Marketing Practices Followed By Convenience Food Companies In Punjab

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Abstract- *Convenience food has been one of the fastest growing segments in the Indian food processing industry. The present study throws light on understanding the marketing practices being followed by selected convenience food companies operating in Punjab state. The results of the study revealed that increased cost of production and transportation, increase in competition and expansion of business were the major reasons responsible for high prices of food products manufactured by selected companies. Further, the channel members of convenience food companies often performed the transactional functions, sometimes performed logistic functions and rarely involved in financing and grading function. Most of the selected companies often used going rate pricing method and preferred to use social media tools over any other media for promoting their products. After doing the SWOT analysis of selected companies, it was recommended that companies must provide variety of products at low price with high quality to achieve strong customer reach.*

Keywords- Convenience food, companies, marketing, practices.

I. INTRODUCTION

The food processing industry plays an important role in associating the farmers to the end consumers in the Indian domestic together with the international markets. Among the processed food segment, convenience food products occupied a considerable shelf space in stores and super markets in India. The total processed foods market size in the year 2013 was ₹1500 crore, out of which ready-to-cook foods captured ₹1275 crore and ready-to-eat captured ₹225 crore and an expected growth rate of 25-30 percent over next 5 years showed huge potential for growth by tapping a larger consumer base (Rahman, 2013). Food companies through instant food products had provided high quality food choices, which would have been inconceivable to ancestors. Instant food mixes formed a range of convenience food for households, being easy to use without terminal processing and women found it very convenient to use. It helped them to save time and effort and relieved them of the tedious jobs of collecting various ingredients, cleaning and sorting them and preparing food.

"Convenience Foods" play an important role in everyone's day-to-day life. The very term 'instant food' means simple, fast and convenient food, which is easy and fast to prepare besides being hygienic, free from microbial contamination and also convenient to eat (Siddiqui, 2014). Arya (1992) defined convenience of foods as those products in which all or a significant portion and their preparation has been transferred from the consumer's kitchen to the processing plant. The convenience food industry fits well with the busy pace of everyday life and it uses a battery of marketing strategies to keep its foothold in the front line of modern culture. Kjellberg and Helgesson (2006) defined the term "marketing practice" as all those activities that contribute to shape the markets. The three broad categories of marketing practices include 1) exchange practices that involved exchange of goods and services; 2) Normative practices that involved activities in forming normative expectations for actors; 3) Representational practices that involved activities to produce image of markets.

Kannammal and Suvakkin (2016) analyzed the emerging marketing strategies in fast food industry in India. They found that volume and visibility were the basic elements of fast food marketing. Further, value and affordability had been the part of industry's overall strategy. Bryla (2012) examined major marketing developments in the Polish food-processing sector following the EU accession. The findings confirmed that the importance of quality guarantees and successful branding was much higher in exports, whereas taste and price played a relatively greater role in the domestic market. The study conducted by Hise *et al.* (2010) was based on a mail survey from 82 Korean food companies engaged in international marketing. The results revealed that high tech products were more likely to be associated with a standardized strategy than an adaptive one. Perhaps the rationale for that finding was that the Korean firms viewed marketing mix elements homogeneously and believed that little would be gained by varying the standardization or adaptation strategy across the marketing mix.

Food products usually require general marketing practices, techniques and approaches useful for the marketing of other types of products and services. Topics such as segmentation, targeting, positioning, branding and elements of marketing mix are the most suitable and highly appropriate for food marketing. Keeping these facts in view, the present study aimed to understand the marketing practices being followed by convenience food companies in Punjab state.

II. MATERIALS AND METHODS

For the purpose of the study, top nine companies were selected in the Punjab state on the basis of convenience food categories *viz.* RTE foods, RTU foods and beverages (three companies from each category). The selected companies were: Bonn Food Industries, Kitty Industries Private Limited, Mrs. Bector's Food Specialties Limited, N.P. Fresh Foods Private Limited, Little Bee Impex, The Punjab State Cooperative Milk Producers' Federation Limited (Verka Milk Plant, Ludhiana), Sai Food Products (India), Supreme Food Products and Pagro Frozen Foods Private Limited. The entire structure of data for the study rests on primary sources of information. Within each company, all the departments were covered and four managers and eight employees were approached to get the questionnaire filled up. Thus the sample consisted of one hundred and eight respondents. Two products were selected from each company. So the attributes were related to eighteen products from nine companies. SWOT analysis of selected products of selected categories was done in order to find out the gaps. A structured non disguised questionnaire included variables such as STP (segmenting, targeting and positioning); elements of marketing-mix; promotional activities include branding, packaging and labelling *etc.* The managers and employees were asked to rate different statements on a scale of 1 to 5 where 1 stands for Never and 5 stands for Always. They rated all the statements according to their importance and applicability in their companies. Then the various statistical tools were applied such as mean, standard deviation and ranking method.

III. RESULTS AND DISCUSSION

This section deals with the results and discussion relating to the marketing practices followed by selected convenience food companies in Punjab.

Extent of using the bases for segmentation by convenience food companies

The Table 1 depicted the mean value and standard deviation of ratings (from 1 to 5) given by the managers and employees regarding the extent of using the bases for segmentation by their companies. The convenience food companies often used population density and sometimes used climate as a geographic variable while conducting market segmentation. In the case of demographic segmentation, the companies often used life stage variable but they never used nationality variable. Further, they often used personality variable and sometimes used social class variable in the category of psychographic segmentation. While considering behavioral segmentation, the companies often considered attitude of the consumers towards the product, loyalty status and readiness stage.

Table 1: Extent of using the bases for segmentation by convenience food companies

Bases for segmentation	**Mean**	**S.D.**
Geographic segmentation		
Region	3.898	0.831
Size	3.917	0.712
Population density	3.963	0.853
Climate	2.731	0.892
Demographic segmentation		
Age	3.454	0.941
Life stage	3.648	0.950
Gender	2.204	0.829
Family size	3.083	1.086
Income	3.222	0.989
Occupation	3.056	1.101
Education	3.019	1.076
Religion	1.667	0.809
Nationality	1.398	0.710
Psychographic segmentation		
Social class	3.602	0.896
Lifestyle	3.880	1.030
Personality	3.917	1.112
Behavioral segmentation		
Occasions	3.593	0.938
Benefits	3.778	0.715
User status	3.093	0.952
Usage rates	2.954	0.961
Loyalty status	3.648	0.868
Readiness stage	3.824	0.795
Attitude towards product	4.194	0.848

Extent of adopting the different target market strategies by convenience food companies

From the various target market strategies presented in the Table 2, the convenience food companies preferred to adopt undifferentiated marketing strategy and market specialization strategy over the other strategies. Further, the companies did not always adopt single segment concentration strategy, product specialization strategy and differentiated marketing strategy.

Table 2: Extent of adopting the different target market strategies by convenience food companies

Target market strategies	Mean	S.D.
Single-segment concentration	2.972	0.880
Selective specialization	3.343	0.877
Product specialization	2.972	1.286
Market specialization	3.676	1.075
Full market coverage		
- Undifferentiated marketing	3.731	0.963
- Differentiated marketing	2.787	0.986

Extent of adopting the different positioning strategies by convenience food companies

From the Table 3, it is depicted that the convenience food companies most of the times adopted competitive positioning strategy and benefit positioning strategy followed by quality/price positioning strategy and product category positioning strategy. The mean value assigned to the user positioning strategy was 2.972 that represented the least preferred strategy by the selected convenience food companies.

Table 3: Extent of adopting the different positioning strategies by convenience food companies

Positioning strategies	Mean	S.D.
Attribute/benefit positioning	3.926	0.607
Use/application positioning	3.083	1.060
User positioning	2.972	0.971
Competitive positioning	4.056	1.012
Product category positioning	3.389	0.915
Quality/price positioning	3.731	0.892

Extent of adopting the different repositioning strategies by convenience food companies

From the Table 4, it is reflected that there are three types of repositioning strategies *viz.* gradual repositioning, radical repositioning and innovative repositioning. Out of these, the selected convenience food companies sometimes adopted gradual repositioning and sometimes adopted innovative repositioning as their mean value ranged from 2.7 to 3.2.

Table 4: Extent of adopting the different repositioning strategies by convenience food companies

Repositioning strategies	Mean	S.D.
Gradual repositioning	3.167	1.234
Radical repositioning	2.769	0.933
Innovative repositioning	2.880	1.117

Extent of changes taken place in the product line of convenience food companies

As per the opinion of managers and employees of convenience food companies, they often made changes in the packaging aspect, made addition of new products as well as modification in the existing products as seen in the Table 5. In addition to that, the companies rarely found any product that was considered unprofitable for them. So the mean value given to that change was 2.065.

Table 5: Extent of changes taken place in the product line of convenience food companies

Statements	Mean	S.D.
Modification in existing products	3.583	0.918
Addition of new products	3.889	0.688
Finding new uses of existing products	3.130	1.103
Deletion of unprofitable products	2.065	0.969
Change in packaging	3.954	0.825

Extent of reasons responsible for the above changes

It is reflected from the Table 6 that competition, consumer acceptance and change in habits found to be reasons that were often responsible for the above mentioned changes. Further, changes in the economic situation sometimes considered to be responsible for the above changes and sometimes not.

Table 6: Extent of reasons responsible for the above changes

Reasons	Mean	S.D.
Competition	3.880	0.817
Consumer acceptance and change in habits	4.065	0.789
Customer loyalty	3.676	0.759
Change in technology	3.787	0.809
Change in economic situation	2.491	0.942

Extent of pricing objectives followed by convenience food companies

In the Table 7, it is depicted that the companies often focused on maximizing the current profit, market share and sales but they rarely focused on maximizing the market skimming objective.

Table 7: Extent of pricing objectives followed by convenience food companies

Pricing objectives	Mean	S.D.
Survival in the competitive market	4.176	0.771
Maximize current profit	4.222	0.857
Maximize market share	4.185	0.811
Maximize market skimming	2.370	0.804
Maximizing the sales	4.028	0.676
Product quality leadership	3.815	0.799

Extent of reasons responsible for high prices

The Table 8 reflected that increased cost of transportation, increase in competition and expansion of business were the major reasons that often responsible for the high prices.

Table 8: Extent of reasons responsible for high prices

Reasons	Mean	S.D.
Increased cost of production	3.898	0.773
Increased cost of transportation	4.148	0.721
Increase in competition	4.019	0.875
Change in technology	3.880	0.817
Change in demand	3.352	0.940
Inflation	2.824	0.895
Many mediators	2.639	0.803
Rapid growth of population	3.463	0.891
Expansion of business	3.907	0.860

Extent of adopting the price adaptation strategies by convenience food companies

From the Table 9, it is clearly stated that the promotional pricing strategy and price discounts strategy was often adopted by the selected convenience food companies as compared to geographical pricing and differentiated pricing strategy.

Table 9: Extent of adopting the price adaptation strategies by convenience food companies

Price adaptation strategies	Mean	S.D.
Geographical pricing	2.981	1.346
Price discounts and allowances	3.481	0.981
Promotional pricing	3.491	0.912
Differentiated pricing	2.731	1.029

Extent of functions performed by channel members of convenience food companies

The Table 10 reflected that the channel members of convenience food companies often performed the transactional functions like buying and selling and risk taking. The logistic functions were sometimes performed by them as the mean values of these functions were approximately to 3. While considering the facilitating functions, the channel members often involved in marketing information and research and rarely involved in financing and grading function.

Table 10: Extent of functions performed by channel members of convenience food companies

Functions		Mean	S.D.
Transactional functions	Buying and Selling	3.935	0.812
	Risk taking	3.556	0.813
Logistic functions	Assorting	3.343	0.775
	Storing and Transporting	3.417	0.978
	Sorting	3.074	0.872
Facilitating functions	Financing	1.861	0.901
	Grading	2.519	0.837
	Marketing information and research	4.231	0.605

Extent of strategies used by convenience food companies to manage channel conflict

As per the views of managers and employees in the Table 11, the companies often exchanged the employees and adopted super-ordinate goals to manage channel conflict. They sometimes involved in joint membership with trade associations and sometimes involved in co-optation.

Table 11: Extent of strategies used by convenience food companies to manage channel conflict

Strategies	Mean	S.D.
Adoption of super-ordinate goals	3.380	0.666
Exchange of employees	3.787	0.656
Joint membership in trade associations	3.194	0.729
Co-optation	2.991	0.779
Diplomacy, mediation or arbitration	2.481	0.803
Legal recourse	1.796	0.974

Comparison with respect to the USP of products manufactured by selected companies

The Table 12 presented the mean values and ranks given on the basis of USP of the products so that comparison can be made among the sample companies.

Table 12: Comparison with respect to the USP of products manufactured by selected companies

	USP	Quality	Brand image	Low price	Availability	Taste	Personal relationship
Mean	Verka	4.667	4.083	3.333	4.000	4.333	4.333
	Supreme	4.500	4.417	4.250	4.083	5.000	4.917
	NP	4.500	3.250	4.167	5.000	4.583	4.417
	Cremica	4.333	4.417	3.917	4.667	4.667	4.583
	Little Bee	4.417	3.583	3.750	4.417	4.583	4.583
	Pagro	3.583	3.167	3.083	4.000	3.917	4.667
	Bonn	3.500	4.167	3.917	4.500	4.583	4.333
	Kitty	3.750	3.917	4.083	3.917	3.250	3.917
	Sai	3.583	3.500	3.000	3.250	3.250	2.500
Rank	Verka	1	4	6	5	2.5	2.5
	Supreme	3	4	5	6	1	2
	NP	3	6	5	1	2	4
	Cremica	5	4	6	1.5	1.5	3
	Little Bee	3.5	6	5	3.5	1.5	1.5
	Pagro	4	5	6	2	3	1
	Bonn	6	4	5	2	1	3
	Kitty	5	3	1	3	6	3
	Sai	1	2	5	3.5	3.5	6

For Verka, quality was given the top priority as USP followed by taste and personal relationship. For Supreme, USP was always the taste and personal relationship with the customers. Availability was always the USP for NP fresh foods followed by taste and quality. In the case of Cremica, its USP was taste and availability. While talking about Little Bee, taste and personal relationship was considered more important than brand image and low price. Similarly, personal relationship and taste was always the USP for Pagro and Bonn respectively. The USP of Kitty breads on top priority was low price followed by brand image, availability and personal relationship. Sai food products considered quality at the top priority. So 90 % companies did not consider low price as their USP as it was given the least priority.

Comparison with respect to the pricing methods used by selected companies

It is depicted from the Table 13 that the going rate pricing method was given the rank first that means most of the convenience food companies often used this pricing method as compared to the other methods. Supreme often used mark-up pricing method and Sai food products used target return pricing method but perceived value method was rarely used by the companies.

Table 13: Comparison with respect to the pricing methods used by selected companies

	Pricing method	Mark-up pricing method	Target return pricing method	Perceived value pricing method	Going rate pricing method
Mean	Verka	3.250	3.500	3.250	3.500
	Supreme	3.917	3.083	3.333	3.583
	NP	3.833	3.000	2.833	3.917
	Cremica	3.500	3.583	3.250	4.500
	Little Bee	4.083	2.833	2.417	4.667
	Pagro	4.083	2.917	2.333	4.500
	Bonn	3.917	3.917	2.583	4.750
	Kitty	3.583	2.500	2.250	4.750
	Sai	1.833	4.417	2.167	2.583
Rank	Verka	3.5	1.5	3.5	1.5
	Supreme	1	4	3	2
	NP	2	3	4	1
	Cremica	3	2	4	1
	Little Bee	2	3	4	1
	Pagro	2	3	4	1
	Bonn	2.5	2.5	4	1
	Kitty	2	3	4	1
	Sai	4	1	3	2

Comparison with respect to the marketing channels used by selected companies

The Table 14 reflected that the multiple marketing channel was often used by Verka, NP fresh foods, Little Bee, Cremica and Bonn but Sai food products often used vertical marketing system. The indirect channel was often used by Kitty and the single marketing channel was mostly used by Supreme and Pagro foods. So the direct channel was rarely used and horizontal marketing system was sometimes used by the selected convenience food companies.

Table 14: Comparison with respect to the marketing channels used by selected companies

	Marketing Channels	Direct channel	Indirect channel	Single marketing channel	Multiple marketing channel	Vertical marketing system	Horizontal marketing system
Mean	Verka	3.750	2.917	2.417	4.500	3.417	2.667
	Supreme	4.250	3.417	4.333	3.250	3.333	3.167
	NP	1.917	4.083	2.500	4.083	2.667	3.000
	Cremica	1.833	4.500	2.417	4.583	3.667	2.750
	Little Bee	2.583	3.833	2.667	4.250	3.333	2.750
	Pagro	1.083	4.417	4.500	1.833	4.333	1.583
	Bonn	2.250	4.083	1.750	4.500	4.167	3.083
	Kitty	2.333	4.583	3.750	3.333	4.500	2.833
	Sai	2.000	3.500	2.333	3.333	3.750	2.000
Rank	Verka	2	4	6	1	3	5
	Supreme	2	3	1	5	4	6
	NP	6	1.5	5	1.5	4	3
	Cremica	6	2	5	1	3	4
	Little Bee	6	2	5	1	3	4
	Pagro	6	2	1	4	3	5
	Bonn	5	3	6	1	2	4
	Kitty	6	1	3	4	2	5
	Sai	5.5	2	4	3	1	5.5

Comparison with respect to elements of promotion mix employed by selected companies

The Table 15 represents the various elements of promotion mix employed by the convenience food companies. The personal selling element was often employed by Supreme, Pagro foods, Bonn and Kitty. The element of advertising was rarely employed by convenience food companies as they ranked it at the last.

Table 15: Comparison with respect to elements of promotion mix employed by selected companies

	Elements	Advertising	Sales promotion	Public relations	Personal selling	Word of mouth
Mean	Verka	3.500	3.833	4.000	3.667	4.083
	Supreme	2.167	3.500	4.250	4.583	4.500
	NP	4.417	4.167	2.333	1.500	4.167
	Cremica	2.833	4.000	4.000	2.583	4.500
	Little Bee	1.667	3.333	4.167	3.500	4.667
	Pagro	2.083	3.250	3.500	3.667	3.000
	Bonn	2.583	3.833	4.083	4.250	3.167
	Kitty	3.083	3.750	3.833	4.250	4.250
	Sai	3.000	3.917	4.000	3.917	3.250
Rank	Verka	5	3	2	4	1
	Supreme	5	4	3	1	2
	NP	1	2.5	4	5	2.5
	Cremica	4	2.5	2.5	5	1
	Little Bee	5	4	2	3	1
	Pagro	5	3	2	1	4
	Bonn	5	3	2	1	4
	Kitty	5	4	3	1.5	1.5
	Sai	5	2.5	1	2.5	4

Comparison with respect to media used by selected companies

The convenience food companies used various media as per the information presented in the Table 16. The television, newspapers and magazines were rarely or never used by the selected companies. Further, all the companies preferred to use social media tools over any other media for promoting their products.

Table 16: Comparison with respect to media used by selected companies

	Media	Television	Newspaper/ Magazines	Brochure/ pamphlets	Signboard/ hoardings	Website of co.	Social media tool
Mean	Verka	1.583	2.500	3.167	3.667	3.667	3.750
	Supreme	1.500	2.000	3.250	3.333	4.083	4.583
	NP	1.333	2.500	4.167	4.250	3.417	4.667
	Cremica	1.833	3.500	3.917	4.500	4.333	4.000
	Little Bee	1.417	2.667	3.917	4.000	4.083	3.833
	Pagro	1.250	1.583	2.833	3.000	2.667	3.667
	Bonn	2.000	3.167	3.417	3.917	4.000	4.500
	Kitty	2.167	3.167	3.417	3.750	4.083	4.333
	Sai	1.667	2.667	3.083	3.583	3.833	4.167
Rank	Verka	6	5	4	2.5	2.5	1
	Supreme	6	5	4	3	2	1
	NP	6	5	3	2	4	1
	Cremica	6	5	4	1	2	3
	Little Bee	6	5	3	2	1	4
	Pagro	6	5	3	2	4	1
	Bonn	6	5	4	3	2	1
	Kitty	6	5	4	3	2	1
	Sai	6	5	4	3	2	1

SWOT analysis of selected convenience food companies

While doing the SWOT analysis of selected companies as shown in the Table 17, it was found that Supreme, Little Bee, Bonn and Sai food products considered good quality as their strength whereas for NP and Pagro foods, irregular supply was their weakness. Talking about the opportunities and threats, Verka considered export potential and awareness; Cremica considered product variety and experienced team; Kitty considered large production and greater demand; NP and Sai food products innovation as their opportunities whereas competition, changing market trends and varied consumer tastes were considered threats for most of the companies.

Table 17: SWOT analysis of selected convenience food companies

Companies	Strengths	Weaknesses	Opportunities	Threats
Verka	Brand	High price	Export potential	Competition
	Availability	Inconsistent quality	Brand awareness	Rising dairy costs
Supreme	Quality	Limited production	Hygienic products	Changing demand
	Value for money	Small market share	Reliable vendors	Raw material cost
NP	Limited price	Irregular supply	Innovation	High brands
	Proper fruit content	Lack of awareness	Sustainability	Changing market trends
Cremica	Taste	Low margin	Product variety	Changing consumer tastes
	Continuous demand	Low export levels	Experienced team	Local bakery items
Little Bee	Quality	Limited shelf life	Superior nutrition	Emerging substitutes
	Low cost	Unavailability	Growing industry	Unorganized sector
Pagro	Market share	Lack of schemes	Latest technology	Changing market situations
	Long shelf life	Low coverage	Corporate tie-up	Price fluctuation
Bonn	Quality	High price	Leading player	Contamination risk
	Consistency	Packing problems	Distribution network	Changing techniques
Kitty	Strong supply chain	No global presence	Large production	High training costs
	Customer reach	Perishability	Greater demand	Local competitors
Sai	Trust	Lack of awareness	Innovative category	Less demand
	Quality	Unavailability	Affordability	Economy down turn

IV. CONCLUSIONS

The findings of the study revealed that the selected convenience food companies preferred to adopt undifferentiated marketing strategy and market specialization strategy over the other strategies. The selected companies most of the times adopted competitive positioning strategy as well as benefit positioning strategy. Further they sometimes adopted gradual repositioning and sometimes adopted innovative repositioning as their mean value ranged from 2.7 to 3.2. The companies rarely found any product that was considered unprofitable for them as its mean value was 2.065. The results also depicted that increased cost of transportation, increase in competition, expansion of business and increased cost of production were the major reasons responsible for the high prices. The channel members of convenience food companies often performed the transactional functions, sometimes performed logistical functions and rarely involved in financing and grading function. The direct channel was rarely used and horizontal marketing system was sometimes used by the selected convenience food companies. Further, all the companies preferred to use social media tools over any other media for interacting with the customers and promoting their products. In a nutshell, it is recommended that all the convenience food companies must provide variety of hygienic products at low price with high quality as well as according to the tastes of consumers but changing techniques and stiff competition must taken into consideration in order to achieve strong customer reach.

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