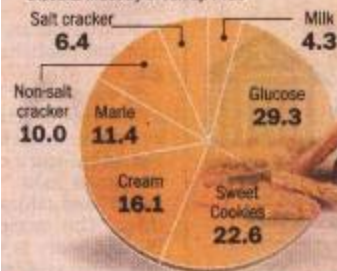


Portions

Biscuits industry break-up FY10



Source: Industry data, Standard Chartered Research

The cookie mart is heating up in the premium segment

Cadbury entry intensifies fight for a bigger bite

Shallaja Sharma MUMBAI

The war of the cookies is getting more intense, with a host of new players entering the fray and the older ones ramping up presence.

The latest to storm in is chocolate maker Cadbury India, a wholly owned subsidiary of Kraft Foods Inc. The company is launching Kraft's global brand Oreo, which will be manufactured in India and priced at ₹5, ₹10 and ₹20 — significantly cheaper than the Oreo biscuits available through importers so far.

The biscuits market in the country is valued at ₹11,500 crore.

Anand Kripalu, president - South Asia and Indo China, Kraft Foods and managing director, Cadbury India Ltd, said the company will use Cadbury's wide distribution network to market the biscuit, and focus on the premium biscuits market, which is growing in excess of 20% a year.

Oreo, which is available in 11 variants globally and has sales of over \$1 billion annually, has initially been launched in vanilla cream flavour; Kripalu said, adding that some of the other variants will be launched over time.

Kraft's focus points to the rising buzz at the premium end of the market — typically, the ₹10-30 bracket.

While nearly 50% of the market is still in the glucose biscuits segment, the players are increasingly looking to grow contribution from more profitable segments — cookies, cream biscuits, crackers and niche products on the health platform.

Among others, cola maker PepsiCo has started rolling out its global Quak-

er Oats brand of premium cookies at a price point of ₹30, even as Nusli Wadia-run Britannia Industries Ltd, Parle Products Ltd and cigarette maker ITC Ltd are all looking to launch more premium offerings.

ITC Ltd recently launched two products under its Sunfeast brand — Dark Fantasy Choco Fills and Dark Fantasy cream biscuits — priced ₹30 and ₹20, respectively.

Britannia too launched a cream biscuit brand, Treat-O, recently. It was sued by Kraft Foods over infringement of trademark and copyright of Oreo. In the last few months, Britannia has also launched premium products like Diabetes Friendly Essentials and Chocodecker.

One reason for the rush to the premium end is the pace of growth — the glucose segment has been growing at a sluggish 8-10% compared with the premium segment's 25-30%.

The players also have their eyes set on consumers' craving for variety and their growing propensity to spend.

Then there is heightened competition from international players.

Interestingly, in the last five years, Parle Products and Britannia, and more recently ITC, have also made some premium category offerings such as cookies and cream biscuits affordable for consumers by launching them at price points as low as ₹3 and ₹5.

Also forcing a shift to the premium segment is the fact that the biscuit business has become a challenging one over the last two years, with the prices of key raw materials — wheat, sugar and milk — doubling and the volumes dwindling.

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