

Ethnic Breakfast Market: An Integrated Marketing Communication Response to Low Price Flanking Strategy

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Case Overview

The case study is about one of the popular brands operating in the food industry in the state of Kerala. The case delves into the change in the competitive landscape in the ethnic breakfast ready mix industry. The former market leaders started losing their ground with the entry of new players that adopted a low-price flanking strategy. The lower prices are made possible by compromising on quality; however, despite the quality compromise, customers tend to increasingly opt for the lower-priced brands. The problem, as recognised by the executives, lies in the customers' lack of awareness of the quality difference. This issue calls for a well-targeted communication program among the target group. In the context of the case, the students will devise an Integrated Marketing Communications strategy.

Expected Learning Outcomes:

- The case will offer a conceptual understanding of flanking attacks in marketing
- The case will give the students a conceptual as well as applied understanding of the concept of Integrated Marketing Communication.
- It will give practical exposure to students on the intricacies of ideating and implementing an Objective-based Marketing Communications Strategy.

Introduction

Mr Kumar, the sales manager of one of the market leaders in the “ethnic breakfast ready mix” firm was returning after the regular periodic sales review session. He was not upbeat about the numbers, presented by his subordinates. The figures were not inspiring, though, on expected lines, he knew the reason too. However, as he gazed through the windscreen towards the long and crowded road that lay ahead he was unable to envisage a way out.

The scenario, a few years ago, was nothing like this; the firm was growing from strength to strength till the launch of cheaper variants of the products. The cheaper variants started eating away the sales and ended up becoming a major threat for the premium brands. Mr. Kumar knows well that the price reduction is made possible with the use of lower-quality ingredients; while his brand offers premium quality. Now Kumar has been asked to make a presentation in to the top management on a possible solution to the fall in sales.

Mr. Kumar believed that differences in consumer perception regarding quality may have contributed to the shift in brand preference, although the exact drivers of this change were not fully clear. He also knew that it was the firm’s responsibility to communicate this difference in quality to the customers. The brand had a robust set of products, an established supply chain and a pricing strategy in tune with the quality of the product; the only missing link was a vital communication strategy. Mr. Kumar believed that communication would play a critical role in addressing the problem, although the nature and focus of such communication remained uncertain.

Breakfast Consumption and Changing Lifestyles

Having breakfast is widely regarded as vital for maintaining health and productivity. Research has shown that regular breakfast consumption helps regulate metabolism and lowers the incidence of lifestyle-related diseases (Hill, 2021). Conversely, skipping breakfast has been linked to increased risks of diabetes, cholesterol imbalance, and cardiovascular complications

(Sifferlin, 2016). India's breakfast consumption patterns are shaped by regional food cultures. While northern regions largely prefer wheat-based preparations, much of southern India relies on rice-based recipes, often combined with lentils to enhance nutritional value. In Kerala, rice-based ethnic breakfast items occupy a central place in everyday consumption.

Changing lifestyles, urbanisation, and increasing time constraints have gradually altered traditional food preparation practices. These shifts have contributed to growing acceptance of ready-to-cook and ready-to-eat breakfast options, particularly in regions where ethnic foods continue to dominate morning meals.

Case Background and Timeline

The focal firm in this case is "Brand K" (a disguised market-leading brand). They entered the packaged ethnic breakfast segment over fifty years ago. The brand was among the early movers in commercialising steamed rice cake powder at scale. Leveraging its heritage in food processing, Brand K gradually built a reputation for consistent quality, dependable taste, and wide availability. Competition in this category was limited and largely quality-driven for nearly two decades. The sequence of developments that culminated is summarised below.

Period	Key Market Developments
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1990–2010	Brand K and a small set of organised players dominate the branded steamed rice cake powder market. Competition is limited; brand choice is driven largely by trust and perceived quality.
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2011–2015	Demand accelerates due to lifestyle changes. Premium brands enjoy stable growth in volumes and margins, supported by expanding modern retail and ethnic stores outside Kerala.
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2016–2018	Entry of several regional and local brands adopting aggressive low-price flanking strategies, made possible through cost-cutting in raw materials and processing.
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Period	Key Market Developments
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2019–2021	Semi-premium and medium-priced brands gain shelf space through higher trade margins and promotional loading. Consumer choice increasingly shifts toward price-led decision-making.
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2022–2023	Brand K begins experiencing visible volume erosion despite unchanged product quality and distribution strength. Margin pressure intensifies due to trade expectations.
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2024	Senior management asks Mr. Kumar, Sales Manager at Brand K, to assess strategic options to arrest the decline without compromising brand equity.
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The branded ethnic breakfast ready-mix market in Kerala has undergone a significant transformation over the past three decades, influenced by both socio-cultural continuity and lifestyle-driven disruption. Traditional breakfast items such as steamed rice cake (puttu) have long been an integral part of everyday consumption across households in Kerala, both within the state and among the diaspora. However, the manner in which these items are prepared and consumed has undergone substantial changes.

However, the competitive landscape began to change as demographic and economic shifts altered consumption patterns. Rising urbanisation, the spread of nuclear families, increased workforce participation of women, and time scarcity led to growing acceptance of ready-to-cook ethnic food products. While this expanded the overall market, it also lowered entry barriers for smaller manufacturers.

This evolving context frames the strategic challenge faced by Brand K as it attempts to protect its long-standing premium positioning in a market that is rapidly becoming price-driven.

About the Product

Steamed rice cake powder was a mixture of various variants of rice. The combination of ingredients typically developed using trial and error method, was always a closely guarded secret. However, the pricing depended much on input costs and efficient processes involved in the mixing. The best palatable combination was the one with lower grain size, which added to the softness of the finished product. Apart from the palatable grain size, the water absorption capacity of the product added much to the easiness of cooking. The combination was also dependent on rice quality, mixing proportions along with mechanical processes like steam boiling and gelatinization. Usually, Premium brands used smaller grain size compared to other players, which had ensured the preferred palatability. Other categories had bigger grain size which was mainly bypassed by mechanized process, such process can impact the quality of the product.

About the Company

Steamed rice cake powder is a low-technology intense product. With the spread of nuclear families and increasing disposable income, the acceptance of ready-to-cook steamed rice cake powder had increased. Since the steamed rice cake powder cost, along with the investment required, was (Krishnakumar, 2004) low with practically no entry barrier, a lot of medium and micro enterprises had come to the marketplace with innovative packing. Mr Kumar's brand was among the pioneers where the sales of this ethnic breakfast mix grew at a rapid pace during the previous three decades. Since the brand had existed for over fifty years, it could efficiently distribute the product. The brand had constantly upgraded the technology and mixing ratios to keep the quality and ever-evolving palettes.

The brand with more than 3 decades of experience in the industry had a strong supply chain. It had over a hundred redistributors, the stock-keeping units of the variant were reaching over ten thousand retail racks. Out of the retail racks nearly fifty per cent were self-service outlets which increased the options for the consumer. Adding momentum to growing sales figures is an iconic television commercial supported by well-crafted marketing plans running into programmes with established TRPs. Since the brand was in food business, traditionally with considerable export

revenues, the company had kept apart sufficient margin to incentivise the trade. With the arrival of quality products, competitive pricing and re-distribution, the market share was growing day by day, giving better hope for the days to come.

Even though some follower brands had entered with identical products, the brand was able to achieve exponential sales, making it stand out from the competition. However, arrival of regional brands with lower price tags led to erosion in volumes.

Market Structure and Competitive Dynamics

The branded ethnic breakfast ready-mix market in Kerala has evolved into a highly competitive and fragmented space, characterised by the presence of national, regional, and local players operating across multiple price-quality tiers. While the overall market continues to grow, competition within the category has intensified due to the increasing number of brands targeting similar consumption occasions.

From a structural perspective, the market can be broadly segmented into premium, semi-premium, and medium-priced offerings. Premium brands, such as Brand K and a few other established players, traditionally competed on attributes such as ingredient quality, consistency, brand heritage, and wide distribution. These brands enjoyed strong consumer trust and were able to command higher prices and relatively stable margins.

The semi-premium segment expanded rapidly with the entry of regional brands that positioned themselves as offering an acceptable balance between quality and price. These brands invested heavily in distribution expansion and trade relationships, allowing them to gain shelf presence alongside premium offerings. Over time, this segment emerged as a serious competitive threat by appealing to consumers who were willing to compromise marginally on quality in exchange for price savings.

The medium-priced segment consists largely of local and lesser-known brands that compete primarily on price. These players operate with thinner margins at the manufacturer level but

compensate by offering higher trade margins, thereby securing favourable shelf placement and retailer support. Although product quality in this segment is often inconsistent, the lower price points have enabled these brands to attract a growing base of price-sensitive consumers.

A defining feature of the current market is the increasing influence of the trade in shaping brand visibility and consumer choice. Self-service retail formats, in particular, display multiple brands side by side, reducing the effectiveness of traditional brand loyalty cues. In such environments, price differentials become immediately apparent, while quality distinctions—especially those related to processing and ingredient refinement—are less easily discernible.

As a result, purchase decisions are increasingly driven by a combination of price, promotional visibility, and retailer recommendations. Premium brands such as Brand K face the dual challenge of defending shelf space against aggressive trade-driven competitors while also maintaining their long-standing quality-led positioning. This shift in competitive dynamics has placed pressure on both volumes and margins, making strategic response increasingly complex.

Table 1: Industry Structure: Branded Steamed Rice Cake Powder Market

Segment	Key Disguised Brands	Positioning	Distribution Reach
Premium	Brand K, Brand B, Brand E	Quality, heritage, health	National + export
Semi-premium	Brand N, Brand A, Brand P	Value-quality balance	Regional + Gulf
Medium	Multiple local brands	Low price	Localised

A few premium players had attempted to take up the challenge by reducing the prices, it had worked in the short-run. However, in the long-run this affected the brand equity.

Evolution of Ethnic Breakfast Space in Kerala

Ethnic breakfast items have traditionally occupied a significant role in Kerala households. Preparations such as steamed rice cake were historically made at home, often involving labour-intensive processes such as soaking, grinding, and fermenting grains. Until about two decades ago, households commonly relied on local grinding centres to prepare ingredients for ethnic breakfast dishes, which limited their consumption largely to weekends or special occasions.

However, changes in household structures and work patterns gradually altered these practices. The rise of nuclear families, increased workforce participation among women, and growing time constraints reduced the feasibility of traditional preparation methods. As a result, consumers increasingly turned to packaged ethnic breakfast mixes that offered convenience without significantly altering familiar tastes.

This shift created opportunities for branded food manufacturers to commercialise ethnic breakfast products at scale. Ready-to-cook mixes such as steamed rice cake powder gained widespread acceptance, allowing consumers to balance convenience with cultural continuity. Over time, branded manufacturers began investing in improved processing techniques, packaging, and promotional activities, further expanding the category.

The growing demand for convenience-oriented ethnic breakfast options also lowered entry barriers, encouraging the entry of regional and local brands. While this intensified competition, it fundamentally reshaped the market from one driven by tradition and trust to one increasingly influenced by price, availability, and promotional visibility.

The Dilemma

By 2024, Brand K found itself in a challenging position. On several operational parameters, the brand continued to perform well. Product quality remained superior to many competing offerings, supported by careful raw material selection and established processing practices. The brand's distribution network also remained extensive, covering both traditional trade and modern retail formats.

Despite these strengths, Brand K was witnessing a steady erosion in sales volumes. Feedback from the field indicated that a growing segment of consumers was opting for lower-priced alternatives, particularly in self-service retail environments where multiple brands were displayed side by side. In such settings, price often emerged as the most visible decision cue, while quality differences were less immediately apparent.

Management discussions explored several possible responses. Reducing prices further was considered, but earlier short-term price interventions had raised concerns about margin sustainability and potential dilution of the brand's premium positioning. Increasing trade incentives had helped improve shelf presence, but this too had implications for profitability and channel dependence. Product modifications and line extensions were also debated, though these involved longer development timelines.

Against this backdrop, communication emerged as one of several strategic levers that could potentially influence consumer perceptions and purchase behaviour. However, the nature, emphasis, and role of communication—whether as a primary intervention or as a supporting measure alongside other strategies—remained unclear. The competitive environment also imposed practical constraints on budget, reach, and execution intensity.

Mr. Kumar was therefore required to assess the available strategic alternatives and evaluate the extent to which an Integrated Marketing Communication approach could contribute to addressing the volume decline, while balancing considerations of cost, effectiveness, and long-term brand equity.

Question

What strategic alternatives are available to Brand K in responding to the erosion of volumes caused by low-priced competitors? How can communication be used as part of this response, and what role should an Integrated Marketing Communication strategy play relative to other possible interventions?

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Exhibits

The following exhibit provides an indicative overview of the size and structure of the branded steamed rice cake powder market in Kerala. *(All quantitative figures presented in the exhibits are indicative estimates intended solely for pedagogical and analytical purposes)*

Exhibit 1: Indicative Size of Branded Steamed Rice Cake Powder Market (Kerala)

Parameter	Estimate
Total annual market size	₹300–350 crore
Annual growth rate	6–8%
Premium segment share	35%
Semi-premium segment share	40%
Medium segment share	25%

Exhibit 2: Price Comparison Across Market Segments (₹ per kg)

Segment	Typical Price Range	Key Quality Cue
Premium	₹90–110	Fine grain size, softness, cooking consistency
Semi-premium	₹70–85	Balanced grain mix
Medium	₹50–65	Coarser grain, lower palatability

Exhibit 3: Market Share Shift (2018–2023)

Segment	2018	2023
Premium brands	48%	35%
Semi-premium brands	32%	40%
Medium brands	20%	25%

Exhibit 4: Margin Structure (Indicative)

Segment	Gross Margin (%)	Trade Margin (%)
Premium	22–25%	12–14%
Semi-premium	15–18%	14–16%
Medium	8–12%	18–20%