1. Why does this immersion matter?

Every manufacturer eventually faces the same two decisions, and how it answers them says more about its strategy than its annual report ever will. The first: what do you make yourself, and what do you let the market make for you? The second: once you've made something, do you push it into the world, or do you build something so desirable that the world pulls it out of your hands? ITC has spent over a century answering both questions, not once, but repeatedly, across cigarettes, biscuits, notebooks, and hotels. That makes it a genuinely rare teaching case: most companies get to answer these questions for one category. ITC has had to answer them for a dozen.

Started in 1910 as a British-owned company with a single job, importing and selling cigarettes, ITC today runs over 200 factories and reaches close to 7 million retail outlets across India, alongside one of the most academically studied rural distribution systems in the world. This visit asks you to look past "ITC makes many things" and toward a sharper question: for each thing it makes, did ITC choose to build it, or was it forced to? And for each thing it sells, is ITC pushing the product into the market, or has it built enough pull that the market comes looking?

ITC Limited

2. Company snapshot

Item	Detail
Company	ITC Limited
Chairman & MD	Sanjiv Puri
Headquarters	Kolkata, West Bengal
Businesses	Cigarettes, FMCG (foods, personal care, stationery, agarbatti), Paperboards & Packaging, Agri-Business, Hotels (demerged Jan 2025), IT (ITC Infotech)
Distribution reach	Nearly 7 million retail outlets across India
Contribution to the Exchequer	Consistently ranked among the Top 3 Indian private-sector corporates; over ₹2,30,000 crore contributed over the last five years, ~76% of total Value Added
Major recent event	ITC Hotels demerged into a separately listed company, effective 1 January 2025

3. From a cigarette importer to a manufacturing conglomerate

ITC began in 1910 as the Imperial Tobacco Company of India, set up purely to manufacture and sell cigarettes for the colonial market. For its first six decades, that's essentially all it did. The first Indian-run factory opened in 1913; the first Indian chairman didn't take charge until 1969, nearly sixty years later.

But even in this narrow period, ITC was building something that would matter far more than any single product: a distribution network reaching paan shops, kirana stores, and railway kiosks across the country, decades before organised retail existed in India at all. Keep that fact in mind through this whole pre-read. Long before ITC knew how to make a biscuit, it already knew how to reach a shopkeeper. That sequencing, channel before category, is unusual, and it explains almost everything that follows.

The company renamed itself twice as its ambitions grew, to India Tobacco Company in 1970, then to simply ITC Limited in 1974, deliberately erasing "tobacco" from its own identity. Hotels arrived in 1975, a standalone paperboards business in 1979, agri-business through the 1980s, and FMCG, the category most people now associate with ITC, Aashirvaad, Sunfeast, Bingo and Classmate, only began properly in the early 2000s, nearly ninety years after the company was founded.

4. Manufacturing strategy: the make-or-buy question

Every factory ITC has ever built answers a version of the same question: should this be made in-house or bought from a supplier? Economist Oliver Williamson, whose work here won the Nobel Prize and is a fixture of every serious strategy syllabus, gives a precise answer. A firm should bring an activity in-house when the cost of relying on the open market, the risk of a supplier's delay, the risk of inconsistent quality, and the risk of being held hostage once you're dependent on them exceed the cost of simply doing it yourself. He calls this a transaction cost, the invisible cost of a relationship, not just the price on an invoice.

ITC's very first diversification move, building its own packaging & printing business in 1925, is this theory in its purest form, applied decades before the theory itself existed. A cigarette business depends on a continuous, high-quality flow of packaging. A single bad batch or a late shipment from an outside vendor could stop production entirely. Rather than manage that risk through contracts and inspections, ITC simply removed the risk by owning the function. Notice the precision required here; this is a different move from what happened in 1979, when ITC built Bhadrachalam Paperboards as a full, independent business meant to compete and sell in the open market, not merely to protect cigarette production. One is defensive integration; the other is offensive expansion. Students often collapse the two into the same story. They are not the same decision, and a good analyst should be able to tell them apart on sight.

The modern expression of this same instinct is the Integrated Consumer Goods Manufacturing and Logistics facility, a single large plant making several unrelated FMCG categories, such as atta, noodles, biscuits, and chips, under one roof, with shared logistics and warehousing attached. The strategic logic is not simply cost-saving. It is optionality: a single flexible facility can shift capacity between product lines as demand moves, something a set of dedicated single-product factories cannot do nearly as easily.

Here is the genuine complication worth sitting with, the kind of tension that separates a case study from a case slide. ITC's packaging business, born purely to eliminate market dependency, today sells to external clients too, some of whom may compete against ITC's own branded products. A function built to escape the market has, over a century, quietly become a business that operates back inside it.

5. Channel strategy: push versus pull

This is the central framework for the visit, and it's worth understanding with real precision before you walk onto the floor, because it is far more specific than "how ITC distributes products".

Philip Kotler's push-pull distinction, foundational to every marketing and channel strategy course taught at a serious business school, describes two fundamentally different theories of how a product actually gets bought. In a **push strategy**, the manufacturer's job is to get the product physically into the retailer's hands and give the retailer, not the end consumer, a reason to stock it, display it, and recommend it: trade margins, credit terms, volume incentives, and shelf-placement support. The manufacturer is, in effect, selling to the channel and trusting the channel to sell to the customer. In a **pull strategy**, the manufacturer instead builds demand directly with the end consumer, through advertising, brand equity, or word of mouth, strongly enough that the consumer walks into a shop already asking for the product by name. The retailer, in this model, is almost forced to stock the product, because refusing to would mean losing footfall. Most real businesses run a blend of both, but where a company sits on that spectrum, and why, is a genuine strategic choice, not an accident.

ITC's business is close to a pure push model, and understanding why sharpens the whole framework. Cigarettes are a low-differentiation, habitual, small-ticket purchase, sold from behind a counter in a paan shop the customer may visit daily. Brand loyalty exists, but the moment of purchase is dominated by what's visibly available and what the shopkeeper reaches for first. ITC's genuinely deep stockist and retail network, built over a century, exists to win precisely that moment, shelf space and shopkeeper preference, not consumer advertising. This is why ITC could enter FMCG in the 2000s and, in categories like Classmate notebooks, immediately become a national leader. It wasn't building a new channel from scratch. It was pointing an existing, mature push channel at a new category.

But FMCG isn't cigarettes, and this is where the framework earns its keep as an analytical tool rather than a description. A packet of Aashirvaad atta or a bar of Fiama soap is considered a purchase of low involvement, and unlike a cigarette, brands in these categories genuinely compete on advertising, trust, and repeat preference – real pull dynamics. Sunfeast and Bingo are advertised nationally precisely because ITC needs consumers to ask for them by name, not just accept whatever the shopkeeper stocks. So the honest picture is that ITC runs a hybrid

model, deploying its century-old push infrastructure to guarantee physical availability everywhere while layering pull-orientated brand-building on top for categories where pure shelf presence isn't enough to win. The test worth applying on the visit: for any given ITC brand, is the company winning through push, pull, or a specific, deliberate mix of both, and has ITC actually calibrated that mix by category, or is it still defaulting to the push instincts a century of cigarette selling built into the organisation?

The e-Choupal network offers a fascinating mirror-image version of the same framework, applied upstream rather than downstream. Traditionally, a farmer sold wheat or soybean through a chain of village traders and mandi agents, a channel that, in push-pull terms, required the farmer to actively seek out and negotiate with each layer, closer to a pull dynamic driven by the farmer's own need to sell. e-Choupal inverts this: ITC pushes real-time price information and a direct buying offer to the farmer through a local sanchalak, actively pulling the crop toward itself rather than waiting for the farmer to bring it to a mandi. It is, in effect, ITC applying push-channel thinking to a procurement relationship, not just a sales one, an application of the framework that rarely appears in a standard MBA marketing course, and worth raising explicitly in discussion, since it shows the same underlying logic working in both directions along the value chain.

---

6. Why so many businesses at once? The core competence question

A fair question for a company this diversified: is ITC an unrelated conglomerate held together by history, or is there real logic connecting cigarettes, biscuits, hotels, and paperboards? Prahalad and Hamel's widely taught 1990 Harvard Business Review paper argues the healthiest diversified firms grow by extending a small number of core competencies across many products, rather than through disconnected acquisitions. Applied here, ITC's core competencies are manufacturing discipline, a genuinely unmatched retail channel, agri-sourcing expertise, and strong Indian branding instincts. Nearly every business ITC has entered, hotels aside, draws on at least one of these, most visibly the channel.

7. A recent structural test: The 2025 hotels demerger

In January 2025, ITC demerged its hotel business into a separately listed company, ITC Hotels Limited, one ITC Hotel share for every ten ITC shares held. Hotels never plugged cleanly into ITC's manufacturing discipline or its retail channel; it was a services business sitting inside a manufacturing and distribution conglomerate. Worth asking directly: were hotels always the exception the core-competence logic couldn't explain, and does this decision signal ITC will judge future opportunities more strictly against its channel and manufacturing strengths?

---

8. Interesting and lesser-known facts

- ITC's 1925 packaging move and its 1979 Bhadrachalam Paperboards business are often treated as the same story. They aren't; one was defensive integration to protect cigarette manufacturing; the other, built 54 years later, was an independent business meant to compete in the open market.
- Classmate became India's largest notebook brand almost entirely by pointing an existing paperboard manufacturing base and an existing retail push channel at a category with zero connection to cigarettes.
- ITC's FY25 headline profit briefly quadrupled year-on-year, almost entirely due to a one-time ₹15,000+ crore accounting gain from the hotel demerger, not underlying business improvement. It's worth knowing this distinction before quoting the number.
- In e-Choupal's early years, across nearly 2,000 installations placing valuable computer equipment in remote villages, almost no theft or misuse was ever reported.

9. Glossary

Term	Meaning
Push strategy	A distribution approach where the manufacturer focuses on getting a product into retailers' hands through trade incentives, credit terms, and shelf support, relying on the retailer to sell it forward, rather than on the end consumer specifically asking for it.
Pull strategy	A distribution approach where the manufacturer builds demand directly with the end consumer, through advertising and brand equity, strong enough that the consumer asks for the product by name, making retailers stock it to avoid losing footfall.
Transaction cost	The hidden cost of relying on an outside supplier or partner rather than doing something in-house, including the risk of delay, inconsistent quality, or being taken advantage of once dependent on them.
Make-or-buy decision	The choice a company faces for any given activity or input: produce it in-house, or purchase it from the open market.
Backward integration	A company taking ownership of an earlier stage of its own supply chain, such as raw material sourcing or component manufacturing, that it previously depended on outside suppliers for.
Defensive integration	Bringing an activity in-house specifically to protect an existing core business from supply risk, rather than to enter a new market or profit centre in its own right.
Core competence	A capability that cuts across multiple products or businesses within a company, and that the company can apply repeatedly to enter and succeed in new categories.
Distribution channel	The full set of intermediaries and steps, from manufacturer to end customer, involved in getting a product bought and used.
Redistribution stockist	A wholesaler who buys in bulk directly from a manufacturer and supplies smaller retail outlets in their local area, extending the manufacturer's reach into markets too fragmented to service directly.
Channel infrastructure	The physical and relational network, including stockists, retailers, and logistics, that a company has built over time to move products to customers.
Demerger	The separation of a company's business unit into an independent, separately listed company, giving existing shareholders shares in the new entity.

10. Guiding Questions

1. For any ITC brand you examine, is the company winning primarily through push (retailer incentives, shelf presence) or pull (consumer demand, advertising), and has that mix been deliberately chosen or inherited from the cigarette business?
2. e-Choupal effectively pushes information and offers toward farmers rather than waiting for them to come to market. Is that a genuine benefit to farmers, a benefit to ITC, or both, and how would you tell the difference?
3. ITC's packaging business now sells externally, beyond serving ITC itself. Was that transition from defensive integration to profit centre a deliberate strategic choice, or something that simply happened with scale?
4. Using Williamson's logic, which of ITC's current in-house manufacturing functions looks like it could safely be outsourced today, and which still genuinely needs to stay in-house?
5. As Indian retail modernises, does ITC's push-heavy playbook, built for a fragmented, unorganised kirana landscape, still hold up, or does a more pull-driven approach become necessary?
6. Using the core competence framework, which of ITC's current businesses looks least connected to its manufacturing and channel strengths, the way hotels turned out to be?

11. Resources to go through before immersion:

1. https://itcportal.com/about-itc/history-and-evolution.html
2. https://groww.in/blog/history-of-itc-group
3. https://www.youtube.com/watch?v=oN5kQqBAklc

12. Sources

1. Roots to Legacy: How ITC Rewrote Its Story Beyond Tobacco
2. ITC Limited: Know all about the transition from British-owned Imperial Tobacco Company to ITC
3. ITC Group: History, Milestones, and Shareholding Structure
4. Odisha CM inaugurates ITC's newly built Integrated Consumer Goods Manufacturing & Logistics facility
5. https://www.itcportal.com/stories-pop/Getting-Future.aspx
6. https://www.wbcsd.org/resources/itcs-farmer-empowerment-program-india/
7. https://mba.tuck.dartmouth.edu/digital/Programs/CorporateEvents/SupplyChainThoughtLeaders/session6.pdf
8. ITC e-Choupal - Rural India's largest Internet-based intervention
9. http://pdf.wri.org/dd_echoupal.pdf
10. https://hbr.org/1990/05/the-core-competence-of-the-corporation
11. https://www.nobelprize.org/prizes/economic-sciences/2009/williamson/facts/
12. ITC: Partnering India in its Defining Decade
13. https://groww.in/blog/itc-q4-fy25-results-net-profit-soars
14. ITC Q1 FY26 results: Net profit up 3% at ₹5,244 cr; revenue rises 20%
15. https://www.screener.in/company/ITC/consolidated/