

Business Plan

(Developing Gelato Market in India)



MARIANGELA D'AMICO email: damicomary@libero.it

TATIANA NEVSTRUEVA email: nevstruevskaya@mail.ru

YAN GUAN email: joyce.kwan@163.com

ABHISHEK GON email: abhishek_gon@yahoo.co.in

MATTEO ANNINI email: mat.ragno@hotmail.it

JIAYIN YANG email: jarvin27@gmail.com

Abstract

Like many other firms all over the world, GROMART srl, a medium sized Italian gelato company with headquarters in Turin, has recently understood all the importance of internationalization as the key factor of success, a road to take becoming more and more attractive in the times of the world financial crisis. To help the company, already present in several countries like France, USA and Japan, be always the first conquering new markets we explore the dynamics of the ice-cream market in India, the second world fastest growing economy which is now looking with a great interest at the European culture and life-style.

Thanks to the multinational character of the research group, a thorough analysis both of the Italian image and the Indian environment has been carried, including economic overview, SWOT and competitors' analysis. The research resulted in a definition of GROMART's strong points, a smart choice of the location, an elaboration of a winning marketing strategy and of an accurate financial plan.

Keywords: GROM gelato, ice-cream market, India

I. EXECUTIVE SUMMARY

Why India

The rising Indian market is one of the most interesting and profitable around the world at this moment: during the last five years India's economy has been constantly increasing, reaching a +8.8% average annual growth in GDP per capita¹. Such performance is better than Russia and Brazil, and close to China.

According to World Bank classification, India is the twelfth largest economy in the world and the fourth largest by purchasing power parity (PPP). On per capita basis, it ranks 128th in the world and 118th by PPP. In addition, the quality of business environment has widely improved: as the World Economic Forum's Global Competitiveness Report 2008-2009, India is at the 50th in global ranking. In 2001-2002 it however was at 57th. Because of the economic growth, the spending power of Indian people is increasing and the country is becoming one of the largest consumer markets in the world, and providing to foreign investors plenty of huge opportunities.

Our Project

Considering these facts, the aim of our project is to establish in India branches of **GROMART Srl**, an Italian gelato company based in Turin of Italy. The reason why we choose India is not only its speedy economic growth but also its specific characteristics connecting with the business: appropriate climate for gelato consumption and very low per capita consumption, which means large potential market.

Ice-cream market just started developing in the country in recent years, and in the main cities it is not difficult to find branches of big franchising companies, such as BASKIN ROBBINS, AMUL, QUALITY WALLS and MOTHER DAIRY. However, the distinctive product of our company, which we have to emphasize to attract Indian consumers is the original artisanal Italian **gelato** - something different from regular ice-cream, using high quality ingredients.

GROMART Srl. was set up in 2003, its first GROM shop was open in Turin and since 2005 there are other 14 shops open in Italy (mainly located in the north) and two shops abroad (one in New York City in 2007 and the other one in Paris in the following year). GROMART Srl is planning to open two more shops in New York City and also in Tokyo to

¹ Source: www.ice.it/estero2/india/default.htm

enter the Japanese market. Obviously it shows that GROMART Srl is ambitious to be internationalized and has the capability.

Therefore, we attempt to open gelato shops in the main Indian cities: New Delhi, then Mumbai and Bangalore after that.

As the existing strategy of the company, the new shops will be located in the city center to show GROM offers something different from other ice-cream chains already presented in India: an original Italian gelato made in the traditional way, with organic ingredients and processed by hand.

Our market analysis demonstrated that Indian consumers appreciate flavors made of Indian fruits (like mango, guava, papaya and coconut). In order to meet their needs, we intend to look for local suppliers, who can provide us such fruits.

Moreover GROM can take advantage of this preference, and attract consumers to buy the other special one, **sorbets** – also made of fruits.

Finally, there is a chance to co-operate with an Italian enterprise, **CARPIGIANI GROUP ALI spa**², the world leading company in the production of artisanal gelato machines. Its Indian distributor Mumbai will be able to help GROMART enter the Indian market and reduce its set-up costs.

Business plan structure

The project starts with an overview of our business idea, the company structure and the management team.

After that, we analyze Indian market (including opportunities, customers value proposition and competitors) to better understand the current situation.

The third part of the plan draws the management team, the timetable and the marketing plan of the project.

The last part is on financial analysis: funding plan, startup expense, balance sheet & other financial requirements.

The final pages are about the summary on the exact operation plan.

² www.carpigiani.com

II. INTRODUCTION

Title of the project

The notion of ‘Italian way of life’ is a point for Italian companies to develop business abroad. Even if it is often misused all over the world, but we still believe it would be proper and helpful to be used as a kind of strategy to enter a new market. Furthermore the product we are going to sell is well known as an Italian typical food.

We thus choose ‘**GROM: THE TASTE OF ITALIA**’ as our slogan.

It has to be noticed that we use the word ‘ITALIA’ instead of ‘ITALY’ to make our customers have the perception of an exceptionally traditional and typical Italian product at first sight.

The company profile

GROMART Srl. (better known as GROM) is an Italian company founded in Turin in 2003 by Mr. Guido Martinetti, a former winemaker, and Mr. Federico GROM, who used to work in Italy’s financial industry.

The purpose of their business idea was to produce handmade gelato using top quality raw materials, according to strict standards: no colorings or additives, only fresh and in-season fruit, organic eggs, high-quality whole milk and selections of the best ingredients not coming from Italy.

This conception of gelato making process is connected with the ideas of “Slow Food”, a global association founded in 1986 that promotes local and traditional foods.

In 2005 the founders decided to set up a production workshop in Turin to meet the demands of the shops they were opening. A very significant aspect of GROM’s production process is, in fact, the standardization: no matter in which city you are enjoying a GROM gelato, the taste and the quality should be the same. In order to reach this goal, they developed a liquid mixture that is distributed 3 times a week at a certain temperature to each shop, where they are creamed. In this way they can guarantee the quality of the ingredients used and also they can actually provide a real Italian gelato.

Last year they managed to purchase some land in Piedmont region (Costigliole d'Asti) and funded a farm, Mura Mura, in which organic fruits(used to create gelato's flavors) are cultivated.

Being already oriented to foreign markets, we suppose that GROMART could be interested in our project of opening GROM shops in India.

There is an important aspect we have to emphasize is that GROM shops are always located in the centre of the cities, not in the suburbs. It allows GROM gelato to be sold at higher price, in average 0.30 € more.

Our team

Our project team is composed of six people coming from different countries and having competences in different fields:

- ABHISHEK GON is from India. He studied Economics in New Delhi; (you can update your information, I think)
- GUOHUI SHU is from China. He is studying the PhD program of Transportation planning and management in Xi'an;
- TATIANA NEVSTRUEVA is from Russia. She studied Languages in Russia and Italy;
- JIAYIN YANG is from China. a PhD student in Management and organization of the firm in Rome;
- MARIANGELA D'AMICO is from Italy. She studied Languages and Economics in Bologna;
- MATTEO ANNINI is from Italy. He studied Economics in Ancona;
- YAN GUAN is from China. She studied Engineering in Shanghai.

Usually it is rather hard for a company, in particular a medium or small one, to invest in international market, because of the low level of market knowledge, high risks and the lack of skillful professionals know how to operate abroad.

We believe that we could help GROM in carrying out plans to enter not only the India's market but also the China's and the Russia's in the future: our team, being composed of people with different nationalities, who can provide the company with the necessary information about each market - legal and financial systems, cultural and traditional aspects, etc.. Local people could also straightly manage the shops there. The Italian employees would contribute to the relation between shops and company.

Having a well-developed and wide connection network, we believe, is the best way to manage an international business, and in the globalization era a multicultural work team is the key to success.

III. Goals and Objectives

✚ Goals

1. Establish a unique European atmosphere where customers can relax and enjoy themselves.
2. Provide high quality artisanal Italian ice cream for customers at a reasonable price.
3. Obtain and maintain a dedicated workforce to provide superior customer service.
4. Establish and maintain a customer base large enough to sustain year-round operations and provide for future growth.
5. Open gelato shops within central of main Indian cities like Newdelhi, Bangalore and Mumbai.
6. Be a recognized chain throughout Indian within 5 years.
(Depending on the success of New Delhi, we have the scope of opening branches in other cities in long run to be recognized as a chain in near future but as of now concentration is on introducing GROM in New Delhi.)

✚ Objectives

1. Obtain funding from a local finance company or GROM company to cover initial startup and operating costs for the first year of operation.
2. Purchase and/or lease required equipment, furniture, and supplies to enable initial startup. (The machine from company Carpigiani group.)
3. Import the liquid mixture from Italy with the help of Grom head office.
3. Establish contracts and/or accounts with local distributors to provide timely delivery of required products.
4. Hire and train employees capable of providing superior customer service.

IV. Business idea

Gelateria is a typical Italian gelato shop that will provide its customers a unique European atmosphere, homemade Italian ice cream will become the location of choice for not only working adults, but for people of all ages will enjoy the special taste of artisanal Italian ice cream.

Throughout Italy, Italian gelateria are extremely popular. People from all walks-of-life regularly visit these gelateria to enjoy homemade Italian ice cream in a relaxing yet classy atmosphere. In India, many areas there're about 8 months in a year that has high temperature like summer. And people like to eat ice creams and especially young people would like to accept the western new life styles. India has the second largest population behind china, so it has huge potential consumers and markets.

Prior to startup, the Indian branch will obtain funding from GROM to cover initial startup and operating costs for the first year.

Equipments should be leased or purchased from Carpigiani Company, the liquid mixture we will import from Italy directly. Regarding other fruits and materials can be supplied by local suppliers.

We will hire personnel (one full-time and four part-time employees) from the local area and give in-house training prior to opening. All personnel have to be trained on customer service and product preparation. The one full-time employee will receive additional training on the production of the ice cream and cash register/credit card reader operations. Each employee is required to be given one-on-one evaluation and qualification by the owner prior to opening of the gelateria.

By the end of the first year, we plan to expand its employee base by hiring two to four additional employees - full-time and/or part-time. New employees must be hired from the local area and provided the same in-house training as the initial employees.

If all goes as planned, we are supposed to see a profit within the first two to three years, open gelato shops within central of main Indian cities like Mumbai, Newdelhi and Bangalore. Open additional gelato shop at a rate of two or three a year. Be a recognized chain throughout Indian within 5 years.

V. Customer Value Proposition

“Price is what you pay. Value is what you get.” – Warren Buffet

“The biggest mistake anyone can make is to focus on the competitor. You focus on the consumer and you will get it right.” – K. B. Dadiseth

Value proposition is a description of the customer problem, the solution that addresses the problem, and the value of this solution from the customer's perspective. To achieve customer success, we should deliver a particular customer value proposition to a definable market in order to exist.

How we can convince our customers to consume our product gelato? Obviously, we are not able to take a conventional approach as other companies, whose strategic thinking is usually dominated by the idea of staying ahead of the competition. Instead, we should pay little attention to matching or beating our rivals and focus on our customers' problems and need. Consequently our customer value proposition must offer a superior solution to a customers' problem, and our product must be well differentiated.

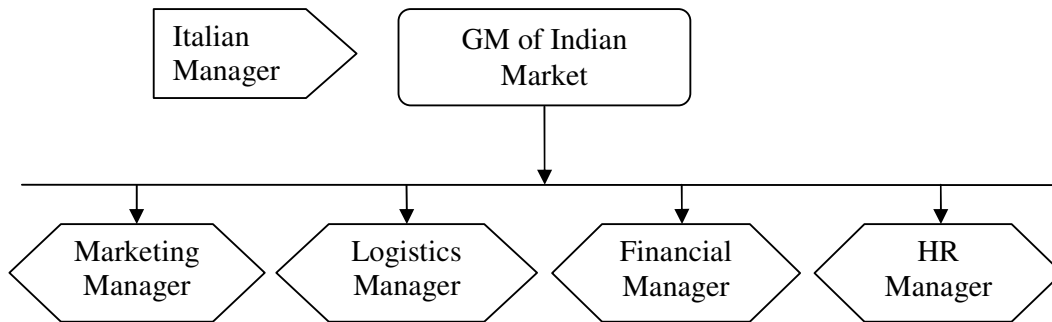
GROM is synonymous with gelato of the highest quality. The idea is to apply a principle common to all the best restaurants in the world to the production of handmade gelato: the purchase of raw materials of absolute top quality. As a result, the standards GROM carries out are extremely strict: only fresh and in-season fruit, coming from the best consortia in Italy, no colorings or additives that are not natural, Lurisia mountain water used as a base for sherbets and high-quality whole milk for the creams, organic eggs and selections of the best cocoas and coffees from central America.

Moreover, the interior of gelato bar will be decorated in a typical Italian gelato theme with round tables and chairs in the center of the room, booths around the walls, and marbled tiled floors, etc.

Consequently, people from all walks-of-life can visit our gelato bar to enjoy top quality homemade Italian gelato in a relaxing yet classy atmosphere. In addition, GROM's staff has the ability to provide first-class service to them, catering to their every need.

To always give you the best, and only the best, which is GROM is striving for.

VI. Management Team



According to the complicated India's market, it would be essential to recruit a local Indian person as the general manager, who must have abundant managerial experience, also sales and marketing experiences are required, and preferably relating to bar or shop chain.

In order to smoothly set up a branch office in India, meanwhile GROM has to send an Italian manager to assist the local Indian general manager at the beginning. Of course, before that the local Indian manager should be trained several weeks in GROM shops.

Even though the local Indian manager has significant managerial experience, he has limited experience in the marketing, logistical, financial, personnel and legal aspects of operating a business. For this sake, he will have to build up a management team to support him.

Marketing manager: promotion and advertising.

Logistics manager: transportation of raw materials.

Financial manager: maintain financial records, and provide financial guidance.

HR manager: recruitment, and providing training both startup and long-term training in-house.

As for the legal advice, it can be consulted from local law offices.

VII. MARKETING ANALYSIS.

This section contains a complete marketing analysis for Gelato market in India. It examines the markets in which Gelato plans to operate, including segmentation, pertinent factors, target market segmentation, strategies, customer groups, geographic composition, and features of its products and services. Additionally, it provides an assessment of suppliers and competitors, focusing on an in-depth supplier assessment and a competitive review, including a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. Finally, it covers Gelato marketing strategy - promotion, advertising and sales.

✚ Markets

Gelato Market is faced with an exciting opportunity of being one of the first-mover in an untapped niche market like India. As an Italian brand, Gelato will combine the products of two independent services, Gelato and Indian flavors into one location. In addition, Gelato will improve on both the products by providing homemade Italian ice cream and made-to-order Indian flavored speciality in a unique Italian atmosphere. The consistent popularity of Italian gelato has created significant market for our products in India. Combining and customizing the products, and providing a unique Italian atmosphere, will enable Gelato to tap into already hyped existing markets to develop a new niche market.

✚ Segmentation

Gelato customers are divided into two independent groups: people who consume gelato and people who can be substituted from ice cream. Surveys published recognized ice cream as one of India's comfort foods. In addition to these surveys, it's well known that children of all ages enjoy ice cream. Ice cream, an old-fashioned favorite for children, still remains an enticing treat for people of all ages, and will likely continue on in the future.

✚ Pertinent Factors

Gelato shop will be located in the heart of New Delhi, Connaught Place. New Delhi is currently experiencing an economic change, bringing people to experience more with more western world products. In 2001, the population of Delhi increased by 285,000 as a result of migration and by an additional 215,000 because of natural population growth – this made Delhi one of the fastest growing cities in the world. Over the last decade New Delhi's population grew by 2.3%. New Delhi's population is expected to continue grow at an annual rate of at least 2% for the next five years (Source: Report on Indian Urban Demography 2005).

Additionally, New Delhi's immediate population can be extended to include more 20% (National Capital Region) NCR residents, increasing the local market to possible patrons. By 2015, Delhi is expected to be the second largest agglomeration in the world after Tokyo.

Other factors Gelato market must consider when developing its strategy are major age groups within the population, average household size, and median family income. (Refer Demographic Data of New Delhi given below).

The average household size is 5.1 (Source: <http://delhiplanning.nic.in>) persons.

✚ Target Market Segment

Gelato market intent is to cater to the bulk of the population, focusing primarily on population between the ages of 25 and 55. As a by-product of this targeting, an additional 15% of the population will be targeted on two primary groups, those between 25 and 34, and those between 35 and 55 years of age.

✚ Strategies

Gelato GROM's primary strategy is differentiation; it distinguishes itself from competitors through high quality products and services. Furthermore, a focus strategy will be implemented to concentrate on a special product and the gelato market. By combining differentiation and strategies, Gelato shop will establish a competitive advantage that stimulates success and is difficult for others to imitate. Through its differentiation strategy, GROM focus on its high quality products, emphasizing the quality & originality of Italian gelato. A smartly dressed staff, ready to cater to every need, will provide top-notch service. A unique Italian decor will provide patrons a relaxing yet classy atmosphere where they can sit back & enjoy gelato of life time.

GROM gelato's strategy will concentrate on its distinctive products. It can provide regional customers high quality special product not available in India as yet, at price comparable to locally available domestic products.

✚ Customer Groups

GROM Gelato's primary customer group is working adults between the ages of 25 and 55. Within this group, GROM Gelato expects people would come in with their children when they are not working. Located on the main shopping centre in Connaught Place, GROM Gelato is in a perfect location to cater to people who are shopping or visiting Delhi's

historical monuments. People would like to come in just to get a well-deserved break from shopping and/or sightseeing, and GROM is happy to accommodate them.

Geographic Composition

Connaught Place, New Delhi, one of the biggest financial, commercial and business centers of the capital. The area of Connaught Place is made up of several circles with radial roads spreading in all directions. The inner circle – Parliament Street - is the one that interests us the most as it holds national and international banks and offices, outlets of almost all international brands present in India as well as cinemas, restaurants and bars. This area is frequently visited both by tourist coming to New Delhi and by the resident in the city. It is easily reached as there is a railway station, Rajiv Chowk metro station – one of the largest and the busiest stations in the network – with a big underground parking lot.

Features of products and Services

GROM's unique products and services have its competitive advantages. Its products, Italian ice cream and European special coffees provide customers high quality special products normally unavailable in New Delhi, with the much more comparative prices comparing with the local ones.

AGE GROUP & SEX WISE OF POPULATION OF DELHI

Age-group	Total			Rural			Urban		
	Persons	Males	Females	Persons	Males	Females	Persons	Males	Females
1	2	3	4	5	6	7	8	9	10
0-4	1377861	736982	640879	108382	58456	49926	1269479	678526	590953
5-9	1552279	829349	722930	120261	64804	55457	1432018	764545	667473
10-14	1562799	836370	726429	115059	62096	52963	1447740	774274	673466
15-19	1427979	816497	611482	96102	56303	39799	1331877	760194	571683
20-24	1426860	814606	612254	93853	53766	40087	1333007	760840	572167
25-29	1358925	744718	614207	91742	49156	42586	1267183	695562	571621
30-34	1154976	631361	523615	79518	43438	36080	1075458	587923	487535
35-39	1056030	579176	476854	68772	39007	29765	987258	540169	447089
40-44	809408	463374	346034	48821	28409	20412	760587	434965	325622
45-49	623059	350852	272207	35546	20297	15249	587513	330555	256958
50-54	448834	257327	191507	24882	14397	10485	423952	242930	181022
55-59	310671	167430	143241	17447	9128	8319	293224	158302	134922
60-64	258619	131032	127587	15551	7760	7791	243068	123272	119796
65-69	192294	95854	96440	10784	5477	5307	181510	90377	91133
70-74	132818	69553	63265	7952	4268	3684	124866	65285	59581
75-79	65097	34548	30549	3641	1934	1707	61456	32614	28842
80+	70822	35479	35343	4860	2500	2360	65962	32979	32983
Age not stated	21176	12726	8450	1554	891	663	19622	11835	7787
All ages	13850507	7607234	6243273	944727	522087	422640	12905780	7085147	5820633

Source: Census India 2001.

✚ SWOT Analysis (Strengths, weaknesses, opportunities and threats):

Strengths – GROM's distinctive competency of providing unique ice creams will provide it a competitive advantage over its local competition. As a first-mover in an untapped niche market, GROM is faced with an exciting opportunity to establish a new market by introducing new products.

Weaknesses- GROM's major organizational weakness is its lack of experience in niche market like India. In addition, probably the legal and bureaucratic obstacles can be faced during the opening of the business. Introduction of Indian flavors requires to hire local manpower and they need to be trained.

Opportunities – GROM's opportunities are incredible. As a first- mover in an untapped niche market, the opportunity for success is enormous. By introducing some Indian flavors, GROM could be on the verge of establishing an entirely new niche market.

Threats- GROM's major threats are rivalry, the threat of substitution, and the threat of new entrants. As discussed earlier, the current threat of rivalry is minimal. Local competition is either focused on a common organizational strength, different from GROM's, or a distinctive competency that only focuses on one of GROM's products. The threat of substitution and the threat of new entrants will probably increase once this new niche market is established. But, by the time these threats occur, GROM will have already established itself by providing high quality products and services that is difficult for others to imitate.

✚ Market research - Why?

No matter how wonderful your product and your service are, the venture cannot succeed without effective marketing. And this begins with careful, systematic research. It is pretty dangerous to assume that we already know about the intended market. The business planning process is an opportunity to uncover data and to question the marketing efforts.

✚ Market research - How?

There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies. Primary research means gathering your own data. Since professional market research is very costly the research in this plan is based on mostly secondary research and some parts of this are based on primary research.

Economics

Defining the total size of the market:

India's market: General overview

Economic Overview³

India's economic growth slowed slightly in the last financial year, but remained the second fastest growing economy among the world's twenty largest economies.

- Restaurant & Hotel⁴, trade, transport and communication, the largest component of GDP, rose 13.2% following a 12.9% rise.
- The second largest component, agriculture, slowed a bit to 3.4% from 5.5%, which was the fastest growth in two years.
- Manufacturing rose 11.3%, construction rose 9.5%, utilities rose 5.4%, and financial services rose 8.9%.
- The construction industry is booming as the government invests in infrastructure improvement and expansion.
- Strong economic growth, record credit growth, high oil and commodity prices and stout consumer spending have led to a 150 basis point increase in the central bank's key reverse repo rate to 6.0% since October 2004.

INDICATORS	200102	2002-03	2003-04	2004-05	2005-06	2006-07
GDP(at current prices, US\$ bn)	478.3	506.1	600.7	694.7	797.6e	880.3 f
GDP Growth (at constant prices, %)	5.8	3.8	8.5	7.5	8.4e	8.0**
Agriculture	6.2	-6.9	10.0	0.7	3.9 e	-
Industry	2.7	7.0	7.6	8.6	8.8 e	-
Services	7.1	7.3	8.2	9.9	10.1 e	-

Source: Indian Chamber of Commerce 2007 report

Sectoral Share in GDP (%)					
Agriculture	23.2	20.8	21.0	19.6	19.0
Industry	25.5	26.7	26.4	27.3	27.4
Services	51.2	52.6	52.5	53.2	53.6

³ AT Kearney report on India growing.

⁴ The industry that GROM is targeting

The above table suggests that of the 880.3 bn US\$ industry services industry has a sectoral share of 53.6%. Since the Industry GROM is targeting is in the service industry the sector which we are targeting is worth 471 US\$ bn. The table below shows the calculation.

Size of services industry in GDP	53.60%
Total GDP(US \$ Bn)	880.3
Size of broad market	471.8408

Current demand in target market

Within the target market the demand for various kinds of products exists. However for the product being targeted by GROM is gelato. Depending on latest surveys growth in tourism has led to a boom in hotels and restaurants. In the last two peak seasons of 2003-04 and 2004-2005, there was real demand for quality ice creams & gelato in the major cities and tourist destinations. This is already resulting in a high level of activity in investment of restaurants with ice cream bars and ice cream parlors by many local & multinational brands resulting in boom in the restaurant sector.

Growth potential and opportunity for a business of Small & Medium size

GROM Srl. is a small sized company. They are trying to establish its market in different parts of the world, it is not really in a position to take charge of the whole market spoken of above. Thus the growth potential and opportunity are both huge for the company.

Since the company has only about 50-75 workers in operations the company has the capacity to undertake only a part of their disposable to invest in new market. At a given point of time in the company can take only a portion of this part. It is always good (according to standard economic theories) to not function at 100% of the total capacity. Hence the scope for improvement would be only about 10-15% on the whole. This mathematics translates into an increase of only 1-2 new investments in new locations at one given point of time. Consequently the growth potential here is more than the need and capacity of the company unless there are plans for expansion.

VIII. Competitors' Analysis

As the research that we have carried out, the indirect competitors of GROM Shop may be the biggest producers of commercially manufactured ice-cream which is very popular among Indians. Regarding the direct competitors, they are two ice-cream parlor chains in the centre of New Delhi.

✚ Indirect competitors

There are four main Indian producers of industrial ice cream: Amul, Kwality Wall's, Vadilal and Mother Dairy. Amul is the market leader in this frozen category with a 27 per cent share. It is followed by Kwality-Wall's at 8 per cent, Vadilal and Mother Dairy, Delhi at 7 per cent each. Companies' description:

Amul

Every day Amul collects 447,000 litres of milk from 2.12 million farmers, converts the milk into branded, packaged products, and delivers goods worth Rs 60 million to over 500,000 retail outlets across India through its network of over 3,500 distributors.

The history of the Amul goes back to 1946 when a group of farmers keen to free themselves from intermediaries, access the markets and thereby ensure maximum returns for their efforts decided to found the company. At the time Amul was formed, consumers had limited purchasing power, and modest consumption levels of milk and other dairy products. Thus Amul adopted a low-cost price strategy to make its products affordable and attractive to consumers by guaranteeing them value for money.

The network follows an umbrella branding strategy. Amul is the common brand for most product categories produced by various unions: liquid milk, milk powders, butter, ghee, cheese, cocoa products, sweets, ice-cream and condensed milk. From the beginning, it was recognized that the unions' core activity lays in milk processing and the production of dairy products. Accordingly, marketing efforts (including brand development) were assumed by GCMMF (Gujarat Cooperative Milk Marketing Federation). All other activities were entrusted to third parties. These include logistics of milk collection, distribution of dairy products, sale of products through dealers and retail stores, provision of animal feed, and veterinary services.

The weakness of Amul may be the fact that the company is producing a variety of dairy products not focusing on any of them. Thus ice-cream production is not the main business of Amul.

Kwality Wall's

The brand Kwality ice-creams which was one of the first ice-cream brand of India came into existence in 1940. In 1956, the brand which was a local brand began to spread its wings. In 1995, Kwality Icecreams came into HLL's fold and is now marketed as Kwality Wall's.

When Amul entered the ice-cream market with a low price that changed the entire dynamics of the game, Kwality Wall's could not sustain the price competition and withdrew from the mass market.

Kwality Wall's has some of the blockbuster product varieties up in its fold like the Cornetto, Feast, Viennetta. But they could not sustain because the same was imitated by the competitors. Cornetto became a generic name but HLL could not capitalize on that popularity.

Amul took the life out of Kwality by positioning itself as "The Real Icecream" since Kwality is mainly made of vegetable oils and from those times Kwality Wall's has faced positioning issues. The recent tagline of Kwality Wall's is "Pleasure Up" which could be mistaken for a tagline for an Aphrodisiac. The advertisements also could not be viewed with family.

Poor advertising is obviously a barrier for the company now. Kwality Wall's should be positioning itself as family brand with quality and variety as its major strength's. There is also a space for a sub-brand in the youth category. The task is to create an excitement in the market with promotions and new product introductions. But Kwality Wall's is wasting its money in positioning itself as a "sexy" brand.

Mother Dairy

Mother Dairy was set up by the National Dairy Development Board under Operation Flood in 1974, to overcome Delhi's severe milk shortage. Today, far from being the capital's biggest milk supplier, the wholly-owned NDDDB co-operative is the third-largest dairy player in the country (after Amul and Nestle) with a well-diversified product portfolio – not only a range of milk-based products, but also edible oils, frozen vegetables and fruit juices.

For the first 22 years of its existence, liquid milk was the only dairy product that Mother Dairy offered. It was in 1996 that it came up with ice-creams.

While the product portfolio has been growing, Mother Dairy has plans for reach out to newer markets. Two years ago that Mother Dairy entered its

first ice-cream market outside Delhi - UP and Punjab. Today, it's extended its operation to Haryana, Jaipur, Mumbai and Kolkata as well. Next year, it plans to go south to Hyderabad and Bangalore.

While Mother Dairy still may not have a product portfolio as large as Amul, which is also expanding across the country in a big way and is a much bigger player, it's doing its bit. The idea is not just to enter new markets, but also to do well in those markets - which means bigger market shares in the different product categories in whichever market it is present. According to Paul Thachil, CEO, Mother Dairy India Ltd., Mother Dairy doesn't have a 60 per cent market share in ice-creams in Delhi not by chance. The differentiation for the consumer comes in taste and quality. More Indianised flavors have done exceptionally well, something that the company has constantly focused on. Apparently, Mother Dairy's best-seller in take-home ice-creams is not the regular Sundae, Jamaican Almond Fudge or Hazelnut Swirl, but an Indianised Sundae called Shahi Mewa Malai.

Vadilal

Vadilal Industries Ltd is the flagship company of Vadilal Group. It is a public limited company listed on India's major Stock Exchanges. Vadilal is a provider of ice-creams, food processing, specialty gases and real estate services in India. The ice-cream services franchise was evolved over 95 years ago, when its founders started manufacturing ice-cream with the conventional hand cranked machine. The food services business is currently in diversified businesses with major interests that still include ice-creams and food processing.

The company claims to have the largest range of ice-creams in India – more than 120 flavors – in a variety of over 250 packs and forms including cones, candies, bars, ice-lollies, small cups, big cups, family packs, and economy packs. Among the most popular kinds of Vadilal ice-cream is Kulfi – traditional Indian milk sweet. Some of Vadilal products are a combination with confectioneries. Vadilal Group have also set up a chain of Happiness Parlors – ‘ice-cream boutiques’ as they also call them. Vadilal has two ultra modern ice-cream manufacturing plants with the latest manufacturing equipments including automated cone-filling, candy-making, cup manufacturing and filling machines, hardening tunnels, computerized continuous freezers, and machines to produce biscuit-cones.

With so many players in the industrial ice-cream market with little differentiation, the market is facing the issue of commoditization. Flavor, taste, quality and branding are the major differentiation opportunities in this industry. Flavor and product varieties were the route taken by major

players. But flavors/varieties can be easily replicated by the competitors. Hence the only meaningful differentiation could be the brand.

✚ Direct competitors

As central location in the heart of big cities, preferably capitals and tourists destinations, is one of the most important conditions for a GROM Gelato Shop to be opened, we have limited the research to the Kailash district in New Delhi. The most popular ice-cream parlors that can be found in this area are Kasa Gelato and Gelato Vittorio.

Ice-cream shops' description:

Kasa Gelato

Kasa Gelato launched in summer 2004 was one of the first Italian ice-cream places in Delhi and it is owned by the famous Kasbah restaurateurs. The place offers a variety of ice-creams and sorbets in different flavors. The Belgian Dark Chocolate ice-cream is a personal favorite and undoubtedly the best ice-cream on their menu. The choc-chip ice-cream, Vanilla and fruit flavors are also popular amongst the regulars. The ice-creams in Kasa Gelato are quite expensive comparing to those of commercial manufacturers like Kwality Wall's or Mother Dairy, etc. A scoop of Kasa Gelato ice-cream can cost between Rs.60-120. The sorbets are much more affordable and one scoop cost between Rs. 30-50.

Gelato Vittorio

Having done extensive research on the subject of gelato business, the owner of Gelato Vittorio, fashion designer Vijay Arora has participated in specialized fairs in Italy and has even taken gelato making courses in Bologna, Italy.

Arora has launched Delhi's first Gelateria or Gelato Parlour on **5th May, 2005** at the very center of New Delhi, M Block market, Greater Kailash I. The response has been overwhelming as customers identify this product as a new, superior level of frozen dessert in terms of quality and range of flavors that New Delhi has never seen before. Today Gelato Vittorio is already supplying to the most famous restaurants of New Delhi like Diva, Olive and so on. The price of gelato at the parlor is quite reasonable.

Both of the gelato parlours chains are very popular both among the Indians and the tourists arriving in the center of New Delhi for various purposes. It is however said that Kasa Gelato is nowadays having problems which have reduced its revenues.

IX. Competitive Advantage

It should be above all said that the main characteristic feature of the business we are going to develop in India is its uniqueness. Out of this may arise at least three competitive advantages of GROM Gelato Shop to be opened in New Delhi.

Unlike other few gelato parlors already operating in New Delhi, GROM Gelato Shop is the only one owned by *Italian* citizens. Apart from being a strong promotional point this fact implies not only that the homemade gelato is produced according to the authentic Italian recipe, but that every detail of the project regarding both the production process, the shop design, the service, etc. is typically Italian.

Based upon the above mentioned point we are coming to the second advantage: the healthy nature of the product sold in GROM Gelato Shop. Italian life style which also apart from fashion trends also means the alimentary products consumed is famous all over the world being a standard to reach by many. Speaking about gelato it should be underlined that it is less fat than, for instance, ice-cream or many other desserts meaning that it is much healthier (while ordinary ice-cream has 18 % of butter fat, gelato contains 4-8 % of fat).

The last advantage is the high quality of the product. As it has already been said before, to produce top quality gelato the company doesn't rely on suppliers of Italian fruits and prefers to use the organic fruits (like peaches, apricots, pears, strawberries and melons) cultivated in their own farm Mura. The particular fruits that cannot be raised in Italy are purchased from respected agro-industrial associations and not from the general fruit markets of the cities where the gelato shops are located. The liquid mix on which the gelato is based is controlled by a team of experts and is delivered to GROM Gelato Shops 3 times a week like it was fresh milk.

X. Development plan, operations, timetable and milestones

GROM Srl is going to open a Gelato Shop in Connaught Place, New Delhi, one of the biggest financial, commercial and business centers of the capital. The area of Connaught Place is made up of several circles with radial roads spreading in all directions. The inner circle – Parliament Street - is the one that interests us the most as it holds national and international banks and offices, outlets of almost all international brands present in India as well as cinemas, restaurants and bars. This area is frequently visited both by tourist coming to New Delhi and by the people resident in the city. It can be easy reached as there is a railway station, Rajiv Chowk metro station – one of the largest and the busiest stations in the network – and a big underground parking lot.

(this paragraph is almost the same as somewhere, hope you could amend it)

New Delhi municipal council is planning to improve the conditions of roads, walkways, parking spaces as well as enhance the structural stability of all buildings in the area.

The duration of this overall plan of activities is 7 months starting from September 1, 2009. Thus we'd like to finish the preparation activities and open the business before the summer period which in Delhi region starts from April and finishes in October.

Administrative management:

- Finding a place to rent
- Rental contracts drafting and signature
- Documents collection
- Presentation of the documents to the Reserve Bank of India
- Approval of the Reserve Bank of India

Project title: GROM Gelato Shop		Country: Republic of India																									
Planning period: 11/2009 – 03/2010		Prepared on: 20.06.2009																									
#	MAIN ACTIVITIES	TIME FRAME																									
		Implementation phase (weeks)																									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
1	Administrative Management																										
	Rental contracts drafting and signature	*	*	*	*	*	*																				
	Documents collection	*	*	*	*																						
	Presentation of the documents to the Reserve Bank of India					*	*																				
	Approval of the Reserve Bank of India							*				*	*	*													
2	Cafe decoration activities																										
	Selection of construction firm	*	*	*																							
	Drafting of design				*	*	*																				
	Contract discussion and signature											*	*														
	Repair works													*	*	*	*	*									
	Machinery selection						*	*				*															
	Contract with suppliers											*	*	*													
	Machinery delivery														*	*	*	*									
	Machinery assembly																		*	*	*						
	Machinery test run																		*	*		*					
	Utilities hook up																										
	Power hook up contract				*	*	*	*				*	*														
	Water/gas hook up contract				*	*	*	*				*	*														
	Phone and ADSL contract													*	*	*											
Office appliances selection, delivery and assembly																			*	*	*	*					
3	Personnel and staff																										
	Job profile drafting					*	*																				
	Search of staff											*	*	*	*	*	*										
	Contract preparation																	*	*	*							
	Staff training																							*	*	*	
4	Internal procedure organization																										
	Personnel procedures drafting				*	*	*																				
	Discipline procedure drafting				*	*	*																				
	Accounting system set up					*	*					*	*	*													
	Payment system set up											*	*	*	*												

Weeks marked with blue colors' are holidays.



XI. Marketing Strategy

GROM gelato primary strategy is differentiation; it will distinguish itself from competitors through high quality products and service. But, to successfully implement its differentiation strategy it must effectively utilize promotion and advertising, and come up with a successful sales strategy.

Promotion and Advertising: Promotion includes advertising and direct customer interaction. Good salesmanship will be essential for GROM Gelato, and its staff will utilize direct customer interaction at its shop as much as possible once a customer enters the establishment. Advertising on the other hand will require a more in-depth review. Advertising is an investment in your businesses future that can provide large audiences information about products and service your business can provide. To effectively utilize advertising, GROM will evaluate the different types of advertising available and select options to fit its specific needs. Some of the most common types of advertising are listed below:

- Newspaper advertisements are relatively inexpensive and provide local businesses an opportunity to reach a large audience within their local community.

- Magazine advertisements are generally more expensive, than newspaper advertisements, and are normally utilized by larger businesses for national advertisement campaigns.

- Radio advertisements are generally inexpensive and reach a large audience within the local area.

- Television advertisements are considered to be the most effective way to advertise, but they are also the most expensive. Television advertisements are usually employed by large businesses that want to reach an extended audience.

- Telephone Book (Yellow pages) advertising is another relatively inexpensive way for local businesses to reach patrons within the local community.

- Outdoor advertising is one of the most misunderstood forms of advertisement. Most people think only of billboards when they think about outdoor advertisements, but outdoor advertisements can also include benches, poster, signs on vehicles (buses, taxicabs, trains, subways, etc.). Outdoor advertising is relatively inexpensive and can reach a very large audience within the local area.

- Special advertising is another inexpensive form of advertising. It includes giveaways, where the business gives away pens, pencils, button, calendars, refrigerator magnets, anything else for promotion. Many businesses find this type of advertising to be very inexpensive and use it extensively.

- Signage can also be utilized as a type of advertisement. For many businesses the most cost effective way to advertise is through the use of on-premise signage. Signs provide potential customers information about your business before they walk in, creating awareness for the products and service your business can provide.

GROM will primarily utilize signage, outdoor advertising, and special advertising. In addition, telephone book, newspaper, and radio advertisements is about to be used on an as-needed basis when additional advertising is required. Television and magazine advertisements are not currently planned.

XII. Financial Plan

The financial plan consists of a 12-month profit and loss projection, a four-year profit and loss projection, a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of the company's financial future.

✚ 12-Month Profit and Loss Projection

This is where one can put everything together in numbers and get an idea of what it will take to make a profit and be successful. Sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year. The excel sheet shows the total revenue obtained from sales minus the cost of production as the gross profit. From this gross profit all other indirect expenses are reduced to obtain the net profit. The **biggest assumption** made here is that 33% is the production cost and that the cost of buildings and its construction would have to be paid over a 20 year period. The figures of revenue are different from the sales forecast sheet because the earlier sheet is to predict revenues for the direct sales mode where as the 12 month profit and loss projection has been done in case operations take place in New Delhi. The tax and duties as a whole have been calculated at 15%. Based on the costs derived from the start up expenses sheet averaged for every year expenses are fed into the sheet and in the first year we see that the total net profit is negative (-20,986 euros). In case GROM Srl. can sell more products than predicted as per the marketing plan it can show a net profit in the first year itself. Detailed calculations have been provided in the excel file attached.

✚ Projected Cash Flow

The point of the cash flow worksheet is to plan how much is needed before startup, for preliminary expenses, operating expenses, and reserves.

The cash-flow projection is just a forward look at your checking account. For each item, it is determined when actually it is expected for the cash to be received (for sales) or when a check will have to be written (for expense). Cash outlays prior to opening in a pre-startup column should also be factored in. The cash flow will also show whether the working capital is adequate. Clearly, if the projected cash balance ever goes negative, more start-up capital will be required. This plan will also predict just when and how much borrowing is required.

🚧 Break-Even Analysis

A break-even analysis predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

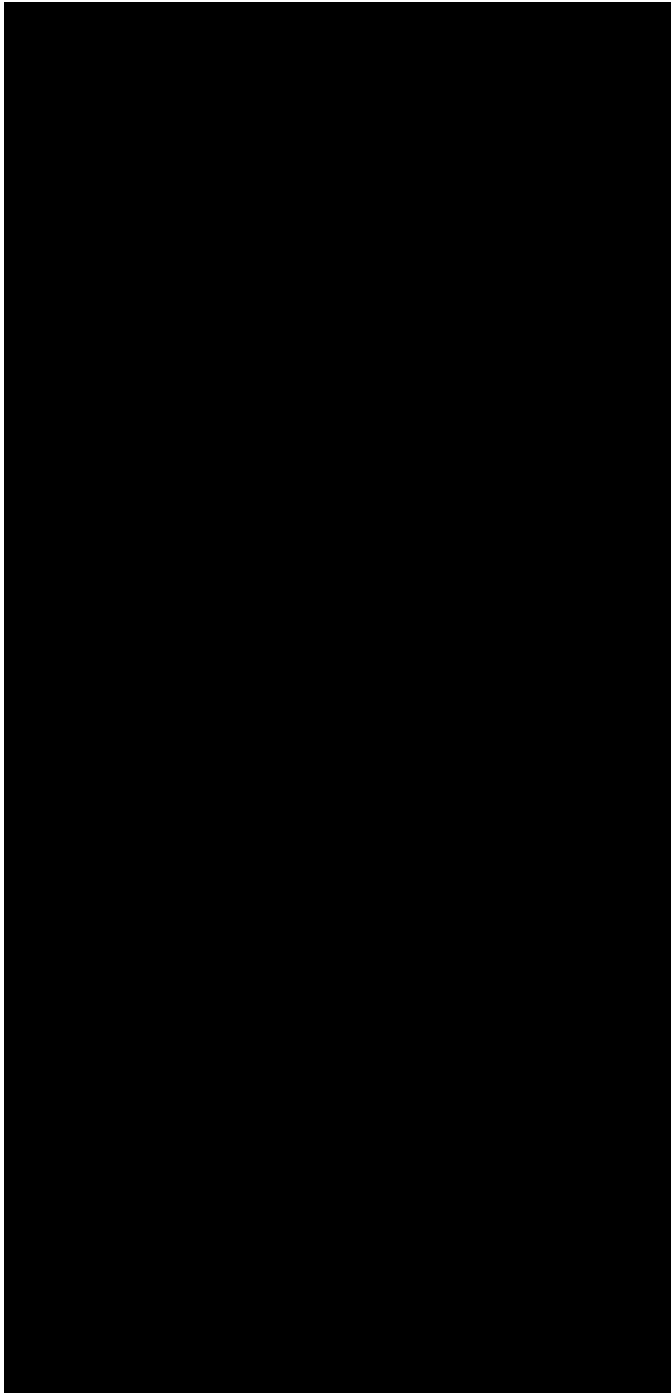
Expressed as a formula, break-even is:

$$\text{Break-Even Sales} = \frac{\text{Fixed Costs}}{1 - \text{Variable Costs}}$$

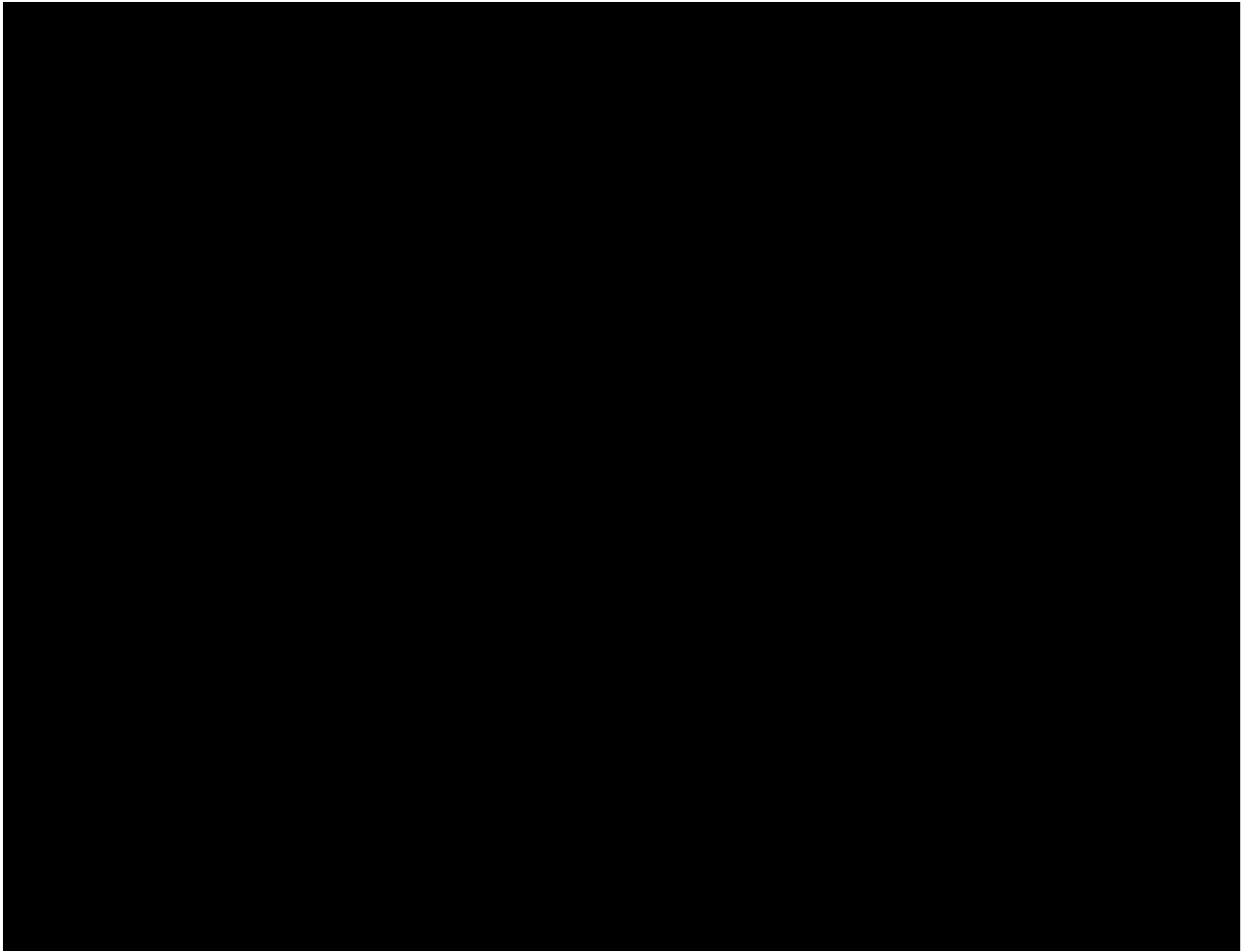
According to the break-even analysis we can see that the dividing line between operating loss and profit is at -200. Thus in the first year there is no possibility of break even. Hence with 1% increase in output would mean 2% reduction in operating losses.

Calculations in more detail are available in appendix 1-2.

Appendix 1



Appendix 2



Ingredients

Creme

- Latte fresco intero
- Zucchero di canna bianco (saccarosio)
- Zucchero d'uva (destrosio)
- Farina di carruba

e, a seconda dei gusti

- Cioccolato Venezuela
- Panna
- Tuorlo di uova biologiche
- Torrone di Nocciolo (allume, miele, castie, nocciole delle Langhe)
- Cacao in polvere
- Mascarpone (gusto Tiramisù)
- Vaniglia del Madagascar Bourbon in baccelli
- Caffè espresso Guatemala Genuina Antigua o Torro Alto di Huehuetenango con San Pedro Necta
- Pasta di meliga di Battifollo (burro, farina di mais, uova, lievito, miele)
- Farina di guar
- Latte condensato
- Scorza di limone biologico
- Noci di Sorrento e Cileno
- Marsala Baglio Florio
- Latte caramellato o "Dulche de Leche" (latte, sciroppo di glucosio, zucchero)
- Canditi di cedro, limone e arancia (gusto cassata siciliana)
- Mandorle di Sicilia o di Provenza
- Nocciola Fonda Gentile delle Langhe
- Pistacchio Smeraldo di Bronte o Siriano
- Latte magro in polvere della Bretagna
- Sherry Pedro Ximenez "Bodega Albala"
- Marrons Glacés
- Polvere di liquirizia di Calabria "Amarelli"
- Burro
- Tè verde Mat-cha grade Fraki
- Ricotta di pecora fresca (gusto cassata Siciliana)
- Marmellata di marroni (marroni, zucchero, vaniglia)
- Cannella
- Zenzero
- Yogurt intero

Frutta

- Frutta fresca di stagione
- Acqua di montagna di Lurisia
- Zucchero di canna bianco (saccarosio)
- Farina di carruba

e, a seconda delle stagioni

- Limone spumato di Amalfi o di Sicilia
- Fragole
- Lamponi
- Mirtilli
- Pere Williams, Docana o Martin Sec
- Pesche
- Meloni
- Polpa di cocco
- Miele Granny Smith
- Fichi
- Polpa di Albicocca
- Cachi
- Mandarini di Sicilia
- Angurie

Granite

- Frutta fresca di stagione
- Acqua di montagna di Lurisia
- Zucchero di canna bianco (saccarosio)
- Limone spumato di Amalfi
- Mandorle di Sicilia o di Provenza
- Caffè espresso Guatemala Genuina Antigua o Torro Alto di Huehuetenango

Cioccolata calda

- Latte fresco intero
- Cioccolato Venezuela
- Panna (cioccolata al latte)
- Zucchero di canna bianco (saccarosio)
- Nocciola Fonda Gentile delle Langhe (cioccolata gianduja)

La gelateria Geom garantisce ai propri clienti, così come esposto nel presente castello degli ingredienti, l'assoluta assenza nei gelati di nostra produzione dei seguenti additivi: emulsionanti (meno e di gliceridi, lecitina di soia), addensanti non naturali (carragenina, alginato di sodio), coloranti, aromi, conservanti.

Nutritional information

cone or small cup 100g



GELATO			
	da	a	
calories	180	240	Kcal
protein	5	8	g
total fats	8	12	g
of which: saturated fats	6	9	g
of which: colesterol	30	40	mg
carbohydrates	16	24	g
of which: sugars	16	24	g
fibre	0	2	g
sodium	40	80	mg
vit A	0	10	%
vit C	0	10	%



SORBETS			
	da	a	
calories	110	120	Kcal
protein		0	g
fats		0	g
of which: saturated fats		0	g
of which: colesterol		0	mg
carbohydrates	26	34	g
of which: sugars	26	34	g
fibre	1	3	g
sodium	0	4	mg
vit A	5	20	%
vit C	10	35	%

G R O M
IL GELATO COME UNA VOLTA

Location of existing GROM shops



Some images of GROM shops

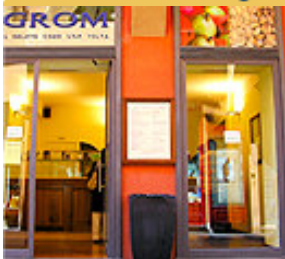
Turin - Via Accademia delle Scienze



Bergamo - Viale Papa Giovanni XXIII



Bologna - Via D'Azeglio



Genoa - Via San Vincenzo



Mestre - Via Palazzo



Milan - Via A. da Giussano



Padua - Via Roma



Tokyo - Shinjuku Marui - Honkan

