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Dr. Mridanish Jha
Assistant Professor
ICFAI University Jharkhand,
Ranchi, India

Winning customers through product innovation and word of mouth publicity: A case study of pulse candy

Dr. Mridanish Jha

Abstract

'Pulse' is a hard boiled candy, with a tangy twist. The raw mango flavored candy is a unique powdered filled candy that tantalizes the Indian taste buds across age groups. Taking a cue of coming closer by sharing happiness in our lives, from the umbrella brand Pass Pass, pulse is positioned on touching the pulse with friendship. Be it making new friends or maintaining existing friendship; the brand seeks to be the reason behind it. The new candy is not a mere candy but an experience of flavors combined with the gesture of sharing. Pulse candy, has disrupted the domestic confectionary market and wooed consumers with its fruity taste peaking in a tangy burst. The present case study traces the successful journey of Pulse candy and its marketing strategy.

Keywords: Candy, customer orientation, product innovation, word of mouth

1. Introduction

Innovation is one of the most frequently used catchphrases in the business world. In plain language, innovation is the conversion of information into precious knowledge and ideas and consequently into a major benefit that acquire the shape of a new or improved product, process, or business model. The Indian consumer is value conscious. He wants to get more value for a product or services at fewer prices. The President of India has declared the period from 2011–20 to be the 'Decade of Innovation'. Founded in 1929, the Dharampal Satyapal group is involved in a variety of sectors likes Food Beverage, hospitality, agro forestry, tobacco, and packaging and mouth fresheners. In February 2015, the Dharampal Satyapal Group popularly known as DS Group, the manufacturer of brands such as Rajnigandha (Pan Masala), Tulsi (Tobacco) and Catch (spices) -- entered the candy segment with Pass Pass 'Pulse'. Today, the Kaccha Aam (raw mango) -flavored hard-boiled candy with a tangy twist, is a Rs 150 crore brand. It contributed close to 40 per cent to the Group's revenue in the confectionery segment in year 2015. The most remarkable thing is the fact that this was achieved without any formal advertising push. As per the market research and insight firm Nielsen India, while the overall sweet candy category, pegged at Rs 6,000 crore, is growing at 14 per cent year-on-year, the Rs 2,100 crore. Hard boiled Candy (HBC) segment is growing at 23 per cent. Kaccha Aam (26 per cent) and Mango flavour (24 per cent) together claim 50 per cent share in the HBC market. While Perfetti leads in the caramel category, a flavour which constitutes 20% of the HBC (Hard-Boiled Candy) segment, Parle is the dominant player with its Mango Bite brand. Interestingly, kaccha aam (26%) and mango flavour (24%) put together command 50% market share in the HBC category, followed by caramel and orange (16%). Inbisco is the other big player with its Kopico (coffee flavour) brand. Pulse was launched to capitalize on the fastest growing HBC segment in the confectionery basket. The makers further realized that there were only straight flavors such as mango, orange and caramel in the market. Hence, there was a need for innovation. Pulse is a case of a small, but remarkable innovation that caught the customer's fancy.

2. The Product idea generation

A normal consumer asks for an orange candy without any particular brand mention when he visits a retail store. Although brands like Alpenliebe from Perfetti Van Melle, Parle's Mango Bite and Indonesian coffee candy Kopiko have penetrated the Rs6000 crore candy markets, the category lacked excitement and genuine innovation.

Correspondence
Dr. Mridanish Jha
Assistant Professor
ICFAI University Jharkhand,
Ranchi, India

With that as a milieu DS Group did consumer research to find the need gaps and fill it with some candy. Indians love mango hence this raw mango was, the palpable choice. A common consumer behavior is that people eat raw mango along with a generous sprinkling of salty masala. Whether it is 'aam panna' or a slice of raw mango sold on the roadside, it is incomplete without the tang/spices. After widespread sampling exercise, a raw mango-flavor hard boiled candy with a tart salty centre, named "Pulse" was created. India is a hot country where one needs to have something to keep the saliva going. That's exactly the reason why candy sales are highest in tropical areas. The company decided to test-market it in these states first. In April 2015, it had launched the candy in just three states—Rajasthan, Gujarat and Delhi, as a test-marketing drive and now it has broken records. The exercise proved so successful that it had to be converted into a full-fledged launch. The name Pulse because it sets the pulse racing. Sales of Pulse crossed Rs. 150 crore in March 2016. DS Group has launched a guava-flavour Pulse and plans to introduce more flavors by the end of this year.

3. The Product mix

The candy market had started turning away from the Rs 0.5 price point a couple of years ago with big players such as Mondelez, PVM (Perfetti Van Melle), and Parle launching or re-launching their products at Re 1. The soaring raw material costs and fewer 50 paise coins in circulation, and most importantly the demand for higher margins by retailers were some of the factors that propelled the wave to increase price to Re 1. However, at the time when Pulse was launched, 86 per cent of the industry was at Rs 0.5 for a candy weighing anywhere between 2-2.5 grams. The DS Group decided to go with Re 1 instead, and to rationalize the price, it increased the weight to 4 grams. Looking at the success of Pulse, other players have started launching their 'gold versions' at Re 1. In case of the experience of any other candy in the market, it is usually constant throughout. But, Pulse is an innovative value-added candy, the experience of eating which peaks later as you reach the powder filling. In order to give consumers a full mouth feel for a heightened experience, the grammage was increased. This is indeed true for the visibly large candy that lasts for a good five minutes. Midway, one gets hit with the 'masala bomb' which is released in just the right amounts in a sustained manner. This ensures a perfect balance of the sweet and tangy flavor. Today, over 1300 tons of the candy are pumped out per month and are delivered to Pulse addicts and recreational users using DS Group's distribution might.

4. Segmentation, Targeting & Positioning

The unorganized candy market in India is big, and no brand has been able to break the tradition of flavor over brand, wherein customers ask for "orange, mango or mint candy". Pulse has changed that. It has taken the category from impulse-driven to Pulse-driven. There was no particular target group singled out for Pulse as raw mangoes are liked by people of all age groups and geographies in India. So the Pulse candy, with its tangy taste, was expected to cut across age groups in a market focused on kids flooded with straight and sweet flavors. Pulse is an anytime, anywhere candy. At some places it became a mouth freshener of sort after lunch at others it was a regular get together Candy among friends in a college class. The word had set in. The positioning of Pulse candy is based on raw mango taste. As the DS Group,

with its brands is available in the country's remotest corners so distribution was not a challenge for the company. However the challenge was to scale up production to meet the ever increasing demand. By January 2016, the brand managed a pan-India presence. DS Group has tied up with four contract manufacturers in Hyderabad in Telangana, Rudrapur in Uttarakhand and Ahmedabad and Jamnagar in Gujarat to produce Pulse.

5. The Promotion mix

In this digital marketing era, there is still the presence of one category of promotion that truly stands out is word of mouth. Pulse candy has proved that no form of marketing beats product marketing, and this candy has surpassed all competition and beaten all the records by crossing the 100 crore mark in just 8 months. This figure equals the record for heavily advertised Cole Zero, Coca Cola's diet drink. In the marketing landscape in recent times, Pulse is one of the most successful instances of brand built through word-of-mouth, with social media facilitating the reach. While the company pushed the candy through in-store promotions and an outdoor advertisement at select locations, its fans were active in the online world. In fact, the catchphrase on the outdoor ad - 'Pulse of India' - was also suggested by them. The brand has, a presence on all social networking platforms including Facebook, Twitter and Instagram. To take the story forward, DS Group awarded the mandate for Pulse to Scarecrow Communications last December. According to this advertising agency the objective is reinforcement of the innovation which Pulse candy stands for. It is difficult because it means different things to different people as there are various opinions about the product. Indian customers usually buys candy in single pieces, but in the case of pulse candy, consumers are buying in bulk—five to 10 in one go.

6. The Product category strategy

Product innovation is one of the best way for creating customer satisfaction and long term growth of the company. The finest business organizations do not leave things to probability. To make their product creation process world class they do the maximum since they are product and market obsessed. Innovation and introduction of new flavors are two major growth drivers for this category. According to Nielsen India, the category has low entry barriers as a result of which new players enter the market every year; there are fairly quick exits too. Low entry-exit barriers facilitate innovation on formats and flavors in the category, the most recent one being in the coffee-flavored segment. The eclairs and soft toffees' segments grew in single digits in 2015. The lollipop segment, too, is witnessing healthy growth. With nearly no advertising and minimal merchandising, Pulse is a story of product being the ultimate winner. The best strategy for D S group is still to develop a product that speaks for itself. Since the unit price is low, one has to sell large volumes. Rs 100 crore is a big number in confectionery, and anything beyond Rs 50 crore in, particular in the sugar candy segment is big business. Its Kaccha Mango Bite (Rs 0.5) has entered the Rs 100 crore leagues, while Melody (Re 1) still has to. Other than Parle, DS group competes with companies such as Perfetti Van Melle, Mondelez India, and ITC which have candy brands such as Alpenliebe, Cadbury Chocolairs, and Candyman, respectively. Distribution plays a crucial role, and newer players and brands in this space face the difficult job of growing distribution to achieve the

vast traditional trade universe. Innovation has helped the category move away from the 50-paise price point, as today; consumers are willing to pay a premium for innovative and new flavors. Positive word-of-mouth by consumers has driven trials. Low entry-exit barriers facilitate innovation on formats and flavors in the category. Industry experts say, Pulse Candy, a kaccha aam (raw mango) hard boiled candy with a tangy salt filled centre, is one such innovation.

7. The challenge

“Puls”, “Pulz”, “Pulsy”, are some of the imitations of Pulse candy. But it's also quite annoying. When the imitators stuffs their copies in jars full with lookalike names of Pulse, so their candies will be picked up by default. However unwary consumers gobble up and are left unsatisfied by what they think is Pulse candy by DS group. The company has a massive on-ground sales staff to check malpractices such as this and address consumer complaints. The company is also taking the legal route if there are any copyright infringements on the part of these regional players with their knock-offs. The whole lift in demand is due to word of mouth publicity. Demand is much more than the supply and currently the company is able to meet only 60-70% of the demand. Pulse candy, is now planning to take on brands such as Frooti, Maaza and Slice with a ready-to-drink mango beverage called Pulse Mango, Masala Maar Ke. The drink, a brand extension of Pulse candy, priced at Rs 15 for a 250 ml PET bottle, is being test marketed in Delhi NCR. Extending a successful brand offers higher odds of success than building a new brand.

8. Conclusion

Consumers are not only more educated today but they are also well informed and progressively more connected to the market. This has created huge challenge as well as given an opportunity to the existing organizations to survive and grow in this changing environment. This is one of the reasons for the significance of innovation being felt everywhere and extensively discussed as a way to offset this change. The passion to innovate must eventually come out from the heart, and then we can turn our dreams into reality. India needs to prepare itself to work with an open concept right from conceiving an idea to rapid prototyping and partnering with customers to do early pilot study for beta offerings. To innovate authentically, companies should invest in a range of works like projects, labs, learning centers and institutes. India is an emerging hub for conceiving and delivering innovative products and services in a value-generating approach. As Mahatma Gandhi had said, ‘true innovation happens when what you think, what you say, and what you do are in harmony.’ India seems well on its path to some kind of innovative harmony.

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