

BOOSTING BOOST: CHARTING GROWTH OPPORTUNITIES¹

Professor Jaydeep Mukherjee and Sriram Padmanabhan wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In the first week of March 2014, the general manager for GlaxoSmithKline (GSK), owner of India's Boost brand of health food drinks, came out of a particularly tough board meeting at Gurgaon with a tall mission on her hands. The board had expected Boost to deliver far higher growth in keeping with the organization's objectives. Its mandate was clear: the general manager would present a revised step-up plan that would catapult Boost from its originally planned annual growth of 12 per cent to upwards of 18 per cent, without any significant change in contribution margins. Given the recent low growth in India's health food drink (HFD) category and the brand's intense competition, the general manager faced a challenge.

The general manager asked her team to study the options to dramatically increase the brand's growth. One option was to extend the brand's positioning beyond an energy proposition. For example, one option could address the growing concern of mothers to ensure that their children received adequate nutrition for their physical and mental development, which Boost's biggest competitors, Horlicks and Complan, had done successfully. The other option was to focus on the Northern and Western Indian markets where its market share was low.

Although both options seemed logical, some intricacies in each option first needed to be understood and addressed. Boost, an iconic brand, deeply entrenched in the world of sports and celebrity, had appealed to generations of children. Moving beyond the "energy" platform would make the brand relevant to a larger audience of consumers, but could cause it to lose its sharply defined differentiation from other brands in the category.

South India was the biggest market for the category and accounted for almost 40 per cent of all Indian sales in the HFD category. Here, Boost had a large base with a market share of approximately 25 per cent. However, this market leadership was under continuous threat from its competitors, Horlicks (a GSK brand), Complan and Bournvita. Boost had thus far defended its position in the South because of its focused use of limited resources. In focusing on the markets of the North and West where Bournvita was firmly entrenched and Horlicks was gaining traction, it might spread its resources too thin and attract competitive retaliation, which would eventually be counterproductive.

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The general manager had just two weeks to present the revised plan to the board, and she knew her choice of marketing strategy would be critical.

COMPANY BACKGROUND

GlaxoSmithKline plc (GSK) was a British multinational headquartered in London with interests in pharmaceuticals and consumer healthcare. Its annual turnover was £26.5 billion² for 2013, of which consumer healthcare contributed £5.2 billion. In the consumer healthcare business, GSK operated primarily in four categories — wellness, oral care, nutrition and skin care, which contributed £1.9 billion, £1.8 billion, £1.1 billion and £0.3 billion, respectively. The nutrition business comprised brands such as Horlicks, Boost, Viva, Maltova, MaxiNutrition (adult specialist nutrition), Scotts (vitamin and mineral supplements) and Osto Calcium.

In India, GSK had two listed entities, namely, GSK Consumer Healthcare Ltd. and GSK Pharmaceuticals Ltd. GSK Consumer Healthcare (GSK-CH) reported only the nutritional category. In 2013, GSK-CH India operations constituted approximately one-third of GSK's global nutrition revenue (see Exhibit 1 for key business indices of GSK-CH India).

GSK-CH was one of the largest players in India's health food drinks (HFDs) industry. Its two main brands were Horlicks and Boost. The company's product portfolio in India included Horlicks, Boost, Viva, Maltova, biscuits, Foodles (instant noodles) and oats. The company had a significant retail presence and considerable clout in the distribution network, which was managed by a common sales and distribution team. However, individual brands were managed by different brand managers, with the entire marketing team reporting to the marketing director.

GLAXOSMITHKLINE'S HEALTH FOOD DRINKS PORTFOLIO

Horlicks

Introduced in the 1860s in the United States by William Horlick, Horlicks had been exported to India since the 1930s. Horlicks was initially marketed as a substitute for milk and was targeted at people experiencing an illness or recovering from illness. Historically, the popularity of Horlicks stemmed from the poor availability of milk in the Eastern and Southern regions of India. It succeeded in establishing itself as the gold standard of nutrition and the preferred beverage of people weakened by illness. It was also considered to be a product for the whole family, as it was suitable for consumption by every member, from infants to seniors.

Horlicks gradually began focusing more on promoting the growth and development of children, and 2005 proved to be a watershed year for the brand. It introduced its now famous claim, "Taller, Stronger, Sharper,"³ which it supported with a clinical trial. Through various initiatives over the years, growth and development became the core message of Horlicks' branding, and mothers were convinced of Horlicks' nutritional potency. The product became a "must" for the optimum growth needs of children.

Horlicks also successfully targeted different age groups through its specialized variants. In 1995, it introduced Junior Horlicks for pre-school children. Over time, it introduced Horlicks Lite for adults,

² £ = United Kingdom pound sterling; INR = Indian rupees. The exchange rate used is £1 = INR90.

³ These claims are based on a study by the National Institute of Nutrition, Hyderabad, comparing a micronutrient-enriched beverage versus a non-fortified placebo.

Women's Horlicks and Mother's Horlicks for pregnant and lactating women. The brand was also extended into a broader foods portfolio by introducing products in such categories as oats, instant noodles and biscuits.

Although mothers believed in the nutritional power of Horlicks, Cadbury's Bournvita had the taste edge and appealed to their children. In recent years, Horlicks had addressed this issue through a greater focus on taste delivery and had launched taste-led variants such as Chocolate Horlicks and Horlicks KesarBadam (saffron and almond), which sought to leverage strong cultural taste cues.

Accessibility had been another major driving force for Horlicks. It aggressively pushed sales in rural markets through affordable price points and an efficient distribution infrastructure using multiple retail channels.

Boost

Introduced in 1975 in India, Boost steadfastly stood for "energy." It initially targeted families with its proposition of "energy all day for busy bodies." However, Boost didn't gain much traction until it completely repositioned itself with the endorsement of cricket legend Kapil Dev in the famous commercial, "Boost is the secret of my energy." It was the first time a sports icon had endorsed a brand from this category. Boost stuck to this strategy and continued to use sports celebrity endorsements from that point onward. It was thus strongly associated with the world of sports, specifically with cricket, the most popular sport in India. Over time, Boost maintained its relevance and positioning through endorsements by cricket superstars such as Sachin Tendulkar, M.S. Dhoni and ViratKohli. With its chocolate malt base, Boost had strong equity with children for both its taste and its sports-related image.

However, Boost's single-minded association with energy and sports also had its limitations. Compared with offerings from other brands, mothers viewed Boost's energy proposition as more of a short-term benefit for their children. Concerned about the long-term growth and development of their children, mothers placed greater stock on brands promising nutritional benefits. Since mothers were the key decision makers in brand choice in this category, Boost attempted to overcome this problem by making its first clinical claim, "3× more stamina,"⁴ in 2009. The campaign was aimed at driving up the nutritional credentials of the brand, associating a significant increase in stamina with Boost and emphasizing the importance of higher stamina, which was widely perceived as longer-term and more relevant benefit than energy. Since mothers related to the concept, it brought handsome returns for the brand. On the other hand, a campaign without their favourite sports stars held little appeal for children; to them, Boost had become just like any other brand in the category. In 2012, the brand repositioned itself, bringing "energy" back into its core message along with stamina and turning once again to sports icons as endorsers (see Exhibit 2 for an understanding of the evolution of brand communications and Exhibit 3 for packaging changes).

To expand its footprint in the North and West, Boost introduced new product variants to cater specifically to children's taste preferences in those markets. The product did well during the research stage, but when launched, the marketing mix did not generate the expected results. The debate over the root cause for this shortfall was inconclusive. Some team members pointed out that the product had to compete against the extremely well-entrenched Bournvita, while others pointed to weaknesses in the overall marketing mix,

⁴ This claim was based on a randomized controlled study where, compared with the control groups, the groups using Boost performed three times better on an endurance test.

especially in communicating the value proposition to the target consumers. Boost, however, continued to expand its taste proposition through new variants such as Choco-Eclair and Choco-Nut.

Viva and Maltova

Viva and Maltova were the two other brands in GSK's HFD category. Originally belonging to Jagatjit Industries, they were acquired by GSK in 2000. They attracted relatively less focus and investment compared to Horlicks and Boost and essentially operated as regional products.

THE HEALTH FOOD DRINK CATEGORY

Products in this category were traditionally consumed as milk substitutes and marketed as nutritious drinks targeted at children, seniors and people who were ill. Southern and Eastern India were large markets for these drinks, accounting for the largest proportion of all Indian sales (see Exhibit 4 for all Indian sales figures in the HFD category).

The HFD category consisted of white drinks and brown drinks. The white drinks were the malt versions and were strongly associated with nutrition and health. The brown drinks were so called because of their chocolate base. They were perceived to be taste enhancers, apart from the generic benefits of the category.

Horlicks and Complan had traditionally dominated the white drinks segment. To improve children's taste perceptions of these drinks, they invested heavily in their chocolate and other taste-led variants, which were well accepted by the market. Boost and Bournvita were associated with the brown drinks segment and had a strong franchise among children (see Exhibit 5 for market shares of the brands in different regions).

In recent years, the HFD category had witnessed a growing emphasis on nutritional science and targeted benefits, which had given rise to a premium segment exemplified by brands such as Complan Memory and PediaSure. As a result of consumers' rising disposable incomes, the premium segment had found many takers, and its growth was ahead of the category.

A few trends were driving the growth of the HFD category in India. The growing number of nuclear families and greater affluence had led to an increased emphasis on convenience and health. Rising consumerism had resulted in greater discernment in consumption choices, and both children and parents were increasingly involved in purchase decisions. Children were becoming agents of change — they were better connected to the latest happenings, and families were increasingly taking their views into consideration before making purchases related to their consumption. Excellence in education was still the primary focus of parents, with other interests and activities assuming secondary importance. It was not only parents who pushed their children but the children themselves who were achievement driven. Thus, the category was essentially driven by consumer pull, and media spends were considerable. Almost 95 per cent of the media spend in this category was in television (see Exhibit 6 for media spends of competitors from 2011 to 2013 and Exhibit 7 for region-wise spend share details).

CONSUMER BEHAVIOUR

Abundant milk was available in Northern and Western India, compared with the situation in the Southern and Eastern regions. In the markets of the North and West, mothers viewed milk as the gold standard of nutrition and a must for their children. However, children typically disliked the taste of milk and vehemently resisted it, resulting in either forced consumption or limited consumption. Either way, this situation left mothers with strong feelings of guilt. Health drinks played the role of taste modifiers by making milk palatable to children and hence established this category's relevance in these markets.

The two important category drivers, health and taste, had a different order of preference for the category's two main decision makers —mothers and children. For mothers, the primary decision maker, the long-term healthy growth and development of her children represented the main motivator. Mothers believed that good health and optimal development would ensure that her children were well prepared to take on life's challenges and make the most of the available opportunities to achieve their dreams. Mothers were also aware that good nutrition needed to be sustained over a long period of time and that short-term gains were not enough. In their view, the key indicators of proper development were height, weight, healthy brain development, immunity and strength. The preferred sources of nutrition for their children were natural products, such as milk, fruits, vegetables, eggs and nuts. However, mothers also considered health drinks to be a vital and useful source of additional nutrition for children. On the other hand, taste was the most important consideration for children, who would agree to eat their food only if they found it to be tasty and palatable. This behaviour was a major cause of worry for mothers, who feared inadequate nutrition would hamper their children's optimal development. The need for health drinks gained rapid importance because most children were very fussy eaters with a special dislike for healthy options such as green leafy vegetables and milk.

Each day presented two main occasions for consuming a health food drink. The first was in the morning, before going to school, and the second was in the evening, before play or after-school tuition classes. In the morning, milk was considered vital for a good start to the day, as a full stomach gave mothers the satisfaction of knowing that their children would not suffer hunger pangs at school and would have the necessary energy to concentrate on their activities. Mothers went to great lengths to ensure that their children finished their glass of milk before heading to school. Given the desperation exhibited by mothers, and more importantly, sensed by their children, children used the occasion as an opportunity to negotiate with their mothers and get what they wanted in return for drinking their milk. This give-and-take negotiation between mother and child resulted in many mothers giving in to the demands of their children. The other major consumption occasion was during the long gap between lunch and dinner, where a health drink served as an alternative to a snack. In some parts of India, it was traditional to drink a glass of milk before going to sleep at night, which was another possible but less prevalent consumption occasion (see Exhibit 8 for a typical food intake pattern in India).

COMPETITION

The biggest competitors to GSK's Boost and Horlicks were Complan, marketed by Heinz India, and Bournvita, marketed by Mondelez in India. Abbott's PediaSure was fast emerging as a strong competitor in the premium segment.

Complan

Heinz India marketed globally trusted products such as Heinz tomato ketchup and strong local products, including Complan, Glucon-D, Nycil and Sampriti, which it acquired in 1994. Its product portfolio was

positioned on taste and nutrition. Complan contributed close to 50 per cent of Heinz India's INR14 billion revenues in 2013.

Heinz had introduced Complan to India in 1964. It was positioned as a convalescents' drink and marketed through doctors. Even in its early days, it was positioned as being superior to milk on the basis of the 23 nutrients it contained, compared with milk's nine nutrients. In 1975, the brand repositioned itself, shifting its focus to growing children. With its famous communication of "Complan Girl" and "Complan Boy," the brand firmly established itself as the "complete planned food," reiterating the number and power of its nutrients. Over the years, Complan had established itself as the essential drink for children to grow in height. Height-conscious children and mothers ensured that the brand remained relevant to a large number of consumers.

In recent years, the brand added new variants, targeting pre-school children and highlighting product benefits such as memory enhancement. It also added new taste-led variants such as strawberry and *kesar badam* to appeal to a larger set of consumers and challenge Horlicks' dominance.

Complan attempted a completely new positioning in 2014. It moved away from its "height" proposition and adopted "strength — strong bones and muscles" as its main proposition. The brand was endorsed by legendary film superstar Amitabh Bachchan nationally, and by Surya, a South Indian movie star, in the Southern markets. These endorsements represented the first time in Complan's 50 years of existence that it had associated itself with celebrities. The sub-brand, Complan Memory, a product that claimed to enhance brainpower and memory, was endorsed by former World Chess champion, Viswanathan Anand. This complete revamp of the product, packaging and proposition was a bid to catch up with market leader Horlicks, which was seen as a drink for the "family" and not just children. At the launch of the new product mix, a senior manager of Heinz India observed:

What some of our research tells us is that close to 35 to 40 per cent of the Complan that was bought was consumed by adults. Furthermore, our packaging, which previously had photos of children on it, made adults feel like it was only for children. So, we changed it. Our TV advertisements still retain a child focus, however.⁵

Bournvita

Cadbury was incorporated in India in 1948 and launched Bournvita the same year. It was among the oldest health drink brands, had a rich heritage and was known for its good taste and nutritional value. Over the years, the brand had undergone a few distinct changes in its positioning. In the 1970s, it focused on good upbringing, in the 1980s on intelligence and in the 1990s, it began emphasizing physical and mental development through its tagline, "Tann ki shakti, mann ki shakti" (strength for body and mind). Its various campaigns tried to establish a balance between "nature" and "science." In 2010, the brand attempted to position itself on physical performance, akin to Boost. In one advertisement, the protagonist, a child, was shown to be trying hard at running faster, with the mother in the background actively encouraging the child. It played on a mother's concerns over her child's development and focused on the importance of hard work and discipline. "Tayari jeet ki" (preparing for victory) was another of Bournvita's themes, which had been executed in many different campaigns. The brand was also trying to establish its functional credentials through its "Badhaya doodh ki shakti" (increase the power of milk) campaigns, where it tried to establish the importance of vitamin D for the absorption of calcium in milk.

⁵ "Complan Is for Adults Too: Heinz," *The Hindu*, February 16, 2014, www.thehindu.com/todays-paper/tp-business/complan-is-for-adults-too-heinz/article5694682.ece, accessed May 15, 2014.

Another campaign for the product, “Bournvita Little Champs,” which targeted at two- to five-year-old children, established the role of DHA⁶ in cognitive development.

Children loved Bournvita for its delicious taste, but mothers doubted its nutritional quotient. To achieve higher relevance and adoption, the brand would need to do better at convincing mothers of its health benefits. In the markets of the North and West, milk was already established as the superior and necessary beverage, and the task for the mother was only to ensure that her child consumed it. Bournvita helped this cause immensely, as children liked the taste. However, this strategy did not work as well in the Southern and Eastern markets. Hence, all the recent communication efforts from Bournvita were essentially an attempt to shake off its image as a taste-led product. These efforts by Bournvita seemed to be paying off as it displaced long-time player Complan from its number two position in 2013.

PediaSure

PediaSure was a leading global brand owned by the pharmaceutical giant Abbott. Introduced in India in 2000, PediaSure claimed to have a superior formulation with 37 vital nutrients fortified by probiotics, prebiotics, taurine and choline. When consumed in adequate amounts, PediaSure met 100 per cent of the requirements of vitamins and minerals for children older than two years.

PediaSure established itself as the superior health drink for two- to 10-year-olds among pediatricians, and doctors started prescribing it. A written prescription from a doctor was considered a ringing endorsement, and parents, more often than not, followed their doctor’s advice. After targeting doctors and SEC A⁷ consumers for a decade, PediaSure broke into the mass media with aggressive promotions. It built a strong niche for itself and established the premium and super premium segment in the HFD category.

SHOPPER BEHAVIOUR AND CHANNEL DYNAMICS

Although the end users in the HFD category were mostly children, the shopper was predominantly the mother, who was also typically the main decision maker. HFD was a planned purchase category and was part of a family’s monthly shopping list. The mothers planned the monthly purchases with pack sizes greater than 200 grams. However, smaller stock keeping units (SKUs) of less than 50 grams were also kept in the product portfolio, as they were purchased as a top-up to overcome any shortfall near the end of the month. Smaller SKUs also encouraged trial purchases by new users.

The category enjoyed tremendous brand loyalty, and shoppers typically had made their brand decision before entering the store. Hence, promotions worked only to the extent that shoppers increased the package size (quantity) they purchased or switched to a new variant introduced by the brand. Brand switches were rare in the shopping aisle.

Grocers, chemists and modern trade were the main channels for purchasing HFD category items. Shopping at grocery stores was transactional in nature, whereby the retailer provided the brand or SKU that customers had asked for. Chemists were often consulted by consumers on the brands best suited for the particular issues they faced. An endorsement by a chemist, though not equal to that of a doctor, was valued by consumers and could induce a brand switch. Thus, brands tried to woo chemists through additional margins and non-monetary incentives. The modern trade format was a fast emerging channel

⁶ DHA, or docosahexaenoic acid, is an important omega-3 fatty acid.

⁷ SEC refers to the Socio Economic Classification of Indian consumers. SEC A refers to the uppermost segment of the consuming class.

for the category and provided many avenues to interact with and influence shoppers. Although this channel was also the most expensive, brands were not averse to trying new initiatives such as sampling, nutrition awareness campaigns, brand campaigns and other promotional activities. Given the format, shoppers were open to receiving new information and to reconsidering and re-evaluating the brand afresh (see Exhibit 9 for channel-wise share of business, Exhibit 10 for SKU-wise share of the sales and Exhibit 11 for retail margin structure).

In recent years, rural expansion had become the primary focus for the category through the affordability route at the right package sizes, with the result that rural growth had overtaken urban growth (see Exhibit 12 for category penetration data and Exhibit 13 for channel penetration data).

DECISION DILEMMA

Depending on their role and responsibilities, every manager in the team had a separate understanding of the situation and some idea of the solution. The general manager wanted to gather as many perspectives on the matter as possible and hence began the process of one-on-one discussions with members of the team. Excerpts from her interactions follow.

Brand Manager

The competition is Bournvita in the North and West, and Horlicks in the Southern markets. Boost can still hold its edge against Horlicks in the South but the battle lies in the Northern and Western markets. I believe we have a good product, the sports stars are from these regions and the brand language resonates with the kids and mothers. What we need are substantial and sustained investments in brand building over the next three to four years to make an impact. If we can get this geography, Boost will be in a position to challenge even Horlicks for the number one position in the category. This will hugely benefit the organization as well, since we will get incredible scale — virtually owning the category as a whole. We can drive efficiencies at the trade, advertising and promotion levels. I would recommend giving Boost a 2.5 SOV/SOM [share of voice/share of market] for the next four years to get Boost to its deserved place. Ultimately, it is in the brand manager's interest to expand his brand since he is responsible for delivering top-line, bottom-line and market shares.

Area Sales Manager

It would be better for Boost to stick to the South. Unlike the North, West or East, the retail market in the South is far more mature. Our distribution infrastructure in non-Southern markets is not as good as it is in the South. Even if Boost substantially invests in non-Southern markets, it may not reap the benefits since the distribution reach is lower. Modern trade is weaker in the North and West compared with the South, which further hampers any quick wins. You have to rely on grocers and general stores to stock and sell the SKUs. It will require a good deal of investment to get both the sales team beefed up and the distribution infrastructure strengthened. We may need to give 15 to 20 per cent higher margins than our competitors to entice retailers to keep our stocks.

Account Planner (Advertising Agency)

In all honesty, Boost needn't do anything. It should stick to the South and retain its positioning. It is the only brand that is very sharply differentiated. It should not lose the edge that it has built over the last few

decades. There is still ample scope within the South to increase penetration and consumption. We should strive to get to leadership positions in the two states of Karnataka and Kerala and in the rural markets. Even in urban markets, penetration is lower than some other fast-moving consumer goods categories, and we have just started rolling out aggressively in rural markets. We can get this growth if we position and craft our messaging to mothers, reassuring them of the benefits by explaining the science behind the brand. An additional advantage of sticking to the South is that it is possible to isolate the media in the South. Unlike the North and West, where media presence means an all India presence, there is minimal dispersion in the South. All the media spends in the South squarely target only the Southern population.

Market Research Executive

Mothers are at the core of the category. PediaSure is able to grow aggressively even with steep price points due to its ability to convince mothers of its nutritional credentials. Nutrition is at the heart of the category and if you don't play up the category codes, you will remain a small player. You need to make energy relevant from a nutrition point of view; otherwise, mothers have an option in Glucon-D⁸ as well.

Marketing Leadership Team Member

I see Horlicks and Boost as part of a portfolio. We have two great brands that have their own unique strengths and the best part is that they are complementary. There are minimal overlaps, which mean they can leverage their strengths without worrying about cannibalizing each other to a great extent. Our competitors can be flanked and squeezed from both ends. We need to keep in mind the changing category and competition dynamics and act appropriately, but not at the expense of long-term strategic wins. What is important is to think on how to make the brand relevant to the very different consumer groups in the South and the North/West. We need to win both in the short term and the long term.

NEXT STEPS

The general manager needed to get everyone on board to deliver on her targets and hence needed to generate consensus on the way forward. She also needed to ensure that the chosen strategy was implementable and in the long-term interest of the company first and then the brand.

Professor Mukherjee is from MDI, Gurgaon, and Sriram Padmanabhan is from GlaxoSmithKline, Asia.

⁸ *Glucon-D was a popular glucose-based brand.*

EXHIBIT 1: GLAXOSMITHKLINE-CONSUMER HEALTHCAREINDIA KEY FINANCIAL INDICES, 2003–2012

Particulars	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Turnover	9.09	9.82	10.89	12.10	13.96	17.00	20.25	24.31	28.32	32.58
Profit before Tax	1.00	1.16	1.62	1.91	2.45	2.86	3.54	4.52	5.40	6.48
Retained Earnings	0.41	0.37	0.69	0.79	1.04	1.15	1.44	0.55	1.84	2.16
EPS (Rs.)	16.82	16.12	24.84	30.18	38.68	44.78	55.35	71.30	84.46	103.85

* All figures in are in INR billion unless otherwise stated.

Note: EPS = earnings per share

Source: Company archives.

EXHIBIT 2: BOOST BRAND COMMUNICATIONS, 1975–2014

1975	80's	90's	2010	2014
				
Energy all day for the busy bodies	Superstar Kapil Dev at the core. "BOOST is the secret of my energy"	Batting Maestro Sachin at the core. Energy reinforced	3X stamina claim	Stamina in 120 days. Dhoni and Virat

Source: Company archives.

EXHIBIT 3: BOOST PACKAGING CHANGES, 1976–2014

Source: Company archives.

**EXHIBIT 4: INDIAN HEALTH FOOD DRINK SALES, 2012–2013
(IN INR BILLION)**

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13
All India	11.01	11.12	12.35	12.25	12.02	11.85	12.96	12.95
North	1.48	1.48	1.69	1.65	1.75	1.68	1.87	2.07
East	3.71	3.90	4.30	4.24	4.11	4.24	4.64	4.59
West	1.25	1.21	1.42	1.36	1.36	1.34	1.62	1.51
South	4.57	4.53	4.94	5.00	4.80	4.60	4.83	4.78

Source: Company archives.

**EXHIBIT 5: INDIAN MARKET SHARE FOR HEALTH FOOD DRINK BRANDS, 2012–2013
(BY PERCENTAGE)**

Region	Brand	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13
All India	Horlicks	46	46	45	45	46	46	46	46
	Boost	11	12	11	12	11	11	11	11
	Bournvita	14	14	14	14	15	15	15	14
	Complan	17	15	15	15	14	12	12	12
	PediaSure	3	3	4	4	4	4	4	4
North	Horlicks	24	23	22	22	22	22	22	22
	Boost	4	4	4	4	4	4	4	4
	Bournvita	32	32	33	34	35	34	33	31
	Complan	24	22	20	21	20	17	15	16
	PediaSure	3	4	5	4	4	6	5	5
East	Horlicks	71	71	67	69	70	71	71	71
	Boost	1	2	1	1	1	1	1	1
	Bournvita	5	6	6	6	6	6	6	5
	Complan	17	16	17	16	14	13	13	13
	PediaSure	1	2	3	2	2	3	3	3
West	Horlicks	17	17	16	15	16	15	16	16
	Boost	4	4	4	4	4	4	4	4
	Bournvita	44	45	45	45	46	46	45	44
	Complan	20	17	17	16	15	13	13	13
	PediaSure	3	3	4	4	3	4	4	4
South	Horlicks	42	41	41	41	43	42	42	42
	Boost	24	25	25	26	25	26	26	26
	Bournvita	7	7	7	6	6	6	7	6
	Complan	13	12	12	11	11	10	9	9
	PediaSure	5	5	6	5	5	5	5	6

Note: The market share for a particular area does not always add up to 100, as other smaller brands were also being sold in this category.

Source: Company archives.

**EXHIBIT 6: MEDIA SPENDS OF INDIAN HEALTH FOOD DRINK COMPETITORS, 2011–2013
(IN INR BILLION)**

Area	2011	2012	2013
All India	4.22	4.08	4.23
North	1.86	1.66	1.62
East	0.67	0.72	0.71
West	0.16	0.15	0.16
South	1.53	1.56	1.75

Source: Company archives.

**EXHIBIT 7: REGIONAL SHARE OF VOICE OF INDIAN HEALTH FOOD DRINK COMPETITORS,
2011–2013 (BY PERCENTAGE)**

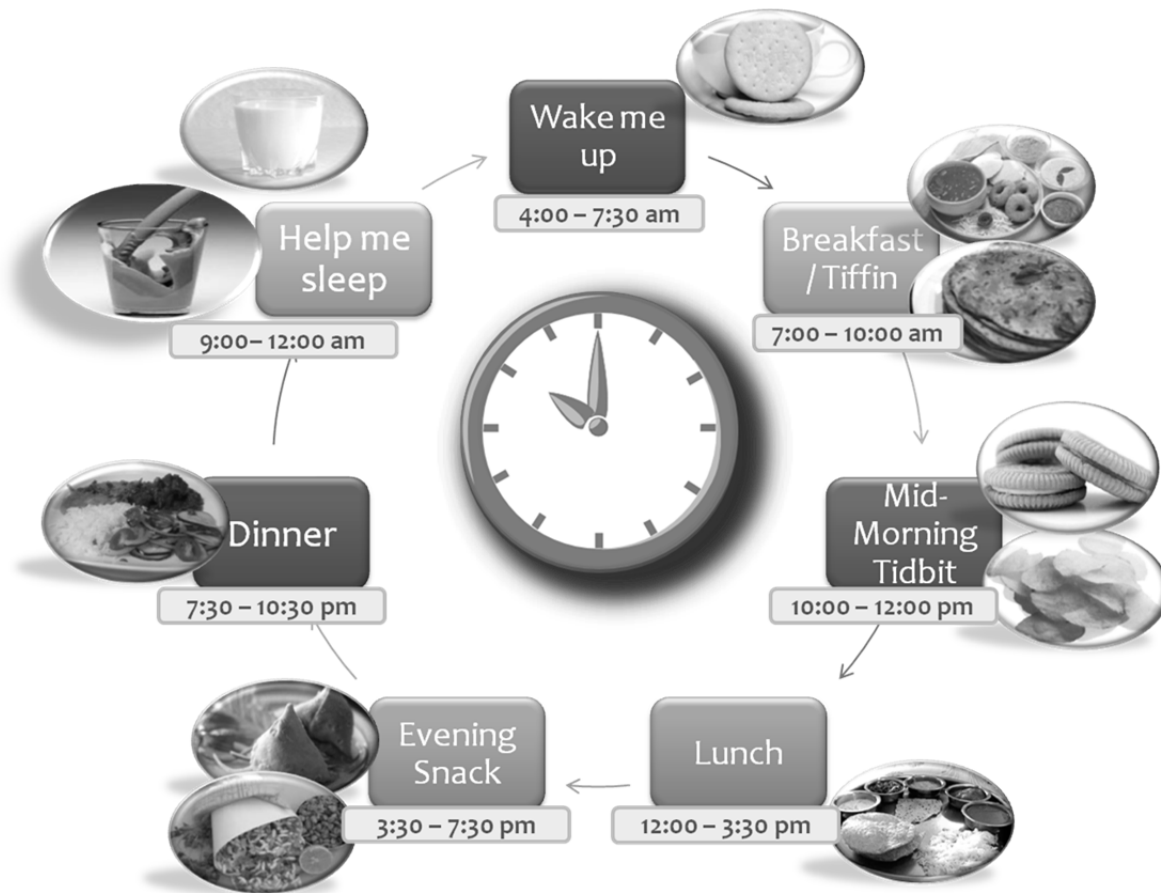
	2011				2012				2013			
	East	West	North	South	East	West	North	South	East	West	North	South
Total Horlicks	31	18	20	25	21	13	13	14	23	15	15	21
Chocolate Horlicks	–	–	–	–	2	6	7	2	10	8	10	5
Boost	4	13	14	16	3	8	7	20	3	9	8	19
Bournvita	8	24	26	8	9	31	27	7	11	27	26	6
Complan	29	26	20	24	24	20	22	21	21	20	21	17
PediaSure	2	2	2	4	5	4	4	4	5	4	4	5

Note: Share of Voice = Brand gross rating point / Category gross rating point

Chocolate Horlicks was launched in 2012.

Source: Company archives.

EXHIBIT 8: TYPICAL FOOD INTAKE PATTERN IN INDIA



Source: Company archives.

EXHIBIT 9: HEALTH FOOD DRINK BRAND PENETRATION BY CHANNEL, ALL INDIA (BY PERCENTAGE)

	Grocer	Chemist	Modern Trade	Paan Plus*
Horlicks	53	38	32	56
Boost	14	7	12	17
Bournvita	14	11	24	12
Complan	15	17	16	11
PediaSure	1	6	8	0
Boost sales in the channel	55	30	11	4

Note: Paan Plus were very small retail outlets selling betel leaves, cigarettes, etc.

Source: Company archives.

EXHIBIT 10: HEALTH FOOD DRINK BRAND PENETRATION IN INDIA, BY STOCK KEEPING UNIT, 2012–2013 (BY PERCENTAGE)

Brand	SKU (grams)	2012	2013
Horlicks	< 50	4	5
	50–200	10	10
	201–500	71	69
	> 500	15	15
Boost	< 50	15	20
	50–200	21	22
	201–500	61	56
	> 500	3	3
Bournvita	< 50	0	0
	50–200	39	36
	201–500	55	56
	> 500	6	8
Complan	< 50	2	2
	50–200	21	20
	201–500	74	76
	> 500	3	2

Note: SKU = stock keeping unit

Source: Company archives.

EXHIBIT 11: HEALTH FOOD DRINK RETAIL MARGIN STRUCTURE FOR GROCERS AND CHEMISTS (BY PERCENTAGE)

	Horlicks	Boost	Complan	Bournvita	PediaSure
Retailer Margin	10–12	10–12	10–13	10–12	11–15
Distributor Margin	4–6	4–6	4–6	4–6	5–7
Additional Trade Margin	6–10	6–10	6–11	6–11	8–14
Additional for Modern Trade	10–15	10–16	10–15	12–18	12–20
Retail Price for 500-Gram Pack (in INR)	190	190	220	186	500

Note: Additional margins are subject to promotional campaigns or building new initiatives, discouraging competitive threats or building pipelines.

Source: Secondary research from sample retailers by the authors, indicative figures only.

EXHIBIT 12: HEALTH FOOD DRINK BRAND CATEGORY PENETRATION IN INDIA, BY REGION, RURAL AND URBAN, 2012–2013 (BY PERCENTAGE)

Brand	Category		Horlicks		Boost		Bournvita		Complan	
Year	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
All India (U+R)	22.9	22.7	11.3	12.2	6.6	7.1	6.8	5.8	4.9	4.4
All India (U)	47.0	46.0	19.7	21.4	12.9	13.8	18.4	16.1	11.5	10.4
All India (R)	11.0	11.2	7.2	7.7	3.5	3.7	1.1	0.8	1.6	1.4
North (U)	32.9	30.8	2.1	2.5	2.2	2.2	23.6	21.7	8.5	7.4
North (R)	1.5	1.7	0.1	0.3	0.1	0.0	0.6	0.5	0.4	0.6
East (U)	61.9	64.5	49.2	52.7	2.8	2.2	10.0	11.1	17.5	17.1
East (R)	13.8	14.9	11.8	12.9	0.0	0.1	0.9	0.7	1.8	1.6
West (U)	33.2	29.5	0.8	0.9	2.4	2.3	24.7	20.5	6.2	6.0
West (R)	2.1	0.5	0.0	0.0	0.1	0.0	1.1	0.3	0.8	0.0
South (U)	65.7	66.8	39.9	43.5	37.0	40.5	11.4	9.3	16.8	14.3
South (R)	23.9	24.6	14.8	15.5	12.5	13.5	1.8	1.6	3.2	3.2

Note: Penetration is defined as having been consumed at least once in a 12-month period. R = rural; U = urban
Source: Company archives.

EXHIBIT 13: HEALTH FOOD DRINK BRAND DISTRIBUTION IN INDIA, BY REGION, 2012–2013

Brand	Region	Weighted Distribution %		Numeric Distribution %	
		2012	2013	2012	2013
Horlicks	North	84.6	88.6	49.2	49.0
	East	98.7	98.1	93.3	91.2
	West	80.3	83.5	37.1	39.7
	South	97.6	97.3	84.5	86.0
Boost	North	63.7	67.7	27.5	24.3
	East	42.7	35.4	14.1	10.8
	West	62.7	63.1	29.0	23.9
	South	96.5	96.3	84.5	85.1
Bournvita	North	93.3	91.2	78.9	75.7
	East	57.4	54.2	29.6	24.8
	West	95.8	96.4	88.5	88.5
	South	68.8	63.9	23.6	19.2
Complan	North	87.5	88.0	47.9	48.7
	East	71.4	70.5	35.3	31.4
	West	80.1	80.8	36.9	36.7
	South	77.1	72.0	31.1	25.7

Note: Weighted distribution = Percentage of category sold from shops where brand is available. Reflects quality of distribution. Numeric distribution = Percentage of shops where brand is stocked as compared to where the category is available. Reflects the extent of distribution.
Source: Company archives.