

# STRENGTH PHARMA: CRAFTING PROMOTION STRATEGY FOR A SPORTS NUTRITION PRODUCTS IN EMERGING ECONOMY

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## ABSTRACT

*Ravish Sinha, Senior Director of marketing at Strength Pharma, was planning his sales promotion strategy for a line of sports nutrition products. The sports nutrition category consisted primarily of Whey proteins, Amino Acid Supplements and Energy Drinks with Electrolytes for the Athletes. Sinha's challenge was to select one of the three promotional alternatives - get three for the price of two ("3 for 2"), receive a gift with the purchase ("GWP"), and a pack coupon worth ₹ 500 - for the New Year. He realized that the alternative he selected would have immediate effects on both cost and sales as well as long term implications for the brands involved. His primary objective was to drive sales volumes and trade-up consumers from lower value brands, while retaining or building brand equity. The case discusses how effectiveness of the promotional offers are analyzed.*

**Keywords:** Promotions, Brand Equity, Consumer Switching Behavior.

## INTRODUCTION

In early November 2017, on a cold winter afternoon in Gurgaon, NCR, India, Ravish Sinha was planning a sales promotion strategy for a line of sports nutrition products launched by Strength Pharma. Strength Pharma was an Indian healthcare company that boasted about ₹ 5 billion sales in 2016. The company located in Gurugram (previously known as Gurgaon) focused on developing, manufacturing, and marketing products that catered to India's sports nutrition market. The sports nutrition product line consisted of Whey Protein, Amino acid supplement and Energy drink for Athletes.

Ravish Sinha, senior director of marketing for Strength Pharma has spent over 15 years in developing marketing strategies in the sports nutrition industry. Sinha's challenge was to select one of the three promotional alternatives - get three for the price of two ("3 for 2"), receive a gift with the purchase ("GWP"), and a pack coupon worth ₹500 - for the New year. He realized that the alternative he selected would have immediate effects on both cost and sales as well as long term implications for the brands involved. His primary objective was to drive sales volumes and trade-up consumers from lower value brands, while retaining or building brand equity.

### The Company

Strength Pharma, one of the best known and respected names in the sports nutrition market in India, provided a variety of sports nutrition products. The company owned different

brands in different categories such as Muscle-RDX, Muscle-TDX were the recently launched whey protein by the company. Litucine, Beucine and Beucine-pro were the amino acids essential for building muscle and promoting post-workout recovery and Vatorade, Vatorade-X were the carbohydrate drinks with electrolytes that helped to maintain or increase body weight. It employed around 1,50,000 people with over 400 stores across India. The company has been handling sales and marketing operations and also developed and manufactured its own products. Strength Pharma was the first Indian company to launch products in different sport nutrition categories. Initially the company had a major presence in metropolitan and Tier-I cities. But with increasing health awareness and opening of Gyms, it has expanded the business to Tier II & III cities. The prime consumer for Strength Pharma were athletes in the 18 - 35-year-old age group. Gym Trainers and health coaches advised their clients about such products and in doing so removed consumer's doubts about them. In addition to coaches' endorsements of sports supplement products, endorsement by Indian celebrities also helped the various brands to promote their products. For example, Strength Pharma's Muscle-RDX and Muscle TDX were endorsed by Pranveer Singh, a famous Bollywood (Bollywood is a popular name of Hindi cinema, formerly as Bombay cinema) movie actor in Figure 1.



**FIGURE 1**  
**STRENGTH PHARMA LOGO**

### **Sports Nutrition Market in India**

The sports nutrition market in India is over ₹ 20 billion. The market consisted of products from brands such as BSN Supplements, Muscle Blaze Supplements and Sinew Nutrition. These brands were widely available in various multi brand markets such as Big Bazaar, Hypercity and Spencers. The sales of these brands were directly proportional to the amount of advertising expenditure.

In 2017, over 20 major brands of sports nutrition products were available in Indian market. None of these brands has more than a nine percent market share. The overall market was expected to grow between 8 and 12 percent per year for the next five years. However severe price competition meant that margin would be affected for all the brands. Significant price discounting through promotional activity and competition from low-cost private label alternatives were expected to continue into the foreseeable future.

Strength Pharma has been offering latest product ranges to the customers. The company held promotional events all over India (in Tier I, II and III cities) and found that the target group existed everywhere. Additionally, Strength pharma used celebrity endorsement to connect with

customers. Gym trainers were approached for recommending the products to customers in Tier II and Tier III cities.

## THE MAJOR COMPETITORS

### BSN Supplements and Nutrition

Bio-Engineered Supplements and Nutrition, Inc. (BSN) was founded in 2001 and since then has become a global leader in the sports nutrition marketplace through relentless dedication to creating dynamic, cutting-edge, and result-producing products. BSN products and the brand itself have won more than 35 sports nutrition awards over the course of the last six years, more than any other company in the industry. This legacy of performance has created tremendous brand awareness and loyalty for the company, building a faithful following of consumers, athletes and fans in the process.

Its diverse product line has always produced results among the company's core demographic; however, the majority of its products are multi-functional enough that they offer applications for a myriad of lifestyles and consumer types, setting BSN apart from a number of its competitors whose products lack this valuable mass appeal. Given this potential for tapping into broader markets, BSN was committed to bringing top-of-the-line nutritional supplementation and beverages to a mass audience through broadened distribution channels and innovative partnerships.

BSN's Syntha6 whey protein and Syntha 6 Isolate were the whey protein in the market. BSN Amino X was a widely popular amino acid supplement whereas BSN Endorush Energy drink was a pre-workout drink used by athletes.

### Muscle Blaze

Muscle Blaze was founded in 2012 with the idea of providing India with sports nutrition supplements that are specifically focused on Indian customer needs and listens to their sentiment's day in and day out. Muscle Blaze has quickly risen as consumer's favorite brand with industry-first concept introductions like authenticity, protein test certificates, scoop on top, clinically researched products, etc.

Understanding and acting upon the consumer pulse have driven Muscle Blaze to provide industry-first solutions. Be it the problem of fake supplements, customers' tussle in finding the scoop in a new jar or low results from a regular protein supplement, Muscle Blaze had answers to all of them. Muscle Blaze was the first in India to introduce an SMS based product authenticity mechanism supported by a protein test certificate from NABL certified labs. Muscle Blaze was also the first to introduce a patented Scoop-on-Top design to end the scoop tussle. And to top it all, Muscle Blaze's Biozyme Whey is India's first clinically tested product for Indian bodies which helps the consumers with enhanced protein absorption and thus better results and performance.

Driven by the desire to exceed the expectations, they have brought together pharmaceutical expertise and the best experts of the chocolate flavor to create a path-breaking formulation with unmatched taste. This gave birth to the "*Best Tasting Chocolate Whey Protein Shake*", which was confirmed by the consumers themselves in a blind taste study done by Nielsen in 2015. Muscle blaze offered a variety of products in the sports nutrition category. Some of it included Muscle blaze Raw Whey Isolate, Muscle blaze Biozyme Whey Protein,

Muscle blaze Women Iso Whey Protein Isolate, BCAA 6000 Amino acid and Muscle blaze Isotonic Instant Energy Drink Formula etc.

### Sinew Nutrition

Sinew is launched by Healthgenie, which is one of India's top notch and rapidly-expanding online shopping stores for healthcare and fitness products. It supplies the reliable products to fulfill the customer requirement & satisfaction. Their goal is to make a healthy difference in people's lives every day and travel with each customer on their fitness journey. Their state-of-the-art warehouse, call center and corporate offices are located in New Delhi, India, that allow them to stock and ship a large number of items every day.

The product range consisted of Sinew Nutrition Instantized Whey Protein Concentrate 79%, Sinew Nutrition Palladium 100% Whey Protein Concentrate, Sinew Nutrition Intense Whey Protein for Beginners, Sinew Nutrition Instantized BCAA 2:1:1, Sinew Nutrition Pre-Workout Energy Drink-Intense Energy and others.

### Consumers

Research indicated that consumers were not very brand loyal for a variety of reasons. First, there was a general belief that the international brands were of better quality than Indian brands. Second, the trend in buying behavior led to changing preferences. Third, it was difficult for consumers to identify meaningful differences between various brands available in any given store. Consumers had a large number of choices that varied not only on brand name, but also packaging, advertising, price, ingredients, taste and so forth.

The prime consumers for Strength Pharma were athletes in the 18 - 35-year-old age group who participated in high endurance sports (like running and cycling) and were comfortable with supplements (see Table 1 & 2).

<b>Tier</b>	<b>Total no. of event participants</b>	<b>Average no. of participants from local vicinity</b>	<b>No. of Cities</b>	<b>Total runners (average no. of runners x no. of cities)</b>	<b>Prospective Customers (15%)</b>	<b>Examples</b>
1	37,000	22,200	6	1,33,200	19,980	Bangalore, Chennai, Delhi, Mumbai, Kolkata, Gurgaon
2	14,000	8,400	17	1,42,800	21,420	Vadodara, Hyderabad, Pune
3	2,000	1,200	60	72,000	10,800	Lucknow, Rajkot, Surat, Darjeeling
<b>Total</b>				<b>3,48,000</b>	<b>52,200</b>	

**Source:** Gopal B. Kateshiya, "Rajkot Marathon: 37,000 Participate Kenyans, Ethiopians Bag Top Prizes," *The Indian Express*, January 25, 2016, accessed June 12, 2016,

<http://indianexpress.com/article/cities/ahmedabad/rajkot-marathon-37000-participate-kenyans-ethiopians-bag-top-prizes/>; “14, 000 Runners Participate in AirTel Hyderabad Marathon,” The Economic Times, August 31, 2015, accessed June 12, 2016, [| <b>Event Type</b>    | <b>Total No of Events</b> | <b>Average No of Participants</b> | <b>Total Athletes \(Avg. no. of participants x no. of Events\)</b> | <b>Prospective Customers \(15%\)</b> |
|----------------------|---------------------------|-----------------------------------|--|------------------------------------|
| Triathlons/Duathlons | 14                        | 600                               | 8,400  | 1,260                              |
| Racing               | 50                        | 200                               | 10,000   | 1,500                              |
| Randonneur           | 15                        | 50                                | 750  | 113                                |
| <b>Total</b>         |                           |                                   | <b>19150</b>   | <b>2873</b>                        |](http://articles.economictimes.indiatimes.com/2015-08-31/news/66070975_1_full-marathon-runners-shriram-life-insurance; 2000 Participants Run in Amway/Darjeeling Police Marathon, January 15, 2016, accessed June 12, 2016, http://indiablooms.com/ibns_new/sports-details/SN/1543/2000-participants-run-in-amway-darjeeling-police-marathon.html; “India Running, accessed June 15, 2016, http://indiarunning.com/marathon-calendar.html.</a></p>
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**Note:** Duathlon is a combination of two events: running and cycling; Randonneur is a long-distance cycling event of 200+ kilometers

**Sources:** “Duathlons,” India Running, accessed June 15, 2016, <http://indiarunning.com/duathlons.html>; “Cycling Calendar,” India Running; accessed June 15, 2016, <http://indiarunning.com/triathlons.html>.

### **The Decision**

Current Strength Pharma consumers and existing purchasers of other brands were the primary target for promotion, which was to run for 1 month starting December 1st. Due to efficiency considerations and ongoing management of stock, Strength Pharma was not considering any variation in product sizes because of the added cost and complexity involved. No media advertising budget was allocated for this promotion, although it would be highlighted in flyers distributed by the store. Stock would be placed in a dedicated end of aisle or mid-aisle display during the promotional period. There would also be no signage within the store to promote the offer, and approximately 400 stores would also include signage visible on the exterior of the store.

Average size of the Strength Pharma (protein/ Amino acid) tub was five pounds (2.26 kg) with an average pre-promotional price of ₹ 5000. Average price for Strength Pharma Energy drink was around ₹ 2000. Industry average retail margins on premium brands averaged 40 percent. Mass Market brands had an average retail price of ₹ 3000 with retailer margin of approximately 25 percent. The manufacturer’s typical margin was between eight to twelve percent on their cost for both types of products. The following alternatives were being considered

### **“3 for 2”**

This offer would enable the consumer to buy two sports nutrition products at a regular price and receive one free. Customers could combine any three items they liked (eg: Whey

Protein, Amino acid supplement and sports drink). The free item would be the one that was the least expensive of the three items selected by the customer.

Ravish Sinha estimated that the sales per day would increase to 300 percent of pre-promotion sales during the deal period. In other words, if 100 units of whey protein tubs were sold per day before the promotion, 300 tubs would be sold per day during the promotion (including the free products). Approximately 60 percent of these sales would be the customers who would not otherwise have purchased a sports nutrition product from Strength Pharma during the promotional product

### **GWP (Gift with Purchase)**

A GWP was an offer in which the customers were given a product sample along with a regular purchase. For example, a sample size of amino acid supplement would be packaged with a regular tub of whey protein. An existing sample product would be used to avoid the need to design and produce additional packaging. Adding the sample would cost approximately ₹500 per unit for the product plus ₹ 100 per unit to secure the sample to the featured product.

Sinha expected that sales during the promotional period would be 170 percent of the sales that would have occurred without the promotion. He estimated that 40 percent of sales would be to Strength Pharma customers that would not have otherwise purchased a sports nutrition product from Strength Pharma within the promotional period.

### **On-pack Coupon (₹ 500 off)**

The ₹ 500 off option was a more conservative approach to promoting the products. All customers would be able to redeem the coupon during their current store visit. Sinha estimated that the sales would increase to 150 percent of non-promotion sales because December would be a heavy promotional period for other brands. Also, most competitors tended to use price discounts or GWP's as their promotional method. Fifty percent of sales would come from Strength Pharma customers who would not have otherwise purchased a sports nutrition product within the promotional period.

Under all three promotional tactics, the vast majority of sales would be for Whey protein, amino acid supplement and energy drink. Based on market research, Sinha expected low levels of stockpiling because of the promotions.

## **CONCLUSION**

Strength Pharma aim was to secure market leadership in India in the sports nutrition market. The competitors could not easily copy their strategy as they have products approved by FSSAI and use of celebrity has helped to spread awareness about the products. Ravish Sinha wanted to ensure that the promotions were profitable but the importance of maintaining and enhancing the products could not be understated.