Gupta, V, Levenburg, N, & Saran, P (2006) “Haldiram - A Family Entrepreneur Mastering the Intense Competition in Indian Snack Market” Case 4.2, pp. 118-129, in Entrepreneurship Strategy: Changing Patterns in New Venture Creation, Growth, and Reinvention, Lisa K. Gundry & Jill Kickul, Sage Publications.

CASE 4.2 Haldiram: A Family Entrepreneur Mastering the Intense Competition in the Indian Snack Market

Pankaj Agrawal, CEO of Haldiram-Delhi, smiled to himself as he finished reading the latest (February 27, 2003) market research report on the snack foods market in India. While small, unorganized companies still dominated India's snack foods market, the report stated that the organized, branded products market was experiencing strong growth. According to the report, "In the branded chips segment, U.S. multinational, PepsiCo India Holdings Pvt. Ltd. with its Ruffles/Lays, Cheetos, and Hostess brands, and Haldirams, a major Indian player dominate the market" (Phookan, 2003).

Indeed, Haldiram had become an undisputed leader in the snack foods industry in India, with an estimated turnover of 3.5 billion rupees[3] and an estimated brand valuation of 15 billion rupees (Kukreja, 2002). It was a household name synonymous with authenticity in the *namkeen* and *mithai* markets (see Exhibit 1—A Note on Indian Meals and Snacks), and was known as the "Taste of Tradition." It was said that Haldiram was to namkeen and mithai what Cadbury was to chocolates. The Haldiram brand was ranked among the top 100 of "India's Most Trusted Brands 2003" survey done by A. C. Nielsen.

As Agrawal contemplated the future of Haldiram, he saw three strategic opportunities: (1) expansion of Haldiram-Delhi's product line in India, (2) international expansion of Haldiram-Delhi's lines, and (3) expansion in India's fast-food business in which there appeared to be huge opportunities. How should the company leverage its past successes to enable growth? These were the issues he planned to discuss with his father in the coming week.

Haldiram—Then and Now

Haldiram's story began in 1936, when Gangabisanji Agrawal (alias Haldiram Agrawal) opened a namkeen shop in Bikaner in the State of Rajasthan, in Northern India. The namkeens, salty snacks that were made from chickpeas, pulses (legumes, such as dry beans and lentils), oils, ground nuts, and spices, were prepared in the traditional Northern Indian way known as the Bikaneri style, using techniques that dated back to the 19th century and had been passed down through generations. In 1941, the shop began using the brand name, Haldiram. Using a team of experienced Bikaneri namkeen makers and competing on the basis of superior and uncompromising quality, Haldiram served namkeens directly to customers, as well as through the trade.

Following on the success of namkeens, Haldiram expanded into mithai. As it did with namkeens, Haldiram made all the mithais in a traditional manner, with expert cooks using the freshest, purest, and original ingredients each day. Even the spices were ground in special spice grinders to give the original Bikaneri flavor, which few others could deliver. With a spirit of hard work and great dedication, which became a hallmark of the subsequent generations of Haldiram, the founder tested each product daily for quality and taste.

Over the years, Haldiram had expanded into other regions of India on the basis of its family tree. Each succeeding generation of the family had taken Haldiram into a new region and into new cities within a given region. Representing three different lines of the family, the Haldiram Group was composed of three companies that operated independently but shared the same brand name. First, Haldiram Manufacturing Company Ltd. was based in Delhi (founded in 1983 by the third-generation Manohar Lal Agrawal) and catered to the Northern Indian market. Haldiram Foods International Ltd.-Nagpur served the western and southern regions and was founded in 1989 by the third-generation Shivkisan Agrawal. Finally, Haldiram Bhujiawala Ltd. was based in Kolkata and focused on the Eastern India market. Founded in 1958 by the second-generation Rameshwarlal Agrawal, it had a history of bitter relationships with the other two units and operated in total isolation.

Within India, all three Haldiram groups relied on word-of-mouth advertising and spent very little on traditional media. Haldiram's philosophy was to tap the needs of the lowest common denominator, using very affordable prices. Each family group offered a similar product line, although each claimed to have adapted the taste to the specific domestic region targeted by the group (see Exhibit 2). The three companies also operated under slightly different brand names: *Haldiram* by the Delhi unit, *Haldiram's* by the Nagpur unit, and *Haldiram Bhujiawala* by the Kolkata unit. Although the Delhi and Nagpur companies did consult each other regularly and serviced a total of about 600,000 retail outlets, each company claimed that the quality of its products was distinctly different from those of the other group companies. This strategy had worked well in India because each of the family divisions operated in a clearly demarcated region; few customers knew that, in reality, Haldiram was three different companies. Consequently, despite a history of family feuds, the brand continued to be reinforced in the minds of the Indian consumers.

Despite their differences, the strategies of all three companies emphasized a core commitment to the snack business, a dedication to quality, and a desire to be a leader in the markets it served. All three companies stood by the customer service motto, "You name it—we have it." Each had also developed a strong international presence by extending its products to the Indian emigrant market in different nations, where their markets overlapped in the absence of any territorial agreement. Unfortunately, the common brand used by the independently operating family groups was beginning to create confusion in the minds of international consumers, so by resolution, the three companies had begun seeking differentiation through packaging and logos.

Within India, Haldiram-Delhi was the biggest of the three companies. In 2002, the Delhi unit had an annual turnover of 1,750 million rupees, as compared to 750 million rupees sales for the Nagpur unit and 1,000 million rupees in sales of the Kolkata unit (Kukreja, 2002). In recent years, Haldiram-Nagpur had been distinctly aggressive in diversifying into related sectors such as processed milk, bakery, and ice creams. It planned to introduce a new "Mo'pleez" brand name for the international market, with a slogan "Marching Ahead . . . For a Global Presence." Within India, the Nagpur unit was expected to launch an exclusive chain of restaurants under varying brand names such as Abhinandan (welcome), Hot Spot, and Thaath Baat (pomp and show). It was also working to set up an amusement park.

Haldiram-Delhi: A Look Back

"My father, Manohar Lal Agrawal, single-handedly founded the Delhi unit of Haldiram as an independent firm in 1983, when he had migrated from the family town of Bikaner to start a small shop in Chandni Chowk, the main hub of commercial center in Delhi," explained Pankaj Agrawal, CEO and managing director of Haldiram-Delhi. "In 1985, he decided to modernize Haldiram's marketing system with a view to transform traditional Indian foods into international recipes, and to attract foreign buyers. While the brand name quickly became famous in India on the basis of product quality, the growth in the international markets was slow because of the limited shelf life of the product."

"Around 1990," continued Agrawal, "all three family factions of Haldiram independently decided to upgrade their production systems, introducing the most sophisticated production and packaging technologies. This enabled the shelf life of *namkeens* to be extended from under a week to almost six months, which not only opened up the international market, but also [offered] an opportunity to carve a larger presence in the domestic market. In 1991, Haldiram-Kolkata opened a state-of-the-art manufacturing center, with a showroom above the premises for across-the-counter sales, which proved to be a runaway success. In April 1992, we [Haldiram-Delhi] opened our first manufacturing center and showroom at Mathura Road, New Delhi.

"Prior to then, wholesalers and shopkeepers used to come and buy from the shop . . . the family didn't have any sales force or any marketing network. But with the new manufacturing center and showroom, Haldiram-Delhi began marketing its products broadly with upgraded packaging. The Haldiram brand name gained wide publicity, and the distribution network and the market rapidly expanded. To leverage these developments, we launched syrups and crushes in 1993, which were an instant success."

Agrawal continued, "In 1996, Haldiram-Delhi started a restaurant at Mathura Road based on the fast-food concept. Until then, Haldiram was essentially a sweet shop mix supplier, making namkeens and mithais. The restaurant carried a broader, though selected, range of Indian snacks, like ice creams, samosas, chole bhature (Northern India), pao bhaji (Western India), dosas and idlis (Southern India), and Bengali sweets (Eastern India). The restaurant instantly became a leading Indian snack fast food center in Delhi . . . it surpassed all our expectations. So another showroom-cum-restaurant was added at Lajpat Nagar, Delhi.

"Then in 1997, Haldiram-Delhi bought land in Gurgaon in the adjoining State of Haryana, which was seen as a suburb of Delhi and where several foreign multinational corporations had shifted their headquarters. The land bought was situated on the fast-growing Delhi-Jaipur national highway. The plan was to shift all the production to Gurgaon and to build a restaurant and a sweet shop in front of the plant for giving more exposure to the brand name. My charge was the design and construction of the Gurgaon unit. When it became operational in 2001, I also took over as CEO of Haldiram-Delhi.

"At present, the fast food business is growing more than the sweets. Our brand name got even more popular because of this fast-food thing. Starting the restaurant at Mathura Road was a turning point for our business, although in terms of revenue, I would say that namkeens are about 70 percent of our total turnover, sweets are about 20 percent, and the fast-food segment is about 10 percent."

Haldiram-Delhi: Vision for the Future

By 2003, Haldiram-Delhi had evolved over the previous 20 years from namkeens and salty snacks to a sweet shop, to a branded sweet mix marketer, to a popular fast-food chain. Commented Agrawal, "There was no real defined vision for moving into fast food. It was simply that we wanted to serve the best to the customers. That was our only vision." He added, "We didn't focus it like we had to start a fast-food restaurant in 1996. It just happened. Our main expertise was—and still is—Indian sweets and namkeens." Agrawal continued, "Nor was there any real vision for deciding how many restaurants to open, or how to grow into a regional fast-food chain. From the start, Haldiram-Delhi has concentrated on namkeens and sweets . . . the rest happened because the opportunity was ripe in time. Now, the time is such that the growth in fast food is more than the growth in sweets."

Fast Food in India

Pankaj Agrawal observed that the Indian fast-food industry was "totally unorganized . . . there are no Indian fast-food chains about which we can say that he is our competitor or anything like that. Thus, there is a huge business opportunity to become a leader in the Indian fast-food segment. Haldiram is emerging as a multi-cuisine restaurant for the whole family. We want to focus on our own North Indian foods, *chats* and all. We don't want to start a specialty South Indian restaurant or go into that line. We want to specialize into this mix of North Indian plus South Indian . . . if a customer specifically wants to have South Indian food, then he or she might go to a South Indian restaurant if he or she finds the quality is not good. If each and every member of the family wants to have different things, then Haldiram's is definitely their choice."

To better serve entire families, the firm was looking into (1) controlling its costs and (2) focusing more on customers' demands by studying their needs and wants. "For example," stated Agrawal, "the cook comes early in the morning and makes the products so that by the time the restaurant is opened for the day, everything is prepared. Once the customers start coming in, we can serve them very quickly. But there is still room for improving the efficiency of the persons who are making, for instance, *chole bhaturas*, by using ready-made (frozen) *chole*. If they use ready-made chole, they can be more focused on frying the bhaturas, and then can possibly be done faster, increasing their efficiency.

"Haldiram is also very focused on serving customers well. In India, traditionally, there has hardly been any management within the restaurant business. And we are not from a restaurant background. We didn't have any restaurant experience . . . we don't have any professional degree or anything relating to restaurants, or how to manage them. But Haldiram has become a trendsetter for better restaurant management because we have treated customers as part of our family. The customers have taught us how to manage the restaurants . . . and we have gotten quite fast in serving them. We haven't done any study, but we don't take more than three to four minutes to serve customers after they reach the service counter.

"However," he continued, "there is still a need to better understand what customers want. We used to make 50 to 60 different products, but we learned that the customers were not interested in all of those products. There are some key products for which the customers come to our place . . . those products are our strengths. We are most well known for namkeens . . . for them, customers will come from very far-off places. On the other hand, a customer won't come to our place to eat pizza or burgers . . . they will go to McDonald's or Pizza Hut.

"For us," continued Agrawal, "McDonald's offers an exemplary business model . . . no other Indian food company is comparable. McDonald's has 30,000 restaurants around the world, and I am impressed with their systems and the way they grow . . . how they can replicate their systems all over the world. Like McDonald's, we are developing our own internal systems first. Until and unless, we are strong in-house, we don't want to expand. We don't want to give out franchises, because this is the time when each and every company will give, and we can see that every fast-food restaurant is giving out franchises. McDonald's has 50 restaurants in India, and Narula's has 20 restaurants. Each and every fast-food giant has a number of restaurants. We don't want to expand so fast. Also, we are looking for a distinctive format of company-owned and operated franchisees. Like today, we manage each and every outlet personally. Thus, we can learn from it and at the same time, it doesn't affect our brand name also because everything is done in-house."

Snack Foods in India

The total snack foods market in India consisted of more than 1,000 snack items and 300 types of sweets, which varied regionally according to preferences in taste, form, texture, aroma, size, and shapes and fillings. The Northern Indian region accounted for about 50 percent of the total Indian market and was the most developed (Achievers' Resources, 2001).

While sales in the unorganized sector had been quite flat in recent years, the revenues in the organized sector had been growing at about 15 percent annually. The organized sector concentrated primarily on the urban markets, while the unorganized sector led in India's large and growing rural markets. The unorganized sector was immensely diverse and relied on easily accessible indigenous technology, with nonstandardized recipes and product quality, few links to testing facilities, unorganized distribution channels, storage deficiencies, and low entry barriers.

According to Jagdeep Kapoor, managing director of Samsika Marketing Consultants, three factors were driving the growth in the branded sector: "Branded players are making the right moves in terms of product offering and pricing, ethnic snacks are convenient and appropriate accompaniments for hard and soft beverages, and growth is being spearheaded by teenage consumption" (Bhushan, 2002). The branded players relied on quality control systems, standardized raw material sourcing, and upgraded packaging, enabling prices to be set at 25 percent or more over the nonbranded products. Reportedly, the market for branded chips had been growing at about 20 percent annually (Phookan, 2003).

In particular, PepsiCo loomed as a large and formidable competitor, given its resources and interest in the Indian market. Entering the Indian market in 1989, PepsiCo's focus was on the "bridge" snack foods—a hybrid between Western and Indian snack foods with products priced at about 30 percent premium over the local competitors. Its snack foods offerings included Ruffles/Lays, Cheetos, and Hostess brands and Lehar *namkeens* (the latter was exclusively sourced from a local player, Bikanervala). Its current president, chief financial officer, and a member of PepsiCo's Board of Directors, was India-born Indra Nooyi. Nevertheless, according to Agrawal, "Haldiram does not put Pepsi in the namkeen segment, but instead into the snack segment. If you take only the namkeen segment, we are still the leader. Pepsi is not near us in the country, but as, and when, we diversify from namkeens to other kind of snacks like potato chips or extruded snacks (e.g., Cheetos), Pepsi has more know-how and knowledge about it because they have been into that business for a long period. So, in that area it will be very difficult for us to compete with them in terms of technology, in terms of marketing and everything else."

PepsiCo's snack foods were distributed through its soft-drink distribution channel, which initially targeted India's 50 largest cities, then extended to 150 cities, and eventually secured distributors in more than 400 cities. Its potatoes were grown using five patented varieties of hybrid seeds by contract farmers in Punjab and other states, including Uttar Pradesh, Madhya Pradesh, Maharashtra, and Karnataka. To reduce the costs and time delays in serving the Western and Southern India markets from the Northern Indian plant, it also established a plant in Pune.

By 2000, after acquiring the dominant Uncle Chipps brand in 1998,[4] with annual revenues of 1,500 million rupees, PepsiCo held a 30 percent share of the 5,000 million-rupee packaged snack food market and about a 90 percent share of the packaged potato chips market. The overall snack food market in India stood at 20,000 million rupees, of which 75 percent was in the unorganized sector.

PepsiCo's strategy in India focused on attempting to overcome resistance to higher prices by offering a range of package sizes from 35 gram sachets to 400 gram economy packs, which were downsized versus comparable standard packs of its competitors. The 35 gram sachets, priced at 5 rupees (about 11 U.S. cents), proved to be quite popular, growing at least three times more than "regular" sizes and helping to drive market penetration and distribution. PepsiCo also placed an emphasis on attractive retail displays and made a greater push through more frequent retail outlet visits by its sales agents. Finally, PepsiCo reportedly invested 10 percent of its revenues in advertising, seeking to communicate the message that moments shared with its brands made consumers' day-to-day lives special and fun.

In addition to PepsiCo, Haldiram-Delhi's competitors in Northern India included Nathu's and Bikanervala (Bikano brand). Nathu's Sweets, founded in 1936 in Delhi, was a manufacturer, retailer, and exporter of sweets, namkeens, and other related products. It was currently managed jointly by the fourth-generation husband-and-wife team of Anand and Navita Gupta. Nathu's used mostly modern technology and strived to develop recipes to suit contemporary trends, while continuing the traditional tastes and recipes. Nathu's was known for its innovation and introduction of new products. In recent years, Nathu's has expanded into franchisee-managed restaurants that offer more than 500 items, ranging from traditional Indian snacks to Westernized food items such as pizzas, burgers, and sandwiches.

Bikanervala was a family of *Halwais* (snack food and sweets makers), which founded a sweet shop in Bikaner, Rajasthan in the 1850s. In 1950, a part of the family migrated to Delhi and set up a roadside *khomcha* (temporary shop) in the Moti Bazar. Bikanervala offered traditional recipes perfected over the generations, exotic ingredients, and experience in the art of making ethnic sweets and namkeens. Eventually, the khomcha grew into a regular shop, Bikaner Namkeen Bhandar, in the Chandni Chowk and came to be popularly known as Bikanervala.

Bikanervala formed its exclusive agreement to produce namkeens for PepsiCo's brand, Lehar, in 1995, opening a new plant in Faridabad, Haryana, to enable high-volume production. The collaboration also gave Bikanervala a significant visibility in the cities, where PepsiCo was gaining strength (in smaller towns and villages, PepsiCo's sales of branded packaged foods were more limited). Upgrading its Delhi plant in 1997 to manufacture its own Bikano brand of products, Bikanervala sought to exploit the changing lifestyle in India that introduced vast potential for the snack foods industry. With an increasingly busy lifestyle, people had little time to spend in the kitchen preparing snacks for guests—it was becoming "much easier to empty biscuits and namkeen packets into plates and serve them immediately" (Sen, 1998).

Bikanervala also engaged in exporting its products to several markets through exclusive overseas distributors, particularly in the Anglo cultures (United States, United Kingdom, Canada, Australia) and the Middle East, and in 2000, became the first Indian food company to become ISO9002 certified. Bikanervala also opened outlets throughout India and diversified into the fast-growing packaged spices, cookies, and syrups markets. It had also launched its own Web site to expand its market reach and presence, and it formed agreements to supply its branded products to several organizations, including Indian Airlines and the Indian Railways, to further increase the company's visibility. In 2001, it secured another exclusive supply contract with Mother Dairy (a dairy company) to diversify into the packaged namkeens market with a "Aa Jaa Kha Jaa" (come on, eat up) brand.

In 2001, Bikanervela's turnover had reportedly grown to 500 million rupees, with 30 million rupees coming from exports. The company developed a new vision to "put the standardized traditional Indian sweets, namkeens, and vegetarian fast food of various Indian regions firmly on the world map." The new goal was to double the sales to 1 billion rupees by 2004. The CEO and managing director, S. S. Aggarwal explained the strategy as follows, "We will add to our product mix, improve our marketing strategies and increase our presence in the retail market" (Bhushan, 2002). Indeed, by 2002, the company had a network of 500 dealers who delivered packaged sweets and namkeens at conventional grocery stores in most North India markets. Its snacking outlets were, however, limited to Delhi and Bikaner, and included six traditional Bikanervala outlets, which exclusively carried its products, and 15 new Bikano Points, which carried both Bikanervala's own packaged products and branded products from select firms such as Nestlé and Kwality Walls. The company also planned to introduce snacking outlets internationally and entered into an agreement with Dubai's leading supermarket chain, Al Maya Lal's Group of companies, to introduce Bikano Points beginning in 2003 (Bhushan, 2002). Meanwhile, several more brands existed in other regional markets of India, including Peppy (western India) and Hello (central India). While several large Indian companies, such as Indian Organic Chemicals, Greenfield Process Food, and Premnath Monga Industries, had tried unsuccessfully to enter the traditional snack foods market during the 1990s, additional competition came from the unorganized sector, which was particularly prevalent in small towns and villages. In small towns, there were typically dozens of local manufacturers marketing various namkeens and sweets; and in big metro areas such as Delhi, one could find many manufacturers in each and every neighborhood. Agrawal noted, "Quality-wise, they cannot compete with us, but price-wise, especially considering our whole supply chain cost, distribution cost, and retailer margins, it is very difficult to compete with them. As one goes into the interiors (small cities), one finds that the customers want good quality but they cannot afford it. They want something of cheaper price. Out there, we have a limited market share."

Haldiram-Delhi: Striving for Operational Excellence

"From Day One of the Gurgaon unit," Agrawal emphasized, "I watched over everything and put a top priority on overseeing the implementation of all the systems. Systems were one area in which we were not very strong . . . we had some internal weaknesses that we wanted to overcome. We had the opportunity to make changes in Gurgaon . . . trying various experiments to get the results we sought. We experimented with new systems in each and every area of management, including purchasing, finance, maintenance, and production. We felt that if the changes were successful in Gurgaon, then we could adapt them in the other, older units at Mathura Road, Lajpat Nagar, and Chandni Chowk, where the people had gotten very used to working in a particular fashion.

"We developed everything ourselves. We did not bring in any professional experts or consultants to help in planning new systems because we know our people better than any external agency," asserted Agrawal. "We also realize that we are still developing. Haldiram is not a company that is 100 or 200 years old with all of its systems and everything in place. We are still a very small company—a family-owned company and a complete family business. Yet, we are moving toward more professionalism. We are already in process, and step-by-step, everything is going to happen. We are still learning every day and trying to achieve improvements that we can replicate in the other units, like packaging and the process of manufacturing a product.

"We did it ourselves . . . we could not hire food technologists because if we did, we would have to disclose our recipes. While it's true that firms such as Coca-Cola use food technologists without disclosing its recipe, Coca-Cola does not disclose its formula to the bottling plants—it simply prepares its pre-mixes at one place, and then dispatches them to distributors all over the world. Moreover, I wanted to learn everything on my own. I wanted to see each and every product . . . how it was manufactured and how it tasted. So, this was the best way for me to learn. If I hired a professional, then he would be doing everything on his own, and it wouldn't increase my knowledge. So, that is the reason . . . I want to get involved in each and everything."

Haldiram-Delhi's Three Strategic Issues

"I discuss everything with my father because he still has more practical knowledge than I do. He has been in this business for more than 40 years. So before implementing anything, I first discuss it with him," Agrawal said. He identified three important issues that needed to be resolved:

1. *Expansion of Haldiram-Delhi's product line in India.* A number of national and foreign firms (e.g., PepsiCo) appeared to be eyeing the market opportunities created by Haldiram. After all, Haldiram had been the first to brand its namkeens and mithais in India and the first to introduce packaging and presentation of ready-to-eat snacks. Its success had been driven by branding and marketing traditional products with which Indian consumers were already familiar. But, to retain its market share in India, should the firm expand its product line? If so, should it focus on traditional Indian foods (e.g., samosas) or Western-style foods (e.g., potato chips, which appeared to be experiencing strong growth, particularly within the teenage market and younger consumers)? And, if the latter, how should Haldiram compete with the larger, wealthier, and more professionally managed PepsiCo?

"We also have a need to succeed using just average people," stated Agrawal. "That way, the competitors would not be able to use their financial muscle to take the initiative out of Haldiram. Why would, for instance, Pepsi, need our people when they have their own highly qualified people? Our people are not as well qualified as their people are."

2. *International expansion of Haldiram-Delhi.* Haldiram had created a popular snacks brand that transcended regional and national boundaries, in an industry that was only gradually beginning to become global. While Haldiram was primarily known for its Northern Indian snack items, Agrawal knew that internationally, a substantial proportion of Indian emigrants were from Southern India. Consequently, he wondered, should Haldiram diversify into Southern Indian snack items and market them internationally? If so, how should this be done, given the three family factions of Haldiram and the already emerging confusion among customers in the international markets?

Agrawal felt that if it were to expand internationally, it would need to improve its packaging and distribution systems. "Consider the characteristics of a product like Rajkachori, which requires 10 different kind of inputs, including yogurt and three different kinds of spices. Many of the inputs and the final product don't have a long shelf life. On the other hand, foreign fast-food products are becoming available in India very rapidly . . . many Western companies simply package burgers or pizzas, freeze it, and send it across. We could go to the international market with frozen products because the cold chains exist."

3. *Expansion in the fast-food business.* According to Agrawal, "We have been quite successful in the fast-food business, although it has been hard work. But I am encouraged by what we have achieved. And there is a huge business opportunity to become a leader in the Indian fast-food segment. But . . . how would we do this? If you are going to franchise, then you have to limit your variety. You cannot give each and every product. So, we would be focusing only on our core products and our main products like Indian chat, papri chat, golgappas, and Indian snacks like chole bhature, pao bhaji, and tikkis, and give out franchises for that, along with the sweets. We would want to promote both of these products together in a branded format like Haldiram's.

"Second," he continued, "we would not want to go far from Delhi so that we could have a good control and face the initial problems more effectively. Because this is such a new area for us, so we have to start in Delhi to see how it goes . . . the customers' reactions, the turnover in franchisees, profits, and so on. If everything is in place and we succeed, then there is huge opportunity to target and expand into other areas in the Northern region . . . we can go to sub-metros like Chandigarh, Gurgaon and Noida.

"One thing is clear, though," reflected Agrawal, "apart from food, there is no business that we can or we are looking for. It is only related to food. That's the main expertise. If we go into manufacturing of anything, like televisions, there is no point doing that. We are also not going into any areas that have huge competitions. We would not make any money there. So, what's the use? It is better to develop your own line and make money in that . . . expand your brand name."

SOURCE: This case was written by Vipin Gupta, Simmons College; Nancy Levenburg, Grand Valley State University; and Pankaj Saran, EMPI Business School, Delhi. Used with permission.

Exhibit 1 A Note on Indian Meals and Snacks

According to Madhu Gadia (2000),

Lunch is usually eaten around 1:00 p.m. and it is typically the main meal of the day. After that is siesta time. If the situation permits, Indians never miss an afternoon nap. Around 5:00 p.m. is teatime. Children are served milk or sherbet (sugared, flavored beverage) while adults drink tea and eat fried spicy snacks. India is the home of a variety of salty and spicy hot snacks that have no equivalents in other cultures. This is often the time friends visit to share snacks and gossip or to discuss the news of the day. The more important or rare the friend, the greater the number of snacks served. Indians take pride in serving a number of dishes at meals or teatime.

Even after more than twenty years in the United States, I really miss a good snack when I go shopping. I will often say, "I wish there were someone selling *samosa* and *chai*." You can find coffee and even *chai* now but all the snacks served with it [in the United States] are typically sweet. In India, snacks are abundant. *Chat, samose, dahi bade,* and *pakore* are commonly sold on the street. The best part of going shopping is to stop and have a plate of *chat* on the way back home. As I am writing this, my mouth is watering as I am thinking of the hot and spicy taste of *samosas* with tangy hot chutney sold at the corner shop. You don't have snack to fill your stomach but to make your mouth and taste buds come alive. I never remember it ruining my dinner. The street foods of India are unique. With *pani puri* in the north, *bhel* in Mumbai and *bhaji* in the south, the street foods are part of the Indian culinary world.

Term	*Definition*
Chole bhature	*Bhaturas* are fried pastries. *Chole* is a mixture, often prepared in a pressure cooker, containing garbanzo beans, onion, tomato, and several spices, including garlic powder, cumin seeds, mint, turmeric, chili powder, bay leaves, cloves, and garam masala (like allspice, a mix of spices).
Golgappas	*Golgappas* are made from wheat flour. The wheat flour is made into small flat circles (same size as a cookie) and deep fried. Golgappas may be stuffed with potatoes, green peas, chopped onions, green chilies, and spices (e.g., coriander).
Mithai	In Hindi, *mithai* indicates several different types of sweets, some of which are sugar confections (solids) and some of which are puddings (semi-solids).
Namkeen	*Namkeen* means salty. A namkeen is a salted bread, made with wheat flour, water, and cardamom, which is fried in ghee (clarified butter).
Pao bhaji	Potatoes, mixed vegetables, onions, tomato, green chilis, and spices are fried and served with buttered buns.
Papri chat	A combination of crispies, chopped potatoes, and garbanzo beans, tossed in yogurt and tamarind chutney, served chilled.

(Continued)

(Continued)

Rajkachori	Deep-fried mini-balloon bread filled with chickpeas, yogurt, tamarind sauce, mint chutney, and cilantro chutney.
Samosa	Traditionally, a triangular deep-fried meat or vegetable patty served as starters or snacks.
Tikkis	*Tikkis* are fried pastries (small balls) that may be made from mashed Paneer (a mild-flavored Indian cheese), spices, cashews, and raisins.

Exhibit 2 Haldiram Mission Statements

Haldiram Delhi (www.haldiram.com): "Our perpetual consistent quality, best packing strategy, vast market coverage and the number of years of experience have given us a cutting edge vis-à-vis our competitors. Our natural ilk to improve our performance and quality with each passing year has taken us way ahead of our nearest competitor. The people at Haldiram's are very sensitive and customer friendly about the complaints, which in fact is a rare occurrence from the customers and dealers."

Haldiram's Nagpur (www.haldirams.com): "Haldiram's products inherit the matchless quality. Zero impurity and world class packaging are the hallmarks of each and every Haldiram's Product. To top it up the trump card of reasonable prices and efficient marketing strategy is the key to success. Haldiram is quality conscious; it has always advocated the principle of superior input superior output. We believe in treating customers with trust, dignity, and respect. We believe in fair business practices and in doing our part to save the environment."

Haldiram Kolkota (www.haldiramfood.com): "The quality of salty snacks, sumptuous sweets, made to traditional standards, endeavored stress on quality, packing, shelf life, competitive price and with special emphasis on consumer's satisfaction. . . . To say the least, the lingering taste of Haldiram is among the best in the world of Indian sweets and namkeens."

Discussion Questions

1. Did Haldiram have a strategic long-term vision when it began? Does each of the Haldiram factions have its own strategic plan now?
2. In your analysis of the Haldiram stores and based on the facts of the case, how would you recommend the Haldiram stores move forward?
3. How did Bikanervala's new vision of putting their products "firmly on the world map" give them a competitive edge?
4. How would you resolve the issues facing Haldiram-Delhi?

Notes

1. As recounted by Amy Curtis-McIntyre, in S. Peterson, *Blue Streak* (New York: Penguin Group, 2004), p. 59.

2. See Brand Keys Web site (http://www.brandkeys.com/awards/leaders.cfm) for the complete listing.

3. One Indian rupee is approximately equal to .023 U.S. dollars.

4. In the early 1990s, Delhi-based company Amrit Banaspati was the market leader in the packaged potato chips market with its Uncle Chipps brand and approximately 50 percent market share.

References

Achievers' Resources. (2001, January). *Opportunities for selected Canadian value-added food products.* New Delhi, India: Canadian High Commission.

Airlines industry profile (Yahoo! Finance). (2005, February 22). Retrieved February 3, 2006, from http://biz.yahoo.com/ic/profile/airlin_1600.html

Alford, J. M. (2005, January 13–16). *Finding competitive advantage in managing workplace ethics.* Paper presented at the U.S. Association of Small Business & Entrepreneurship. Indian Wells, CA.

Barney, J. B. (2001). Is the resource-based "view" a useful perspective for strategic management research? Yes. *Academy of Management Review, 26,* 41–56.

Becker, L. C. (1977). *Property rights: Philosophical foundations.* London: Routledge.

Bhushan, R. (2002, November 14). Snacking gets cracking. *Business Line* (The Hindu Group of Publications). Retrieved from http://www.blonnet.com/catalyst/2002/11/14/stories/2002111400060100.htm

Bond, D. (2004, November 1). Don't blame JetBlue. *Aviation Week & Space Technology,* p. 27.

Bucar, B., & Hisrich, R. D. (2001). Ethics of business managers vs. entrepreneurs. *Journal of Developmental Entrepreneurship, 6*(1), 59–82.

Cascio, W. F. (1998). *Applied psychology in human resource management.* Upper Saddle River, NJ: Prentice Hall.

Croft, J. (2004, December). Saving private luggage. *Air Transport World,* pp. A10–A12.

De Carolis, D. M. (2003). Competencies and imitability in the pharmaceutical industry: An analysis of their relationship with firm performance. *Journal of Management, 29,* 27–50.

Delmar, F., & Shane, S. (2003). Does business planning facilitate the development of new ventures? *Strategic Management Journal, 24*(12), 1165–1185.

Devero, A. (2003). Corporate values: Stimulus for the bottom line. *Financial Executive, 19*(3), 20–23.

Gadia, M. (2000). *New Indian home cooking.* New York: Berkeley Group.

Gundry, L. K., & LaMantia, L. (2001). *Breakthrough teams for breakneck times: Unlocking the genius of creative collaboration.* New York: Dearborn Books.

Hasnas, J. (1998). The normative theories of business ethics: A guide for the perplexed. *Business Ethics Quarterly, 8*(1), 19–42.

Hill, C. W. L., & Jones, T. M. (1992). Stakeholder-agency theory. *Journal of Management Studies, 29,* 131–154.

Hira, N. A. (2004, November 15). Customer service. In New York. Who knew? *Fortune 150*(10), 198.

Hitt, M. A., Ireland, R. D., Camp, S. M., & Sexton, D. L. (2001). Strategic entrepreneurship: Entrepreneurial strategies for wealth creation. *Strategic Management Journal, 22*, 479–491.

Ireland, R. D., Hitt, M. A., Camp, S. M., & Sexton, D. L. (2001). Integrating entrepreneurship and strategic management action to create firm wealth. *Academy of Management Executive, 15*(1), 49–63.

Ireland, R. D., Hitt, M. A., & Sirmon, D. G. (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of Management, 29*(6), 963–989.

Jackson, L. A. (2005, January). When the love is gone. *Black Enterprise*, p. 54.

JetBlue named Best Domestic Airline for Value by readers of Travel+Leisure Magazine (Press release). (2006, February 16). Retrieved February 17, 2006, from http://www.jetblue.com/learnmore/pressDetail.asp?newsId=398

Johnson, K. (2005, February 4). Analyst differs on EasyJet's course. *Wall Street Journal*, p. C3.

Kukreja, S. (2002, December 11). It all snacks up. *The Economic Times*. Retrieved from http://economictimes.indiatimes.com/cms.dll/articleshow?artid=30884141

Miller, C. C., & Cardinal, L. B. (1994). Strategic planning and firm performance: A synthesis of more than two decades of research. *Academy of Management Journal 37*(6), 1649–1665.

Moore, G. A. (2002). *Crossing the chasm*. New York: HarperBusiness.

Newberg, J. A. (2004, Spring). Corporate ethics codes as competitive advantage. *Research@Smith, 4*(3), 2.

Newman, R. (2004, October). Preaching JetBlue. *Chief Executive*, pp. 26–29.

Overby, S. (2002, July 1). JetBlue skies ahead. *CIO*, pp. 72–78.

Peterson, B. S. (2004). *Blue streak: Inside JetBlue, the upstart that rocked an industry*. New York: Portfolio.

Phookan, M. (2003, February 27). The snack foods market in India. *STAT-USA*. Retrieved from http://www.stat-usa.gov/

Porter, M. E. (1985). *Competitive advantage*. New York: Free Press.

Rouse, M. J., & Daellenbach, U. S. (1999). Rethinking research methods for the resource-based perspective: Isolating sources of sustainable competitive advantage. *Strategic Management Journal, 20*(5), 487–494.

Salter, C. (2004, May). And now the hard part. *Fast Company*, pp. 66–75.

Sen, A. (1998, April 5). Snack food-makers mint money while consumers smack their lips. *The Indian Express*. Retrieved from www.theindianexpress.com