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## Bakery Management

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### Abstract:

*In this paper a report is presented about Bakery management named by INDO Bakery. Here the Vision, Mission, market trends and plans of Bakery are discussed. How Bakery has to grow also presented and finally suggested some recommendations for the development of Bakery.*

### 1.Introduction

India's No. 1 confectionery and patisserie manufacturer with its products exported to 11 countries around the world. They are dedicated to the art of producing innovative and delicious products for bakery lovers of all ages. Products offer enticing experiences that spark the imagination in people who eat their patisserie. Of course, this has been INDO's goal since their provenance in 2000. Today, INDO's "Caco-White Cake" continues to make some of the best sales around the world. They also are a responsible business venture and contribute positively to the society with their "Learn to bake" initiative to encourage households to earn by starting their own small-scale businesses. INDO's products can be enjoyed by kids and adults alike, and their products come in an array of flavors, shapes, and sizes.

### Vision Statement of INDO Bakery

"To become a global food leader by spreading smiles through assorted INDO's products."

### Mission Statement of INDO Bakery

"As India's leading patisserie Company, our mission of giving you various "Reasons to Eat" your favorite food and also try new food with the best tasting, and also providing most enticing choices in a wide range of patisserie and beverages for all occasions".

### INDO Bakery Corporative objective

INDO's co-operative objective is to expand its business to a major scale and then to capture a large International market. However, they are still exporting few products through distributors to different countries. They want INDO's products to be enjoyed by kids and adults alike. Indo wants to give consumers a reason to smile through its diversified products satisfying the taste buds of every sect of the community.

### Market Trend and Size of the market

INDO has one of the largest market sizes among other patisserie makers in the country. They are market leaders in an organized industry and hold more than 85% share of the market. The market for patisserie in India increased during 2010-2015, growing at an average annual rate of 10.3 %. This growing trend is a strong indication of the immense popularity and trust they have established in the society with their products.

## 2.INDO Product Mix

Candies	Chew Toffees	Wafers	Chocolate	Cakes	Puffs	Other items
Rainbow candy	Bubble Chew	Caco-Caco	Milk Chocolate	Choco Lava	Spinach cheese swirls	Sweet Gummies and Roll
Hard candy	Gummies	Banana Bread	Mint fresh up	Black Forest	Strawberry Cream	Brownie
Licorice	Cider Toffee	Apple fritter	Unsweetened	White Forest	Veg Puff	Gum drops
Lollipops	Puff Toffee	Vanilla bean	Bitter sweetened	Red velvet	Egg puff	Retro Snacks
Swizzle sticks	Fairy food	Blueberry	Dark	Truffle cake	Chicken puff	French Fries
Chocolate Foiled candy	Bonfire	Chocolate with peanut sauce	White Chocolate	Apple cake	Cream Puff	Burgers
Dark Chocolate	Treacle	Chocolate chip	Spiced chocolate	Chocolate cake	Mushroom Puff	Breads
Candy cigars	Angel food	Crispy bacon	Fruit & nut	Cheese cake	Paneer Puff	Chips
Caramel Candy	Brittle	Churro	Caramel & nut	Caco white	Cheese corn	Biscuits

## 3.Marketing Plan Of INDO

### 3.1Environmental Analysis

A general and an operating environment constitute the external environment. The operating environment usually comprises of suppliers, customers, and agencies or people who link the company to its customers, competitors, and the public. They are usually called market intermediaries. General environment usually encircles the political, natural, demographic, cultural, economic and international environments in which INDO operates. Both these types of organizations provide opportunities, uncertainties, and risks to which INDO must accustom.

### 3.2 PEST Analysis (Macro Environment)

#### Political & Legal Environment

The political factors have a serious impact on country and business. Factors effecting the business usually include stability of government, tax laws and tariff and so on. In a country, legislative changes always take place which creates a serious impact on the business environment. Some of the legal factors that affected our business are patent violations, health and safety regulations, employment regulations, competitive regulations, product regulations and so on.

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Tax rates and tax structure are being set by the government. Electricity prices, fuel, and petrol prices are also set by a government. It has a direct impact on INDO's Profit margins. Increase in the tax rates, duties or electricity, and petrol prices increase the cost of production. Adjusting price of INDO's Specials are not possible for the company; it is difficult to take out one additional rupee after 10 for a 10 rupee product, so it has to sacrifice the profit margins. As India has a large population, we have to consider a large customer base. However, to offer services to both national and international markets, we need to work with a government that creates barriers to trade in the form of customs procedures, product standards, tariffs and so on.

### **3.3 E for Environmental factors**

The location of the bakery usually has a huge influence on the trade. This is because climatic changes can be very rapid sometimes. This kind of unstable environment mostly has a huge impact on the food business. Environmental factors that we considered include climate and weather, geographical location, energy consumption, people's attitude towards environment, waste disposal laws. These factors are dependent. They rely on each other.

Steps followed to conduct environmental analysis,

1. Analyse how the environmental factors function
2. Gather all the data required
3. Identify the favorable circumstances for the organization
4. Diagnose the menace that the company faces
5. Take action

### **3.4 Economic Environment**

Economic factors denote all the inducers of the economy and its state. These are factors that can determine the movement of the economy. So, we examine this factor based on the environment.

Some of them that affect our business are as follows:

- Rate at which inflation happens
- Interest rate on various commodities
- Superfluous income of buyers
- Accessibility of the credit
- Rate at which unemployment prevails
- The pecuniary or financial policies
- Foreign exchange rate for the goods

When poverty gets higher, these sorts of industries grow. In case of high inflation value of money goes down. It makes it more costly to import manufacturing machinery and raw materials.

### **3.5 Socio-Cultural Environment**

Some of the social factors that affect our organization are:

- Implications from the cultural surroundings
- The gender distribution and statistics
- The lifestyles of people
- The structures present domestically
- Level of education
- Wealth distribution

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In Indian culture, social gatherings are more often. Most of the Middle-class families take tea in the evening. In social gatherings, at tea time and to serve guests Indo delicacies can be a better option. During many festivals and eves, Indians have the habit of serving sweets among families and with neighbor's, so there is a huge demand for quality sweets and savories which Indo presents to the customers all year long.

### **3.6 Technological Environment**

There is always an advancement of technology. This has a huge impact on our business. Conducting environmental analysis on these factors is helping us to stay up to date with the changes. These will help to understand how our consumers respond to different trends.

Factors are using for benefit :

- Discoveries which are new to market
- Rate at which technology is getting eliminated
- Rate at which technology is advancing
- Technological platforms that are innovative

In today's highly competitive environment it has become essential to equip with technological advancement and automation. Indo has the state of art equipment to get difficult compositions. To keep items fresh and safe from fungus for 6 months, Indo foods use the latest technology. Hazard Analysis is also done at Indo for safety precautions.

### **4.PEST Analysis (Micro Environment)**

#### **) Market Analysis**

Indo has a mass market and capturing a large share in Layer Cake market.

#### **) Company**

The company itself is the part of the Micro environment. The recipe used to make Indo savories are traditional and has the oldest confectionary in India. It is well-known organization nationwide. There is a strong integration among departments of Indo foods.

#### **) Suppliers**

Indo believes in maintaining a strong relationship with suppliers.

#### **) Intermediaries**

Indo Marketing Team is young and energetic and believes in making a partnership for creating, communicating and delivering value to the final consumers. It has good relations with its media partners, finance division, and other distributors.

#### **) Competitors**

Indo has strong competition with other bakeries such as SVSR bakery and fast-food by Sri Ram. Sri Ram is the first mover in this category. Other competitors include Neha's Cake and Bahubali baked cakes. Indo Special cake is also facing internal competition with Indo Cup cake and Indo Chocolate sections.

#### **) Customers**

Consumers are the most important part of any organization's micro environment. Indo has chosen a mass market, it is essential to provide quality, availability, variety, and taste to the customers nationwide.

#### **) Purchase Motivation**

CAKE is ready to eat a snack, so purchase decision of the consumer might not be as long as it could be in general means. The consumer will show variety seeking buying behavior in this sort of product. Buying nature will be very frequent, less expensive, low involvement and quick decision.

### **5.COMPETITIVE ADVANTAGE**

Indo is produced for every class in India with a high product which produced by good and attractive packing. Indo also has cheaper prices. There are several reasons why Indo is better than another competitor:

**Brand name:** Indo is known everywhere because of Indo’s strong market position.

**Price:** we are offering cakes, sweets, and savories ranging from Rs.15 but its competitors are offering cake in Rs. 20. So for the consumer Rs. 15 is very much affordable. Indo uses high-quality raw materials to make the best food products.

**Variety of Flavors:** They introduce new flavors day by day. They introduced unique flavor which is not available in any other soft cake company. Flavors like blueberry, Chaco etc.

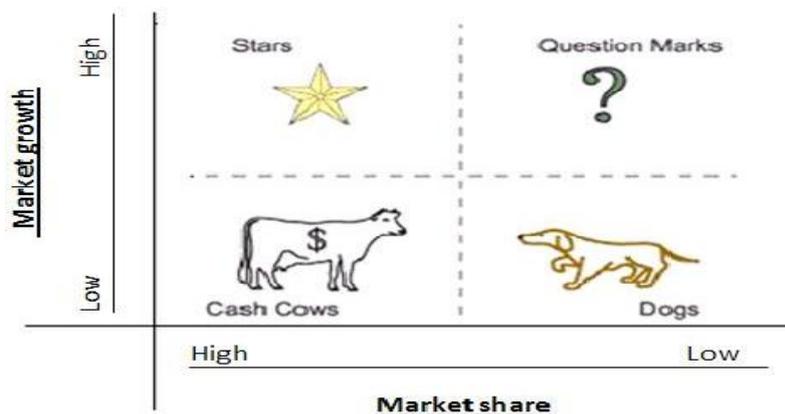
**Softness:** Indo bakery products are much softer than any other products in the market. Most people like it a test and buy it.

**Packaging:** The packaging of Indo is most attractive. People can find out it among many different cakes.

**Competitive Advantage:** Although above-discussed points are contributing to Indo’s strong position, the wide distribution of Indo branches is the competitive advantage of the brand.

### 6.BCG (Growth-Share) Matrix

The Boston Consulting Group (BCG) Matrix is a tool for assessing a company’s whereabouts in terms of its product range. It also helps a company with its products and services and makes appropriate decisions about what to be kept to invest in further.



#### 6.1BCG Matrix for Indo sweets

In BCG matrix, special sweets will be placed as Question Mark; Bakery market is relatively growing. Strategies made to get market from Rs.3 Layer sweet to Indo Special item.

#### 6.2 SWOT Analysis

Pista cake	Indo’s Special “Chaco-Lava”
Mint Fresh up	Sweet gummies and roll

<b>Strengths:</b>	<b>Weakness:</b>
<ul style="list-style-type: none"> <li>) Market Leader &amp; exporter of Raw materials for the bakery.</li> <li>) Catering to multiple segments with different brands.</li> <li>) Power brands have friendly connections with consumers.</li> <li>) Hazard Analysis</li> <li>) Distribution in a wide range.</li> <li>) Product Development</li> </ul>	<ul style="list-style-type: none"> <li>) Reactive strategies to the market.</li> <li>) Weak Positioning</li> <li>) Reactive Advertisement</li> <li>) Lack of Innovation</li> </ul>
<b>Threats:</b>	<b>Opportunities:</b>
<ul style="list-style-type: none"> <li>) Increase in competition, specifically from the small producers of low-quality products in the unorganized sectors where taxes aren't paid and operated illegally.</li> <li>) American and Britain products are biggest threats for the Indo sweet market</li> </ul>	<ul style="list-style-type: none"> <li>) As prices are increasing, there can be a significant potential in the exportation of more products.</li> <li>) The market size expands continuously due to growing population in India</li> <li>) Appeal to a health-conscious segment of the consumers by launching some sugar-free and low-fat sweets.</li> </ul>

## 7. Research and Development

Marketing Research: Market research is conducted before launching new products and services. It helps marketers to know their customers and conveys them about their needs and wants. The company would not be able to offer people which is valuable and serve them better than other competitors in absence of insights.

Indo is currently focusing on research and development which had lacked over years due to the absence of market research. The marketing department was introduced a few years back that emphasizes on taking insights from customers and is more interested in acquiring knowledge about the need and wants of customers.

Both qualitative and quantitative manners of research are conducted at Indo. Blind Testing is also preferred besides this.

### 7.1 Research Methodologies used by Indo

Continuous research is essential due to heavy competition. Indo sweets conduct various research programs using primary and secondary sources in order to get both qualitative and quantitative results.

#### 7.1.1 Secondary Data Collection

Data is gathered from its sales department, creative department, and retailers where information about the insight of market trends and new product development is received.

#### 7.1.2 Primary Data Collection

##### ) Central Location Testing:

This testing is conducted in convenient place ranges from a research field to public meeting places by inviting respondents in the form of face to face survey with or without prior notice.

This type of testing is usually used for research into new or modified products, though it also finds successful application in testing advertising or packaging materials. Indo Special “Chaco-Lava” is modified form of Indo Cake. Indo items also established central location testing for its Special “Chaco-Lava”.

### ) **Blind Testing**

Blind test market research is done by asking consumers to compare the tastes of different brands, usually, competitor’s brands, the identities of the products are concealed, else the consumers will generally tend to prefer the brand they are familiar with. Indo sweets use blind testing for getting significant insights for further improvement in its taste.

#### 7.1.3 Screening Questionnaires

Screening process usually helps in establishing a support for reliable and valid data collection. Indo Foods use screening questionnaire method to get customer attitude towards brands, the frequency of purchase, competitive analysis etc. This research is carried out by research agencies.

### 8.Segment Profile



### 9.Targeting

‘INDO’ targeted not only any single segment but the mixture of some variables of geographic, demographics, psychographic and behavioral segmentations.

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## 10. Positioning

‘INDO’ is dynamic company and always looks for an opportunity to build a strong emotional attachment with consumers through their products. ‘INDO’ is a big company in a market and recently they are planning to expand their warehouse networks. They have a strong brand image in consumer minds.

**Slogan: REASONS TO EAT**

## 11. Marketing Plan of INDO’S Special

### ) Product

INDO’S Special the product of baked product line of the ‘INDO’ Confectionery. It is a Fresh, high quality, nutritious layer cakes. It is available in many different flavors such as Chocolate, Coffee, Chocolate Chip, and Strawberry, Blueberry and others.

### ) Creating Value

INDO’S Special is creating value for customers by meeting their needs and wants particularly it is beneficial for mothers who give this cake to their kids in lunch. Secondly, in Indian society, we are usually habitual of eating some baked items at tea time. So in this way INDO’S Special is providing a core benefit of ready to eat healthy cake in different flavors.

### ) Product Life Cycle

PLC consists of the stages that a product goes through by the course of its lifetime/existence in the market, in terms of its sales and profits. It has 5 stages:

## 12. Product Development:

The point where there are no sales as the product is still in the production and development stage and only investments costs are there. When the products are launched in the world market and made available for purchase. As it’s only the initial stage so it takes time for sales to happen and generate profits. The costs are still high due to distribution, export and promotion expenses involved.

- Failure rates which are high
- Absence of competition
- Frequent change in products
- Reduced marketing
- Increased costs of production and marketing
- More focus on awareness and information

## 13. Growth:

When the products finally are accepted by the customers and purchases begin. Here the sales go up quickly as more and more tend to buy the product. Here competitors would also enter the market.

- High rate of selling
- Presence of competitors
- Primary profits that are healthy
- Brand ads are more promoted
- Prices usually fall
- Amassment costs are recovered

#### 14.Maturity

The stage where the products sales have gone slow and by that time the product has become so strong that it gives a tough competition to the competitors and at the end, only well-established competitors remain.

- Falling growth in sales
- Over- saturated markets
- Product line that is perpetual
- Trendy product changes
- Elevation to dealers and consumers
- Reduce in profits

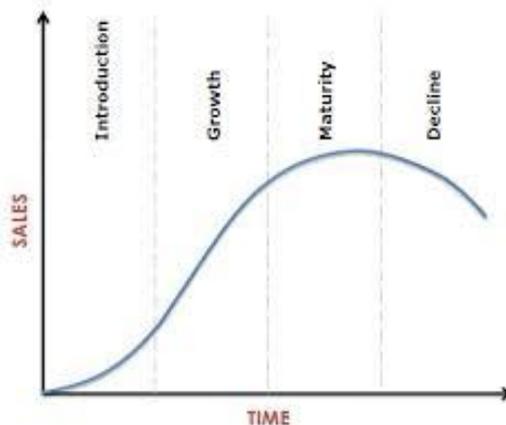
#### 15.Decline

The stage where the product ceases to exist and its sales start to go down drastically because it was able to keep up well with the competitors and wasn't able to come up with effective competitive strategies.

- Reduce in sales over a period of time
- Large inventories of commodities that are unsold
- Elimination of all unnecessary marketing expenses

#### 16.Indo's PLC

Regarding PLC, the brand 'INDO' is in maturity stage, as it has been in the market for a very long time and it possesses recognition in the minds of the people, and people tend to associate themselves with it.



The product form, i.e. layered cakes is in the introductory stage, as it hasn't been long since they were introduced, so there is a lot of new innovation and much could be done so as to make it the preferred choice of the customers.

The product category lies in the maturity stage, as there a lot of varieties of cakes available in the market and in different forms.

#### 17.Place (Distribution)

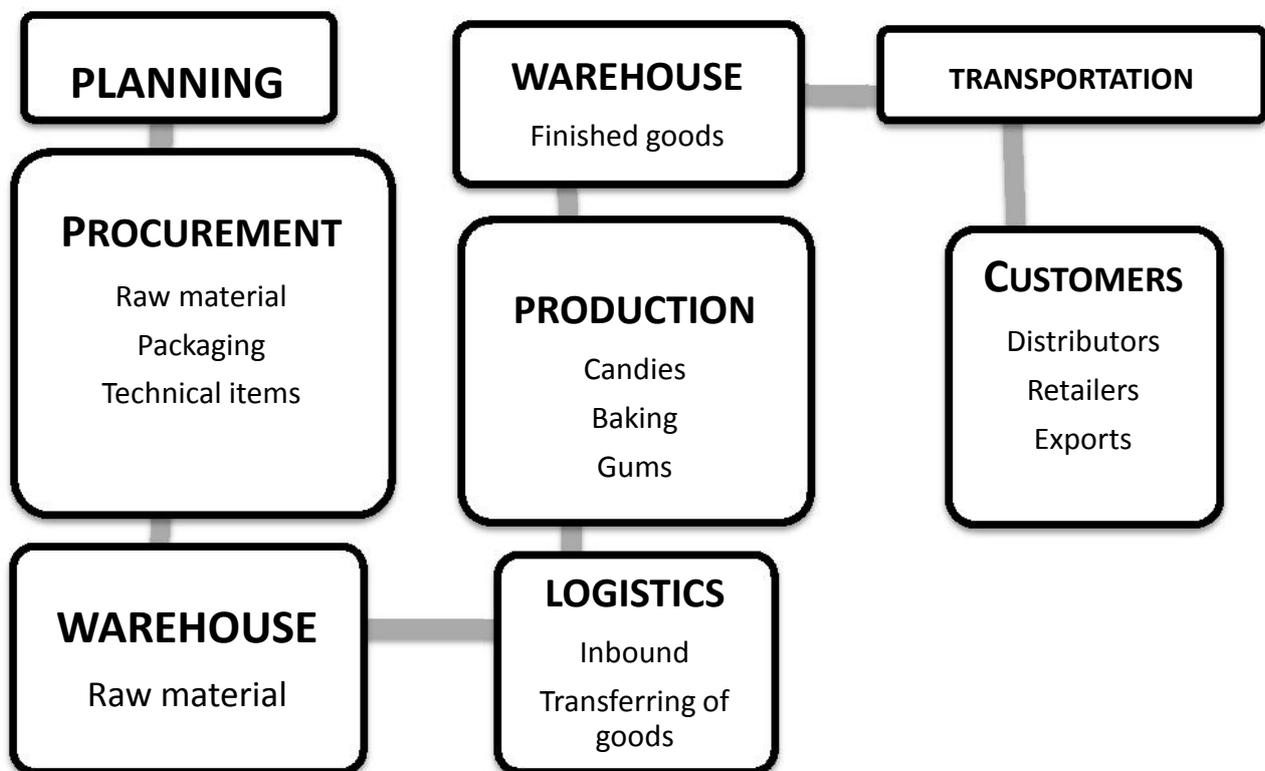
Distribution refers to the steps taken to move and store goods from the supplier stage to a customer stage in the supply chain. The distribution itself is the most significant part and the driver of the overall profitability of the company because it influences the cost of supply chain and also the customer experience. It also creates time and place utility. They transfer or depot all stock from their factories to distributors and then from

distributors, their goods transfer to wholesalers and then to retailers and then directly deliver to customers. Indo has a direct contact with retailers like super stores, so they directly transfer their goods to super stores as well.

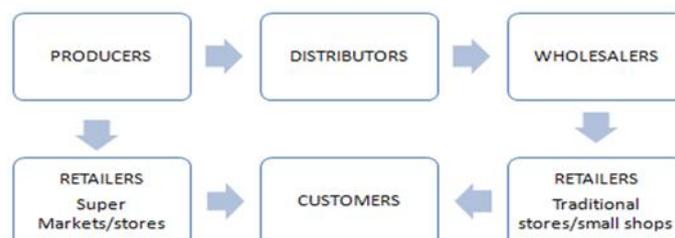
As far as distribution is a concern, Indo uses intensive distribution (stocking the product in many outlets as possible); to make sure that it is available in every outlet. Their products are easily available all over India at every road corner store as well as at all big stores. It is available in all provinces in urban, suburban and rural areas but in rural areas, their distribution is limited.

Indo manages the relationship with their suppliers, distributors, and resellers by offering incentives against which they are expected to achieve certain sales target.

### SUPPLY CHAIN STRUCTURE OF INDO CONFECTIONARY



### PARTICIPANTS OF SUPPLY CHAIN



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## 18.Promotion

### ) **Promotional Goals:**

There are three basic goals of promotion

**Awareness:** Where the company is telling or informs their customers about their offering and the benefits it brings along.

**Persuade:** When marketers tend to convince their target market to go and make the actual purchase.

**Remind:** When the company is only reminding its customers that we are still there and we still exist. It's just to tell them that we haven't gone anywhere.

The promotional goal was to inform customers about the launch of Indo Special cake, its new and unique flavors and to inform them that they have come up with something which is meant for the whole of the family and everyone can equally enjoy it.

### ) **Promotional Mix**

The promotional mix consists of all the promotional tools a company might use so to communicate their target market about their offering. They include electronic media, print media, social media, direct marketing, personal selling, public relations etc. They had promoted their product through TVCs, printed ads, bill boards as well as through social media as well. The reason being the product is meant for the whole of the family and it was targeted for the mass market, so it was promoted using various channels so that the message reaches in wider terms. Indo is using social media effectively to enrich its promotional mix.

To increase the visibility of the Indo brand, the company has placed promotional posters and hoardings in areas where there is high population density. This includes railway stations and bus stops.

The way in which products are wrapped up is an important aspect of Indo product promotion. Since cakes like ice-cream cakes are items that are more impetuous, alluring packaging in varying colors influences purchases. Indo uses the new mechanics such as packing in nitrogen filled pouches, to increase the shelf life of its products. The products of Indo can be stored up to 5 months. The shelf life of the products is used as a unique selling proposition. Posters highlighting the shelf life of its products carried the captions like.

'Time I choosing and seconds in your mouth'

'Handmade delicacies simply south'

The decoration of cakes is an important aspect to attract customers. The decoration is done in front of customers to captivate them. By using advanced methods like

- ) Buttercream Piping
- ) Royal Icing, Fondant, and Pastillage
- ) Rolled Fondant and Hand-Modelling Skills
- ) Sugar Flowers and Airbrushing
- ) Contemporary Cake Design

## Conclusion

To bring the range of 'Indo' special to market, 'INDO' has put together an effective marketing mix, but there are some shortcomings related to promotional strategies. 'Indo' has the capability to response competitor's product launch due to the high standing of market share. The growth of Confectionary industry is a good sign for 'Indo'.

## Recommendations

- ) 'INDO' should take proactive stances rather applying reactive strategies.
- ) The continuous environmental analysis must be followed.
- ) 'INDO' must clearly identify its target market to make specific marketing programs.

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- ) Improvement of Promotional and advertising theme is required.
  - ) A fresh and healthy image should be used to promote 'INDO' Special in the media. Kids at school lunch time, family parties and Tea time fun would me more attractive and useful.
  - ) Introducing new variant "Sugar-free soft cakes" which offer product development and market development as well, would also help 'INDO' to hold a leading position.
  - ) Telling customers about new uses of a product such as using with deserts and custards will increase the frequency of use or usage.

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