

### **What is case about?**

The case study is about a young mind who wanted to be a self-employed person and his urge to run his own business from a vegetable seller to enter into the ice cream industry.

In his early stages he borrowed money from his uncle because the urge to run his own business.

He opened his own ice cream parlour with name of Arun ice-cream his personal investment was 15000 and loan from bank was 21000. There were few major player in the game before and his business was at very low scale but his establishment was at the prime location near factory and after that he open a parlour at a place where he thought would be a good idea for the boom but the idea failed miserably but he was lucky enough to have a brake even point when a restaurant owner approached him to give his service in their restaurant.

The only drawback that he was facing was the refrigerator that other companies where having.

Though the urge of being successful and to run his business never stopped so he started opening his store in the areas where the quality of ice cream was not good which was upper hand for him and people started liking it and then soon he started opening his own franchise.

The time he understood the meaning of franchise he was having numbers of franchise at that time his journey from borrowing money to earning millions was a very motivating story.

While considering porter's model

- Threat of new entrants- The switching cost of customer is low.
- The threat from new players in the market is high because the manufacturing process is simple and not more costly.

Bargain power of buyers –

- There is high power of channel members.
- Individual consumers power is also high as they can go for different ice cream companies

Bargaining power of supplier - in the initial stages the market was small and there was limited supplier but as soon as the business started growing the

strategy was shifted and Arun decided to take milk directly from farmers which would improve the quality of ice cream.

Threat of substitute-

- There are many alternative products like different sweets, kulfi and faludah.
- They are also low in price and easily available so consumers can switch to them easily.

Rivalry-Dasaprakash joy and kwality they were the major player who had captured the market very well and the category that they focused on is social events like wedding parties, departmental store with deep freezer, hotels and restaurants

### **What is the event?**

He saw an opportunity of entering into the ice cream industry because he saw there was a very good growth option and he thought to bring his own ice cream brand in the market.

As soon as he entre the market he starts taking a survey of the market and make strategies accordingly.

He came up with new ad campaigns new promotion strategy to attract more and more customer.

## **Symptoms, problems, & issues**

He did not believe in the delegation of authority, he took the decision on his own! He applied the 'trial & error' method to the company. Initially, he entered the market with a vastly improved service and deliveries they were unaccustomed to. He had limited large banners, senior and highly prospective franchisees agents to join him as a franchisee agent. Initially, the issue emerged due to the seasonal demand-supply mismatch with respect to the commodity and its extremely limited shelf life. Despite the financial crisis, the number of franchisees on the one hand and the range of ice-cream flavours, on the other, continued to increase.

Due to the centralization of the authority and no delegation of responsibility over the large franchised network, no one is able to make a key decision while Chandramogan has been implementing the 'trial & error' approach in business, which has often been the worst nightmare for him. Chandramogan was very positive about the expansion and the strategy of the various beneficiary projects, which led the company to a financial imbalance during the expansion and establishment of the factory. He invested more on advertising and marketing the brand and the company's products, which also played a major role in the financial imbalance.

1. It uses a single-tier delivery strategy to sell directly to retail customers.
2. He did not have the excellent capabilities to predict potential demand.
3. He handed his franchises to relatives and uneducated citizens.
4. Vast advertising without adequate financial position evaluation
5. He sold his commodity to a region where transport services were more expensive. Don't meet demand when there's a pick season due to a shortage of milk and other content

### **Actions taken by company**

1. It focuses on the main selling point as it is discussed beyond the locality and focuses on the 5% segment of general stores, hotels, restaurants, college canteens and social activities such as wedding parties.
2. He met with agents who had been procured and supplied to different ship lines and recognised the special requirements for packaging and distribution to capture the demand.
3. Where fresh ice-cream had not been purchased, he had agreed to supply ice-cream on an ad hoc basis via the agent within 4-5 days of the reservation.
4. Due to the imbalance in seasonal demand, milk, which is the main input, was obtained from the farmer's collection centre and offered a guaranteed purchase of a quantity of milk based on its lean season and peak season, to pay a higher price.
5. Other inputs and ingredients such as sugar, fruit, packaging material, etc. were produced by the leading wholesaler / manufacturer.
6. It was transported by rail or refrigerated vehicles and also planned to set up a new plant in 250-300 km. Radius region to provide successful service with an average of 7 to 10 flavours of ice cream with product portfolio of 30 to 35 products.



### **Suggestion recommended to company**

Minimizing promotional costs and promoting the brand will contribute to the productive use of resources for better management of the business.

1. He should develop his decision-making skills and learn some of the techniques for business marketing-promotion & expansion of business.
2. He should welcome input from all of his franchisee agents, so there are franchisee agents that communicate directly with the customers so that they can better understand the customers. He should appoint high-level educators to help him run the company in a good way.
3. Remote area where no transport facilities are available in that situation, they must be supplied in a set time so that costs can be reduced.
4. It should have the capacity to predict the future and to respond on consumer trends.
5. It should create such a limited number of wise distribution channels that can effectively distribute its goods to customers in the meantime.

Chandramogan improves his skills and appoints a professional to handle his company in a good position:

1. Inviting feedback from all of its franchising agents will bring the business to a greater understanding of the needs of the customers ' needs.
2. Suggestions from agents, franchisees and consumers can help to fill the production, marketing and delivery gaps.
3. Learning from previous events and forecasting future events will lead the business to an excellent market share acquisition and the creation of a growing number of customers in a very short time. Developing an excellent distribution channel system will lead the company to meet and satisfy every customer and thereby maintain a successful partnership between the supplier and the consumer.

Recruitment of highly qualified and technically experienced people takes the company in a better direction in the sense of reaching out to consumers and taking decisions on minimising the cost of advertisement and brand promotion and initiatives related to the growth and diversification of the sector.

Most significantly, the company should hire the best employees for the technical and distribution activities of the company in order to properly manage the company. The organisation should set up a distribution channel that can easily reach every franchisee agent and therefore reach every customer. The Organization should monitor its advertisement and brand marketing spending so that the available resources can be used for various growth purposes.