

PGDM – RM – BATCH – 2017 – 2019 – VI TRIMESTER FOOD RETAILING END TERM EXAM

K.J. Somaiya Institute of Management Studies & Research
Course : PGDM RM – VI TRIMESTER END TERM EXAM
Sub : FOOD RETAILING

Date of Exam : 17/04/2019 **Time : ...3... Hours** **Marks: 25**
Note : All Questions are Compulsory
Quality and not Quantity will fetch you more marks

I, Attempt the following Case Study (Compulsory)

HALLI BERRI

Sowing the Seeds

It was the year 2003 when a little coffee plantation in Chikmagalur, South India was hit by severe drought. It was also around this time that the family which held ownership of this estate faced the untimely death of the head of their family leaving the four women of the Kariappa heirloom with a 220 acre heritage estate that had been in the family since 1900's. It was then that these women; spearheaded by the undying spirit of the mother, Mrs. Nalima Kariappa and her three daughters Maanavi, Anusha and Tejini took it upon themselves to turn these scars into stars.

What started as Chikmagalur's homely blink and miss coffee shop, Coffee Barn Café; which gave away little tin foiled packets of freshly ground Arabica coffee and little hand written notes to its connoisseurs turned into what stands today as India's first women lead coffee concern called Halli Berri. Halli Berri, (Halli roughly translates into village in the local Kannada language and Berri synonymous with the coffee berry) came about one day over the breakfast table. Suggested by Maanavi, the oldest daughter of the girls, the name struck an instant cord. Halli Berri or my village berry was unique, fun with an element of a backstory. The fact that it peaked phonetic interest in the listener due to its similarity to Hollywood's leading actress's name didn't hurt either.

The Brew starts here

Ignited with the concept, the four women then went onto create Halli Berri's first branding; a packet of 200 gms wrapped in kraft paper bag and a deep brown sticker. A tiny valve on the back of the packet lured customers instantly to smell a hint of the fresh coffee aroma through its opening, enough to remind the holder of Mother earth's purest produce. The next step was to begin retailing the product on the plantation's coffee shop and in the closest Urban city called Bengaluru. Godrej Nature's Basket, the gourmet retailer within the city was enthralled by the sincere struggle of the founders and placed these little brown packets of the Kariappa history on shelves across stores in Bengaluru. Halli Berri wants to aggressively push itself into the modern trade retailing across India.

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History of Coffee

The origin of coffee in the world can be traced back to the 15th century where early reliable evidence of knowledge of the coffee plant appeared in Yemen's Sufi monasteries. Old fables of Kaldi; the legendary Ethiopian goatheader noticing his herd dancing from one peculiar berry bearing shrub to another as they grazed on the cherry-red fruit containing the beans is an old wives' tale of the history of coffee.

History of Coffee In India

The first evidence of coffee growing in India came with the introduction of coffee beans from Yemen by the 16th Century Sufi saint; Baba Budan to the hills of Chikmagalur in the 1600's. Since then coffee plantations have become established in the region, extending South to Coorg. Production in India is dominated in the hill tracts of South Indian states, with the state of Karnataka alone accounting 54% followed by Kerala's 27% and the remaining by Tamil Nadu. Indian coffee is said to be the finest shade grown coffee grown as opposed to direct sunlight anywhere in the world.

The Halli Berri Retail Strategy

As Halli Berri wanted to aggressively expand in the Indian market, Tejini; the Director – marketing at Halli Berri was in a Dilemma as to how the brand has to establish itself in the mindset of the Indian consumers as the production cost of single origin coffee is very high, the pricing for the product would obviously be high say for example Rs. 1500/- per kilo (most normal coffees are priced at around Rs. 600 per kilo) The company chose a differentiated strategy like how Royal Enfield was for motorbikes, Halli Berri wanted to replicate the same in the coffee segment. The company targeted the high end segment and positioned the brand as a “niche” in the market place. The next challenge for the brand was to be adopted by the Indian consumers who are very price conscious be it the rich or the poor. The biggest challenge faced by Halli Berri was to inculcate the habit of consuming and purchasing single origin coffee by the Indians. The company was faced with a little cash crunch and so could not spend much time and money on marketing this brand however the company is now keen to further enhance the brand in the market place.

Halli Berri has 4 critical areas which it immediately has to address which are as follows:

A strong distribution network targeting the modern trade to carry the product at their stores. Although the company experienced difficulty, the brand could penetrate into a few gourmet retail stores without much difficulty. The brand also faces problems of distribution where the product has to move from a remote location to a modern retail outlet in urban cities. Coupled with the problem is the acceptance of Single origin coffee and how to create awareness without too much of ad spend. Indian consumers typically have very less patience to experiment with new products and it poses a major problem for Halli Berri.

Consumer adoption process in India works mostly through word of mouth (WOM) marketing and high brand recall. Both the instances are difficult for an emerging brand like Halli Berri. The company planning its own outlets can be a better option however budget constraints can be a

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difficult propagation to implement this idea. Halli Berri. has to understand what are the key success factors that drives a brand to be a darling for the consumers so that these strategies can be implemented by the management.

Modern trade in India (both online and offline) account to only 8% of the entire retail pie (unorganized retail accounts to 92%) comprising mainly of mom and pop stores. Halli Berri. will find it difficult to cut into this 8% organized retail which is still in its evolving phase and trying to understand its own footprints. The ability to carry a young brand like Halli Berri seems to be a difficult proposition for this brand however every clod has a silver lining. Halli Berri, has been accepted by India's largest food store, Nature's Basket- the supermarket chain famous for gourmet categories. Increased stand of living, ability to spend and the changing lifestyles is the new Indian consumer's mindset called as millennials; this segment is disrupting the existing culture and traditions and challenging the status quo of how India as a Nation is operating. These segments are on a rampage to start their own enterprises, beat the odds and get into unknown businesses like Rica Kar who started India's first online lingerie portal (Zivame.com) or Bhavish Aggarwal who started Ola Cabs. Can this segment be the future consumers for brands like Halli Berri.? Or should it target the post liberalization youngsters who have a six figure salary package in the corporate world is the main question that will play a critical role in the success of the brand. Tejini 's mind is hovering on all these factors which will drive the future demand for Halli Berri

Questions

1. *Identify a market segment for Halli Berri, taking into consideration the future consumers from India, how can this brand target this segment ?*
2. *Halli Berri with its strong presence owing the coffee plantations is planning to enter into front end operation in the value chain and is launching Single Origin Chain of QSR's in select cities across India. If you are the head for Food Retailing at Halli Berri, What ideas would you offer for this chain of stores to get success in the Indian Market ?*
3. *Design and illustrate the Food Supply Chain Model for Halli Berri from the Farm to Cup Model in order to be efficient and cut cost significantly /*
4. *How can you promote Single Origin Coffee Restaurants in India, select any 4 media as per your choice ?*