



A Research on Business Strategies of Dabur Along with its Comparative Return on Investment

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ABSTRACT

Dabur India Ltd is working for production of a huge number of products which are mainly related with health care products. It is having totally a different set of strategies which help them in developing the innovative products and generating a huge market share in the country. The company is also involved in managing more than 50 brands all over India. It has also started for the development of the beauty products in the market. They have outsourced their IT business with a planned strategy. The company is run by a team of professionals who have contributed a lot in the development of the company in today's competitive environment. All these strategies are very much helpful to the company in giving better returns on investment. Thus the comparative return on investment of Dabur is much higher compared to even Sensex and Nifty.

Keywords :

History of the company

In 1998, the Burman family passed the management of the company over to a professional CEO and limited their role to strategic inputs at a board level. They have reduced our strength on the 10-member board of directors to four members and only provide broad policy guidelines for growth and diversification. The family provides strategic direction to the company and the group and evaluates newer avenues for growth. The decision was taken in response to the changing dynamics of our business and to inculcate a spirit of corporate governance within Dabur. They felt the need to look at management succession more seriously. They felt it was time for us to sit back and look at the big picture and let able and talented managers to run the show. However, They also believe that the family has a trusteeship role to follow both in terms of perpetuating the family business and in preserving and growing the business.

Managing more than 50 brands

Today, Dabur is the world's largest natural healthcare company and while it is true that Dabur's brand portfolio has grown, the fact also remains that a common thread binds them all together: the company's herbal and ayurvedic heritage. All the products in Dabur's portfolio are based on herbal and ayurvedic ingredients and this herbal heritage helps it maintain brand sanctity, whether in the personal care space, or in health supplements. All new product developments are also based on a herbal platform.

Developing health and beauty products

Dabur recognized a gap in the health and beauty retail space in India. There's a growing need for quality service and store environment in that space. With no major player, moving in now would give us an early mover advantage. The Indian consumer has come of age. But the shopping experience here has not kept pace with this change. Even though retail outlets have mushroomed across the country, most of them still do not offer consumers the kind of shopping experience that people in the rest of the world are used to. Dabur intends to tap the growth prospects in both the retail market and the health and beauty segments.

Beauty and wellness products are key parts of the stores, with sizeable shelf space allocated to both leading Indian and international brands operating in this space. The new stores offer the entire range of beauty, health and wellness products

under one roof. In the future, They also intend to have a private label presence. Dabur India is investing Rs 140 crore into this venture, and is confident that the venture will report profits in its fourth year.

Outsourcing IT infrastructure

To ensure a constant flow of IT talent - even during phases of expansion. Since They planned for rapid expansion, IT had a critical role to play. If They want to continue being on the leading edge of technology, the people They need will always be in high demand. Attrition could be a huge problem and They would not be able to maintain bench strength. But, an outsourcing partner can.

Innovative products reach

Dabur has initiated a program to improve distribution effectiveness. Under it, They have organized sales teams on the lines of channel expertise (separate teams for modern trade, grocers and chemists) in urban markets and exclusive rural teams in six focus states. Today, the servicing needs of the industry are vastly different from what the traditional stores can provide. The exciting new formats also open up opportunities for brand activation at the point of purchase. The system uses vastly different and superior selling skills.

A team with appropriate skill sets has been put in place to respond to the needs of modern trade and the results are most encouraging. The channel strategy has been devised to focus on key segments based on strategic attractiveness and total-cost-to-serve principles. To address the complexities posed by the rapid ramp up of modern trade, our traditional distribution system - stockists servicing all outlets irrespective of format - was overhauled. Since the servicing needs of these outlets are different, Dabur configured exclusive modern trade stockists in large towns to service these stores. Direct supplies are also available to distribution centers with formats like Cash & Carry and large national chains.

Strategies for Penetration in South India

From rechristening brands in local languages to creating special products with a local flavor and even roping in local celebrities as brand ambassadors, Dabur India is using every possible route to drive deeper into the south Indian market. Often, people treat India as one big market, but the reality is that India is more like the European Union: a mix of different cultures, languages and markets. With these initiatives,

Dabur India is taking advantage of this diversity by creating and adapting brand mixes for the south Indian market. Here are some examples: They have rechristened Dabur Lal Dant Manjan as Dabur Sivappu Pal Podi in Tamil Nadu.

Similar local brands are planned for a host of other products. The idea is to give brands a local flavor to make them easily understandable to a Tamil speaking populace. The key is to get brands more recognition and acceptability down south. They are also tailoring products to suit a south Indian audience. Recognizing a south Indian consumer's want for natural products, Dabur Herbal toothpaste was launched only in Kerala and Tamil Nadu, where it has established itself as a niche player. An ayurvedic product called Dabur Shwaasamrit was also launched in Karnataka and Kerala, and is successful, mainly because Shwaasamrit provides relief from breathlessness, chronic cough, cold and bronchitis, which are common in Karnataka and Kerala. Tailor-made television ads are also being created for south India. These campaigns were put together after intense research revealed that the messaging to

the southern consumer needs to be more rational and needs to portray a south Indian ambience.

Dabur India- Comparative Analysis (as on 11-7-2013)

	1 Month	3 Months	1 Year	3 Years
Dabur India Ltd.	1.87%	12.35%	34.54%	46.12%
Sensex	2.78%	6.11%	12.5%	10.33%
NIFTY	2.52%	6.09%	11.85%	10.88%

Conclusion

Here, Above table shows the percentage return generated by the shareholders of the company in different time intervals. It can be seen that the return obtained here is more than Sensex and Nifty in all the time interval with a big margin. This is making Dabur a better and better company for investors. The business strategies of the company has contributed to highest extent in the development of the company.

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