The Saga of Desi Fizz : Bindu Jeera

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Abstract

India is a diverse country with 29 states, each having their own regional beverages. Inspite of the popularity of conventional homemade drinks, packaged beverages are overruling the Indian consumers due to the strenuous process of preparing homemade drinks. Indian consumers are constantly looking for more convenience by procuring substitutes, that is, RTD (Ready-To-Drink) soft drinks. The soft drink market that is flooded with similar aerated substitutes has created an opportunity for unconventional drinks to find their space by satisfying the Indian palate. A common man, Mr. Sathya Shankar with uncommon ideas was the first to seize this opportunity by venturing into the business of unique blending of Indian flavour of Cumin ('Jeera') into western Cola and he created 'Bindu Jeera' drink.

The objective of this case was to highlight how an indigenous product 'Bindu Jeera' despite receiving negative feedback and reviews from its stake holders could create its market share within a short span of time. The case discusses the vibrant marketing strategies adopted by the first mover Shankar Groups on its journey to change the landscape of Indian soft drink industry. It also attempts to evaluate the important factors a company should consider for developing a product with certain unique characteristics that is ascertained to outperform its competition. Further studies show how Shankar group could reach the nook and corner of the market with its strong distribution network inspite of having constraints in advertising budget. The case also attempted to find out to what extent the strategies of Shankar group could counteract the retaliation from established global brands. The case is mainly focussed on students studying M.B.A. and other business management courses such as Entrepreneurship Development, Sales and Distribution Management, Brand Management, Supply Chain Management, and other Marketing Management curriculum.

Keywords : Bindu Jeera, first mover, Shankar Group, soft drink

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Objectives

(1) How a viable business idea can be converted into a business enterprise?

(2) How a right marketing mix can pave the way for successfully launching an indigenous soft drink?

(3) How entrepreneurial zeal motivates an individual to develop a product with unfamiliar taste and build a brand to challenge the market leaders?

(4) How a first mover can make use of the opportunities and advantages available in the market?

(5) How a naive company can gain its market position in a saturated market?

(6) Whether the changing landscape in the soft drink industry impacts the sustainability of an emerging soft drink company?

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Driving Disruptive Innovation

Traditionally, ethnic beverages in India hooked to a substantial market size that was more unorganized and dominated by street vendors catering to the Indian palate at low price point. This beverage category having strong affinity of consumers for indigenous drinks has created a rebel space against carbonated drinks. The progressing battle of swiftly changing Indian palate for carbonated and non-carbonated drink in India gave birth to experimental blended indigenous drink (Bhushan, 2015). The idea of an unconventional drink is the brain child of an autorickshaw owner's trip from south India to North India where the idea of carbonated Jaljeera was sparked by tasting a simple Jaljeera drink (Rao, 2012). Mr. Shankar, the Managing Director of Shankar group attempted to be the first mover in branding indigenous soft drink. Megha Fruit Processing Pvt. Ltd. was formed by Shankar groups in the year 2003 for manufacturing PET soda and aerated water under the brand name Bindu which is head quartered at Narimogeru, Dakshina Kannada District. The initial idea of execution started in the year 2000 with very little fund and a decent water source from the MD's 50-acre farm land. At the beginning, the company found it very difficult to sell its basic product as many retailers were returning the consignment. The shopkeepers were quite unwilling to stack the products in their shelves anticipating that customers may not like cola drink with Cumin twist (Rao, 2012). As the company had financial constraints on advertising budget they relied on word of mouth publicity instead of mass advertising. The company believed in the philosophy that if they made the shopkeepers and customers to taste their product, they may like it, so they persuaded the shopkeepers first to taste it for free and finally the strategy worked out.

The company was started seventeen years ago with a small team with an annual turnover of ₹ 35 lakh, and now the company has witnessed a remarkable raise in annual turnover of close to ₹ 400 crore by offering employment opportunities to more than 750 people. Presently, the product is positioned as an exclusive drink flavoured with cumin and sugar water.

Leading Through Innovation

Coming from a very ordinary town like Narimogeru in Puttur Taluk, Mr. Shankar's business idea of producing indigenous soft drink in the brand name Bindu to challenge the established global brands like Coca Cola, Limca, Fanta etc. Bindu is designed to conjure the Indian palate for a traditional sip by unscrewing the twist of Cumin in Cola or tangy or salted flavour. The company claims that Bindu Jeera Masala is composed of quality tested ingredients that gives a refreshing taste.

Within a decade, the company that was started with a single product of bottled water is now having a vast array of products in its product line by extending it to soda products. Presently, the company is one of the top three companies in south India when it comes to Soda based drinks and today its products are preferred in taste over its competitor brands like Cola, Pepsi, Sprite, Limca, Fanta or Maaza. Currently, the company's product mix consists of Zivo cola, Sip on, Fruzon Apple, Snak Up, Bindu lemon, Zivo, and Bindu water. The company faced cut throat competition from the beginning especially from its rival brands Coco-Cola and Pepsi. Inspite of predicting a declining trend in soft drink industry, Mr. Shankar was highly determined about organic growth of the product. The prime focus of the company is to carve out a place for indigenous Indian soft drinks and drive away foreign companies. Some consumers find Cumin taste to be prominent while other finds it more sour and salty. To consolidate its 'Star position' in a growing industry, Shankar Group has been practicing HACCP Quality policy in its production system and has also gained BIS licence for their business standards.

Creating the Ecosystem

Shankar Group has carefully selected marketing mix elements to reach to every home in which price and place have been given utmost importance. Pricing the product below the competitor's price not only paved the way to reach every household's refrigerator but also aided in executing 'Push Strategy' by facilitating it through its channel partners over large profit margin that is not offered by the established dominant players in the market. As one-third of the final purchase decisions are made inside the stores, major emphasis was given to 'Place' – 'P' (distribution) to reach every retailer's shelf in order to influence customers decision. The product was made available in fast food joints and hotels where customers may look for a digestive drink immediately after their meal. The distribution network with two level channel design provides a vast reach to the market. Shankar Group maintains good information flow in its channels (SG Corporates, 2020). All prospective as well as non-prospective routes are covered by more than 1500 distributors in Karnataka. The distributors have a considerate feedback about the product as 28% distributors are highly satisfied with the product, 57% are satisfied, and 15% have a neutral opinion. None of them have a negative feedback about the product. Registering an agile growth in the industry, this company has spread its wings in domestic markets like Karnataka, Andhra Pradesh, Orissa, Kerala, Tamil Nadu, and Maharashtra. With a confidence in the future demand, another 'P' – 'Product' has been given special attention by developing many variants like Fizz Jeera, Zing Ginger, Sip on, Fruzon Apple, Zivo, Bindu water to expand its reach to other parts of the country. The reason behind vanishing of products from retailer's shelf across cities is due to its focus on customer's health by relieving body heat, especially in the summer season.

Bumpy Ride Ahead

The biggest challenge in persisting with the growth is lack of marketing strategy planned by the company that largely relied on word-of-mouth promotion strategy. The point of focus for Shankar Group is to spot right channel partners having financial capability to ascertain consistency in getting orders as well as planning SKU packaging. Promotional strategies to attract end consumers are not on the list.

Shankar Group has developed its core competency around high quality product, well equipped laboratory, and man power support to access different markets, but inspite of having good customer reviews about the overall taste of the product, it has failed to occupy space in all the stores relying majorly on word-of-mouth promotion. Since the company is located in rural area, raw material carriage to the manufacturing units adds to high cost of production. Restricted advertising and sales promotional activities constraint wide reach of the products. To stand out in the market, Shankar Group needs to revisit its promotional strategies. The product already has a significant acceptance in Karnataka, few cities of Tamil Nadu and Kerala. Now, the focus should also shift to Northern market before it reaches saturation.

Proliferating into global market is a lucrative opportunity that comes with a cost. Though opportunity lies in expansion strategy by acquiring labour at low cost to reach global market through product line expansion, Shankar Group should be ready for challenges of procuring raw materials at higher rate and threat from local players as well as multinational companies which may retaliate immediately.

Bindu Fizz is a fledgling ethnic brand success. Its success lies in its unusual taste and distribution strategies that have been innovated over time. The company needs to constantly innovate its marketing strategies to be heard by the larger audience. The company aims to hit 1000 crore turnover in the coming years extending their product line (Brandwire, 2019). However, presently the company is under pressure to sustain its market share in the ethnic drink segment as the existing global giants in the beverage market segment have realized the importance of blending homemade indigenous beverage formulation in packaged forms. In addition to this, the global giants' hyperlocal strategy in introduction of new beverages focusing on functional health benefits like prevention from dehydration, vitamin boosters, and energy drink may further impede Shankar Group from nullify the effect of competition from global giants.

Conclusion

Though Shankar Group has a first mover advantage over other rival brands, there is more chance that these advantages would gradually erode away as other companies have also entered this market segment. It would face stiff competition from counter attack of competitor brands such as Coca Cola's Rim Zim, Paper Boat's Jaljeera, and Bisleri Spyci. These giants also retort back with advertising campaigns through mass personalisation strategy of reigniting family and social bonding through share your Coke campaign. There is fare chance of Shankar Group of being crushed by the giants dominating the beverage industry. These market leaders who have more financial supremacy, industry experience, as well as brand equity would certainly not sit idle. In this scenario, would Shankar Group group be able to ward off competition and retain the competitive advantage in the long run?

Questions

(1) Critically examine the marketing mix adopted by Shankar Group and evaluate which elements of marketing mix have contributed more to the success of their pioneer drink Bindu Jeera.

(2) Suggest suitable promotional strategies for Bindu Jeera to enhance its customer base.

(3) Based on the given case facts, analyze the significance of disruptive innovation in attaining market leadership position by the company.

(4) In the face of growing competition can Shankar Group continue with the existing distribution model to sustain its position in the market? Do you agree? Give reasons to justify your stand.

(5) Assume yourself as a Marketing Manager of Shankar Group who has been assigned with the responsibility of scaling up its operations in future. Discuss your strategy.

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