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Britannia Industries: Leading the Indian Biscuit Market

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Abstract

Britannia Industries Limited is one of the leading food companies in India, with a rich legacy of over 100 years. The company is best known for its biscuits, but it has also expanded its product portfolio to include dairy products, cakes, rusks, and other snacks. Britannia has become a household name in India, with its biscuits being a staple in many Indian homes. The company's flagship brands include *Good Day*, *Tiger*, *Little Hearts*, *Treat*, and *Marie Gold*, which have a strong presence in both urban and rural markets.

This case study focuses on the success of Britannia's biscuit division in India, analyzing its strategies for growth, challenges in the highly competitive biscuit market, and how it has managed to maintain its market leadership. The study also offers insights into Britannia's marketing, product innovation, and distribution strategies that have contributed to its dominance in the Indian market.

Background of Britannia Industries

A. Historical Overview

Founded in 1892, Britannia began its journey in India as a small bakery. Over the years, it evolved into one of the largest and most successful food companies in the country. The company's first biscuit product was launched in 1918, and since then, Britannia has been the leader in the biscuit market in India.

Today, Britannia operates in more than 80 countries and boasts a diverse portfolio of products. The company's biscuits and dairy products make up the bulk of its revenue, with biscuits accounting for nearly half of its total sales.

B. The Biscuit Market in India

The Indian biscuit market is the largest in the world, and it is also highly fragmented, with numerous local and international players. Key competitors include Parle Products (maker of *Parle-G*), Mondelez (maker of *Oreo* and *Bournvita*), and ITC (maker of *Sunfeast* biscuits). Despite this intense competition, Britannia has maintained a dominant position in the market due to its strong brand portfolio, extensive distribution network, and consistent focus on quality and innovation.

The Indian biscuit market is further divided into several segments, including:

1. **Premium biscuits:** Brands like *Good Day* and *Treat* cater to the premium segment, targeting urban, affluent consumers who are willing to pay more for superior quality and taste.
2. **Mass-market biscuits:** *Tiger* and *Marie Gold* dominate the mass-market segment, appealing to price-sensitive consumers across rural and semi-urban markets.
3. **Health biscuits:** Britannia has also made forays into the health-conscious segment with products like *NutriChoice*, which offers biscuits with added fiber, oats, and other health benefits.

The growing middle class, rising disposable incomes, and the increasing trend of urbanization have contributed to the expansion of the biscuit market in India. However, challenges remain, including fierce competition, rising raw material costs, and shifting consumer preferences.

Key Strategies for Success

A. Strong Brand Portfolio

Britannia's success can largely be attributed to its robust brand portfolio, which targets a wide range of consumer segments. The brand offers biscuits that cater to different tastes and preferences, including premium, mass-market, and health-focused products.

- **Good Day:** Positioned as a premium offering, *Good Day* biscuits are marketed as a luxurious snack with a rich, buttery taste. The product is targeted at urban professionals and families who seek indulgence and treat themselves to quality products.
- **Tiger:** *Tiger* biscuits, a popular mass-market brand, is priced affordably to cater to the value-conscious segment. Its tagline, "Tiger ki Taazgi," focuses on providing a refreshing and energy-boosting snack.
- **Marie Gold:** A classic and economical biscuit, *Marie Gold* is one of Britannia's oldest and most successful brands. Its simplicity and affordability make it a popular choice for consumers across all income groups.

- **NutriChoice:** This brand targets health-conscious consumers looking for biscuits with functional benefits. Products under *NutriChoice* are marketed as low-fat, high-fiber biscuits, and they tap into the growing wellness trend in India.

By offering products across different price points and taste preferences, Britannia ensures it captures a broad customer base, from budget-conscious consumers to premium buyers.

B. Product Innovation and Adaptation

Britannia has consistently focused on product innovation to cater to changing consumer tastes. This is especially evident in the way it has adapted its products to suit regional tastes across India. The company frequently experiments with flavors, ingredients, and packaging to stay relevant in a fast-evolving market.

- **Flavors:** Britannia has introduced a wide variety of biscuit flavors to appeal to different regional tastes. For instance, it launched the *Good Day Choco Chips* variant to cater to the growing demand for chocolate-flavored products in urban markets.
- **Health-oriented Products:** As consumers become more health-conscious, Britannia has introduced *NutriChoice* and *Whole Wheat* biscuits that cater to this segment. The company also promotes these products by emphasizing their nutritional benefits, such as fiber content and lower sugar levels.

In response to consumer concerns about health and wellness, the company has adapted its formulations to include healthier ingredients like oats, multigrains, and less sugar, offering more balanced choices.

C. Efficient Distribution Network

One of the key factors behind Britannia's success is its extensive and efficient distribution network. The company has established a presence in urban, semi-urban, and rural markets, ensuring that its products are accessible across the country. Britannia reaches more than 5 million outlets in India, making it one of the most widely available biscuit brands in the country.

To strengthen its reach in rural markets, Britannia has used localized marketing strategies and ensured that its products are priced competitively. The company's deep distribution channels in rural areas have helped it capture the attention of lower-income households.

In addition to traditional retail outlets, Britannia has made significant inroads into e-commerce platforms, responding to the growing trend of online shopping in India. Collaborations with e-commerce giants like Amazon and Flipkart have allowed Britannia to target tech-savvy, urban consumers.

D. Marketing and Advertising

Britannia has implemented aggressive marketing and advertising campaigns to strengthen its brand presence. The company uses a combination of traditional media, such as television and print, along with digital platforms to reach a wider audience.

- **Celebrity Endorsement:** Over the years, Britannia has roped in several celebrities to endorse its products, including Bollywood actors and cricketers. Celebrity endorsements help the brand reach a larger audience and create a stronger emotional connection with consumers.
- **Brand Ambassadors:** In recent years, Britannia's *Tiger* and *Good Day* biscuits have been endorsed by popular personalities, which has strengthened the brand's appeal in the minds of consumers.
- **Advertising Campaigns:** Britannia's marketing campaigns often focus on the emotional aspect of consumption, using catchy jingles and storytelling to promote the quality and taste of its biscuits.

Britannia also uses social media channels like Facebook, Instagram, and Twitter to engage with younger consumers, promoting special offers and new product launches.

Challenges Faced by Britannia

A. Intense Competition

Britannia faces fierce competition from both local and international biscuit manufacturers. In particular, Parle Products with its *Parle-G* biscuit brand is a formidable competitor in the mass-market segment. Other competitors include ITC's *Sunfeast* and Mondelez's *Oreo*.

In the premium segment, brands like *Britannia Good Day* face competition from brands like *Treat* and *Little Hearts* from local manufacturers, and international players such as *Oreo* and *McVitie's*.

To remain competitive, Britannia must continue to differentiate itself through product innovation, quality, and a strong marketing strategy.

B. Raw Material Price Fluctuations

As a biscuit manufacturer, Britannia is vulnerable to fluctuations in the prices of raw materials such as wheat, sugar, and edible oils. These fluctuations can have a significant impact on production costs and margins. Rising raw material costs could also force the company to either absorb the increased costs or pass them on to consumers, potentially affecting demand.

C. Changing Consumer Preferences

Consumer preferences in India are rapidly evolving. As urbanization increases and the younger population becomes more health-conscious, there is a growing

demand for healthier and low-calorie snacks. This shift in preferences poses a challenge for traditional biscuit brands like Britannia, which must find ways to innovate without losing their loyal consumer base.

D. Regulatory Challenges

The Indian food and beverage industry is highly regulated, with strict guidelines on food safety, health standards, and advertising practices. Britannia must ensure compliance with government regulations, which can be challenging in a dynamic market.

Strategic Recommendations

A. Focus on Healthier Products

To capture the growing health-conscious segment, Britannia should continue to expand its range of health-oriented biscuits under the *NutriChoice* brand. The company can invest in R&D to create biscuits with lower sugar content, higher fiber, and added nutrients, catering to the needs of health-conscious consumers.

B. Strengthen Brand Positioning in Rural Areas

While Britannia has made significant strides in rural markets, there is still room for growth. The company can continue to invest in rural-specific campaigns and leverage localized pricing strategies to increase market share in these areas.

C. Expand Product Portfolio

Britannia could explore further diversification of its product range. The company might consider expanding into the healthy snack market, such as granola bars or protein-based snacks, to complement its biscuit offerings and cater to new consumer preferences.

Questions for Discussion

1. What are the key factors that have contributed to Britannia's success in the Indian biscuit market?
2. How can Britannia adapt to the increasing demand for health-conscious products in the biscuit segment?
3. What strategies can Britannia implement to strengthen its position in rural markets?
4. How can Britannia manage the challenges posed by rising raw material costs?
5. Discuss the potential for Britannia to diversify its product offerings beyond biscuits.