Shifting Consumer Attitudes and Willingness to Pay for Premium Products — The Case of Unibic Cookies

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Abstract

Purpose : The objective of this business case was to study and analyze how a new entrant could succeed in a highly competitive industry. The case described the various strategies undertaken by Unibic Foods India Pvt. Ltd. (Unibic) to create and strengthen its position in the highly competitive Indian biscuit industry.

Methodology : A detailed analysis of various aspects of Unibic's business was carried out, including its financial data. The early history of Unibic Foods India Pvt. Ltd. was studied, followed by the analysis of quality-based positioning utilized by Unibic to enter the niche premium cookie segment. A detailed study was done about Unibic's marketing and promotional strategies. Aspects like Unibic's key management personnel, product development and advertising strategies, and financial position were also analyzed in depth.

Findings : This case highlighted the various techniques deployed by Unibic to enter and succeed successfully in the highly competitive Indian biscuit industry. It helped in decoding the different strategies a new market entrant can deploy to succeed. It also provided insights into the major challenges a new company faces and how it should deal with them.

Practical Implications : Entering a new market in a highly competitive industry could be challenging for a new entrant. This business case identified and analyzed strategies Unibic employed to enter and succeed in a highly competitive sector fraught with heavy competitors. The lessons from this business case could help new companies and businesses enter and succeed in competitive markets. The case imparted valuable learning on various aspects of marketing, strategy, and entrepreneurship to the learners.

Originality : Each industry has its own unique challenges and level of competition. This business case analyzed an industry through a detailed study of a player, resulting in many useful findings about the industry and the players.

Keywords : marketing, new product development, strategy, brand strategy, market entry

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People's way of life is changing in this new era of consumerism, conspicuous consumption, globalization, and dynamism. With the quick change in our lifestyles, there is also a shift in our tastes. Because people are becoming more and more interested in fast foods, the demand for baked goods is expanding at a faster rate. Products such as muffins, cookies, and brownies are some of the examples. There are numerous products in the highly competitive cookie market. Unibic is a well-known brand name in the cookie industry of India. Nikhil Sen, Unibic's Managing Director, is no genius but is known to be the creator of a great cookie brand. He worked as the Chief Operating Officer for Britannia for 20 years until 2004. The focus shifted to launching the Australia-based

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cookie brand Unibic in India to effect change. He launched Unibic in 2004 in Bangalore with an INR 150 million initial investment. He was good at sensing the needs and tastes of people and understood consumer behavior well. He began as a management trainee at Britannia Industries and rose to the company's second-in-command position by 2003 (Mishra, 2017). Today, Sen competes with Britannia in the Indian market and boasts a strong team and efficient workers. He believes in constructing a prosperous future by working hard for it. He has a "we can and we will" thought and mentality. He is always working to improve his employees' entrepreneurial skills. As a result, his team members are always willing to participate in the global race by grabbing each possible opportunity. They are well on their way to creating themselves as a major cookie manufacturer (Kulshrestha, 2013) with a wide range of products (Figure 1).

In a meeting, Sen said there is no better delight than getting out and seeing oneself. He very well recognized the potential in competing against imported brands that are at a significant disadvantage due to the lack of manufacturing facilities in India. Somewhere at the end of the day, it is determined by the value, how investors perceive the firm and the state of the market. The equity structure will be determined by the cooperations the company formed. He added that the arrival of multinational companies would benefit (the company) since they would spend considerable amounts of money creating space, which would be beneficial. Nonetheless, as the company gained volume, it did not need to go to the clients and teach them about biscuits. When two great forces would clash, they would tend to focus against each other, rather than focusing on the company, and the company would benefit as a result. Though his words were always enlightening and contained some spark to influence the followers, he knew that specific points were not in his favor at that time. It was time to unveil them for him to grow and, most of all, for his company, Unibic, to grow in the Indian market.

However, the recent findings from a market study report have made Nikhil Sen worrisome. As per this report, consumers perceive Unibic as a premium but expensive brand of cookies. This price objection does not allow Unibic cookies to penetrate deeper into the market, especially in tier 2 and 3 cities of India. Sen does not want Unibic confined to India's metro and big cities. He knows very well that for a volume-driven industry like cookies, the real growth lies in the tier 2 and 3 cities. However, the biggest challenge before Sen is to convince customers about the price points of Unibic cookies, especially in these new markets, and drive the message that the existing price is apt for premium quality cookies. Addressing price objections in customers' minds is the biggest challenge Unibic faces today. Without addressing this issue, entry and growth into tier 2 and 3 cities seem challenging. After all, unless a brand gains the trust of its customers, it cannot grow any further (Panda et al., 2014).

Organization Background

Unibic is an Australian brand that has been running effectively for over five decades. They had won the hearts of countless with their tasty and lovely cookies. Unibic Foods Pvt. Ltd. was founded in 2004 and has its headquarters in Bengaluru. It is a collaboration between Unibic Australia, a cookie manufacturer, and Dhruv Deepak Saxena, a serial entrepreneur in Melbourne. They started operations in India by importing cookies from Australia, and by the end of 2005, they had established a production operation in India. The initial step toward branding was to enter into a five-year agreement with Amalgamated Bean Coffee Trading Co. to supply Unibic cookies to the famous coffee house Cafe Coffee Day at various locations. In addition, INR 75 million was spent on media advertising, which played a significant influence. Unibic realized that online information gathering was becoming popular among Indian buyers; hence, it has maintained its online presence since its launch (Banerjee et al., 2010).

Unibic, Australia's largest rising specialty biscuit company with a five-decade history, has operations in Australia, New Zealand, the United States, the United Kingdom, and Canada. It has established its first production plant outside of Australia in Bangalore. The INR 150 million state-of-the-art production plant on Tumkur Road in Bangalore was designated to serve both the Indian and international markets. According to the corporation, the

Figure 1. ***Few Products of Unibic***

factory would combine Australian technology and world-class raw materials to make top-quality cookies with ingredients similar to those used by Unibic Australia. Its cookies are offered in trial packs, regular packs, and group packs varying from INR 5 to INR 25 and in tin boxes varying from INR 100 to INR 150 (Figure 1).

Product and Packages

Unibic has a diverse product range of cookies that may be largely classified as chocolate, butter, milk, and health. Even in the butter category, there is a wide range of options, from classics like Butter Cookies and Cashew to the unusual Doosra Chilli Butter Cookies. Every product demonstrates the passion for quality at Unibic. Choco Chip, for example, contains one of the highest levels of chocolate in the market at 21%, while Butter Cookies have 9.4 % actual butter, more than double the nearest rival. They have created over 30 flavors to kick your taste buds. They began with two flavors: Anzac Oatmeal Cookies and Bradman Chocolate Chip Cookies. They are now contemplating launching as many flavors in India as the market needs. They offer a wide range of choices for exporting cookies outside of India and serving a large customer base. Unibic is also recognized for its wire-cut technology, a product design aspect that helps differentiate its cookies. Product design and packaging impact the purchasing decisions of customers to a great extent.

Unibic, which sells 30 different types of cookies, is experimenting with new flavors and packaging to gain momentum in the country's North, East, and West regions. While rural India has traditionally been a challenging market to penetrate, Unibic is attempting to gain a foothold by packaging items at INR 5 and INR 10 price points.

It focuses on nutritious and healthy biscuits to capture a large portion of the market. Especially after the Covid-19 pandemic, customers are preferring health-based foods (Kulshrestha et al., 2022). Unibic had introduced *chyawanprash* cookies, which have all of the health benefits of *chyawanprash*. These cookies are manufactured in Bangalore and distributed throughout India. It sought permission from the Government of India's Department of Ayush to utilize chyawanprash as the key ingredient. Unibic has made every effort to balance the essence of chyawanprash and the flavor. These cookies have the right combination of health and taste. Sri Sri Ayurveda in Bangalore provides chyawanprash to the Unibic factory (Mishra, 2017).

Lifecycle of Unibic Cookies

Unibic is fortunate to have senior management that comprises industry professionals who provide subject expertise and the wisdom of investors from Peepul Capital. Over the last 15 years, Peepul Capital has been a part of the growing journeys of over 40 firms from various industries. Peepul Capital blends the local investing team's capabilities with a worldwide impact and focus. The team's contacts have been critical in discovering and sourcing possibilities at various life cycle phases.

Unibic is unrivaled as an inventor. A solid product development process that includes upper leadership, advertising and sales, and the research and development team provides the best digital content and innovative thinking for producing new versions. A series of firsts attests to this out-of-the-box thinking. Unibic introduced the country's only liquid chocolate center biscuits, Choco Kiss. A slew of unusual varieties, like fruit and nuts, milk orange, chili butter, and honey oatmeal, result from a never-ending desire to provide customers with fresh tastes. The new “My Healthy” collection of Ragi Cookies (with pure ghee), Gluten-free Cookies, and the health-conscious 40% Oats Cookies are the latest members of the special basket.

Company Network

Srini was instrumental in reinventing Unibic as a dynamic brand with updated packaging early in the journey.

Over many years, Srini was essential in long-term capacity growth and new product development at Unibic, working closely with the top management team. He was key in luring numerous top professionals to the organization, including the heads of sales, finance, and marketing. With his vital involvement as an active board member, Unibic increased its reach in North and West India and consolidated its place in contemporary commerce throughout the year. Sandeep Nadigadda Reddy, Director of Taj Hotels and Resorts Limited, is associated with Unibic as a Nominee Director.

Another key personality, Katte Gururajachar Sethumandhava, is a Director of Unibic, registered in Karnataka. At Unibic, Ashok Kumar Gupta is known as the perpetual solution architect. His experience in the FMCG business extends over 30 years, and his knowledge helps in critical strategy formulation, business development, commercial operations, financial planning, and accounting, to mention a few. He was responsible for developing financial models for some of India's most prominent corporations, including Britannia. He has represented the country at several conclaves throughout the world.

Unibic's product research and production is overseen by VVS Mani, who possesses an M.Sc in Food Technology from the Central Food Technological Research Institute (CFTRI) at the University of Mysore in India. Building on his experience at Britannia Industries in India and Tiffany Foods in the UAE, Mani has been the driving force behind many of Unibic's distinctive products, including some of the most successful launches. Kartikay Mehta has been responsible for the sales team and commercial operations in India at Unibic. He is an IIM Bangalore graduate with over 15 years of experience in FMCG sales. Wipro Consumer Care Limited and VST Industries (India's third-largest cigarette manufacturer) are among his previous employers. Unibic's skills in innovative product development have set a global standard. It is the cookie collaborator of a few of the world's most prominent private labels. It is associated with several luxury brands, including Indigo Airlines, Cafe Coffee Day, Sri Tattva, Strootman, Coles, Woolworths, Dollarama, Lulu, and Air Asia.

Competitors

As the market remains fragmented, the firm confronts tough competition from local/regional and national companies in the biscuit sector. Given its concentration on the mid-premium and premium sectors, the firm confronts intense competition from rival brands, such as Britannia, Food Links, PreGel, Sweetish House Mafia, Anmol Industries, Mondelez, Parle, and ITC, to list a few (Table 1).

Beginnings and Growth of Unibic

The rating reflects Unibic's consistent improvement in its accounting and business risk levels, aided by a healthy and profitable ramp-up of operations and a greater emphasis on premium goods. Despite operational and demand delays caused by the pandemic, which impacted sales, the corporation claimed a healthy performance in the fiscal year 2020–21. It increased its operating income by 23.8% and its operating margin by 6.2% in FY 2020–21, compared to 14.8% the previous year. ICRA anticipated that growth in the biscuit category would be considerably higher in FY 2022–23 compared to the last year and anticipated excellent growth in the following fiscal year with the launch of new manufacturing lines (joint venture in Hyderabad, Telangana) and the expansion of new geographies. The company's cash flows were supported throughout the years by continuous revenue growth, good profitability, naturally low working capital requirements of the firm, and periodic capacity additions, limiting its reliance on debt.

Moreover, persistent reserve accretion steadily improved the company's net worth and coverage measures over the last few years. The rankings continued to profit from the firm's well-known brand, extensive distribution network and established partnerships with reputable institutional clients. The evaluations considered substantial knowledge of Unibic's promoters about the biscuit sector and the industry's optimistic future growth (Table 2).

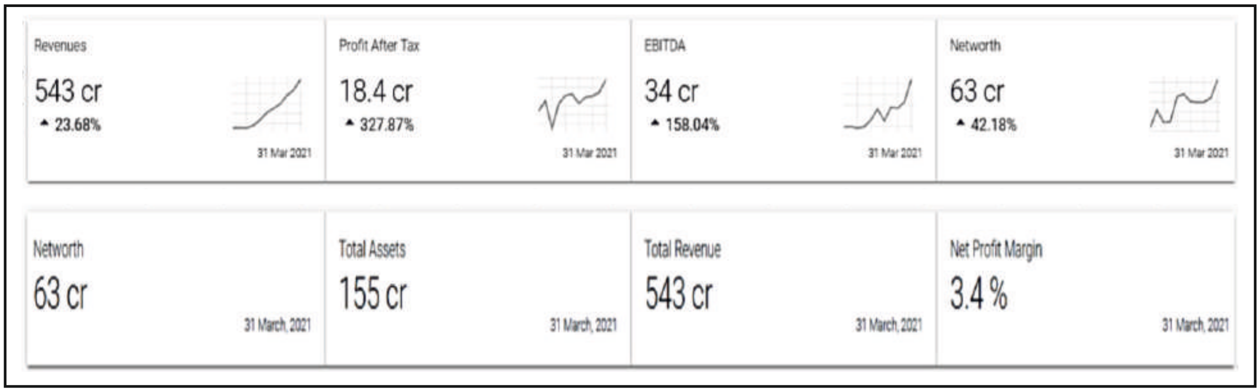
Table 1. ***Competitors***

	Unibic	Normad Foods	Food Links	Sweetish House Mafia	PreGel	Britannia
	Unibic manufactures and distributes biscuits and cookies.	Nomad Foods is a leading frozen foods company.	A premium food ingredient importer and wholesaler.	Sweetish House Mafia is a company that offers cookies and desserts to customers.	PreGel is a manufacturer and distributor of dessert ingredients and supplies.	Britannia is India's food company offering a spectrum with a wide range of products.
Founding Date	2004	2014	2001	2014	1967	1892
Type	Private	Public	Private	Private	Private	Public
Tags	Food and Beverage Manufacturing and Industrial distribution	Food and Beverage Manufacturing and Industrial distribution	Food and Beverage Manufacturing and Industrial distribution	Food and Beverage Manufacturing and Industrial distribution	Food and Beverage Manufacturing and Industrial distribution	Food and Beverage Manufacturing and Industrial consumer goods
Locations	Bengaluru, IN HQ	Road Town, VG HQ Middlesex, GB	Lenexa, US HQ Leawood, US	Mumbai, IN HQ	IT HQ, Campbellfield, AU, Langenwang, AT, Campinas, BR, Aurora, CA, Surrey, CA, Providencia, CL	Bengaluru, IN HQ, Bidadi, IN, Chennai, IN, Delhi, IN, Khordha, IN, Kolkata, IN, Mumbai, IN
Employees	541	4,593				
Twitter followers	4.9 k	N/A	33	2.3 k	1.1 k	21 k

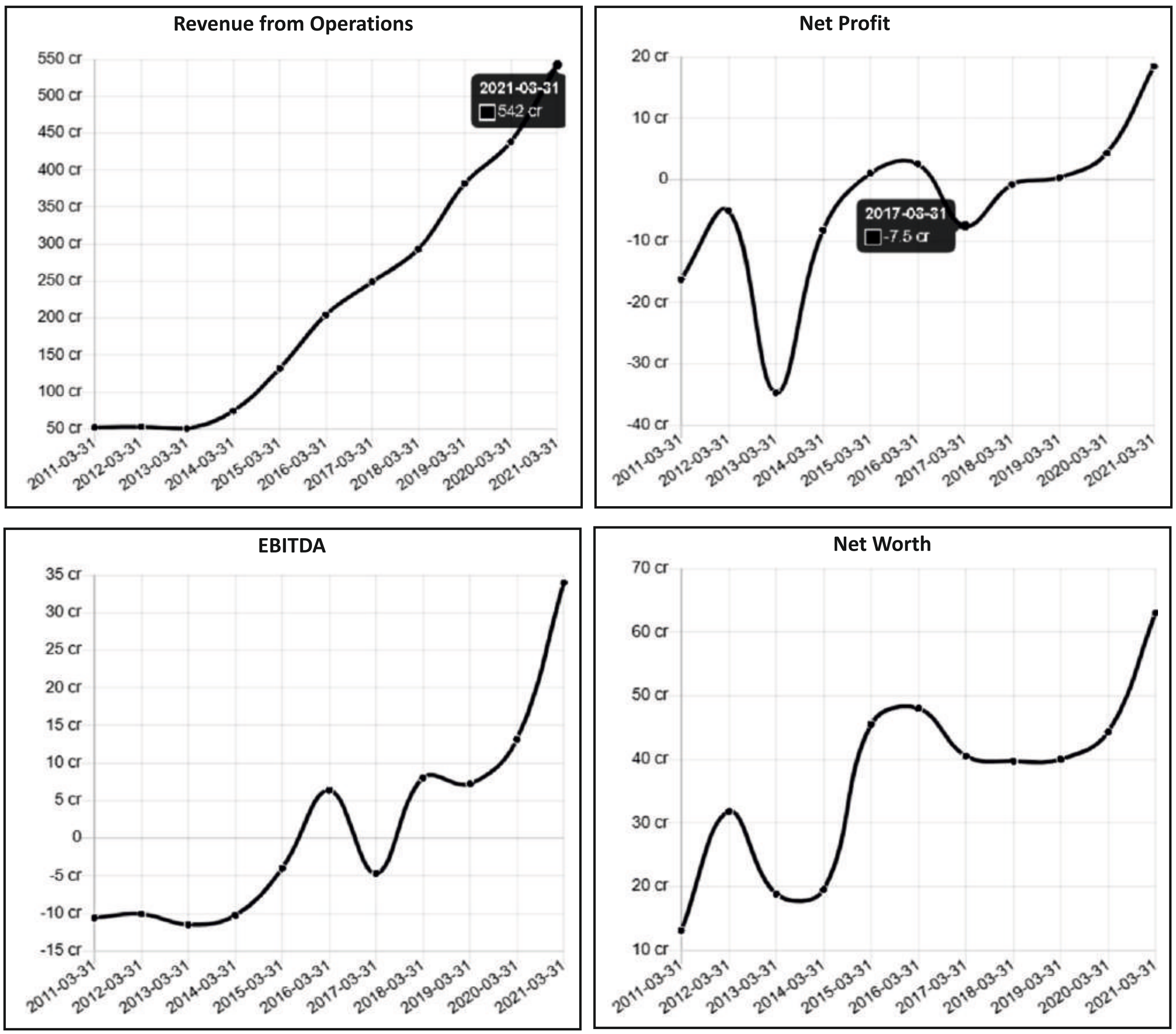
Financial Statements

Unibic's profits increased by 14.8% in FY 2019–20 and 34.5% in FY 2020–21, reaching INR 4.383 billion and INR 2.196 billion, respectively. Increased saturation and larger revenue contribution from non-South markets, the frequent launch of new varieties, increased brand recognition via aggressive marketing efforts, and a periodic development of its distribution network across the country have contributed to revenue growth (Figure 2 and Table 2). Its authorized share capital is INR 890 million, while its total paid-up capital is INR 826.3 million. Its EBITDA has increased by 166.01% year over year. Simultaneously, its book net worth has climbed by 42.18%. Unibic's financial information for the fiscal year ending March 31, 2021, is summarized in Table 3. The company's net value has improved by 42.18%. The company's total assets have grown by 0.86%, while its liabilities have fallen by 14.27%. All these figures show that the financial performance and position of the company have shown improvements (Table 3).

Figure 2. ***Key Financial Matrices as of March 31, 2020***



Key Ratio Trends



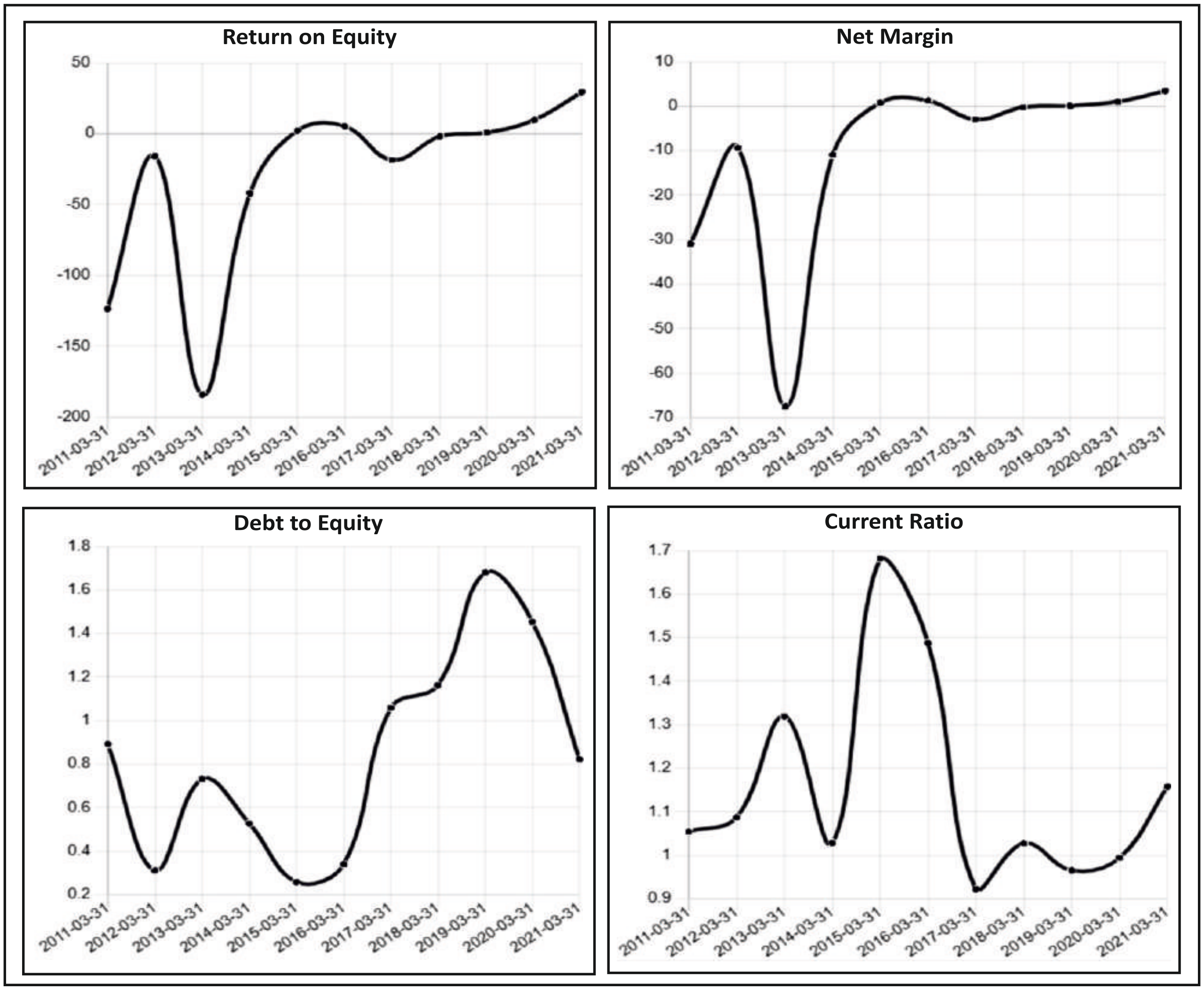


Table 2. ***Key Financial Matrices from 2016–2021***

UNIBIC FOODS INDIA PRIVATE LIMITED						
For the year-ending	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**
Operating revenue (INR lacs)	54,247.95	43,828.50	38,173.22	29,313.06	24,904.51	20,456.18
EBITDA (INR lacs)	3,396.36	1,316.23	723.66	804.40	–468.37	637.41
Profit/loss after tax (INR lacs)	1,844.31	431.05	31.02	–80.01	–753.18	253.34
Net profit/loss margin	3.40	0.98	0.08	–0.27	–3.01	1.23
Networth (INR lacs)	6,301.95	4,432.24	4,001.19	3,970.17	4,050.17	4,803.35
ROE	29.27	9.73	0.78	–2.02	–18.60	5.27
Days receivables outstanding	32.00	50.00	49.00	42.00	36.00	34.00
Days payable outstanding	38.00	58.00	40.00	45.00	46.00	43.00
Current ratio	1.16	0.99	0.96	1.03	0.92	1.49
Debt to equity ratio	0.82	1.45	1.68	1.16	1.06	0.34

Financial Statements (2018–2021)

UNIBIC FOODS INDIA PRIVATE LIMITED				
As on (units in INR Lacs)	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Equity and Liabilities	0.00	0.00	0.00	0.00
Shareholders Funds	0.00	0.00	0.00	0.00
Share Capital	8,238.07	8,212.67	8,212.67	8,212.67
Reserves and Surplus	–1,936.11	–3,780.43	–4,211.48	–4,242.50
Money Received Against Share Warrants	0.00	0.00	0.00	0.00
Share Application Money Pending Allotment	0.00	0.00	0.00	0.00
Non-Current Liabilities	0.00	0.00	0.00	0.00
Long Term Borrowings	426.41	743.53	1,090.61	1,378.82
Deferred Tax Liabilities	0.00	0.00	0.00	0.00
Other Long Term Liabilities	0.00	0.00	0.00	0.00
Long Term Provisions	167.62	157.34	113.37	90.93
Current Liabilities	0.00	0.00	0.00	0.00
Short Term Borrowings	528.49	2,907.66	3,147.16	1,391.85
Trade Payables	3,490.75	4,228.52	2,568.79	2,111.52
Other Current Liabilities	4,224.24	2,788.46	2,482.83	1,841.01
Short Term Provisions	355.06	105.16	94.46	58.75
Total Equity and Liabilities	15,494.53	15,362.90	13,498.41	10,843.05
Assets	0.00	0.00	0.00	0.00
Fixed Assets	0.00	0.00	0.00	0.00
Tangible Assets	3,554.67	3,487.55	3,368.25	3,052.33
Intangible Assets	1.67	9.08	42.81	88.73
Intangible Assets Under Development	69.74	0.00	0.00	0.00
Non-Current Investments	0.16	0.16	0.16	0.16
Deferred Tax Assets	552.80	1,382.52	1,627.68	1,691.94
Long-Term Loans and Advances	1,046.41	497.02	437.12	459.23
Other Non-Current Assets	316.19	18.98	20.91	2.39
Current Assets	0.00	0.00	0.00	0.00
Inventories	3,496.22	3,272.44	2,320.13	1,649.52
Trade Receivables	4,832.28	6,009.26	5,149.09	3,401.61
Cash and Cash Equivalents	1,040.89	364.92	314.94	335.19
Short-Term Loans and Advances	513.95	269.33	163.48	121.83
Other Current Assets	69.55	51.64	53.83	40.11
Total Assets	15,494.53	15,362.90	13,498.41	10,843.05

Table 3. *Year-Wise Comparison of Profit and Loss (2018–2021)*

UNIBIC FOODS INDIA PRIVATE LIMITED				
As on (units in INR)	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Continuing Operations	0.00	0.00	0.00	0.00

Revenue from operations	54,247.95	43,828.50	38,173.22	29,313.06
Other income	14.98	45.07	40.86	101.64
Total revenue	54,262.93	43,873.57	38,214.09	29,414.70
Cost of materials consumed	27,064.68	24,944.88	23,027.80	17,077.69
Purchases of stock in trade	6,315.93	1,719.52	199.76	0.00
Changes in inventory	–226.47	–330.97	–356.45	40.59
Employee benefit expenses	3,342.18	3,100.43	3,007.58	2,317.25
Finance costs	228.16	295.24	275.27	269.54
Depreciation and amortization	339.50	344.78	353.10	644.56
Other expenses	14,370.24	13,123.47	11,611.74	9,174.77
Total expenses	51,438.72	43,197.36	38,118.80	29,524.40
Total revenue less total expenses	2,824.20	676.21	95.29	–109.70
Prior period and exceptional items	0.00	0.00	0.00	0.00
Profit before extraordinary items	2,816.99	676.21	95.29	–109.70
Extraordinary items	0.00	0.00	0.00	0.00
Profit before tax	2,816.99	676.21	95.29	–109.70
Current tax expense	142.96	0.00	0.00	0.00
Deferred tax expense	829.72	245.16	64.27	–29.70
Profit from continuing operations	1,844.31	431.05	31.02	–80.01
Profit from discontinuing operations (after tax)	0.00	0.00	0.00	0.00
Net profit/loss	1,844.31	431.05	31.02	–80.01

Source : RoC, Ministry of Corporate Affairs.

Year-wise Comparison of Profit and Loss

Revenue growth has been consistent over the years. Over the previous years, the company's revenues have grown at a strong 23.1% CAGR, hitting INR 3.817 billion in FY 2020-21 from INR 2.046 billion in FY 2016–17. Revenue growth was driven by increased adoption and revenue participation from non-South markets, the frequent release of new variations, an increase in brand exposure through aggressive marketing initiatives, and a periodic expansion in installed capacity to meet increased demand (Table 3). The firm earned a total profit of INR 3 million on revenue of INR 3.817 billion in FY 2019–20, up from a net loss of INR 8 million on an operating income of INR 2931 million the previous year (Table 3).

Funding Raised by Unibic

In 2007, Lighthouse purchased 25% equity in the firm for nearly INR 200 million. Thereafter, Peepul Capital purchased a controlling share in the firm in 2012 for around INR 1 billion (Table 4).

Table 4. ***Funding Raised by Unibic***

Announced Date	Transaction Name	Number of Investors	Money Raised	Lead Investors
February 10, 2017	Secondary Market – Unibic	1	INR 1000 million	Peepul Capital LLC
April 27, 2007	Venture Round – Unibic	1	INR 200 million	Lighthouse Funds

The Indian Cookies Industry and Market Share

According to a cookie study conducted in India, the glucose biscuit segment has a market share of about 26–27%, whereas the milk biscuit segment enjoys a 5–6% market share. However, the share of cookies in India is increasing by 25–30%. ITC, Parle, and Britannia are the prominent brands in the industry. However, Unibic is rapidly entering this competition by introducing a wide range of cookies. By 2010, the company's sales had risen to INR 600 million, demonstrating the company's extraordinary success. The biscuit market in India is worth INR 100 billion, whereas the cookie industry is worth INR 7.5 billion (Mishra, 2017).

Marketing

Considering market conditions and consumer habits, Unibic leverages its strengths in each area. Its marketing differs by region. For example, since media consumption varies greatly in various locations, it mixes TV, exterior, and digital media for marketing in a global metropolis like Bangalore. On the other hand, as TV material is so popular in Tamil Nadu, Unibic invests in it rather than in digital media. The marketing mix for Unibic is a mix of many different media, out of which celebrity endorsements and TV advertisements are prominent. Unibic selected South Indian star Shruti Hassan as a brand ambassador for a year and leveraged brand extension in 2015. This move indicated the company desired anyone relevant who would help the brand.

Furthermore, Unibic is in the FMCG market, which implies that visibility immediately translates to improved brand recall. As a result, Unibic, as a brand, focuses on a 360-degree strategy to promote the essential impulsive buy. This indicates that Unibic should be present on TV and strive to be active everywhere (even to the final mile) where the buying occurs. Finally, there are digital media, where the brand seeks to interact with its consumers. In media, Unibic leverages the platforms mentioned below.

- ***Traditional Media.*** Unibic is preparing to create a strong presence in North and Central India with new broadcast, internet, cinema, and outdoor advertising. The campaign emphasizes healthy snacking and how Unibic has modified its recipes to produce cookies high in fiber and low in sugar and carbs.

- ***Celebrity Endorsements.*** Unibic leveraged celebrity endorsement in 2015, signing South Indian star Shruti Hassan as a brand ambassador for a year. It indicated that the company wanted someone contemporary to help the brand reach its desired level in the region.

- ***Leveraging Media.*** Digital media is an effective way to reach target customers (Yadav, 2017). Unibic has introduced a new digital campaign that invites everyone to participate. The ad aims to instill a sense of accomplishment in people by encouraging them to pat themselves on the back and give some *#Cookie credit*. This campaign differs from others solely because of the primary channel of communication: digital media. In addition to the high visibility of the OOH campaign launched by Media Circle, the company adopted an innovative path to draw much-needed eyeballs and buzz. As part of the innovation, a larger-than-life cut-out of a Unibic biscuit pack was utilized on a backlit bus shelter at a prominent position in Mumbai ("Unibic urges 'self-care,'" 2020).

Brand Positioning

Unibic expanded rapidly over the previous decade and is currently the country's fastest-growing cookie brand. Unibic has always focused on outstanding taste and enjoyment at reasonable costs, consistently positioning its wares in the luxury cookie market. So many market competitors attempted and failed to enter the premium cookie area. The market is so large that there is plenty of room for everyone. Unibic has risen about 4.5 times faster than the market in the previous five years. Undoubtedly, there is room for innovative and improved offerings, particularly among younger customers.

Pricing Strategy

A company can employ many pricing strategies when selling a product or service. The price might be chosen to maximize profit per unit sold or selling at a lower price in order to have high volumes. It could be used to protect a marketplace from new competitors, gain a competitive share within a market, or break into new markets. It gives customers an image of the standards the company has to provide via its products, allowing the company to have a fantastic reputation in the market. The firm's product price and pricing strategy influence the consumer's decision on whether or not to acquire the product. When businesses want to implement any pricing plan, they must examine the factors needed to make an accurate decision regarding profit for their organization. Today's market competition is harsh; as a result, firms must pay close attention to their competitors' behavior to gain a competitive benefit. Customers compare prices through online access since internet technology has advanced substantially. Because of their understanding of the value of products, consumers are quite selective about their purchases. Firms must keep these factors in mind and price their products correctly.

Promotion Model

It started as a distribution network of ten auto-rickshaws supplying Modern Trade in Bangalore and Chennai and has expanded to a 300,000-strong distribution network throughout the country. The concepts are for traditional and modern business, increasing quicker in the North and East while building on proven strength in the South and West. Walmart, ABRL, Metro, Max Hyper, Reliance Retail, Spencer's, DMART, Big Bazaar, Tesco, and Lulu are just a few of the retail chains where Unibic can be found. Unibic has also achieved significant advances in institutional sectors, including alliances with the Indian Railways, the hotel sector, educational institutions, investment firms, big food suppliers, and corporations. Unibic also delivers genuine cookies to our men and women in uniform, with a national presence in the Armed Forces Canteen Stores Department (CSD) and the Security Police Canteen. Unibic also produces for many private label merchants worldwide, including institutional buyers, retail chains, government organizations, caterers, IT firms, hotels, banks, hospitals, educational institutions, corporations, transit, etc. Unibic is also accessible on major online sites such as Amazon and Big Basket, and they are developing their e-commerce platform.

Manufacturing

Unibic is one of India's largest FMCG brands, with over 30 product varieties and a presence in various innovative fields. Unibic, India's largest wire-cut cookie manufacturer, has perfected the art of creating cookies and produced distinctive deviant items such as Snack Bars and Wafers. It has amassed a tremendous following and made enormous waves worldwide. Every employee at Unibic is linked by a drive to create and is led by a dynamic senior management team with years of expertise. Every day, the 1000+ member team collaborates to maximize potential and take the organization to new heights.

The Unibic factory combines food technology with the skill of making tasty cookies. The manufacturing operation produces 40,000 tonnes each year. All logistics are accurate and well organized. A robust supply chain management system is in place, with an exceptional tracking system and an impressive capacity to estimate demand ahead of time. An impenetrable quality control method ensures that each cookie created is of the highest quality. Its production plant has undergone stringent quality testing and obtained the highest honors. It is British Retail Consortium (BRC), Halal, and FDA-certified (Unibic Cookies, 2016).

Market Position of Unibic

The Unibic brand is well-known in the biscuit market, with a strong presence and customer acceptability throughout India. We can see from Unibic's history that it has been successful since 2004. It is a brand name in the cookie industry and is fast-expanding by outperforming competitors. Its business approach of introducing new types of cookies to the market and its care for people's health establish it as a prominent cookie producer. Furthermore, the corporation has a broad distribution reach and a nationwide network of distributors and retail shops. In addition to traditional distribution channels, it has diversified distribution channels such as modern trade, canteen stores, institutional sales, and private labels. Furthermore, it produces biscuits for Indigo Airlines, Feaster, and others under private labeling. Established ties with a reputable customer base provide consistent business and earnings.

Unibic has become the fastest-growing cookie brand in the country despite heavy competition from established brands such as Parle, ITC, and Britannia. Faced with fierce competition from Parle, ITC, and Britannia, the firm swiftly developed to an 800-strong workforce, a global reach of more than ten nations, and 30 cookie varieties over four manufacturing lines. As a result, Unibic has become a formidable player in the cookie market, with an operating income of more than INR 2 billion last year.

The Way Ahead

Unibic has various alternatives for exporting cookies outside of India and a large market in India. They sell to numerous nations, including the UAE, Europe, Australia, New Zealand, China, Singapore, the United Kingdom, Korea, and the Middle East. It is particularly popular in the southern part of India. However, they have additional branches in other regions of India, including the northeast region and other states, such as West Bengal, Delhi, and Maharashtra. The majority of Indian consumers choose cookies priced between INR 10 and INR 100. As a result, Unibic devised a plan to obtain a place in the middle, allowing it to touch every Indian heart. It possesses the necessary certification to sell cookies even outside India. British Retail Consortium provides this access. Unibic is striving hard to double its product reach from 100,000 shops to 100,000 outlets and expand outside South India, now its largest market. Since its start in 2004, Unibic Australia's Indian subsidiary has targeted chiefly the top end of the market, selling 75-gram packs of fruit and nut and choco-nut cookies for INR 25. According to statistics submitted with the Registrar of Companies, it made INR 750 million in income in 2013–14.

As per the recent market research report, Unibic must penetrate the tier 2 and 3 markets, including rural India, to grow further. Entering the rural market may mean devising new strategies for the brand (Anandan et al., 2006). Therefore, it is concluded that the Unibic management must do a deeper analysis and make serious decisions to sustain its growth. It requires a proper assessment of the product range and identifying the products that can offer more value for the consumers.

Synopsis

Unibic entered the Indian market in 2004 and established Unibic Foods India Private Limited, which manufactures cookies in Bangalore. Unibic has expanded its product line to over 30 varieties and is always presenting new and distinctive flavors to cookie lovers all around the world. It is headquartered in Bangalore and has a total paid-up capital of INR 82.63 crore and an authorized share capital of INR 89.00 crore. Unibic's operating sales are estimated to exceed INR 500 crore for the fiscal year ending March 31, 2021. The company aims to satisfy customers with premium products at reasonable prices. The team's strategic objective is to grow its marketing share to provide adequate customer fulfillment.

Learning Objectives

By the completion of this Case, students can develop skills in:

- Assessing a company's resource strengths and weaknesses, as well as doing strategic analysis in a number of sectors and competitive circumstances.
- Learning about bringing a foreign company to the host country and gaining expansion by exports.
- Gaining in-depth knowledge of the confectionery industry.
- Gaining significant experience recognizing strategic challenges that must be addressed in decision-making.
- Familiarizing with current theories and techniques in the primary business field.
- Demonstrating ability to apply theoretical understandings to practical business cases.

Position in Course

This Case is meant for graduate and MBA students. The example is used to emphasize the importance of corporate marketing in terms of customer happiness. The Case demonstrates the relevance of leading media capabilities in manufacturing products in today's socialized society. It will also teach students the significance of increasing competition in the food sector, as well as the impact of various factors on company performance and growth. Moreover, it helps understand the different entry strategies for new business, competitor analysis, and decision-making for sustained growth and development.

Relevant Readings

- Godin, S. (2018). *This is marketing: You can't be seen until you learn to see.* Penguin.
- Kaplan, R. S., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes* (1st ed.). Harvard Business School Press.
- Kotler, P., & Keller, K. (2014). *Marketing management.* Pearson.

Assignment Questions

- How Unibic positioned itself in the market based on environmental factors?
- What variables had a negative impact on Unibic's financial performance in its early years?
- How can Unibic overcome its brand awareness barrier?
- What products should the company focus on to build sustained growth and development?
- Some market reports have indicated that Unibic is perceived as a higher-priced cookie brand. Should Unibic do something about it?
- How can Unibic foray into the tier 2 and 3 cities of India, the real growth drivers in terms of volume?
- Can Unibic bring innovations to India's cookie sector?
- Tier 2 and 3 cities are new territory for Unibic. How can Unibic effectively do marketing in these new markets?

Teaching Plan

This lesson plan is designed to be completed in 90 minutes.

Discussion Topic	Time
Case Reading and Understanding	15 Minutes
Assignment Questions 1 and 2	15 Minutes
Assignment Questions 3 and 4	15 Minutes
Assignment Questions 5 and 6	15 Minutes
Assignment Questions 7 and 8	15 Minutes
Group Offer Recommendation	10 Minutes
Summary and Conclusion	5 Minutes

Authors' Analysis of Each Question Raised

(Q-1) How has Unibic positioned itself in the market based on environmental factors?

(Ans-1) To answer this, an assessment of the current environment in which the company is operating is necessary. For this, the PESTEL framework must be used to understand how the political, economic, social, technological, ecological, and legal factors impacted the company's successful entry into a new market. Moreover, these variables must be compared between the Australian and Indian markets to understand the favorable and unfavorable factors marking the company's entrance and growth. Moreover, the 4P framework, discussing the products, pricing, place, and promotional factors adopted by Unibic, must be assessed to understand the segmentation, targeting, and positioning of the company in the Indian market.

(Q-2) What variables had a negative impact on Unibic's financial performance in its early years?

(Ans-2) This question must be addressed by working through the company's financial statements for its early years when it entered the new market for the first time. It is also required to undertake competitor analysis to understand the company's positioning in relation to its competitors. The industry growth prospects and existing growth (previous five years) must also be considered to understand whether the performance was stalled due to industry parameters. The use of different performance measurement tools, including consumer surveys and employee surveys, is also important to understand the business aspects that require improvement.

(Q-3) How can Unibic overcome its brand awareness barrier?

(Ans-3) Answering this question requires undertaking an in-depth analysis of Unibic's branding. Branding strategy mapping is one of the frameworks that must be discussed in class. The branding initiatives and marketing activities must be tracked using case facts and external information available about the company. Moreover, the company's use of digital social media must be assessed and compared to its competitors, such as Britannia, ITC, and others, to understand its positioning. Also, the response must discuss the strategies and measures to be used by the company in enhancing its brand awareness, with a special focus on celebrity endorsements, traditional media, and social and digital media.

(Q-4) What products should the company focus on to build sustained growth and development?

(Ans-4) This question requires the students and instructors to undertake a segment analysis such that different cookie segments are viewed in terms of revenues, sales, costs, and profits to determine which products are more valuable. The marginal costing analysis and consideration of variable expenses must be introduced and briefed to find profitable versus unprofitable products to facilitate informed decision-making.

(Q-5) Some market reports have indicated that Unibic is perceived as a higher-priced cookie brand. Should Unibic do something about it?

(Ans-5) Unibic has to make some extra efforts to justify the price difference between its cookies and similar cookies available in the market from other competitors. It can highlight certain features, such as using natural and organic-based raw materials in its cookies, technological advancement in manufacturing processes (no manual touching of cookies, etc.), and superior packaging, keeping fragile cookies safe and preserving their freshness and taste in its marketing communication and promotional campaigns. They will help spread awareness among customers, and Unibic will be able to convince its buyers on the price front.

(Q-6) How can Unibic foray into the tier 2 and 3 cities of India, the real growth drivers in terms of volume?

(Ans-6) The customers from tier 2 and 3 cities of India are value-conscious, not exactly price-conscious. They want to derive the total value from the product. Price is just one of the buying factors in the purchase decision. So, Unibic should focus on building its perception around being a brand of premium quality cookies and value-for-money cookies. Unibic should highlight the aspects of nutrition, good-quality ingredients and superior manufacturing processes that go into making its cookies. Unibic should introduce small trial packs of INR 5 and mini packs of INR 2 to induce trials. Unibic can also prominently highlight its ingredients and nutritional values on its packaging to address the price objections of the customers and convince them of the value the brand provides.

(Q-7) Can Unibic bring innovations to India's cookie sector?

(Ans-7) Unibic can bring innovations in the existing cookie sector, which can also help increment its market share. Innovations can be done on many fronts. At the product level, Unibic can develop some offerings that are currently not provided by any player in the market. To do this, Unibic can launch cookies targeted to specific niche segments of the market. For example, they may launch extra-soft cookies that are less crispy and will be preferred by many senior citizens with age-related dental issues or who use dentures. Similarly, high-energy cookies (like energy drinks) can also be launched for working professionals who are bust juggling around the whole workday. Along similar lines, some niche segments can be identified, and customized offerings especially targeted to them can be launched. Similar innovations can also be done at other levels as well.

(Q-8) Tier 2 and 3 cities are new territory for Unibic. How can Unibic effectively do marketing in these new markets?

(Ans-8) Along with digital marketing, Unibic should undertake many below-the-line marketing activities to promote its cookies in these new territories. Launching cookies in small portion sizes is one way to encourage customer trials. Distributing free samples in popular locations of the cities, shopping markets, and local events is another way to reach out to customers. In tier 2 and 3 markets, the local kirana stores (mom-and-pop stores) are still popular. Unibic should contact these neighborhood stores and provide good schemes and promotions during the initial launch period. Unibic can also go for institutional marketing by targeting institutions like schools, colleges, office complexes, etc., through local tie-ups and arrangements.

Wrap Up

Finally, the case discussion can be wrapped up after stating the key takeaways from the overall session and the key strategies learned and applied in real-life business solutions.

Authors' Contribution

Akshat Jain collected various data regarding the company. He worked on multiple aspects of the case, including organizational background, products, competitors, marketing and the beginning and growth story of the company. Akshat Jain also carried out the competitor analysis. He contributed to drafting the synopsis and learning objectives of the teaching note. Prateek Jain worked on financial statements, funding, brand positioning, promotion, and manufacturing. He also collected various financial data from the company. Prateek Jain contributed to the teaching note's assignment questions and the teaching plan's drafting.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

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Disclaimer

The authors prepared the case to facilitate class discussion. Good and bad management examples are not meant to be testimonials or examples. Some names, numbers, and information might have been altered to protect anonymity.

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