

# Theme for a Dream

## Parachute

Comstrat 2001

## Parachute: Theme for a Dream

### Coconut Oil Market: Sticky Business

Usage of oils is a deeply ingrained habit with Indian consumers but that does not mean that being a player in this highly competitive player is a cakewalk. Branded coconut oil worth about Rs.700 crore comprises over half of the hair oil market but this market is almost dwarfed by its unbranded counterpart – for every litre of branded oil sold in the market, three litres of loose oil (priced at almost 50% less than branded oils) are sold.

This market has mostly region-specific brands; Parachute is the only brand with a nation wide presence and accounts for half this market. Among the other players, Shalimar is strong in the east, Coco Care is present in the west and south and Nihar though attempting a National status yet gets sales from Bihar and eastern UP. The growth opportunity for the major players in the coconut oil segment lies in recruiting new users from the loose oil segment

Given the limited differentiation possibilities in the traditional coconut oil segment, major players have been attempted the value additions. This has spawned a range of product innovations – oils with herbal ingredients, non- sticky oils, light hair oils and lately dandruff solution hair oil. Value addition offers quite a few benefits. One with easier differentiation from the regional and local brands, establishing a brand identity is easier. Two this makes value added hair oils less vulnerable to price competition from cheaper alternatives and thirdly value addition helps players command a price premium over the no-frills coconut oil brands.

The Coconut oil market has seen a lot of action in terms of launches of value added coconut oils by established players but recently the players have started using '*packaging*' as a lever to establish product superiority.

## **The Players (Refer Annexure 1&2)**

### **Hindustan Lever Limited**

Despite dominating the shampoos market, HLL has found the hair oil segment a difficult nut to crack. They entered the segment in 1994 as result of a merger with TOMCO and have since then desperately tried to break Parachute's stranglehold on the market. Tata Nihar was re-launched in 1995 on the twin plank of lightness and double filtration. The promise shifted to 'better cooling' but that too did not cut ice with the consumer who demanded 'nourishment' and 'purity' from his coconut oil. The communication strategy then attempted to link Nihar with nature's inherent tendency to provide nourishment, to rejuvenate and to repair and restore. The 'Double filtration' process emphasised 'greater purity' and attempted to build trust for the brand. Recent communication is based on the 'purity' theme but uses packaging to strengthen the association. Despite pulling out all the stops: distribution strengths, fierce price competition at the retail level and aggressive media to support the brand, Nihar has managed to make limited inroads into the hair oil segment. With the acquisition of CocoCare from Recon Oil industries, HLL has attempted strengthening its moderate presence in the hair oil segment.

### **Marico**

The Marico group's history can be traced to 1862 when Kanji Morarji, started a small trading business in Mumbai. The family set up the Bombay Oil Industries in 1948 and, in 1990, the business (marketing) division engaged in marketing of coconut oil, edible oil, instant starch and fruit jams was hived off into a separate company, viz. Marico Industries Ltd.

## **Parachute: Shudhta ki Shakti**

It has been a long road for Parachute (the first branded coconut oil in the Indian market) and the journey began more than four decades ago. Today the blue bottle is a strong metaphor for the Coconut Oil category and reaches 18 million households every year. The Parachute story is even more remarkable considering that the brand has stood the test in face of players with deep pockets and fickle consumers with growing aspirations.

Around 1996, a decision to do a makeover was taken when research revealed that though the brand stood for 'purity' and 'coconut oil', it was seen to be losing relevance among a younger target audience. On the positive side, 'Coconut' itself had a lot of emotional values associated with it. A decision was taken to de-link the oil element of the brand association and attempt to completely own the 'Coconut' association. This gave birth to the 'Coconut Dream' values and Parachute emerged in a new avatar with new communication and contemporary packaging.

The Coconut Dream was taken forward in communication at 2 levels. On the rational front, it represented the nourishment, proteins and vitamins and on the emotional front it stood for nurturing, caring and a mother's love. From the initial stand of purity to that of clarity to the Vital Nourishment, the brand has made the tough passage and gone from strength to strength.

Taking the Dream further, a Coconut Dream Centre (R&D) was formed which worked on possible extensions for the Parachute brand. As a result there were launches of several value-added variants that would yield a higher value per gm: Parachute Lite, Parachute Nutri sheen Cream and liquid, Parachute Active Herbs were launched. Regional variants like Parachute Uttam for the eastern market were also launched to give the Shalimar brand a run for its money. Some of the sub brands have not managed to find their bearings but in all the extension strategy has helped Parachute appropriate the coconut association.

To tackle the other end of the spectrum the loose oil consumer, Parachute launched 100 ml pouch packs at an attractive MRP to get new users into the fold. After having successfully used segmentation in terms of value added products, the company has trained its focus on using Packaging Innovations to drive the brand values

### **The Packaging Dream**

From the 15 litre tins that offered limited opportunities for branding and added to the manufacturer's woes in terms of costs, to the 100 ml pouches which make it easier for the loose oil consumer to migrate to brands. Packaging innovations have been vastly responsible in building strong brands in the market. Leading this revolution has been Parachute, which realised that consumer aspirations in this relatively unexciting category needed to be fuelled through innovative packaging. Packaging has also successfully leveraged to build strong brand associations and ensure that the brand maintains a strong identity in face of high profile competition and even low priced spurious brands.

The packaging initiatives undertaken by the brand have addressed two fold objectives

- Improvement in aesthetics
- Improvement in the functionality area : Wide Mouth Jar, Easy Jar and the Flip Top pack with Tamper proof seal

The Easy Jar positioned as the 'all season jar' was launched as the '*Kamaal ka Dhakkan*' mainly to address the North markets where severe winters make the hair oiling a challenge. The jar that offers the twin benefits of a wide mouth and has an easy pour cap which ensure that the pack does not suffer seasonality. Last year the company was one of the first to introduce flip top packaging with a tamper proof seal to assure purity. ( Refer Annexure: 3)

## Communication Challenge

With the core values of nourishment and purity being firmly appropriated by various players, the way to assure sustained growth for players will be by consistently addressing changing consumer aspirations. The challenge for Parachute is to continue remaining relevant to the hard-nosed consumer. In a category where low differentiation exists as most of the players are 'pure coconut oils and brands are almost sold as commodities, Parachute has managed to carve an identity for itself and is considered to be the 'pure coconut oil' that consumers prefer.

In absence of differentiation opportunities Packaging is being used as a critical differentiator. Packaging initiatives distinguishes the brands for consumers and also helps prevent duplication. With a lot of spurious and 'similar' looking players in the market most consumers cannot distinguish between the real and the 'look alike' Parachute. Consumers feel that a blue bottle (similar to Parachute's) will have the quality of oil that will be on par with Parachute.

The communication challenge is to leverage the *"Flip top packaging with tamper proof seal"* and communicate the benefits to the consumer. Packaging should be used as an opportunity to strengthen the brand values and associations.

### The Task

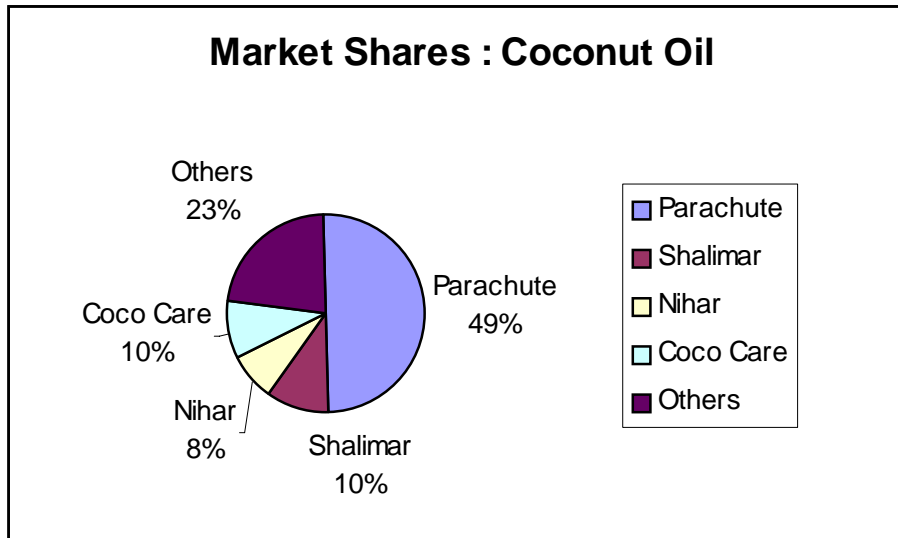
Develop a comprehensive communication strategy recommendation to help Parachute sharpen its relevance to the consumer

- To understand the relevance of Packaging in the Coconut Oil category
- Impressions and advantages about 'Flip Top with the Tamper Proof Seal' vis-à-vis traditional forms of packaging yet being used by competitors

Target Audience: Females in the age group 25-35 years in SEC (Socio Economic Classification) B,C and D. Please support your recommendations with the requisite consumer insights, research, critical assumptions etc.

Note : Creative Concepts/ Renditions are not a part of this assignment.

**Annexure 1: Market Shares of the Coconut Hair Oil Category for 1999. ( Source : Secondary Sources)**



**Annexure 2 : Media Spends of players ( In Rs. Lakhs)**

Spends of Major Players 1999 – 2001(In Rs. Lakhs)									
	1999			2000			2001*		
	Press	TV	Total	Press	TV	Total	Press	TV	Total
<b>Marico Total</b>	91	2,362	2,453	181	4,011	4,192	19	2,396	2,955
* Parachute Coconut oil	9	1,247	1,256	147	1,804	1,951	3	1,457	1,460
* Parachute (Other variants)	69	702	771	26	1,608	1,634	-	319	319
<b>Hindustan Lever</b>	86	3,379	3,465	26	2,265	2,291	4	2,626	2,631
* Nihar	85	2,231	2,315	-	1,583	1,583	4	1,341	1,346
<b>Category Total</b>	942	12,253	13,194	1,417	16,619	18,037	848	12,188	13,036

**Annexure 3: Parachute Packaging**

