

## Competitive Strategy of Sudha Ice-cream: A Case Study

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### Abstract

The case study is about the Bihar State Milk Co-Operative Federation (COMFED) which markets dairy products under the brand name Sudha. The study was conducted to find out the reason for success of home grown brand in face of stiff competition from national and international brands. Sudha ice-cream used penetrative pricing to make inroads into the market. Sudha had established itself as a trustworthy brand in Bihar in terms of quality and maintenance of quality level. Sudha brand had created a strong customer base and had gained their loyalty. Sudha ice-cream came out with variants catering to different tastes in different segments. They covered entire market segments through differentiated targeting. Sudha already had a well established distribution network in urban as well as rural areas which helped in distribution of its Sudha ice-cream. Sudha ice-cream differentiated itself on the use of fresh cream as a base of ice-cream in place of vegetable oil which was used by its competitors. This helped in creation of healthy image in the minds of the consumers. It also synced with the healthy lifestyle being emphasised and practiced by a large segment of consumers. Ice-cream is consumed mainly by children and parents are generally concerned about food consumed by them. Sudha ice-cream's fresh cream base gave them competitive advantage. Marketing strategies practiced by Sudha ice-cream led to the increase of sale from 684 mts in 2010-11 to 1545 mts in 2014-15.

**Keywords:** Penetrative pricing; Quality; Differentiated Targeting; Segment; Marketing Strategies

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### Introduction

Entry of Sudha Ice-cream in the market was a game changer. Players of the ice-cream category were jolted by the penetrative pricing strategy of Sudha. Competitors of Sudha had to rethink their marketing strategy to match the competition brought in by Sudha. Sudha Ice-cream gave the established ice-cream companies a run for their money.

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### Background

The Bihar State Milk Co-operative Federation Ltd. (COMFED) was established in 1983 as the implementation agency of operational flood (OF) Programme of dairy development on "Anand" pattern in Bihar. The Bihar State Milk Co-Operative Federation (COMFED), which markets dairy products under the brand name Sudha.

Till the end of programme in March 1997, there were five district level Milk Producers' Cooperative Unions covering eighteen districts of Bihar. The dairy development work continued and at present there are eight district level milk unions covering thirty three districts of Bihar. Comfed develops the districts first in terms of dairy development coupled with capacity development of milk producers to shoulder broader responsibilities and then hands over the entire

operations to the representatives democratically elected by the milk producers.

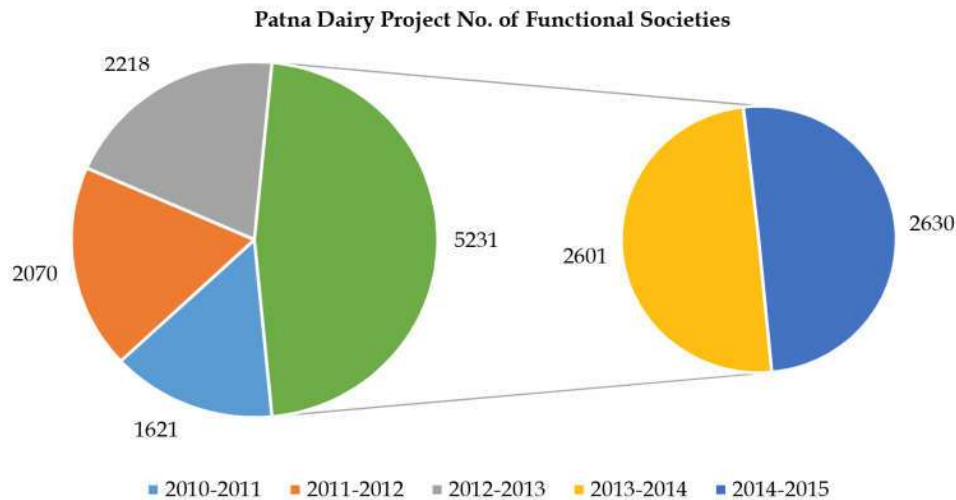
Comfed is serving the consumers of Jharkhand also and there are three dairies at Jamshedpur, Ranchi and Bokaro. These dairies are serving a good number of towns and cities of Jharkhand in Ranchi, East & West Singhbhoom, Hazaribagh, Gumla, Khunti, Palamu, Lohardaga, Bokaro, Dhanbad, Giridih etc. Sudha Milk and some products are now available in Delhi/NCR region and Uttarakhand also apart from a number of towns and cities of U.P. and West Bengal.

The Farmer’s Training Centre at Patna, Barauni and Begusarai provides training to the milk producers and society functionaries in various aspects of dairying, clean milk production, society operation, artificial insemination etc.

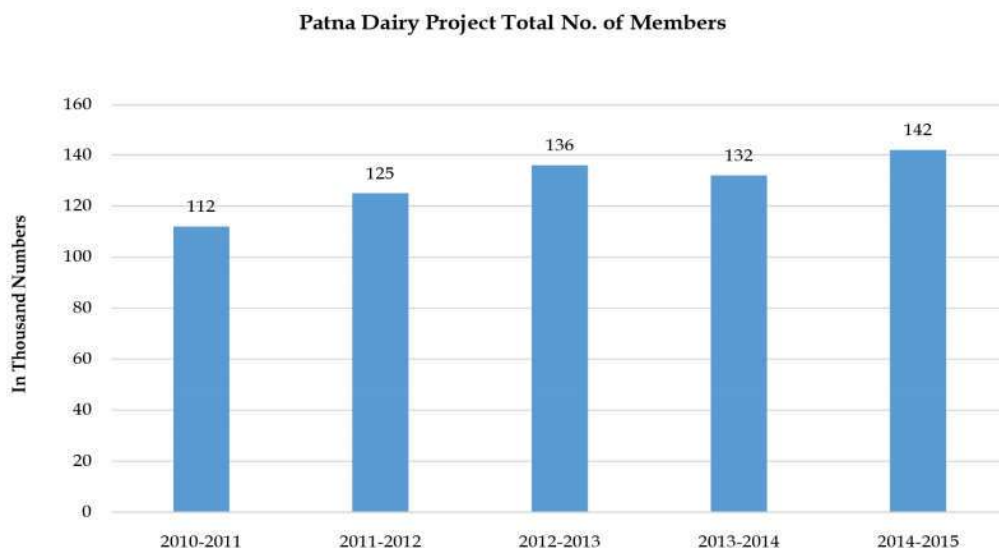
Patna dairy projects no. of functional societies are increasing every year. In 2010-2011 no. of functional societies was 1621 and by 2014-2015 they have grown to 2630.

Along with the growth in no. of functional societies there has been increase in the total no. of members in the Patna Dairy Project. Members feel proud to be associated with the Sudha brand. Their income and standard of living has seen a marked rise so more and more people are willing to be a member of this society.

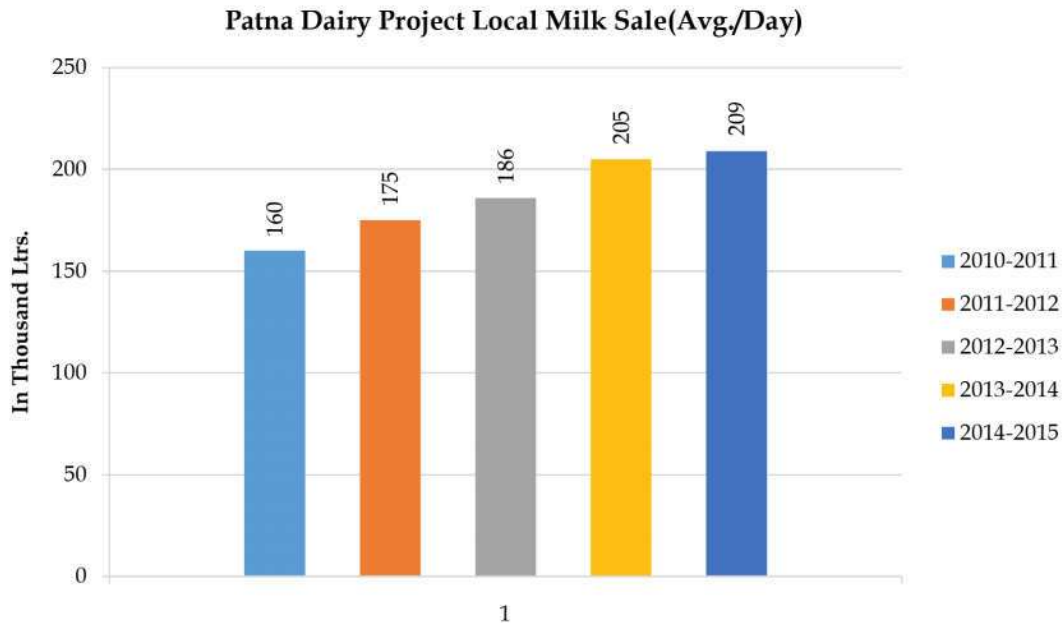
COMFED started with milk as its sole product in the markets of Bihar. They have different variants of milk in the market now viz. Sudha Gold, Sudha Shakti, Sudha Healthy, Sudha Smart, Sudha Lite and Sudha Cow milk. Patna Dairy Project’s sale of milk has soared year after year. In fact different varieties



Graph 1: Annual Report: 2014-15



Graph 2: Annual Report: 2014-15



Graph 3: Annual Report: 2014 - 15

are catering to the different market segments like children, health conscious people, people requiring milk only for tea and likewise. Graph given below depicts rising demand of different varieties of Sudha milk.

COMFED diversified into different milk product categories like Mishti-dahi, Peda, Paneer, Kalakand, Rosogulla, Gulab jamun and Balusahi. Sudha's focus on maintaining a standard quality of their product paid off in its brand extensions. Sudha brand milk had established itself in the market by winning customers trust. It proved beneficial when Sudha brand entered different product categories. With brand extensions consumers can make inferences and form expectations as to the likely composition and performance of a new product based on what they already know about the parent brand itself.

### Story of Sudha Ice-cream

Popularity of Sudha milk gave confidence to the Bihar Milk Co-Operative Federation Ltd. to bring new products in the market. Sudha Ice-cream was one such product in the market. Ice-cream production began in 1995. COMFED gained knowledge about ice-cream production by producing and packaging AMUL products. After that they started production of Sudha Ice-cream. When they entered market, several competitors were already there in the market like AMUL, Vadilal, Golden, Snowball, Quality Walls etc. Competition was tough and COMFED had to devise strategies for the competitive environment.

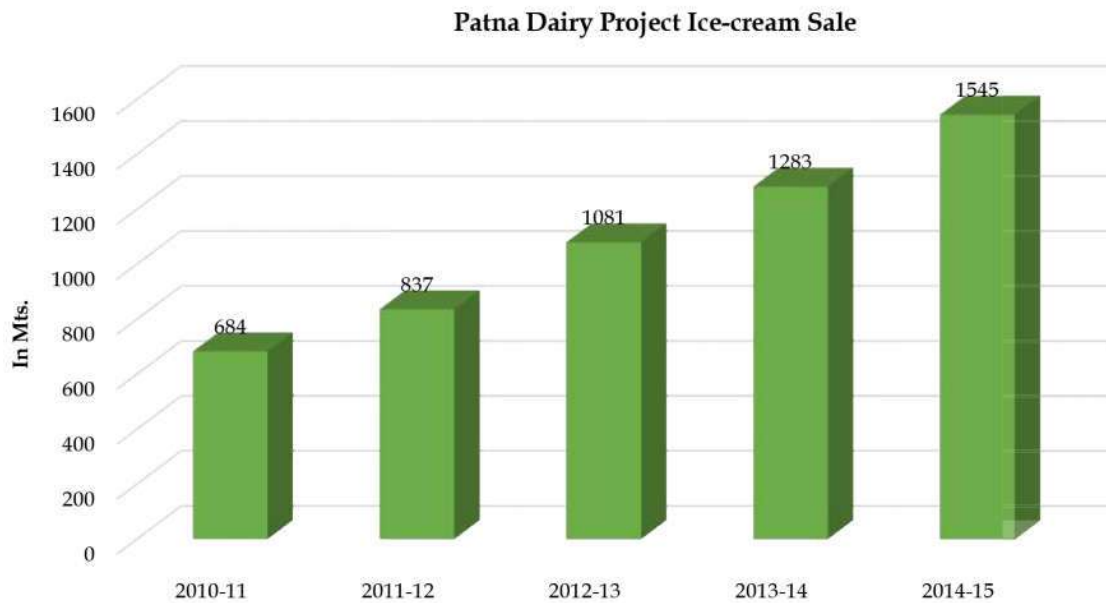
Several types of ice-creams were available in the market like cup ice-creams, cone ice-creams, Cornetto, brick form etc. These different forms of ice-creams were available in different flavours like vanilla, strawberry, mango, chocolate, pineapple, butter scotch and many more. Sudha brand had to compete in tough circumstances.

### Marketing Strategy

COMFED devised strategy looking at the competitive scenario in Bihar market. It made penetration pricing strategy and came out with Rs. 5 ice-creams in the market. Low pricing strategy proved beneficial for Sudha and it helped Sudha ice-cream brands make inroads in the market. Sudha was an already established brand. Sudha means Shudh had stood the test of time and had won the consumers trust. This trust and loyalty associated with it paid off along with the less price, and sale of ice-cream picked up.

### Segmentation, Targeting and Positioning

Sudha ice-cream was targeted initially for the entire market of Bihar. So the basis was geographical segmentation. Different variants of ice-cream were meant to target different segments of market with differentiated targeting strategy. People could choose from different types and flavours. Sudha ice-cream positioned itself as quality based product and its differentiation was



**Graph 4:** Annual Report: 2014 - 15

on the basis of fresh cream. The graph given below tells the tale of growth of sale of Sudha Ice-cream which was 684 mts in 2010-11 and increased to 1545 mts in 2014-15.

### Marketing Mix Strategy of Sudha Ice-cream

#### *Product*

Sudha Ice-cream product line comprises of different forms like cups, sticks, bricks, cones etc. Product depth includes different flavours like chocolate, mango, vanilla, strawberry, black current, Cornetto etc. SudhaKulfi with Mawa and Kesar Pista flavours were added variants in the product line of ice-cream.

#### *Pricing*

Low pricing strategy proved extremely beneficial for Sudha ice-cream. Penetration pricing helped Sudha ice-cream to enter market and find customers despite competition from established players.

#### *Distribution*

COMFED's reach through its well established distribution network was widespread. Sudha parlours established in urban and rural areas gave an added advantage to Sudha ice-cream. Availability of products easily to the consumers leads to sale and generation of more demand. It can

also lead to consumer loyalty as consumers get the product on demand. Absence of product leads to consumer switching over to competitors in the market. Solid distribution network gave Sudha ice-cream an edge over its competitor.

#### *Promotion*

COMFED has been an innovative co-operative society. It has utilised different types of promotion. Its website itself has live advertisement. Sudha promotes its ice-cream through print advertising like newspapers and banners. It also uses electronic medium like television to promote its brand.

#### *Brand Extensions of Sudha brand*

Sudha milk's shudh and standard quality brand image helped in brand extensions in different product category. So brand extension from dahi to sweets to ice-cream all bore trust of Sudha brand image. The group of people affected most by the brand names are the customers. They learn about the product, its benefits and develops an emotional association with the brand.

A product of good quality that is sustained over long periods of time may do well in the market even without much publicity. The customers are looking for value for money products and a good brand provides additional value. Sudha ice-cream's quality plank proved a boon for its brand image

Good brand image brings about long lasting and good relationship with all the stakeholders.

Suppliers being another stakeholder who provide raw materials, components, parts, machineries are aware of the good brands in the market. The suppliers are also sure that the company's requirements would keep on increasing with time till the product stays in the growth and maturity stage in the life-cycle. Suppliers feel proud to be associated with the well-known brands as they too advertise their buyers' name. Suppliers do not have to spend much on selling nor do they have to make a great deal of efforts as the company provides orders as long as they maintain required quality standards and business terms.

Managers are other stakeholders who are responsible for creating a good product for sale and do branding of the product. Once the brand is established and has a good image the managers of the organisation enjoy the freedom of getting the best employees to work in the organisation, getting the best trade partners. The employees are willing to work for a good brand even at a low salary. They believe that the prestige value of working in the company outweighs more than any monetary loss of getting low salary. Managers get best trade partners, distributors, dealers and retailers because of the reputation of the brand.

Local public and communities at large get indirect benefits from a company with good reputed brand, besides being able to purchase the brand. Through the association with COMFED villagers and vendors have a safe, secure and regular income. Villagers selling milk do not have to deal with middlemen and share their earnings with them. Villagers can directly sell milk at Sudha's depot and get money. This secure and hassle free money makes life easier for villagers. Villagers are able to provide proper education to their children and build a decent house for themselves. Suppliers of milk from rural areas are getting cattle feed and fodder from the organisation as well as medical facilities for their animals. Their standard of living has improved and they no longer leave

their villages in search of livelihood and migrate from Bihar. This is a great achievement on part of COMFED.

### Conclusion

Sudha ice-cream sales figure shows its popularity in the market. It has established itself as a trustworthy brand with its continuous efforts to give the best to its customers. Good quality has made customers loyal. It has led to a long lasting relationship with the customers which are the key to Sudha brand's success. According to the figures presented in its annual report of 2014-15, COMFED has published that its ice-cream distribution has increased to 21% which is a record in itself. In the entire Bihar, 90 distributors have been appointed for ice-cream. The target of ice-cream distribution for next year is 18, 50,000 litres.

The way Sudha brand has invented and reinvented itself, there is not an iota of doubt that Sudha ice-cream will grow in leaps and bound and COMFED will continue to be a success story of co-operative in Bihar.

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