

PITCH REPORT

M&M to launch 6-7 new variants next fiscal

**INDORE:** Auto major Mahindra & Mahindra On Sunday said it will launch six-to-seven new variants of vehicles across various segments during the next fiscal. The company also said it plans to formally start production of pick-ups in the US market by the beginning of April 2010. "Next fiscal we will be launching 6-7 new variants of our existing models. The new variants will cover all segment including utility vehicles, commercial vehicles and three wheelers," said M&M president (Automotive) Pawan Goenka on the sidelines of JK Tyre Baja SAE India 2010 event, where students duke it out in self-designed cars here. He said the new variants are intended to give a boost to the company's strategy to grow across various segments. The company had earlier announced plans to launch a sports utility vehicle (SUV) on a completely new platform by early next year. "During the auto-expo in Delhi earlier this month we had launched two models built on completely new platforms including the Maximo". We believe that the Maximo, Geo and our recently launched heavy trucks will act as volume driver next fiscal, while new variant launches will support this," Goenka said. M&M is also going ahead with the formal launch of production in the US by early April 2010.

Linc Pen aims to double mkt share, set up 4th plant

**NEW DELHI:** Aiming to grab 20% of the Rs 1,500-crore writing instrument market in three years, Linc Pen & Plastics, today said it will set up its fourth manufacturing unit next fiscal at an outlay of Rs 20 crore. "We command 10 per cent share of the organised writing instrument market, which is currently pegged at Rs 1,500 crore. We plan to double the market share in three years," said company managing director Deepak Jalan. Jalan said the new plant will take the firm's production capacity to 3 million pieces per day from the present 2 million pieces a day. The company also intends to increase its market share by filling the market gap, introducing new products and setting up a new manufacturing plant, either in West Bengal or in the North East, to ensure steady supply. "The new plant will come up either in West Bengal or in the North East. We are yet to finalise the location. However, this will be operational in the next fiscal itself," he said.

20 BANKS IN TOP 500 GLOBAL LIST  
STATE BRAND OF INDIA

SBI BREAKS INTO TOP 50 WITH A BRAND VALUE OF \$4,551 MILLION

How they stack up...

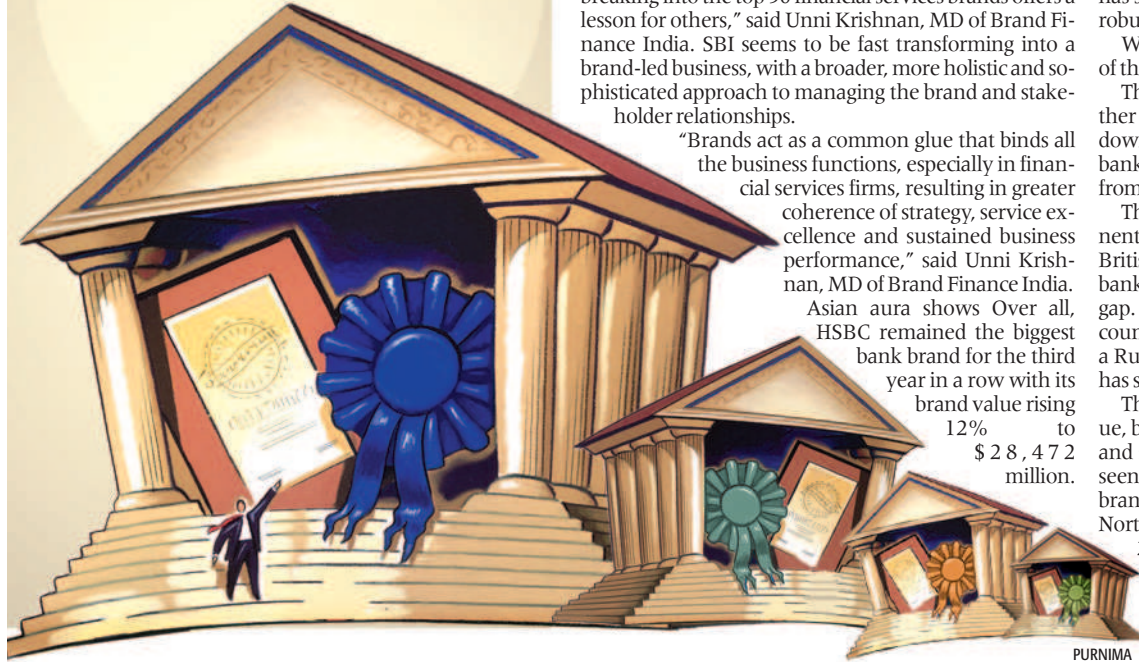
RANK		INDIAN BANKS		BRAND VALUE	
2010	2009	2010	2009	2010	2009
36	70	State Bank of India		4,551	1,448
70	110	ICICI Bank		2,164	939
141	153	HDFC Bank		951	611
174	192	PNB		713	384
195	228	Bank of India		602	273
196	260	Bank of Baroda		601	229
213	251	Canara Bank		525	243
239	269	Axis Bank		428	205
274	351	UBI		340	137
287	280	Kotak		321	188

RANK		FOREIGN BANKS		BRAND VALUE	
2010	2009	2010	2009	2010	2009
1	1	HSBC		28,472.15	25,364.17
2	2	Bank of America		26,046.91	21,017.43
3	4	Santander		25,576.48	10,839.70
4	3	WELLS FARGO		21,915.50	14,507.94
5	7	Citi		14,362.34	9,809.59
6	8	BNP Paribas		14,059.82	9,360.48
7	17	Goldman Sachs		13,886.94	6,752.69
8	10	Chase		13,399.82	8,746.50
9	12	Bradesco		13,298.90	7,698.39
10	14	Barclays		13,133.71	7,582.57

Brand Value in \$ millions

Indian banks need to recognise their inherent brand value potential and SBI's remarkable performance by breaking into the top 50 financial services brands offers a lesson for others

UNNI KRISHNAN, MD, BRAND FINANCE INDIA



FREEWHEEL ITC'S AASHIRVAAD, SUNFEAST & BINGO HAVE BECOME HOUSEHOLD NAMES

There's space for all to grow

MORE than seven years after ITC Ltd's Foods division shot into the staples, confectionery and snack food categories, its brands such as Aashirvaad, Candyman, Sunfeast and Bingo have become household names. The division, which has a strong rural penetration, is chasing maiden profitability this fiscal. V.L. Rajesh, general manager, marketing & exports, foods division, spoke with Sarah Jacob about the progress it has made in credibly engaging with the consumer by developing products for different segments and at multiple price points. Excerpts:

How has the company established itself in the foods category since its foray in 2002?

We are one of the youngest organised players in this industry and are already pretty sizable. Take for instance, brand Sunfeast. Despite entering a category where our lead competitors have been operating for multiple decades, we have created our own head space and are striking forward in a calibrated fashion. In fact, our strategy of straddling varied categories such as confectionery, ready-to-eat, biscuits, atta (wheat flour) and spices has meant that we don't have any one competitor that is spread across all segments. ITC Foods has great traction with consumers in terms of brand recall and perception of quality across segments.

In a market dominated by big players such as Parle and Britannia, how does Sunfeast differentiate itself?

The biscuits industry is estimated at around Rs 10,000 crore and is growing

in double digits. At the same time, the rate of growth of the industry is also a function of what extent of the equally-large unorganised sector is graduating towards quality and recognised offers. This means that there is space for everyone to grow and that the industry does not mandate each player to have a mutually exclusive set of products. However, Sunfeast entered the market with several innovative products, take for instance, orange Marie, differentiated creams such as butterscotch, flavour inclusions with-in biscuits and flaxseed biscuits.

Shah Rukh Khan was roped in for the Sunfeast brand launch. How essential is brand endorsement to ITC Foods' marketing strategy?

Brands have different needs at varying points of time. The first task for us was to create salience in the consumer's mind space, which is why we opted for a celebrity. At that time, we had a certain product range which has significantly expanded since. This has meant that each part of the portfolio and its facets need to be communicated differently as the consumer is buying into it for differing reasons. Celebrities have massive badge value and their marketing involvement would be based on the growth of the brands. But Sachin Tendulkar continues to endorse certain products that are relevant to children.

Bingo has driven innovation through varied textures and shapes in a category synonymous with Lay's. How has the brand grown?

Bingo's differentiated marketing has given it a wacky presence in the expanding chips category with a mkt share of 11-12%.



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V L RAJESH GM, FOODS DIVISION, ITC

Bingo's differentiated marketing has given it a wacky presence in the expanding chips category with a market share of 11-12%. ITC Foods has a long term play in this segment. We launched Bingo with 16 products and have overtime rationalised some while adding variants such as Hatke Jhatke and Tedhe Medhe. Salt, tomato and masala are the best-selling flavours in this category today. But the challenge is to innovate while pitching for the right consumer taste preferences. Being a highly-impulse driven category, consistent brand inputs are essential to retain and gain loyalty.

What is Aashirvaad position in the atta category?

Aashirvaad is a relatively premium-priced brand with an urban volume share of over 50% among national branded atta players. It is probably one of our strongest brands today with a loy-

al base. The branded atta segment is growing in double digits despite being less than 3% of the total market. As the market leader our focus is on increasing the chunk of conversions, which is supported by our value-added sub brand Aashirvaad select and blends customised for different regions.

How has ITC Foods been battling the threat of private labels within categories such as staples or chips?

Even overseas, where private labels have higher penetration, these labels co-exist with branded products. As the market evolves, consumer will seek value through both cost-effective products as well as relatively premium ones. The market is large and growing at respectable rates, if not private labels we would see competition from several other low-cost manufacturers. Modern retail remains an active partner for us.

what's HOT

SPEEDING UP

Everyone's looking to grow through expansion, takeover or relaunches

BREWING WHEEL



AUSTRALIAN COFFEE chain Gloria Jean's Coffees is ready with its brew on wheel plan. A leading specialty coffee retailer, with 925 stores across 37 countries, is set to introduce mobile coffee cart in Mumbai. The company, which will invest Rs 45-50 lakh to import the equipment from Australia, is targeting large gatherings such as marriage functions and city exhibitions. "In certain instances, it acts as a test marketing tool to judge the potential of setting up a stand-alone store or kiosk format," regional general manager of Gloria Jean's Coffees, Tony White, said.

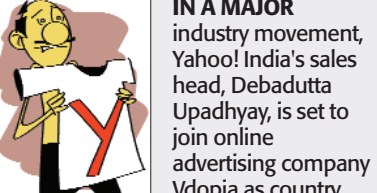
7UP AGAIN



GLOBAL FOOD and beverages giant PepsiCo has refurbished its 7UP brand by changing its packaging and launching a new advertising

campaign for the clear lime drink. The new thematic campaign expands the theme of 'Lemon Refreshment' that will accentuate the core 'fresh and cool' feel of the brand. Says Alpana Titus, Executive VP, flavours, PepsiCo India; "The message in the campaign last year was very simple—natural lemon flavour refreshes the mind. We needed to accelerate the process and give the brand a better look and feel." Let's see if Fido Dido, a cool cartoon character seen in 7UP ad, makes a comeback!

YAHOO! EXIT



IN A MAJOR industry movement, Yahoo! India's sales head, Debadutta Upadhyay, is set to join online advertising company Vdopia as country manager. She has

put in her papers at Yahoo! India where she started working as account manager and remained with the company for 6 years. "The role at Vdopia offers an interesting opportunity to engineer excitement and eventual success in India around video monetization. As VP India, my responsibility will be to oversee the company's India ops," Upadhyay told ET.

COOKIE BREAK



KOLKATA-BASED leading biscuit brand Bisk Farm is gearing up for a larger footprint for its retail venture, Just Baked. Bisk Farm, a Rs 100-crore biscuit manufacturer

competing with Britannia, Parle and ITC, is baking plans to add 30 snack joints to its present list of 11 outlets. An investment of Rs 3-4 crore has been set aside for this expansion, which will happen in the franchisee mode. For now, the outlets will come up around Kolkata, but Bangalore is next on the cards.

Where there's no smoke, Altria hopes there's fire

Duff Wilson & Julie Creswell

out THERE

FOR years, Altria, home to Philip Morris and its popular Marlboro cigarette brand, was a corporate pariah blamed for the deaths of millions of people and sued for hundreds of billions of dollars by attorneys general in every state. After eventually acknowledging, like others in its industry, that cigarette smoking was, indeed, addictive and caused disease, Altria went a step further. It broke from the Big Tobacco pack and began supporting legislation that would ultimately put the company under the regulatory thumb of the Food and Drug Administration.

Altria's motives for submitting to strict oversight have long been a mystery. Did the company and its executives, who were internally pursuing a strategy of "societal

alignment," suddenly embrace a true partnership on public health? Or was this a case, as its longtime foes and competitors have argued, of Altria seeking to generate good P.R. or lock in its market dominance by cozying up to a regulator that could restrict rivals from marketing new products?

Another possible answer was highlighted this month, as the federal government began fine-tuning aspects of a law that President Barack Obama signed last summer that gives the government sweeping new powers to regulate the production and marketing of tobacco products. A series of letters that Altria submitted to the FDA as part of that process argues that the government should, effectively, sign off on the notion that smokeless tobacco products are less harmful than cigarettes -- and that Altria and other companies should be allowed to market them as such to consumers. It is a pivotal and divisive claim. While

public health doctors agree that the smokeless products are far less hazardous to individuals than cigarettes, they still have concerns because all tobacco products contain nicotine and carcinogens. They also contend that promoting smokeless products -- some in tiny packages in the shape of cigarette packs -- would attract new, perhaps younger customers and maintain the addiction for smokers who might otherwise quit. They note that Altria is adding flavorings to its smokeless products that have long been used in candy.

Furthermore, critics say, Altria's suggestion to the FDA that it be allowed to market its products as less risky is part of an effort to dodge indoor-smoking laws (which are credited with encouraging more smokers to quit) and to encourage smokers to use oral tobacco products as supplements. "If you look at how they're marketing smokeless now, they're marketing for dual use, and to protect the cigarette market, which is their big money maker,"

says Stanton A. Glantz, a professor of cardiology and a specialist in tobacco research at the University of California, San Francisco.

Under its gregarious chief executive, an occasional smoker named Michael E. Szymanczyk, Altria is treading carefully when it comes to talking about its business strategies or its relationship with the FDA. After its letters to the regulator made headlines this month, the company canceled interviews for this article with top executives at its headquarters in Richmond, Va.

An Altria spokesman says the executives declined to comment because "we don't want to be perceived as leading the discussion" on the regulatory front. Brendan J. McCormick, another Altria spokesman, says the company supported the legislation enacted last summer because it believed that the FDA offered the best way to settle the debates about tobacco use and marketing, which have raged for decades. He says the company believes that FDA standards will create more

predictability in the industry and a level playing field for competitors.

Volumes may be declining, but cigarettes remain Altria's biggest business by far, accounting for \$14.4 billion in revenue in 2009. (Smokeless brought in \$1.2 billion.) Cigarette profits are growing thanks to price increases and a customer base of people who haven't kicked the habit. About 70 percent of the nation's 46 million smokers say they want to quit, government surveys show, and about 40 percent try every year. But only 2.5 percent succeed, the surveys say. The government estimates that 400,000 Americans die of smoking-related diseases each year.

Critics and public health officials contend that in focusing the FDA's attention on smokeless products, a much smaller but growing industry, Altria and other tobacco companies are diverting regulators' attention from the source of the real public health problem: cigarettes.

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