



M/s TABP Snacks and Beverages – Management through Flexibility and Resilience

Dr. R. Prabusankar^a and Mr. Prabhu Gandhikumar^b

^aProfessor, DJ Academy for Managerial Excellence, Coimbatore-Pollachi Highway, Othakkalmandapam Post, Coimbatore, Tamilnadu, India

^bFounder & MD, Tabp Snacks and Beverages, 114 D 1st Floor Thaneerpandal, Shri Anirudh Gardens Main Rd, Peelamedu, Coimbatore, Tamilnadu, India.

Case Synopsis

M/s TABP Snacks and Beverages was set up in the year 2015 in Coimbatore. The enterprise was started after identifying an untapped market segment at the bottom of the pyramid for low-cost, good-quality beverages like fruit juices and carbonated drinks. The company had a growth plan for the year 2019. As the monsoon failed in the year 2018, there was a shortage of mango pulp in the year 2019. The country went into 'lockdown' mode by the end of March 2020 due to the spread of Covid-19 infection. Raw material and finished product movements got affected due to Covid-19. Demand for the products dropped down drastically. The company did its best to stay afloat and has successfully overcome the crisis and is now revisiting its growth plan.

Keywords: Button of the Pyramid, Lockdown, Third Party Units (TPUs)

Beverage Business Getting Affected During Covid Pandemic

TABP limited a part of Gandhikumar Group, founded by Mr. Prabhu Gandhikumar is an Indian start-up enterprise based in Coimbatore, Tamilnadu. The Gandhikumar Group was established in the year 1978 and is one of the leading industrial groups in Coimbatore, which includes Gandhikumar Foundry, NEOCAST, Tanvi Foods, and Ishan Foods. M/s TABP Snacks and Beverages was set up in Coimbatore, in the year 2015. The enterprise was started after identifying an untapped market segment at the bottom of the pyramid for low-cost, good-quality beverages like fruit juices and carbonated drinks. The company priced its beverages at Rs. 10/- per bottle measuring 200 ml, which was way below the price of competing brands in the market. The firm kept its price tag considerably lower to cater to the needs of low-income consumers, which remained an untapped market for a long.

Due to the failure of the monsoon the yield of Mango pulp got affected in the year 2019. There was only 30% pulp available in the market compared to the previous year. The MNCs, Frooti, Mazaa, and Slice were stocking up pulp like crazy and they were buying all the stock available. They started producing and stocking up their beverages in January 2020. India reported the first case of COVID -19 on Jan 30th in Kerala. Suddenly China announced a lockdown! Most of the firm's food-based chemicals come from China and they had stopped overnight. This triggered another panic and they had to scramble to stock up on chemicals. The firm had to use all the goodwill they had generated over the years to make sure they were given priority over other clients in the supply of chemicals.

On March 24th, the total lockdown was announced pan India. This was a body blow for the beverage business. The peak season was gone and they were stuck on all sides. Huge inventory of perishable products in their warehouses, the big sales team they had recruited in September 2019 for the next big push, and many third-party units (TPUs) on whom they were dependent– all these made the situation very grim.

Spotting the Way Out

For enforcing the lockdown announced, the police personnel was stuck on duty with no means of hydration in the hot summer sun. The firm guessed that the lockdown would be going to be a long one and that they would need the police and bureaucratic support to operate during the lockdown period and also when the situation improves.

The company started creating goodwill among the Govt. officials and law enforcement authorities. The company made a beginning towards this by distributing fruit juices made at its plant to police and Govt. officials manning the checkpoints during the lockdown. Then, the company started distributing its products to the Govt. officials in district administration departments. Govt. officials and police personnel were overworking, beyond their regular office hours, and could not have access to refreshments due to the prevailing lockdown situation. Serving them with juices/soft drinks at this juncture created a strong GOODWILL about the company in the minds of the Govt. Officials.

The above practice was followed for about a month. Then a notification from the Government saying essential goods could be transported with a permit. The firm's products would come under the category of 'essential goods' was a dilemma. However, because of the goodwill generated, Govt. officials informed the company that they could not give official permission to operate, but they would not hinder the movement of the company's products.

The company's products thus reached both new and existing consumers, at a time when the products were badly needed by the consumers. The competitor's products were not available in the market. Thus, the company could gain a larger share in the market. By the time the Covid-19 situation improved, there came the challenge of restarting the factories. Out of seven TPUs, only three were in a position to start due to a shortage of machinery consumables and spares. The firm thought of a plan to sustain its operations in the long run and took a call to idle its Coimbatore plant and supply consumables and spares from machines in Coimbatore to other plants as and when needed.

The Turnaround

When the Covid-19 situation improved, the demand for the firm's products improved. Due to improved demand for the products, the company was in a position where it could increase the price. But the company desisted from doing this and this also helped in a way to build a GOODWILL among the distributors and loyalty among the consumers. By the time the lockdown restrictions are lifted, the company is now on a strong footing to go ahead with its expansion plans, having an improved customer base and a satisfied network of distributors.

Proposed Solution:

By the time the lockdown was lifted, the company had huge orders in hand and could not meet the demand in full with its production facility and with the TPA arrangements. Hence, the company went ahead with its original expansion plan which was shelved for more than a year. As the company has now good visibility in the market and has built a strong customer base, the company is poised for rapid growth shortly, and hence, the company's decision to go ahead with its expansion plan is justified.

Recommendation:

Consumers are becoming more and more health conscious. This is more so after the COVID pandemic since consumers are now more interested in boosting their immunity and are

skeptical about consuming soft drinks that do not have any nutritional content. This trend is expected to continue in the future and there is every possibility of consumers switching from soft drinks to fruit juices. Hence, the recommendation is that the company should gradually reduce its production of soft drinks and substitute it with increased production of fruit juices. This strategy is expected to yield results in the days to come.

Teaching Note:**Prerequisite conceptual understanding:**

The students should understand terminologies like Button of the Pyramid, Lockdown, Third Party Units (TPUs), Entrepreneurship, Business models, Segmentation, Targeting, and positioning.

Placement of the case study:

Under graduation (UG) and Post-graduation (PG)

Course: Entrepreneurship, Strategic management, Marketing Management

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Case Questions

Identify the reason for agony for M/s TABP Snacks and Beverages. What had happened during this time?

Due to the failure of the monsoon the yield of Mango pulp got affected in the year 2019. There was only 30% pulp available in the market compared to the previous year. The MNCs, Frooti, Mazaa, and Slice were stocking up pulp like crazy and they were buying all the stock available. They started producing and stocking up their beverages in January 2020. India reported the first case of COVID -19 on Jan 30th in Kerala. Suddenly China announced a lockdown! Most of the firm's food-based chemicals come from China and they had stopped overnight. This triggered another panic and they had to scramble to stock up on chemicals. The firm had to use all the goodwill they had generated over the years to make sure they were given priority over other clients in the supply of chemicals. The lockdown was announced in India on March 24th and it was a big blow for the beverage business of M/s TABP. The peak season was gone and they were stuck on all sides. Huge inventory of perishable products in their warehouses, the big sales team they had recruited in September 2019 for the next big push, and many third-party units (TPUs) on whom they were dependent– all these made the situation very grim.

Discuss the flexibility practices adopted by M/s TABP Snacks and Beverages to stay in the beverage business.

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give official permission to operate, but they would not hinder the movement of the company's products.

How do the M/s TABP Snacks and Beverages resilience?

The company's products thus reached both new and existing consumers, at a time when the products were badly needed by the consumers. The competitor's products were lit available in the market. Thus, the company could gain a larger share in the market. By the time the Covid-19 situation improved, there came the challenge of restarting the factories. Out of seven TPUs, only three were in a position to start due to a shortage of machinery consumables and spares. The firm thought of a plan to sustain its operations in the long run and took a call to idle its Coimbatore plant and supply consumables and spares from machines in Coimbatore to other plants as and when needed. As the company has now good visibility in the market and has built a strong customer base, the company is poised for rapid growth shortly, and hence, the company's decision to go ahead with its expansion plan is justified.