

COMSTRAT - 2018

(MAKING HORLICKS GREAT AGAIN)

HEALTH FOOD DRINK MARKET IN INDIA

India is one of the biggest market for health food drinks. Estimated to be around 5,500 crores*, it contributes to nearly 50%* of the total health and nutrition category. Owing to urbanization and increased incomes, the HFD market has grown phenomenally over the last decade. South India has the largest market share in malted drinks, followed by east and north.

However, in the last year or so, while the overall health and nutrition space witnessed significant growth, the HFD category has not been able to keep pace with the growth momentum. The category grew by just 0.8%* between January and September 2016

*(*Euromonitor, Nielsen, Live Mint)*

FACTORS AFFECTING THIS STEADY DECLINE

- 1) INCREASING NUTRITIONAL SECURITY:** HFD's success is attributed to fulfilling a nutritional deficiency among kids. However, over the years increased family incomes gave mothers an access to a variety of nutritionally rich food alternatives. So, from being a crucial purchase, HFD's have slowly become a convenient and more importantly a substitutable source of nutrition.
- 2) SHIFT TOWARDS MORE NATURAL AND ORGANIC:** The backlash against packaged food has not even spared the HFD category. For nutrition, parents are looking for age-old, natural and wholesome food alternatives and are even okay to pay a premium for it. They are trying to add more millets, grains in their child's diet instead of supplementing nutrition with HFD's
- 3) INFLUENCER GROUP TURNING IT DOWN:** In earlier times, HFD's like Horlicks, Complan and Bournvita enjoyed recommendation by doctors, health experts and nutritionists. However, with the expanding nutrition basket and advent of specialized nutrition supplements the category no longer enjoys recommendation by the influencer group.

4) KIDS INFLUENCING PURCHASE: For years, the responsibility of making nutrition choices rested with mothers. However, in recent times kids say in the purchase decision has become very important. Mothers are forced to choose nutrition alternatives which are loved by kids - which is where the HFD category has started to face competition from more exciting and modern foods like tasty breakfast cereals, juices etc.

ABOUT HORLICKS

Pegged at Rs 3,000-crore Horlicks, for the record, leads the Rs 5,500-crore (Rs 55 billion) health food drink category with a share of almost 46-47 per cent, according to Nielsen data (2016) sourced from the industry.

Brought to our shores by Indian soldiers of the British Army at the end of World War II, Horlicks, founded by two British brothers, James and William, grew rapidly till the seventies as milk was in short supply. The brand was considered as the great family nourisher - a spoonful could be stirred even in water for daily nourishment.

As the nutrition needs and demand evolved the brand also evolved itself by launching specialized variants for specialized nutrition needs. And the iconic family nourisher, evolved itself to be the best nutrition supplement for growing kids aged 8-14 years. The brand promise of Taller, stronger sharper (holistic growth) has allowed Horlicks to differentiate itself from competition which focuses on certain/specific growth parameters only.

COMPETITIVE LANDSCAPE INDIA

The HFD category is divided into two broad types – brown HFD's and white HFD's with and without cocoa powder. The latter enjoys a big share of the market, led by Horlicks and Complan respectively

Also, from a geographic point of view, India is divided into two market types: South-east and North-West. South-east historically has been a big HFD market owing to the milk

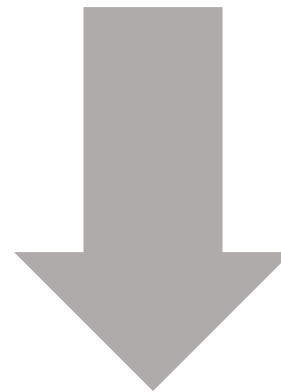
deficiency in this region, whereas North-west is more of a milk-modifier market as the trust on the nutrition of milk is very high. In SE, Horlicks has been a leader for years, whereas, in NW Bournvita enjoys leadership.

As south and east India continue to be the biggest markets for HFD's, Horlicks remains to be the overall market leader. And therefore, the onus to grow the category lies with Horlicks. However, in the last recent year or so as the overall category saw a decline, Horlicks also had to bear the brunt of it. In 2016, for the first time the brand witnessed a single digit growth owing to the following dynamics:

- 1) Lack of Criticality: Mums no longer believed their kids were nutritionally deficient, as a result of which they had begun to substitute Horlicks with a whole host of other food & beverage items. Also, increased belief in home-cooked food started affecting Horlicks negatively.
- 2) Lack of Conviction: Rooted in science, the brand has always stood for best-in-class nutrition. However, with increasing pressure from more specialized supplements, Horlicks science credibility is also under pressure. The Horlicks 'Expert' who appeared in most of the brand's advertising and was once an unimpeachable source of scientific credibility has now become a blind spot.
- 3) Lack of Connect: Worst of all, kids find Horlicks boring and have begun to gravitate towards more fun, inspirational brands such as Boost & Bournvita.

DRIVERS OF CONSIDERATION FOR THE CATEGORY (in order of importance)

Are brands child asks for
Last three months usage
Popular
Brand Love
Nutrition
Overall health benefits
Confidence
Value for money
Trust
Doctor's recommendation



- 4) Generalist Vs Specialist: With players like Pediasure, the category has started to divide between generalist and specialists. While the former grew sluggishly, the latter witnessed 7-8X(approx.) growth hinting at changing consumer preferences.
- 5) New Entrants in the market: Nestle brought back Milo after a decade with its ready to drink format at a reasonable price point (Rs.30/180 ml). Another global major Danone entered the category with Protinex Grow in the core HFD markets Bengal and Karnataka.

COMMUNICATION TASK

- The task is to provide a communication strategy that details out the way forward for Horlicks - bringing back growth impetus to the HFD category through brand Horlicks.
- How do re-ignite relevance and drive consumption among consumers.
- And more importantly how do we engage with kids who are currently choosing other brands they love like Bournvita, Boost, Kellogg's Chocos, Real etc. over us.

THE CASE SHOULD DETAIL OUT THE FOLLOWING POINTS:

1. How can we bring back Horlicks to the non-negotiable nutrition basket – the gold standard of nutrition for growing kids?
2. Identify key characteristics of the TG – personality, functional, emotional and nutritional needs.
3. Identify the key consumer insights in the target group and architect the offerings along the needs of the consumer.
4. Identify the right positioning and messaging platform for targeting the consumer.

5. Identify the right communication message for the brand.
6. What should be our packaging and distribution strategy as per the changing consumer dynamics.

METHODOLOGY TO BE FOLLOWED:

Weightage will be given to adequate rigor employed in the case. Expert interviews, depth interviews & focus groups are some of the tools that can be employed to derive consumer insights and thus, to propose the right positioning & differentiation for the brand.

RULES & REGULATIONS:

1. Participating teams should comprise of only three members
2. Only one entry per institute will be considered

Two stages of this event:

Stage I: Process and rules for submission of the written case:

1. FCB Ulka Comstrat is a contest for Communication Strategy; hence students are requested to focus on the same.
2. Creative renditions are not necessary and will not be judged.
3. A detailed Media plan is also not required and will not be judged.
4. A synopsis of the case solution should be submitted as a word document in a minimum font size of 11 points and single line spacing. The document should not exceed 15 pages.
5. A written case solution on the case should be submitted either through email to comstrat@fcbulka.com or by post to FCB Ulka Advertising, 6th floor, Chibber House, Sakinaka, Andheri (East), Mumbai 400072.
6. The last date for receipt of the submission is 19th January 2018
7. A shortlist of 6 teams shall be arrived at by evaluating the case solutions received
8. The shortlist shall be declared on 29th January 2018 and posted on the website www.fcbulkacomstrat.in and communicated to K. J. Somaiya Institute of Management Studies and Research

Please remember:

1. Synopsis to be submitted as word document only
2. Font size should be minimum 11
3. The document should not exceed 15 pages
4. The document should have single line spacing

Stage II: Final power point presentation of the case:

1. Shortlisted teams are requested to reach the venue on 24th February 2018, at 10:30 am sharp for the set-up and dry run.
2. Please get your power point presentations on a CD/Pen drive, rest of the equipment shall be provided at the venue.
3. The time limit for each presentation is 20 minutes and the students are requested to strictly adhere to the time-limit. A warning bell will ring after 15 minutes.
4. At the end of 20 minutes the team will be asked to stop the presentation.
5. Students are requested not to indicate their institute's name on the slides or anytime during the presentation.
6. Stay and travel arrangements have to be made by the participants themselves.
7. Comstrat is a contest for Communication Strategy; hence students are requested to focus on the same.
8. In the case presentation, creative renditions are not necessary and will not be judged.
9. Media plan for the same is also not required and will not be judged.
10. The solution must have only one approach and not multiple options.

Key Dates to remember:

- a. Last date for written submission **19th January 2018**
- b. Shortlist of 6 teams for power point presentation **29th January 2018**
- c. Final Presentation **24th February, 2018**