



GLOBAL PALATE

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THE LUNCH BOX OR TLB IS IN A GOOD PLACE. Its Sauce 23 doesn't just have happy consumers. It has a following. Which company wouldn't want one such product in its portfolio?

The case raises issues of business philosophy and strategy. It also questions our awareness about nutrition. How much do we know and really want to know about nutrition and its relationship with health and wellness?

Let us first deal with some nutrition basics to better anchor our views on philosophy and strategy. Virtually all the 2,000-2,500 calories we consume daily come from carbohydrates, proteins and fats. However, the desirable quantity and the ratio of these macronutrients is a subject of debate, continuing research and constantly evolving government intervention and legislation. The public, however, is not engaged in this discourse, but has grasped a simple truth that excessive salt, oil and sugar (SOS) is harmful.

Let us now address strategy. Any business that exists at the convergence of multiple megatrends is in a sweet spot. If these megatrends are factored in the design of strategy, there is arguably no better way to ensure corporate longevity.

The classical definition of marketing that involves identifying and meeting a consumer need is simplistic at best. A newer definition might envisage identifying a consumer trend and riding it. But to an innovative entrepreneur like Jeymini Anand at Palgo, marketing

is more than that. It involves identifying consumer megatrends and not just riding them but driving them, and that too in a socially responsible way.

Four global megatrends unfolding in India are relevant to this case.

1. Affordable convenience: The disappearance of the joint-family coupled with the increase in working women will inevitably reduce average cooking time at home. This will increase consumer demand for foods that combine convenience with affordability and will result specifically in the growth of the ready-to cook, ready-to-serve and fast food restaurant segments.

2. A palate on the move: While some of us may still think of India in terms of post-Independence, the population post-liberalisation is larger than the US! This changing demographics and the effect of globalisation has massively impacted our choice of food. Regional cuisines may never die but the Indian consumer's palate is on a world tour.

On both these counts, TLB is in a good place. It may not be innovative enough to drive these trends but is smart enough to ride them. Its problem though lies in the third and fourth megatrend.

3. SOS fear: Sugar, oil and salt maybe the chef's best friend, but they are increasingly feared by thinking consumers who link this unholy troika with diabetes, obesity and cardiovascular disease. We want great taste and expect to pay for it with our wallets, not our health.

4. The quantum consumer: As consumers, we often behave like quantum particles, occupying two apparently

opposing positions at the same time. For instance, we cherish free enterprise but demand social responsibility from companies we deal with. We want a government that is eyes on but hands off. We support convenience foods but demand shelf life without chemicals and preservatives. We expect companies to not come to a fork in the road with false choices, like social responsibility versus consumer delight or great tasting food versus healthy food. This is the new consumer. It is said there are only three ways to ensure market growth for any product. Increase consumers, increase usage and increase uses.

TLB's consumers may love Sauce 23, but the writing is on the wall on all three counts. Some conscious consumers will slowly walk away. Those who stay will reduce usage and then join those who walked away. New consumers will surely come but will be better informed and hence their affair with TLB will be sweet but short. R&D, in the meantime, will scramble to find new uses for a product the consumer clearly loves but secretly fears.

This is a classic situation where cost of consumer retention and acquisition both go up while the lifetime value of the consumer comes down. Fortunately, Palgo's passion appears contagious. It can move TLB from a good place to a better place. **BW**

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