Institute of Health Management Research, Jaipur

PGDHM (Section A&B)

(2013-2015)

Paper-Marketing Management

Time-3 Hour (Case reading time-5 min etc) **M.M-70**

In July 2013, VP Marketing (Consumer Products Division) of Zydus Cadila Ltd. had called a meeting of his team handling the Sugar Free product to review the performance of the brand 'Sugar Free. He welcomed everyone and said, "Gentlemen! For our campaign, we have roped in Bipasha Basu,sanjeev kapoor as a celebrity endorser for the brand." Let us look back and briefly see the journey the brand has taken so far! "We need to review brand in light of the changes in consumer behavior, competition, and broader marketing environment and also plan for the future course of action."

COMPANY BACKGROUND

The erstwhile Cadila Laboratories was founded in 1952. The company evolved over the next four decades and became India's second largest pharmaceutical company. In 1995, after a vertical split in the operations, Cadila Healthcare came into being under the aegis of the Zydus group. With Rs. 2,500 million turnovers, Zydus Cadila had the rights to manufacture and market the Sugar Free brand .The Company has more than 200 products and has a 1,000-member strong team of research professionals. With a specialized field force of over 3,000, it has one of the strongest distribution channels in the industry, reaching out to 1, 00,000 chemists and serving over 2,00,000 doctors including physicians, specialists and super-specialists.

SUGAR FREE

In 1988, Sugar Free was launched as an ethical drug by the Ethical Drug Division of the Company and promoted through doctors for diabetic patients. In 1993, Sugar Free moved to the Cosmetic Division and was promoted as an OTC product as the changes in the Law permitted its sale as an OTC. In 1993, the brand moved to the Consumer Products Division having other cosmetic brands. Till 1999, packaging was in blue and white having a very clinical look; and the shape of the package was oblong. Thereafter the brand underwent a complete makeover. The colour of the pack was changed to a vibrant yellow with the idea that it would stand out in the shelves of the dull, dark retail shops. The shape of an hour glass was chosen for the pack of this low-calorie sweetener to indicate fitness. The brand was thus revived with a new look, new focus, and a change in strategy.

Advertizing

In order to create awareness for Sugar Free as a table-top sweetener, the company decided to advertise on TV. Due to severe budget constraints, the ad agency bought spots in *Aaj Tak* -- a new news channel where spots could be bought at a very attractive rate. The 9/11/2001 incident increased the viewership of the news channels to a great extent which substantially increased the awareness about Sugar Free as a table-top sweetener in a very cost-effective manner. It was estimated that there were 12 million fitness-conscious people residing in metros and big cities. Hence it was decided to promote it as a lifestyle product for the health-conscious calorie watchers. Thus Sugar Free was promoted as a substitute for two teaspoon of sugar containing 40 calories. The Cricket World Cup event also increased the viewership of the news channels and the use of Harsha Bhogle and Raveena Tondon as endorsers in a further helped in increasing the awareness of the brand. In 2006-07, the company spent its communication budget to leverage the Bollywood movie "*Chini Kum*". The right to use title and the stills of the actors from the movie were extensively used in hoardings and other media to popularize the brand "Sugar Free". In India, this was the first in-film placement wherein a title integration – *Chini Kum* – A Sugar Free Romance – was also done. In 2011, Bipasha Basu was hired to consolidate its fitness proposition and the shape of the pack would appeal to the young fitness conscious people.

Market Opportunity

It was seen that in the higher income urban households, particularly in case of adults with sedentary lifestyles and an indiscriminate consumption of sweetmeats and confectionery, incidence of Type II late onset, post-30 years diabetes and hypertension was quite high. One estimate projected India's diabetic population to go up to 75 million by 2025. Also increasing health consciousness among urban educated housewives provides a good market potential for Sugar Free. It was estimated that the market for artificial sweetener will grow at around 20 per cent per annum. Published by the Global Industry Analysts, *Artificial Sweeteners: A Global Strategic Business Report* reveals that a worldwide weight reduction effort is stimulating the $3.5bn global artificial sweeteners market, of which the US and Europe currently make up 65 per cent.

Competition

There were several Indian and international players in the Indian sweetener market Equal, a market challenger, were a brand of Monsanto, a US company. Equal was promoted as world's No. 1 sweetener and was supported by doctors and WHO. Taste' was emphasized in the message. Equal and another brand,Sweetex, took the problem solution route, and targeted people who essentially had a problem with sugar. Other brands which were available in the market were Sweetos, SugaRite, Steviocal,Kalorie 1, etc. In 2008, the one-billion pharma major, Alembic, entered the sugar substitute market with the launch of a no-calorie sugar substitute brand - 'Zero'. Alembic became the fourth major player in the Indian market after Sugar Free, Equal, and Sweetex. Keeping competitors in mind the company made a conscious decision to aggressively target 'proactive health seekers' by revamping their packaging and extension in product depth.

Brand Extension and Sub-brands

In 2004, Sugar Free Natura, a brand extension, was introduced. It was made from Sucralose, an extract from sugar, which being heat stable, allowed culinary applications. Sugar Free Gold was promoted as a table-top sweetener The Company launched Sugar Free D'lite, a soft drink, using artificial sweetener in 2007. It was in a ready-to drink form and the company had to resort to an extensive distribution of free samples to change the preconceived notion of a bitter taste of artificial sweeteners.

Extension of Distribution Network

After the revamping of packaging, the company decided to expand its distribution not only through chemists but also by making it available next to sugar in the grocery stores. A special, low-cost display (a plastic strip which can be put on a wall with a Sugar Free pac was used in the grocery/kirana stores to attract the attention of the customers. A promise to take back the stock of unsold Sugar Free, gave the company an entry into a new unconventional channel with the initial coverage of 50,000 outlets. Simultaneously, it was also available at the chemists. The brand Sugar Free had followed the transition from a diabetic drug to a tabletop sweetener to a fitness partner. The team from the ad agency and VP and his team needed to discuss what should be the future marketing strategy? What innovations can be brought in so that each opportunity of brand interaction can be exploited for its advantage?

Note- In light of the information given in the case answer the following questions. Attempt all questions in not more than 1000 words.

1. Analyze the main challenge faced by the Sugar Free brand in the external environment in light of the information given using appropriate method? Suggest a new product line which you would like to recommend to Zydus group and why.(10)
2. Describe the consumer behavior in the context of Sugar Free as OTC brand. Explain what factors will influence consumer's decision making before buying the brand.(10)
3. Prepare the questionnaire which the Sugar Free Brand can use to measure existing consumer satisfaction & Explain the steps for conducting marketing research .(10)
4. Identify and critically analyze the segmentation variable and target market for Sugar Free Brand? Comment and suggest the suitable positioning strategy for proactive health conscious housewives. (10)
5. What marketing recommendation on elements of marketing mix (4 P's) would you make to Sugar Free to help them position among proactive health conscious housewives according to its situation in product life cycle? (7.5 mark each).