



Look forward to a new leap

Cookie Man, India's premium cookie company

Agenda



Part 1 ➤ Industry

Part 2 ➤ Company Overview

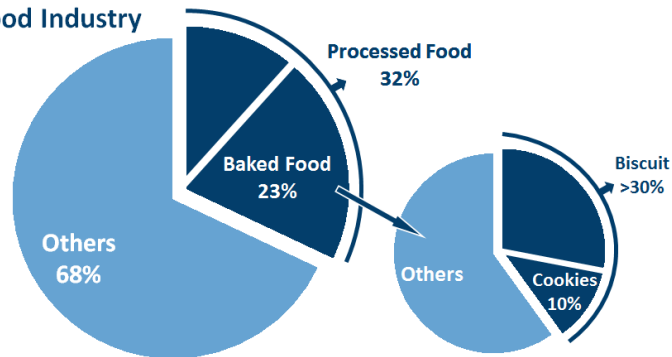
Part 3 ➤ Analysis & Strategy

Part 4 ➤ Conclusion

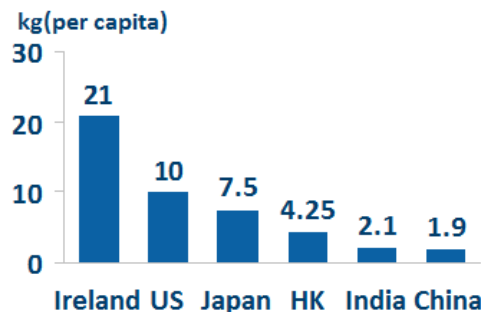


Biscuit shares a considerable portion of Indian food market and is now in steady growth

Food Industry

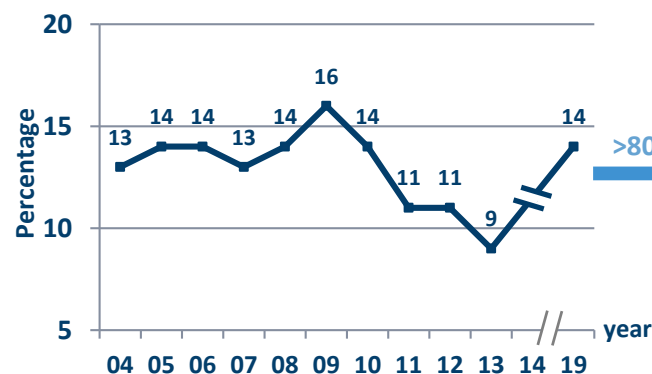


India's Annual Biscuit Consumption



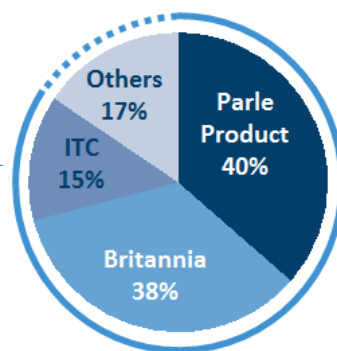
Compared to other countries, India's biscuit consumption remains at a low level, yet there's much room for future growth.

Growth in Indian Biscuit Industry



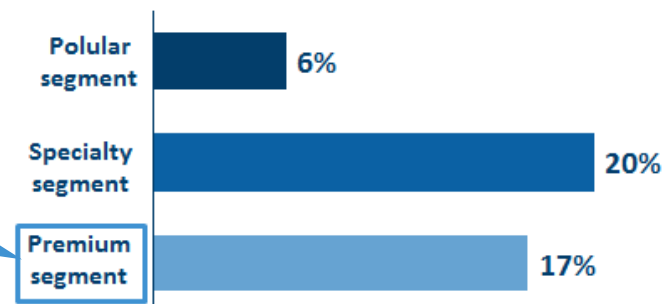
- Biscuit industry shows promising growing trend in spite of fluctuations.

Market Share of Biscuit in India



- India's biscuit market is dominated by "Big Three".

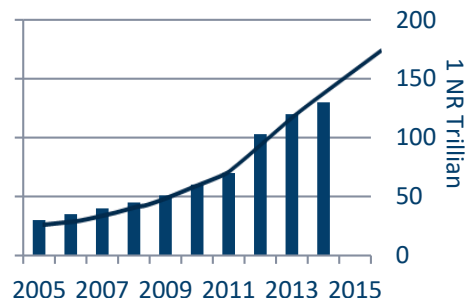
Growth of Three Segments in Biscuit Industry



- Decent growth of the premium segment adds hope to future development.

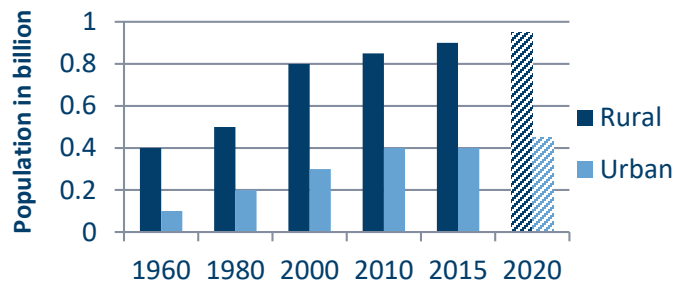
Huge potential reflected by integrated factors leads to a booming prospect

Indian Total DPI



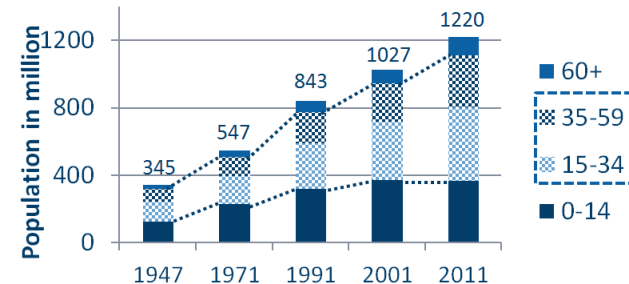
- DPI is on consistent rise.

India's Pace of Urbanization



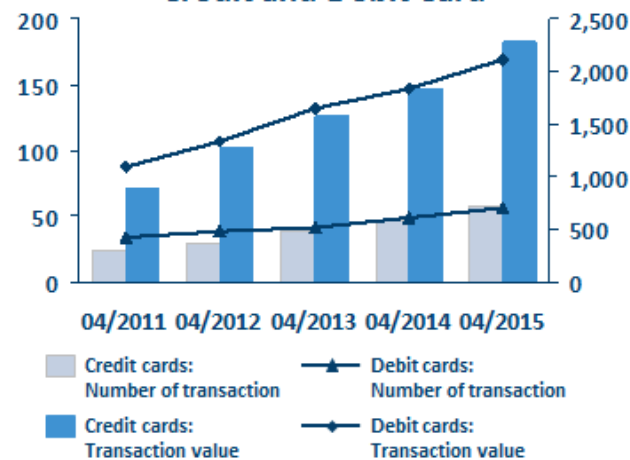
- Urban population enjoys an increasing portion of the total.

India's Population and Age

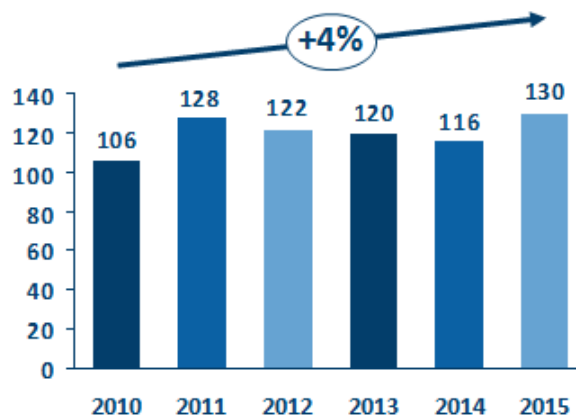


- The working age group accounts for an increasing amount of population with an expectation of 64% in 2019.

Growth of Usage in India's Credit and Debit Card



India Consumer Confidence



- CCI remains high level in recent years.

urbanization
increasing DPI
higher usage of cards
growing consumer confidence
younger working-age population



increase in consumer spending and indulgence

Cookie Man's outlets are now distributed to fifteen provinces in three standardized formats

Distribution of Cookie Man's Outlets



- Most outlets lie in four big cities: Delhi, Mumbai, Bangalore and Chennai, sharing nearly half the amount.
- The distribution of Cookie Man's outlets is currently unbalanced, with the majority located in coastal parts in west-eastern district.

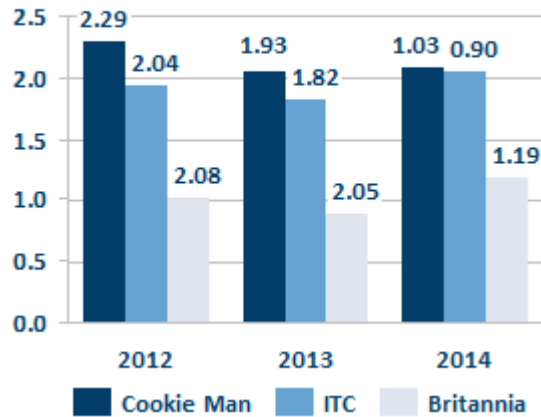
Cookie Man's Three Outlets of Stores

Items \ Formats	Mother shop	Kiosk	Express
Number of stores	16	51	3
Number of staff	8 - 10	3 - 5	---
Location	Entry of a large mall	Atrium of a large mall	Atrium, lobbies or airport lounges
Floor area (sq ft)	300 - 500	80 - 100	32 - 50
Products	All types	Limited baking	Most popular products
Margin contribution	18%	11%	8%

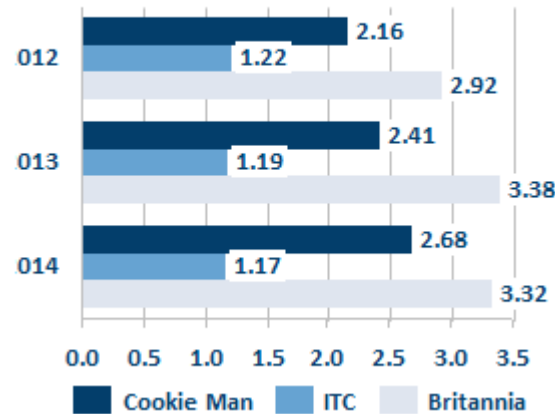
- Common features: high-traffic shopping areas
competitive operation capacity

Other basic information of Cookie Man: Financial status, customer categories and competition environment

Current Ratio

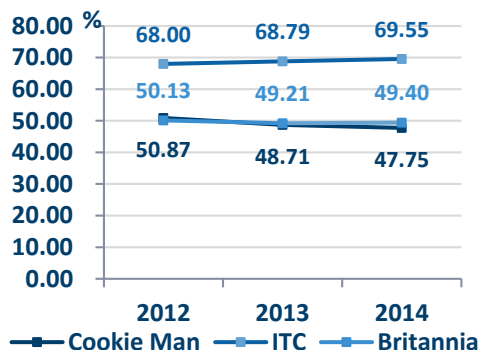


Total Assets Turnover

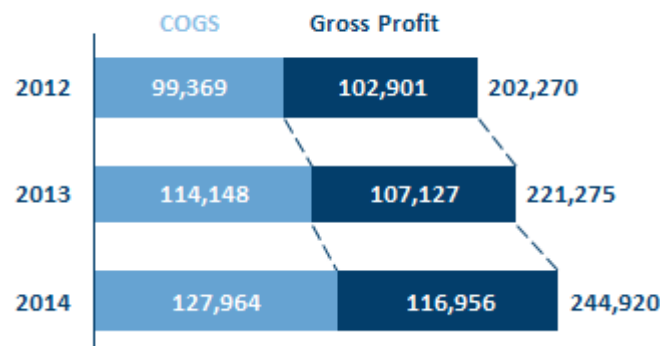


Financial status: Operation capacity, profitability and funds flow rate are all on progressive rise.

Gross Profit Rate



Construction of Net Sales



Customer Categories



People who buy goods for household consumption and most of them are upper-middle-class housewives and their kids.



People who buy and eat at the counter out of impulse.



People who buy products as gifts are mainly corporate buyers.



Other companies which purchase products based on special needs.

Competition Environment

Core motto

"Freshly baked premium cookies"

Close to no competition

Now, Cookie Man is faced with three issues

Consumers have strong preference for branded products.

In order to be a premium cookie brand, Cookie Man has these approaches.



1 New products

- Existing small format
- Simplex product categories



2 Increase reach

- Poor publicity techniques
- Self-marketing

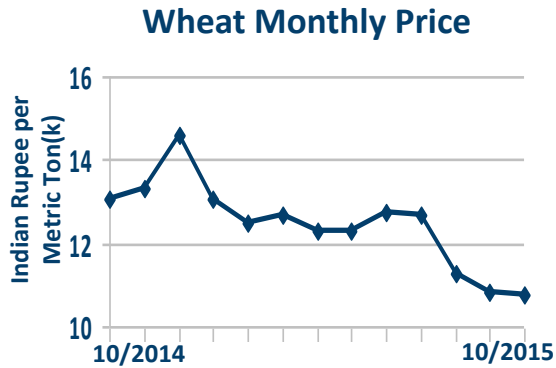
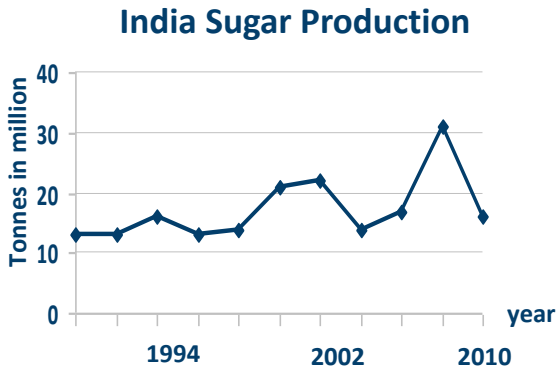


3 Expansion

- Limited amount of stores
- Uneven distribution

Issue 1: New products

Cookie Man meets barriers due to its single product structure



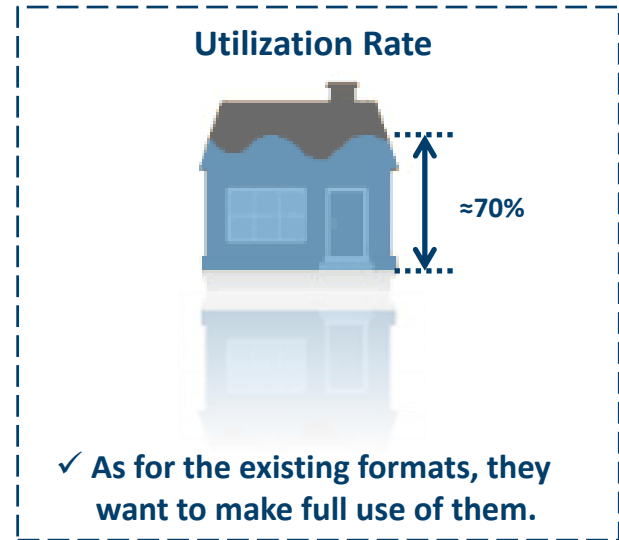
✓ The biscuit industry is heavily dependent on the raw material cost and suffers considerable price fluctuation as a result of raw materials.



✓ Cookie Man mainly provides baked goods.



- Provide 50 varieties of baked products, focusing mainly on cookies.
- Add new tastes every two months.
- Some varieties will meet definite demands.



✓ We have to spread unsystematic risks of losses caused by price fluctuation among the bakery sector.



Explore new product lines

Strategy 1 for New products:

Provide customized & DIY products to fit personal demands

Superiority

Customized products

Benefits

Products

The **ONLY** company orienting to freshly baked cookies



Customers

Reasonable requests:
Shape---Taste---Logo



Sample provision:
Meet costumers' needs



Cookie Man

- ✓ Customers could choose to pick up the goods at the any of the Cookie Man's stores or by express.

Get loyalty

Company would get consumers' loyalty by satisfying their needs furthest

Maximize Profit

These products would be double-priced but consume the same

Scale

A proper scale to meet personal demands

DIY services



Customers

Reasonable requests:
Shape---Taste---Size



Raw materials &
Suitable facilities



Cookie Man

- ✓ Customers can enjoy DIY services only in mother shops.
- ✓ Both enjoyment of palate and sense of achievement can be provided by DIY services.

Need acknowledge

Cookie Man would realize the trend of customers' needs

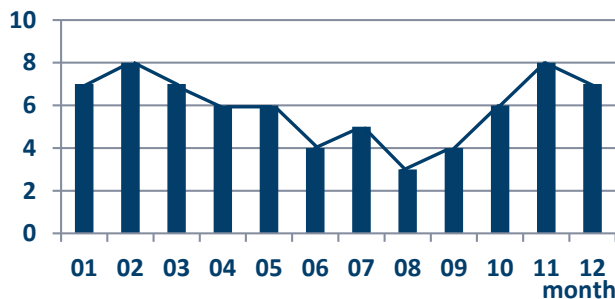
Strategy 2 for New products:

Drinks could become span-new growth engine for Cookie Man

1 Make up for the off-season loss

- ✓ Summer is the off-season of bakery industry. People prefer to consume cold drinks rather than baked foods.

Relative Amount of Baked Food Sales



- ✓ Gross profit margin of beverage industry is much more than that of bakery industry. Hence, drinks will make up for the off-season loss primely.

Gross Profit Comparison



2 Drinks are perfect complement to cookies

- ✓ Drinks catering for Indians' flavors can neutralize the cookies' sweet and greasy tastes. Here are the recommendations:



Tea with milk and a lot of sugar is the preferred drink in India. Black tea, masala tea and lemon tea are three of the best choices.



Coffee drinking is becoming increasingly popular all over India. To fit Indians' tastes, it's good to provide coffee with milk and sugar.

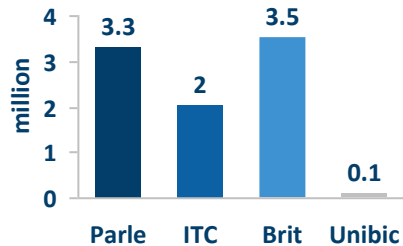


Lassi is a popular drink made from yoghurt and served cold. It can be sweet or salty, mixed with spices, or fruit such as mangoes.

Issue 2: Increase reach

The reach has been restrained by current sales strategies

Number of Retail Outlets



VS



Only 70 outlets
+
Official websites

Since Cookie Man produces premium “impulse product”, the store will be set in high-footfall areas, which in most cases are malls.

Possible
disadvantages

- Construction delays
- Low footfalls in existing malls
- Raising the estate prices

Narrow channels
by self-marketing

Rely too much
on malls

Restrain the reach

Current promotions
are only in outlets

Cant afford costs of
advertisement

All of the following methods are conventional and implemented only in its own outlets.

- Provide free-tasting of sampling
- Carry out sniper marketing strategies
- Launch new products

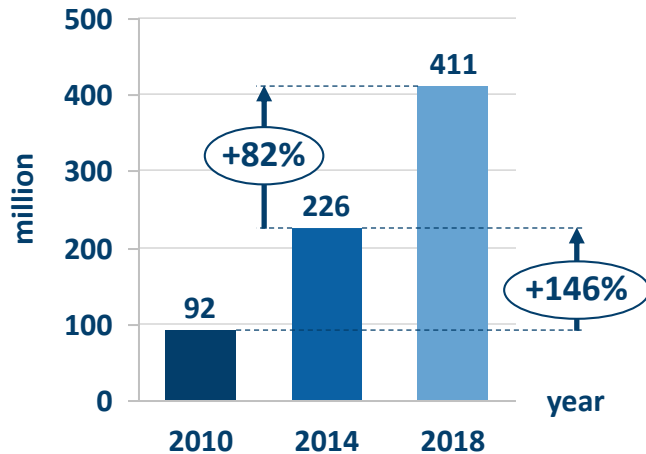


Advertising supporting
for products will be an
expensive proposition.

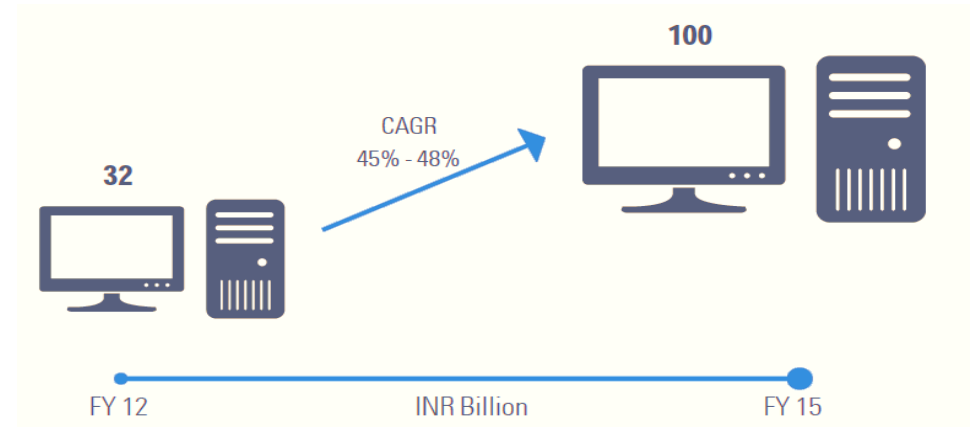
Issue 2: Increase reach

Development in online retailing indicates potential market

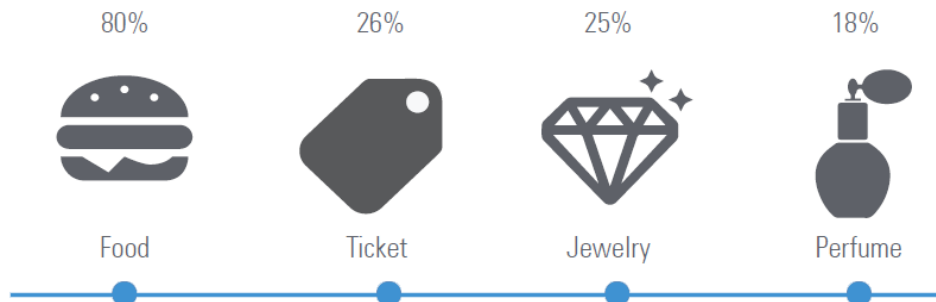
Number of Internet Users in India



Growth of Internet Retailing



Growth of Key Emerging Categories for Online Purchase

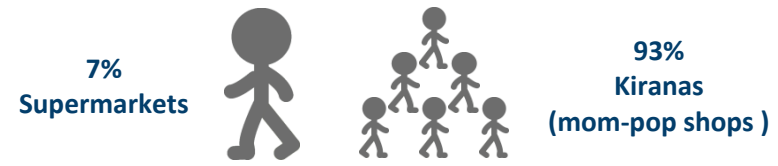


- India ranks third in Internet use globally, and the trend is still on the rise.
- E-commerce, as a retail channel, has seen phenomenal growth over the last couple of years.
- Food holds the first position in the growth among a wide range of categories.

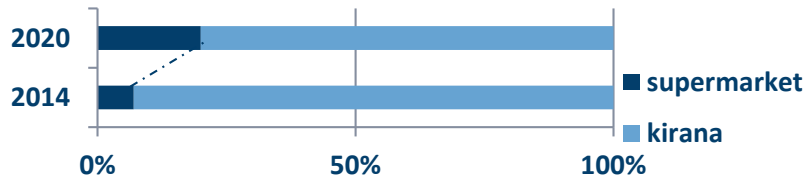
Strategy 1 for Increase reach:

Cooperate with the biggest retail group to enlarge marketing channels

A Structure of Indians' shopping places



- Buying things in big supermarkets is not the Indian lifestyle. 12 million of Kiranas offers 11% of Indian GDP and absorbs employment of 40 million.
- According to the prediction of 2020, the portion of supermarkets will gradually increase.

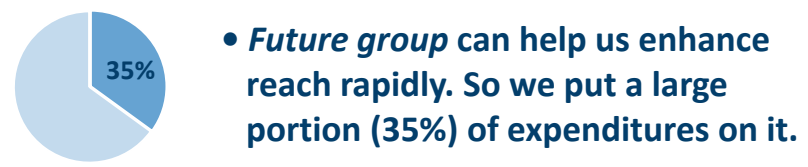


B Partner recommendation *future group* india tomorrow

- Around 300 million customers walk into *future group* stores each year and choose products and services supplied by over 30000 small, medium and large entrepreneurs and manufacturers from across India. And this number is set to grow.






C The advertising support for future group



		Retail	Hypermarket	High-end grocery store
Future Plan	2016			
	2017			
	Long term			

Strategy 2 for Increase reach: Co-branding tactics will contribute to a wider range of audience

1 Development created by Co-branding

 +  =  Sales ↑

	Before co-branding	After co-branding
For company	<ul style="list-style-type: none"> • Launching only by themselves • Narrow selling channel • Single customer group • High advertising cost 	<ul style="list-style-type: none"> • Lower costs and higher selling prices • Boarder selling channel • More loyalists to its brand • Create diversification in products
For consumers	<ul style="list-style-type: none"> • Limited ranges of choices 	<ul style="list-style-type: none"> • Maintain the feeling of freshness • Meet their unique needs

2 Cookie Man's co-branding targets

 +  → Category ↑

 +  → Channel ↑

 +  → Popularity ↑

Choices of brands ✓

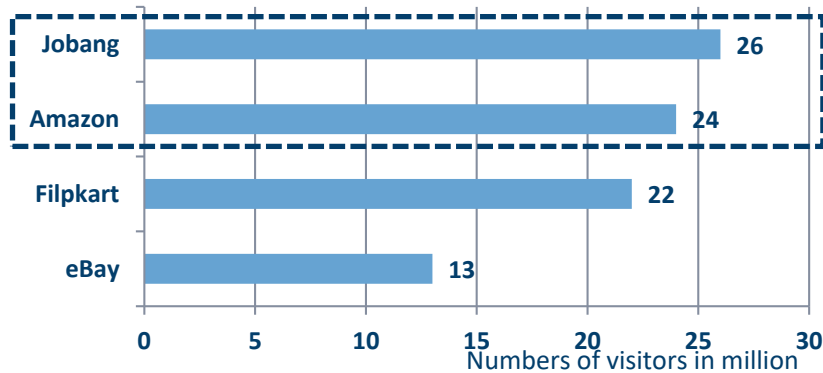
☐ International
 ☐ Big
 ☐ Small

The key to choose is to think creatively about products or services that **complement** ours in some way and **enhance the appeal or credibility of our offering**.

The cost consumed by strategy 2 should occupy 30% of expenditures.

Strategy 3 for Increase reach: Enroll in Amazon to increase brand awareness online

Most Popular Online Retailers in India



✗ Few foods are sold on Jobang website



80%: Clothing & electrical appliance

10%: Food

- Jobang owns a small portion of the foods' online sales volume. So it shouldn't be cooperated with.

✓ Amazon is the most appropriate one

- Strengthen interaction with international online retailers to achieve larger sales volume.



The largest integrated network retailers



Earth's biggest bookstore



The most customer-focused enterprise

➤ Logistics ensure the quality of e-commerce



BOOMING

②

The wide area network ensured nationwide coverage.

①

The celerity ensured cookies' freshness.

Strategy 4 for Increase reach: Employ the most effective methods to enhance publicity



Use complimentary gifts

- ✓ Complimentary gifts will be given freely after a specific amount of consumption.



Employ dining cars

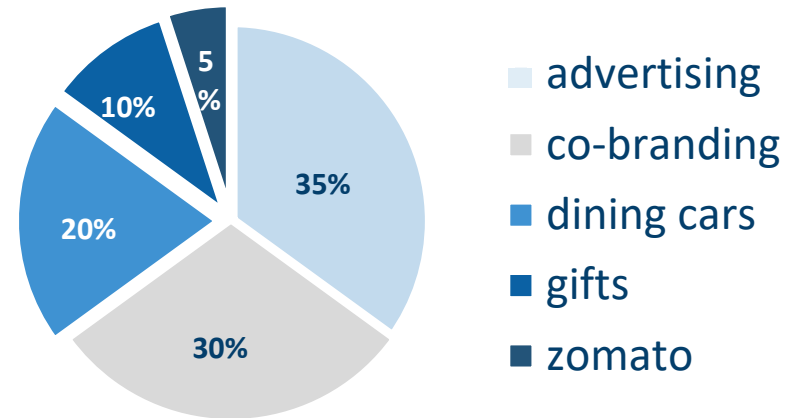


- ✓ Dining cars will be used at the places with high-footfall but inconvenience to open stores nearby the mother shops. In this way, both increasing revenue and enhancing publicity can be realized.

Register on zomato

- ✓ Zamato is a famous website where people can share information and comment stores.
- ✓ It's doable to suggest customers to post photos on the website and in return they can receive a discount.

Distribution of expenditures



- Advertising costs and co-branding costs:
Use appropriate expenditure to

Maximize sales

- Expenditures used for publicity:
Increase reach but use

Minimum costs

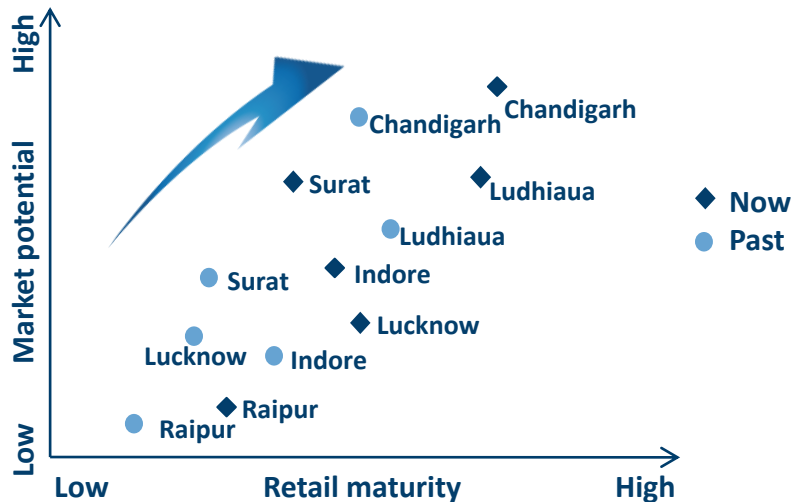
Maximize profits

Issue 3: Expansion

Cookie Man's internal & external status supports its expansion

Retail attractiveness

Retail attractiveness index of smaller cities

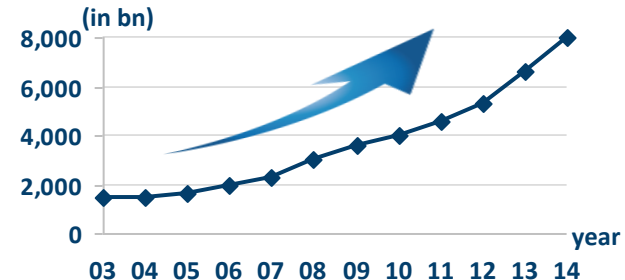


- ✓ Consumer sentiment is more buoyant in smaller cities than in big cities.
- ✓ The pattern of recovery and spending is higher in smaller cities than that in larger metropolises.

Great retail development potential in smaller cities

Retail infrastructure

Trend of Absolute Investment in the Infrastructure Sector



- ✓ Though the average level of Indian infrastructure is still relatively low, the marketplace experienced great growth in recent years.

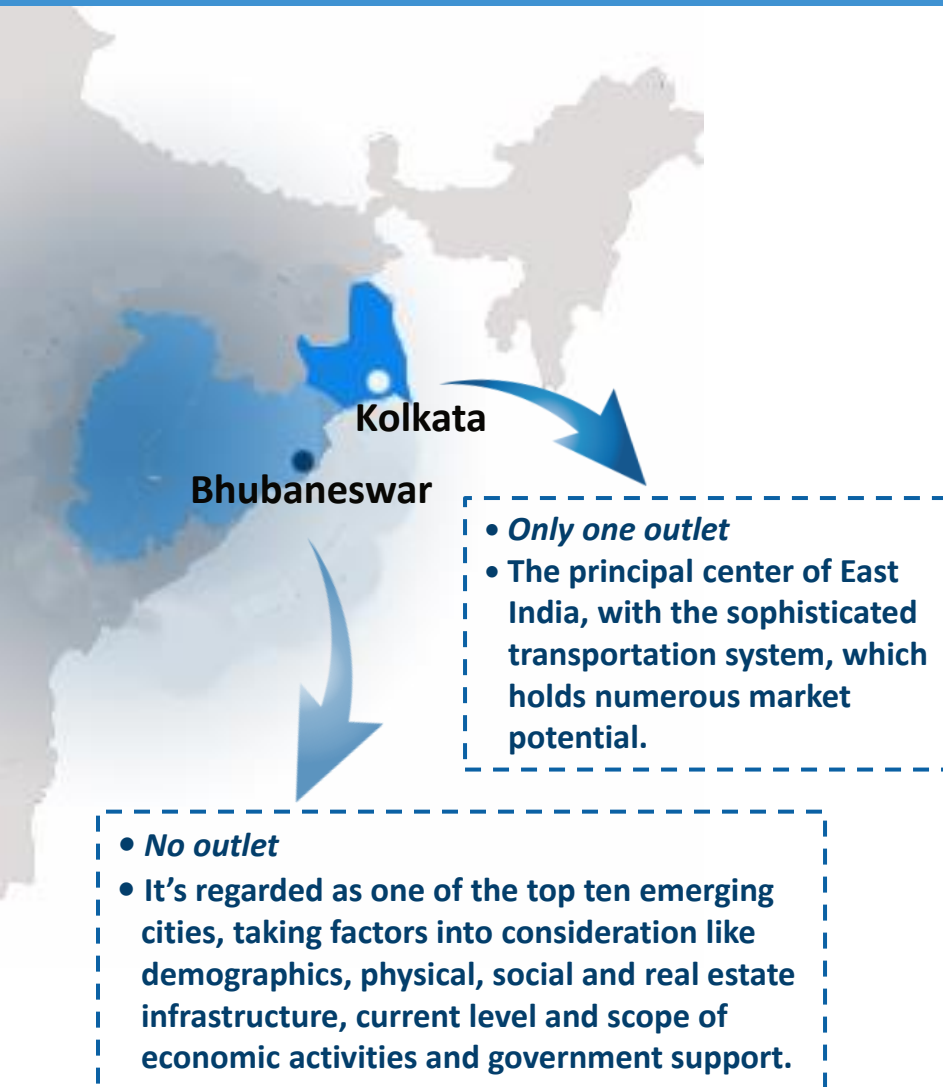
Production surplus

Item	Reality	Capacity
Aggregate baking capacity	485 TPA	2760 TPA
Maximum working hours (per day)	6 hours	20 hours

- ✓ Rate of capacity utilization $\approx 19.71\%$
- ✓ Considerable production surplus shows huge expansion space.

Strategy for Expansion:

Current and long-term expansion targets match up with conditions



Trend to move to smaller cities



- Obviously increasing retail attractiveness index
- Trend of infrastructure growth
- Considerable production surplus
- Lower cost of labor and rental price

Smaller cities are perfect choices for expansion

Target areas for expansion

- **Current: Big city with few outlets**
Excellent infrastructure, growing per capita income, propensity to consume.
E.g. Ahmadabad, Surat, Chandigarh, Kolkatta etc.
- **Long term: Smaller city without outlets**
In spite of deficiency in supportive infrastructure now, there's still much room for expansion under support of policy and investment.
E.g. Amritsar, Ludhiana, Indore etc.

Conclusion of Cookie Man's three issues:

Apply these strategies step by step to achieve the ultimate goal

All in all, Cookie Man should spare no effort to make progress, and simultaneously comply with its corporation motto.



Priority 1 New products

- ✓ Provide customized & DIY products to fit personal demands
- ✓ Drinks could become new growth engine

Priority 2 Reach increase

- ✓ Cooperate with the biggest retail group
- ✓ Co-branding tactics will contribute to sales
- ✓ Enroll in Amazon to increase sales volume online
- ✓ Use the most effective methods for publicity



Priority 3 Expansion

- ✓ Expand to the well- developed metropolitan areas with few outlets & tire-II and tire-III cities with no outlet
- ✓ Expansion targets should be chosen in consideration of local infrastructures and other conditions

Premium brand



Reputation



Quality



Sales

01/2016

01/2019

Some potential risks need to be taken into consideration for Cookie Man to move forward

	Potential Risk	Solution
DIY activity	Regular operation may be influenced if activities are not well-organized.	Appointments should be made before DIY activities; Leave enough space and prepare sufficient materials.
Co-branding	Suitable partners are not easy to find; Operators tend to fall into reliance on sound brands.	Focus on learning from partners, not simply rely on them.
Cooperation with Amazon	As for online trading, battle against fakes never ends; Transportation loss worth careful consideration.	Add anti-fake labels; Improve the quality of packages designed for long-distance carriage.
Expansion to smaller cities	It's uncertain if products will meet people's demands; Local people may be unfamiliar with this brand.	Launch new products which cater for local tastes; Employ suitable promotion strategies.



Thank You
Cookie Man, India's premium cookie company