

MTR Foods-A Marketing Marvel

► INTRODUCTION

MTR foods is a successful company due to continuous marketing activities by focusing on the customer's requirements and creating products satisfying the customer's needs wants and demands.ⁱ In past MTR foods (erstwhile MTR Tiffins) was doing marketing activity in emergency situations by introducing new and different products as MTR masala powders. It shows that the legacy of the MTR company as Marketing Orientation by catering to needs of customers and providing products matching with their needs.

It's a reality that any company or business entity doesn't operate in isolation but driven by environment parameters Known as PESTEL or SLEPT factors. S-Social L-Legal, E-Economical, P-Political T-technological.

MTR foods operated in the food industry environment with quality as a product or USP to attract and retain customer.ⁱⁱ Any company or business unit is successful in strategy when it is able to map its internal resources with external environment and create value for customers in the process revenue to the company. In this context, MTR company has legacy of "Marketing strategy thinking" in the food industry for seven and a half decades.

Here is an illustration of the MTR company's ability to identify opportunity from the dynamic external environment (SLEPT) and providing a gamut of successful business reorientations by evolutions from MTR Tiffin's MTR foods by creating products like Ready-To-Make (RTM) Masala ingredients, Ready to cook (RTC) like upma, idli, dosa, etc.

We can say that MTR is a marketing marvel because of its ability to understand the industry environment demand drivers that dominates food industry i.e., food habits and food consumption of consumer, and based on that, was able to create appropriate the marketing mix (Annexure-II) elements -4Ps Product, Price place, and promotion.ⁱⁱⁱ We explore and understand the MTR as a marketing marvel case in the above context.

► THE INDIAN FOOD INDUSTRY ENVIRONMENT: A SNAPSHOT

The Indian food industry growth is increasing every year (Data provided in Annexure-III) An opportunity for immense potential for value addition, particularly within the food processing industry, the food sector has emerged as a high-growth and high-profit sector. The food industry, which is currently valued at US\$ 39.71 billion!, is expected to grow at a Compounded Annual Growth Rate (CAGR) of 11% to US\$ 65.4 billion by 2018. Food and grocery account for around 31% of India's consumption basket. Accounting for about 32% of the country's total food market, The Government of India has been instrumental in the growth and development of the food processing

industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, and industrial. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export, and expected growth. It contributes around 14% of manufacturing Gross Domestic Product (GDP), 13% of India's exports and 6% of total industrial investment. Indian food service industry is expected to reach US\$ 78 billion by 2018. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20%. India's organic food market is expected to increase by three times by 2020.^{iv}

Food Industry & Trends

The online food ordering business in India is in its nascent stage, but witnessing exponential growth. The organized food business in India is worth US\$ 48 billion, of which food delivery is valued at US\$ 15 billion. With online food delivery players like FoodPanda, Zomato, TinyOwl, and Swiggy building scale through partnerships, the organised food business has a huge potential and a promising future. The online food delivery industry grew at 150% year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016. According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 7.47 billion worth of Foreign Direct Investment (FDI) during the period April 2000–December 2016. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years and also to generate employment of nine million person-days. Mr Tomasz Lukaszuk, the Ambassador of the Republic of Poland, had also highlighted the keen interest shown by Polish companies looking for opportunities in India to expand collaboration and invest food processing.^v (Annexure 1)

Government Initiatives Food sector

There are various government initiatives taken to support Indian food industry in recent budgets so that an economic fillip given to this industry. The gamut of operations areas covered are from quality control, regulations to promotional board of investment from FDI, and encouraging entrepreneurs in this industry. This government initiative gives a direction to industry to sustain in long term with particulars quality standards. (Refer Annexure IV for details)

► COMPANY EVOLUTION MTR FOODS - MAVALLI TIFFIN ROOMS^{vi} TO MTR FOODS

The Mavalli Tiffin Rooms (commonly known as MTR) is the brand name of a food-related enterprise located in India. Having its origin in the city of Bangalore, it has a restaurant located on the Lal Bagh Road in Bangalore and 6 other branches in the city, as well as one each in Singapore, Dubai, and Muscat. MTR also claims to be the inventor of the popular South-Indian breakfast item, Rava idli. MTR was founded as a restaurant by Yagnanarayana Maiya and his brothers in 1924. In the mid-1970s when India was under emergency, a Food Control Act was introduced

which mandated that food was to be sold at very low prices. This move made it difficult for MTR to maintain high standards in its restaurant business and forced it to diversify into the instant food business, selling ready-to-eat snacks such as chutneys and rasams. Since the 1970s, MTR has expanded and diversified, with MTR Department Stores opened next to the restaurant, and an outlet opened in Chennai. Currently the MTR brand represents two separate entities; the *MTR restaurant* business and *MTR Foods*, the pre-packaged food business. MTR Restaurant is a vegetarian restaurant located in Bangalore, India. It was founded in 1924. It has also been featured on television in the global travel-related series, *Globe Trekker*. The food served at the MTR is a regular, wholesome Karnataka Brahmin fare and has its origins in the Udupi Brahmin cuisine of the coastal region of Karnataka. The decor is outdated, as more attention is paid to cleanliness and food quality than to ambiance. For many years, the customers entered the restaurant through the kitchen so that they would be able to satisfy themselves about the restaurant's cleanliness before they ate there. During World War II, MTR found it difficult to make idlis since rice was in short supply. According to MTR, they experimented with semolina instead of rice and thus invented the very popular breakfast item of Rava idli. MTR also holds a record of being the first fast food restaurant in the world to serve 21,000 customers in seven hours. MTR restaurant is currently headed by Hemamalini Maiya, Vikram Maiya, and Arvind Maiya (grandchildren of Yajnanarayana Maiya). One uniqueness of this restaurant is that silver tumblers are used to serve beverages.

This restaurant was closed in the period of Indian emergency (mid 1970s) when the Food Control Act made it non-profitable to serve food items until it was reopened in 1984. To save the jobs during the time it was closed, MTR started selling spices and roasted flour mixes. That was the beginning of its entry into the convenience and instant food business, and in a sense, a turning point. MTR Foods was headed by Sadanand Maiya (son of Yajnanarayana Maiya) until it was sold to Orkla, a Norwegian company for \$80 Million in March 2007. It produces packaged foods in different ranges—spices, instant mixes, ready-to-eat foods, vermicelli, ready-to-cook gravies, range of frozen products, papads, pickles, chips, snacks, and ice creams. It bought the packaging technology from the Defence Food Research Laboratory in Mysore and there are no preservatives added to the food while packaging. MTR is also the first Indian processed foods company to be certified with the Hazard Analysis Critical Control Point (HACCP) certification which is a rigorous standard of food safety and hygiene. It has also been sponsoring magic shows and theatre performances as a means of giving live demonstrations of their products and to hand out free samples to the audience. MTR Foods is also the first company in the world to have created a frozen dosa, which can be heated and eaten right away. MTR Food products are exported to the countries in the Persian Gulf, United States, and United Kingdom. It is believed that MTR is the one who brought the first ice cream vending machine to India.

► MARKETING MIX PERSPECTIVE^{vii} OF MTR FOODS

MTR foods a Product Dominant Company

MTR Foods is a food product company offering a diversified range of packaged food products. It uses authentic recipes, high-quality oil, and best ingredients to retain and ensure homemade aroma, taste, and flavor. Products are prepared in the strict hygienic atmosphere so that packs retain

crispiness and freshness. It includes items for breakfast, meals, and in-between meals like-Frozen Foods. The above company backdrop shows MTR as a company that continuously innovates and produces product with match of consumer needs wants and demands. Product efforts are Quality as strength to attract and retain customers. The frame work of “Customer Vs Product” matching of this company can be understood as marketing marvel Company. (Refer Annexure V for frame work) To enable has Product Company MTR focussed on “Product & Quality certifications” by different Food quality Regulators. FSSAI This company has concentrated on single product line.^{viii} Products based on different features, benefits, quality, variety items, and assortments. In this process of product assortment of the company, it is able to create value to the customer. This is done with a strong quality assurance system and certification. Product mix of the company is able to generate sufficient revenues for the business of the product. Product Profile^{ix}

Place in the Marketing Mix of MTR Foods

Place in marketing mix means distribution or channel for selling the products. Here for MTR foods, they used its own MTR tiffin centers to sell the products then started selling through other retail shops. MTR is spread it business in different parts of the worlds starting from Bengaluru as its headquarters in Karnataka. Its products are exported to several countries in world market like Singapore, Malaysia, Mauritius, Japan, Middle-East, New Zealand, Australia, Germany, United Kingdom, Canada, and the United States. MTR has also opened its fast-food restaurants on franchisee concept called MTR Super Shops and these are located in most cities and towns of India. It has seven facilities to conduct manufacturing process. It has a strong and extensive distribution network that includes services of distributors and retailers. Its products are easily available to consumers through its own stores and in super markets, hyper markets, discount stores, convenience stores, and grocery stores. MTR Foods has launched its e-commerce platform from Bangalore as a venture to move with changing times. Online selling is e-commerce platform for company and its comes under place in marketing mix elements.

Promotion in the Marketing Mix of MTR Foods

Promotion is the tool in marketing to make customer aware inform and create a positive ATTITUDE towards company and products. The tools of promotion that includes advertising, personal-selling sales promotions and publicity are given in (Annexure II). MTR Foods is pursuing an aggressive and intensive marketing strategy at regional, national and international levels. It has organized sampling activities at popular places and launched several ad campaigns via television, magazines, newspapers, and social media platforms to garner maximum coverage. It has collaborated with Jiggs Kalra, celebrity chef, to increase its brand visibility. MTR Foods in the year 2002 was awarded ISO 9002 certification as it successfully met the food hygiene and safety standards in the international arena. It was the first company in India to receive an award for Technology Absorption by P^x

Price in the Marketing Mix Of MTR Foods

Price is the last one marketer discusses but its critical one when compared all other marketing mix elements. As all other elements are cost-inculcating factors but price is the revenue generators. Price with together product creates value for customer. MTR follows the differential pricing for each

benefits, features it adds. (Refer Annexure II for various Price methods). MTR Foods is estimated as rupees 700-crore company with a growth rate at 18% CAGR. Its exports account for nearly 20% and sales in Southern states to 60% of its total revenues. MTR Foods has adopted a market penetration pricing policy and has implemented reasonable rates for its products. Pocket-friendly and affordable rates will help the company in reaching further markets. MTR Foods has launched its web portal as a much-needed initiative to garner larger profits as it will be able to cut down on its distribution costs. It has also implemented promotional policies and offers incentives like 20% extra product with the original.^{xi} The fifth P of marketing mix is packaging is dominant by this MTR company as its product-based firm and food-based industry.

► ROAD AHEAD

Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry offers several benefits. It would enable adherence to stringent quality and hygiene norms and thereby protect consumer health, prepare the industry to face global competition, enhance product acceptance by overseas buyers and keep the industry technologically abreast of international best practices. As Peter Drucker, The Father of Management, says that The main aim of marketing is to make selling redundant. MTR is able to provide products matching over shooting the expectations needs wants and demands of customers as per frame work and able to create the Customer delight and customer loyalty Through its philosophy of Quality as USP. We hope MTR sustains its marketing marvel even in new regime of globalization in digital world.

ANNEXURE-I*

- Industry trends & Investments.
- US-based food company Cargill Inc, aims to double its branded consumer business in India by 2020, by doubling its retail reach to about 800,000 outlets and increase market share to become national leader in the sunflower oil category which will help the company be among the top three leading brands in India.
- Mad Over Donuts (MoD), outlined plans of expanding its operations in India by opening nine new MOD stores by March 2017.
- Danone SA plans to focus on nutrition business in India, its fastest growing market in South Asia, by launching 10 new products in 2017, and aiming to double its revenue in India by 2020.
- Uber Technologies Inc plans to launch UberEATS, its food delivery service to India, with investments made across multiple cities and regions.

- Di Bella, the Australia-based coffee chain, plans to invest Rs 67 crore (US\$ 10 million) for setting up around 20 new outlets in Mumbai, besides entering Delhi and Bangalore by 2017.
- KKR & Co LP, the US-based private equity firm, plans to invest about Rs 520 crore (US\$ 77.38 million) in dairy company Kwality Ltd, which will be used to strengthen its milk procurement infrastructure and increase processing capacity.
- Henry Ford Health Systems (HFHS), a US-based health and wellness group, plans to enter India by signing a franchise partnership with Chandigarh-based hospitality and food services firm KWalls Hospitality, and set up “Culinary Wellness” branded stores across the country.
- Mondelez International, the US-based confectionery, food, and beverage major, inaugurated its new manufacturing plant in Andhra Pradesh set up for Rs 1,265 crore (US\$ 190 million), with an annual production capacity of 250,000 tonnes.
- PureCircle, a Malaysia-based natural sweetener producer, plans to invest around Rs 1,300 crore (US\$ 200 million) in India to set up a manufacturing plant and make the country its regional production and export hub in the next five years.
- Swiggy, a food delivery start-up owned by Bundl Technologies Private Limited, has raised Rs 230.34 crore (US\$ 33.80 million) in a Series C funding round, with its existing investors SAIF Partners, Accel Partners, Norwest Venture Partners, and Apoletto Asia Ltd contributing 79% of the new funds raised.
- Gujarat Cooperative Milk Marketing Federation (GCMMF), popularly known as Amul, plans to invest Rs 5,000 crore (US\$ 733.6 million) to establish ten new processing plants as well as expand the current capacity to touch 32 million litres per day (MLPD) capacity by 2020.
- Private Equity (PE) firm India Value Fund Advisors (IVFA) plans to invest around US\$ 100–150 million in the food business in India over the next two years.
- Zomato, a restaurant search and discovery platform, has raised US\$ 60 million from Singapore government-owned investment company Temasek, along with existing investor Vy Capital, in order to explore new business verticals.
- ITC Limited plans to invest Rs 800 crore (US\$ 117.4 million) to set up a world-class food processing facility in Medak, a district located in Telangana. The company has also formulated plans to enter the dairy market.

*Source: <https://www.ibef.org/industry/indian-food-industry.aspx>

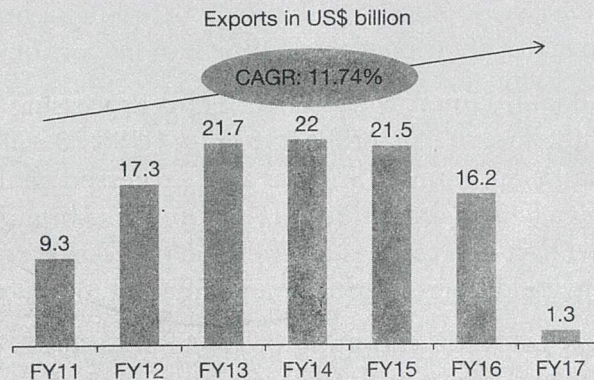
ANNEXURE-II

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The Four p components of the marketing

ANNEXURE-III



Source: Agricultural & Processed Food Products Export Development Authority (APEDA), DGCIS, TechSci Research.
Notes: FY-Indian Financial Year (April-March), FY17*-Data for April 2016.

ANNEXURE-IV

GOVERNMENT INITIATIVES-FOOD INDUSTRY*

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows. In Union Budget 2017-18, the Government of India has set up a dairy processing infra fund worth Rs 8,000 crore (US\$ 1.2 billion).

Union Budget 2016-17 proposed 100% FDI through FIPB (Foreign Investment Promotion Board) route in marketing of food products produced and manufactured in India.

- The Government of India has relaxed foreign direct investment (FDI) norms for the sector, allowing up to 100% FDI in food product e-commerce through automatic route.
- The Food Safety and Standards Authority of India (FSSAI) plans to invest around Rs 482 crore (US\$ 72.3 million) to strengthen the food testing infrastructure in India, by upgrading 59 existing food testing laboratories and setting up 62 new mobile testing labs across the country.

- The Indian Council for Fertilizer and Nutrient Research (ICFNR) will adopt international best practices for research in fertiliser sector, which will enable farmers to get good quality fertilisers at affordable rates and thereby achieve food security for the common man.
- The Government of India allocated Rs 1,500 crore (US\$ 225.7 million) and announced various measures under the Merchandise Exports from India Scheme (MEIS), including setting up of agencies for aquaculture and fisheries in coastal states and export incentives for marine products.
- Government of India plans to allow two Indian dairy companies, Parag Milk Foods and Schreiber Dynamix Dairies, to export milk products to Russia for six months, after these companies got approval for their products by Russian inspection authorities.
- Ms Harsimrat Kaur Badal, Union Minister for Food Processing Industries, Government of India inaugurated the first of its kind Rs 136 crore (US\$ 20 million) mega international food park at Dabwala Kalan, Punjab. She has also expressed confidence that the decision to allow 100% Foreign Direct Investment (FDI) in multi-brand retail with 100% local sourcing condition, will act as a catalyst for the food processing sector, thereby controlling inflation, uplifting the condition of farmers, and creating more jobs in the country.
- FSSAI has issued new rules for importing products, to address concerns over the entry of sub-standard items and simplify the process by setting shelf-life norms and relaxing labelling guidelines.
- The Ministry of Food Processing Industries announced a scheme for Human Resource Development (HRD) in the food processing sector. The HRD scheme is being implemented through State Governments under the National Mission on Food Processing. The scheme has the following four components:
 - Creation of infrastructure facilities for degree/diploma courses in food processing sector
 - Entrepreneurship Development Programme (EDP)
 - Food Processing Training Centres (FPTC)
 - Training at recognised institutions at State/National level
- FSSAI under the Ministry of Health and Family Welfare has issued the Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011 and the Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011 which prescribe the quality and safety standards, respectively for food products.
- Spices Board, set up by the Ministry of Commerce to develop and promote Indian spices worldwide, aims spice exports of US\$ 3 billion by 2017.
- The Government of India has approved the setting up of five numbers of Mega Food Parks in the states of Bihar, Maharashtra, Himachal Pradesh and Chhattisgarh. The

Government plans to set up 42 such mega food parks across the country in next three to four years.

Source of Information: Ministry of Food Processing Industries (MoFPI), Agricultural and Processed Food Products Export Development Authority (APEDA), Media reports and Press Releases, Department of Industrial Policy and Promotion (DIPP), Press Information Bureau (PIB), Confederation of Indian Industries (CII), Union Budget 2016-17, Union Budget 2017-18.

ANNEXURE-V

CUSTOMER EXPECTATIONS REMARKS

Customer C	C Company Name	Brand Name
U	U Utility	
S	S Satisfaction	
T	T Technology	
O	O Options	
M	M-Monetary aspect	
E	E-Evaluation	
R	Responds by buying or not buying	

PRODUCT MEANS OR ENABLES

PRODUCT P	P-Performance	Catering to the needs
R	R-Reliability	
O	O-Options	
D	D-Durable	
U	U-utility	
C	C-Communicable	
T	T-Technology	

ANNEXURE-VI

Vada with Sambhar and Chutney

- Idli with Sambhar and Chutney
- Mysore Masala Dosa with Sambhar and Chutney

Pickles

- Lime Pickle
- Mango Sliced Pickle

Sweets

- Gulab Jamun
- Rasagolla

Masala Pastes

- Biryani Paste
- Lemon Rice Paste
- Pulliogare Paste

Meal Mixes

- Sambhar Mix
- Rasam Mix

Snack Mixes

- Muruku
- Bajji and Bonda
- Gobi Manchurian

Pure Spices

- Haldi Powder
- Chilli Powder
- Jeera Powder

Vermicelli

- Seviyan Vermicelli
- Beetroot Vermicelli
- Carrot Vermicelli

Ready-to-Cook

- Methi Matar

- Chana Masala
- Veg Kadhai

Drinks

- Chocolate Drink
- Badam Drink

Single Serves

- Rasogolla
- Basundi
- Rasamalai

Ready-to-Eat

- Sambhar Rice
- Dal Makhani
- Palak Paneer

Breakfast Mixes

- Khaman Dhokla
- Spinach Idli
- Poha

Sweet Mixes

- Mango Kulfi
- Gulab Jamun
- Basundi/Rabri

Masala Powders

- Curry Powder
- Rasam Powder
- Sambhar Powder

MTR SnackUp

- Pepper Banana Chips
- Spicy Banana Chips
- Huli Thengols

Beverages

- Badam Drink Mix