

A Major Project Report

On

**Branding The Grain: Emerging Branding Techniques and Trends in Rice
Processing Industry**

Submitted for the award of the degree of MBA (Executive)

By:

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DTU/2K13/EMBA/521

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CERTIFICATE

This is to certify that the project titled “**Branding The Grain: Emerging Branding Techniques and Trends in Rice Processing Industry**” is the bonafide work carried out by **Shreshtha Jaiswal**, student of Executive MBA, Delhi School of Management, Delhi Technological University, during the year 2015, in partial fulfilment of the requirements for the award of the Degree of Master of Business Administration and that the project has not formed the basis for the award previously of any degree, diploma, associate ship, fellowship or any other similar title.

Signature of Guide

(Dr. Rajan Yadav)

Place: New Delhi

Date: _____

DECLARATION

I hereby declare that the project entitled “**Branding The Grain: Emerging Branding Techniques and Trends in Rice Processing Industry**” submitted for the Executive MBA Degree is my original work and the project has not formed the basis for the award of any degree, associate ship, fellowship or any other similar titles. It is the result of the project carried out by me under the guidance and supervision of **Dr.RajanYadav, Delhi Technological University**.

I further declare that I have not previously submitted the project report to any other institute/university for any other degree/diploma.

(ShreshthaJaiswal)

ACKNOWLEDGEMENT

I would like to express my deepest appreciation to all those who provided me the possibility to complete this report. In the first place, I would like to pay my gratitude to **Dr.RajanYadav** who is my mentor and has supported, guided me in this Project report. I extend my gratitude to **Delhi Technical University** for giving me this opportunity. I also acknowledge with a deep sense of reverence, my gratitude towards my clients, suppliers and buyers and other business partners who helped me complete this academic project. As always, I'm eternally indebted to my parents and members of my family, who have always supported me morally as well as economically. Any omission in this brief acknowledgement does not mean lack of gratitude.

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Batch of 2013-2015

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EXECUTIVE SUMMARY

Rice is a staple diet in India and rice processing industry is a 25,000 crore industry in the country. Rice is grown in the form of paddy, processed in mills and sold in the open market through brokers, traders, wholesalers and finally retailers. There is a plethora of variety that is grown but still it is quite a homogeneous market. What differentiates each grain is nothing but the branding. Branding makes each grain unique and distinct.

The paper attempts to find out what are the increasing trends in branding rice and how it helps sail through competition. This project studies the latest trends in the industry, the marketing techniques and what needs to be done to maintain a particular brand name.

A process of descriptive research has been adopted and primary data was collected through a questionnaire survey and extensive interviews of millers, traders and other relevant members of the supply chain.

The paper finds out that those catering to domestic market and having self-financed businesses focus heavily on branding which has become a major tool to survive the cut-throat competition.

INTRODUCTION

Milling of rice is not just the oldest but also the largest agro processing industry of India. Presently, the turnover is over 25,500 cr. per year with a milling capacity of about a whopping 85 million tonnes of paddy per annum. This not just provides staple food grain but also other valuable products required by nearly 60% of the population. There are as many as 82,000 registered single hullers apart from many unregistered.

Recovery of grains in a traditional mill that typically use steel huller to deshusk is approximately 52-54%. This means an excessive loss in the form of coarse and fine broken grains along with large portion of endosperm layers during the process also getting lost. Against it, the recovery percentage of whole grains in modern rice mills that use rubber roll shellers for dehusking process is approx. 62-64%. The whole grain recovery percent further increases to 66-68% in case of milling of parboiled paddy. Thus it can be seen that there is an overall improvement of recovery of whole grains by about 10-14% if one uses rubber roll shellers for rice milling operations.

Particulars	(₹ per quintal of paddy processed)							
	Conversion into rice				Conversion into poha			
	Conventional unit		Modern unit		Conventional unit		Modern unit	
	Amount (₹)	% to total	Amount (₹)	% to total	Amount (₹)	% to total	Amount (₹)	% to total
Power, fuel and water	54.00	42.60	62.75	31.95	05.00	14.16	06.00	14.64
Salaries	02.00	01.58	03.95	02.01	03.25	09.21	03.50	08.53
Administrative costs	01.25	00.99	02.75	01.40	00.80	02.26	01.10	02.68
Interest on								
a) Working capital	55.00	43.40	105.00	53.45	15.00	43.00	18.00	43.90
b) Fixed capital	11.00	08.70	15.00	07.63	08.00	22.66	08.50	22.93
Depreciation on								
a) Buildings at 5%	01.50	01.20	02.00	01.01	02.50	07.08	03.00	07.32
b) Machinery and equipments at 10%	02.00	01.58	04.95	02.52	00.75	02.13	0.90	02.20
Total cost	126.75	100	196.40	100	35.30	100	41.00	100

Types of Rice In India

- Pusa Basmati 1121
- Basmati rice
- Ambemohar
- Dubraj rice
- Aizon Rice ^[2]
- ChampaaRiceÑù
- Clearfield Rice
- Hasanserai
- Kamini Rice
- GobindoBhog [West Bengal]
- Atop
- Ponni Rice
- HMT Rice
- ThimmasamundaramMollakolukulu
- Jay Shrirama Rice
- Joha rice ^[3]
- Rosematta rice
- Navara rice
- Raja Hansa rice
- Molakolukulu
- Patna rice
- Tulaipanji rice^[4]
- Pusa Rice
- 74 count
- Laxmibhog [WestBengal]
- BhutMuri(Kelas)[WestBengal]
- Idly Rice - Short grain
- SonaMasuri
- Ranjit Rice
- Kattasambar
- Hansraj
- Jyothi

Notified Varieties Of Basmati Rice

Varieties	Date of Notification	Name of the Institutions
Basmati 370	361 – 30.07.1973 786 – 02.02.1976	Rice farm KalashahKaku (now Pakistan)
Type-3 (Dehraduni Basmati rice)	19.12. 1978	Rice Research Station, Nagina
Taraori Basmati(HBC-19 or Karnal Local)	01.01.1996	Rice Research Station, (CCS- HAU), Kaul
Basmati 217	4045 24.09.1969	Punjab Agriculture University, Ludhiana
Ranbir Basmati	01.01.1996	Sher-e-Kashmir University, Regional Agriculture Station, R.S. Pura, Jammu
Basmati 386	09.09.1997	Rice Research Station, Kapurthala, Punjab Agriculture University, Punjab
Punjab Basmati –1	596 (E) – 13.04.1984	Punjab Agriculture University, Ludhiana, Punjab

Varieties	Date of Notification	Name of the Institutions
Pusa Basmati –1 IET 10364	915 (E)– 06.11.1989	IARI, New Delhi
Kasturi IET 8580		Directorate of Rice Research, Hyderabad, AP
Haryana Basmati– 1 IET – 10367	793 (E) – 22.11.1991	Rice Research Station, CCS-HAU, Kaul, Haryana
MahiSugandha IET – 12601	408 (E) – 04.05.1996	Rice Research Station, RAU, Banswara, Rajasthan
Pusa Basmati– 1121 IET – 18004	1566 (E) – 5.11.2005 2547(E) 29.10.2007	IARI, New Delhi
Improved Pusa Basmati – 1 IET – 18990	1178(E)–30.07.2007	IARI, New Delhi
Vallabh Basmati-22 IET 19492	2157(E) 27.08.2009	MAUB-162
Pusa Basmati – 6 IET – 18005	73(E) – 01.04.2010	IARI, New Delhi
CSR 30	S.O.2116(E)10.9.2012	Ministry of Agriculture

All-India Area, Production and Yield of Paddy

Year	Area(Million Hectare)	Production (Million Tons)	Yield (Kg./ Hectare)	Area Under Irrigation(%)
<i>1950-51</i>	<i>30.88</i>	<i>30.58</i>	<i>668.0</i>	<i>31.7</i>
1960-61	34.75	34.49	1114.2	86.8
1970-71	35.59	42.62	1133.2	28.4
<i>1980-81</i>	<i>48.15</i>	<i>53.73</i>	<i>1335.7</i>	<i>50.7</i>
1990-91	48.69	74.49	1750.2	75.5
2000-01	47.71	84.68	1900.7	53.6
2010-11**	35.95	85.31	2177.0	NA

Brand

What is a Brand?

- A singular idea or concept that you own inside the mind of the prospect.
- A brand is the differentiator of a product or service from similar offerings.
- A brand is the differentiator of a product or service from similar offerings.
- Something used to show customers that one product is different than the products of another manufacturer.

What's in a Brand?

- **Value association:** A branded item creates its value which separates it from the rest. A brand gives the item a unique identity which is otherwise not possible.
- **Pride:** There is a sense of pride in owning as well as selling the brand.
- **Differentiated from competition:** A brand differentiates a product from the competition.
- **Command premium price:** Marketers can charge premium price for their brands if the brand has a high recall value.
- **Higher sale:** Helps gain substantial market share.
- **Attract and retain stronger employees:** Better brand recognition instills a sense of pride in employees working for the organization.

1.2 Objective of Study

Agricultural commodities perhaps remain the oldest tradable item, yet the century old business has not been able to capture the attention of the brand strategists. One of the primary reasons, from the producer or in this case, the processor's point of view is that their major buyer remains the government of India which procures these commodities through the Food Corporation of India (FCI). FCI buys rice through its state-wise levy system or the CMR (Custom Milled Rice) and does not need any branding. The bulk of remaining quantity essentially goes in the export market (export of non basmati rice opened in September 2011) –which again is exported in normal plain 50 kg pp bags in containers or break bulk vessels and lacks any element of branding. What remains is now sold in the domestic markets but of course this is in relation with Government procurement rates and export prices.

The study aims to find out what are the changing trends in the rice processing industry, what are the new milling mechanisms to process the rice, how packaging and distribution play a vital role in branding rice, the logos and certifications that millers project to brand their rice and how the advertising trend in this space has been on the rise.

The Government's policy to keep inflation low and offload the FCI godowns along with increase in demand for more varieties of rice have forced millers to cater to the domestic market and this has given rise to increasing branding techniques adopted by the millers as well as the traders. The paper also attempts to find out how those involved in the supply chain of rice gain more as a result of branding vis-à-vis selling the same rice as an unbranded item.

LITERATURE REVIEW

Marie Trydman Krudsen, Neils Halberg, Venkatesh Iyer (2007) have written about the changing trends in agriculture and their impacts. They have emphasised on organic agriculture and ecological justice.

David L. Doerfert and Rene P Miller (2006) in their research paper talk about the communication processes adopted by agriculture industry professionals. They mention the transformation of this industry in information age.

Ashok Gulati, N Minot and S Bora (2008) talk about the outward looking trade policies that have contributed to high value agriculture and empowered the farmer.

Bhat (2001) emphasises how corporatization has started to creep in agro-processing industry.

V Goel, S Bhaskaran (2006) write about highly fragmented open market and the need to offload the excessive stocks that the government has in its godowns.

RESEARCH METHODOLOGY

Research methodology refers to the tools used to structure a study and gather & analyse information in an organised way. The methodology describes the research design, the census, data collection procedures and the measuring instrument.

Research Design

A research design is said to be the overall plan aimed at addressing a research question, along with specifications that improve the study's integrity. A plan specifically conceived and carried out to bring representative evidence to bear on a research problem, question, or hypothesis. It refers to the overall approach to or outline of the study that details all major components of the research. The study used a descriptive correlational design.

Data Source

- **Primary Data** - The primary data will be collected from the people through a structured questionnaire and observation.
- **Secondary Data** - Apart from primary data collected, the data collected from the literature, intranet and web.

Sampling Unit

Millers & processors, traders, brokers, Trading houses, suppliers

SAMPLING SIZE

50 people

Sampling Type

Convenience Sampling: A total number of 50 people selected from the ‘relevant’ population based on proximity and familiarity with the researcher.

Geography covered: Traders from Naya Bazar, Karnal Naveen AnajMandi, millers from Lucknow, Rae Bareilly, Puranpur, Pilibhit, Richha, Bareilly, Sultanpur, Amethi, Jagdishpur, Bahraich, Basti, Gonda, Hardoi, Sitapur, Barabanki, Gorakhpur, Shahjahanpur, Chandauli, Gazipur, Khalilabad, Kudra, Sasaram and Raxaul. Please note: each mill has been taken as one individual unit.

Tools Of Analysis

Consistent with the study objectives different tools and techniques such as Diagrams, graphs, pie charts, will be used for data analysis. Interpretation of data will be based on regimes exercise aiming at the assessment of study objectives.

Questionnaire

Name:

Name of Firm:

Designation:

1. What is your role in the supply chain of rice?

- a. Miller
- b. Processer
- c. Broker
- d. Trader

2. How much is your experience in this field?

- a. 0-5 years
- b. 5-10 years
- c. 10-15 years
- d. 15-20 years
- e. 20 years or more

3. What is your source of financing?

- a. Self-finance
- b. Financed by bank or any other institution

4. Do you have a raw or a parboiled plant?

- a. Raw
- b. Parboiled

5. If raw, would you like to switch to a parboiled unit?

- a. Yes
- b. No

6. What are your main reasons for switching to parboiled unit?
- Declining government purchase
 - Increasing demand for steam/ boiled rice
 - Better quality control
 - Better output
7. Who is your prominent buyer?
- FCI
 - Merchant Exporters
 - Domestic Market
8. How important is branding for you?
- Very high
 - Moderate
 - Not Significant
9. Do you have your own brand of rice or do you simply package it for any marketer?
- Own brand
 - Packing for someone else
 - Buying and branding
10. Rate the following in terms of importance vis-à-vis branding of rice

FACTORS	IMPORTANT	MODERATE	INSIGNIFICANT
Fabric bags			
BOPP bags			
Small packing			
ISO certification			
Extensive retail marketing			
Minimum price fluctuation			

11. How do you project your brand?

- a. Premium quality rice brand
- b. Everyday brand
- c. Different brand as per quality

12. Do you mix the variety of rice with any other substitute variety (E.g. 1121 Pusa with Sugandha or IR-64 with IR-8)

- a. Yes
- b. No
- c. If buyer demands

13. What are elements necessary to make a brand work? Rate the following in terms of weightage (5 for max and 0 for min):

FACTORS	Important	Moderate	Insignificant
Favourable market conditions			
Constant supply			
Faster delivery			
Consistent quality			
Right supply chain			

14. What are the major benefits of having your own rice brand?

- a. Constant demand
- b. Premium pricing
- c. Range of suppliers
- d. Value Association

15. Do you advertise your brand?

- a. Yes
- b. No

Interview Questions:

- What are the changing trends in the industry in the last 10 years?
- Since when have you seen increasing switch to parboiled plants?
- What are the reasons for this transition?
- What determines the life of a rice brand?
- Do you advertise. If yes, how?

ANALYSIS AND FINDINGS

How much is your experience in this field?

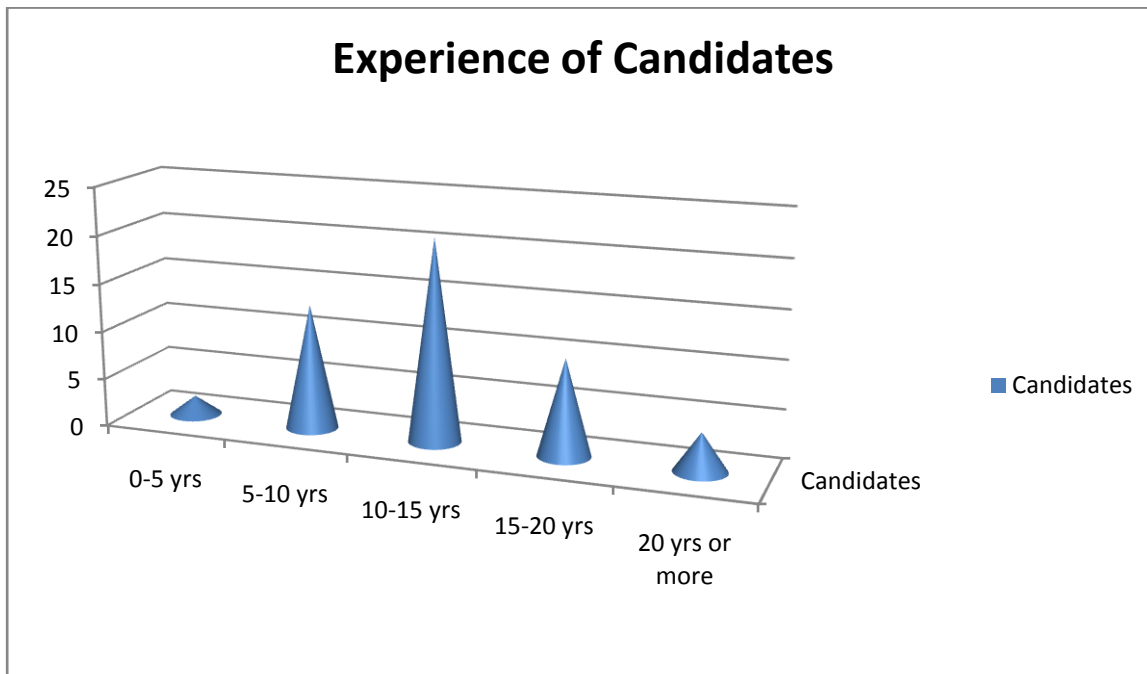


Fig 4.1

For most of the respondents, it's a family owned business running through generations. Even the millers who have recently set up the industry have been in the trading line of rice for over 10 years or more.

What is the source of financing?

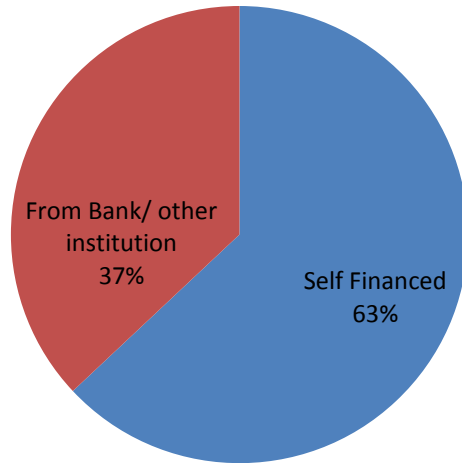


Fig 4.2

Sales is the top priority for financed project. Since these units have a bank liability and a fixed interest to pay, their focus remains on turnover. In this case, they prefer selling to exporters who often buy in bulk but at a cheaper rate. Millers also prefer to squeeze their margins and get the desired rotation of funds. On the contrary, for those operating on their own, developing a market and a brand is priority, even if there is not as big an order and there is in exports. These self-financed millers operate on higher margins.

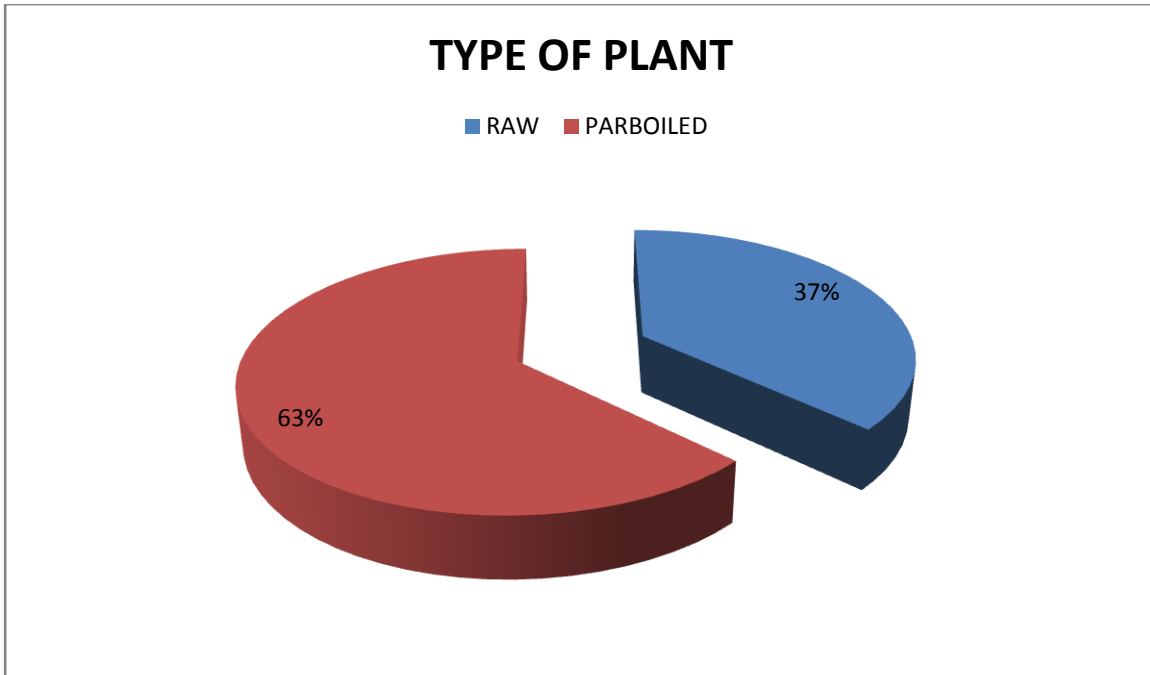


Fig 4.3

There is an increasing trend of consumption of steam or parboiled rice for its nutritional benefits. 63% of the millers are now running parboiled plants. Most of these millers have switched to parboiled units from their old raw rice units and this trend has been on the rise post the year 2005 with a steep increase in the last 3 years.

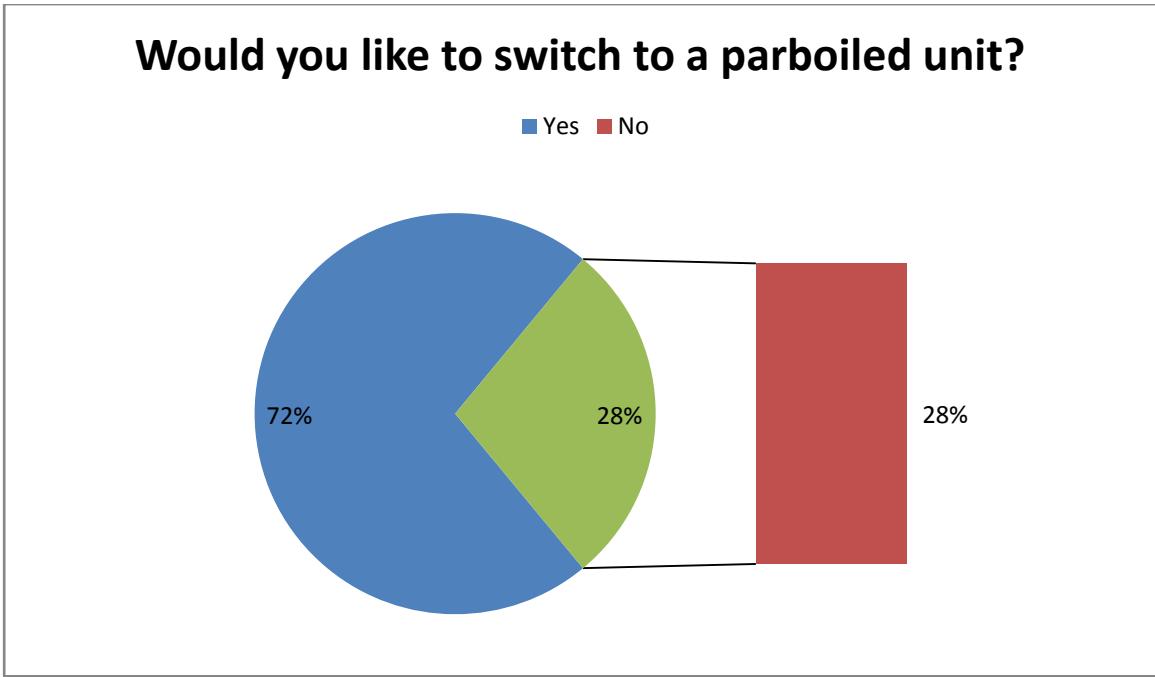


Fig 4.4

There are several reasons why 72% of those who are running raw plants want to change over to parboiled units. Firstly, the raw rice units mainly cater to FCI which buys from them. But over the years, FCI's purchase has been decreasing as a result of government policies. Government doesn't buy round the year either. Secondly, margins are lower in raw rice as compared to steam or parboiled. Thirdly, as mentioned earlier, demand for steam and boiled rice is increasing which is why raw units are now becoming obsolete. Besides this, another major factor is that of broken grains. When the paddy is crushed to make raw rice, the broken grains form nearly 35% resulting in loss of about 60 per quintal whereas the broken content in parboiled unit falls down to 18-20%. However, those who say no believe the cost of setting up the modern parboiled plants is too high.

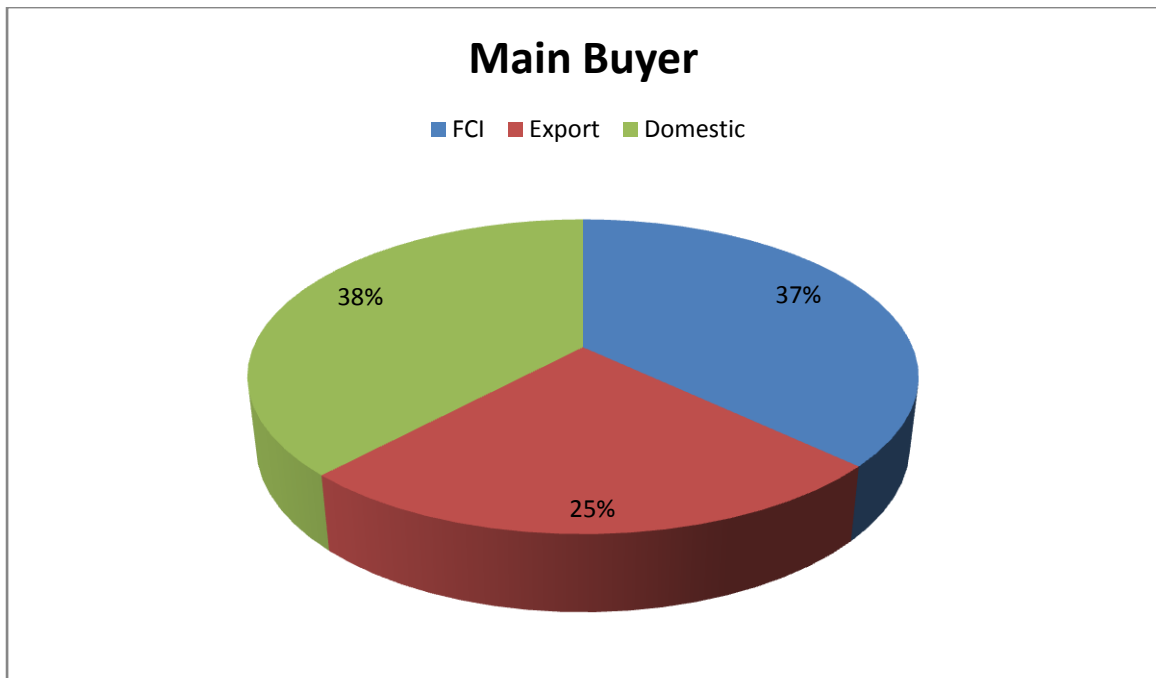


Fig 4.5

The entire 37% of those who are running raw plants consider the government to be their primary buyers as their mills mostly cater to the FCI. Out of the remaining 63%, 25% take orders from merchant exporters and the rest primarily sell in domestic market. It is worth noticing that those who cater to domestic also sell their produce to exporters but not at the cost of disturbing their regular domestic demand –only the surplus production is meant for exports.

How important is branding?

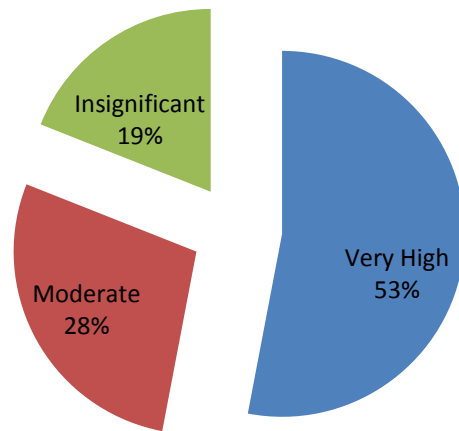


Fig 4.6

53% of the respondents believe that branding of their produce is very important. These 53% are not just those who cater to domestic markets but also exports. The trader class mostly sells branded items as that ensures constant demand. Respondents who consider branding insignificant are generally the ones who selling to the government or the merchant exporters.

Elements of Branding

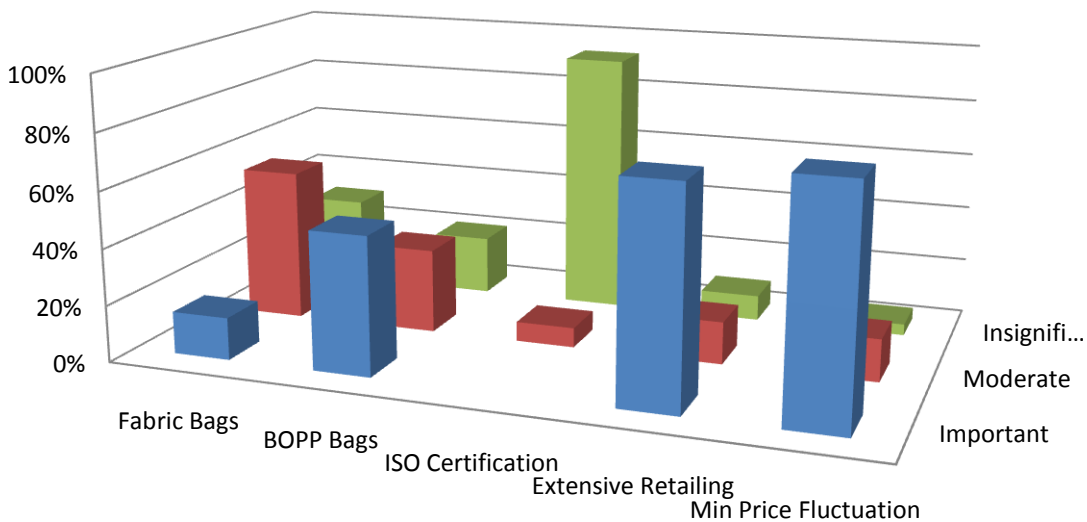


Fig 4.7

The most important factor that is crucial for branding is an extensive retailing which is possible only with a cohesive partnership between the miller and the distributors. The brand should be available at every store with minimum price fluctuations despite the ups and downs in the raw material or transportation prices. If any brand is off the shelf for a period of over 2-3 months, customers generally switch to another brand.

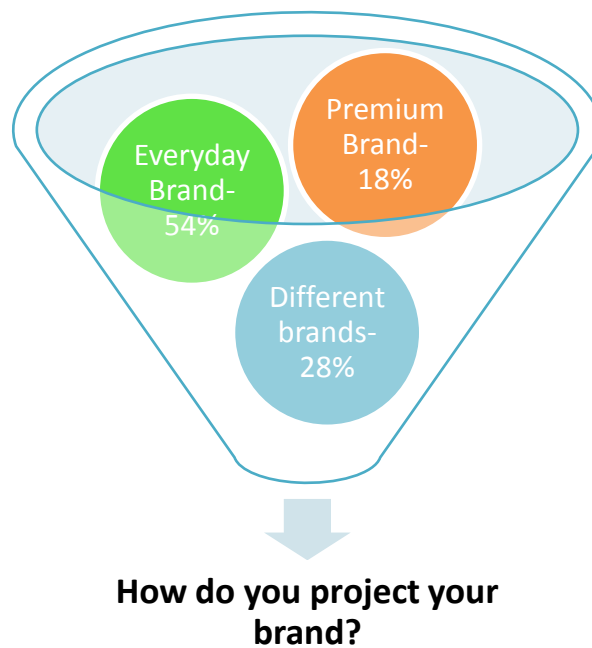


Fig 4.8

Over half of the respondents project their brand as everyday rice eating brands as the demand for such brands are the maximum. 18% of miller and traders sell premium brands with high quality whereas the remaining 28% have different packaged brands for different quality variations. This depends on the level of purity (non-mixture of other substitute variety) or the broken grains (Under 5%, under 10% or 15% broken).

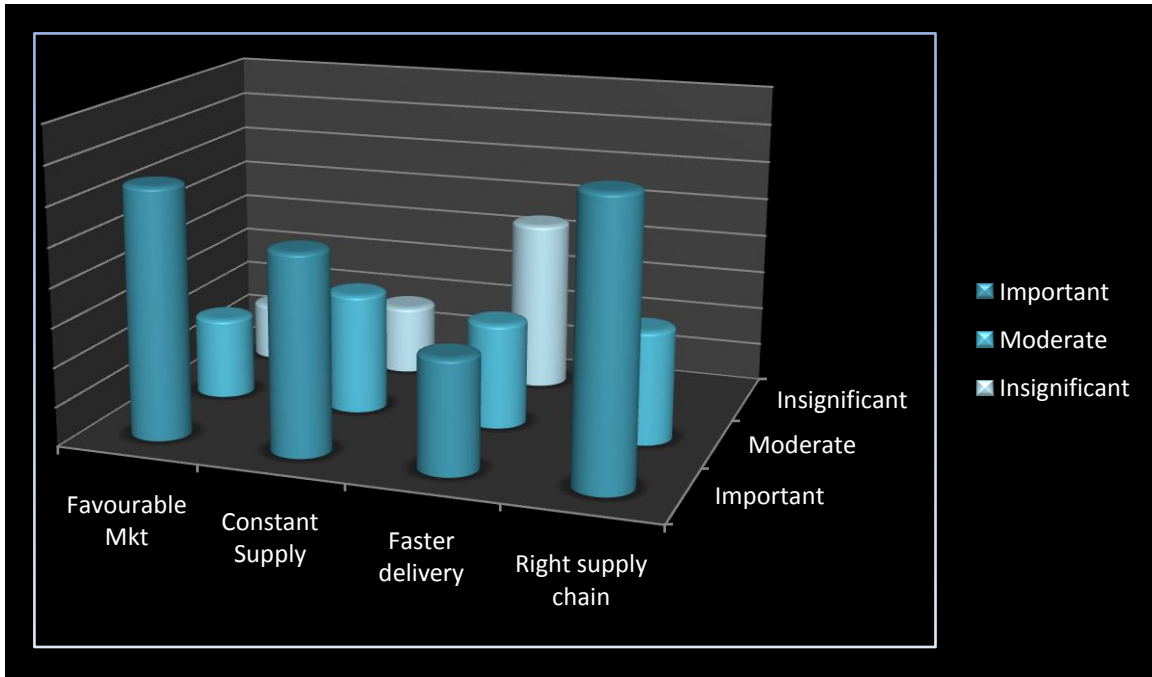


Fig 4.9

Crucial Factors for a brand

Favourable market conditions like status quo in raw material prices and freight and a good collaboration between millers, brokers and traders help maintain a brand.

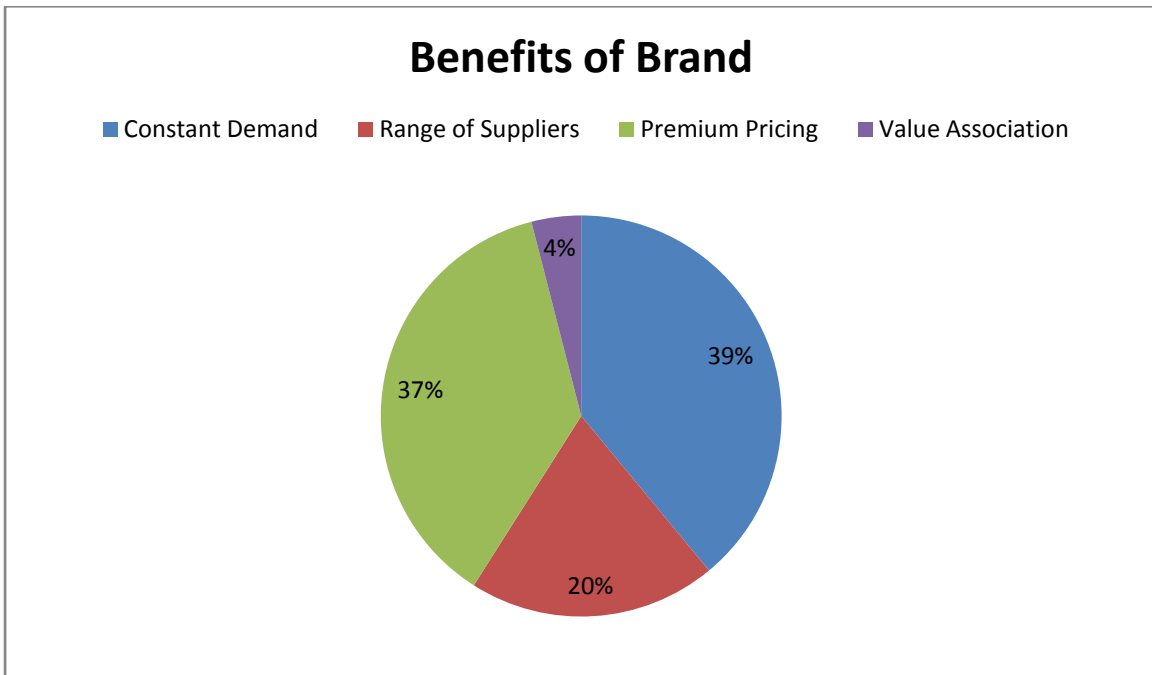


Fig 4.10

Respondents believe the biggest benefit of selling a branded item is that there remains a constant demand irrespective of fluctuations in prices. Once a brand works it helps them charge premium prices on the same goods as there is a higher demand. Any seller who enjoys a higher market share enjoys a goodwill in the market and has a wide range of suppliers. Although big brands like LT Foods, KRBL, Kohinoor do advertise their brands on various platforms, several of the respondents have started advertising their brands in local newspapers and local TV channels on tickers.

RECOMMENDATIONS

- With increasing demand in steam and parboiled rice in the domestic markets, it is important for the millers to create their own brands.
- For traders who purchase branded items of several such mills, it serves better to package and market their own brands as this differentiates them from competition.
- Branding is the only answer to an otherwise homogeneous market.
- Marketers should increase small packaging like 1kg, 5kg, 9kg to reach out to masses and for higher brand recall.
- Even raw rice which is inferior in quality, must be branded in BOPP bags and
- Extensive distribution network helps in increasing brand visibility
- Price fluctuations should be avoided to maintain a constant demand
- Quality must be consistent
- Millers should not be completely dependent exports or the government, as they depend on the policies of the government and may close down.
- If there are multiple variations in quality, it is advisable to have different brands for such items as it helps the customer to differentiate and pay higher prices for the better variety

LIMITATIONS

The proposed study had the following limitations:

1. The sample size taken is very small.
2. It needs wider geographical coverage to understand the functioning of different markets.
3. It lacks resources and time for sophisticated analysis.
4. It may also have unexpected errors in sampling and data collection.
5. Some data is too subjective to be quantified.

REFERENCE

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- www.airea.net