

DECLINE OF IGLOO ICE-CREAM IN PAKISTAN DUE TO INSUFFICIENT STRATEGIC PRACTICES

(A Comparative Study and Perspective of Marketing Communication & Consumer Behavior Focusing
Secondarily on Insufficient Strategic Practices in Relation to Decline of Brand Image)

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Abstract

Under this study, it has been striving to comparatively analyse the marketing strategy of igloo for its survival and market share in the local market. Keeping in concern with its marketing mix, marketing plan, consumer preferences and analysis to come to any point for the best solution of reviving and survival Igloo in the local market. Prioritizing that Igloo has been among the pioneers of Ice-cream industry in Pakistan since 1972, offered valuable and pure variety and taste to their customer. But what should be the weaken area where Walls has opportunity to grow in the market. Secondly, what must be the new marketing plan for Igloo to revive his lost image in the market. Last but not the least what should be the best strategic plan for Igloo to invest on its human capital in order to redeem its valuable team that drive Igloo towards success and prosperity again.

Keywords: Human capital, Market Image, Consumer, tourism

Introduction

Ice-cream is favourite for anyone ranging from 10th year age to old age. In our society, it is a source of joy, inspiration and cultural heritage. Mostly, in every, religious and mythical happy festivals ice-cream is offered and served as exchange of heartily feelings. Children are the biggest consumer of ice-cream. It brought energy, joy and happiness to their face. On many occasions ice-cream is treated as the refreshing scoop mostly in tourism and outdoor dining. And last but obviously, not the least it is also taken and consume in hot summer days in our country as a relief from the climatic influence. For this reason, the consumption of ice-cream in our country is at its par.

Many Ice-cream brands such as Igloo, Walls, Hyco, Omore etc. are now the market giants curtailing themselves in the market competition and the war for market share. Igloo however, has been losing his brand image now in the market since past 10 years back. Every company or business has its success or failure consequences in his marketing strategy, marketing mix and plans to grow and retain their brand image through retaining their market goodwill.



Igloo has been the pioneer in ice-cream industry in Pakistan since 1972, and for longer years it has been the first preference for the consumer, offered wide variety of taste with more milky and creamy touch and range of categories. Moreover, other ice-cream brands such as Movenpick, Alpine Gelatto also affected the brand ambassadorship of Igloo.

Research Questions

1. Why Igloo has lower brand goodwill in the market?
2. Why walls have greater market share than igloo?
3. Are consumers still eager to revive Igloo as their first preference?
4. What should be the Marketing strategy for Igloo to revive?

Research Objective

To calculate the marketing communication of Igloo, keeping in concern with the consumer preference for brand loyalty. Mainly focusing on Igloo's pionership in ice-cream industry, and its diminishing brand preference. Also, for better analysis taking in account of other brands in competition i.e., domestic, international & ice-cream parlours.

Hypotheses

1. Igloo has better taste preferences than walls.
2. Igloo has better variety than walls.

Variable Type:

Taste Preference = Independent with Discrete Values to check the central tendency of consumer preference.

Better Variety = Independent with Discrete Values to check the central tendency of consumer preference.

Literature Review

Historical Origin – Igloo

Igloo Pakistan has initiated and originated its business in 1974 and has been successfully functional in the various cities since its origination. Its operations are widely spread across Karachi, Interior Sind and Baluchistan. Mainly, Igloo has still captured and maintained its market position in Interior Sind cities & as well some villages. It has still maintained the greatest taste for its loyal customer with a wide range of unique flavours and varieties i.e., cookies & cream, Cheesecakes, Jet Spot (children favorite) to family pack ice-cream special greetings value pack. Most importantly, its ice-cream is juicy, milky and made of cream.

Since, from its start Igloo Pakistan, specially stressed upon its distribution channel from, Tricycles to Igloo Parlours and Retail Outlets. But Igloo has lost its brand image and loyalty in Karachi in 1995 due to killer competition with international brands

i.e., Kwality Walls, Omore etc. but before being losing brand image it had the highest brand loyalty and sales Since from its origin in Pakistan.

The origin of Igloo Ice-cream is considered as the Bangladesh (Former East Pakistan) where it was started its business operations in 1964, by setting up an Ice-cream plant in Chittagong (City of Bangladesh) (Arifeen, 2012). The pioneer of Igloo, Mr. Khalil-ur Rehman, unfortunately left the region of East Pakistan due to political unrest situation and the condition of Civil war going on during the reign of General Yahya Khan in 1971, due to the tension between the two units arose. The new set-up was brought to Karachi at the time of his migration in 1974, named as “Igloo – Ice-cream”. With a primary objective, Mr. Khalil was determined to supply his delicious and mouthwatering dessert brand limited only in the locals of Karachi and the suburban towns of Sindh province with 15 vans designated to do so. At the origin, Polka Ice-cream was considered as his main rivals with having almost the identical taste and product range but besides, Igloo manages to gain 60% market share in Karachi and was more famous than Polka.

In 1982, Igloo had been purchased by Al-Karam Group of Companies (Pioneer in Textile Industry), to expand the business operations in all the major provinces of Pakistan as a number one brand. The Al-Karam Group of Companies in Pakistan has been expanded into several other industrial disciplines since the day of their origin of primary concern of textiles. The group has been diversified into various disciplines including salt, cork, dairy, Pepsi bottling and a local carbonated beverage called “Pakola” Ice-cream soda.

After having no meaningful result from Al-Karam, Pakistan Dairy Products (Pvt.) Ltd. (PDPL), now a leading manufacturer of Igloo Ice-Cream in Karachi, has shown its interest in taking-over Igloo brand operations in Pakistan with implication of its strategies in making Igloo as the most preferred brand in frozen dessert in Pakistan. Currently, its distribution network consists of the vast area of Sindh and Baluchistan region. Igloo has been offered to its consumers through three different distribution channels; Tri-cycles, Retail Outlets and Igloo Parlors. They had been focused in distributing the ice-cream to Sindh and Karachi all by themselves. Whereas, distributors are appointed to look-over the market operations in in Baluchistan. They own seven, 40 feet containers to hold bulk haulage to a depot in Hyderabad and a distributor’s depot in Baluchistan and 45 vans for delivery to retail outlets. 12 vehicles are used for delivery from the Hyderabad depot while the remaining 33 vans are used to supply in Karachi. The bulk of their sales are generated from Karachi and they claim that they hold a 40% market share in the city. The production capacity of Igloo Ice-cream is about 2400 liters/hour and the capacity utilization is about 78% on single shift basis. It is to notice that neither Al-Karam nor Pakistan Dairy Products has been successful in expanding the business of Igloo in Pakistan (Igloo, Dairy Products, 2020).

They have a self-owned cold room depot in Hyderabad, which feeds ice-cream supplies to towns in lower and upper Sindh. This depot is managed by PDPL sales force, which uses company vans to deliver the product to company owned freezers in retail outlets. The distributor buys ice-cream from PDPL on cash and sells ice-cream to retail outlets on commission. The cold room and the vans the distributor use are distributor

owned but the freezers in Baluchistan are company owned. All marketing and monitoring of supplies at retail outlets is carried out by the company sales force. They also provide deep freezers maintenance and service facilities. They have a total of 8,500 freezers; 5,000 in Karachi, 2000 in towns of Sindh and 1500 in Baluchistan.

It may be notice that they were the only ice-cream brand perhaps Wall's Took keen interest in selling his brand in Baluchistan region. Igloo in counter reaction launched their brand in Lahore (1992) but unfortunately withdrew due to having no proper distribution source (Walls, 2020).

It is now operating in Karachi with the name of Pakistan Dairy products (Pvt.) ltd. The reasons and analytics for Igloo's failure story will be discussed further in next analysis. The revival of Igloo now a job of proper analytics with other brands success strategies.

Mission & Vision

Mission

“To provide quality ice-cream full of nutrition, fun and best quality backed by a large variety”.

Vision

“From the biggest city to the smallest most remote village, you will find our ice-cream that have made successful. Look in any household you will find our ice-cream being enjoyed.”

Historical Origin – Walls

Wall's Ice-cream has been originated by Unilever in Pakistan, with only two distribution sources in Lahore 1995 and then in Karachi in the same year. These distributors were responsible to supply to most of the smaller towns but subsequently, with the grown market share, it expanded its distribution network for exclusive geographical regions.

Wall's managed to make considerable place into the market of frozen dessert by 1995 to 1997 due to their adequate products and services. Which Polka unable to compete and consecutively lost some market share. MNC in 1998 showed its interest in taking-over Polka. Unilever jumped in at the same situation and acquired Polka. This brought an opportunity for Unilever to avoid a problem of large player in the market other than themselves in the branded segment (Walls, 2020).

Since, from the emergence of MNC in 1995, changed the situation of market penetration in the local markets. Unilever changed the norms of distribution through handing out cost-free promotional freezers to its retailers. In later years, Unilever adopted an automated system of tracking its freezers from its retailing points. At present they have

50,000 freezers (cost of each – 40,000 Rs) in the market. The sales team is made responsible for the monitoring and update of those freezers.

Mission

“We will create and market products led by innovation; expand customer base; deliver consistent quality through teamwork”.

Vision

“We make Delicious moments for our consumers.”

Value

Innovation-led growth

“We will constantly strive to grow beyond the obvious, understanding our customer’s needs and surprising them with the new products. We will endeavour to be one step ahead of the competition anticipating and embracing change and always being creative in our product and service design.”

Note: Other Ice-cream brands overview is skipped due to limitation of research as a comparative study between two major giants of ice-cream industry. However, short analysis for better understanding of problems shall be discussed later.

Research Method

Quantitative Research Method

- Nominal data measures to inference the central tendency of consumer preferences.

Simple Random Sampling

- Sample Size = 50 number of respondents.
- Distribution = Discrete Distribution

Data Collection Technique

- Observatory analysis from the major departmental stores, i.e., Hyper Star, Imtiaz Supermarket etc.
- Questionnaire (close ended – survey type for calculation of hypothesis – MPhil Students & Masters students)
- Secondary data (Internet, books, journals and articles)

Comparative analysis – Igloo & Walls

Igloo & Walls Market analytics

1. Igloo had highest brand loyalty and sales since 1974.
2. Decreasing in brand loyalty and image of Igloo due killer competition i.e., international brands (Kwality Walls – Unilever Pakistan), Movenpick (other, parlours), Alpine Gellato (other, parlours).
3. Walls decreased the market share and sales of igloo when originated in 1995 with quality taste and brand expansion.
4. Omore on the other hand, brought Igloo at lowest share in Lahore when originated in 2009.
5. Igloo suffered a severe communication gap between its consumer and brand promotion.
6. Igloo also reserved lack of marketing schemes, product innovations i.e. new tastes and flavour as contrasted to Walls.
7. More or less, Igloo has never adopted an excellent P.R activity to revive again (Igloo, Marketing Research Igloo, 2020).

It has to be admitted that Igloo has a widest choice of ice-cream flavors to its loyal consumers, more than any other competitors in the market. With offering a sum total of fifty items, including normal to premium and novelty cup stick to family pack items. Igloo has more flavors than anyone else in the industry and is continuously introducing new and innovative desserts delicacies in the market to win back again its lost crown (Igloo, Market Plan for Igloo, 2020).

Swot Analysis (Igloo)

Igloo's

Strength Parameters

1. Pioneers of the ice-cream industry in Pakistan.
2. Variety, design and product categorization (stick, cup, cones and family packs).
3. More flavoury and milked with creamy touch
4. Cost effective to every range of customer.

Weakness Parameters

1. There is still lots of communication gap between the maker and the user.
2. Lack in innovations in product line and planning.
3. Poor distribution policy across countryside.
4. First mover advantage (being pioneer in industry and becoming weaker later)

Opportunity Parameters

1. Huge potential lying in the market for better growth in market share and size.
2. Expansion possibilities are also available to revive again with new intensive market segmentation.
3. New dimensions in industrial and sales development on national rather regional level.

Threats Parameters

1. Burden of competition and potential user.
2. Power failures and breakdowns by governmental bodies. i.e., loadshedding etc.
3. Declining brand loyalty and image due to use of sanctioned freezers for others product i.e., competitor's product.

Problem Analysis (Igloo)

Marketing Communication

1. Brand awareness to prospective and potential consumer, lack in marketing and P.R (Public Relation) activities.
2. Confused target market strategies which consequent in losing healthy share of market in such an immediate time.
3. Inner and outward logistical issues with the company that results in less market size and distribution to retailers.

Marketing Research

1. Unpredicted preferences of regular consumer i.e., taste and variety. Igloo's marketing management policy is unpredictable and unacquainted with no proper strategy to draw market research measures such as taste preferences of consumer according to age brackets. More or less, Igloo has better variety of products but have no proper market research tools and tactics to draw acquiring of market surveys regarding sales flow and supply.
2. Poor competitive analysis of market share and allocating the freezers to retailers. More or less, poor surveillance of allocated freezers in the market whereas, the retailers keep other competitors' brand in them (Igloo, Marketing Research Igloo, 2020).

Brand Awareness

In Pakistan, Igloo ice-cream has a low brand awareness due to no proper branding strategies putting into practice. Brand awareness phase include two distinctive terms as "*Brand Recall and Brand Recognition*" this terminology stands with a power of a brand to get recognized through seeing (Recall) and by identifying a brand after getting some cues (Recognition). Igloo ice-cream has such taste preference to get recognize (Bappy & Haque, 2018).

Pricing Analysis

Through thorough analysis on competitive pricing, the brand of Igloo has a competitive pricing in the market in contrast its competitors. (Schorter, 2006) viewed that pricing and income greatly influenced the buying behavior of a consumer (Aamir, Nawaz, Ahmed and Khalid, 2014). Whereas, Belch and Belch (1998), was in a view that pricing is not the only factor that plays a decisive role in consumer choice. It includes all other factors ranging from customer taste to product quality (Saleem, Wasaya & Zehra, 2017).

Market Size vs. Market Share

In marketing terms market size refers with availability of prospective customer whereas, market share refers to existing customer preference due to availability of the brand including all brand suspect factors (Malavikaa & Sureya, 2019). In contrast of this perspective, Igloo Pakistan, require market share instead of market size as its customer base is already built-in.

Findings

From the observations carried down through questionnaire and personal observations. It is inferred with the calculation of mean scores of core hypothesis questions that the cause of Igloo's decline is due to lack of marketing and promotional activities carried down by Igloo team which results in lack of availability in the market See Table 1 below and Table 2-7 in annexure.

Igloo Deficiency (Table 1)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Poor marketing	30	42.9	42.9	42.9
Availability	18	25.7	25.7	68.6
Lack of variety	19	27.1	27.1	95.7
Price issues	3	4.3	4.3	100.0
Total	70	100.0	100.0	

Conclusion

The research study also shows that Igloo is still consumer first choice in regards of taste and variety of flavours and will regain his lost brand image and customer loyalty if, it ensures its availability at the customer ease. From the conducted study, Igloo is still the first preference of consumer ranging from younger ages to older. The observations show the brand preference of walls due to availability in the market and for this reason, it has bigger market share. According to acquired observations, Igloo will regain its market share on the basis of market availability as it already has better taste and variety preferences with the consumer. The facts and figures and mean scores of exhibit the core deficiency of Igloo in poor marketing and availability. Therefore, the built hypothesis is accepted and will be considered as the core deficiency estimator of Igloo ice-cream in Pakistan.

Recommendations

Through thorough analysis of available facts and observations drawn from retail markets, shops and road advertisement, following recommendations are drawn to support and favour Igloo to revive its market position and share again.

1. Consistent approaches to enhance brand image through advertising and social contribution campaigns such as festivities etc.
2. Availability of variety ice-cream in the market and state of the art packaging that attract customers i.e., Cornetto and Magnum.
3. For brand development, billboards must be in greater number at every corner of the city and across Pakistan.
4. Target market for Igloo is Kids preference as the kids are too fond of ice-cream specially the Jet Spot.
5. Igloo's management must strive to have a clear understanding of defined target market.
6. Last but not the least, Igloo must have comprehensive customer contact strategy to revive its image again in the market for better market share.

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Annexure

Igloo Taste (Table 2)			
Igloo Taste	Mean	N	Std. Deviation
No taste	1.7143	7	1.253
Tasty	1.8684	38	1.211
Tastier	2.3571	14	1.150
Tastiest	1.8182	11	1.470
Total	1.9429	70	1.238

Descriptive Statistics of Igloo Deficiency (Table 4)		
	Igloo Deficiency	Igloo Recommendation
Valid	70	70
Missing	0	0
Mean	1.928	2.800
Std. Deviation	.9374	1.211
Sum	135.00	196.00

Igloo Recommendation (Table 5)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Taste	13	18.6	18.6	18.6
Variety	20	28.6	28.6	47.1
Pricing	5	7.1	7.1	54.3
Availability	32	45.7	45.7	100.0
Total	70	100.0	100.0	

Taste vs Choice (Table 6)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not important	9	12.9	12.9	12.9
Important	35	50.0	50.0	62.9
Extremely important	26	37.1	37.1	100.0
Total	70	100.0	100.0	

Variety vs Choice (Table 7)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	4	5.7	5.7	5.7
Not important	12	17.1	17.1	22.9
Important	31	44.3	44.3	67.1
Extremely important	23	32.9	32.9	100.0
Total	70	100.0	100.0	