

Candy and Chocolate India (CCI): Last Mile Distribution Challenge

It was a sunny morning in April of 2012, typical of Mumbai's summer season. After negotiating heavy traffic, Akhilesh Gupta, Director of Sales and Marketing at Candy and Chocolate India (CCI), reached his office, and began flipping through the pages in the yellow file on his desk. CCI sales had grown by 25% for the third time in the last three years. Pouring himself a cup of coffee, Gupta thought that his team's performance had been impressive.

With headquarters in Mumbai, India, Candy and Chocolate India was founded in 1970. After successfully launching several confectionery products in the late 1980s, CCI introduced beverages. In the early 2000s, the company launched products in the prepared foods category. (See **Exhibit 1** for product category details.) The company recorded sales of ₹1300 million (26 million USD) in 2012.ⁱⁱ Of this, confectionery contributed 75% of the company's revenue, followed by beverages with 10% and prepared foods with 15%. In the previous year, CCI had grown its sales by 20% and 40% in beverages and confectionery products respectively.

In 2007, CCI reconfigured its Route to Market (RTM) with the vision of an effective and efficient model that delivered growth and sustainable competitive advantage. Its objectives were to increase the availability of CCI brands and improve customer service. As a result, sales exceeded expectations, and CCI became a key player in the confectionery industry.

Gupta knew that future sales growth would rest heavily on RTM, especially in new rural market channels. There were huge opportunities for growth in the rural market in the confectionery and chocolate segments. Penetration of chocolates was very poor in rural markets (10%) when compared to urban markets (more than 85%).

"There is tremendous growth potential for our candies and chocolates," Naren Shah, Associate Director of Sales and Marketing, said. "Tapping rural markets holds the key to our future growth."

i ₹ is the symbol for the Indian rupee (India's currency). The exchange rate used in this case study is ₹50=1USD.

ii Financial year in India is from April to March.