



Indian Institute of Management Kozhikode

Case Study

IIMK/CS/135/MM/2020/22

March 2020

Re-launch of Parle Rol-a-Cola: Would Nostalgia Work?

Atanu Adhikari¹

¹Professor, Marketing Management, Indian Institute of Management, Kozhikode, IIMK Campus PO, Kunnamangalam, Kozhikode, Kerala 673570, India; Email:atanu.adhikari@iimk.ac.in, Phone Number (+91)495 – 2809241

It was early summer of 2019. Parle Products was in the process of relaunching Rol-a-Cola, its iconic hard boiled coin size candy that was a favorite to Indian young consumers until the time it was discontinued by the company in 2006. On 14 February 2019, the valentine's day, a young man named Siddharth Sai's tweeted to Parle Products on social media networks with the hashtag *#BringBackRolaCola*. *@ssaig Dear PARLE. Bring this back*. Parle replied to the tweet saying, *"If all you need is Rol a Cola, then all we need is 10k retweets. #BringBackRolaCola."* Soon, the tweet went viral and was retweeted making around 7.11 lakh impressions in social media times. The company soon announced the return of Rola Cola.

While Parle had much to be happy from retweets, the company knew that success of Rola-Cola is still far to achieve. Was nostalgia the right way to regain market for Rol-a-Cola? Experts were divided on this. Some said that Rol-a-Cola had been a very strong brand as the product was a Rs.2 supplement of Rs. 10 Coca-Cola bottle and had very high degree of appeal among the youth and kids during its time. Others said that even though a strong influence, nostalgia alone won't ensure product's sale. They opined that Liril, the famous soap brand for instance, which was built on strong advertising communication and was a highly nostalgic brand, failed to make an impact on its return to the market years later. The advertising jingle and bathing of Liril girl appealed at its time to the housewives for whom a shower was the only time off she had from her dull chores. This is not the sentiment today's women share.

In less than 130 days Parle had to launch Rol-a-Cola in the market. This was perhaps the first time in the history of marketing that a brand had been brought back purely due to consumer demand on social media. Parle had set a very high hope on Rol-a-Cola. It expected Rol-a-Cola candy to clock sales of ₹100 crore, projecting for 10% of its overall turnover in the first 12 months of relaunching the brand in India.

Market information revealed that Rol-a-Cola used to appeal to youths previously. While targeting youths may be a focussed strategy, some wondered if the full potential could be realized if it were sold to only youth. Besides consumers who are already familiar with the brand, should the company focus on adding new consumers who are not familiar with it? Parle would also have to decide how they would position Rol-a-Cola to new customers - as a replacement of Coca-Cola or should they go for youthful positioning. Company also needs to decide on the unique selling proposition of the brand based on their positioning strategy. Parle knew that given that Indian consumers' taste, preferences and lifestyle have changed significantly and so the competitive landscape, there was much uncertainty of success of the product if the right strategy was not implemented.

Company Background

Parle has a turnover of about Rs 1000 billion, out of which approximately three-fourth came from the biscuits segment. The biggest category after biscuits for Parle was confectionery. Confectionery vertical contributes around 13-15% of the entire business of Parle. Parle was the producer of Parle-G, one of the most beloved glucose biscuits of Indian kids and youths, and also had some top candy brands like Kismi Bar, Poppins and Mango Bite in the market. Parle's Poppins (Exhibit 2), the pellet-like toffees that had been around since the 1950s was extremely popular and brought the entire generation towards candy. Analysts opined that Parle was facing challenges from shrinking glucose biscuit sub-category where they were the dominant player. Hence, relaunching Rol-a-Cola to capture the lost market using the brand's nostalgia may be a good strategy, the company thought.

Background - Rise and Fall¹

When Coca-Cola returned to India in 1993 Pepsi, and Thums Up were two of its nearest competitors. In the blind spot of cola war Parle Products, the Mumbai-based confectionery and biscuit maker introduced *Rol a Cola* — a packet of 10 hard boiled that taste just like cola and melts in mouth in minutes. The price of the pack was just Rs 2. The brand was primarily targeted to youngsters, but it was also a favourite among kids. Krishna Rao, Senior Category Head – Marketing of Parle Products said,

The idea was to offer an option to the soft-drink lover to buy Rol a Cola for Rs 2 instead of spending Rs 10 on a bottle of Cola every time. Cola lovers were mostly youngsters who were born in the 70s and 80s. We were happy that the product was taken up well by the kids as well

Rol a Cola was the amalgamation of this 'Coca-Cola' and Poppins generations. Hence, Rol a Cola was equally sought after brands by the Indian youths. It was wrapped in a bright red and black cylindrical packet (Exhibit 1) , the coin-sized candy was on the idea that one could eat Coca-Cola instead of drinking it. Marketed as a hybrid product, Parle's 'thirst quencher' sweet was an affordable alternative to the soft drink and provided satisfying cola flavour for those born in the 70s and early 80s. Rol a Cola wasn't just a callback to the experience of drinking Coke and Pepsi, but also identified the merit of selling nostalgia. Ad-veteran Prahlad Kakkar said,

¹ <https://theprint.in/features/brandma/rola-cola-is-back-thanks-to-the-power-of-nostalgia-social-media-and-a-sweet-price-point/300647/>

Old memories always induce nostalgia. Parle cashed in on the nation's craze for Coca-Cola and the nostalgic value of brand Poppins. It devised Rol a Cola – a cross of both – the taste of Coca-Cola in the form of Poppins

Rol-a-Cola went out of the market in 2006

Until 2004, there were several unorganised players in the field of candy, but soon consolidation started taking place. Chennai-based Murugappa group's Parry's Confectionery was bought over by Korea's leading brand, Lotte India. In June 2006, Godrej Foods & Beverages Limited acquired Nutrine Confectionery Company, the maker of Maha Lacto. Rol-a-Cola couldn't survive amidst strong competition in the confectionery market and as MNCs pitched in through large acquisitions. Following these acquisitions, Indian consumers got several other candy options with new shapes, textures and flavours. The market for Rola Cola declined in 2006, and the company was not able to get breakeven volume. Consequently carried out a product rationalisation process in 2006 and discontinued the hard-boiled candy with cola flavour. Rao said,

The brand was doing quite well until 2006. But when we re-evaluated our growth plans, the volumes were not justified and we decided to discontinue the product.

While the product remained available in international markets like Ghana, Ethiopia, Kenya and a few Middle Eastern countries — Indians had to make do without their favourite soft drink candy roll.

Candi Brands during the absence of Rol-a-Cola

There were three major brands in the market. During the time of Rol-a-Cola, Parle Products also had Poppins in the market which Parle continued selling even today. Poppins was a roll of bright colourful hard-boiled candies in a striped wrapper². The wrapper quality was abysmal, which often meant ripping open the roll with your teeth and biting a bit of the paper.

POLO, the mint roll was launched in India in 1993 by Nestle³. Popularly known as *The Mint with the Hole*, consumers found it as the perfect balance of sweet and mint. Hence, it soon became an iconic candy brand in India. Polos were usually sold in individual packs of 23 mints, which measured about 10 cm tall. The tube of Polos was tightly wrapped with aluminium foil backed paper. A green and blue paper wrapper, with the word 'POLO', binds the foil wrapper,

² <https://www.livemint.com/Sundayapp/XYxhzYjtokHvTun12vIL7M/Iconic-brands-that-shaped-India.html>

³ <https://www.nestle.in/brands/polo>

with the Os in 'Polo' represented by images of the sweet. For the spearmint flavour, the paper wrapper was turquoise in colour, and the extra strong flavour was in a black paper wrapper.⁴

Mentos is sold in more than 130 countries worldwide by the Italian corporation Perfetti Van Melle⁵. Mentos began its journey in India in 1999 with positioning the candy as "The Freshmaker." Subsequently in 2003, it got an Indianized tagline of "*Dimaag ki Batti Jala de*" based on its positioning of 'smart thinking'. This line has become a part of local lingo amongst young people. A large part of Mentos' success was attributed to its advertising, which was funny, exaggerated and immensely memorable. Mentos was available in flavours such as mint, strawberry, orange, watermelon and lime.

Indian Confectionery market⁶

The Indian Confectionery market was one of the fastest growing in the world with a strong revenue of USD 11.56 billion in 2019. The market was expected to grow annually by 6.7% (CAGR 2019-23). The boiled candy market was expected to grow at 12% CAGR. The average volume per person in the Confectionery segment amounts to 2.3 kg in 2019. India ranks in the top 10 countries of the world in terms of revenue generation in this industry. In weight, the entire confectionery market is roughly about 4 lakh tonnes per annum while growing at a rate of 12%. Within that hard-boiled candies constitutes a major chunk with almost 35% contribution. Almost to the skew of about 1,20,000 tonnes per annum⁷. Confectionery contributes about 15% of Parle's total business with diverse distribution networks in Tier 2 and Tier 3 towns and rural regions. Making consumer demand a priority, Parle Products relaunched Rol-a-Cola product after 13 years.

Major players in the Candy category were both domestic and multinational players. Multinational players such as Mondelez, Nestle, Ferrero, Mars India & Lotte as well as large domestic players such as Amul, Parle, ITC & Candico had a well-entrenched presence in the Indian confectionery market.

Over the past few years, the number of nuclear families has increased and so has the number of working couples resulting in the rapid rise of disposable income. This has increased the affordability of confectionery products and consequently demand for premium products. Consumers' preference in gifting confectionery items was also increasing as many are shifting

⁴ "Polos – The Mint with the Hole". *BBC*, https://h2g2.com/edited_entry/A3073655

⁵ <https://www.mentosindia.com/history-mentos-india>

⁶ Indian Confectionery Market by Anchal Gupta and Radhika Mallick, Indian Confectionery Industry Report v-2, accessed on 20th March 2020

⁷ <http://www.socialsamosa.com/2020/01/case-study-parle-rola-cola-return/>

from mithai to chocolate. Hence, there was enough room for innovation in chocolates and candies, as the market was primarily dominated by a few selective players and products.

There is also a major demographic shift in India. About 70% of the population were below 35 years of age with 50% below 25 years. As a big chunk of the population moves to the working population bracket, their disposable income increases drastically resulting in spending on lifestyle goods.

Parle's Marketing Communication

Parle Products had about 29% market-share in biscuit segment, 1% less than their nearest competitor Britannia which has 30% market share Parle-G, the famous glucose biscuit had more than 90% share in its category. The other two players in the segment were Britannia which has Tiger Biscuits and ITC which has Sunfeast Glucose with market share about 3%-4%⁸.

Parle spent almost about 8% of their sales on Advertising and marketing in a year. Company's media mix majorly comprises Television which was 80% of the spending and Digital was about 7%. While many were in opinion that TV commercial was the most effective way to The company believed that low cost data and smart phones would become major factors contributing to the success of digital marketing, giving massive exposure to various social media platforms like Twitter, Instagram, Facebook and Youtube videos and hence was looking at spending more on Digital marketing.

Relaunching of Rol-A-Cola

Parle was planning to relaunch Rol-a-Cola on 1st October 2020, after 13 years since they left Indian market. Company believed that Rol-a-Cola contained a splash of sentiment in addition to its listed ingredients. They thought social media had a far reaching effect and the company wanted to keep the price of the new product affordable alongwith the memorable return stories of the year.

Parle had set a high target for the Rol-a-Cola candy. It hoped to get around Rs. 1 billion sales of Rol-a-Cola in a year. This meant that it would be adding around 10 per cent to the overall turnover of the company. Parle Products Senior Category Head Marketing Krishna Rao said,

A brand comeback based on consumer demand using social media interaction as a platform is a very significant one in the marketing of Parle Products...In the short term we should be able to achieve a number of around 200 tonnes a month of sales (of Rol.a.Cola).

⁸ <https://www.impactonnet.com/amp/cmo-file/why-parle-is-bringing-back-rola-cola-6347.html>

Keeping in mind the relaunch, Parle had added fresh capacities for Rol-a-Cola at its existing plant at Indore. On the basis of initial demand, the company also thought of setting up a new plant and spread to certain geographies or not. On this Rao said,

If in the next six months we get 40-50 percent of sales from a particular geography (in India) it will make sense to set up a plant to cater to the demand and also to save transit cost and time

Some in the company felt that it should retain existing product formulation and characteristics while some in the industry opined that keeping the same formulation might restrict the market to the nostalgic consumers only. Would it match with the preferences of millennials, who are the primary target consumers, they doubted.

While Parle did not reveal the investments involved in relaunching the brand, it indicated that a significant amount of the investment will go into manufacturing and promoting it across multiple mediums. There were two opinions on which platform Parle should promote the brand - was it television where the company already spent 80% of its marketing expenditure or digital media which had been the starting point of the relaunch of Rol-a-Cola?

Consumer Behaviour

Research done by Mintel⁹ indicates that the growth percentage of individually wrapped chocolate launches between August 2017-July 2018 and August 2018-July 2019 had doubled. Almost 20% of consumers in India preferred chocolates in smaller portions. This is due to increasing health-consciousness among Indian consumers who are trying to control portion size. Almost a fifth (18%) of consumers say they are interested in sugar-free chocolates. Strong preference had been observed for fruit flavoured candies. For example DS Group captured the hard boiled candy market in the country by reaching Rs 100 crore within just eight months of its launch of Pulse Kachcha Aam (Pulse green mango). It had since then steadily increased its offerings with a collection of other fruit flavours like guava and litchi and popular flavours like green mango and orange and pineapple over the course of time.

Research also revealed that many consumers had chocolate for emotional reasons. Almost half (47%) of Indians eat chocolate to boost their mood and nearly a quarter (24%) eat chocolate to reward themselves. Along with emotional reasons, functional benefits were gaining prominence. as almost a quarter (24%) of consumers say they have chocolate to boost energy levels. Natasha Kumar, Food & Drink Analyst, India, at Mintel, said,

⁹ <https://www.mintel.com/press-centre/food-and-drink/indias-chocolate-market-reached-inr-156-billion>

As more and more consumers prioritise functional food and drink, chocolate with added benefits will allow brands to stand out from the competition. Along these lines, there is an opportunity to introduce more energy-specific claims to garner interest. Brands can look at incorporating ingredients such as guarana, coffee and protein, which are gaining popularity for their energy-providing properties.

The Dilemma

Even after 13 years since it left the market Rol-a-Cola still had strong preference among many. One 30+ year old IT professional recalled her feelings¹⁰,

It felt like sipping a tall glass of cola when you popped this candy into your mouth. I remember its taste and smell so well even today. I alongwith friends used to melt these cola-flavoured pellets in soda and mix it well. We enjoyed it as a homemade soft drink. I remember sipping chilled Rola Cola in a chilled glass of soda

Industry experts however opined that nostalgia alone won't ensure products success even though it may have a strong influence in its relaunch. KV Sridhar, co-founder and CCO of Hypercollective, said¹¹,

Nostalgia works if the target audience at the time of the relaunch is the same as the one that will purchase and consume the product. For instance, Onida brand was built on strong advertising communication, but it failed to make an impact when the brand was relaunched. Onida's 'devil' positioned the TV as the 'neighbour's envy and owner's pride. Today, when everyone has a TV, sometimes two per household, where's the question of envy?

During its first phase, Rol-a-Cola was positioned in the market as a supplement of cola. If it decided to target the same people with an active appeal of nostalgia, Parle needed to ensure that the candy tasted the same as it did decades ago, when it was first launched. But it decide to target the school going children and millenials¹², it might need a new logo and a price that is affordable from pocket money. It might also need to change the USP to appeal to modern children who had moved away from hard boiled candy to chocolate. Rol-a-Cola was also very popular among

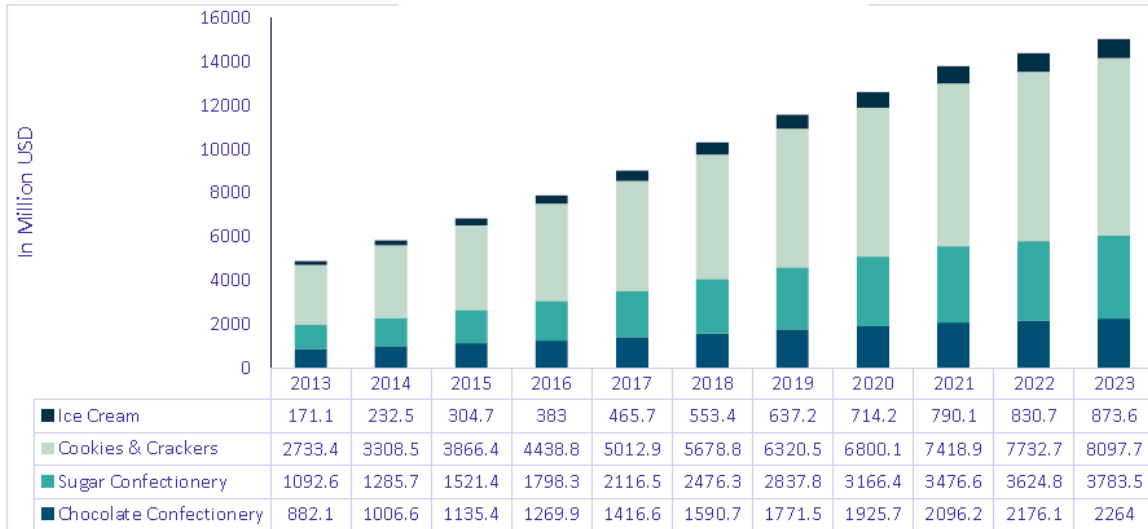
¹⁰ Rola Cola is back, thanks to the power of nostalgia, social media and a sweet price-point, by Himani Chanda, 6th October 2019, <https://theprint.in/features/brandma/rola-cola-is-back-thanks-to-the-power-of-nostalgia-social-media-and-a-sweet-price-point/300647/>

¹¹ <https://www.financialexpress.com/industry/selling-sentiments-does-nostalgia-help-relaunch-brands/1721824/>

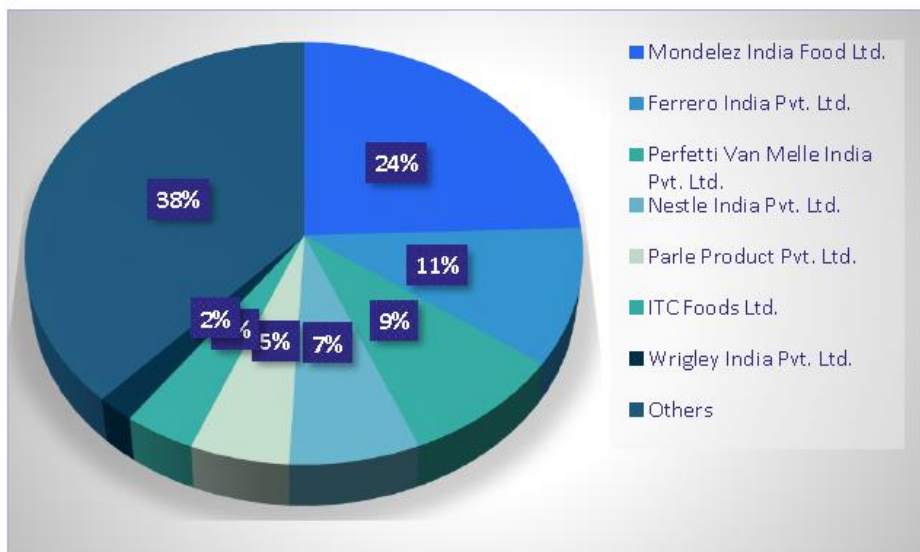
¹² <https://www.financialexpress.com/industry/selling-sentiments-does-nostalgia-help-relaunch-brands/1721824/>

women who used to carry it in their purse, and company may not want to lose them either¹³. Parle knew that the company must decide all these very soon. It was already mid summer and they have just a few months left to relaunch the iconic cola-candy!

¹³ <https://www.thehindubusinessline.com/companies/13-years-after-it-was-retired-twitter-helps-resurrect-parles-rola-cola/article26475119.ece>



Source: Statista, September 2019



Source: Statista, September 2019 - Share of major players in Indian market



Ro-a-Cola in 2006

To the **Rola Cola lovers!!**

The last few hours have been crazy for us at Parle. We are rolling in appeals to get Rola Cola back. Your love has made it evident that India wants its Cola ka Gola again.

We are listening to your repeated tweets and retweets and are counting to 10k retweets.

Show us some love folks and we will make it happen!

Parle Family
