



## Heritage and Entrepreneurship: The Case of Mohan Biscuit Udhog, Dhankuta, Nepal

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ARTICLE INFO	ABSTRACT
ISSN: 2798-2688	<p><b>Research Aims:</b> This case study explores the ‘Mohan Biscuit Udhog’ in Dhankuta, Nepal, a traditional, small-scale business that has become a cultural symbol and popular gift. Despite expansion challenges, including the impact of COVID-19, the business has maintained its appeal by preserving its artisanal approach, relying on community-driven marketing, and considering trademarks to protect its key products against competition.</p> <p><b>Design/methodology/approach:</b> The paper has adopted a single case study research design. A single case study research design is a collective term for an in-depth analysis of a small non-random sample (Hunziker &amp; Blankenagel, 2021). Among 15 biscuit industries operating at Dhankuta, only one biscuit industry, Mohan Biscuit Udhog’, is taken as sample for the case study for the paper.</p> <p><b>Research Findings:</b> The study highlights the role of heritage-based enterprises in fostering community identity, sustainable production, and cultural preservation, suggesting that similar rural businesses can succeed by emphasizing quality, local heritage, and community engagement. This case underscores the potential of rural entrepreneurship in creating culturally significant brands that contribute both economically and socially to their regions. Over time, despite having varieties of products, Dhankute Coconut Biscuits have grown in popularity, attributed to their unique firewood-baked flavor, traditional production methods, and a strong local reputation sustained through word-of-mouth marketing. This shows how a single product can maintain the image and continuity of the small-scale business.</p> <p><b>Theoretical Contribution/Originality:</b> This case study of Dhankute Coconut Biscuits exemplifies how traditional businesses, rooted in community and heritage, can create lasting economic and cultural value, offering valuable insights into the intersection of local entrepreneurship and cultural preservation.</p> <p><b>Keywords:</b> Biscuits, Case Study, Dhankuta, Entrepreneurship, Marketing Mix, Nepal.</p>

## **Introduction**

Nepal is an emerging biscuit market, attracting both indigenous and foreign brands. Multinational corporations have also started producing biscuits in Nepal. Parle Products, an Indian manufacturer, has opened a unit in Nepal. Another Indian brand, Britannia, manufactures biscuits in the nation at Hulas Biscuits' leased plant. Similarly, according to Nepal Chamber of Biscuit Industries, total annual consumption of biscuits was worth around Rs 10 billion, of which, 60 percent of the consumption is covered by the domestic industries (Bashyal, 2024).

Besides some large-scale confectionary like Nebico Pvt. Ltd., Asian Biscuit & Confectionery Pvt. Ltd. (Goodlife), Kwaliti Biscuits (P) Ltd., Pashupati Biscuit Industry and much more, there are some small and medium scale biscuits and confectioneries operating at the local level as well. These SME for biscuits and confectioneries focused on the traditional ways of baking, processing and marketing targeting the local consumers and surrounding markets.

Renko et al. (2011) proposed a marketing approach to enhance sustainable competitive benefits for a small bread business in Croatia. The study's findings can inform future activities. Constantin (2009) discussed the necessity of sales promotion for bakery items and gave a marketing plan layout.

In Nepal, the art of baking began in 1948 AD (2005 BS) when the late Krishna Bahadur Rajkarnikar opened the doors to Nepal's first bakery, Krishna Puroti (now Krishna Bakery), to serve to Kathmandu's elite. Back then, bread was the only product available, and it was a luxury only the wealthy could afford. Cakes and other baked delicacies would only have an influence a few years down the line (Mathema, 2010).

The trend was not limited to the capital city of Nepal; back then as well, the establishment of bakeries was seen in the eastern parts of Nepal as well. Hence, the paper tries to showcase a case study of the growth and marketing strategy of one of the oldest bakeries, Mohan Biscuit Udhyog, from the eastern hilly city of Nepal, Dhankuta.

## **Literature Review**

Reshma et al. (2012) highlighted the need for strong food regulations, particularly in developing countries, to reduce trans-fat content in processed foods. Only biscuits and two bread samples were labeled, leaving consumers unaware of the ingredients and quality. This highlights the importance of studying similar products.

Qing et al. (2013) studied on the marketing strategies of Tinggi biscuit product-based on Changzhon market. The paper conducted SWOT analysis of the sampled biscuit factory, where it was found challenge to deal with the influx of the multinational branded biscuits, growing prices of raw materials, upgrading the food security, homogenization of competition and diversified complicated demand of the customers.

Resnik et al. (2016) explored the extent to which traditional marketing theory and practice can be applied in SMEs and consider how owner-managers perceive their own role in marketing within a small business setting.

Al Badi (2018) revealed that in Al Buraimi's SMEs, all marketing mix components (product, price, place, and promotion) significantly affect competitive advantage ( $p$ -values  $< \alpha = 0.05$ ). Price is the most effective element for gaining a competitive edge. Al Buraimi's SMEs should improve product quality, distribution networks, and promotion plans to compete both locally and globally. Al Buraimi's SME had recently shifted its focus to the marketing mix and competitive advantage.

According to Kiumarsi et al. (2019), Aisha Food Industry Sdn. Bhd. (AFISB) had actual problems with its marketing methods, thus it needs to enhance its packaging, add value to its bakery items, and focus more on promotion through suitable media and advertising techniques. The number of selling points for bakery items, the expanded number of distribution locations, and adequate incentives for existing agents will undoubtedly boost AFISB's sales.

De Jesus and Villanueva (2022) found that most respondents from Palayan City, Nueva Ecija believed that a quality product with good features is essential for customer satisfaction. They also emphasize the importance of a convenient location for businesses. The current promotion method is suitable for the organization, but improvements are needed. The pricing strategy impacts the marketing strategy. The enterprise's sales revenue is satisfactory, and promotions are crucial for increasing demand. A good customer relationship leads to more sales. The relationship between product and business performance is low, while the relationship between place and sales revenue is high. Promotion and pricing strategies are also linked, indicating the importance of effective marketing strategies.

## **Methods**

The paper has adopted a single case study research design. A single case study research design is a collective term for an in-depth analysis of a small non-random sample (Hunziker & Blankenagel, 2021). Among 15 biscuit industries operating at Dhankuta, only one biscuit industry, Mohan Biscuit Udhyog', is taken as sample for the case study for the paper. All the biscuits industries operating is categorized as cottage and small industry in Nepal. In-depth interview was conducted with a sampled participant after obtaining the consent.

This study adopts a single case study research design, which is ideal for an in-depth exploration of a specific enterprise that exemplifies the integration of heritage, community, and entrepreneurship. This approach focuses on Mohan Biscuit Udhyog, a traditional biscuit factory in Dhankuta, Nepal, selected due to its cultural significance and role in the local economy.

Semi-structured interviews were conducted with The current business owner, to understand historical progression, production methods, and strategies. Employees, to gather insights on the operational processes and challenges. Customers, to gauge perceptions of product quality, cultural value, and loyalty.

This research also conducted the participant observation. Observations were made at the factory to document the traditional firewood baking process, the use of local ingredients, and production workflows. This method provided an authentic understanding of how heritage and sustainability are incorporated into daily operations.

The data was analyzed thematically, focusing on heritage and cultural significance: the role of traditional methods and local identity in product positioning. Sustainability: Use of local resources and firewood in production. Marketing Strategies: Reliance on word-of-mouth and potential future branding opportunities. To ensure accuracy and validity, findings were cross-verified through multiple data sources (interviews, observations, and documents). Participants reviewed preliminary insights to confirm the representation of their experiences and perspectives.

## **Case Analysis**

Anyone visiting Dhankuta, a hilly town located in the eastern part of Nepal, who knows the coconut biscuits produced in the district returns home carrying the biscuits as Koseli (gift). Production of the biscuit widely known as 'Dhankute' Coconut Biscuit had been begun by the latele coming to Dhankuta and going out of Dhankuta used to take this biscuit as a gift. Bishweshwar Man Shrestha, a resident of Dhankuta-4. This biscuit is very popular not only in Dhankuta but also away from the districts. People coming to Dhankuta and going out of Dhankuta used to take this biscuit as a gift. Similarly, this biscuit reached abroad in the form of a gift.

Biscuits made from locally produced milk, ghee, and flour are prepared by burning in a kiln made of raw bricks and clay. These biscuits are much tastier than industrially made biscuits.

The industry produces bakery items, including coconut biscuits, snacks, cookies, full cakes, piece cakes, coco biscuits, sliced bread, cookies, donuts, and bread rolls. Coconut biscuits, also popularly known as 'Nariwal Biscuit', are highly demanded biscuits of the factory, followed by 'Coco Biscuit'. The 'Coco Biscuit' is the first product of the Mohan Biscuit, with continuous production since 2011 BS.

The products of this industry reach neighboring districts of Dhankuta. Dhankuta has seen the emergence of numerous biscuit industries due to its increasing popularity.

Dhankute Coconut Biscuits have a long history. In 2008 B.S., Bishweshwar Man Shrestha, who used to run a tea shop in Debrebas, brought Indian biscuits from Upper Kopche and sold them based on customer demand. However, on the advice of some regular customers who came to the shop to drink tea, he started the practice of making biscuits

himself. He tried to prepare his own recipe for local biscuits from 2002 B.S. to 2005 B.S. Mr. Shrestha also established the Sagarmatha Hotel as well and baked a variety of bakery items and served his customers as per their demand. One of the inspiring persons to enhance and upgrade the business of Mr. Shrestha was the then prime minister of Nepal, Bishweshwar Prasad Koirala (better known as BP Koirala), who used to travel to Dhankuta for leisure and official visits.

Finally, he started producing biscuits with coconut in the year 2011 B.S. with a startup capital of NPR 5000. In the year 2030 B.S., the industry was registered with the District Panchayat Office, and production started with an authorized capital of NPR 80,000. The small-scale industry is named 'Mohan Biscuit Udhyog'. The name 'Mohan' was taken from the youngest son of the Bishweshwar Man Shrestha. Today, the same biscuit has become the identity of Dhankuta.

The industry has been using a traditional firewood baking system to make biscuits to maintain the originality of the product. The industry uses the waste (by-products) of sawmills as the source of firewood. The industry has employed up to 25 laborers, but at present, 15 laborers are working to maintain the smooth production process.

Thinking of the modernization of the factory, Mohan Shankar Shrestha, son of Bishweshwar, brought the new technology and joined the three-phased electricity line to bake the biscuits and to enhance the production capacity. Nevertheless, because of this effort, the customers demanded fire-baked biscuits, and they are still managing to bake in firewood.

Anyone who reaches Dhankuta uses Dhankute coconut biscuits to take home for lunch. His son, Mohan Shankar Shrestha, said that he is continuing the occupation started by his father. Shrestha added that distribution is limited to Dhankuta and not extended to other districts of Nepal. He used to expand the business and send it to Kathmandu, but the COVID-19 broke out, so the plan just went in vain.

With the success of Mohan Biscuits, many other industries have been opening recently. Currently, 15 industries are registered and operating in the Dhankuta city area. Though the industry has not used any promotional activities and has been depending on word-of-mouth marketing. In context to pricing of the products, the cost of materials used and administrative costs are considered, and if high fluctuation is seen in raw materials, the maximum retail price (MRP) is reconsidered.

Finally, Mr. Mohan is thinking of registering the trademark and patent for at least two of his products, 'Nariwal Biscuit' and 'Coco Biscuit', to tackle the mushrooming nature of biscuits in the local market produced by other local competitors. Currently, the factory is producing 20 different types of bakery items, with the 'Nariwal Biscuit' standing at the topmost.

## Conclusion and Implications

The case of Dhankute Coconut Biscuits illustrates how traditional craftsmanship, community-driven entrepreneurship, and a deep connection to local heritage can foster sustainable business success. Starting as a small initiative to satisfy local demand, biscuits became an iconic product with significant cultural and economic value. By remaining true to traditional methods and quality ingredients, Mohan Biscuit Udhyog' has cultivated a loyal customer base and created a product that represents the essence of Dhankuta. Despite limited expansion and promotional activities, biscuits' popularity highlights the power of word-of-mouth marketing and local reputation in sustaining business.

The business has also faced challenges, such as COVID-19 impacting expansion plans and competition from emerging local brands. In response, the owner's decision to trademark core products shows foresight in protecting the brand and preserving its unique legacy in a competitive market.

The case underscores the appeal and market potential of traditional, locally produced goods. Heritage-based businesses, when positioned with authenticity and quality, can create unique market niches and foster strong consumer loyalty, even in the absence of extensive advertising.

Using firewood and locally available ingredients, Mohan Biscuit Udhyog demonstrates the potential for sustainable production practices. This approach not only preserves the product's original taste but also appeals to consumers increasingly valuing environmentally conscious brands.

The intention to trademark popular products like 'Nariwal Biscuit' and 'Coco Biscuit' highlights the importance of intellectual property rights in safeguarding local brands against competition. For small businesses, establishing a distinct brand identity can be crucial for long-term success.

Dhankuta's success shows how local entrepreneurs can transform rural industries into recognized brands with broader appeal. However, expanding beyond local markets can be challenging, particularly when external factors, such as the COVID-19 pandemic, disrupt plans. This case suggests that support for rural businesses – through training, investment, or marketing support – could help them thrive and reach wider markets.

The reliance on word-of-mouth promotion has worked effectively in a close-knit community. For similar enterprises, fostering community relationships can be an effective, low-cost marketing strategy that can scale through local pride and cultural significance.

This case study of Dhankute Coconut Biscuits exemplifies how traditional businesses, rooted in community and heritage, can create lasting economic and cultural value, offering valuable insights into the intersection of local entrepreneurship and cultural preservation.

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