Case Study

Storm in a Milk-Cup: Oreo in India[†]

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The launch of Oreo cookies by Kraft-Cadbury India, a subsidiary of the US-based Kraft Foods Inc., created a storm in a milk-cup. It launched its world famous brand Oreo at a time when the premium biscuit category was getting increasingly competitive in India. In order to achieve success, Kraft Foods executed a well-thought out marketing strategy. A well-designed 360-degree promotion strategy was complemented by an equally effective distribution strategy, ensuring a deeper market penetration and coverage. Kraft-Cadbury won accolades for executing one of the most successful FMCG product launches in recent times. Can Kraft sustain and be effective in the long run remains to be seen especially in conditions where other MNCs are entering India and local brands like Parle and ITC are rearming themselves to take on the challenges.

Introduction

"Between January-September 2011, Cadbury India's sales grew 40%, thanks to the successful launch of world's largest selling cookie Oreo in March as well as double digit growth of most existing Cadbury brands", says Cadbury India Managing Director Anand Kripalu (Malviya and Vyas, 2012).

Any company entering an alien market in a multinational environment is bound to face challenges. Kraft-Cadbury is no exception. The Indian biscuits market is dominated by Parle, Britannia and ITC. There are also many prominent regional players like Bisk Farm, Priyagold, Cremica and Anmol. To add to the competition, there is a large unorganized market for biscuits in India.

Oreo is a well-established brand globally but new to India. The distribution channel of Cadbury, which was established over many decades in India, was used to ensure product placement at the retail level. The all-round promotion campaign was led by a TV advertisement showing the bonding between a father and his daughter. The pricing was such that although the unit price was kept at a premium small package sizes allowed consumers from all economic strata to consume an Oreo.

Cadbury will have to be wary of more MNCs entering India with products in the biscuits category. Many are going to compete with Kraft, Britannia and Sunfeast directly and making the market more competitive than ever. In the last two years, Britain's United Biscuits and

† The case was written using information from secondary sources and an extensive field research involving interviews with Kraft-Cadbury distributors, super stockists and sales managers combined with a consumer survey to add real-time insights.

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GlaxoSmithKline Consumer Healthcare have launched several products aimed at the Indian market.

Kraft Foods

Kraft Foods Group Inc. is a North American grocery manufacturing and processing conglomerate, which is headquartered in Northfield, Illinois, a Chicago suburb (Wikipedia, 2013c). Kraft Foods Inc. (Kraft Foods) manufactures and markets packaged food products, including biscuits, confectionery, beverages, cheese, convenient meals and various packaged grocery products. Its product categories span breakfast, lunch and dinner meal occasions, both at home and in foodservice locations. The company sells its products to consumers in approximately 170 countries (Forbes, 2013). Kraft Foods operates in three segments: Kraft Foods North America, Kraft Foods Europe and Kraft Foods Developing Markets. As on December 31, 2010, Kraft Foods had operations in more than 75 countries and made its products at 223 manufacturing and processing facilities worldwide (Forbes, 2013). In February 2010, the company announced that it has acquired the control of Cadbury plc. The company operates in five segments: US Beverages, which manufactures packaged juice drinks, powdered beverages and coffee; US Cheese, which manufactures processed, natural and cream cheeses; US Convenient Meals, which manufactures processed meats and lunch combinations; US Grocery, which manufactures spoonable and pourable dressings, condiments, desserts, packaged dinners and snack nuts, and Canada and NA Foodservice, which sells products that span all of its segments and includes the Canadian and Puerto Rico grocery business, the North American Foodservice operations and the North American Grocery Export Business (Reuters, 2013).

Kraft Foods wants 40% of its revenues to come from emerging markets and is particularly keen to expand its presence in the BRIC countries—Brazil, Russia, India and China (Ahmed, 2012). Kraft Foods acquired Cadbury Plc. to further develop its footprint in the developing countries. The Chicago-headquartered parent company in 2010 said the combination of Kraft Foods and Cadbury provides the scale necessary to grow sales and distribution in new and existing markets, delivering $1 bn in incremental revenue synergies by 2013 (Malviya and Vyas, 2012).

Biscuit Market in India

India's ₹13,000 cr biscuits market is dominated by Parle, Britannia and ITC according to market tracker Nielsen (Shukla and Subramanian, 2012). The first organized company to start manufacturing biscuits in India was Britannia. The company was established in 1892, with an investment of ₹295 (Wikipedia, 2012b). Initially, biscuits were manufactured in a small house in central Kolkata—later, the enterprise was acquired by the Gupta brothers mainly, Nalin Chandra Gupta, a renowned attorney, and operated under the name of 'V.S. Brothers'. In 1918, C H Holmes, an English businessman in Kolkata, was taken on as a partner and The Britannia Biscuit Company Limited (BBCo) was launched. The Mumbai factory was set up in 1924 and Peek Freans UK, acquired a controlling interest in BBCo. Biscuits were in big demand during World War II, which gave a boost to the company's sales.

The company name finally was changed to the current 'Britannia Industries Limited' in 1979 (Wikipedia, 2012b). Britannia brought the biscuits revolution in India and occupied the pole position in the biscuits industry till Parle overtook it in market share. Despite being the first organized and large player, Britannia is the number-two player today with a 25% market share (Sachitanand *et al.,* 2011).

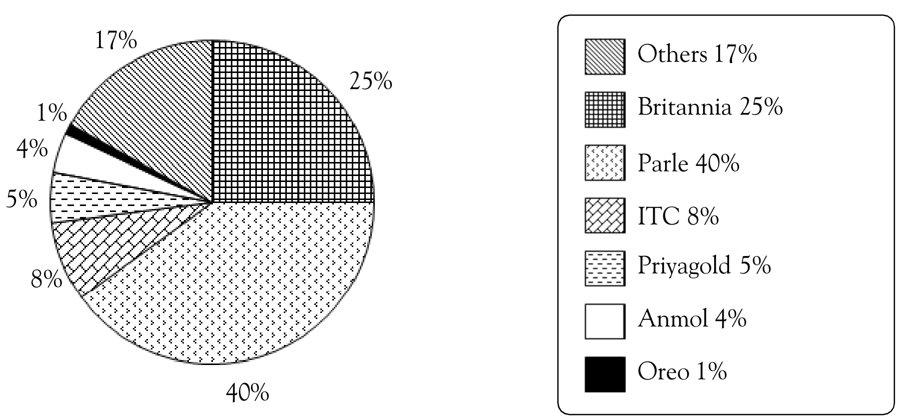
The largest player in the Indian biscuit market today is Parle with a 40% market share (Sachitanand *et al.,* 2011). In 1929, a small company by the name of Parle products was established to manufacture sweets and candies. A small factory was set up in the suburbs of Mumbai to manufacture confectionery products and a decade later (in 1939) this factory was upgraded to manufacture biscuits as well (Parle website, 2012). A few years ago, Parle-G (a brand of glucose biscuits by Parle) grabbed headlines when it was declared as the largest selling biscuit brand in the world.

The third largest player, and the only national player to have come to the fore in the last decade, is ITC with its Sunfeast brand. ITC has already captured a market share of 8% (Sachitanand *et al.,* 2011). In July 2003, ITC forayed into the biscuits market with the Sunfeast range of Glucose, Marie and Cream Biscuits—in a span of nine years, Sunfeast has presence in almost all subcategories of biscuits (ITC Portal, 2012).

It is interesting to note, however, that 17% of the biscuit market is with brands which individually do not command more than 1% market share (Sachitanand *et al.,* 2011). This fact indicates the fragmented nature of the market. Other popular brands of biscuits in the country are Priyagold, Anmol, Biskfarm, Dukes, Cremica, Priya, Veeramani, Bonn, Bhagwati, Raja, Sobisco, Madhabi, Nezone, Ankit and Nalanda.

Figure 1 shows the market shares of various players in the biscuits category. Oreo's share of the total ₹13,000 cr biscuits market is still at about 1%, according to market tracker Nielsen (Shukla and Subramanian, 2012).

Figure 1: September 2011 Market Share in Total Biscuits Category



Source: Sachitanand et al. (2011)

The biscuit industry has been growing at a slow and steady pace over the last decade. Production of biscuits witnessed a growth of 10% in 2008-09, 14% in 2009-10 and 15% in 2010-11 (Table 1). Indian Biscuit Manufacturers' Association (2012) estimates the biscuit industry to grow in the range of 15% to 18% in ensuing five years. The actual biscuit production in India is shown in Table 2. Production and actual sales do not match owing to prevalence of stales and damages.

Table 1: Biscuit Industry Growth Data

Year	Annual Growth (in %)
2005-06	14
2006-07	13
2007-08	15
2008-09	10
2009-10	14
2010-11	15
2011-12 (Estimate)	16

Source: Indian Biscuit Manufacturer's Association (2012)

Table 2: Biscuit Production in India

Year	Production (in thousand Tons)
2005-06	1,429
2006-07	1,614
2007-08	1,744
2008-09	1,657
2009-10	1,825
2010-11	1,910
2011-12 (Estimate)	2,196.5

Source: Indian Biscuit Manufacturer's Association (2012)

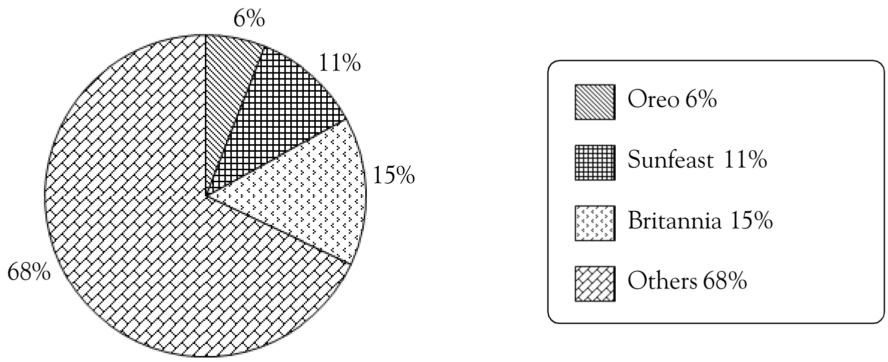
The organized and unorganized sector of the biscuit industry is in the ratio 65 to 35 (Indian Biscuit Manufacturer's Association, 2012). There are many regional players like Bisk Farm, Priyagold, Cremica and Anmol who cater to the demand from rural markets and growing at 20 to 25% a year (Sachitanand *et al.,* 2011). For instance, in north Indian market Bonn is one brand which has successfully built inroads into the biscuit market and is available at all major retail chains and bakery retail chains (Bakery Bazaar, 2012).

Exports of biscuits stood at 10% of the annual production during the year 2007-08, which declined to around 7% in 2008-09 and witnessed growth of 12% and 15% in 2009-10 and 2010-11, respectively. Imports of biscuits into India have not shown any significant growth during the last two years and have not affected production/sales of the Indian biscuit industry.

The premium cream biscuit segment in India is worth ₹3,600 cr of which Oreo has managed to capture a share of 6%. Britannia's combined value share of the premium cream biscuit sub-segment (Bourbon and Treat) declined from 18% in January to 14.7% in September, as per Nielsen data (Singh, 2011). Figure 2 shows the market shares of various players in the cream biscuits category. This indicates that Oreo has gained a good share of the cream biscuits pie in a highly competitive market at the expense of existing companies like Britannia.

An important point to note is that the glucose biscuit segment is the largest segment in India. Glucose biscuits refer to plain biscuits made of wheat, sugar, vegetable oils and skimmed milk powder. Parle, with a dominant share in the glucose biscuits category, is ahead in terms of revenue share for some time now (Sachitanand *et al.*, 2011).

Figure 2: September 2011 Market Share in Cream Sandwich Category



Source: Singh (2011): Nielson Share Data

Biscuit manufacturing as well as other bakery products like bread, etc. are agro-based industries, with the major inputs—wheat flour, sugar, milk, vegetable oil, etc. all being agriculture produces. Agricultural produce is marked by fluctuating prices owing to economies of supply and demand. This is a major challenge for this industry.

Kraft-Cadbury in India

Kraft Foods acquired Cadbury in a global buyout in the year 2010. Kraft's acquisition of Cadbury is the type of 'horizontal expansion' that can work well in today's post-economic downturn environment, according to Wharton School Management professor Larry Hrebiniak. The deal might be overpriced, he says, but it does allow both companies to 'expand on their strengths', while diversifying in complementary markets in countries such as India. "The number-one reason for a company like Kraft to do a deal like this is that it is looking for new markets and the attendant increased size and market share; and with size and market share comes clout" (IndiaKnowledge@Wharton, 2010). With this acquisition, Kraft got a toehold in the Indian market owing to the existing infrastructure of Cadbury. The distribution network was already there. But Kraft still needed to plan and execute its marketing strategy in keeping with the dynamics of the Indian biscuit market.

Product Strategy

Oreo is a sandwich cookie which is also known as a cream biscuit. It falls under the premium segment of sandwich cookies and falls in the same league as Britannia's Bourbon. It consists of dark chocolate biscuits and vanilla cream. Launched in India in March 2011, Oreo cookies were first introduced to the world in 1912. In 2012, Oreo celebrated its 100th birthday. That original formula was so perfect that it has hardly been modified since (Cadbury Website, 2012). Each year, more than 7.5 billion Oreo Biscuits are eaten, making it the world's No. 1

cream sandwich biscuit brand (Kraft Foods Company Website, 2012). Before the start of local manufacturing, Oreo cookies were mainly coming in through the import route (Malviya and Jacob, 2011). The imported Oreo cookies were too bitter for the Indian palette. Manufacturing in India was preceded by reformulating the product to make it better for the Indian palette. Adjusting for local preferences "is not a matter of just removing one ingredient," says Andrade (VP, R&D for Asia Pacific at Kraft Foods). "It is about making sure you balance the flavors. You almost have to reconstruct the product" (Einhorn, 2012).

Initially, only the vanilla flavor was launched followed by chocolate cream variant of Oreo in October 2012. It must be noted that Kraft has a strong pipeline of international flavors and variants and has the opportunity to grow the market by launching these.

In India, Oreo was launched under the Cadbury brand name. The food manufacturer says that the decision to launch Oreo under the Cadbury brand in India was made locally because the Cadbury brand has stronger brand equity in the region compared to the Kraft brand, which is not so well-known (Baker, 2011). All advertising and packaging material carry the Cadbury logo above the Oreo logo in order to leverage an already well-known brand in India.

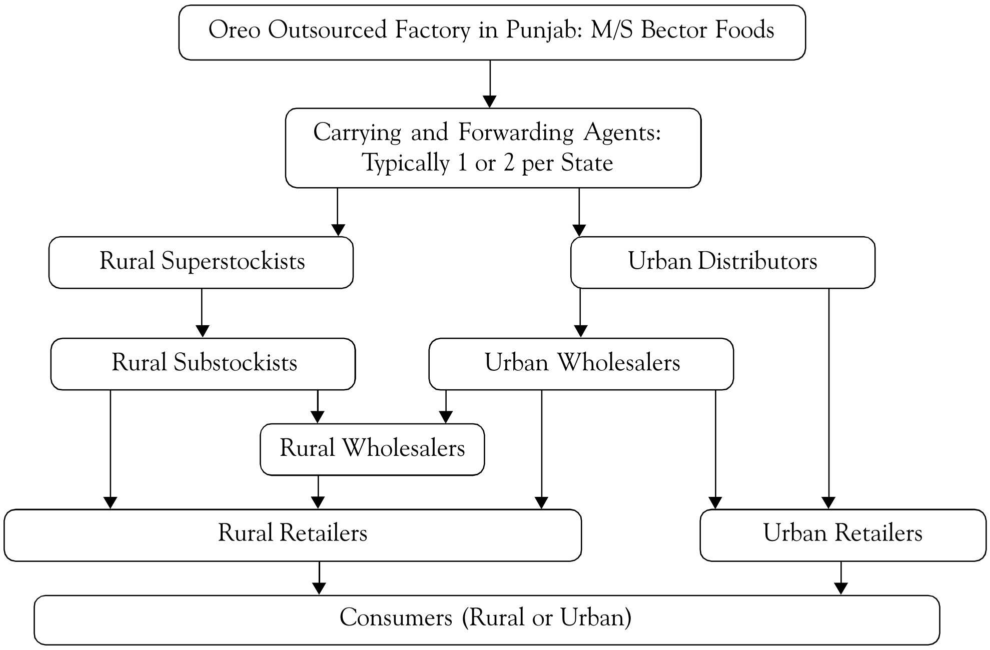
Oreo is not alone in this space. Britannia's Treat-O and Pure Magic and Sunfeast's Dark Fantasy are direct competitors. In such a scenario, it was very difficult yet important for Oreo to differentiate itself from these products. Brand Finance's Unnikrishnan says, "From a product perspective, Oreo has no differentiation than what the existing players are already offering. Being a brand of such a stature, I expected Oreo to offer benefits-based specifically on the Indian consumer's insight. Maybe something more healthy or wholesome offering as there is this notion that consuming too much biscuits by kids is not healthy. But it is quite disappointing to see that a brand as big as Oreo is simply trying to play on its global proposition and not doing anything differently for a market which is so unique" (Srivastava, 2011). However, Chandramouli Venkatesan, Director – Snacking and Strategy, Cadbury India says, "We have launched Oreo in its classic flavor—dark chocolate biscuit with smooth vanilla creme-based on consumer insights that show Indian consumers have enthusiastically responded to the product" (Srivastava, 2011).

Channel Strategy

Oreo took advantage of Cadbury's 12-lakh store reach in urban and rural India to drive awareness and rapid trials. This coupled with the point-of-buying display strategy on the trade front converted the aware Indian into an Oreo customer. A field survey of Cadbury distributors, superstockists and sales has revealed the distribution mechanism, as shown in Figure 3. Cadbury's distribution network includes 2,100 distributors (including superstockists) and 450,000 retailers, according to a field study. Cadbury has a strong distribution in urban areas, but is still in the process of setting up a robust rural distribution network.

Oreo's launch was also combined with a rural thrust, in which the rural spokes were offered schemes on target achievements for five months, the highest gift being a laptop. The superstockists were also offered incentives and recognition. The distributor of Kraft-Cadbury

Figure 3: Distribution Mechanism for Oreo



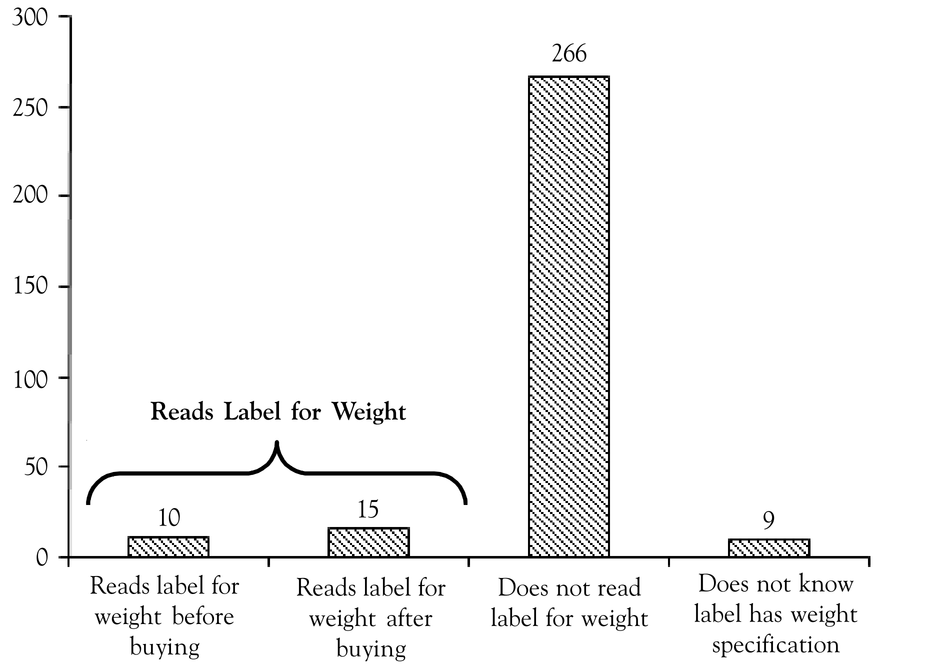
Source: Conceptualized through in-depth interviews with Sales Managers, Distributors and Superstockists of Kraft-Cadbury. Accuracy of data is dependent on the accuracy of information supplied by the company partners and employees

in Howrah (West Bengal), Bakuli (Proprieter of M/S Jishu Enterprises) said, "Most superstockists in the country did a good job with Oreo launch and won rewards and recognitions."

Price Strategy

The imported Oreo cookies were being sold in India at ₹45 per pack (*Business Line*, 2011). These imports were being made by independent importers and not by Kraft-Cadbury. Kraft launched the product in ₹5 and ₹10 packs. ₹20 packs were also launched for the up segment consumers. The Indian third-party manufacturer (Punjab-based M/S Bector Foods makes Oreo) played a major role in bringing down costs (*Hindustan Times*, 2011). When the locally manufactured Oreo was launched in April 2011, almost a century after it was introduced in the US market, Kraft-Cadbury fixed the pricing at ₹5 for a pack of three biscuits, ₹10 for a pack of seven, and ₹20 for a pack of 14 biscuits. The pricing is premium given that the number of cookies in each pack is lesser than the industry standard. However, consumers hardly read the pack labels describing the weight in a pack. This was observed during the field research—only 25 out of 300 consumers surveyed ever read the label of a biscuit pack to check the weight. The distribution of consumer responses during the survey is presented in Figure 4.

Figure 4: Distribution of Consumer Responses[1]



The success of Kraft clearly indicates that if the offer mix is right and value is conveyed to the consumer, it need not always be just a cost game. Also, smaller priced packs encourage consumer sampling as well as a wider distribution reach (*Business Today,* 2012).

Promotion Strategy

For communicating the product benefits, Kraft-Cadbury played on the togetherness need of families. The company initiated a survey to measure the togetherness quotient (Sayal, 2011). Conducted by AC Nielsen, the study revealed interesting facts about how Indian families viewed family relationships and family time. Joe Thaliath, Chief Operating Officer of Interface Communications, says that this survey pointed to the need of mothers to see their children bond with their fathers (Sayal, 2011).[2]

The TV advertisement for Oreo cookies quickly grabbed headlines with its 'twist-lick-dunk' ritual of eating an Oreo. This slice-of-life advertisement is the second in the series—

[1] This research was done by the author, who asked 300 consumers in the city of Kolkata (convenience sampling) to affirm if they have ever-checked the weight of a biscuit on its label before buying it.

[2] An independent short research done by Paswan (2012) identified the following needs of a consumer who is satisfied by Oreo. Oreo satisfies the nurturing need, i.e., a mother having difficulties in feeding her 4 to 6 years old child with some nutritious food, can consider Oreo to feed her child along with a glass of milk. At least the glass of milk is consumed by the child without too much fuss. Oreo satisfies the imitation needs i.e., kids who have seen the Oreo ad on TVs, have seen the actors enjoying the sequence of 'Twist-Lick-Dunk'. This often motivates the kids to enjoy having an Oreo in the same manner. Oreo also satisfies the fun need. Kids will have a lot of fun having an Oreo. At the same time, parents are motivated to have fun with their children through the simple act of sharing a pack of Oreo cookies.

the first one showed a little boy joining his father in the same playful ritual. In India Oreo is being sold with the slogan, "Milk's favorite cookie" rather than the international slogan which says, "America's favorite cookie." The promotional campaigns of Oreo over the last two years have also kept this in mind. Robby Mathew, National Creative Director, Interface Communications (the agency behind the Oreo Campaign), says, "The childlike delight of twisting, licking and dunking an Oreo captures the simple pleasures which we all are missing due to our hectic lives. The ritual allows kids to be kids and parents to be kids, too" (Sayal, 2011).

Post the national rollout, Oreo's global 'Twist, Lick, Dunk' (TLD) communication broke across other media—including television, print, radio, below-the-line and digital. "Our television campaign aims to highlight the bonding moments between a father and child, as they indulge in childlike delight while eating an Oreo (Neogy, 2011). Oreo has used the TLD proposition in its communication in over 107 markets for nearly a hundred years. Venkatesan further says, "We want our brand to encourage fathers and mothers to spend quality time with their children." Oreo's maiden television campaign in India broke during the ICC World Cup 2011 to grab maximum eyeballs (Neogy, 2011).

A high decibel on-ground campaign through hoardings, bus shelters, bus-body advertisements and in-store displays added to the 360-degree efforts to build brand awareness and preference.

Oreo sought to consolidate on initial euphoria in the latter part of 2011 by introducing the concept of the "Oreo Togetherness Bus". The bus started from New Delhi in June 2011 and traveled across eight cities, Mumbai, Bangalore, Ahmedabad, Pune, Lucknow, Hyderabad, Kolkata and Mysore. The arrival of the bus was announced in each city beforehand through hoardings, press advertisements and FM-radio announcements. On the Togetherness Bus, Chandramouli Venkatesan, Director – snacking and strategy, Cadbury India, says, "This 'Oreo-time' on the bus, will engage parents and children across the country and provide them with unique opportunities to create memorable moments of togetherness. We aim to take this Oreo-time to millions across India, thereby encouraging family bonding by providing busy parents with a fun opportunity to spend time with their children" (Sayal, 2011).

New-age marketing tools like Facebook-marketing has also been used appropriately, e.g., a set of recipes using Oreo as an ingredient, like the 'Oreo Modak' and the 'Oreo Summer Coolers', is given on the Facebook page of Oreo. Oreo already has five hundred thousand fans on their Indian Facebook site. Oreo also has a Twitter identity and the tweets are interesting for its followers, e.g., "Who's in for an Oreo cheesecake" and "Sluuuurrrrpp! Oreo shake this afternoon".

When Kraft-Cadbury launched the Chocolate Cream version of Oreo on October 10, 2012, it used social media to declare the launch and popularize the variant even before the launch. Two days prior to the launch, Oreo India began creating buzz around the launch on its Facebook page by telling their fans they have a surprise coming up and engaged with them by asking them to guess what it could be (Rathi, 2012). On the day of the launch, Oreo India added a milestone signifying the launch of their new flavor, Choco Crème followed by a series of posts relating to it (Rathi, 2012). Apart from that, a Facebook application named 'Oreo Surprise' was launched. It contained a game at the completion of which you would unlock the yet-unaired Choco Crème TVC.

Future Scenario

Given the promising scenario, a lot of multinational companies are targeting India for their future growth. In the past year alone, Britain's United Biscuits and GlaxoSmithKline Consumer Healthcare, or GSKCH, have introduced several products, while the go-national plans of some regional players have taken off (Sachitanand *et al.*, 2011). French foods giant Danone, too, is waiting in the wings with an expanded range. If United Biscuits has come up with an assortment of products under its McVitie's brand, GSKCH has introduced Horlicks biscuits for toddlers in animal shapes, and extended the Horlicks range to new options like crunchy cornflakes and bubblegum flavor. Britannia has expanded its NutriChoice range from plain vanilla digestive biscuits to spice-flavored and diabetic options. ITC too has come up with new variants like Marie Light and Marie Light Orange (Sachitanand *et al.*, 2011).

The two biggest companies in the biscuit market are not about to give up their innovation leadership easily. Britannia has launched the Bourbon Cappuccino to gain back share in the cream sandwich market. "There's a hint of coffee in the cream, but it's not enough for us to make the switch and at ₹10 for a mere four biscuits, they're not exactly value for money either since a packet of regular chocolate ones gets the consumer double that amount for ₹12" (Gurbaxani, 2012). Parle has also launched the Fab Strawberry cream sandwich cookie to regain share in the cream sandwich category.

Not to forget, there is a threat from complete snack food substitutes. The variety of snacking products available in India is stunning. Every region has its own variant of snacks. From banana chips in Kerala and Tamil Nadu to the 'Dhokla' (a snack made by steaming of chickpea flour), Indians love their local snacks. The substitutes may be categorized as other organized western snacks players (like Lays, Kurkure, Uncle Chipps, Bingo, etc.), local bakery products (like bakery biscuits and breads), traditional packaged snacks (like the mixtures made using chickpea flour) and homemade snacks.

Barriers to entry in this industry are low. Economies of scale are beneficial, but are not required for industry success. As a result, small companies can enter the industry with a relatively small amount of capital. The two main determinants of a new company's success is its ability to acquire sufficient distribution channels to cover operating costs and to build brand recognition and loyalty.

A related challenge is the competitive threat of private labels by organized retailers. Unibic Biscuits India, in which Unibic Australia has a majority stake, manufactures biscuits for Big Bazaar under its private label named 'Tasty Treat'. Big Bazaar already sells noodles, pasta, vermicelli, soups, *namkeens,* chips, toast, *khari, papads,* jams, pickles, carbonated drinks, ketchup, breakfast cereals and fruit beverages under the brand (Iyer, 2009).

Conclusion

Of the various subcategories within the biscuits market, the largest subcategory now is the glucose. This subcategory forms 30-35% of the biscuits market (*Business Today*, 2012). But in the days to come, there is an increasing propensity to premiumize—the glucose subcategory is likely to reduce in salience and the premium cream sandwich subcategory is likely to grow in salience (Business Today, 2012). Overall, there is a tendency on the part of the Indian consumers to move upwards and connect to the brand at a very emotional level. So it is not enough for them to just consume basic foods or the basics in every category.

Anand Kripalu, President, South Asia and Indo-China, and Managing Director, Cadbury India says "Our portfolio so far has been more of an urban portfolio. Per capita consumption of chocolates in rural markets is close to zero. In the last two years, we have penetrated small towns very aggressively. We were not only urban earlier; we were focused on large urban towns. Now we have more or less reached all urban centers. We are putting together a distribution model that will take our products to the rural markets." If Cadbury wants to capture a sizable chunk of the total biscuits market, it will have to significantly ramp up its distribution reach (Shukla and Subramanian, 2012).

Whether it's green tea Oreos in China, a chocolate and peanut variety in Indonesia, or banana and *dulce de leche* Oreos in Argentina, a lot rides on Kraft's efforts to develop alternatives to the iconic cookie-and-cream combination (Einhorn, 2012). In the highly competitive Indian cookies market where chocolate and orange flavors rule the roost, recent entrant Oreo has stuck to its vanilla offering and managed to carve a niche for itself. Kraft-Cadbury is exploring popular flavors suited to the local taste including mango and orange, albeit on a suitable scale (Vats, 2012). Kraft-Cadbury has already launched an Oreo variant with a chocolate cream filling in October 2012.

Less than six months after the launch of Oreo, the company increased prices from ₹10 to ₹12 (for a pack of 7 biscuits). It also launched a new pack at ₹4 in place of the earlier ₹5, and reduced the number of biscuits from 3 to 2 in this packet, enabling a 20% price increase. Commodity prices have been witnessing a rise in the last few months indicating a shift towards higher prices in the near future.

Cadbury will also have to be wary of more MNCs entering India with products in the biscuits category or other products which fulfil the same need as a packet of biscuits. FritoLay showed the way by establishing packaged salty snacks as a viable alternative to the hygienically packaged biscuits category. Similarly, Lotte established its alternative snacking product named Lotte Choco Pie. Companies, like Parle, which were operating exclusively in the biscuits market has started selling salty snacking products like potato chips. Companies, like Perfetti and ITC, which were not in the snacking category have made an entry through potato chips. To sum up, there is an all-round effort by substitutes to get a share of the customer's purse and Kraft will have to appreciate this diversity and compete. In order to take on rivals in the biscuit industry, Kraft Foods will need to fix its strategy regarding the categories it wants to operate in and also build entry barriers against new entrants and new categories.

Overall, Kraft Foods will have to achieve the right balance amongst the various elements of the marketing mix if it has to win the race for market share in India.

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Appendix 1

An Industry Association, Federation of Biscuit Manufacturers (2012), has characterized the biscuits industry as follows:

- The industry consists of three large-scale manufacturers, around 50 medium-scale brands and small-scale units ranging up to 2,500 units in the country. The unorganized sector is estimated to have approximately 30,000 small and tiny bakeries across the country.
- Though dereservation resulted in a few MNCs', i.e., Sara Lee, Kellogg's SmithKline Beecham, Heinz, etc., entering the biscuit industry in India, most of them, with the exception of SmithKline Beecham (Horlicks Biscuits), have ceased production in the country.
- Biscuit is a hygienically packaged nutritious snack food available at very competitive prices, volumes and different tastes. According to an NCAER Study, biscuit is predominantly consumed by people from the lower strata of society, particularly children in both rural and urban areas with an average monthly income of ₹750.00.

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Appendix 2

The Trademark Face of an Oreo Cookie

Source: Wikipedia (2012a)

TV Ad for Oreo with Daughter Emulating the Mother

Launch Advertisement on Hoardings and in Print Media

Togetherness Bus

Facebook Site of Oreo India Claiming 500,000 Fans

Recipe Using Oreo on Facebook

Plaque Given to Channel Partners of Cadbury

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