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A study of packaged fruit juices: preference and availability

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Abstract

India is a country of varied climates and temperatures. Summer is the most prolonged season right from sweltering hot from April to June to sultry and humid from July to September. Apart from drinking water, fruit juices provide a great respite for quenching thirst. The study was done to understand the preference and availability of packaged juices during the summer season. The study was done by reaching out to distributors, retailers and consumers. Results of the study gave insights about the buying behaviour of consumers, retailers as well as distributors. Study concluded that mango flavoured drink is the most preferred flavour for consumption and Frooti is the market leader in the category of packaged fruit juices. The results of the study will be useful for the companies during the launch of a new fruit juice in the market. This will help companies in understanding if the product has the potential to stay in a competitive fruit juice market.

Keywords: Juice, flavours, retailers, distributors, consumers.

Introduction

The Fast-moving consumer goods industry is one of the major contributors to the economy of the country. It involves large volume selling of consumer packaged goods, i.e. goods that are produced, distributed, marketed and consumed within a short span of time. The most important FMCG products available in the market include detergents, toiletries, toothpastes, cosmetics and many more. Pharma products, consumer electronics, packaged fruit juices and chocolates are also part of this industry. The sector covers a wide range of diverse products; there are different companies which rule the market in this sector.

The juice market in India is undergoing a massive change. People are becoming more conscious about their health and more importantly what to eat. People prefer to eat and consume fruits. Fruit juices are increasingly becoming popular as it suffices the need for all the required nutrition and keeps body hydrated. According to data by Euro monitor, the soft drinks category in India shows trade volumes grow at a CAGR of around 18.04 percent from 2007 onwards to reach around 9.98 billion litres by 2013. In terms of market shares, Dabur's Real and Pepsi's Tropicana dominate the 100 percent juice category with market shares of 48.3 percent and 42.8 percent respectively. Human beings are by nature very conscious about the appearance. Consequently, when it is about preference for fruit juices, appearance do matters and plays important role in influencing costumer perception and behaviour. There is a healthy competition in juice market in India. Hence apart from the marketing strategies like targeting, distribution, segmenting and packaging, it is imperative to analyse the acceptance of consumers, retailers and distributors for the product. The purpose of the study was to find out the acceptability of packaged fruit juices. A sample of 5 distributors, 100 retailers and 100 consumers were selected for the study and questionnaire was administered to record the opinion and perceptions towards the fruit juices. The perception of the distributors, retailers and consumers were studied and factors like age, gender, price and preference of taste and flavour were considered for the study.

Objective: To study the perception of distributors, retailers and consumers about the preference and availability of packaged fruit juices.

Literature Review: Fruit juice market in India[1] is decided by different factors with fitness as the most important factor; consequently consumers prefer fresh fruit drinks over other soft drinks as these are free from added artificial sugar, synthetic flavours and preservatives. The report analyses that fruit juices have become a part of our Indian household right from breakfast, evening snacks to all social gatherings. The report predicts that this market is expected to grow at a CAGR of 17.1%. Fruit drinks, containing 30% fruit content are the market leaders having a 60% revenue share of the market. Fruit Juices, having fruit content, have 30% of the market share and are predicted to be the fastest growing segment because of increase in number of health conscious consumers. There is need to maintain proper margin growth by balancing both competition and logistics costs. Tier-I cities are the highest revenue grossers with around 55% market share. Demand is also on rise in the Tier-II and Tier-III cities.

The report[2] discusses the various factors of packaged fruit drinks by deciding the gap between demand and supply. The need for demand for packaged fruit drinks is studied by understanding the consumption volumes and understanding the industry revenues. Supply side is studied by scrutinising different food processing units and the food production statistics of India. The data was analysed by proper data analysis along with the key forecasts.

The study[3] identifies the factors that play key role in the determining the increasing popularity of packaged fruit juices. The fruit juice industry also faces stiff competition with soft drink industry. India ranks second in terms of producer of fruits and vegetables in the world. There is scope for immense potential to be tapped and can be of great advantage for both domestic and international markets. Youths and middle class group are major players in developing business in this segment. It is important to understand the attitude towards packaged fruit drinks, as attitude to a large extent influences buying behaviour.

The study of Kortbech-Olesen[4] is about citrus and tropical fruit juices. Other juices like apple and berry juices and vegetable juices were also studied. The study concludes that this sector is growing continuously. Japan is the market leader in this segment. Republic of Korea has the highest import growth rate. Singapore is leading market as a re-exporter of retail-packed juices and juice drinks (packed locally) to other markets in the region. HongKong is also emerging as a new area for demand for fruit juices. There is a fierce competition in the market. Preferences of consumers are changing rapidly. The industries in to this business should continuously understand customer perception.

Research report[5] studied included inputs from primary research (inputs from industry experts, companies, stakeholders) and secondary research. The objective of the report was to analyse Worldwide Health Beverage Market. Analysis was done segment wise: i. Type of Beverage (Bottled Water, Juices, Probiotics, Energy Drinks, Ready to Drink Tea and Coffee, Others) ii. Type of Sales Channel (Online or Offline) iii. By Country. Bottled Water segment is the biggest revenue grosser in the market and remains the market leader in this segment. For the Sales Channel segment, online segment is expected to be growing fast due to increase in the population using internet and smartphones. Comparing the regions, Asia Pacific is the market leader in Asia pacific. The report also discusses the emerging trends, challenges and opportunities in the beverage market with reference to the importance to health. The report also includes market strategies adopted by various companies across the world.

Singh[6] discusses consumer behaviour and how it is important for research studies. The behaviour and perceptions of consumers keep on changing with time. The benefit of consumer research enables the manufacturers, distributors and dealers to devise effective strategies for sales and advertising. The marketing strategies should be devised by understanding the needs of consumers and their changing desires and aspirations. The industry should not only focus on the likings of the customers but also work towards the satisfaction.

The awareness about attitudes of consumers to help marketing managers devise the necessary strategies were discussed in the study[7]. The three different components of attitudes: the cognitive, the affective and the behavioural were studied. The buying decision process which is also an important component of attitude was also studied. The difference between rural and urban consumers was also studied. The difference in their behaviour was because of their limited evaluation capability. Buyers from rural background are not brand loyal. But increase in the exposure has improvised their socialization skills, market knowledge of products and they are becoming at par with urban population.

Murugesan[8] studied consumer behaviour towards soft drinks in Madurai city. The study revealed that the 76.35 per cent of the consumers bought soft drinks after being satisfied with the quality. Only 2.65 percent of the consumers bought soft drinks keeping price in mind and preferring to buy low price product. 51.72 per cent of the consumers preferred to change their brands occasionally and 48.28 per cent preferred to change their preference more frequently.

Various factors including demographic and psychological impacting the preference towards buying of soft drinks and drinks available in tetra packs for the Vellore city were studied[9]. The study involved studying the perception of 250 consumers. The study revealed that Gold Spot was the most favoured soft drink. The influence of the company’s reputation was not considered an important factor influencing consumers for buying a soft drink. The study concluded that the Tetra pack soft drinks were preferred more than the bottled ones. The study also revealed that Frooti was market leader in this category followed by Tree Top and Appy.

The study about distribution pattern of soft drinks in the city of Chennai was studied[10]. The study revealed that majority of the children below 15 years preferred to consume Fanta, Frooti and Mango drinks because of their taste and quality. Population in the higher age group preferred to have fresh fruit juices. Mango or Lemon flavoured drinks were most preferred. The study also concluded that college students preferred to have Pepsi. Tetra pack drinks such as Frooti was the highest revenue grosser for the city.

Methodology

The research was based on the primary data collected from the distributors, retailers. The Google Survey forms were used for data collection. A set of three questionnaires were made one each for distributors, retailers and consumers.

Sampling Process and Sample Size: Convenient sampling technique was used. The sample size used was as below: For Distributors; Sample Size: 5, For Retailers; Sample Size: 100, For Consumers; Sample Size: 100

Results and discussion

Distributors Perception: Popular Flavour: The result in the Figure-1 shows that 60% of the retailers agree that Mango Flavour is the highest bought flavour of any juice. About 40% of the Distributors agree that Lychee Flavour is the highest bought flavour of any juice.

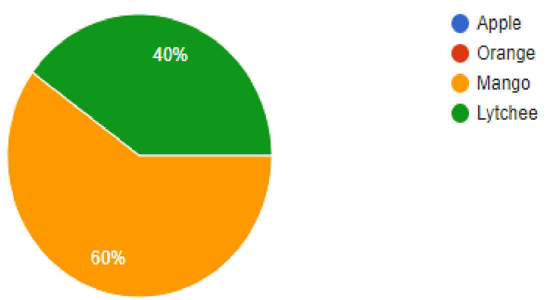

Figure-1: Popular Flavour.

Major Players: The result in the Figure-2 indicates that 40% of the distributors think that Appy is the major player in the juice market and 60% of the distributors think that Frooti is the biggest major player in the juice market.

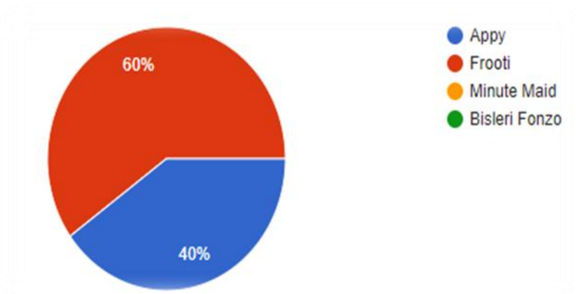

Figure-2: Major Players.

The result in the Figure-3 shows that 80% of the Distributors think that a bigger bottle of fruit juices should be launched whereas 20% of the Distributors are of the opinion that a bigger bottle of fruit juices should not be launched.

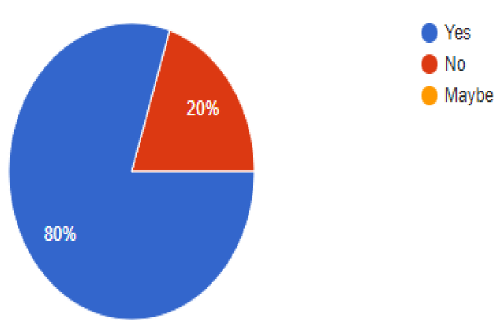

Figure-3: Bottle Size.

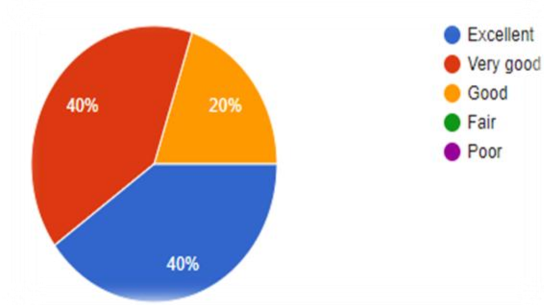

Figure-4: Quality Analysis.

With reference to the Figure-4, it shows that 40% of the Distributors think that packaged fruit juices are of excellent quality, other 40% and 20% feel that packaged fruit juices are of very good and good quality.

Retailer's Analysis: Profit Margin: With reference to Figure 5, 40% distributors are of opinion that profit margin for packaged fruit juices are very good whereas as another 40% and 20% feel that the profit margin of packaged fruit juices is good and satisfactory.

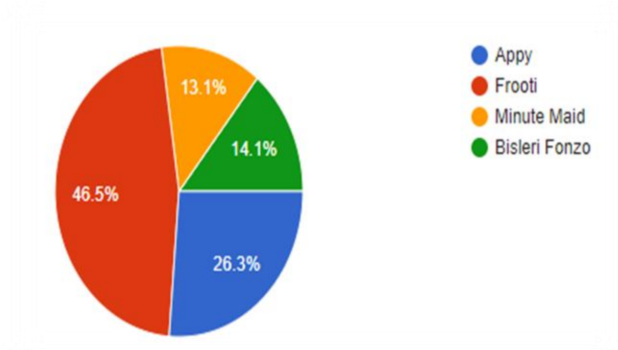

Figure-5: Profit Margin Analysis.

Popular Flavour: With reference to Figure-6, 51% of the Retailers think that Mango is the highest bought flavour of packaged fruit juices, whereas as another 25%, 13% and 11% feel that the highest bought flavours are Lychee, orange and apple.

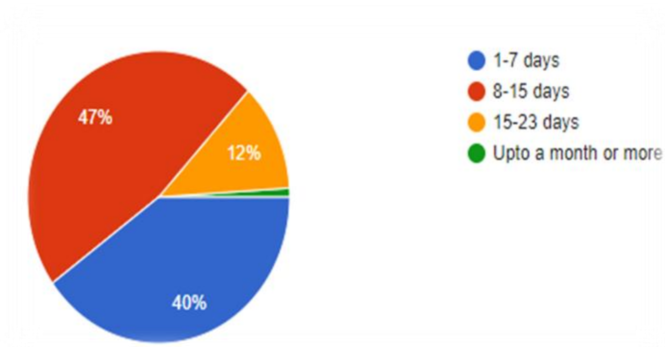

Figure-6: Popular Flavour.

Major Players: The result in the Figure-7 shows that 46% of the Retailers think that Frooti is the biggest major player, whereas 26% are of the opinion that Appy is the major player followed by 14% and 13% are of the opinion that Bisleri Fonzo and Minute Maid are the major players.

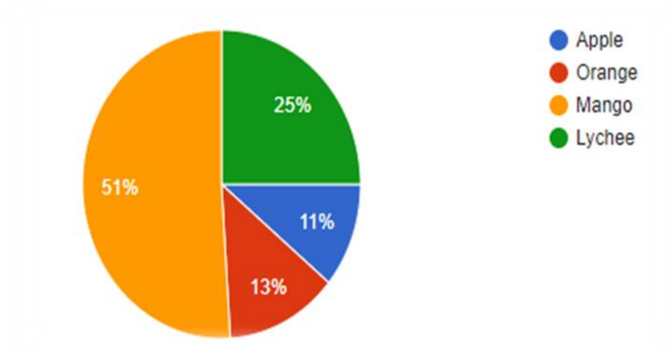

Figure-7: Major Players.

Selling Time: The result in the Figure-8 shows that 47% of the retailers sell a case of packaged fruit juice is 8-15 days whereas 40%, 12% and 1% of the retailers sell a case of packaged fruit juice in 1-7 days, 15-23 days and up to a month or more.

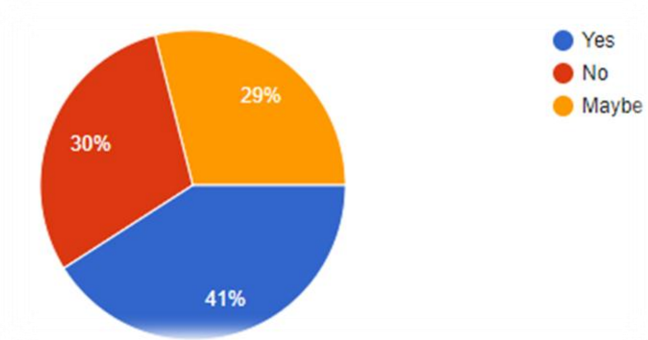

Table-8: Selling Time.

Packaging Type: 88% of the retailers are of the opinion that packaged fruit juices should continue to be in a plastic bottle whereas 12% of the retailers were of the opinion that packaged fruit juices should be in cans. Refer Figure-9.

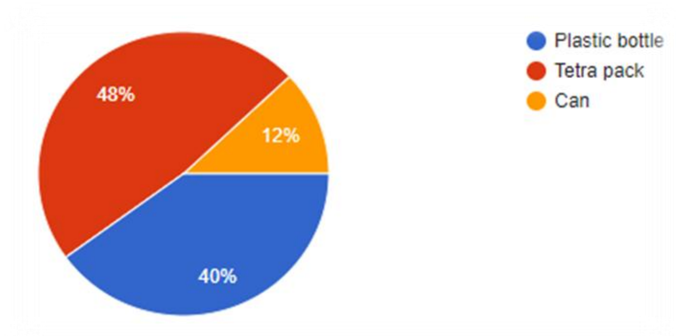

Figure-9: Packaging Type.

Bottle Size: With reference to the Figure-10, 41% of the Retailers think that a Bigger bottle of packaged juice are more popular, whereas 30% of the retailer think that a bigger bottle is not at all popular, and 29% of the retailers feel that a bigger bottle is average in terms of popularity.

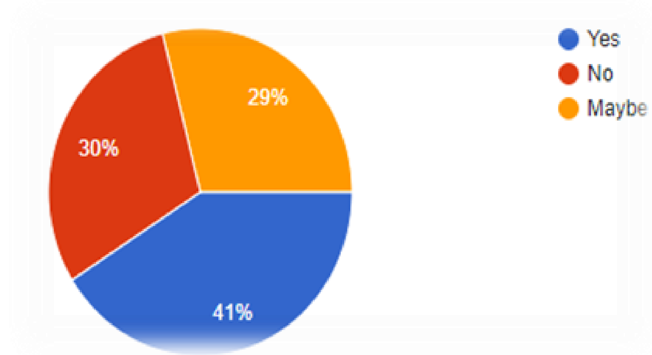

Figure-10: Bottle Size.

Quality Analysis: The result in the Figure-11 shows that 45% of the retailers think that packaged juices are of very Good quality whereas as another 17%, 29% and 9% feel that packaged juices are of excellent/ good quality/Fair.

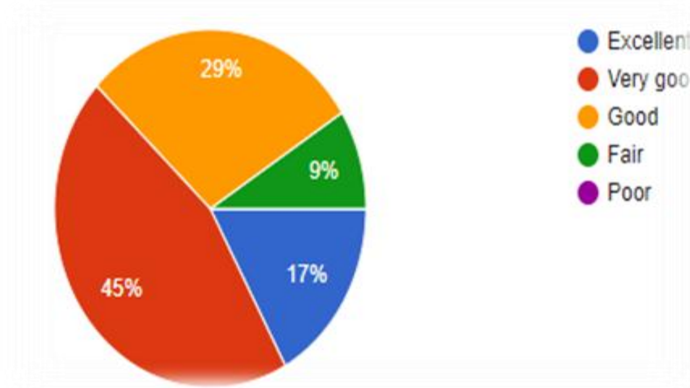

Figure-11: Quality.

Shop Type: The result in the Figure-12 shows that 51% of the Retailers have Retail Shop whereas 22%, 20% and 7% of the retailers have kirana (Unorganized Retail)/Super Store/Pan Shop.

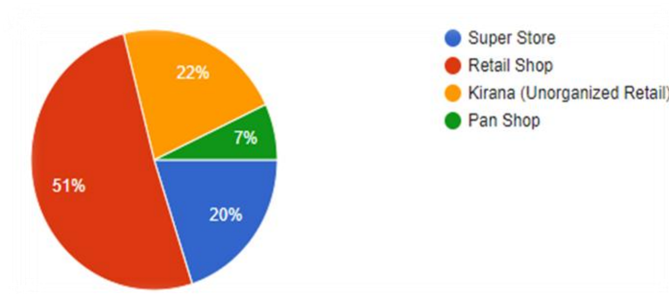

Figure-12: Shop Type.

Profit Margin: The results from the Figure-13, shows that 54% of the Retailers think that the profit margin of packaged fruit juices is satisfactory whereas as another 33%, 11% and 2% feel that the profit margins are very less/good/very good respectively.

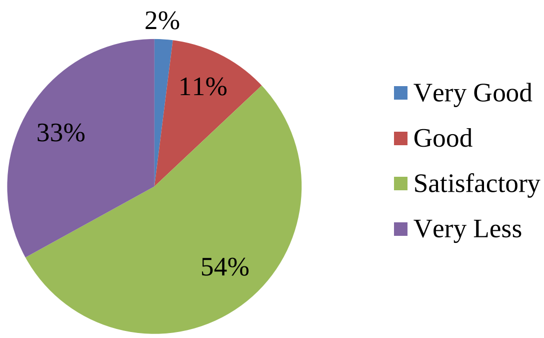

Figure-13: Profit Margin.

Consumers Analysis: Favourite Flavour: The analysis shows that 31.4% of the consumer chose mango flavour as their favourite flavour whereas 27.5% Apple was the favourite flavour. Orange flavour and Lychee flavours were the favourite of 23.5% and 17.6% of the consumers (Figure-14).

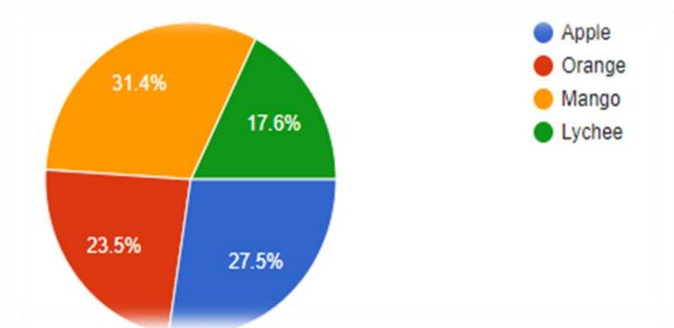

Figure-14: Favourite Flavour.

Popular Brands: The result in the Figure-15 shows that 43.1% of the Consumers think that Frooti is the most popular brand, whereas 26.5% of the Consumers think that Appy is the most popular brand. 22.5% and 7.8% of the consumers feels that Minute Maid and Bisleri Fonzo are the most popular brands respectively.

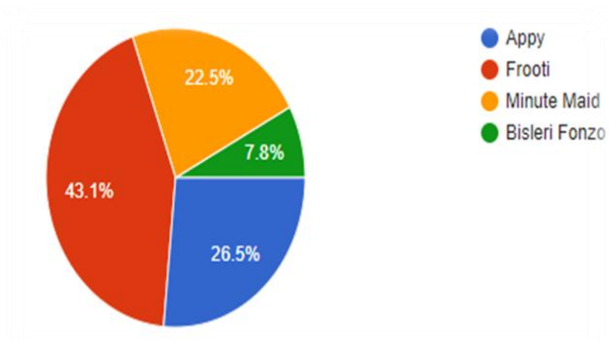

Figure-15: Popular Brands.

Packaging Type: With reference to the Figure-16, 44.6% of the consumers prefer Tetra pack as a packaging, whereas 43.6% prefer plastic bottle and 11.9% prefer Cans.

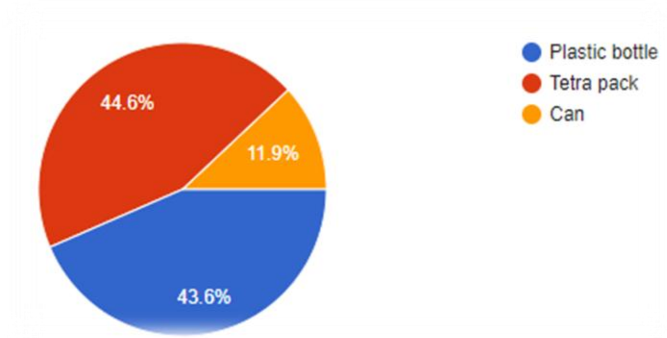

Figure-16: Packaging Type.

Bottle Size: The result in the Figure-17, Table shows that 50% of the consumers think that a bigger bottle of packaged juice is more useful, whereas 27.5% of the consumers think that a bigger bottle is not useful and 22.5% feel that a bigger bottle of packaged juice is of average usefulness.

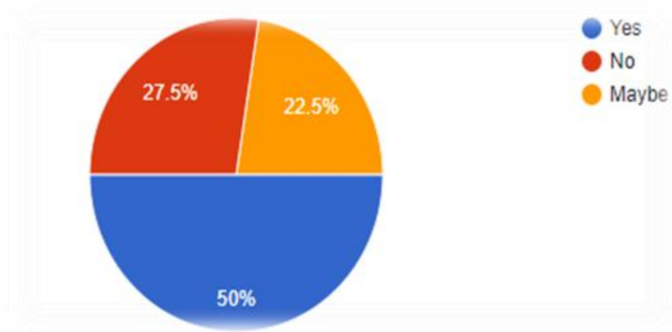

Figure-17: Bottle Size.

Conclusion

Packaged fruit juices are perceived to be quality drink by distributors, retailers and consumers. Mango flavour is the favourite flavour as perceived by distributors, retailers and consumers. Frooti is the most popular drink as perceived by distributors, retailers and consumers. Bigger bottle size is preferred by distributors, retailers and consumers as well. Plastic bottles are preferred over cans by distributors, retailers and consumers as well.

Scope and Limitation: The study was conducted for western suburbs of Mumbai only. A bigger sample from different parts of the country can be taken for a generalised perception. Different factors influencing the purchasing behaviour of customers can be identified and mapped with the results for better understanding. This will help companies to devise their marketing campaigns and serve their customer better. This will help them to gain maximum market share in terms of number of customers and will help them to retain them.

Recommendations: Introduction of bigger bottle can really give good results to the company. Bringing in new flavours can also turn out to be a good call as the consumers are very happy with the taste, quality and quantity of the existing flavours. Having a proper designed system to regulate consistent order receiving from retailers is also an area to focus upon. Introducing new schemes and offers for retailers to gain their confidence.

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