

HOW BRANDS ARE FIGHTING IT OUT ON THE BREAKFAST TABLE

Clearly, Nestle has a fight on its hands. Whatever be the outcome of the ensuing battle, the conversation at the morning table is shaken and stirred. Last month, Nestle India, among the country's leading packaged food companies, indicated it would now position itself as a breakfast major. Not surprisingly so, given that the majority of food labels under the Nestle brand umbrella are all part of popular breakfast menus and; besides, its longstanding association with dairy staples automatically lent heft to its new positioning, the company indicated.

Its entry is being tracked with keen interest as the other global majors in the breakfast ring, Kellogg's and PepsiCo, have steadily raised their stakes in the Indian market over the years. At the same time, Indian brands have leveraged their understanding of the local palate to offer convenient and affordable alternatives at the table too. "Not just Nesplus, the breakfast cereal we launched in July, but even coffee, yoghurt, oat noodles and milk are all breakfast items. "They are part of the breakfast menu of individuals in general and can be considered as breakfast items (from the firm's portfolio standpoint)," said Suresh Narayanan, Chairman and Managing Director, Nestle India.

Industry estimates peg the breakfast cereal market in India, which includes cornflakes, oats and muesli, in the region of Rs 1,800-1,900 crore, projected to touch Rs 2,500-2,600 crore by 2020. Kellogg's is the leader in breakfast cereals in India with an estimated market share of around 37-38 per cent. PepsiCo is estimated to have a share of around 15-20 per cent.

In recent years, local players such as Bagrry's and Marico have also stepped into the category with new and exciting products (including oats, muesli etc). The other side of the domestic breakfast market are Indian snacks, companies such as MTR Foods (owned by Norwegian major Orkla) are among the few organised players here with both a ready-to-eat and ready-to-cook range, of traditional snacks. With a large player like Nestle around, companies have to take strong measures to ring-fence themselves from future damage, say experts.

Deepika Warriar, vice president, nutrition category, PepsiCo India, says, "We welcome new entrants. They will contribute in upgrading consumers from unpackaged to packaged food; also improve local sourcing economics. "We believe there is much potential to grow the oats category, where we are leaders." PepsiCo has taken a three-pronged approach in breakfast, speaking to millennials and young adults through thematic campaigns and digital activations, launching small packs and pushing distribution into north and east in addition to the south market, a strong consumer of oats. The third part includes tapping into new consumer trends. This involves combining the goodness of oats and Indian breakfast items in a new ready-to-cook range, stepping into the dairy segment with a ready-to-drink product that combines oats and milk and expanding the core oats range with a whole-grain option.

Kellogg's, on the other hand, is looking to make its products accessible and affordable. "We continue to focus on our multigrain, nutritious and tasty cereals. Simultaneously, we are always looking out for opportunities to serving more consumers," Mohit Anand, Managing Director, India and South Asia, Kellogg's India, said. "What is helping us attract more people is the rise in the trend of 'health and wellness'. Breakfast cereals are at the core of this trend. "With consumers seeking more convenient meal options, Kellogg's and hence the entire category, is only poised to grow," he adds. MTR Foods, in the interim, is looking to strengthen its ready-to-eat and ready-to-cook range of breakfast products.

Company executives say the effort is tied in with the growing acceptance of convenience foods as a meal option during breakfast. Warriar endorses this point, saying that 40 per cent of nutrition needs of an individual are skewed towards breakfast. "As more and more consumers look for healthier options, we find that they are seeking nutritional benefits combined with convenience and yet, they do not want to compromise on taste," she says.

Anand, meanwhile, believes that one in four urban Indians actually skip breakfast and nearly 70 per cent have a nutritionally inadequate breakfast, led in part by stressed and busy working lives. "This presents a strong case for the increase in consumption of packaged, nutritious and convenient options," he says. Kellogg's has just unveiled a campaign called '#BreakTheHabit', aimed at building awareness among consumers to stop skipping breakfast.

The initiative comes as the government puts the spotlight on nutrition via the Rashtriya Poshan Maah (or National Nutrition Month) in September. Kellogg's has also roped in celebrities and chefs to speak of the need to eat right and start the day well with a nutritious diet. PepsiCo is also a veteran when it comes to using the wellness-health card to fortify its brand as a breakfast offering. It has been pushing its campaign 'Fuel for the Real Fit' (since 2017) to drive home the message of nutrition and wellbeing to its target audience. It also has Chef Vikas Khanna as a nutrition ambassador.

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Source: <http://www.rediff.com/business/report/breakfast-tables-are-not-the-same-any-more/20180926.htm>

WHY INDIAN COMPANIES NOW PREFER ONLINE LAUNCHES

What is driving the digital-first approach of traditional, legacy brands? Apart from the growing adoption of the internet in the country, brands are drawn to the agility of the medium. India's digital landscape is changing very fast. It is not just smartphone brands launching cheap phones online. E-commerce channels using private labels to add heft to their online portfolios. Increasingly, large traditional players in the Indian market, known for their wide distribution networks and offline customer engagements, are taking to digital platforms to launch new products and online-only labels.

Recently Nestle India launched a variant of the popular Maggi brand, exclusively on Flipkart. Samsung launched a global refrigerator brand on Amazon and its exclusive offline stores. Harman International has launched an online store for audio brand JBL and both Hindustan Unilever India and Marico have recently launched digital-only male grooming labels. Hyundai India uses digital platforms for launching model upgrades, as do several other automobile brands.

Apart from the growing adoption of internet in the country, brands are drawn to the agility of the medium, its targeted and data driven approach and the increasing cost of offline channels for sales and distribution. Launching exclusively through digital platforms helps companies get a grip on customer sentiment faster, say experts.

For Nestle India, going digital helped understand, very quickly, how customers would react to the product. The aim was to test the market's willingness to adopt a new flavour without the customer having to step out of the comfort of her home, the company said. It sold one lakh single-unit packets in three days.

Nishit Garg, senior director, Flipkart said, "Nestle and Flipkart's association to launch (the product) exclusively cements the transition of FMCG's physical goods into the digital space." Consumer goods major Marico that launched a digital exclusive brand Studio X under the Set Wet male grooming portfolio in May this year says that it may look at 5-6 launches (of digital brands) a year, as internet penetration steadily grows. HUL has decided to resurrect the popular male grooming brand, Brylcreem, as an online only label.

Digital is simple, easy, scalable, cost effective and modern and carries a lot of information to the consumers," said Puneet Anand, senior general manager (marketing) and group head at Hyundai Motor India. The company has recently launched an upgraded version of Creta online and earlier, the Grand i10. The early adopters of digital were smartphone and electronics brands. It was seen as a low-risk, low-cost option for new launches. While the cost of online launches and marketing has risen sharply, the medium is now an integral part of brand strategy.

K V Sridhar, Founder and Chief Creative Officer, Hyper Collective said, "It makes a lot of sense to first launch in the digital platforms, create the brand and thus reduce the cost of failure, before

moving to the physical market. Those who want to succeed have no other option but to focus on digital.” For brands, the radius is no longer physical. They can find an audience anywhere in the country and in that sense the struggle that many faced when taking regional products to a wide national audience is not as intense, explained Harish Bijoor, CEO of Harish Bijoor Consults. Going online first helps global brands break into the Indian market, said an Amazon spokesperson. Especially for television and smartphone brands.

Over the years, the average billing size for televisions sold online has gone up 50 per cent, while for appliances and smartphones it has increased by up to 20 per cent in the last one year, according to industry reports. Samsung launched its global flagship refrigerator brand, Family Hub, priced at Rs 280,000 through Amazon and its own offline stores.

Chinese smartphone company One Plus says that online sales account for a larger share of the Rs 30,000-plus smartphone segment today. Offline stores bring in four per cent of total sales in terms of volumes for this category, while online accounts for seven per cent of the total sales. According to a spokesperson for HMD Global that relaunched the Nokia brand in India in 2017, “So far we have launched three smartphones online. We received a good response from Amazon for Nokia 6 with over one million registrations. Nokia 6.1 Plus also had a great sale both on Flipkart and on Nokia.com. The phones went out of stock within minutes.”

Harman International, launched an online store for JBL audio products last month. Sumit Chauhan, vice-president, Lifestyle Audio, Harman India said that their online store is meant to reassure consumers about the authenticity of the brand and professional after-sales support. Harman and JBL products are also sold across other e-commerce platforms. The company says that online channels bring in nearly half the total sales revenue for JBL brands.

Source: <http://www.rediff.com/business/report/why-indian-companies-find-online-launches-sexy/20180926.htm>

AMAZON INDIA UNVEILS 'SELECT' TO HELP BRANDS IN GROWTH JOURNEY

E-commerce major Amazon has started a new programme 'Select' in India to help emerging brands in the country get access to a suite of brand building tools and services. Amazon India, which competes head-on with Walmart-backed rival Flipkart, has also recently crossed the milestone of four lakh sellers on its platform. We have been piloting 'Select' over the last few months and have worked with over 100 brands. We have helped them get access to a suite of brand building tools and services spanning across discovery, consumer insights, brand consulting inputs, and enhanced brand protection services," Amazon India Director and General Manager (Seller Services) said Gopal Pillai. He added that the focus of the initiative is to develop long-term relationships with brands to help them generate measurable value for their businesses on Amazon and helping them achieve their business aspirations.

Some of the brands that Amazon is working with under the 'Select' programme include Miss Chase, The Yaya Cafe, Soul Fit, Skin Elements, Zink London and Daily Objects. "Our aim is to help across a brands' value chain, from generating assortment insights, to providing quick-turnaround logistics solutions, and driving traffic to their products. Select is a horizontal/cross-category offering targeted at new and existing brands with differentiated product solutions," he said. Talking about seller growth on its platform, Pillai said three years ago, Amazon India had one lakh sellers on board and it took the company about 11 months to double the seller base.

"Interestingly, it has taken us just 15 months to go from 2 lakh to 4 lakh sellers now, who offer over 170 million products to customers," he said adding that this reflects the strong growth trajectory the company is on in the Indian market. Ahead of the festive season, the company has slashed rates across key product categories and is offering various benefits under its seller programmes to help sellers further cash in on the increased demand during the period of sale.

Source: <https://economictimes.indiatimes.com/industry/services/retail/amazon-india-unveils-select-to-help-brands-in-growth-journey/articleshow/66017883.cms>

CAN KURKURE TWIST INDIAN SNACK MARKET TO PEPSI'S ADVANTAGE?

PepsiCo is now betting aggressively on Kurkure, as its offering goes more and more local in its branded snacks. Despite being an early bird in branded packaged snacks, PepsiCo India faces tough competition in this category in spite of the surge in consumption of these products. PepsiCo was a pioneer in this segment, introducing global-standard potato chips under the Lays label and crunchy snacks under Kurkure. Today, it stands behind two local entities, Haldiram Foods and Balaji Wafers, in the Rs 335.6-billion savoury snacks market. ITC, now at the fourth spot, is catching up. Parle Products is fifth. Till 2016, PepsiCo was ahead of ITC and Balaji.

What has remained constant is the underlying theme of the market, where regional flavour is the consumer's preference. Four of the top five companies are home-grown and have portfolios skewed towards traditional Indian tastes. Haldiram's and Balaji are known for typical traditional snacks and late entrant ITC has also relied on basic Indian tastes for success.

"The population in different regions of India are migrating towards urban business centres, resulting in a diversified demography there. This migrant population retained their food habits, irrespective of their new destination, resulting in a considerable rise in demand for regional favoured snacks in different parts," says Prashant Roy, senior research analyst at Euromonitor International. They say the savoury snacks category grew at a 19 per cent compounded annual rate since 2013, the highest among all snacks categories. This growth will remain high at 16.7 per cent till 2023, again the highest as compared to other categories. High growth in the segment is increasingly attracting fast moving consumer goods entities towards the snacks business.

For PepsiCo, the stakes are high. For years, its beverages business has remained in the red. It is trying to reduce the use of sugar, to shed the tag of an unhealthy portfolio. It is raising the pitch in the profitable snacks business, now close to 45 per cent of its Rs 65.4 billion in annual sales. While it continues to experiment with local flavours for potato chips under Lays, its biggest bet to crack the market is Kurkure. In 2018, it has come up with close to a dozen local flavours, changed its packaging to highlight the transformation by placing pictures of regional flavours and spices, and tried formats favoured by Indians. It has come up with half a dozen revamped packs.

PepsiCo has now forayed into baked snacks, a trend that is seeing rising demand with a more health-conscious mindset among consumers. Launched in three flavours -- Bikaneri bhujia, Andhra's murukku and Shahi namkeens -- the new Kurkure Twistkeen will help it gain momentum in the festive season, claims Jagrut Kotecha, vice-president for PepsiCo's snacking category. He said namkeen or traditional salty snacks was the largest category in India's Rs 220-billion branded snacks market. It holds 37 per cent share by volume, followed by extruded snacks (36 per cent) and potato chips (23 per cent), housing 3,000-odd brands.

The foray into non-fried snacks could be a move in the right direction. Roy from Euromonitor says healthy living is becoming a significant trend and manufacturers are aware of the potential for healthy snack alternatives. As PepsiCo cuts salt levels in these snacks as well, this would be a plus point in the highly competitive market. In the coming months, more local flavours with lesser salt levels will be added to its baked and fried snack ranges, Kotecha said.

Source: <http://www.rediff.com/business/report/can-kurkure-twist-indian-snack-market-to-pepsis-advantage/20180930.htm>