

**SALES MIX STRATEGY OF
HFD PRODUCTS IN THE
FMCG CATEGORY: A CASE
STUDY OF ABBOTT
NUTRITION INDIA**

Prof. Anand Guled

*Assistant Professor, Padmashree Institute of Management and Sciences;
Kengeri, Bangalore.*

ABSTRACT

India, Health, and food drinks are the world's largest malt and nutrition-based drinks market, accounting for 22% of the world's retail volume sales. These drinks are categorized as Nutritional supplementary, consumed as milk substitutes, and marketed as nutritious drink that provides growth and development, mainly consumed by the old, the young, the child, and the sick. The health and food drinks category business largely spread across South and East India accounting for the largest proportion of all Indian sales. These Malt and Nutrition beverages, though, are still an urban phenomenon. This paper aims to gain an understanding of how HFD category businesses are using sales mix strategies in organized retail stores of Abbott Nutrition to reach consumers.

Key Words: Sales Mix, FMCG, HFD category, Abbott Nutrition India

Introduction

Nutrition in India

After 2 years of age, a child's will be picky eating (also known as fussy, faddy, or choosy eating) affectsthe child's growth and development, a child's energy needs per kilogram of bodyweight are declining but the actual amount of energy like calories required increases, as the child gets older. From 5 years to teenager, there is a period of slow but balanced growth. Dietary intakes of some children may be less than recommended for the nutritional requirement are adequate and a variety of foods, including fruit and vegetables, dairy products, lean meats, fish, poultry, eggs, legumes, and nuts should contribute to proper growth and development.

In India, each State is equivalent to a country with its specific socio-economic level, different ethnic groups, food habits, and health infrastructure facilities. Thus, the nutritional status of the population shows significant differences between the population, and also has huge under-nutrition and over-nutrition problems. Thus, Emphasis should be given not only to food but also to the care of health and balanced nutrition. When there is malnutrition, there is a higher level of infertility. One in three babies born in India weighs significantly low because their mothers are undernourished.

Statement of the problem

For evolving an appropriate Sales mix strategy, understanding the consumer product preferences based on their nutritional requirements and related product needs. Challenges and opportunities associated with entering into the nutrition business market, and calculate the company's sales mix to strategize to improve product distribution for the highest revenue gains. Most of the Indian population is willing to accept nutritional drinks and more significant opportunity for HFD category companies to gain the market share by realizing the growth opportunities and tapping this business category

through various strategies and initiatives. Abbott Nutrition is the largest health care company and operates in different categories of business including established pharmaceutical products, diagnostics products, nutritional products, and medical devices. Hence Abbott Nutrition has been developing science-based nutrition products for over 113 years. Abbott Nutrition's goal in developing these products is to support your patients through all stages of life, from infancy to childhood to adulthood and everywhere in between, so they can live the fullest life possible.

Objective

1. To develop science-based nutrition products to support the growth, health, and wellness of people with the right sales mix strategy
2. To Asses about the HFD category and nutrition products
3. To know the strategies adopted by Abbott Nutrition India concerning the sales mix to improve product penetration for the highest revenue gain.
4. To understand how nutritional products are using the sales mix strategies in organized retail stores of Abbott Nutrition to reach consumers.

FMCG AND HFD Category

Health and Food Drinks generally abbreviated as HFD category is one of the fastest growing categories in 2018 with double-digit growth. India's booming wellness segment is driving this category with opportunities for innovation and differentiation. HFD segment is the biggest in terms of volume sales and the fastest growing segment in terms of value sales. HFD category is amongst the top sector in India followed by automobiles, textile, cement, and steel. In FMCG HFD category is the largest and fastest growing business. We are going to cover all the relevant topics like, how can we diversify our portfolio in the HFD category, how can we decide on the ideal number of brands, etc. In the current

scenario, there is huge competition in the market and the companies are trying their best to differentiate themselves from the competitors by prospecting and selling the product and keeping customers in touch with the latest product innovations by using sales tools. Assortment in FMCG products increases the market reach and average sales per outlet of the brand.


Sales Mix

To understand the company's sales mix, we are going to take a look at the sales mix of an HFD Product in the FMCG category with the help of a case study of Abbott Nutrition India products. The term **Sales Mix** refers to the combination of different products a firm sell. In other words, it refers to the products that are available in the market and the quantities sold in different phases or segments. Thus, different products are sold by a company from its sales mix. The Sales Mix Strategy in FMCG products

is complex because of the number of products from different manufacturers that are competing with each other. There are thousands of different brands that are competing with each other in the same category. The total number of SKUs can run into hundreds of thousands. This makes it difficult to understand which products will help the retailer to increase their sales and which ones will not.

The sales mix strategy is a technique for allocating a firm's sales and marketing efforts across its various products to maximize profitability. For better understanding to communicate effectively with the marketing intermediaries of the HFD products with retailers' point of view is as follows with Table 1. For example, there are 8 products mentioned below. Product Pediasure is more profitable than other brands. The sales mix strategy would present the most amount of product Pediasure.

Table 1

Brands								
Parameters	400	500	400	500	500	500	500	450
Size(gm)	400	500	400	500	500	500	500	450
MRP(Rs)	510/-	215/-	520/-	285/-	215/-	278/-	265/-	210/-
Retail Margin	56.1	15.93	38.52	21.11	17.75	22.95	21.88	15.56
Current Sale								
Margin Earned								
Total Profit								
Converted Sale								
Margin Earned								
Total Profit								
Extra Earning								

Calculation

↓ Brands → Parameters	Pediasure	Horlicks	Horlicks Grow+	Junior Horlicks	BournVita	BournVita Lit champ	Complan	Boost	Total
Size/Gm	400	500	400	500	500	500	500	450	
MRP (Rs)	510	215	520	285	215	278	265	210	
Retail Margin (%)	11	10	10	11	10	10	10	10	
Retail Margin (Rs)	56	22	52	31	22	28	27	21	
Current Sales	6	20	0	10	15	5	0	12	68
Margin Earned	337	430	0	314	323	139	0	252	
Total profit	1794								
Converted sale	20	18	0	6	10	4	0	10	68
Margin Earned	1122	387	0	188	215	111	0	210	
Total profit	2233								
Extra Earned	440								

To understand the company's sales mix is to strategize the product distribution and penetration for high profits, knowing that the company is creating an essential distribution strategy to be successful in product penetration, the sales mix pushes the products into the market to reach individual consumers and create value

Abbott Nutrition India

Abbott Nutrition is a leading health care products company in India. They are the makers of Pediasure, Ensure, Similac, and many more legacy brands. They have a range of popular products in the health and food drink industry in India. One of the most interesting categories in the food industry is the health and food drinks category. In India, the top brands in the category are Horlicks, Boost, Bournvita, and Complan. Horlicks has been around for a long time.

The latest trend in health and nutrition is the health and food drinks category. The market is growing fast as a result of the boom in health and wellness trends. The biggest player in this category is the US multinational Abbott Nutrition. Abbott has been operating in India for over 100 years and has a leadership position in others categories like baby nutrition, toddler nutrition, and adult nutrition. The category is expected to grow steadily shortly.

Abbott Nutrition believes in proper nutrition is

for the company. Thus, Sales mix refers to the proportion of sales a single product accounts for in a company's total sales, it's worth noting that sales mix refers to the variety of products sold by a company through various organized retail stores.

the foundation for healthy lives, which is why we at Abbott Nutrition have been developing science-based nutrition products for 113 years. Abbott Nutrition India's goal in developing nutritional products is to support consumers through all stages of life, from infancy to childhood to adulthood and everywhere in between, so they can live the fullest life possible.

Abbott Nutrition follows a hybrid distribution model. It includes traditional trade, modern trade, and pharma channels. It would be a cost-reduction technique for both Abbott Nutrition and its dealers in markets. In this distribution model, the company will make products available to all types of distributors to place the bulk products which covers all sets of organized retail stores. Dealers get the products directly from all types of distributors whenever they are out of stock. Distributors are the company mediators between the company and dealers. Abbott Nutrition is very strong in Modern trade and Pharma chain outlets and contributes more than 65% of the business.

Conclusion

Thus, Abbott Nutrition is cautious in making product availability at the right outlet to reach the right consumers cost effectively with a proper sales mix strategy. The company is taking

proactive steps to balance the sales contribution from all the channels including traditional trade, modern trade, and pharma channel product mix and various marketing initiatives.

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