



*The Go-Green Challenge!
Branding to co-create value with
the farmer and the consumer*



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The case discusses about a leading brand of organic food - 24 Mantra. It also discusses various aspects related to organic foods in general and the current organic market scenario in India.

24 Mantra has, in the past decade, contributed greatly to providing opportunities for Indian as well as global consumers to switch to organic varieties of food. With a growth rate of 30-35% CAGR, this company has become a market leader in the organic food category. However, this company faces several challenges. For instance, they are struggling with improving their growth rate, which has now slowed down. With increasing number of companies providing organic alternatives, 24 Mantra is struggling with issues related to increasing brand awareness and brand loyalty. 24 Mantra believes in helping and working with farmers and have invested their capital on ensuring that farmers get assured returns irrespective of the agricultural cyclical ups and downs. The company is currently seeking alternative ways to address some of their problems without hurting their costs.

As a marketing manager for the company, what would you suggest as a possible solution to address some of 24 Mantra's problems addressed in this study?

About 24 Mantra

The company 24 Mantra was founded by Mr. Raj Saleem along with Sresta Foods, a decade back in 2004. Prior to this, Mr. Raj was working in an agricultural products company. Hailing from an agricultural and farming family himself, he was alarmed at the profuse use of pesticides and chemical fertilizers in agricultural products. 24 Mantra is the brainchild of Mr. Raj's determination to transform the food habits of India and Indians by providing healthier and organic choices. Through this process, his company is also determined to contribute to providing sustainable lifestyles for thousands of farmers in India. Currently the company works with 45,000 farmers in 15 states on 2,25,000 acres and has made a positive difference to their lives. 24 Mantra is India's largest organic food brand, with commitment to all things organic and with integrity of purpose. They are perhaps the loudest voice in the movement towards leading an organic life. Figure 1 provides snapshot of their website displaying their vision and types of products.



Figure 1: Snapshot of 24 Mantra website

Today, 24 Mantra is both a national as well as global brand. They have over 1,500 outlets within as well as outside of India. With over 200 different types of product categories that include staples, cereals, oils and even bakery products, most of their products are available today in offline as well as online stores like Amazon.com. Globally, they cater to countries such as the U.S. and U.K. All products of 24 Mantra have passed various organic certifications such as India Organic, USDA, IN-EU-004, Control Union Certification. These certifications are visible on their products. Figure 2 provides a snapshot of one such product.



Figure 2: 24 Mantra's Organic Tea displaying its many certifications

What is Organic?

Organic foods are characterized by chemical-free processes during the cultivation as well as processing stages. In addition, organic foods have to meet stringent health and safety requirements and must under go several certification processes before they can be called “organic”. In the U.S., organic products are the most heavily regulated food products. Due to these rigid measures, there is reason to believe that organic foods have several health as well as environmental benefits. Today, several farmers are realizing that organic farming provides a more stable form of agricultural income due to its positive consequences.

Although organic foods have several benefits as mentioned above, the process of growing organic food is extremely time-consuming. For instance, it takes 3-4 years for a farm to become organic. The process of making it organic starts from an initial curing process and dedicating enormous amounts of effort in protecting soil quality. One of the striking characteristics of organic food brands such as 24 Mantra is that most of the times the food is procured by the companies by excluding any middlemen. Due to this, farmers get a good return for their crops. This also means that such organic foods are priced higher than their conventional substitutes. However, since one must pay a premium to eat organic foods, consumers are hardly tolerant to quality-related issues with the products. Thus, one of the biggest paradoxes in the organic sector is the challenge of providing consumers top-quality pest-free food without using pesticides or chemical fertilizers.

Organic scenario in India

Organic packaged food and beverages is an emerging niche market in India and its primary consumers are high-income urbanites. The total market size for organic packaged food in India in 2016 was INR533 million, growing at 17% over 2015, and is expected to reach INR871 million by 2021. Figure 3 displays the market size of packaged organic food and beverages (in INR million). The Indian Government is also promoting the production of organic foods by means of farmer-producer organizations and village-producer organizations

through various schemes. Some of these schemes are Rashtriya Krishi Vikas Yojana, Mission Organic Value Chain Development and Pradhan Mantri Kaushal Vikas Yojana. As far as the packaged food category is concerned, 24 Mantra (Sresta) has emerged as the market leader, as shown in

Figure 4.

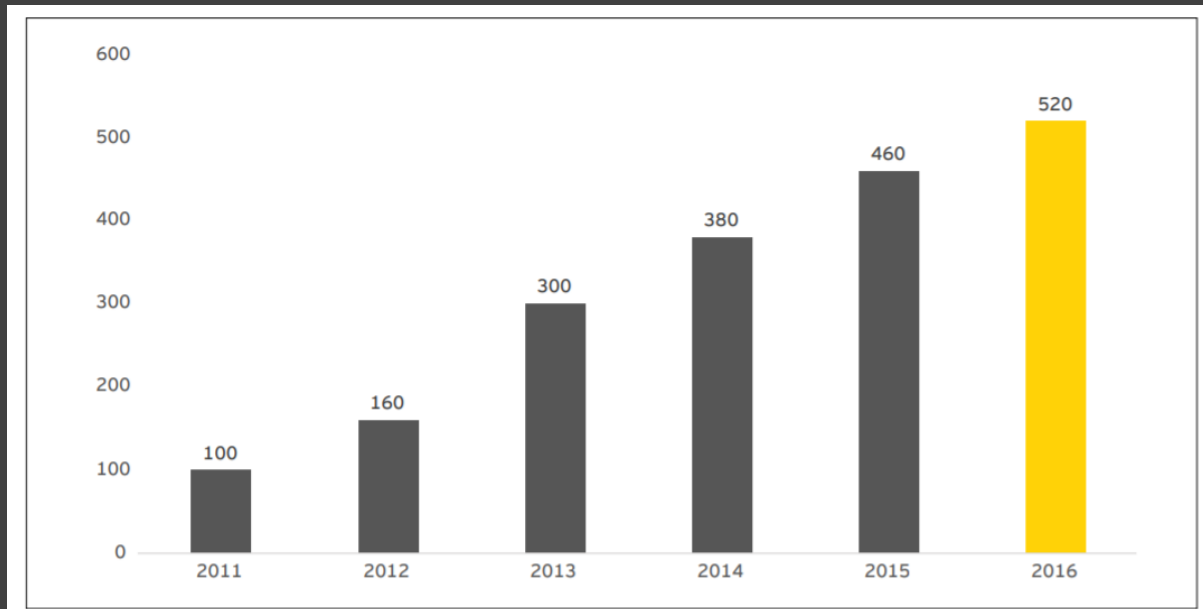


Figure 3: Market size of packaged organic food and beverages (in INR million)

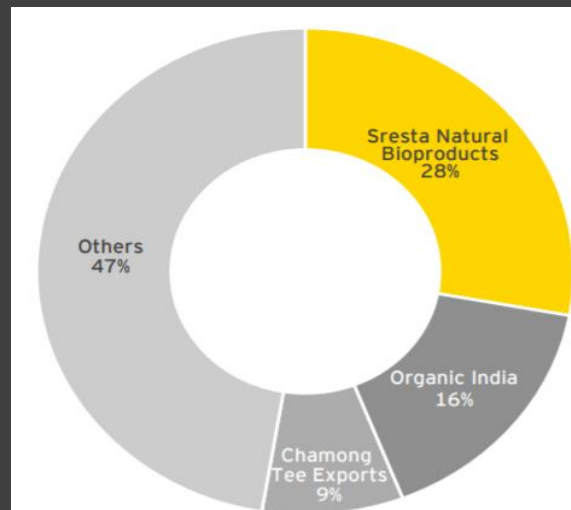


Figure 4: 24 Mantra as a market leader in packaged foods category

Although 24 Mantra has done extremely well in the past decade to expand and become a leader in the organic category market, they are now facing several issues.

Issues faced by 24 Mantra

1. Conversion from “Non-organic” to “Organic”

One of the problems with the organic food category is the price premium. Although many consumers say they want to convert to consuming organic food, they are reluctant to do so as they feel that the premium they pay is not justified. This disinclination is partly due to the fact that a majority of consumers today are still unclear about what “organic” really means. A qualitative study on understanding purchases made by consumers (with honey as the product) revealed that some consumers were unable to distinguish between organic and non-organic varieties of the same product. Mr. Raj revealed that this conversion of consumers to switch from conventional to organic brands was one of the biggest challenges that the company faces.

2. Trust in “Organic”

The qualitative interview on consumption of honey revealed that several consumers who were aware of the concept of “organic” were unwilling to pay for such products. They mentioned that they are unsure of how “organic” a product is when a company claims that its products are indeed organic. Interestingly, these consumers who had trust issues with organic brands said that either their doctor or nutritionist or some “expert” in their lives had advised them to not consume organic foods. This was because the “expert” had argued to them that most of the times organic companies just make use of the word “organic” to show that they are better-off brands, when in reality, they were not so.

24 Mantra is a leader in the organic food category with national and international organic certifications. As mentioned by Mr. Raj, most of these certifications take nearly 3-4 years and is an extremely tedious process. One of the ways by which the company has tried to address these trust issues is by running several campaigns throughout the year. One popular campaign run by the company is during the week of Independence Day called – “Freedom from Pesticides”. During this campaign, the company tries to create awareness among consumers on the harmful effects of pesticides and chemical fertilizers and promote the consumption of organic foods. Through this, the company also tries to promote their products and increase brand awareness. However, there is still much scope left to tackle this particular challenge that the company faces.

3. Category Loyalty but No Brand Loyalty

Today, there are several brands that have introduced organic varieties of products. Although 24 Mantra is the clear leader in this market, there are some other competitors such as Organic India, Forest Essentials, Nature Basket, Patanjali, etc. Some of these brands have products priced lower than the similar products available under 24 Mantra. Due to this, several consumers who are regular buyers of organic products feel tempted to purchase the lower-priced products within the organic

category. Hence, another major challenge that 24 Mantra faces is the issue of consumers being category loyal, but not brand loyal. Thus, this issue of increasing brand loyalty needs to be addressed.

4. Hard on Costs and Investments

The culture of this company has always been to work alongside farmers, helping them augment their knowledge and processes. They believe in bringing farmers into the beneficial circle of life. Farmers working under this company are assured with returns independent the cyclical ups and downs associated with agricultural lifestyles. With most of the capital invested in initial brand building, outreach and farmer support, the company is currently seeking ways to address problems related to increasing brand loyalty, and conversion through other means which are cost-friendly.

Organic Market - Emerging Trends

Some of the emerging trends in organic markets are as follows:

1. Consumers are slowly becoming more aware of the need to consume organic foods
2. There is increasing demand for organic food
3. Many companies are now making use of online marketing channels to promote their products
4. There is an increasing number of organic food restaurants emerging
5. Many retailers are increasing shelf space for organic products
6. Several companies are now introducing of new organic product categories and varieties
7. Many companies are interested in increasing investment in organic food companies

With the above-mentioned emerging trends in the organic market, there is much scope for 24 Mantra to solve some of its problems such as brand loyalty and brand conversion. One possible route for 24 Mantra is to further propel brand awareness using social media. However, this needs to be examined and analysed.

As a marketing manager for the company, what would you suggest as a possible solution to address some of 24 Mantra's problems?