ABSTRACT

The concept of glocalization is derived from that of globalization and localization and signifies that companies should not only think globally but also act locally while addressing business functionalities including branding, marketing, advertising and product promotion. Recently, many multinational giants have successfully penetrated into emerging markets due to their product or service quality but there are cases where companies have failed to earn profits due to lack of glocalization strategies. This paper focuses on multinational food giants and identifies suitable strategies for establishing themselves and gaining market share in a diverse country like India.

INTRODUCTION

With food being one of the main sources of expenditure [1], India serves as a major emerging market [2, 3] for different food multinationals across the world. Presence and expansion of food multinationals in metros and smaller cities of India is now a common phenomenon. While roaming around marketplaces, one will usually find some of these well known food joints and products available at the food or general stores - McDonald’s, KFC, Dominos, Pizza Hut, Subway, Nirulas, Pepsico Foods, Coca Cola, Barista, Café Coffee Day, Frito Lay, ITC Bingo, Haldiram’s, and Bikaneri Bhujia wala etc. These joints and stores cater to a list of standard and popular items including burgers, pizzas, hot-dogs, chicken, noodles, French fries, spring rolls, potato chips, carbonated drinks, ice tea, coffee, milk shakes, ice-creams, sweets and other Indian tea time snacks.

The other part of the food market is dominated by the unorganized sector that mainly caters to the local cuisines and snacks including the popular and tasty street foods of different parts of the country. Regional snacks including ‘vada-pav’- the bun with a fried fillings of potato and cereals, ‘bhel puri’ – preparation of puffed rice and raw vegetables with some crispy oats, ‘golgappa’ – the fried small balls made of flour filled with spicy water, ‘dhokla & khakra’ – preparation of gram flour, ‘jhal muri’ - spicy preparation of puffed rice with raw vegetables, ‘onion pakora’- onion fried with gram flour as it’s outer covering, ‘bread-omlette’, ‘samosa & kachori’ – boiled potatoes filled inside flour fried into shapes of triangle and circle, ‘aloo tikki’ – fried potato as thick round shaped snacks,‘jalebi’ – rounded sweet
dish made out of flour and fried into thick gravy of sugar, ‘kulfi falooda’ – local ice cream made out of milk and dry fruits with boiled noodles, ‘momos’ – Chinese snacks made of white flour with vegetable stuffings, ‘chole bature’ – fried white flour round shaped snack served with spicy cooked grams, ‘mirchi bhajji’ – stuffed green chilli flitters served with tamarind juice, ‘idly & dosa’ – South Indian main course prepared out of semolina served with coconut dish, ‘mughlai roll’ – snack prepared out of white flour stuffed with vegetables, are very popular due to their attractive taste and moderate prices to suit the common man’s pocket. People often buy sweets and salted snacks from the local sweet shops without worrying much about the brand. Beverages like tea, coffee, ‘nimboo shikanji’- a cool drink with lemon and salt mixed in cold water, ‘lassi’- popular north Indian drink which is a thick curd preparation with sugar in it, ‘butter milk’, ‘chaanch’ – milk preparation with salt in it, ‘coconut water’, fruit and vegetable juices are also very popular and regularly consumed in different regions of the country. Roadside tea stalls are very popular where people sit, relax and chat over a cup of tea and local snacks.

Be it fast food, beverages or even packed snacks for that matter, each company has been trying its best to woo the local customer in different ways. For successfully conducting business in India [4, 5], it becomes important for these companies to understand and focus on two main aspects [6] (a) adapt their products and services to satisfy the tastes and liking of the Indian customers and (b) glocalize [7, 8] their products and services to take care of the social and cultural diversity within different regions of the country. Description of a few popular multinational food chains, snacks and beverage producers are given below.

Incorporated in 1955, McDonald’s [9] – a fast food chain entered the Indian markets in the year 1996. With hundreds of food outlets held under joint venture, it has been one of the major fast food operating chain in the country. With emphasis on select vegetarian and non-vegetarian menus, McDonald’s offers items like burgers, French fries and wraps with some options available in for the traditional beverages like tea and coffee in a modernized flavor. Figure 1 shows the company webpage for India with necessary information for the customer together with other intangible benefits when they visit the store. It provides original menus as well as the modified spicy variety (e.g. ‘McAloo Tikki burger’) to tick the Indian taste buds. The company with over Rs 50 crore (500 million) of marketing budgets for the year 2010 is surely set to takeover a large chunk of Indian market share in the near future. In addition to operating food chains, McDonald’s has also been involved in lot of charity work. It participates in programs being run by various Non-Governmental Organizations (NGO’s) in India. This gives even more strength to its establishment in the country.

Figure 1. McDonald’s being depicted as a place for fun & enjoyment with family & kids
Kentucky Fried Chicken [10] or more popularly KFC, a leading brand of US-Based Yum Brands Inc was founded in 1930’s by Colonel Harland Sanders. The chain was introduced in India in 1995. Since then it has gained lot of popularity and also faced criticism with claims regarding high content of Monosodium Glutamate (MSG) to ill treatment of birds as being charged by the society named People for the Ethical Treatment of Animals (PETA). Currently operating with more than 80 outlets in the country, KFC offers a wide range of finger-licking chicken preparations for the non-vegetarian lovers. It also offers few vegetarian options like ‘Veggie Snacker’, vegetarian rice meals and beverages. With a plan of investing over 2 billion dollars in India, the food chain is surely trying to penetrate the Indian markets [11] and give tough competition to other existing food chains in the country.

With a vision of “Exceptional people on a mission, to be the best pizza delivery in the world”, the pizza company named Dominos [12] was founded in 1960. It started operating in India in 1996 with master franchisee rights being given to Jubilant FoodWorks limited. The chain concentrated on different varieties of pizza with variations in its toppings, crust and flavors [10]. With a number of awards and recognition, Dominos has been well accepted as one of the major operational pizza chains in the country.

Another Yum Brands owned unit, Pizza Hut [13] entered India in 1996 with its first unit in Bangalore. With an impressive growth of 40 percent, pizza hut has over 100 outlets in more than 40 cities. With a variety of pizzas being offered, it is the only threat to Dominos in the pizza segment [14]. Holding a good percentage of market shares, Pizza Hut is a popular brand especially in metro cities. Italian offerings in Indian taste has been its major attraction with offerings likes pizza, pasta, appetizers, desserts and beverages being available to all kind of genres.

Started in 1966, the American Company called Subway [15], entered the Indian market in 2001. The chain offers variety of hotdogs, sandwiches and salads with many vegetarian options available at Indian outlets [16]. The company had around 145 outlets in more than 26 cities. The company lays more emphasis on fat free food and creates health awareness through its products. The company has chalked out huge plans of investing in Indian markets with expansion of over 100% this year.

Being ‘desilicious’ i.e. delicious local food, Delhi’s first fast food chain – Nirula’s [17] started in 1934 by Nirula brothers as a group of hotels. The company ventured into fast food business in 1970’s with Pastry shop, Snack Bar, Hot Shoppe, Potpourri Restaurant and the famous ice cream parlor. With a menu offering large variety of items both in the category of vegetarian and non-vegetarian, Nirula’s had a strong establishment in the northern parts of the country. Being also associated with large companies like Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL), it gained name and fame amongst Indians. Currently, it operates with more than 75 outlets in northern parts of India. These include family style restaurants, expressway, potpourris, 21 as ice cream parlor, fuel station outlets and Pegasus bars.

PepsiCo [18] established its operational unit in India in 1989 and currently is the fourth largest consumer products company in the country. PepsiCo’s food division Frito-Lays is the leader in the branded salty snack market with products free of trans-fat and MSG. It manufactures Lay’s Potato chips, ‘Cheetos’ extruded snacks, ‘Uncle Chipps’ and traditional
snacks under the ‘Kurkure’ and ‘Lehar’ Brands. The company’s high fiber breakfast cereal, Quaker Oats and low fat and roasted snack options like Aliva enhance the healthful choices available to consumers. PepsiCo India’s expansive portfolio includes iconic refreshment beverages Pepsi, 7UP, Nimbooz, Mirinda, Slice and Mountain Dew. In addition to low calorie options such as Diet Pepsi, hydrating and nutritional beverages such as Aquafina drinking water, isotonic sports drinks – Gatorade, Tropicana 100%, Tropicana Twister fruit juices are also offered by the company. With a revenue generation of over 44 Billion US dollars, the company holds a major chunk of the Indian food market.

Coca-Cola [19], the corporation nourishing the global community with the world’s largest selling soft drink concentrates since 1886, returned to India in 1993 after a 16 year hiatus, giving a new life to the Indian soft drinks market. In the same year, the Company took over ownership of the nation’s top soft-drink brand and bottling network. Coca-Cola India is among the country’s top international investors, having invested more than US$ 1 billion in India in the first decade, and further pledged another US$100 million in 2003 for its operations. The major brands that exists under the umbrella of Coca Cola India are Thumbs Up, Sprite, Fanta, Lima, Maaza, Kinley bottled drinking water, Minute Maid Pulpy Orange juice and Georgia Tea and Coffee products.

Barista Lavazza [20] started its operations in 2000 in India with its first centre at New Delhi. With the main aim of providing coffee, the outlet provided relaxing ambience with a variety of hot and cold coffee drinks and snacks items. Spanned across 30 cities in the country, Barista has received great accolades for providing one of the finest coffee tastes for the people of this country.

On the similar lines, Café Coffee Day (CCD) [21] started its operations in India in 1996 with its first outlet in Bangalore. It is a division of India’s largest coffee conglomerate, the Amalagamated Bean Coffee Trading Company Limited. It’s a Rs 750 crore (7500 million) company which has divisions as Coffee Day Fresh ‘n Ground, Coffee Day Xpress, Coffee Day Take Away, Coffee Day Exports and Coffee Day Perfect. With the mission “To be the best Café chain by offering a world class coffee experience at affordable prices”, CCD offers a variety of coffee, cookies and small time snacks. Well established in the Indian markets, the biggest competitor of CCD is Barista.

With a market capitalization of over 22 Billion US dollars and a turnover of 6 Billion US dollars, ITC Limited (Imperial Tobacco Company of India) [22] – an Indian conglomerate’s food division launched its new snack Bingo in 2007. This marked the company’s foray into fast growing branded snacks segment. The company has highly successful staples, biscuits, ready-to-eat products and confectionary items. The offerings from Bingo included an array of products in both potato chips and finger snacks segment with variety of flavors specifically customized for the Indian taste buds. The company with its efficient distribution strategies, attractive packaging and funny commercials has managed to capture a substantial share within a short time.

Haldiram’s started its operations in the city of Bikaner [23], India in 1937 while the first establishment in New Delhi was in 1982. It is regarded as one of the largest sweets and snacks producers in the country. Exporting to various countries, Haldiram is a member of Agriculture and Processed food Products Exports Development Association (APEDA) India, India Trade Promotion Organization (ITPO) (application submitted) and Snack Food
Association (SFA). With a consistent growth rate of around 40% in the international markets (Haldiram’s Profile Present Webpage), Haldiram has shown the world the power of Indian tastes. Similar Indian brands include the Bikaner Bhujiajala, Rameshwar’s sweet and snack shops, Saravana Bhawan, Anand Bhawan, Gulab Rewari and Gazzak Store etc. Many of these traditional brands found their roots in villages or remote areas and now hold a major market share in the sweets and snacks segments. These companies have also been on the verge of expansion in the international arena as well.

In this paper, a number of successful strategies adopted by the existing players regarding product/service customization and other business functionalities are identified and new strategies for other players wishing to enter the Indian markets are formulated. The potential and unexplored areas have also been targeted for maximization of the revenues for these multinational food giants.

**NEED FOR GLOCALIZATION**

To succeed globally, the most important mantra has been to act locally for that particular domain in which the company wishes to operate [24]. This gives them a chance to penetrate through new markets successfully face competition by existing players and create their own niche. The first and foremost significant strategy for these food giants has been to tickle the local taste buds and emotionally connect the customer to the brand. The concept of glocalization [25, 26] encourages companies not only to think globally but also to act locally while addressing business functionalities including marketing, product promotion, advertising and branding. Products and services are customized to suit the local preferences and requirements of the customers.

Access to new markets, increasing competition worldwide along with numerous players entering the market with fresh ideas and products has forced companies to target new and potential market areas. This has led to the exploration of customers across the borders and generation of revenues beyond one’s own territory [27]. Mostly one of the following methods are being used by global companies to penetrate the emerging markets viz. exporting the product in the new area and then selling with the help of local distributors, by having joint venture with one of the local giants in the area and then using its brand name to promote one’s own products and finally by setting up its own production unit in the new area and taking care of all the distribution process. All these methodologies work under different set of market conditions with some pros and cons.

With emerging markets like India and China [28] being the center of attraction for most of the multinationals round the globe, many products have been launched successfully here. Companies not only identify and segment customer groups but also improve customer acquisition and retention rates using different means [7]. For example, McDonalds successfully brought new range of pocket-friendly food products targeting the lower middle class in the Indian market grabbing substantial market share. Similarly KFC food chains introduced vegetarian items in its menu card specifically to accommodate Indian customers where vegetarianism is still considered as a lifestyle and religious issue. The companies were able to manage product portfolios, build quality brands, enhance sales and distribution efforts and effectively expand into new markets. Coca Cola Company entered India in 1993 with Pepsi already established in the Indian markets. But it was still able to capture market share with its effective brand management strategies. With rural markets being targeted...
extensively, Coke found its root in Indian villages with effective promotion and distribution strategies and its cool advertisements. This enhanced its sales and it got hold over a major segment of Indian customers.

Based on this study, we also identify and formulate strategies for ready-to-eat food joints / producers wishing to enter new, potential and emerging markets of India. This will help them not only maximize their revenues with substantial amount of profit margins, but will also guide them to establish their brands in these markets. The benefits for targeting these market areas lies within the different forces where entry barriers are low, volumes are high and many local competitors are not capable of increasing their scale of operations or investing enough for carrying out aggressive marketing. Other issues like quality vs price and distribution are important, specifically for this segment in emerging markets and need to be seriously addressed.

Glocalization strategies of different companies are studied and discussed in next section. These are either Indian origin Multinational Corporations (MNCs) operating in India and abroad like Nirula’s, ITC and Haldiram group or are of foreign origin MNCs operating in India like Yum Brands, McDonalds, Coca Cola, PepsiCo, Barista etc.

RESEARCH METHODOLOGY

Information collection has been carried out with the help of primary as well as secondary data. Both qualitative and quantitative analysis has been carried out to derive the maximum intelligence out of this study. Sources of secondary data have been print articles and clips, company brochures, previous research papers in related areas, websites, blog postings and discussions. Updated information from various secondary sources has been collected and used in this paper.

Primary data has been collected by interviewing marketing and store managers and by designing a questionnaire for respondents who were interviewed face-to-face and also by sending e-mails. The store managers were being asked 10 open ended questions designed to capture the scope of the study. For other respondents (i.e. the customer) 16 questions were designed based on 5 point Likert scale. Data regarding 100 such respondents were used for statistical analysis and derivation of inferences.

STRATEGIES ADOPTED BY FOOD GIANTS

India is a land of gods and goddesses, festivals and rituals and hence all the food giants had to take care of this aspect where presence of vegetarian food with pure ingredients in the menu is important. They have added a variety of items in their menu to attract the Indian customers, a substantial percentage of whom are vegetarians. McDonalds sells beef and pork burgers in other parts of the world but has concentrated on chicken and fish based items in this country together with the vegetarian ones. Similarly, KFC being famous for fried chicken modified its menu by adding vegetarian options. Subway, Dominos and Pizza Hut did the same to have more delicious vegetarian options available in their menu. Along with the original spice-less food, more spicy, nutritious and traditional varieties are being introduced. Pizza Hut and Dominos introduced various pizzas with traditional Indian flavors. One can see items with ‘Punjabi tadka’, ‘mast masala’ and ‘masala magic’, all of these referring to spicy Indian preparation mixed with the company’s products, present in the menu
cards. Frito Lays has been promoting their snack-based food with new spice flavors suggested by the local customers. Similarly, ITC Bingo snacks were introduced with different spicy flavors, specifically customized for Indian taste buds.

Targeting and attracting the masses has been one of the priorities of these food giants. Coca Cola started its campaign for rural parts of India projecting the carbonated drink as a substitute for drinking water. McDonalds was more formidable to attract middle class genre of India. With low prices for a number of offered items, it was able to hold and improve its share in the fast food market.

In addition to the product quality, designing effective and regular promotion strategies for all these companies is essential. ‘Finger licking good’, ‘Its delicious’ – as a reference to delicious local food, ‘I’m loving it’, ‘Yeh hai youngistan meri jaan’ – referring to the young generation of India, ‘Thanda matlab coca cola’ – relating every cold drink with their product, ‘A lot can happen over a cup of coffee’, etc are some of the interesting and powerful punch lines used by various companies. With movie stars, cricket players and other important personalities promoting the beverages and carbonated drinks, there is now a stiff competition among these companies. Lot of print, television and radio advertisements, big hoardings, sponsorship to mega events and online presence are used to create awareness and improve customer loyalty. Pepsi and Coke normally create advertisements with well-known personalities. McDonalds associates its advertisement with the common man’s life. Their advertisements often depict a happy family with children enjoying their meals. Lately, they have focused on the price aspect with pocket-friendly snacks that the common man can afford. ITC and other Indian MNC have concentrated on Indian masses through its rural segment more than metro cities. The funny Bingo advertisements have helped to effectively register the message in the minds of the customer.

The fast and hectic lifestyle of a lot of people particularly living in metro cities has forced companies to deliver items (at the table or at home) in the shortest possible time. Pizza Hut offers fast delivery of fresh hot pizza to its customers. Domino’s quick time delivery against free pizza offer challenge has led to rise in demand of their products in Indian metro cities. Snacks and soft drink companies have increased their sales by having tie-ups with cinema multiplex chains. The trend to have coffee meetings and office get-togethers at beverage outlets has reaped benefits for these companies with careful planned strategies of providing a cool and inviting ambience at their outlets.

With various festive seasons being celebrated at different times and at different parts of the country, companies try to woo customers using different offers, promotional schemes and gift packaging. Pepsi, Coke, ITC, CCD, Bikaner, Haldiram, Frito Lays etc. offer various gift packs during famous Indian traditional festivals Holi and Diwali as well as around New Year and Christmas. Various attractive offers are being made for children as well as adults as Indians spend lot of money on food, gifts and dress materials during the festivals. The concept of “Happy meal” was a huge success for McDonalds which increased its craze among children.
Figure 2. A Coke hoarding displayed during the Indian festival ‘Durga Puja’

Awareness regarding Corporate Social Responsibility (CSR) in the business world has encouraged many MNC food giants to be involved in support of such social activities. Many social issues including health, education, poverty, gender, environment etc. are prevalent in the Indian society with people emotionally connected to these causes. By giving charities and getting associated with NGO’s around the country for social service, these companies are not only helping in the noble cause but are also working towards their popularity. With usage of eco-friendly products and by minimizing the wastage of food, they are getting lot of accolades by various social activists and in turn by customers.

DATA ANALYSIS AND RESULTS

Qualitative Analysis

Face-to-face interviews were conducted with some of the executives from different food joints operating in India. The focus was to know how they work to attract customers, improve customer loyalty and maintain and improve their positions in the Indian market. Most of them agreed that though Internet advertisements and online information help to improve awareness about their products to a limited extent and that local pamphlets help to improve awareness more effectively. They feel that most Indians still do not access information over the Internet and print media and TV still hold their prominence. However, some of these companies have been using their websites to deliver products to the respective destinations.

A competition has started among many companies for providing fresh food at the door step in minimum possible time. The formula has worked in favor for some of them and other giants are planning to launch effective free home delivery services where customers can order their favorite food in their most comfort zone i.e. their homes.

Many schemes and offers are being introduced and revised frequently. Different target audiences, at different time period are being given preferences. Major events are being kept in mind and the preparations are done with respect to them. With the recent hosting of the Commonwealth Games in Delhi, India new snack items in exciting flavors were introduced by some of the food giants to cater to a more international audience. Also, one may witness changes in the style of preparations, packaging and launch of different promotional schemes during major festivals.
One may also witness customer and region specific adaptability by these outlets. In some joints, customers may see and check for themselves about preparations of food with correct standards and in a hygienic way for their satisfaction. Also, customized menus are offered with a choice to make ones own recipe that best suits the taste buds. A few food outlets get engaged in different small time celebrations for different genre of people. It varies from business deals at a coffee shop, to birthday celebrations among friends at a fast food corner. All of these are done and arranged by the outlets to provide better customer satisfaction and value of their money.

Quantitative Analysis

Primary data was collected from respondents of all age groups using a questionnaire with close-ended response having a 5-point Likert scale. Basic statistical analysis was carried out on the sample size and the following relevant results have being obtained.

For the preference of spicy food over conventional ones being offered by different fast food joints, Figure 3 shows proportion distribution for the response by people. 40% people did agree that they are now adjusting themselves with the fast food habits and prefer pizzas and burgers which are more conventionally prepared. While 25% of them were still on the verge of changing their taste habits and accommodating with original American/European tastes (e.g. pizza with plain cheese topping), 35% were still in favor of having a true ‘Indianized’ (customized to the taste of Indians) taste with snacks prepared using lot of spices and chillies (e.g. Lays potato wafers with Indian Masala (spices) flavor). Branded food outlets still have a long way to go by identifying healthy and tasty preparations for the major chunk of population which can contribute heavily to the revenue of food joints.

![Figure 3. Distribution showing taste related habits of Indian food lovers](image)

Short-time promotional schemes or involvement of celebrities in advertisements for food joints do not contribute much to brand building and improvement in sales in the long run. Close to 50% did not agree with the fact that food joints being promoted well and advertised well attracts them towards that particular outlet. They were keener to enjoy the tasty food and the store ambience. It is evident from the fact that apart from carbonated drink companies, food joints normally do not involve famous movie stars or sports personalities for that matter to promote their brands. The regular promotional schemes being targeted directly at the Indian audience has worked quite well for them.
Close to 70% respondents agreed with the fact that they prefer branded snack food items and more hygienic and comfortable outlets mainly due to hectic lifestyle and better living standards in the metro cities. This has raised a question for preference of such branded food items on important events like Marriages, parties and different festivals. Would you like Haldiram or KFC to serve your guests with a customized menu at your daughter’s marriage? The idea sounds interesting. As being suggested by one of the food joint executive, the ‘Karvachauth’ festival (family oriented ritual performed in most part of the country) sale for their joint increases many folds. Similarly, people now prefer to have more branded food items in their party menu to showcase their class in the society as it has become a status symbol for them. However, there is still scope for customizing and serving traditional snacks in the branded food outlets. 70% of the respondents do not agree with the fact that Multinational snack food items are preferred over traditional Indian food. The local food items of different regions have not been targeted much and more conventional food from other parts of the world are being introduced by these companies.

The Indian festivals become a reason for exchange of gift items (specifically sweets, chocolates, snacks etc.) in large quantities and these companies provide special packaging and gift hampers for the same. To attract the customers, 75% respondents believe that the packaging plays an important role in selection of these gift packets. Stylish packing and elegant cover designs are a hit during special occasions.

CONCLUSIONS

It is evident that there are certain common set of strategies which are really useful for the snack/fast food companies in India. Most important ones are the pocket-friendly prices (of at least a few items) and ‘Indianized’ menu. These are the most important aspects of glocalization where, customers looking for quality and hygienic environment are attracted towards the joint. To achieve this target, firms must work out on their recipe list and their prices. It is important to note that only a few items in the list need to be customized and further adaptations may be carried out based on consumer behavior. There are many other factors which must be considered like the social, cultural and religious aspect which governs the mindsets of people from different regions.

There is still lot of scope for food giants to improve their businesses in India by creating new ideas and devising new strategies. Local street food has still not been targeted by multinational food giants. Rich and upper class people are hesitant enough of their reputation and hygiene which keeps them away from local street food. If branded outlets target this section, a large share of market can be easily captured. Also, if health and nutrition aspects are taken into account while introducing new food items, it could act as a major attractor to the Indian customers. The Indian customer is more health conscious today and will avoid junk food and carbonated drinks if better options are provided at the table.
REFERENCES


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