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Brought up right...

Bournvita Bright

Comstrat 2000

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Recommended Dietary Allowance, Smart Nutrients, energy boosters and extra growing power- one would be forgiven for believing that it was the latest package from Talwalkars. Actually, this is all HFD- speak. Coming back from the brink is the Rs.950 crores health food drinks industry (HFD) which is desperately wooing (read: confusing) customers with this nutritional spiel.

The Health Food Drinks Market – A Paradise lost.....

The milk shortage of the 60s was what first fuelled the growth of the sector. With the availability of milk being rare and quality always being suspect, milk additives were in high demand. The following decades saw the sector cruising along at an 8-10% growth rates, with milk shortages fueling growth. Encouraged by the growth, lot of companies jumped onto this bandwagon. The sector saw a flurry of launches from Complan, Nutramul, Boost, Maltova etc.

The 80s were the era of self-reliance - Operation Flood ensured the availability of good quality milk and restrained the consumer's motivation to buy additives. From 'Taste' the manufacturer's quickly jumped onto the 'Energy' plank.

A decade later a flurry of re-launches, nutrients, freebies galore - health food drinks are fighting to regain stamina as the industry goes through trying times. After a rocketing 10% volume growth between 1996 and 1997, the market slumped in 1998. (Refer : Annexure 1)

Market Information

The 82,000 tonne, malted food drink segment can be divided into White Beverages and Brown Beverages.

White Beverages account for 65% of the sales of the total market. From the beginning, white beverages have focussed on the therapeutic platform. Also being water additives, they are looked upon as a substitute for milk, especially in areas where there is milk shortage, like in the east and south. White beverages have the added advantage of being perceived as convalescent foods, which enhances the player's health image. In fact, 40% of Horlicks sales come from medical stores.

SmithKline Beecham's flagship brand Horlicks rules the roost in the White Beverages segment. Other brands in this segment are Viva (SmithKline Beecham) and Complian (Heinz). (Refer : Annexure 2)

Brown Beverages account for the balance 35% of the market. Growth rates in this segment have always been below the white beverages segment. Adding to manufacturer's woes, has been the performance of this segment in the past few years. One reason for the sluggish performance is because, unlike the whites, the browns have no real reason for existing. While the whites are hailed for their therapeutic offerings, the browns have always been looked upon as cosmetic. With their chocolate taste, the influencers – in this case the mothers have generally used browns to disguise the taste of milk. As a result, usage was restricted to children, whereas white beverages hold appeal across target groups. Cadbury's Bournvita dominates this segment. Other players in the segment are Boost (SBCH), Milo(Nestle) and Maltova (SBCH). (Refer : Annexure 2)

The South accounts for over 45% of the total malted food drink consumption, down from 53% a decade back. Popularity of malted drinks is on the decline in the east, which accounts for 18% of the market. (Refer : Annexure 3)

The Players

SmithKline Beecham Consumer Healthcare (SBCH)

Horlicks, the flagship brand of SmithKline Beecham, came into existence in 1873. Earlier Horlicks was imported into the country from England and local manufacturing only began in the 1960s. Fortunes of SBCH are pretty much determined by this Rs.500 crore plus brand, which not only contributes to around 75% of their turnover but also accounts for 55% of Horlicks world wide sales. During the 70s and the 80s, the brand grew from strength to strength and is one of the few brands which always finds a mention in any of the 'Top Brands' surveys done. In fact, Horlicks has always had tremendous brand loyalty with the South Indian pockets.

Burdened with stagnant sales and slipping market shares, SBCH was forced into extending the brand into other regions and make a concerted attempt to expand user base. The company has embarked on an active market segmentation exercise modifying the brand into both user and taste segments. With elaichi and chocolate variants, the company attempted a transition into the milk additive market, dominated by Bournvita. The brand was further strengthened by the launch of Horlicks Mother (For pregnant women and lactating mothers) and Junior Horlicks (For young kids between the age group 3 to 12). Other than Junior Horlicks, most of the variants have met with a cold response.

Horlicks has always been positioned as a strength and energy drink and recently has also been given a nutritional thrust. SBCH claims that the New Horlicks with 'Smart Nutrients ' is a product that would address the widespread nutritional deficiencies of the middle class family – The Great Nourisher.

Leveraging the core equity of the brand, the brand has made a successful venture into the foods segment with the launch of Horlicks biscuits using the same values of nourishment.

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SmithKline Beecham has also been active with below the line promotions like nutrition tips in schools and exhaustive sampling exercises. In fact, sampling exercises are conducted every 2 months with help of medical professionals.

Boost - The Secret of my Energy

Launched in 1980, Boost also consistently stuck to the physical energy platform. The two primary assets of the brand are the focus on sports, namely cricket and energy. Leveraging the brand's successful cricket association, it has chosen Sachin Tendulkar to be the brand ambassador. The brand is targeted at boys in the age group 5-12 age bracket.

Recently to increase its stranglehold on the market, SBCH purchased two brands from Jagajit Industries – Viva and Maltova. Viva is largely consumed in Andhra Pradesh, while Maltova has a strong brand equity in the South and has a significant brand following in the North.

Heinz

Heinz India is a wholly owned subsidiary of the \$10 bn. HJ Heinz Co, US. Complan, one of the most established brands in the Heinz stable, has also managed to make strong gains over the years. Product upgradation and a new communication plan has helped Heinz put Complan on the fast track. Using highly emotive advertising, Complan has managed to make inroads in this sluggish market. From 'I am a Complan Boy' to 'Extra Growing Power for growing children', Complan has established a connect with the influencer. In sync with competition, Complan has made an attempt to broaden usage. They have made a foray into the biscuits segment with Complan Biscuits and also launched new flavours like Coffee Ecstasy to contemporarise the brand.

Nestle

Milo, world's largest selling chocolate beverage, introduced by Nestle India in 1996-97 has managed to make impressive gains in this competitive market. Milo's 'energy' promise is in line with its international positioning. The company believes that 'energy' and 'taste' is a more credible positioning for this category than 'nutrition', as the latter is more a function of milk with which it is taken. Buying Market Share is the mantra of Milo's success. An integral part of their strategy is continuous promotions, which finds immediate appeal with children. Not only has this strategy helped Milo gain market shares from Bournvita but also helped it wean market shares from the white beverages. Though this strategy has helped Milo post early gains, it is yet to be determined whether volumes can be sustained.

Bournvita

5 years back the Malt food drinks business accounted for 32% of Cadbury's turnover. Last year this fell to 28%. Continuous price increases and competitive pressures – there has been no reason for joy for Bournvita in the past few years. When launched it was positioned on the taste platform and the brand quickly found appeal among mothers who had to face the daily trauma of forcing a glass of milk down their kid's throats. Then came 'Tan ki Shakti' and 'Man ki Shakti' which became an anthem among kids.

In 1998, slipping market shares forced Bournvita into going back to the drawing board. Horlicks with its 'Nutrition Plan' communication, Complan with its 23 essential nutrients and Milo with its promotions had managed to erode Bournvita's market share. With constant price increases, the category and the brand's relevance was being questioned.

The company realised that the brand needed a complete overhaul rather than a mere cosmetic change. Extensive consumer research conducted by the company, revealed that parents had a growing concern about their children's nutritional and dietary needs. This insight was the foundation for the New Bournvita. A new fortified product was developed which included the 'Recommended Dietary Allowance' (RDA) which is designed to meet specific nutritional requirements of children. Contemporary packaging and a new communication strategy supported the new product.

Communication highlighted a mother's concern about her child's eating habits and used the 'Nutrition Meter' as an interesting device to communicate the RDA formula – " 2 Cups of Bournvita for Balanced Nutrition".

To strengthen the brand proposition, Cadbury has set up Bournvita Nutrition Centres (BNC), where nutritionists propose the RDA percentage for a child. To maintain appeal to kids, taste, as platform could not be relinquished. 'No Bournvita...No Milk !' – the commercial using Ajay Jadeja which stressed on the 'Taste' benefit of Bournvita.

The relaunch has helped reverse the fortunes of the brown beverages category. After almost 5 years, the browns have seen some sign of revival with Bournvita driving the growth.

The Consumer

The consumer is extremely price sensitive and energy drinks or milk drinks are perceived as a luxury and expendable goods. Promotions and freebies play a big role in decision making. Most of the promos are targeted at children who coerce their parents into purchasing the brand. Brand loyalties are not very strong as the key target audience, children, are always looking for a change.

The Challenge

Bournvita embarked on the 'Nutrition' journey and managed to change the paradigm for brown beverages. Today it has to compete with a heritage brand like Horlicks and also stay on course by warding off competition from Boost, Milo and others.

The HFD market is all set for a shakeout. With the resurgent Horlicks following an extensive segmenting strategy and Nestle's Milo snapping at its heels, Bournvita has a tough road ahead. Expanding user base, contemporarising the brand and holding appeal to both mothers and children, Bournvita has to chalk out a strategy, which will help it stay on course.

The Task

Develop a comprehensive communication strategy recommendation to help Bournvita sharpen its relevance to the consumer. This could include a segmenting strategy, branding approach, defining the key target audience, the positioning, the brand personality etc. Please support your recommendations with the requisite rationale, critical assumptions etc. Note : Creative Concepts / Renditions are not a part of this assignment

ANNEXURES

Annexure 1 : Market Size *

Year	Tonnes
1994	44,000
1995	49,000
1996	63,000
1997	69,000
1998	78,000
1999	82,000

Annexure 2 – Market Shares of the Brands

2a) Total Beverage Market

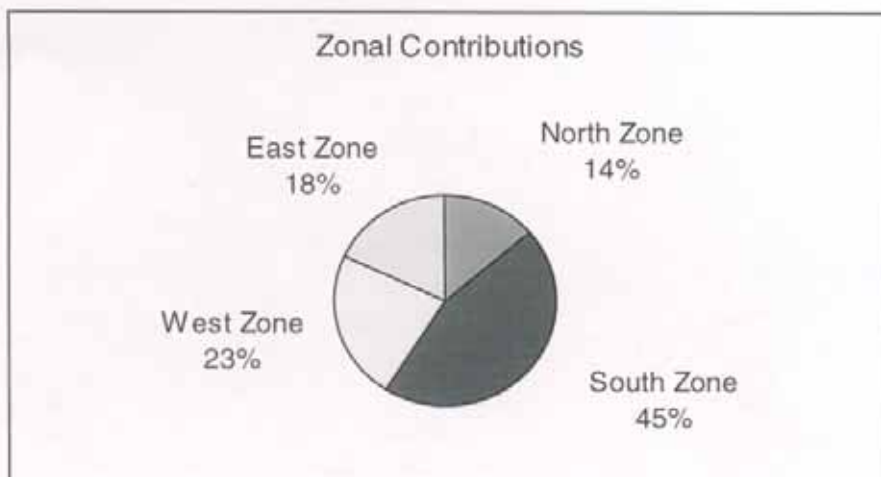
Brand	Share
Horlicks	51.0%
Bournvita	14.0%
Complan	12.0%
Boost	10.0%
Maltova	3.9%
MILO	3.6%
Others	9.4%

2b) Brown Beverages Market

Brand	Share
Bournvita	43%
Boost	30%
Maltova	12%
MILO	10%
Others	5%

* Source : Secondary Reports

Annexure 3 : Zonal Contributions



Annexure 4 : Media Spends **

	1999			2000*		
	TV	Press	Total	TV	Press	Total
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Bournvita	103.1	1.4	104.5	50.7	0.0	50.8
Boost (inc. Variants)	2.7	0.1	2.8	54.1	0.0	54.2
Complan (inc. Variants)	185.1	7.3	192.4	98.0	3.9	101.8
Horlicks (inc. Variants)	166.6	21.1	187.7	103.9	1.9	105.7
Maltova	55.5	0.1	55.5	5.5	0.0	5.5
Milo	86.3	1.1	87.4	34.1	0.8	34.8
Grand Total	578.4	31.9	610.4	340.8	7.3	348.2

* Spends for 2000 are for Jan-June period

** Source : ADMON & ORG Press Audit

Date Plan for Comstrat 2000

Activity	Date	Day
Case Submitted to Somaiya Institute	31/08/00	Thursday
Case despatched to Institutes	1/9/2000	Friday
List of colleges to which case has been submitted forwarded to FCB Ulka	4/9/2000	Monday
Synopsis from Institutes given to FCB Ulka	11/9/2000	Monday
Final Shortlist forwarded to K.J.Somiaya	22/9/2000	Friday
Colleges intimated about the final shortlist	22/9/2000	
Final Event at Patkar Hall	7/10/2000	Saturday