

Emergence of Local Brands – A Case Study on KIPPS Sweet House, Bareilly

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Emergence of local brands is a study basically done to identify the factors which has enabled Kipps, emerging as the leading sweet house of not only Bareilly but also of the adjoining areas and to identify the prospects of Kipps – becoming a National Brand. The case falls under the category of Entrepreneurship and presents the story of Late Shri. Vishambhar Nath Ji, the founder of the group and its legacy carefully nurtured and garnered by his sons. The study is being presented in the form of report/case which can be of much relevance for the students and faculty of various Management colleges (apart from general consumers interest), for discussing it in class and come out with various concepts and burgeoning issues in the field of Management. The authors endeavor is to present not just a case on Kipps, but to enable the leading brand of Bareilly to be a topic of discussion in every part of the country, so that the sweetness of kippas can spread everywhere.

Keywords: Entrepreneurship, Family Owned Businesses, National Brand, Management Colleges, Entrepreneurial traits.

Introduction

KIPPS, the leading sweet house of Bareilly was established in 1972 by Late Shri Vishambhar Nath ji, with the motive of serving the customers of Bareilly with premium quality sweets and confectionary items. Although, the group started its operation with the famous shop located in Bara Bazaar, Bareilly by the name of SLBN – Shyam Lal Vishambhar Nath and is 125 years old, but the name got prominence with the opening of KIPPS outlet and super market at Civil Lines, Bareilly. At present, KIPPS has its outlet at five various locations of Bareilly – C.B.Ganj, Civil Lines, Nainital Road, Rajendra Nagar and Bara Bazaar. The items of high demand at KIPPS includes traditional Indian sweets, Bengali sweets, Milk badam, Thandai, Kaju burfi, Priyanka Chopra’s favorite coconut burfi and KIPPS special dalmoth namkeen, which is in great demand by people from various parts of the country and abroad. The owners are even planning to launch its “special dalmoth” on national level because of its significant increase in demand year after year.

Significance of the word “KIPPS”

KIPPS was a great French scientist who discovered the H₂S gas. Also the word Kipps, literally mean “king”. Therefore the owners have used the word to signify that KIPPS is “the king” in its domain. It is also being used as a sound branding strategy because the logo of the company has proved to be an effective differentiator by enabling the customers to identify the manufacturer. The logo of the company, supported by its pursuit for continuous excellence has really helped the company become the number one sweet house of the Rohilkhand region.

Family owned Diversified Business

Kipps is an excellent example of well – knit diversified family business. The business was started by Late Shri. Vishambhar Nath ji, by the name of SLBN (Shyam Lal Vishambhar Nath) and sons, a sweet shop at Bara Bazaar, Bareilly. The shop is presently been looked by Mr. Sanjay

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Khandelwal, his son. This is the oldest shop of the group, over 120 years old. Encouraged by the tremendous response and for the convenience of customers, the company set up the most hygienic and modern Indian desserts, Indian sweets, Namkeens and confectionery showroom, under the name “KIPPS” at Civil lines, Bareilly. This is the showroom which crossed all limits of success and gathered the attention of customers not only from various parts of the city, but from the nation and abroad as well. The showroom is looked after by the eldest son of Late Shri. Vishambhar Nath ji, Mr. Devendra Khandelwal and his two sons Harsh and Rahul.

In the year 1992, to provide better quality with better packaging and to attain the satisfaction of the valued customers, the installation of a plant with new state of the art technology was done by the name Kipps Confectioners Private Limited at 4th km stone, Rampur road, Bareilly, currently looked after by Mr. Ankit Khandelwal. The company possesses its own packaging factory, which was set up in the year 1996 and is currently doing business under the name “Modern Packers” at Parsakhera, Bareilly and is looked after by Mr. Harsh Khandelwal, grandson of Late Shri. Vishambhar Nath ji.

The group diversified again with Kipps Sales Pvt. Ltd., authorized dealer of Hero Honda Motors in Bareilly. This showroom was under the guidance of Late Shri. Ashok Khandelwal, son of Late Shri. Vishambhar Nath ji and currently looked after by Mr. Aman Khandelwal, his grandson. Further, to provide better services to their customers, the group opened a centrally air conditioned super market, first of its kind in Uttar Pradesh, in 1995 under the name “KIPPS SUPER MARKET” at Rajendra Nagar Bareilly under the guidance of Mr. Shailendra Khandelwal, son of Late Shri. Vishambhar Nath ji. The group also has a Paint and Hardware shop at civil lines and is looked by Mr. Yogendra Khandelwal, son of Vishambhar Nath ji. Another feather in the cap of the group comes with the opening of a Management college by the name of KCMT, Khandelwal college of Management and Technology, a premier institute in the region for management education and affiliated to U.P Technical University, Lucknow and M.J.P Rohilkhand University, Bareilly.

And last but by no means has the least, the group started family’s chain of jewellery showrooms – **Dhamani Jewels – in U.A.E, Bangkok and Switzerland.** What stands out in the flourishing and rapidly expanding family business is the unity and respect among the brothers that makes up the fabric of the Khandelwal family. The unity and trust among the Khandelwal brothers comes across as a lesson for many. It is the strong bond between the brothers and the family that has scripted their success.

Quality Management

The biggest factor contributing to the success of Kipps was its focus on Quality Management. The sweet house is the first one in the entire region to be accredited with ISO 9001 2001 Allied certification services ltd. From New Zealand, because of the standard of hygiene and quality of products and has also received HACCP (Hayzart Analysis of Critical Control Point) certification which has given it a cutting edge and a chance to prevail upon its customers. According to Mr. Devendra Khandelwal, “ in this highly competitive world success can only be guaranteed through maintaining quality and providing better customer service”. Also the group is highly focused on keeping its inventory as low as possible and avoiding any kind of waste and unnecessary costs and maintaining the freshness of the items.

For KIPPS “customer is not king”, customer is “God”

“**Atithi devo bhavya**” (customer is God) is what the belief of the company. No doubt there are several factors which determine the success of any brand. But in the case of Kipps it’s the personal touch and relationship which the company is able to develop with its customers that have played a pivotal role in generating customer loyalty and enhancing the brand value of the sweet house. The onus of the company is to serve the customer in the best possible manner and to reduce the customer waiting time as much as possible. Also the relationship of the company with its customers has grown to such an extent that before every buying process to start there’s a very warm and informal discussion by the owner with his customers regarding their well being and matter of general interest.

Focus on Internal Marketing

Marketing to internal customer’s i.e your employees is called as internal marketing. Kipps has a lot of focus on providing best working conditions and benefits to its employees. As a result of which the attrition rate of the employees is very low and employees are working for years.

Talking to Mr. Arun Kumar Arora , senior supervisor of the group, apart from providing decent salary, the owners also provide benefits for family in the form of bonus , school education for children and retirement funds which are highly important for any individual. It is a result of all these benefits that Mr. Arora is being working right from the inception. Talking to Ajay Kumar and Ompal, the senior workers, they said that Devendra ji and the entire group has always treated them like their own family members and they never felt like working for a boss.

Hall of Fame

In 1972, the Khandelwals made a new beginning with Kipps Sweets and Confectionery House. The business garnered huge success and soon they were ready to venture out to other diverse fields. What followed was a saga of unending success and rewarding ventures. Kipps Sweets and Confectionery House, Khandelwal Sales Corporation, Modern Packers, Kipps Sales Pvt. Ltd., Kipps Complex and Kipps Enclave, Kipps Supermarkets, Oceans Restaurant and a dealership of Hero Honda are the flourishing undertakings that are taking the Khandelwal name to dizzying heights. As small beginnings lead to big time results, Kipps group has now come a long way and runs shoulder to shoulder with top market icons with a turnover of Rs 50 crores and above. Late Shri Ashok Khandelwalji always believed in organizing, operating and assuming the risk for a business venture, because for Kipps "Business is a game of skills, where risks and rewards, both are of great importance." This approach and attitude has brought numerous accolades and awards to the business.

Kipps Sales Pvt. Ltd. has many rewards and adulations under its belt. Recipient of the North Zone Best Dealer award in 1987-89, North Zone Best Customer Service award for 1989, Dealer of Excellence award in 1993, Sriram Honda Outstanding Sales Performance award in 1999, Hero star award for 2000-01, Daewoo Super Dealer award 2000-01 and Certificate of Excellence from Hero Honda Motors Ltd. etc. And the latest addition to that long list is the Asia-Oceania Country Award for outstanding achievement by the Honda Motor Company in Japan. Apart from all these, Times Group - A Response Connect Initiative – Vision included The Khandelwals in the legends of Uttar Pradesh List.

Deluge of Problems

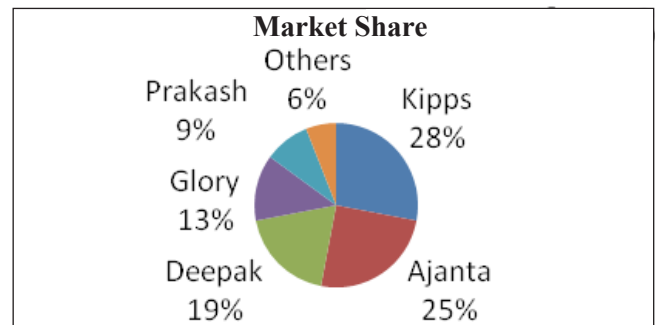
The range and magnitude of problems that confronted the company in the last 5-7 years or so included increased local competition, product quality issue and proper mix of advertising and marketing mix elements. It became evident that there was a huge misfit between the company and the new emerging environment.

Competitive Scene

The competition in the sweet market of Bareilly has increased significantly with the coming up of various other reputed brands like Deepak sweets, Ajanta, PK group, Glory sweet house, Sapan, Bajpai, Arya, Prakash etc. But Kipps believe that the coming up of various brands will create healthy competition which is good for consumers and is confident

that the brand Kipps will still prosper and gain strength to emerge as a National brand. However the reality is that increased competition has significantly lowered down their market share (ended their monopoly) and there has been a considerable drop in their sales figures as well.

What's basically hurting them is the aggressive marketing and competitive strategy used by other players to establish them in the market. The frontrunner has been the Ajanta Sweets and Confectionaries Pvt. Ltd, which is rapidly gaining a strong hold on the market by following the franchisee type business model.



Product Quality Issues

However, the company is ISO and HAACP certified, there has been few cases in the past where the customers had complaint about the lowering standards of the company with respect to its product quality. The company even failed to clear some of the food adulteration and health standards test. But the management construed it largely as a rival strategy to garner individual interests and motives and attribute a major portion of such issues to competitive rivalry supported by gullible media practices.

Advertising and Brand Positioning

Kipps use outdoor, print as well as electronic media for advertising. The positioning strategy of Kipps is simple – "Trust only Taste". The advertising budget is usually determined by the percentage of sales method. However the company finds itself lagging behind on the advertising and marketing front with respect to its competitors. They need to utilize all possible mediums and channels of communication to increase their visibility as much as possible.

Response of the Company towards these Challenges.

It is quite evident to the company that the competition has increased its presence in the local market and to some

extent has brought in a saturation in the market, In light of such a situation, Kipps understand its core strengths and competencies and is relying on them quite significantly to swim across competition. The company is continuously improving upon its product quality to eliminate any further quality related issues and investing a lot on internal quality checks and control mechanisms. The company is extremely good in “**Customer Connect**” and will be using it as a strong medium of connection to further strengthen up its ties with them. The management is planning to start a web portal which will be used not only to remain in touch with their customers but will also be soliciting their suggestion for quality improvements.

The current situation of the market suggests that the company must immediately invest a huge sum on advertising and promotion, which it will be doing in coming times. But one notable policy feature that is started by the company is provisioning for more outlays on internal marketing and keeping your workforce happy. The management believes that in the light of intense competition, where your competitor is trying all desperate measures to hurt you, one probable feature could be encroachment of your staff members who are working for you for years because of their expertise in their field. In such a situation, if the internal customers are unsatisfied and left out then they are bound to leave you.

Finally, considering the present strategic situation of the industry in this part of the region, Kipps is seriously planning to establish itself as a national brand and compete with the likes of Haldirams and Bikanerwala. They would need exhaustive and thorough preparation, but have started it.

Conclusion

Kipps is a fully integrated food processing unit in India. The name is synonymous with trust and quality among customers. The vision with which it was started by Late Shri Vishambhar Nath ji is transcended across its future generation. The brand is a house hold name in the Rohilkhand region but the customers are spread across national boundaries. The company is trying hard to enter into the national competitive scene and become a national symbol of trust and sweetness.

Questions

1. Will it be successful decision for Kipps to try and compete as a National brand? What are the various challenges involved in it?

2. What strategies do you recommend that can help Kipps become a National brand?
3. Comment on the various responses and actions taken by Kipps to meet the competition.