowing you to enjoy the most concentrated amount of vital nutrients and enzyme, therefore they selected cold press. Added sugar, preservative, color and flavor is not a healthy option and pasteurization kills natural nutrition. The dilemma was that unpasteurized juice without preservatives has a minimal shelf life of up to 3 to 5 days.

The Creation

Within 6 months four variants of juices namely **Balance** (comprising of pineapple, apple, kiwi and wheatgrass), **Heart**(comprising of Beetroot, apple, pear, cucumber, mint, ginger and lemon), **Power** (comprising of spinach, orange, cucumber, grapes, lemon and cinnamon), **Energy** (pomegranate, sweet lime and grapes) and **two shots** out of which one was immunity booster (winter special) that comprised of Amla, Ginger and turmeric while the other was available year round for cancer patients which was made up of Wheat grass root were launched in market. The shots were proffered by consumers with medical issues and demand of the juices is 80 percent more than winter months.

As per the sourcing of raw material was concerned it was sourced from domestic as well as foreign markets namely However, he faced challenges in procurement as the nature of raw material was seasonal. The product was priced premium and cost Rs.75 for 200 ml in specially designed plastic bottle however by late 2018 it was replaced by glass bottle and priced Rs.100 for 250 ml. The customer base of **Satvaras** included non-traditional customers, middle age group who are health conscious as well as people with medical ailments. By 2019, Dharmik felt his business growing as he had customer base of 10,000 plus registered customers from the app and out of which 5-10 percent to be regularly customer base in Ahmedabad city. The subscribed customers could pre order by midnight by fixing the slot for the next day and could purchase the product at Rs.80.

Digital Platform

Since he was an IT engineer, he wanted the business to be technology driven. Therefore, the business was app based. The first product under this brand name was **Energy** which had pomegranate, sweet lime and grapes as key ingredients which was distributed as free samples to more than five hundred prospects for test marketing and after that on first day of its commercial launch, he sold only two bottles. Due to extensive digital marketing efforts, he could get more than 18,000 followers on various digital platforms.

Company in order to build social awareness initiated campaigning project named 'Sahaj.life' through online media with an objective to aware about benefits of natural juice which are extracted through cold press. The initiative was unbiased and commercially non-influencing. The company was thinking to expand market across other cities namely Vadodara, Surat and Mumbai. For these markets company was planning to adopt cold chains while keeping production facilities at Ahmedabad base only.

The Market

The product was advertised on local dailies, radio, digital platforms and flea market. They adopted pull based marketing strategy and spent Rs.15 lacs annually for the same. According to Dharmik, in the flea market trial of the product is maximum which also leads conversion as compared to other media. However, flea market was preferred more during summer season. Out of total expenditure on promotions approximately Rs.1.5 Lacs were spent on radio advertising among three leading radio stations of Ahmedabad. The marketing was also done through reputed regional and national newspapers. Moreover, company also tied up with few five start hotels in Ahmedabad. However, he observed that there was 5 percent return of unsold bottles from this market segment.

By the end of financial year 2018-2019 company had an approximate annual turnover of Rs. 1 crore, and the net worth of the company rose to Rs. 2.5 crore for the same year. However, the operating expenses of company were Rs. 1.5 crore for the year 2018-2019. In 2019, the company had a tied up with a renowned retail store chain for expansion of its market base which had four retail outlets. The products were sold at a return rate of 10 percent from four locations in Ahmedabad city out of which two locations generated good business.

Questions:

1. Discuss the STP strategies of Satvaras for the Indian Market.
2. Discuss the growth plans and challenges which Dharmik Patel will face as entrepreneur.
3. Discuss the future of this business in Indian market.