

BUSINESS TRANSFORMATION – MARKET POTENTIALITY FOR BAKERY INDUSTRY WITH SPECIAL REFERENCE TO CK’S BAKERY

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ABSTRACT

The markets are flooded with cakes of every taste and for every age group. Sometimes it would be just difficult for us to decide on what to go for. These are good combinations with a hot cup of Tea or a coffee. They make a quick and a tasty snack any time and in any situation.

There are many players like Mc Rennet, CK’s Bakery, French Loaf, Cake World, etc. these players are leading the market with their products, is doing very well in the cake market. So everyone is facing intense competition in the market as there already exists dozen of players with a very strong market leader. So entering into this market demands to create some niche or some differentiation factor that will drive the customer to buy our product. In order to get into and survive in the battle field they have chosen the Health Conscious people as the target audience. The result is the evolution of quality cakes with long shelf life at the same time healthy and cost effective cakes.

This report speaks about the initiatives taken by CK’s Bakery to give the consumers healthy, tasty and long shelf life cakes. Considering all these factors, this report would cover almost all the areas relating to product life cycle of cakes. To gain market share they are adopting rapid penetration strategy with high amount of promotion to make people aware about their product in quick time. This report is an initiative to focus on the product life cycle of cakes. A descriptive study is undertaken in order to ascertain and able to describe the characteristics of the variables of interest in a situation.

INTRODUCTION

It is detailed study of market potential performance to detect strengths and weaknesses. The gathering, classifying, comparing and studying of company's sales data, strictly speaking, gathering of sales data is not a part of analytical effort's but it substantially and vitally affects the quality of market potential. Market potential provides additional information through sales analysis; management seeks insight on strong and weak territories, high volume, low volume products and type of customers providing satisfactory and unsatisfactory sales volume. It uncovers details that otherwise lie hidden in the sales record. It provides information that management needs to allocate sales efforts effectively.

Market potential provide the management with additional information make an in-depth study of why the margin is insufficient through sales management seeks insight on the sales territories with the most satisfactory and the least satisfactory sales volume. Market potential will then uncover significant details why it is so. It provides necessary information, management need in

order to allocate future sales effort effectively. The role of sales manager in market potential is to make a detailed analysis of the available data used them properly to initiate action.

In Today's scenario, the competitive market have every company reasons to know the reasons how one can have the potential market, which factors enhances the sales & shapes the buying motives of the bakery (food) products. The information will be much useful for devising potential market & shaping buying decisions of customers.

INDUSTRY PROFILE

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. Accounting for about 32 per cent of the country's total food market, the food processing industry is one of the largest industries in India and is ranked fifth in

terms of production, consumption, export and expected growth. The total food production in India is likely to double in the next 10 years with the country's domestic food market estimated to reach US\$ 258 billion by 2015.

The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, industrial licences and 100 per cent export oriented units.

Market Size

The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. It is projected to grow at the rate of 104 per cent, touching US\$ 482 billion by 2020. The Indian food processing industry accounts for 32 per cent of the country's total food market, 14 per cent of manufacturing Gross Domestic Product (GDP), 13 per cent of India's exports and six per cent of total industrial investment. Indian food service industry is expected to reach US\$ 78 billion by

2018. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent. It is expected to cross US\$ 2.8 billion by 2015. The online food ordering business in India is in its nascent stage, but witnessing exponential growth. The organised food business in India is worth US\$ 48 billion, of which food delivery is valued at US\$ 15 billion. With online food delivery players like FoodPanda, Zomato, TinyOwl and Swiggy building scale through partnerships, the organised food business has a huge potential and a promising future.

Investments

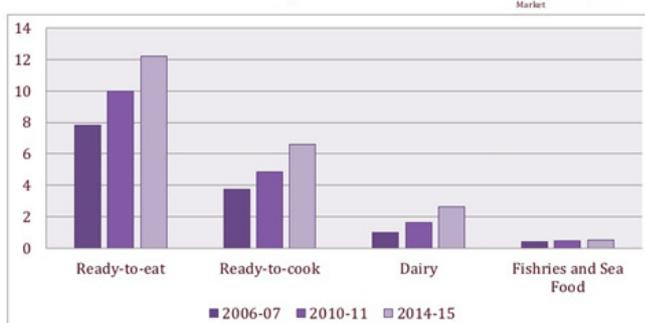
According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 6.55 billion worth of Foreign Investments during the period April 2000—September 2015. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years and also generate employment of nine million person-days.

Investment in food start-ups, which mainly include food ordering apps, has increased by 93 per cent to US\$ 130.3 million¹ comprising 17 deals in 2015 till September 2015 as against only five deals in 2014.

Government Initiatives

In order to promote food processing industries, increase level of processing and exploit the potential of domestic and international market for processed food products, Vision Document-2015 was prepared by the Ministry of Food Processing Industries. The document envisages trebling the size of investment in the processed food sector by increasing the level of processing of perishables from 6 per cent to 20 per cent, value addition from 20 per cent to 35 per cent and share in global food trade from 1.5 per cent to 3 per cent by 2015. According to the Ministry, an investment of Rs 100,000 crore (US\$ 15 billion) would be required in 2015 to achieve these targets.

Indian Food Industry



Source: Ministry of Food Processing Industries

OBJECTIVES OF THE STUDY

Prime Objective

To study the market potential for Bakery Product.

Secondary Objectives

- ✚ To find out the competitiveness of selected brands of cakes and their features instilling the purchase behavior of customers
- ✚ To identify the impact of price of cakes in buying behavior of consumers
- ✚ To find the impact of quality of cakes in buying behavior of consumers
- ✚ To study the impact of packaging of cakes in buying behavior of consumers.

- ✚ To analyze the aesthetic of cake shops / bakery
- ✚ To understand the satisfaction level of customers on various factors on their preferred cake shop

RESEARCH TYPE:

The type of research is **descriptive** as it is conducted to find out the facts. It is the description of the state of affairs as it exists at present.

A descriptive study is undertaken in order to ascertain and able to describe the characteristics of the variables of interest in a situation. A descriptive study offers relevant aspects of the phenomena of interest from an individual, organizational, industry oriented or other perspective.

In this study, the researcher must be able to define clearly, what he wants to measure and must find adequate methods for measuring it along with clear cut definition of population he want to study. The major purpose of descriptive research is description of state of affairs, as it exists at present.

Research Design

Research Design is the conceptual structure within which research is conducted. It constitutes the blueprint for collection, measurement, & analysis of the data. The design used for carrying out this research is exploratory & experience based. I intend to carry out primary and secondary research, carry out focus interviews and group discussions which would help me to gather fresh data which can be analyzed with the past data to seek the existing. This would include usage of questionnaire as a tool for gathering data. The approach which has been used is the questionnaire technique. Questionnaires can address a large number of issues and provide anonymity, so this helps in high response rate with genuinely held opinions.

Sources of Data Collection

- ❖ The primary data was collected using direct observations, Questionnaires and interview in the market area
- ❖ The secondary data was collected from the handouts and brochures of CK's Bakery

Data Collection

A semi-structured questionnaire will be prepared to collect data for the analysis part of the proposal. The proposed sample size is 200 bakery customers, who will be selected by using convenience-sampling method.

Sampling Segment: Bakery Customers

Sampling Technique: Convenience

Sampling Method

Sample Size: 200 respondents

SUMMARY OF FINDINGS

56% of the respondents said to prefer Mc Rennet, 16% of them said to like French loaf shop, 22% like cake world, and 6% said to prefer Hot Breads and rest 1% said they prefer Cake Point

57% of the respondents said they prefer the present bakery or cake shop for its cleanliness, 18% of them said lighting, 8% said seat arrangements make them to like, 15% said music played inside the shop and rest 4% respondents all the factors make them to prefer the bakery

68% of the respondents said the price range of available products in the bakery is affordable, 18% of them said it is somewhat affordable, 2% said it is expensive, 9% said it is somewhat expensive and rest 4% said the prices are fair

56% of the respondents said to prefer black / white forest cakes, 22% said to prefer Choco Truffle, 6% said they like Rainbow cakes, 11% said to prefer Red Velvet, rest 6% said their favourite cakes as Cheesecakes and Mousse

68% of the respondents said their favourite flavor as Vanilla, 18% said strawberry, 2% said Chocolate, 9% said to prefer butterscotch flavor and rest 4% said other flavours like mango, blueberry

61% of the respondents said the price make them to choose a particular brand of bakery, 19% of them said taste matters, 5% said to give importance for quality factor, 11% respondents said originality as a major factor for choosing a particular bakery or cake shop

✚ 55% of the respondents said to prefer muffins other than cakes, 24% said to have preference over sandwich, 3% of them like brownies, 15% respondents said to like donuts and rest 4% said they like Puff and shakes in bakery / cake shop apart from cakes

✚ 60% of the respondents said they consider quality before choosing a bakery, 21% said they choose a bakery for its services, 5% said reputation is considered, 9% said to consider product variety and rest 6% said to like new flavours

✚ 60% of the respondents said they came to know about the present bakery / cake shop through advertisement, 23% came to know from their friends, 2% said to get knowledge from internet, 11% said they came to know from word of mouth, 5% said through magazines they got knowledge

✚ 61% of the respondents are highly satisfied with the bakery / cake shop they frequent to visit, 21% of them are satisfied, 2% of the respondents are neither satisfied nor dissatisfied,

12% of the respondents are dissatisfied and rest 5% of the respondents are highly dissatisfied

✚ 57% of the respondents said they are tasting in the present cake / bakery shop before 6 months, 18% said they are coming after 6 months to 1 year, 8% said 1-2 years, 15% said 2-3 years and rest 4% said more than 3 years

✚ 68% of the respondents said they are buying from the present cake/bakery shop for its price, 18% said for the brand name, 2% said aesthetic reasons, 9% said availability and rest 4% said packaging reasons

✚ 68% of the respondents said brand image of the present cake/bakery shop is excellent, 18% said it s very good, 2% said it is good, 9% respondents found it as average and rest 4% rated it as bad

✚ 27% of the respondents strongly agree that cake shop or bakery provides healthy products, 13% of them agree with this, 4% of them neither agree nor disagree with this, 55% of them disagree and rest 2% of them strongly disagree

SUGGESTIONS

- ✚ CK's Bakery has to perform a detailed demand survey at regular interval to know about the unique needs and requirements of the customer.
- ✚ The company should make hindrance free arrangement for its customers/Franchisee to make any feedback or suggestions as and when they feel.
- ✚ CK's Bakery should focus to bring some more flavors and variety of schemes rather than bringing the same old one. It is always better to be first than being better.
- ✚ CK's Bakery must be aware of and keep at least the latest knowledge of its primary competitors in market and try to make a perfect anticipated efforts to meet the same
- ✚ CK's Bakery should also use time to time some more and new attractive system of word of mouth advertisement to keep alive the general awareness in the whole market as a whole.

- ✚ CK's Bakery should be always in a position to receive continuous feedback and suggestions from its customers/ consumers.
- ✚ CK's Bakery should undertake promotional activities to increase awareness and brand preference and also to gain market share.

CONCLUSION

From the analysis of the data collected and from the experiences I have reached the following conclusions:

CK's Bakery has gained acceptance by the customer and has huge potential to expand its market share and become leaders in few of its bakery category. Cavinkare is the most popular in the market, mainly because of its brand name and innovativeness. Mostly consumers remember the advertisement because of the frequency of advertisement and brand ambassadors. Thus it should focus on good taste so that it can capture the major part of the market. But most of the consumers prefer cakes as their first preference, than Donuts, Puffs or brownies. Mc Rennet is also found to be getting popularized among the consumers for its quality and price

I come to the conclusion that visibility affects the sales of CK's Bakery in a very special way. And in terms of cakes variety, CK's can concentrate on bringing health conscious bakery products to its customers. In today's scenario, customer is the king because he has got various choices around him. If the company is not capable of providing consumers the desired result then the consumer will definitely switch over to the competitor. Therefore to survive in this cut throat competition, the company needs to be the best. Customer is no more loyal in today's scenario, so the company needs to be always on their toes. I feel that there is cut throat competition between Mc.Rennet, French Loaf and Hot Breads. CK's Bakery needs to do something outstanding every time to be the top on the customers 'mind,

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