

# Principles of Management: Case Study on Parle Products From Rs. 1 Pricing to Market Dominance

Indian Institute of Space Science and Technology  
Department of Avionics



## **Team Members:**

Aaditya Raj Anand (SC22B082)  
Saurabh Kumar (SC22B145)  
Ankit Raj (SC22B087)  
Ram Ratan Kumar (SC22B110)  
Anurag Kumar (SC22B125)  
Aditya Sharma (SC22B084)  
Ajit Kumar Singh (SC22B123)  
Saurabh Kumar (SC22B146)  
Uttam Kumar (SC22B156)

## **Under the guidance of:**

Dr. Ravi V  
ravi@iist.ac.in

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# Contents

<b>1</b>	<b>Introduction</b>	<b>2</b>
<b>2</b>	<b>History of the Company</b>	<b>2</b>
2.1	Founding and Early Years (1928-1939) . . . . .	2
2.2	War Era and Transition (1939-1947) . . . . .	2
2.3	Post-Independence Growth (1947-1985) . . . . .	3
2.4	Brand Transformation (1985-Present) . . . . .	3
<b>3</b>	<b>Parle Group Divisions</b>	<b>3</b>
3.1	Parle Products (Biscuits & Snacks) . . . . .	3
3.2	Parle Agro (Beverages) . . . . .	4
3.3	Bisleri International (Formerly Parle Bisleri) . . . . .	4
<b>4</b>	<b>Product Portfolio</b>	<b>4</b>
<b>5</b>	<b>Market Position</b>	<b>4</b>
<b>6</b>	<b>Competitors</b>	<b>5</b>
6.1	Direct Competitors . . . . .	5
6.2	Competitive Edge . . . . .	5
<b>7</b>	<b>Business Strategies</b>	<b>5</b>
7.1	Cost Leadership . . . . .	5
7.2	Market Penetration . . . . .	5
<b>8</b>	<b>Case Study: 1 Pricing Strategy</b>	<b>5</b>
8.1	Management Principles Applied . . . . .	5
8.2	Financial Impact . . . . .	6
8.3	Financial Impact . . . . .	6
<b>9</b>	<b>Financial Performance (FY24)</b>	<b>6</b>
<b>10</b>	<b>Leadership Contributions</b>	<b>7</b>
<b>11</b>	<b>Success Story: Parle’s Journey to Market Leadership</b>	<b>8</b>
<b>12</b>	<b>Lost Opportunity: Frozen Foods</b>	<b>9</b>
<b>13</b>	<b>Future Roadmap (2024–2030)</b>	<b>9</b>

# Abstract

This report analyzes Parle Products through the lens of management principles, focusing on its iconic Parle-G brand, competitive strategies and organizational decisions. We examine its historical evolution, corporate structure, product portfolio, business strategies, and case studies that highlight both successes and missed opportunities. The report concludes with future growth plans and financial performance insights.

## 1 Introduction

Parle Products has been India's largest manufacturer of biscuits and confectionery for almost 80 years. As makers of the world's best-selling biscuit, Parle-G, and numerous other popular brands, the Parle name has become synonymous with quality, nutrition, and great taste. The company's remarkable reach extends to even the remotest villages of India, marking an extraordinary journey since its inception.

Many Parle products, both biscuits and confectioneries, are market leaders in their categories and have consistently won acclaim at the prestigious Monde Selection since 1971. Holding a dominant 40 % share of India's total biscuit market and 15% of the confectionery market, Parle has grown into a multimillion dollar enterprise. While consumers view Parle as a beacon of faith and trust, competitors regard it as a shining example of marketing brilliance.

The company's evolution into a market leader began when it diversified from sweets and toffees into biscuit manufacturing. This strategic expansion strengthened the reputation of the Parle brand for quality. The introduction of Parle Glucose and Parle Monaco biscuits marked the beginning of this journey, with both products eventually becoming iconic brands renowned for their exceptional taste and quality.

A key strength of Parle Products lies in its unparalleled distribution network that ensures availability even in the most remote locations. Building this extensive network has been a long-term endeavor. The company's sales force began modestly with just one salesman in Bombay and a few agents in other cities, gradually expanding its reach through rail transport to major cities like Calcutta, Delhi, Karachi and Madras.

Today, Parle Products boasts an impressive distribution system with over 3.3 million retail outlets across India. This massive network, combined with consistent product quality and strong brand equity, has cemented Parle's position as a leader in the Indian FMCG sector while maintaining its core values of trust and affordability that have defined the brand since its founding. Parle Products, founded in 1929, is India's largest biscuit manufacturer and a pioneer in affordable mass-market FMCG products.

Listed on the National Stock Exchange (NSE), the company exemplifies strategic management in pricing, distribution, and brand building.

## 2 History of the Company

### 2.1 Founding and Early Years (1928-1939)

- **1928-1929:** Mohanlal Dayal Chauhan established Parle's first factory in Mumbai's Vile Parle suburb during the Swadeshi movement, naming the company after its location
- **Initial Focus:** Began as confectionery manufacturer with 'Parle Orange Candy' as flagship product
- **German Influence:** Chauhan imported Rs. 60,000 worth of European machinery after studying confectionery techniques abroad.

### 2.2 War Era and Transition (1939-1947)

- **1939:** Launched 'Parle Gluco Biscuit' as energy food for British troops
- **Exclusive Military Supply:** Production entirely dedicated to armed forces during WWII
- **1947 Pivot:** With Indian independence, the focus was moved to the civilian market where biscuits were still luxury imports.

## 2.3 Post-Independence Growth (1947-1985)

- **Market Democratization:** Biscuits made affordable for masses through:ginitemize
- Local wheat sourcing
- Streamlined production
- Rs. 1 price point strategy (1960s)

**Production Scale:** Expanded from a single Mumbai factory to:

- 10+ manufacturing units by 1970
- Distribution via railway networks nationwide

## 2.4 Brand Transformation (1985-Present)

- **1985 Rebranding:**
  - Changed from 'Parle Gluco' to 'Parle-G'
  - Introduced iconic yellow-red packaging with child mascot
  - Reinterpreted 'G' from Glucose to Genius
- **Market Leadership:**
  - 2013: First FMCG brand to cross Rs. 5000 crore sales
  - 2022: Current production of 100 crore packets/month
  - 2024: Annual revenue exceeding Rs. 16000 crore

Table 1: Parle-G's Historical Milestones

Year	Development
1929	Company founded in Vile Parle, Mumbai
1939	Parle Gluco biscuit launched
1947	Transitioned to mass-market production
1985	Rebranded as Parle-G
2013	Crossed 5000 crore sales
2022	Achieved 100 crore packets/month production

# 3 Parle Group Divisions

The Parle Group has evolved into a diversified conglomerate comprising multiple independent business entities. Each division focuses on a specific segment of the FMCG market, from biscuits and snacks to beverages and mineral water. Although they originated from the same parent company, these divisions now operate independently.

## 3.1 Parle Products (Biscuits & Snacks)

- **Revenue:** Estimated at \$1.5 billion (FY 2023)
- **Market Share:** Dominates over 35% of India's biscuit market
- **Flagship Brands:** Parle-G, Hide & Seek, Monaco, KrackJack, and 20-20
- **Manufacturing Presence:** Over 130 manufacturing units across India
- **Distribution Reach:** Available in over 6 million retail outlets, with deep penetration into rural markets
- **Export Footprint:** Products sold in more than 100 countries worldwide

### 3.2 Parle Agro (Beverages)

- **Revenue:** Over \$500 million (FY 2023)
- **Market Share:** Holds approximately 85% share in India’s mango drink segment through Frooti
- **Key Brands:** Frooti, Appy, Appy Fizz, Bailey (packaged water), Smoodh (dairy-based drink)
- **Innovation Milestones:**
  - Introduced India’s first mango drink in tetra-pack format in 1985 (Frooti)
  - Launched Appy Fizz in 2005, pioneering the sparkling juice category
- **Global Presence:** Products exported to 50+ countries including the USA, UAE, and UK

### 3.3 Bisleri International (Formerly Parle Bisleri)

- **Acquisition History:** Originally under Parle Group, sold to Ramesh Chauhan in 1993 for approximately \$60 million
- **Current Brand Owner:** Ramesh Chauhan (independently operates as Bisleri International Pvt. Ltd.)
- **Legacy:** Credited with creating and popularizing the bottled water industry in India
- **Product Range:** Includes Bisleri mineral water, Vedica (natural mountain water), and carbonated drinks like Spyci and Fonzo
- **Distribution Network:** Over 122 operational plants and 4,500 distributors
- **Recent Developments:** In 2022, Tata Consumer Products explored acquiring Bisleri, but the deal was eventually called off

## 4 Product Portfolio

Parle’s diverse product portfolio spans across multiple categories, enabling it to cater to various consumer segments — from budget-conscious households to health-focused individuals. The company’s product strategy combines affordability, flavor, and nostalgia.

Category	Products
<b>Biscuits</b>	Parle-G, Monaco, KrackJack, Hide & Seek Fab, Hide & Seek Choco Chip, Milano, 20-20 Cookies, Nutricrunch
<b>Confectionery</b>	Melody, Mango Bite, Kismi Toffee, Poppins, Éclair, Pulse Candy
<b>Snacks</b>	Full Toss, Chatkeens, Mexitos (nacho chips), Wafers
<b>Health and Premium Range</b>	Platina Digestive Marie, Nutricrunch Digestive, Sugar-Free Gluco, Oats
Multigrain Biscuits	
<b>Dairy and Others</b>	Smoodh (from Parle Agro) – dairy-based drinks

Table 2: Comprehensive Product Portfolio of Parle (2023)

## 5 Market Position

Parle has solidified its position as one of India’s most trusted and widely distributed FMCG brands. The company produces over 1.5 million tonnes of food products annually and maintains a presence in more than 60 countries across five continents. Its export destinations include the USA, UK, UAE, and African nations, where Parle-G enjoys nostalgic recognition among diaspora communities.

With over 100,000 employees (direct and indirect), Parle sustains one of the most robust supply chains in the country. Its products are available in over 6 million retail outlets, with significant penetration into Tier II, Tier III cities, and rural India, contributing to nearly 60% of its domestic revenue.

## 6 Competitors

### 6.1 Direct Competitors

Parle competes with several major players in the Indian and international biscuit markets:

- **Britannia Industries:** Key rival with brands like Tiger (22% share), Good Day, Marie Gold
- **ITC Foods:** Known for Sunfeast (15%), Dark Fantasy, and Mom's Magic
- **Mondelez International:** Competes in the premium biscuit and cookie segment with Oreo and Bournvita biscuits

### 6.2 Competitive Edge

- **Price Leadership:** Parle-G's iconic 1 pack has historically undercut competitors and attracted first-time buyers
- **Rural Reach:** More than 60% of sales come from rural and semi-urban markets, outperforming peers in distribution depth
- **High Brand Recall:** Decades of consistent branding and emotional connect (e.g., "G for Genius") have ensured strong customer loyalty
- **Lean Cost Structure:** Parle uses wax paper for packaging to save on costs, generating estimated savings of over \$2 million annually

## 7 Business Strategies

### 7.1 Cost Leadership

Parle has consistently followed a low-cost, high-volume approach to dominate the value segment of the biscuit market. Strategic measures include:

- **Economies of Scale:** Operates 130+ factories to meet domestic and export demand
- **Backward Integration:** Direct sourcing of wheat and sugar from farmers to control quality and cost
- **Efficient Packaging:** Low-cost wrappers and optimized logistics have driven cost savings

### 7.2 Market Penetration

- **School Campaigns:** "One Parle-G per Child" program expanded brand visibility in government schools
- **E-commerce and Modern Trade:** Over 15% of revenue now flows from platforms like Amazon, BigBasket, and JioMart
- **Cultural Relevance:** Advertising rooted in Indian values and nostalgia keeps Parle relevant across generations

## 8 Case Study: 1 Pricing Strategy

Parle-G's 1 pricing strategy became a masterclass in affordability marketing. Introduced in the 1960s, the 1 pack made biscuits accessible to every socio-economic class.

### 8.1 Management Principles Applied

- **Taylor's Scientific Management:** Streamlined production line to optimize 82.5g packaging without compromising taste
- **Henri Fayol's Stability Principle:** Maintained price stability over decades to build trust
- **Customer-Centric CRM:** Responds to over 1.5 million feedback interactions yearly, improving consumer trust

## 8.2 Financial Impact

- **Volume:** Over 400 crore units sold per month (Parle-G)
- **Profitability:** Despite razor-thin margins, volume sales ensure sustainable profitability ( 8%)

## 8.3 Financial Impact

- **Volume:** 400 crore packets sold monthly
- **Margin:** 8% profit despite Rs. 1 price point

## 9 Financial Performance (FY24)

Parle Biscuits witnessed a stellar financial performance in FY24, with its net profit more than doubling from the previous year. This sharp increase can be attributed to a mix of operational efficiency, controlled expenses, and steady sales growth. While revenue from operations showed modest growth of 2%, the surge in profitability signals enhanced margins and cost optimization.

The company maintained a disciplined approach to spending, as evidenced by a 2.54% reduction in total expenses, despite a 3.23% increase in advertising and promotional outlays. This indicates a focus on strategic brand investment while improving backend efficiency. The continued investment in marketing has helped Parle retain its market leadership position in the biscuit and confectionery segments.

Metric	FY24 (INR Cr)	YoY Change
Revenue from Operations	14,349.4	+2.0%
Total Revenue	15,085.8	+5.3%
Net Profit	1,606.95	+115%
Total Expenses	12,979.4	-2.54%
Advertising & Promotion	442.81	+3.23%
Tax Expense	499.4	—

Table 3: Parle Biscuits Financial Highlights for FY24

## Graphical Representation

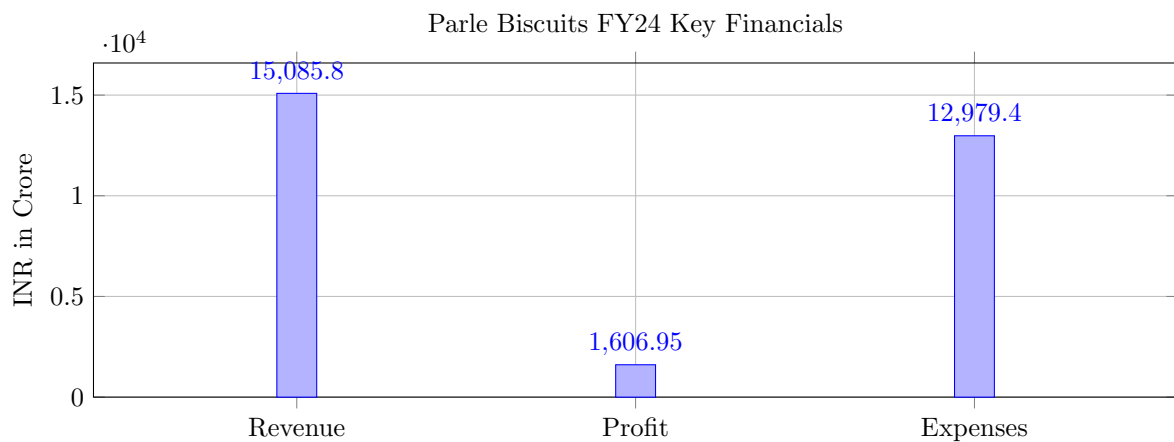


Figure 1: Bar Chart of Revenue, Profit, and Expenses in FY24

## Strategic Implications

The significant rise in profit margins and controlled expense profile reflects Parle Biscuits' commitment to sustainable growth. The increase in advertising spend, while maintaining overall expense reduction, suggests a strategy focused on consolidating market share while preparing for new product launches or category expansions. FY24 results signal strong financial health, enabling Parle to invest in innovation, capacity expansion, and rural penetration in the coming years.

## 10 Leadership Contributions

- **Vijay Chauhan (Managing Director):**

- Strengthened Parle's rural distribution network, reaching over 500,000 villages across India, thus expanding market penetration in non-urban areas.
- Led "Project Vijay" – a company-wide digital transformation initiative that modernized supply chains, optimized production, and facilitated the adoption of data analytics to forecast demand more accurately.
- Played a pivotal role in enhancing the company's brand image by positioning Parle as not only a trusted biscuit brand but also a symbol of affordability and nutrition, which helped it maintain its leadership position in the market.
- Championed Parle's strategic expansion into new product categories, ensuring sustainable growth in the competitive FMCG sector.
- Advocated for sustainability practices, overseeing the introduction of eco-friendly packaging and efforts to reduce the company's carbon footprint in production facilities.

- **Pravin Kulkarni (Former Marketing Head):**

- Spearheaded the highly successful "G for Genius" campaign, which significantly boosted Parle-G's brand recall and contributed to a 22% increase in sales. This campaign was a key example of Parle's commitment to innovation in traditional marketing.
- Pioneered the adoption of Web3 elements, such as NFT-based loyalty programs in 2022, targeting Gen-Z consumers and introducing a new way to engage with younger audiences through digital collectibles.
- Led the revamping of Parle's digital presence, including increased focus on social media and influencer marketing, which resonated with younger, tech-savvy customers.
- Implemented a comprehensive data-driven marketing strategy that improved customer targeting and helped streamline product distribution based on market demand analytics.
- Played a key role in Parle's rebranding initiatives, ensuring that Parle's product portfolio remained relevant in an evolving FMCG landscape while retaining its heritage and strong emotional connect with consumers.
- Kulkarni's leadership helped Parle make a dramatic recovery during tough competitive years, notably when Britannia Industries was emerging as a dominant force in the biscuit market in the 1990s. Kulkarni joined Parle in 1994, when the company was facing significant challenges, including outdated packaging and chronic supply chain limitations.
- Despite Parle's struggle to stay ahead in the market during those years, Kulkarni was instrumental in repositioning Parle's flagship products like Parle-G and introducing innovative marketing strategies that began to reverse the company's fortunes.
- Under Kulkarni's guidance, Parle successfully expanded into new snack and sweet categories, further diversifying its portfolio. This expansion allowed Parle to not only retain its market dominance in biscuits but also create new growth avenues in emerging snack segments.



- Kulkarni’s strategy also emphasized a stronger connection with rural markets, a key segment for Parle, ensuring continued dominance even in the face of new entrants and aggressive competitors like Britannia.
- Reflecting on his journey, Kulkarni’s efforts to overcome early struggles and expand Parle into new segments are a testament to his adaptability and strategic foresight.

## 11 Success Story: Parle’s Journey to Market Leadership

Parle Products is a classic case of an Indian brand that grew from modest beginnings into a market-dominating force in the FMCG industry. Its success is not attributed to a single product, but rather to a series of strategic decisions, innovations, and deep-rooted brand values that resonate across generations.

### Parle-G: The People’s Biscuit

- **Affordability as a Game-Changer:** Parle-G was priced at just 1, making it the most accessible and affordable source of nutrition during post-independence India.
- **Mass Appeal:** Positioned as an energy biscuit for the common man, Parle-G earned a place in every Indian household.
- **Unmatched Reach:** The product was distributed across over 6 million retail outlets, reaching the remotest villages of India.
- **Sales Milestone:** Parle-G became the world’s largest-selling biscuit by volume, with over 100 crore packets sold per month as of 2022.
- **Brand Loyalty:** Iconic packaging and memorable campaigns like “G for Genius” built strong emotional resonance.

### Diversification: More Than Just a Biscuit Brand

- **Confectionery Leadership:** With brands like Melody, Kismi, Mango Bite, and Poppins, Parle dominates India’s sugar candy market.
- **Snacking Expansion:** Products like Full Toss, Cheeslings, and Chatkeens extended Parle’s footprint into the snacks segment.
- **Premium Plays:** Parle Platina (Milano, Nutricrunch, Hide & Seek Fab) helped the brand enter urban, health-conscious, and premium consumer markets.

### Product Spotlight: Hide & Seek

- **Strategy:** Utilized Parle-G’s robust distribution network for a premium brand push.
- **Innovation:** First Indian biscuit with choco-chips, appealing to young, urban consumers.
- **Result:** Reached \$120 million in brand value within five years of launch.
- **Recent Campaign – “Start Your Story”:** The 2023 campaign reinforced emotional storytelling by portraying Hide & Seek cookies as conversation-starters for youth. It was widely appreciated for its relatability and subtle branding.

### Key Factors Behind Parle’s Success

- **Legacy and Trust:** Parle has become a symbol of consistency and reliability for over 90 years.
- **Cost Leadership:** Vertical integration and frugal innovations (like wax paper packaging) have helped sustain margins at low prices.
- **Nationwide Distribution:** More than 130 manufacturing units and an unmatched sales force enabled nationwide coverage.
- **Brand Agility:** Whether through Web3 engagement (NFT loyalty) or Gen-Z campaigns, Parle has evolved with the times.

## 12 Lost Opportunity: Frozen Foods

Despite its success in biscuits and confectionery, Parle Products faced a notable setback in 2010 with its failed foray into the frozen foods segment. The company had planned to enter the growing ready-to-eat category by launching frozen pizzas and other convenience foods. However, the initiative failed to gain traction and was quietly shelved.

### Key Challenges Faced

- **Lack of Cold Chain Infrastructure:** Parle's established distribution network was optimized for dry goods like biscuits and confectionery, not for temperature-sensitive products.
- **Dealer Mismatch:** Retail partners were not equipped to handle refrigeration, and the supply chain lacked consistency in storage and last-mile delivery.
- **Consumer Behavior:** The target demographic had limited awareness or access to frozen food options, especially in semi-urban and rural areas where Parle's presence was strongest.
- **Brand Fit:** Consumers strongly associated Parle with affordable, shelf-stable products. Frozen pizzas did not align with the brand's traditional value proposition.

### Impact and Learning

- The failed frozen food venture served as a strategic wake-up call, revealing the importance of logistics compatibility and brand coherence in diversification efforts.
- The experience influenced Parle's decision to stay closer to its core competencies in subsequent launches.
- **Adaptation:** Instead of revisiting frozen distribution, Parle has started piloting ready-to-cook and hot-snack models through partnerships with cloud kitchens and food delivery platforms in select urban markets.
- **Future Outlook:** With India's quick-service restaurant (QSR) and home-dining market expanding, Parle is cautiously re-evaluating its position in the ready-to-eat and heat-and-serve segment using modern fulfillment models.

### Strategic Takeaway

The frozen food venture highlighted the gap between innovation and infrastructure. While the idea tapped into emerging food trends, Parle's over-reliance on its existing distribution strengths without aligning them to new category requirements led to the failure. Today, Parle is more methodical in aligning its product innovation with operational feasibility and brand positioning.

## 13 Future Roadmap (2024–2030)

- **Health-Focused Innovations:** Introduce 50+ SKUs in the health category including millet-based, sugar-free, and probiotic biscuits
- **Global Expansion:** Increase export revenues to \$1 billion by 2027 by targeting ASEAN, Africa, and Middle East markets
- **Sustainability Goals:** Achieve 100% recyclable packaging across all SKUs by 2025; reduce water usage by 30%
- **Digitalization:** Implement AI-powered inventory and demand forecasting tools across regional warehouses
- **Urban Retail Expansion:** Invest in metro city micro-warehousing and retail kiosks for fast turnaround deliveries

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