

CURIOUS 2017

UNIQUE IDENTIFICATION NUMBER:
IIMP/CURIOUS/2017/024

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1. Situation Analysis

A. External Environment Analysis

Political

- Changes in the taxation policies of Government such as Service Tax and VAT will have a direct impact on the pricing strategy of all the industry (Panipuri & Bhel) players and will also influence the rates of raw material.

Economic

- Sales are directly affected by changes in inflation rate of the economy. Ganesh Bhel is dealing into products that are triggered by "craving" and cannot be considered as under mere fast food category as it is not an everyday snack. Changes in inflation rate will impact the disposable income of customers and hence sales. As the model of the industry is assembled, it will affect the entire industry.
- Demonetization tends to have a positive effect on Food & Beverage industry in the near future as majority players in the industry are unorganized and hence they fall outside the taxation system will be brought into the system, thus increasing their costing & improving Ganesh Bhel's competitiveness. Adoption of plastic money (Credit Card/Debit Card) & e-wallets (Paytm, freecharge, etc) by organized players like Ganesh Bhel can also help improve its performance by providing a better customer experience.

Sociocultural

- Business will be affected by customers' changing attitude. Some customers prefer going out to the store to eat Bhel products whereas there is an increasing number of customers who are opting for online channels and get it home delivered.
- Business is affected by increasing level of awareness and changing trend towards healthier lifestyle. Indian customers nowadays prefer healthy and hygienic food mainly due to urbanization and social acceptance of Desi Food amongst upper class customers has increased.

Technological

- Information technology can be used as a marketing platform, for e.g Websites, Social Media Marketing, etc for creating awareness and enabling the customers to order products online. Ganesh Bhel has already developed a website and has digital footprint as well as facebook presence which helps in creating awareness & marketing products. They can also explore e-commerce & applications for better customer experience.
- Use of Technology such as ERP system by ganesh bhel has helped them to keep track of their orders and have an efficient supply chain.

Environmental

- The current packaging practices at Ganesh Bhel have got scope for usage of eco-friendly & recyclable material. Apart from this, other environmental factors have no direct impact on the business.

Legal

- Change in laws (Consumer Laws, Labour Laws, Minimum Wages Act, etc) will have direct impact on business as change in any law will instigate changes in the business strategy. For example, if minimum wages to unskilled workers are increased under the Minimum Wages Act, then that can adversely impact Ganesh Bhel's business as against unorganized sector.
- FSSAI has set up various regulations which are to be met by all the food chain businesses regarding quality of food, standard of cleanliness, etc. If these regulations become stringent then Ganesh Bhel may have to give up its ISO certification which will affect the business adversely.

B. Internal Analysis: SWOT

Strengths

- Process: ISO 9001:2008 certification which assures consistency in processing
- Quality of Raw Material: Tie-up with Bisleri assures quality of products offered by Ganesh Bhel & is in line with the promise made to the customers about the hygiene value of the product.
- R&D: Launching innovative new products products on a regular basis (Going to launch Heat-to-Eat products).
- Technology: Digital presence in the market through websites and social media as well as ERP.

Weaknesses

- Geographical Footprint: With only 6 outlets in Pune and that too only in the western part of the city, the geographical footprint is very limited.
- Brand Visibility: The brand visibility is very weak in the market.
- Product Portfolio: High product portfolio width; less focussed or specialised products.
- Labour: Higher number of unskilled employees resulting in non-standardized operating processes throughout the stores.
- Quality: Non-standardized taste (though the process is standardized - ISO) & prices(mentioned in menus & charged) across the stores.

Opportunities

- Marketing:
 - Large number of opportunities in other untapped markets of Pune(Corporate & Commercial).
 - Increased consumer interest in Comfort foods, beyond famous North & South Indian variants.
- Technology: Using digital technology as a platform to grow the business and realize its full potential.
- Customers: Customers aware about the products can act as competitive advantage.

Threats

- Price competition from unorganized sector.
- Market:
 - Low brand awareness in other parts of Pune.
 - High competition from organized & unorganized players in the industry.

2. Problem Identification

Detailed analysis of the case reveals following problems:

1. Clarity about growth strategy

Ganesh Bhel promoters (especially the current generation, Mr. Dinesh & his brother) have very high aspirations about their business. This gets reflected through statements in the case, like “Ganesh Bhel will one day become a Big Brand in Pune.” and “One day Ganesh Bhel will become India’s largest QSR Chain Bhelpuri Business.” and “Our aim is to put Pune on the world map with our famous “Panipuri”, “Bhel” and other tasty street foods.”

All these statements highlight a lack of clarity about, growth strategy which is coherent with the aspirations. There seems to be confusion in what the company aspires to be in the future, their scaling-up strategy and how will they head towards it. Just to illustrate,

- As mentioned in one of the above statement, Ganesh Bhel aspires to become a big brand in Pune. However, a mere look at Ganesh Bhel’s geographical footprint in Pune reveals that it has presence only in the following pockets of the city, namely,
 1. Ganesh Nagar
 2. Karve Nagar
 3. Nigdi Pradhikaran
 4. Aundh
 5. Pashan Sus Road
 6. Pimple Saudagar¹

It is clearly visible that the company has its presence only in the Western or North western parts of Pune. In other words, majority part of the city (North, South & East) are yet untapped by the company. We believe that for Ganesh Bhel to become a big brand in Pune, its necessary to establish its presence in entire city. In order to make a mark on the world map, they will first have to build their brand in their home city. It can then plan to establish statewide and

¹ <http://www.ganeshbhel.com/where-we-are.html>

then to countrywide presence and can accordingly build the brand. This will need a focused expansion and brand building strategy.

- As mentioned, the company aims to be India's largest QSR Chain Bhelpuri Business. A quick service restaurant (QSR) within the industry, is a specific type of restaurant that serves fast food cuisine and has minimal table service. Bhel & Panipuri products are more of a comfort foods and clubbing them with other regular fast food items is not totally correct. Many items belonging to fast food category are typically consumed in lieu of meal, which is not necessarily true for bhel & panipuri. Fast food is typically targeted for particular age group (read children, teen, young) whereas items like bhel and panipuri cut across ages. People have a craving for bhel / panipuri and accordingly it needs to be treated differently. So, the company's product positioning needs correction.
- According to us, this is the major challenge faced by the company and it is restricting its business growth. Once If the company tries to address this challenge, then it will be able to answer questions like; which employees to be trained? how to train the employees? which business model should be adopted? What should be the product & service parameters for growth? And, how to survive in the competitive market?

2. Processes

Ganesh Bhel & Chaat Pvt. Ltd. is an ISO 9001:2008 certified company. Though the company is ISO certified, that does not result in end product quality (read taste) getting standardized. When two stores (Ganesh Nagar & Nanded City) were visited, it was found that the taste varied from store to store. Also, the prices mentioned on the Menu (Online & In-store) and the charged prices differ from each other, this indicated that there is no real time updation of information. It also implicates that the operations are not standardized and there is some gap in the process standardization.

Text below discusses the strategic actions along with implementation, business model and tentative timeline to address the identified problems / challenges.

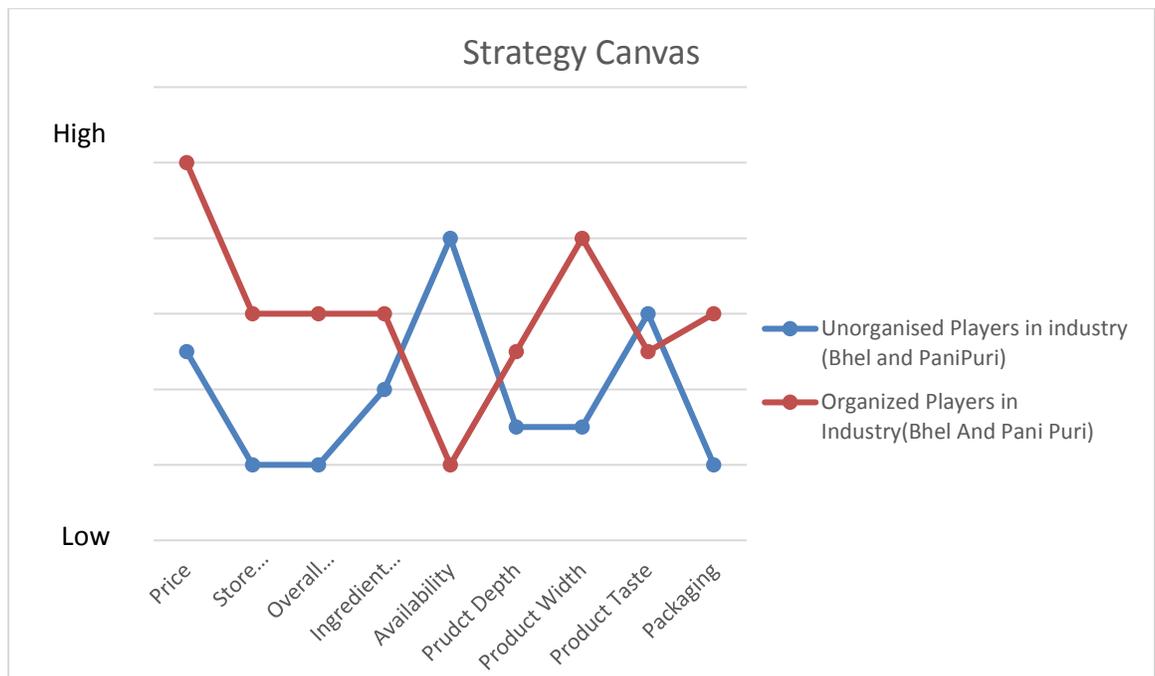
3. Strategic Actions

A. Strategic Alternatives:

Ganesh Bhel should consider focusing on alternatives instead of competing with the existing big players in a highly unorganized Bhel and Panipuri segment of Comfort foods. Currently the company is considering its products as commodities and focusing on high end fast food retail chains as competition. Instead of that it should derive a new strategy in which it can create niche products for mass market for itself and focus on expanding the same market as Bisleri did with beverages. The strategy can be focused on added values to the customer in addition to what industry is currently offering.

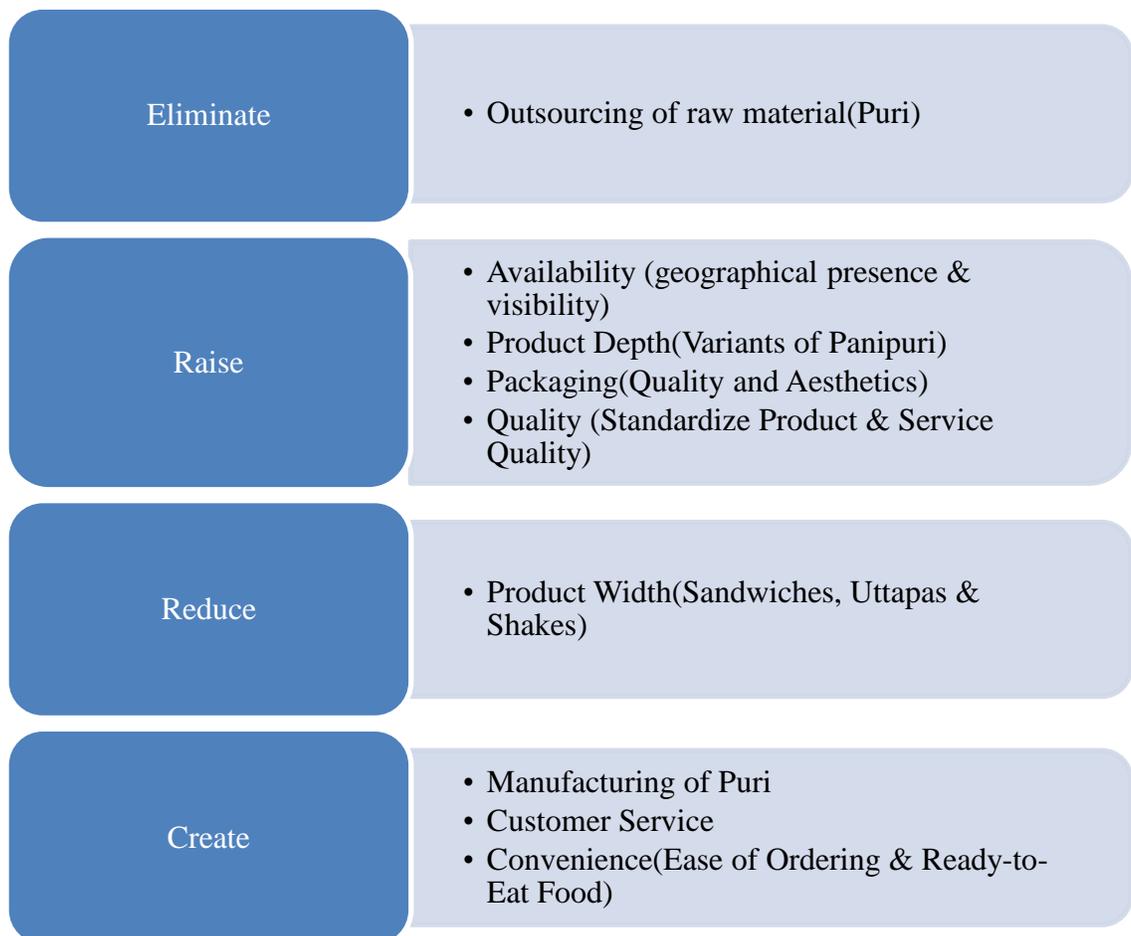
In case of the Bhel and Panipuri Industry there are mainly seven principal factors:-

1. Price per Plate.
2. Overall Hygiene
3. Ingredient Quality of the Product
4. Product Taste
5. Variety of the Products Offered
6. Packaging
7. Availability to the Customer

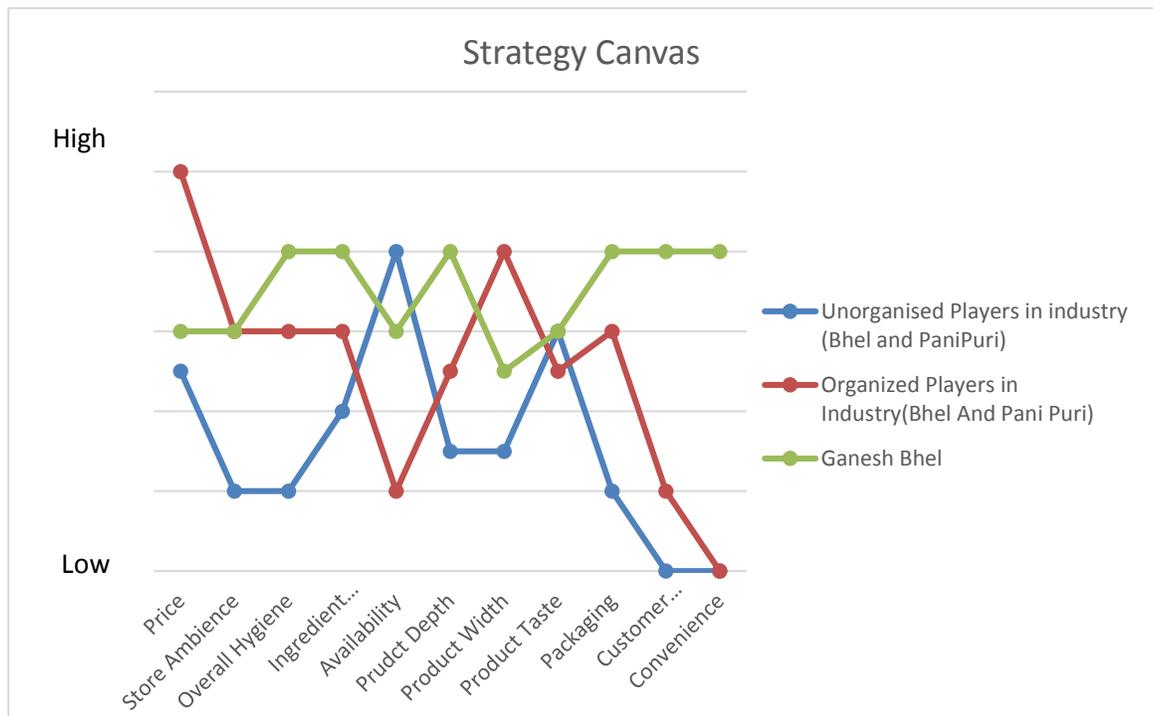


The above figure shows that the organized players in the industry try to differentiate themselves by providing good quality hygienic food at a higher price, good store ambience, have better product width and have better packaging while low level unorganized players don't provide the above listed features and have very narrow product width & depth. They have better availability and offer products at a lower price but lack in hygiene. Going by the current psychological and attitudinal changes in the consumers towards the hygienic better quality foods, there is an alternative for the Ganesh Bhel to focus and attract the consumers in that segment. It can be done by providing similar products at prices ranging between the top and lower level players and quality & hygiene of the level provided by the top players. In addition to that they can also provide customer service and convenience and hence create new value for the consumers.

B. The Four Action Framework: -



Application of the above four action frameworks will give rise to new strategy canvas:



The organized players provide quality & hygienic offerings at high prices but they lag in availability (geographical presence & visibility). On the other hand, unorganized players provide products at lower price & have better availability but, they lack in quality & hygienic offerings. It can be understood that all the players are product centered and none of them are focusing on customer service (home delivery, responsiveness, etc.) & convenience (ease of ordering, ready-to-eat packaged food). This creates an alternative for Ganesh Bhel to explore into untapped market and convert non-customers into customers.

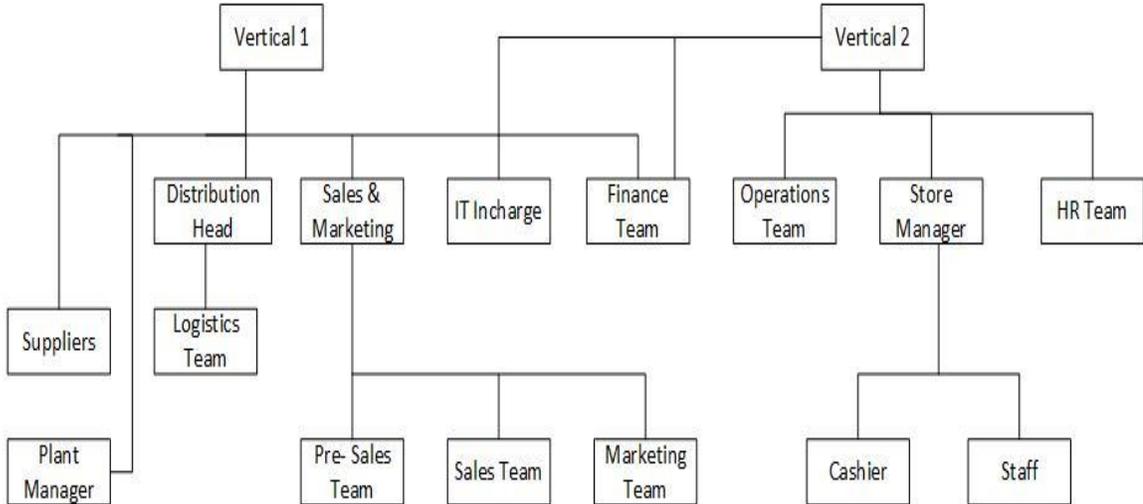
If the suggested strategic moves are made, Ganesh Bhel can create a unique & exceptional value curve to unseal a blue ocean. As shown in the strategy canvas, Ganesh Bhel’s value curve is focused on providing excellent customer service along with product quality. Also, the company plans to explore product depth instead of product width and gain lead in it. Hence, its value curve has **focus**; the company does not diffuse its efforts across all key factors of competition. The shape

of its value curve **diverges** from the other players’; this is because the company is orienting itself towards alternatives of Customer Service & Convenience rather than towards competitors. The **tagline** of Ganesh Bhel’s strategic profile can be: “A food chain specializing in Bhel and Panipuri with superior customer service.”

Based on the value curve, we propose a business model in which the business will be divided into two verticals; one will handle the Product Sales through Business to Business transactions and other vertical will handle sales through Business to Customer transactions.

4. Business Model

We suggest, the business should be divided into two verticals; one will be focused on business expansion and other will be focused on customer service.



MD1' Vertical: Product Offerings

- Raw Material for B2B Customers
- Packaged Ready-to-Eat Products

MD2' Vertical: Product Offerings

- Panipuri
 - Batasha or Pani ke Batashe (UP & MP)
 - Puchka (West Bengal & Assam)
 - Gup Chup (Orissa)
 - Pani Puri(MH)
- Bhel
 - Bhel
 - Dry Bhel
 - Special Bhel
 - Mumbai Bhel
- Sides
 - Masala Sev Puri
 - Crispy Sev Puri
 - Ragda Puri
 - Masala Puri

The responsibilities of each vertical are detailed below:

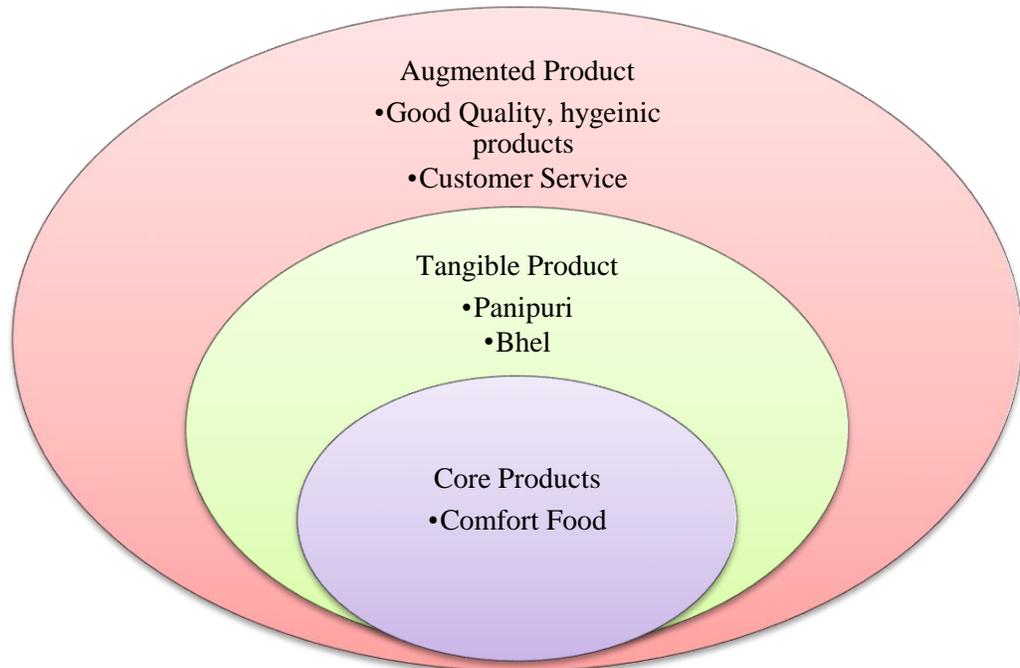
- Vertical 1's Responsibilities:
 - Vertical 1 will be managing the manufacturing process of Puris as well as handling suppliers of raw material. This will enable the vertical 1 to maintain the quality & standardize the processes. Customer Mix:
 - Sister Franchisees
 - Retail Stores
 - Supermarket Chains
 - Anyone in the same business of Panipuri & Bhel.
 - Vertical 1 will also be handling the packaging department which will be responsible for packaging ready-to-eat products which will be supplied to end consumers through distribution channel of retail stores, supermarkets and web portal. The packaged products will also be sold through sister franchisees.
 - Vertical 1 will have a team which will be responsible for distribution & logistics of raw material & packaged products. The transportation of products will be handled by 3PL. this team will also be handling the exports business. In addition to that, decision of replenishment of products at sister franchisees will be taken by this team.
 - Vertical 1 will be responsible for lead generation & onboarding of new franchisees for business expansion. It will also handle tie ups with educational institutions, stores, supermarket chains, events, etc. Promotions & marketing activities like stalls in events, advertisements, digital media promotions, etc. will be handled by this team.
- Vertical 2's Responsibilities:
 - Vertical 2 will have a team which will be handling operations at franchisees. It will be responsible for maintaining quality, process standardization across the franchisees and assuring superior customer service. Once Vertical 1 onboards a franchisee, its execution will be handled by Vertical 2's team.
 - Vertical 2 will have a HR team which will handle employee recruitment, training & development and deputation of employees for smooth operations of stores.

- Vertical 2 will also be responsible for customer service & customer experience at stores.
- Once Vertical 1 gets a sales lead of events or tie-ups converted it will Vertical 2's responsibility to takeover and execute it.
- This vertical will also take care of the delivery of online orders (Application) by manually selecting the outlets which deliver food to destination.
- For the time being, both the verticals will be sharing Accounts & IT department. The role of the IT department will be to handle the digitization of both B2B & B2C web portals. And, Accounts departments will be responsible for handling finances.

5. 4 P's of Marketing

I. Product

Three Levels of Product



We propose that the company should focus on the niche products for mass market and relook into the product offerings. It should have its core products as comfort foods which are based on sentimental values like Bhel & Panipuri. It can have the following Product portfolio:

Panipuri can be explored in depth and variants can be differentiated on the way it is served in different parts of India i.e., based on taste of Pani (water) and ingredients (stuffing in the Puri: Ragada, Potato Stuffing, etc.). In the case of packaged panipuri, pani is offered in form of a powdered ingredient which can be mixed with water to get the final product.

Branding: The products of Ganesh Bhel will have consistent taste.

Packaging:

- Environment Friendly & Recyclable Material

- Focus on aesthetics & design.
- Main ingredients and preparation procedure to be listed.

II. Price

We propose that the pricing strategy for both the verticals will be different. The details are given below:

- Vertical 1: This vertical will be basically dealing in business-to-business transactions.
 - This vertical can adopt transfer pricing for transactions with Vertical 2's Vertical, which will help in assuring that the divisional autonomy is respected & protected. It will also redistribute economic resources within the company.
 - It can adopt customized pricing for other transaction based on the volume of the orders. It will help them to have control over supply chain cost and will be focused on frequency and volume of orders. With control on the cost, this vertical can push its products to other avenues and help in brand building for example, they can push raw material through local Cycle Vendors which will in-turn increase sales as well as build the brand.
- Vertical 2: This vertical will adopt penetration pricing strategy while pricing its products.

III. Promotion

Ganesh Bhel already has digital presence and it should now work to explore it deeper and make it even stronger. Its website(www.ganeshbhel.com) can be further improved and be used by both the verticals for increasing visibility and hence, growing business. The details are given below:

- Vertical 1: A web portal can be developed linked to company's website which allows the B2B customers to place orders & track status of the material. It will lead to digitization of complete supply chain as well as optimization of complete process.
- Vertical 2:

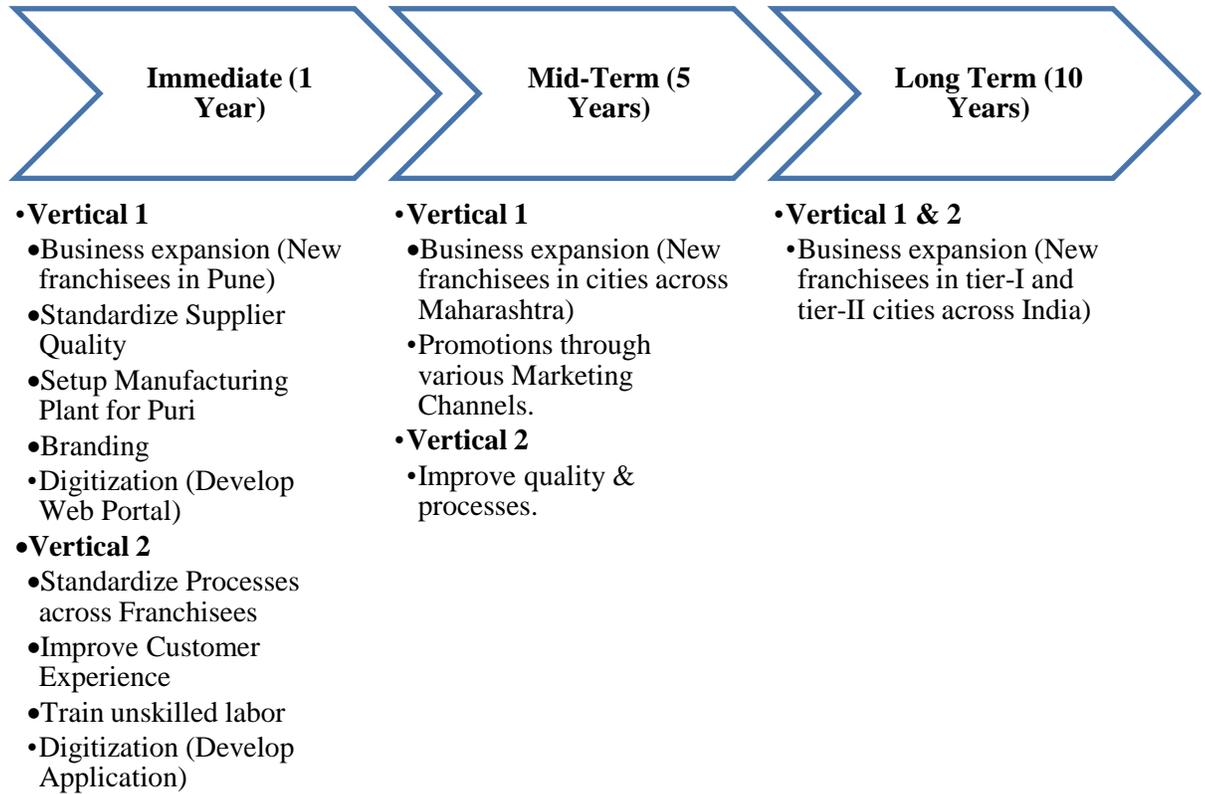
- An application can be developed for this vertical for the end customers to order packaged food and freshly prepared products. Free delivery can be provided for orders above Rs. 200 and Rs. 30 extra delivery charges for cart amount lesser than Rs. 200.
 - ERP which is already being used by the company provides digitization of inventory to have control on stock.
 - Mobile based customer loyalty programmes can be introduced to keep the customers engaged, get feedback and updated about the offers.
 - The menu cards need to be standardized on all digital portals (Zomato, Swiggy, owned media, etc).
- Ganesh Bhel can increase visibility by having stalls in local events, malls and movie theatres. They can also offer free tasting free tasting of new products as a part of test marketing and understand customer perspective.
 - Ganesh Bhel can invest into marketing activities like newspaper advertising, radio media, sponsoring college events, stalls during festivals, special occasional offers, etc. It can spread awareness about its new franchisees and its services of home delivery, website ordering and app ordering through these means of marketing.
 - CRM: Ganesh Bhel can have mobile based loyalty program for increasing visibility, engaging customers, getting post-sales feedback and communicating offers.
 - Establishing Brand Image: Ganesh Bhel can build a brand image revolving around quality and hygiene. It can be done by spreading awareness about its process of using Bisleri water in its products. It can also ask Bisleri to conduct regular audits and put a certificate of verification in its franchisees as a proof. Ganesh Bhel can also take Indian patriotic route and tie up with NDA and the Defence Institutes for setting up stalls in the events organized by them.

IV. Place

- Ganesh Bhel can increase its channel distribution by tying up with local kirana stores and supermarket chains. This will increase visibility as well as help the company in penetrating the market.

- The company should increase its geographical presence in all the parts of Pune by opening franchisees. It can also open franchisees in Malls. The locations should be easily accessible.

6. Action Plan



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