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CASTLE

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September, 2013

Dear Readers,

We are pleased to present to you the first edition of CASTLE – The Biannual Case Journal of Jansons School of Business. It has been more than a century since Harvard Business School invented the case study method for teaching the application of business management concepts. Cases have been through quite a few changes in their format in the hands of many veteran Professors and Researchers of case-writing. The case study method still continues to be relevant and effective in MBA programmes. Despite being at the luxury of a class-room environment, away from the realms of corporate world, MBA students are made to understand with the help of this case study method, complex business issues and the approaches possible for solving them. It is certainly true that this tested method also helps teachers create a vibrant learning atmosphere in classrooms, as it provides ample opportunities for active students' participation. Nevertheless, the inherent limitation of the scarce availability of India-specific cases has always been a challenge for the Indian management teachers who are keen on adopting this method in their courses. Notwithstanding the efforts of several committed case-writers in our country, the need for such cases is on the rise. Our journal aims to address this need by volunteering to create a depository of cases pertaining to Indian business scenario.

This first issue has eight cases that may be useful for teaching MBA courses such as Marketing Management, Brand Management, Integrated Marketing Communication, Services Marketing, Consumer Behaviour, Retail Management, Operations Management, Supply Chain Management and Management Accounting. The soft-copies of these cases are available for download at our website. We wish you all a wonderful reading and we look forward to seeing your valuable comments at editorcastle@jsb.ac.in

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TAXI

ASM Taxi Service: A Missed Opportunity

Teaching Objective :

This case is intended for use in Services Marketing course for teaching Service Quality and SERVQUAL Framework

Key Issues:

CRM Misuse, Customer Rejection, Regaining Customer Confidence

Abstract:

ASM Cab Services, promoted by the ASM conglomerate, commenced operations in Coimbatore city with a fleet of 100 sedans. The existing cab services were provided mostly by individuals or amateur operators. While seizing this opportunity, ASM underestimated the requirement and was unable to meet the huge demand. It complicated the situation by frequently cancelling confirmed bookings. Customer complaints started pouring in and ASM further aggravated the situation by misusing CRM software by preventing booking by anyone with grievance history. General public shunned ASM and it had to find a way of turning around in the face of severe competition and revenue crunch.

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ASM Group is a corporate house running a wide range of businesses across the state of Tamil Nadu in India. For more than twenty years it has been into the businesses of property development, sugar manufacturing, financing and hotels. Recently it ventured into 'Taxi On-call' services in the industrial city of Coimbatore. The decision was based on the fact that locally available taxi services were mostly from the unorganised sector and there was a good scope to provide better service.

Local public were patronising the unorganised taxi operators since there was no other alternative. There was no mechanism to monitor or control these taxi operators and often the trips involved haggling and quarrelling at the boarding/destination points.

Coimbatore was already an industrial hub with many small and large scale businesses run by the local entrepreneurs and industrial houses. It was also experiencing rapid growth owing to investment from within and outside the state. On its part the State Government had also set up a software park. Eventually, the city was frequented by businessmen, corporate personnel and knowledge workers.

On most occasions hiring a cab from the unorganised sector was a difficult choice for these visitors. Often they were forced to hire a cab for the whole day at exorbitant charges. ASM seized the opportunity by targeting the huge untapped market for reliable and reasonably-priced cab service and commenced their operations in Coimbatore. ASM had anticipated that there would not be much competition from other players and that it would be able to establish itself as the market leader within a short time period.

It started the operations with a fleet of 200 cars and offered round-the-clock service. The cabs were bigger, comfortable, air-conditioned, fitted with meters and accepted credit card payments. None of these facilities were available with the existing players. Fares too were predictable, if not low and the journey was hassle-free. Cab drivers provided the passengers with printed bills on making payment at the destination points and the billing system was connected to the central server.

The cabs were retrofitted with smart displays and GPS tracking devices. Smart display LCD monitors displayed name of the passenger, time of booking, boarding point and destination point. ASM drivers were well trained, well groomed, well paid, well behaved and were called 'Captains'. They all wore uniforms and caps which resembled the outfits worn by commercial airline pilots. There was no scope for rude behaviour, rash driving or deviation from normal route.

The Call Centre would radio any service request from passengers to all their cars in the city. Whichever car was closer to the boarding point reported back, if it was available for hiring. The cab driver was directed to the boarding point of the passenger depending on the time of booking and the time when the vehicle was required. Waiting time of customers, idling time of vehicle & driver and unnecessary fuel consumption on roundabout trips were significantly reduced.

Everything appeared to be smooth until ASM started receiving complaints from many irate customers within a few months of starting the operations. It emerged that, in a hurry to capture the market ASM had advertised widely on various channels and had evoked a lot of interest among the passengers who were looking for an alternative. It had grossly underestimated the demand for its services and was unable to fulfil the huge requirement of the market.

ASM was new to this business and was eager to satisfy everyone with a booking request. The call centre executives accepted all the service requests without cross checking the timely availability of their cars. This was based on the notion that some customers would cancel their reservation and these cars could be reallocated to the fresh bookings.

However, such cancellations were very limited in number and soon there were inordinate delays in picking up the passengers. Pickup commitments were not honoured if the cabs were not available. ASM would communicate the non-availability of its cabs and tender its apology through an SMS to the waiting customers. Return calls from such distressed passengers were put on long hold or terminated abruptly.

Everyday, about thirty typical situations similar to the one narrated below were encountered at ASM Call Centre:

At 12.30 p.m.		
Caller	:	ASM Cab?
Executive	:	Good afternoon. This is ASM Cab Service. How may I help you?
Caller	:	Can you send a cab to pick me up at 2 pm from Citra? I need to reach the train station at 2.45 p.m. I have a train to catch at 3 p.m.
Executive	:	Sure Madam. Our taxi can be sent to your place at 1.45 p.m.
Caller	:	Fine.
Executive	:	May I have your name, phone number and address?

Caller	:	Sure. My name is Sasi and phone number is 12345 12345. Mine is the last house on the Airport Road.
Executive	:	I have made a booking in your name. Please do call us back at 1.30 for reconfirmation.
Caller	:	Reconfirmation? That is strange. Are you sure that cabs are available? Or else, I will make an alternate arrangement.
Executive	:	Our vehicles are very much available. Since it is just 12.30 now and you need the vehicle at 2 p.m., it would be safer if you reconfirm after 1 hour.
Caller	:	Okay. Thanks.
Executive	:	Thank you for calling us. Good day!
At 1.30 p.m.		
Caller	:	I just called up to remind about my booking to train station
Executive	:	Vehicle is on the way Madam. It will reach your place at 1.45 p.m. Don't worry.
At 2 p.m.		

SMS sent to passenger's mobile phone : [We regret to inform that our cabs are unavailable at the moment. We are sorry about any inconvenience caused by us.]

Affected customers reacted angrily by recording their negative feedback on the firm's website and also complained to the call centre. However, these customers later realised that their calls were being ignored when they tried to make a new reservation. They were able to make the reservation if they called from a different phone.

ASM maintained a database of the numbers from which complaints were received and blacklisted those customers who had criticised their services. Whenever a call was received from any blacklisted number, the system would alert the call centre executive and the executive would respond either by disconnecting or by not answering the call. ASM was using sophisticated CRM software for customer rejection rather than customer retention.

Word spread around swiftly about the service lapses and soon many people stopped using ASM's service. Taxis from the unorganised sector were readily available at street corners and even though haggling was involved, it appeared to be a better choice for the passengers than dealing with uncertainty. New entrants from the organised sector were also challenging it with better services. Eventually, ASM's revenue started dwindling and the top management was compelled to quickly find a lasting solution to regain the lost customer confidence and market share.

Questions:

1. Is it possible for the ASM to turnaround?
2. How can the SERVQUAL framework be applied in this situation to measure Service Quality? Are there any other alternate approaches to measure Service Quality?
3. What steps need to be immediately taken to overcome this problem? How, can such problems be avoided from recurring in future?

Teaching Note

Following are some of the issues in this case:

1. Demand underestimation
2. Inability to efficiently deal with the huge gap between service demand and supply
3. Lack of credibility
4. Misuse of CRM software
5. Loss of customer confidence
6. Competition from new entrants who promised a better service
7. Competition from existing players who offered a relatively reliable service

Service quality is usually judged according to perceived satisfaction. Perceived quality is determined "by the gap between expected quality and experienced quality" (Gronroos, 2005). Managing such gaps in service would help a firm to improve its quality.

As a first step, students may be asked to identify the following 5 likely gaps in service.

1. The customer gap (Gap 5)– Difference between customer expectations and perceptions
2. Provider gap 1 – Not knowing what customers expect
3. Provider gap 2 – Not selecting the right service designs and standards
4. Provider gap 3 – Not delivering to service designs and standards
5. Provider gap 4 – Not matching performance to promises

In this case, the company has correctly identified the customers' expectation and has also selected the right service design and standard. However, it has not delivered the services in accordance with the service designs and standards. They have also failed to match their performance with the promises.

In the second step, students may be asked to study the quality of service provided by ASM from the following five dimensions (Lovelock, 2001):

Reliability	**(Ability to perform the promised service dependably and accurately.)** It is evident that ASM has fared badly in the reliability aspect. The firm has not honored the commitments given to customers and has failed to send cabs to customers at the agreed time.
Assurance	**(Knowledge and courtesy of employees and their ability to inspire trust and confidence.)** The call center executives have behaved discourteously either by disconnecting or by not answering phone calls made by customers with a grievance history. They have misused a sophisticated system for customer rejection instead of using it for customer retention. In the process the company has lost the trust of consumers.
Tangibility	**(Physical facilities, equipment and appearance of personnel.)** This is one aspect where the company has fared well. It provided the services with air-conditioned sedans, well groomed drivers and also provided printed bills when a payment was made. The cabs were also fitted with card readers to handle credit/debit card payments.
Empathy	**(Caring individualized attention the firm provides to its customers.)** There is a wide scope for improvement in this aspect. Even when the executives knew that cabs were not available at a given time they accepted bookings from consumers. They further complicated the issue by informing the customers about cancellations only in the last minute. Without forewarnings, the customers would have found it difficult to make alternate arrangement for travelling.
Responsiveness	**(Willingness to help customers and provide prompt service.)** The company hardly offered any help to consumers who were affected by last minute cancellations. It could have at least made alternate pick up arrangements for those customers who had to travel to train station or airport.

In the third and last step, students may be asked to identify the root cause for each gap observed and offer viable solutions to bridge these gaps. Feasible suggestions include an open apology in print media and provision of one or two free trips to affected customers. Similarly, a promise of monetary compensation, in the event of future cancellations, may be made. Pricing the services lower than the other organised players may also help to gain some lost market share in the short-run.

Apart from this short-term approach, the top management must sensitise itself and the call centre executives about the detrimental effects of false promises and service failures. It must reach out to the affected customers individually, pacify them, rebuild the trust and try to rebuild the lost reputation.

Nonetheless, it is to be noted that the term 'service quality' does not have a universally accepted definition and the five parameters mentioned above (RATER) are not uniformly applicable to all the services. The weightage given to each factor is different across different industries and is highly contextual. For example, the knowledge aspect is highly critical for a doctor than a bank cashier.

An alternate approach to the SERVQUAL model is the SERVPERF model which is a performance-only measure of service quality. SERVPERF model can be used to assess the overall service quality of a firm or to make quality comparisons across service industries. Nevertheless, SERVQUAL model has more diagnostic power and hence, is more useful to identify a firm's quality shortfalls for managerial interventions.


PUSS
BOOTS
Zoop
Be Cool


Zoop

Titan Zoop – Growth through Kids

Teaching Objectives:

This case is intended for use in Strategic Management and Marketing Management courses to

I. Teach the relevance of long term strategy in Strategic Management.

ii. Teach Marketing strategy (STP & Marketing mix in Marketing Management).

iii. Provide an understanding about the importance of learning Consumer behaviour in devising marketing strategy.

Key issues:

I. This case highlights the influence of Environmental factors on formulating growth strategies and long term success of the firm.

ii. Case underlines the need for thoroughly understanding the needs of the customers for product development and formulating marketing strategies

iii. The case narrates the complementary nature of 4Ps of marketing mix that has helped Zoop to take off.

Abstract:

In 2010, Titan Industries Limited launched Zoop, a kids watch brand as part of its growth strategy. This was Titan's second attempt in kids segment and this time it has been accepted very well in the market. The idea of re-entering this segment came from an interesting research. Since the factors influencing the performance of the product were positive, Titan developed this product and marketed with its established prowess in marketing & brand building. This case is all about the origin, development, introduction and initial performance of Zoop. The case contains detailed descriptions of strategic approaches in the introduction of Zoop and various factors that have been given attention by Titan. The author brings insights from the perspectives of strategy and marketing.

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Ever since Titan re-entered the children segment with “Zoop” in mid-2010, there is no looking back. Zoop is a mega hit among kids as it has received good market acceptance and it may emerge as a sizeable contributor to Titan's top line. For a market leader like Titan, it is essential to have presence in all segments to maintain its leadership status and Zoop filled the gap that was in Titan's brand portfolio. Encouraged by its success, Titan has been fortifying Brand Zoop, along with Sonata, Fastrack & Raga. This case discusses the strategic background, the consumer orientation, birth and emergence of Zoop.

The Kids Watch Industry…

Watch Industry in India is a matured one today with Titan and other multinational players in the market. While these companies rule the organized market, the unorganised market is larger and is flooded by small players and imported ones. Invariably all organized players have a very significant presence in adult segment whereas the unorganized players rule the children segment.

Though wrist watches have come into existence ever since Mr. Patek Philippe created it in 1868, watches for children were launched only in 1930s by Timex in collaboration with Disney, as Micky Mouse watches. Internationally, there are very few players in children segment. Swatch Little idiot, Timex Analog, Adidas Mini, TAG Heuer Formula 1 Chronograph for teens, Seiko Lorus digital for girls, Lego's Make 'n' create, Nike Triax roar and Casio White candy are the popular kids watch brands. But these are expensive in India and so Zoop is the only kids watch brand that is made in India for Indian kids.

"We do have a children's range in our portfolio. There is huge potential in this segment; however, it is a big challenge for any branded watch company to venture into it and become a volume player, while providing a good mix of quality and relevant pricing", said the former Managing Director of Timex, Mr. VD.Wadhwa, underlining the opportunity and the challenge of this market.

Children Watch Market in India

According to an estimate in 2009 by CIA world fact book demographic statistics, India has around 360 million kids in the age group of 0-14. India's kids market is estimated at Rs.20000 Crores, the largest in the world. It is always challenging to handle kids. Their tastes and preferences change very quickly as they grow every year. This puts enormous pressure on players catering to this segment to offer a wide variety of products in different colours, designs and styles. They need to innovate in features and keep launching new products very often. In spite of these challenges Titan decided to re-enter this segment, because it offered many opportunities to the company. 'Kids' is not just a segment, but it offers an opportunity to connect with the future customers. Titan catches them young with Zoop and as they grow, Titan offers them products in different styles and preferences.

Titan offers a plethora of products and brands like Fastrack, Titan Eye, Edge, Raga, Nebula, Sonata etc. to various SEC segments; Sonata for the mass market, Fastrack for youth, Raga for women and Edge for the trendy. In the premium segment, Nebula (made in gold) and Xylys are positioned.

Titan Industries Limited

Titan is the 5^{th} largest watch maker in the world and India's Market leader with 70% of organized market. Indian watch industry is estimated at Rs.4000 Crores, out of which the organized players manage to get around Rs.3000 Crores. Titan has manufactured over 100 million watches and has a customer base of 80 million. Titan Industries limited, a joint venture between the Tata group and Tamilnadu Government (TIDCO- Tamilnadu Industrial Development Corporation) commenced its operations in 1987 under the name of Titan Watches Limited. In 1994 it expanded into jewellery through Tanishq brand and later launched Titan Eye+ branded prescription eye ware. 'Goldplus' is Titan's second brand in jewellery targeted at customers in small towns. Titan's products are always recognized for design, quality and reliability. Apart from its own manufactured brands, it also has licensing arrangements with international brands like Tommy Hilfiger to sell their products in Titan's retail network. In its silver jubilee year 2012-13, Titan has achieved a turnover of Rs.10009.05 Crores, as compared to Rs.8970.86 Crores, in the year 2011-12, which is a growth of around 12%. As of Oct.2012, the company had 876 exclusive stores in 166 towns with around 1 million square feet of retail space. Internationally it had presence in 31 countries with 2160 outlets. Altogether, Titan's products are distributed through over 11,000 multi-brand outlets.

Zoop – Part of long term corporate strategy

Launching Zoop was part of long term strategy of Titan. Titan became a pioneer by introducing Quartz watches in Indian Market. Titan changed the face of watch industry and the perception of Indian customers about watch as a product itself. The perception changed from looking at watch as a mundane functional product to a stylish lifestyle accessory. Very quickly it became *numerouno* in the market and retains the position till date. To maintain its dominant position, Titan has been continuously introducing innovative and stylish new products. It has grown beyond watches to eye ware and youth accessories, etc.

But, the watch industry was facing a threat from mobile phones. A study conducted to assess this impact played a key role in launching Zoop. The study revealed that the threat was more for lower segment and the life style segment of watches was not affected, as watches are seen as life style accessory or jewellery by this segment. Other important findings were that only the 'under 25' years age group skips watch to mobile phone and every 12th enquiry at the store was for a child's watch. One more reason to launch Zoop was that no school would allow children in 3-15 years age bracket to carry cell phones; but they allow watches. Following this study, Titan researched over 200 children across various cities and found that children rated watch, along with Trinkets, bags and caps as a unique product among the top ten items they want to own.

Titan's first attempt in Kids segment

In 1998 Titan launched 'Dash' branded watches in Kids segment. But it was withdrawn a few years later in 2003 due to non-viability. The foremost reason was the cost factor. Since it was offered in the price range of Rs. 250 to 395, the cost had to be managed efficiently. But the company faced difficulty in sourcing the materials and components at low costs. Since it was the first attempt, the product also faced problems like fading colours and inability to withstand the rough handling by children. Added to this, Dash was not a hit in the market. It was thought to be ahead of time. Probably, it was too early, when the fruits of liberalization were yet to be gained by the country's economy; when the disposable income was less and perhaps parents were not ready to spend much for a kids watch.

Introduction and emergence of Zoop

Today, the macro-economic scenario has changed a lot. According to Central Statistical Organization (CSO), Per Capita Income (PCI) of India has more than tripled from Rs.16,688 in 2000-01 to Rs.54,835 in 2010-11. It is estimated to reach Rs.68,747 in 2012-13. On the other side, as per the 2011 census data, the average household size has become less than four as against 4 to 5 ten years ago. This clearly indicates that over the years, while the family income has been increasing, the family size has been decreasing, resulting in higher disposable income.

Children today are a much different lot than yesteryears. They are also under pressure to perform in various activities. The new generation children run between their classes in schools, tuitions, sports and music, and rush to complete their homework before they sign off the day. Children have varied interests and prefer different accessories. Watch is definitely an important accessory for kids. That is why children like watch shaped candies, toy watches, etc., from their early childhood. Zoop brings in many of these interests in its collection. When they reach the pre-teen age group, they also try to imitate the trends and styles of their elder siblings, friends and role models. Apart from this, their exposure to internet and other media is increasing year after year. Therefore the smart and intelligent kids look forward to possess what their peers flaunt, and have become a demanding 'brand conscious' group. Titan did an extensive research and found the deep rooted need of young children to stand out and command attention...to 'Be a star'. So, Zoop was targeted at 3 to 14 year age group; more specifically at 5 to 12 year group in SEC A& B segments of urban India.

The components of marketing mix were well integrated and since the product is unique, Titan has taken a lot of care in product design to impress the children and parents.

Product: Having researched the preferences of children, Titan brought in variety in Zoop's collection according to demographic and psychographic background. It differentiated boys and girls watches in both strap and face. It has come out with water and shock proof watches. Because, a watch which just delivers a functional utility is not enough for kids to be attracted; a cool one reflecting their personality is required. Otherwise it is difficult to attract and retain them as they get bored with products and brands easily. Also Zoop had to overcome the category competition that comes from children products such as Toys, Cloths and Video games etc.

For girls, the collection comes with designs in a range of Candy colours and motifs of summer flowers, where as for the boys, the collection is inspired by nautical colours and sail elements. From product to promotion, Titan's marketing team has kept in mind the playfulness, imagination, and cool attitude of today's children. So, Zoop reflects children's style, attitude and unique identity.

Features like 50 year calendar, compass, countdown timer, stop watch alarm, Electro luminescent Blue Light are present in digital collection. Analog collection has features like floral motifs, disc second hand and luminescent dials. The outer packaging is also designed differently and attractively. All Watches come with 1 year warranty to assure the quality.

Kids' safety – a Top priority: Titan took extra care to ensure that Zoop watches are made from safe high quality raw materials. Straps are made of non-abrasive polyurethane while the colours used are certified as non-carcinogenic. The Back cover which is in contact with skin is made of stainless steel that is non-allergic and free from corrosion. Each watch is tested for its quality to ensure that it is safe. Every Zoop watch undergoes 'Harsh condition Tests' for shock resistance, water resistance and drop tests to ensure their strength and safety.

Fashion products from Zoop's collection (Source: www.titanworld.com)

Branding: Titan is well known for its catchy brand names. Starting from Titan, it had great names in Sonata, Nebula, Raga, Regalia, Edge, Fastrack and Xylys. To finalyse the brand name Zoop, the company had hired Ormax, a brand research company. Ormax understood the brand idea, researched children and shortlisted the brand names from a long list.

"We had to see how badly a name could be misspelt, whether or not it had a meaning in other languages, and even children were asked to mispronounce deliberately" said the then Global head of Marketing, Suparna Mitra in a News paper interview.

Pricing: Zoop, with price points of Rs.350 to Rs.900 is a great gift article for kids. When it is a branded watch from Titan, it satisfies the ego needs of the children as well as the giver. The price may seem to be on the higher side considering the short life span of the product and when compared to the unorganized players. The adult watches in the same price points last for years where as kids watches last for just a year or two due to rough handling and the materials used. Even otherwise kids may not use them after some time due to changes in their taste. But the emotional and social value offered by Zoop is too great. It also offers repairing and servicing facility where as imported watches, and those from unorganized players have to be thrown out once they fault.

Promotion: Initially Zoop was pilot tested in 6 cities and mainly promoted through below-the-line activities. Print advertisements, digital promotions, contests and school contact programmes were part of the campaign. Later, Television commercials came up focusing on educating the children on punctuality, time management and highlighting the cool mindset of kids. Positioned as a cool accessory for the 'cool' kids of current generation, it was promoted as a must-have accessory with tag lines like 'Be Cool' and 'Be a Star'.

Place: Zoop was planned to be made available in over 1200 outlets in 140 cities in India. As the brand is primarily targeted at urban kids, availability of wide range is limited to big cities. Zoop watches are also sold through online retailers.

Products through Strategic Alliances

In a segment that quickly grows demographically as well as psycho-graphically, it is difficult for the firm to continuously keep up the pace and maintain the excitement on its own. Alliances with compatible organizations are great routes to achieve this. Fortunately, large multinational entertainment companies like Disney are already in India with their movies dubbed in Indian languages. This has helped in popularising the characters of their films. Titan keeps track of children's sensation and launches watches in themes that are sensational among them through strategic alliances.

Toy story 3 characters Buzz light year, Woody, Rex and the Aliens were brought into Zoop's collections, priced at Rs.495/-per watch through an alliance with Disney in June 2010. In Dec.2011, in association with Dreamworks Animation, Titan launched Puss in Boots collection of 8 watches and later launched watches featuring Shrek and Donkey from Shrek Movies. In May 2012, Titan launched a collection of 20 watches with Madagascar 3 film inspired characters- Alex, Marty, Melman and Gloria, the penguins and monkeys.

Watch is a product to which children attach much importance and it is a way of flaunting their fashion statements. Titan has made a big impact on kids' life through Zoop and by the way it has also created an organized market for kids watches. Titan's target was to sell one million watches in the 5th year. Zoop achieved a sales figure of more than half a million in the first year of full scale operations.

Since Zoop is targeted at children in the age group of 3 to 14 years, frequent changes in designs and a continuous watch over children's preferences are a must. This is needed because fashion fades quickly as much as the preferences of kids. Children are quick learners. But if companies learn them and reach them through proper strategies, then, well, they have a great market.

Will Titan continue to keep the kids watch market excited? Will it be able to sustain the initial success it achieved?...Well, we have to watch!

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30. http://www.tribuneindia.com/2012/20121013/trends.htm, small wonders

Teaching Note

1. **Application in Strategic management**: When using this case in Strategic management, students can be asked to analyze the economic and demographic factors that have influenced the business of kids watches from Titan. The compatibility of brand Zoop to Titan's long term survival and growth strategies can also be discussed. It can also be discussed with the perspective of Industry analysis although largely limited to direct and substitute competition.

   Environmental analysis: Since environmental factors influence consumption and purchase behaviours, detailed analysis of macro environmental factors is a precursor for developing long term and short term strategies. Zoop is a game changer as it changed the unorganized market into an organized one. Since Zoop was launched at price tag much higher than the market price for children watches, the economic status of target customers should be good enough. As given in this case, compared to the times of 'Dash', the per capita income of India has gone up three times in 2010-11 during the launch of Zoop. At the same time the house hold size had come down providing a good amount of increase in the household disposable income. At the macro-economic level, Indian industry had grown well as a result of liberalisation, resulting in better quality of life and demographics. Hence there is no doubt that the young urban families can spend more for kids watches.

   Industry analysis can be approached mainly on two aspects; Competition from multinational players and threat from substitutes. Though Titan is the market leader in the Indian market, it primarily faces competition from international brands like Rado, Swatch and Seiko. Titan also sources some of the watch parts from international hubs. Suppliers from these hubs may turn out to be competitors in future. Another major challenge for Titan, particularly in kids segment is the generic competition from products like video games, clothing, bicycles, and other style / fashion accessories.

   Long term strategy: Going ahead, the leader has to continuously focus on innovation and get into new segments to maintain its position. A company may grow in many ways and Titan was growing through expansion and diversification strategies. It expanded by delivering a new identity for youth through 'Fastrack' and kept on launching new products, and built big brands like Sonata, Edge, Raga, Xylys etc. Titan then diversified into Jewellery, Eyeware and other life style accessories, and emerged as a life style company. But as the watch industry was facing a threat from mobile phones, the study conducted by Titan revealed that the mobile phones influence the young to skip using a watch to keep track of time. This is a threat in both short term and long term. This may affect the sale of watches targeted at youth in the short term. But, in the long term, it may affect the entire business, as it is today's youth who become tomorrow's market for adult watches. Titan needed to protect its turf and the company needed to grow. That is why, Titan decided re-enter children segment, although it withdrew from the segment few years back. Changes in environmental factors and a reinvented marketing strategy have helped Titan emerge as a winner this segment also. Another long term strategy worth mentioning is the tie-up with Dreamworks animation to leverage its strengths in entertainment and business. Products from this collaboration or strategic alliance have helped to create the same level of excitement that the movies from Dreamworks created in the minds of kids. It can be concluded that Zoop was launched at right time when the small, young families with high per capita income were increasing in urban India. The segment presented a very good opportunity for Titan to enter and grow when the adult watch segment was saturating.

2. **Application in Marketing Management**: A detailed analysis of marketing strategy and new product development can be carried out when teaching this case in Marketing Management course. The bases of segmentation and how Titan arrived at this can be discussed. More importantly, the rationale behind the product design and branding can be explained. The effectiveness of pricing and promotional strategies can also be debated. Will this product be successful or crash like 'Dash'....this argument can be articulated in the class.

Marketing Strategy: The product is clearly targeted at urban kids in the age group of 5-12 years from upper middle and upper class or SEC A& B segments. This is the age group that yearns for accessories, draws pleasure from being fashionable among their peers. Kids in the later part of this segment strive to stand out or outsmart their friends. A detailed research done by Titan has thrown up deep insights about this segment and based on that, the product is positioned as a fashion accessory that makes a style statement showcasing the personality and life style of the user. So, Titan has understood the value of consumer insights before deciding on the STP strategies.

Products come in many designs and styles that reflect the tastes of boys and girls. Although price is much higher than the other children watches available in India, it is not so high considering the emotional and safety value that Titan delivers. The success of the product rests on marketing communications and Titan has done it effectively time and again through advertisements and other below-the-line promotions. Product design and tie-ups for products have provided good opportunity to promote Zoop. Though the product is targeted at urban children, the availability of Zoop's wide range need not be limited to major cities. It can be selectively made available in tier 3 cities and small towns. When luxury cars can be sold in small towns, branded kids watches can also be sold.

Product development: Looking into the process of new product development, it is clear that the idea of launching the kids watch Zoop originated from the research work on the impact of mobile phones on watch industry. Further research with kids helped the marketing team with insights on designs, colours and other safety aspects. The remarkable difference that Titan brought into the product is the extent of safety element in the watches. It has taken care in each and every aspect of the product to protect the children from the hazards that may be posed by the materials used in making the watch. Unorganized players can in no way match Titan in this regard. This is a great value proposition for Zoop.

With this focus in the marketing strategy, it is not a surprise that Zoop was successful in its test marketing phase. Finally it was a resounding success in its first year of full-scale commercialization.

Unlike Dash which did not provide the status factor as they were priced lower, Zoop established an emotional connect with children in upper middle and upper class. Other differences that made Zoop different and a winner were the quality of the materials, designs, and the marketing strategy.

It can be concluded that systematic and detailed consumer research, attention to product development, right STP strategies and marketing mix have helped Zoop to emerge as one of the most popular children brands. Zoop would have to be successful considering the opportunity, strategies and market acceptance.

An entrepreneur's start-up blues

Teaching Objective:

This case is intended for use in Financial and Management Accounting Course for teaching the process of Journalizing, posting financial transactions into Ledger Accounts and preparation of Financial Statements.

Key issues:

The case addresses the need for a professional accounting practice in small business firms for (i) the documentation of financial transactions (ii) the application of accounting concepts and (iii) the assessment of overall financial performance

Abstract:

Anand, an MBA-student-turned-entrepreneur, was jubilant over his own textile trading venture until a credit-rating agency made a negative observation about the net worth of his business at the end of the first year. He became perturbed, as he was clueless about the actual status of the financial health of his business. With no internal accountant to help him, he was looking for ways to classify and summarize the financial transactions made in the past one year and understand the true worth of his small business.

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Anand realized his dream finally, when he started his textile trading business on 1st January 2012. Anand was an MBA student of a reputed B-School in the city during 2009-2011. He was a sincere student all through his life. He was also fond of participating in many extra-curricular activities. He was always passionate about becoming an entrepreneur. He had his basic degree in English Literature that he was very fond of doing. After his graduation, he felt that an additional MBA degree would prepare him better for an entrepreneurial venture. During his MBA, he enjoyed working in teams. His classmates were always keen on teaming up with him for any assignment. His selfless working for common causes and his ability to inspire his team members were the reasons why he was admired by his classmates. He loved all his HR courses and completed a wonderful project in the related domain that won the best project award in a contest conducted by the regional management association. He did not accept the pre-placement-offer given by the company, as he was keen to have his own start-up soon. As soon as he passed out, he started working on his entrepreneurial idea and made it a reality after a period of about six months.

Anand established this trading business on a sole proprietorship basis. He invested an amount of Rupees Twenty Lakhs in his business. He contributed his own furniture worth Rupees Five Lakhs and Computer & office equipments worth Rupees Eight Lakhs to this business. He used his own building worth Rupees Fifty Lakhs for his business. He also decided to use his own car worth Rupees Ten Lakhs for his business purposes. However he had a liability of Rupees Eight Lakhs to Vijay Traders, a private limited company, towards the supply of office equipments. He also had a term loan of Rupees Twenty Lakhs with State Bank of India on the building that he contributed to business. At the end of his first year in business, he availed the services of a credit rating agency which assessed the firm's assets. It estimated that his company's total net worth was less than the book values.

Anand started this trading business in a humble way. He had only five employees with him. His employees were taking care of the functions of product sales, transport and stock management. Anand did not have any accountant with him. He was more of an owner-manager. However, he had ambitious plans for the future. He had a vision of converting his firm into a Private Limited Company within a period of five years. He always had the full cooperation of his employees for all his initiatives. His true concern for the welfare of his employees earned him great admiration from all. The wholehearted support from this small team always kept him upbeat about his plans. He roped in his uncle Vijayan additionally for his business, who had considerable experience in the field of textile business. After retiring from the purchase position that he held in a local textile firm, Vijayan was also looking for a meaningful life. Anand's idea of utilizing someone who was experienced in the field matched with Vijayan's post-retirement plans and a perfect association was created for both of them. Anand felt that he would not have to struggle, when he had the support of an able manager like Vijayan. But the estimation from this credit-rating agency played a spoil-sport and kept Anand unduly worried for the first-time in his business. All that he achieved in the first year since he started his business ran through his mind. His firm made a total sale of Rupees One Crore. Though Anand was keen on selling on cash, he could make cash sales only to the extent of Rupees Forty Lakhs. With the help of his uncle, he meticulously selected his dealers and sold clothes to them on a whole-sale basis. However one of their dealers by name Yuvas became bankrupt and was declared insolvent by the court. Yuvas was capable of paying only Twenty Paise for every rupee of his loan. He had purchased clothes worth Rupees Eight Lakhs from this firm.

Anand purchased clothes from Andhra Pradesh. The total purchases were Rupees Fifty Lakhs which was inclusive of a credit purchase for Rupees Seven Lakhs and Fifty Thousands from a firm called Mahindra Traders. As Anand was just into business, he had to prove his product quality, before being able to strike any business agreement with any of the dealers. He had to give samples often and he distributed clothes worth Rupees One Lakh and Fifty Thousands this way. He spent Rupees Two Lakhs and Fifty Thousands as sundry expenses. His total salary bill stood at Rupees Two Lakhs and an amount of Rupees Twenty Thousands were outstanding in this. He had availed an insurance cover for his business and paid the insurance premium on an annual basis. The first premium that he paid for the period of 1stApril 2012 to 31st March 2013 was Rupees One Lakh. Anand learnt that a portion of his building was unutilized in his business and let it for a rent from 1st April 2012 to a small trader who paid Rupees Ten Thousands per month. As Anand was associated with the firm on a full-time basis and had no other source of income, he withdrew a cash of Rupees Ten Thousands each month. He also took clothes worth Rupees Fifty Thousands for his personal use. Anand decided to charge depreciation@ 20 % per annum on office equipment, 10 % on furniture and 5% on building. As on 31stDecember 2012, he had a stock of clothes costing Rupees Sixty Thousands, but its market value was Rupees One Lakh and Fifty Thousands. By the end of the calendar year, Anand was however clueless as to whether he had made a profit or loss. He was also unsure about the financial position of his firm. He was desperately looking for an answer for the question whether he was on the right track!

Teaching Note

The course instructor may give this as a group exercise to the students and ask each group to present their calculations. For the presentation, the students may be directed to

a) Identify the financial transactions which are related to the firm excluding personal/ private transactions

b) Group the transactions into Real Account, Personal Account and Nominal Account

c) Find the total amount in each head of account. For example in Purchases Account- finding out the total purchases the firm made during the given period in the case. Similar treatment for other accounts also.

d) Compare Sales Revenue with the Purchases and other Direct Expenses

e) Compare the Gross Profit with the Indirect Expenses to find out the Net Profit.

f) Categorize the Assets and Liabilities to draw the Balance Sheet.

Melas as Malls

Teaching Objectives:

This case is intended for use in Rural Marketing and Entrepreneurship & Innovation Courses for teaching the

I. Relevance of 'AND' approach as against the 'either-or'.

ii. Need for 'reinventing' Indian models of business suiting today's context.

iii. Different methods of reinventing an existing model or institution.

Key issues:

The superiority of an 'AND' approach and the need for reinventing the typical Indian business models found in Rural India.

Abstract:

The case narrates the role played by Melas where rural and small town (the feeder towns) people congregate once a year for the purpose of worshipping God and how this occasion and place are used for buying a number of products and consuming entertainment – the Indian and rural version of shoppertainment. But with urbanization and modern retail formats, they are losing their charm, as young people are gradually deserting them. Such Melas and Haats can be prevented from getting into oblivion by reinventing the same as a make-shift 'Rural Mall' by using contemporary technology and marketing knowledge.

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With

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(2013 Batch of Rural Marketing Students)

Background

“Revolutionaries find a way to transcend trade-offs. They just hate it when someone says you can have A or you can have B, but you can't have both……Bridle whenever you hear an “or”. Search for novel solutions that make trade-off unnecessary”.

- Gary Hamel in Leading the Revolution

One way to lead a corporate revolution, according to strategy guru, Gary Hamel is to embrace an 'AND' mindset by shunning 'either-or' approaches. World over a number of companies magnificently challenged this 'either-or' thinking and produced world class success stories. Toyota is a towering example of that genre. But Indians have a long tradition of being avid adopters of this so called 'AND' approach. Melas and Haats conducted throughout the length and breadth of the hinterland stand as an ample testimony to this typical Indian approach. But quite unfortunately, they are fading away – not because of their outright irrelevance but due mainly to our inability to reinvent them suiting the modern day requirements.

Melas are an integral part of rural life and they are generally conducted annually to honour a deity. Melas being a typical 'AND' approach, it combines worshipping or pilgrimage with shopping and entertainment. By its very nature, Melas signify the convergence of social, cultural, and commercial aspects of Indian and rural life. According to one estimate, there are around 25000 Melas held annually in our country. About 90% of these last for a day but the rest are conducted for a week or more.

Gurunatha Swamy Temple

Maha Kumbh Mela is the ultimate of a Mela being conducted once in 12 years. In terms of size and scale of congregation, it is the biggest in the world. During the 2013 Kumbh Mela, 11 million people are reported to have taken the holy dip on Makar Sankarathi on 14th January. Interestingly, a faculty team from Harvard visited the Mela to make a case out of this.

Haats on the other hand are periodical make-shift market places conducted in a specified place mostly once a week for rural people to dispose their produce or wares (to the urban traders and consumers) and buy products from urban marketers. This is one of the oldest marketing channels for the 'Other India', which for many reasons represents the Real India. It is unique in its architecture and conduct. They also act as an interface between rural and urban people. According to a study (2010) done by MART, there are 43000 weekly Haats in the country. With urbanization, Haats are on the wane, attracting far less people and generating far less business.

Andhiyur Mela and Haat

Andhiyur located in the Erode district in Tamil Nadu has a unique distinction of conducting one big Mela every year to honour the God Gurunatha Swamy as well as a weekly Haat on every Monday. Andhiyur is a Town Panchayat located in the northern part of Erode district and covered by the Western Ghats. Like most other Haat centres, it acts as a feeder town for a number of surrounding villages. Besides the Gurunatha Swamy Temple, there is BathraKaali Temple and Bargur Hills - the famous spots frequented by people.

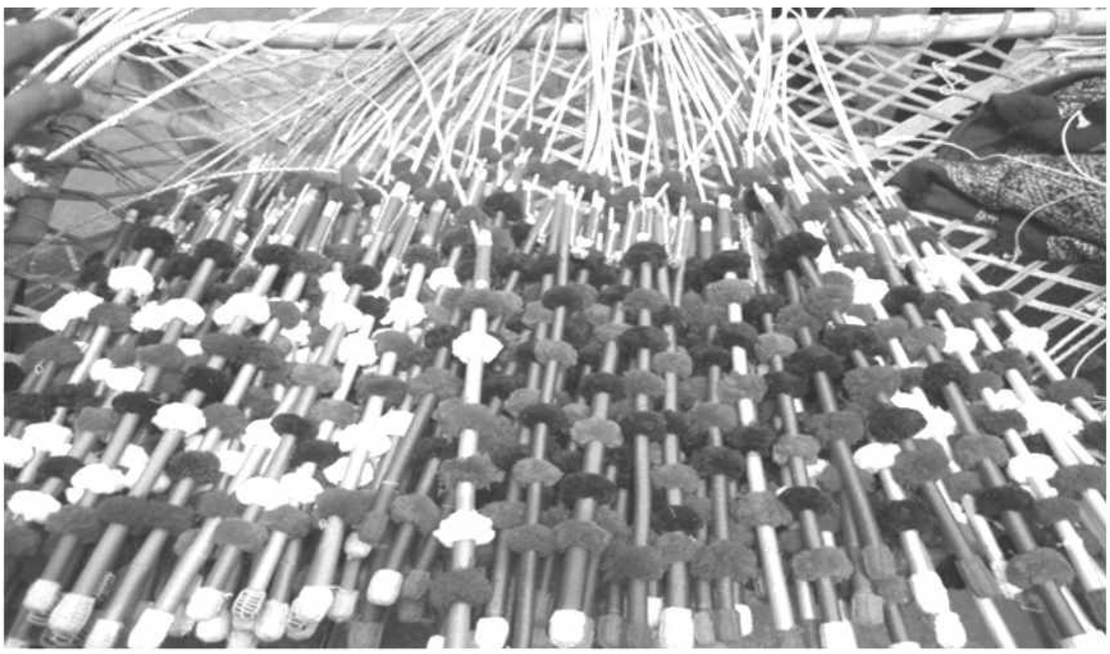
Memento of the Mela

The Weekly Haat attracts sizeable floating population in addition to its sitting population of about 1.5 lakhs. The town has all the facilities including Government Hospital, Police Station, Banks (six of them with ATM facilities), Colleges and Schools. It boasts of a long history stretching to a century. It is not uncommon to find people who are participating in the weekly market for more than 50 years. It is located in the heart of the town and in a sprawling complex of about 12 acres. It is just a stone's throw away from the Bus Stand.

The annual congregation at Andhiyur, known popularly as the Temple Festival of Gurunatha Swamy is conducted for a period of 5 days in July/August (Aadi in Tamil month, considered to be auspicious for worshipping God). It is said that this Mela/Festival started during the rule of Tippu Sultan. It is reported that about 25000 people visit the Mela every day. As part of the Rural Marketing Course, a group of five students along with the Faculty made a visit during the 2012 Festival.

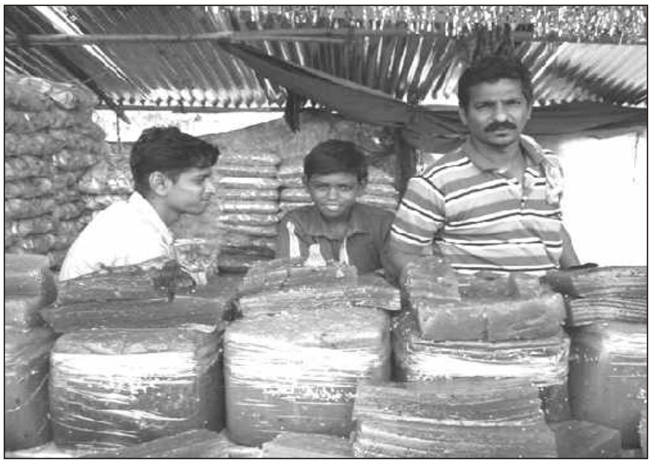
While Andhiyur Haat is popular for rice and cattle markets, the Mela is famous and one of its kind for horse trading. Depending on the breed/colour and age of the horse, they were being sold from less than a lakh of rupees to as high as Rs.12 lakhs. People from neighbouring states like Karnataka and Kerala also participate in the festival and fair. Typically, prospective buyers are given an opportunity to test-ride before buying. Among cattle, Kangeyam breed of bulls are a major and regular attraction. Following the modern marketing practices, bullock carts and other accessories are also sold at a place in the Mela. Along with bulls and horses, tractor companies are also displaying and promoting their products.

Different kinds of food stalls dot the entire area of the place. For entertaining the kids and rural people, there are giant wheels, bike show, horse rides, and other types of games. There are also stalls selling a range of products including fancy items catering to womenfolk. Everyone visiting the Temple and Fair make it a point to buy a colorful bamboo stick sold as a memento. It is considered to be a good omen to keep it at home. Despite the fact that the place is very colorful and provides a good experience, hygiene is completely absent with no sanitation facilities. So is the way the food stalls are run.



Horse power Vs. Bull Power

Food & Beverage



Entertainment

People @ Mela

Teaching Note

This brief note is meant to serve as a Teaching Note for 'Reinventing the Melas as Malls'. The objective of this case is to provoke the students to imagine “AND” ways of reinventing the Melas (and Haats) in a manner that makes sense to the contemporary world. With this in mind, a session was organized immediately after this 'Rural Immersion Programme'. The four students who visited the Mela made a visual presentation to the rest of the class and a discussion on the possibility of making Melas as Village Malls catering to the varied needs of both rural and urban people ensued. Some of the strands of thought that emanated during the discussion are listed below. In addition to generating more such ideas, this case can be used to develop these ideas further into actionable proposals.

» Modernizing the Mela by providing hygienic amenities for the visitors and modern stalls to the traders in order to increase its 'attractiveness';

» Improving the transportation and communication facility and providing related services with a view to enhance the accessibility aspect of the Festival;

» Enlisting the support and participation of corporates for making use of the platform for creating awareness, promoting their products and for advancing their CSR projects;

» Positioning and promoting the Mela/Festival among students for sensitizing on rural, biodiversity, ecology and cultural issues;

» Exposing and promoting sanitation and healthy living practices among the rural people who visit the Mela/Festival;

» Expanding the business scope of horse, bullocks and other cattle in line with the changing needs of the society.

'Drive 21' – a BPR initiative of PPL

Teaching Objective:

This case is intended for use in Operations Management Course for teaching the concept of Business Process Reengineering (BPR)

Key issue:

The case addresses the need of implementing Business Process Reengineering in a manufacturing environment at the minimum time without affecting the existing operations.

Abstract:

A second generation business leader of a 40 year old Engineering company in the first decade of 21st century realized that a phenomenal change in operations and in the mode of conducting business supported by latest technologies was the only way for sustainability and for achieving the targeted growth. He was keen on completing a BPR exercise within a year. His executives foresaw numerous problems in executing transformations quickly without slowing down regular operations. How they succeeded in time as a team is the essence of this case.

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PPL and their Air Technology Business

The Chennai-based Patel Pneumatics Ltd (PPL) a market leader and India's largest manufacturer of air compressors was started in 1963 by Vivin Patel and his son Arun Patel. They have sold over 16 lakh high-pressure high-volume reciprocating compressors in 'PP Series' in 40 years. Manufacturing of screw compressors was started in 1988 and approximately 7000 sky series screw compressors with diesel powered Kirloskar engines have been sold in the past 15 years from 1988 to 2003. Industries like mining, transport, pharmaceuticals, power, oil, chemical, textiles, printing, paper, telecommunications, medical, food, beverages and many other industries use both types of compressors. Bore well contractors also buy diesel engine powered screw compressors for bore well rigs. The latest 'New Force' series reciprocating compressors and 'New Sky Series' screw compressors were exported to 10 countries in Europe and Africa. The turnover of PPL in 2002-2003 was Rs. 590 crores. Establishing a strong market in Latin America, Australia, Middle East, South East Asia, West Asia and Far East was one of the goals of PPL. Arun Patel was the MD from 1963 to 1999.

Drive 21 and its objectives

Jayanth Patel, son of Arun Patel joined his father in business in 1992 after completing his Mechanical Engineering at BITS Pilani and MBA at Stanford US. Right from the day he took over as MD in 1999, Jayanth was interested in total restructuring of PPL and he could launch a project namely 'Drive 21' on 16th Dec. 2003, with the following objectives.

» To introduce computer integrated management throughout the business.

» To change the HR profile by reducing number of employees from the existing level of 1850 to 750.

» To multiply the export market by 3 times within 2 years.

12-point agenda of Drive 21

1. Launching IT based management in the supply chain including all vendors, PPL operations and all dealers by introducing ERP, SCM software.
2. Replacing existing manual and semi-automatic machines by CNC machines wherever feasible.
3. Reducing manpower from 1850 to 600 with the introduction of attractive VR scheme assuring golden handshake.
4. Recruiting 150 youth with professional expertise and relevant experience.
5. Retaining adaptive intelligent manpower and introducing best working environment and world-class testing infrastructure to ensure zero defects in products.
6. Grabbing the planned export market from competitors by quoting for imported engines bought by competitors and matching their prices, instead of sticking on to Kirloskar engines.
7. Maximizing subcontracting and outsourcing to standardized vendors to achieve cost reduction and productivity.
8. Reaching optimization by intelligent decisions on inventory management including reduction of batch sizes.
9. Establishing 10 robust after-sales-service centres of PPL in 10 cities of India with PPL trained Engineers to improve channel relationships, sales and timely service.
10. Implementing TQM to establish a culture of 'Quality with speed" in each and every thinking and activity.
11. Modern improvement methodologies like Kaizen and Poke yoke are to be introduced after confirming their perfect fit with the respective operation centres.
12. In general, a total transformation in technology employed, profile of human resources, culture, operations and supply chain and thus achieving Drive 21

Discussions and decisions

After a series of meetings with his functional heads in the past 15 days, Jayanth Patel (JP) was discussing with the Executive Director, H. Ram Bhatia (RB) who had been with PPL from 1966, on 21st January 2004.

JP: "I am really not convinced with the views of our functional heads that 'Drive 21' project can be successfully completed only by 2005 end without any problems to existing operations and sales. Once we have decided to improve by 'change', it has to be established quickly to save money and time. Why do we need 23 months for a job of 11 months? I am sure that if we concentrate tirelessly on results we can complete 'Drive 21' without any problems to regular sales positively before 31st December, 2004. As you said the major mile stone is reducing manpower and you can talk to each and every employee. If they are convinced with the announced VR scheme, we will not have much problems and I think that a group is already convinced on this"

RB: "Ok, JP, it is too early for giving commitment on dates now, but I will work out result oriented schedules. When is Mr. Prakash joining?"

JP: "He joins on 6th February. We have to use him on a speed mode to save time"

RB: "Ok, JP, I will do my best"

Prakash was an Engineer with MBA. He had 20 years' experience in projects with BHEL, NTPC, and L&T. His role in Korba project of NTPC and in the development of advanced nuclear power plant in India by L & T with boiling water reactor was much appreciated by business media.

QUESTIONS:

1. Explain the challenges before PPL and the strategies to achieve 'Drive 21'.
2. 'Successful BPR through Drive 21 will be a result of combination of efficiencies, innovations and teamwork' - Support this statement.

TEACHING NOTE: EXPECTED POINTS IN ANSWERS

Question 1 -Challenges and Strategies:

1. Employees with long service in PPL may not be willing to retire. HR department in coordination with all departments should convince such employees with very attractive schemes. One scheme could be the preference to educated youth from the families of existing employees. If group of performance-proved employees want to be the suppliers and subcontractors for various compressor components and also act as agents for coordinating activities, PPL can encourage such moves. Any other scheme which will enable them to confirm their association with PPL even after retirement will receive good response.
2. Getting all CNC systems and other equipment after ensuring their suitability to PPL and productivity in short time is a challenge for managers in charge of buying and introducing new technologies at PPL. It should be completed with remarkable intelligence and speed after careful analysis.
3. Task-oriented computer training should be given for retained employees. Business and computer integrated management training should be given to the newly recruited youth. These trainings will make the whole team proficient in operating software and will ensure speedy results.
4. Training in time management and multi-tasking for all is also a must.
5. The proposed changes in operations inside factory may give rise to lot of changes in marketing infrastructure and in the existing supply chain of compressors. PPL can successfully launch 'Drive 21' by foreseeing the changes and devise result-oriented strategies.

Question 2 - 'Successful BPR through Drive 21 will be a result of combination of efficiencies, innovations and teamwork':

1. The executive, Prakash who is joining should align his way of working with the existing culture and procedures and this will save time.
2. His experience can help him to bring out the best potential in each employee in each team and if the best potential is brought out, then that will double the speed towards the goal.
3. Perfect coordination between the PPL managers' team with dealers and suppliers will help to implement the 'changes' without slowing down the current sales and also to build extra 'value' in customer.
4. The managers can launch lean programs simultaneously and find innovative methods to gain time and cost effectiveness in each and every single move of the operations and this will create lean thinking and more agility in the mind of retained employees and newly-recruited youth at PPL to achieve step-by-step non-stop improvement in achieving each and every agenda of Drive 21.
5. Managers' team will be able to demonstrate to all level employees that team work can achieve benefits and establish 'changes' in very short span which once was thought impossible. This will prove the collective execution efficiency of PPL managers not only to their MD and ED but also to their customers and suppliers. Executing phenomenal changes in a remarkable short-time without any hindrance to regular transactions will improve the customer loyalty and brand equity of PPL compressors.
6. They can refer to the management approach adopted by MNCs, Corporates in India, their competitors and new suppliers in this arena. They can also take management experts' opinion to arrive at innovative ways to save time in each and every activity.
7. If commitment of each and every individual is fantastic, communications will bring expected results.
8. They can very often draw the network diagram of Drive 21 project, review the network continuously, do maximum improvement in the critical path by executing maximum crushing of activities and making the critical path as short as possible.
9. If Drive 21 is achieved in a record time, it will help PPL to attain and surpass the expected level in creating perceived value among customers and in achieving the targeted growth both in the domestic and international markets.

Bonding improves Supply Chain Productivity

Teaching Objective:

This case is intended for use in Supply Chain Management Course for teaching the process of Supplier Development and Evaluation

Key issue:

The case highlights the importance of a mutual trust-oriented relationship between a manufacturer and their suppliers. It describes how it strengthens the initial links of supply chain and thus helps to manage the following links of supply chain with maximum efficiency.

Abstract:

Bajrang Energy Systems Ltd, the manufacturers of Thermal Plant equipment and accessories believe that an increased belongingness in the minds of suppliers will improve product quality and successful supply rate. They planned 2 initiatives which they believed will derive more support and teamwork from suppliers in the long run. First one is conducting a Supplier Development Program (SDP) for suppliers from whom they expect more cooperation and they call them sub-optimal suppliers. Through this they intend to improve the trust and service of other suppliers as well. Second one is conducting a SRM (Supplier relationship management) programme which is nothing but a series of events promoting loyalty and pride of association executed with one selected supplier and thus demonstrating the need of strengthening the relationships to all suppliers. They are sure that a logical selection of participants and a professional conduct of these programs will satisfy the objectives like team productivity and continuous mutual growth. They decide to select suppliers and go-ahead with these initiatives.

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Profile of Bajrang Energy Systems Ltd (BESL)

Bajrang Energy Systems Ltd is a Pune based manufacturer of super-efficient steam boilers, fluidised combustion boilers, other power plant equipment and accessories, chemical plant equipment, pollution control equipment, waste water recycling plants and also some special purpose equipment as per the customer requirements. BESL was able to achieve a turnover of Rs. 1290 Crores in the FY 12/13 with the services of 3175 employees working totally in their 3 manufacturing units and in 10 regional marketing offices in India.

Profile of Suppliers

Major parts like high pressure vessels, super heaters, heat exchangers, tanks, electro static precipitators, base mill equipment are supplied with material by heavy fabricators as per drawing of BESL. Components like preheaters, jumbo columns, air inlets, dryers, cooling towers, control cabinets are supplied with material by medium fabricators and equipment builders as per the requirement of BESL. All these fabricators are approved suppliers of BESL and there are about 200 approved suppliers who are situated in various places in India like Pune, Surat, Mumbai, Ahmadabad, Chennai, Rajkot, Coimbatore, Trichy, Bangalore and Ranipet.

Suppliers are vital for targeted growth

The report of the finance controller of BESL mentions that the value of total supplies of above parts and components purchased from 196 suppliers in the FY12/13 amounts to Rs. 475 Crores out of which Rs. 300 Crores supplies were made by 20 vital suppliers. The panel consisting of GM (Production), AGM (Materials), CSM (Chief stores manager), CDM (Chief design manager) and Finance controller recommends that if the vital suppliers become more efficient and execute highly cost effective supplies in time every time continuously, it will help BESL to grow as planned. The supply management teams working with the guidance of above functional heads arrived at two solutions to improve the supply management situation at BESL which they believe, is critical to achieve the corporate goal. They are Supplier Development and Functional Integration.

The bonding is critical

Numerous plans were drafted to improve the functional integration inside. The major plan for supplier development was to launch Supplier Development Programs (SDPs) with the help of the training department of BESL. The team of functional heads is aware of the fact that most of the suppliers among the vital suppliers have special infrastructure to make the components required by BESL and if there is any problem to even one or two suppliers, it requires a great effort from BESL to find a replacement. The supplies regarding strategically important and critical parts were discussed and they got the approval of MD to select 10 sub-optimal suppliers out of the 20 vital suppliers and develop them to have a better and mutually beneficial understanding with BESL through the first SDP.

The finalized objectives of the SDPs

1. To improve bonding between BESL and sub-optimal suppliers.
2. To pave foundation for long term cooperative efforts.
3. To establish a network of competent suppliers.
4. To optimize supply chain performance.
5. To upgrade suppliers who underperform but supplying critical strategic supplies.
6. To reduce cycle time and inventories
7. To attain high level of Concurrent Engineering
8. To receive quality parts in time at competitive cost.
9. Ultimately to increase customer satisfaction

Strategic planning to begin SDP at BESL

1. Selecting sub-optimal suppliers based on performance and volume.
2. Monitoring their interest, service and relationship management.
3. Judging their level of competence.
4. Providing training in required areas.

5. Provision of incentives for their continuous improvements.
6. Improving suppliers' functional integration and coordination
7. Evaluating their level of bonding with BESL at the end of SDP and devising individual supplier based strategies to ensure trouble-free and cost-effective supplies in the long run.
8. Taking the experience of first SDP to the next and so on.

Analysis of data to select suitable suppliers.

The functional heads of BESL decided on 4 criteria each having 3 attributes to select 10 suppliers out of the 20 suppliers whose total billing to BESL is around Rs. 300 crores last year.

The weightages given by them for each criterion and its attributes are given in Table 1. The way of arriving at a score out of 10 for each supplier is explained in Table 2. The scores obtained by 20 suppliers and their respective volumes of transactions with BESL in FY12/13 are listed in Table3. Tables 1, 2 and 3 are provided in Appendix.

Evaluation of data to select participants for first SDP and role model for first SDP and first SRM

It was decided to adopt the following evaluations for required selections.

1. 10 sub-optimal suppliers will be selected out of the 20 vital suppliers.
2. A sub-optimal supplier is the one who had scored less than 6 out of 10 in their evaluation and he needs the inputs of SDP to develop himself into a more reliable supplier.
3. A supplier who had scored more than 6 need not be developed and he is already in the list of trouble-free suppliers.
4. The 10 sub-optimal suppliers for the first batch will be selected based on the scores obtained by them in evaluation and on their volume of transaction with BESL last year.
6. To conduct 2 SDPs in a financial year with 10 participants per each
7. To select one benchmark supplier from the 20 vital suppliers and use his way of functioning and business approach as a benchmark while delivering the contents of the first SDP.
8. To select one role-model supplier for the proposed 'Supplier Relationship Management (SRM)' initiative and creating an interest among other suppliers to strengthen their respective bonding with BESL through the innovative SRM efforts and events executed with the selected supplier.

QUESTIONS:

1. Identify the participants for the first SDP and the benchmark supplier. Explain the contents, schedule, possibility of conflicts and their resolutions with respect to the first SDP at BESL. How will you evaluate the usefulness of SDPs?
2. Why is 'SRM' needed? Design an SRM initiative as applicable to BESL.

APPENDIX

Table: 1

Weightage to criterion	Criteria	Factors affecting or attributes of the criterion	Weightage to attributes
0.40	C1- COST	AI-Price: Includes competitiveness, processing cost, maintenance cost, warrantee.	0.58
		A2- Freight Includes transport, insurance costs, handling and packaging cost, inventory costs.	0.30
		A3-Taxes and Duties Includes taxes, duties, ordering and expediting expenses, terms of payment	0.12
0.30	C2 – QUALITY	A4-Rejection rate.	0.48
		A5-Increased lead time	0.41
		Defects and defectives could not be detected in inspection but found in assembly or in further processing thus delaying the lead time for Bajrang.	
		A6-Quality assessment Includes supplier's inspection facilities, upgrading from time to time ,inspection efficiency, commitment to prevent failures	0.11
0.15	C3 –SERVICE PERFORMANCE	A7-Delivery as per schedule	0.51
		A8-Responsiveness and Flexibility	0.39
		A9-Technological and R&D support provided by supplier	0.10
0.15	C4- PROFILE OF SUPPLIER	A10-Financial status	0.50
		A11-Suppliers customer base	0.20
		A12-Capacity of supplier and Facilities available for supplier	0.30

Table: 2

Supplier S1 is taken as an example and his score of 7.54 out of 10 was arrived as explained below.

Score of S1 in each attributes out of 100	Score of S1 in the criterion out of 100	Score for criterion is converted based on weightage of criterion to the total base of 100
A1 - 90 A2 - 72 A3 - 51	90 x 0.58 = 52.20 72 x 0.30 = 21.60 51 x 0.12 = 06.12 ===== 79.92	31.97/40 in C1
A4 - 68 A5 - 69 A6 - 60	68 x 0.48 = 32.64 69 x 0.41 = 28.29 60 x 0.11 = 06.60 ===== 67.53	20.26/30 in C2
A7 - 63 A8 - 59 A9 - 80	63 x 0.51 = 32.13 59 x 0.39 = 23.01 80 x 0.10 = 08.00 ===== 63.14	9.47/15 in C3
A10 - 96 A11 - 80 A12 - 91	96 x 0.50 = 48.00 80 x 0.20 = 16.00 91 x 0.30 = 27.30 ===== 91.3	13.7/15 in C4

The score obtained by supplier S1 taking into account all criteria is = 31.97+20.26+9.47+13.7 = 75.4/100
= 7.54/10= score of supplier S1

Table: 3

The scores obtained by considered suppliers and the percentage value of their respective share of supplies in the total of Rs. 300 crores as per FY12/13 bills are given below.

Suppliers	Score obtained by supplier out of 10	% of the value of respective supplies out of the total of Rs. 300 crores
S1	7.54	21
S2	4.82	16
S3	4.16	15.5
S4	7.9	0.05
S5	4.7	0.04
S6	4.42	1.56
S7	4.23	1.02
S8	4.01	1.85
S9	3.15	0.01
S10	8.4	0.03
S11	5.03	8.5
S12	5.10	4.2
S13	4.86	12.1
S14	7.5	1
S15	4.37	4.9
S16	4.64	4.6
S17	8.72	2.9
S18	7.26	3.2
S19	6.0	0.8
S20	5.0	0.74
		100% (Rs. 300 crores)

TEACHING NOTE-EXPECTED ANSWERS:

Question 1 - First SDP:

1.Suppliers S2,S3,S6,S7,S8,S11,S12,S13,S15 andS16 will be selected for the first SDP.

2. First SDP will be a one week program with 12 sessions of 2.5 hours each.

3. The contents of the sessions are:

» Quality management and improvement

» Mutual trust-mutual communications-mutual benefits

» Value analysis towards cost effectiveness

- Coordination and supply management-all issues
- Materials Requirement Planning (MRP), treatments with MRP, getting maximum out of it for both
- Games that build family type relationships.
- Functional integration on both sides-expectations and how to achieve
- Common initiatives in the long run and abolishing inspection procedures
- Games that develop mutual business understandings
- How to take all employees of both sides to a targeted level
- Counseling with individual suppliers
- Discussions –evaluation- followed by celebrations

4. S1 will be used as a bench mark for reference in the above sessions
5. BESL managers and external experts can be used as faculty

An evaluation based on objective type and comprehensive questions will enable BESL to judge the level of understanding and trust attained by supplier at the end of this programme. If needed an evaluation like the one done for selection of suppliers can be done to these ten suppliers in the period of 3 months following the one week programme and the respective improvements can be measured.

Question 2 - SRM initiative at BESL:

1. S1 will be selected for SRM because they are already a 'proven-good' supplier and they can be a model for all sub-optimal suppliers.
2. Some special incentives can be given to SI for rising to the expectations of BESL management.
3. S1 can also be given BESL shares if they are not already having or their number of shares can be increased, if they already have.
4. They can be given special supplier status and few allied benefits.
5. A tour can be organized including S1 and BESL managers or a foreign trip can be gifted to SI from BESL.
6. S1 can also be put in a grade called 'self-inspection category' supplier and the time spent on inspecting his products and subsequent delay in processing their bill could be avoided.
7. They can also be considered for giving authorized dealership for some of the BESL products.
8. A long-run programme can be designed to develop, maintain and enhance SRM at BESL.


more.
convenience

Relaunching 'More' Supermarkets in Coimbatore

Teaching Objectives:

This case is intended for use in Retail Management, Services Marketing, Consumer Behaviour and Marketing Management courses,

- To enable the students to understand the growth of organised retailing in food and grocery category in India, the store formats used by the organised retailers in food and grocery category and the major players in the food and grocery category of organised retailing in India.
- To enable the students to understand the important factors influencing the customers in their supermarket choice and how this knowledge can be used for better strategic marketing decisions (segmentation, targeting and positioning) and tactical marketing decisions (marketing mix).
- To apprise the students of the need to periodically monitor the importance given to the factors influencing the supermarket choice by the customers and the need to periodically measure the customers' perceived performance on these important factors by different competing supermarkets, which would help a supermarket to reposition itself and to come out with better marketing mix decisions.

Key Issues:

- What are the reasons for the lack of patronage for 'More' supermarkets in Coimbatore? What should be Aravind's recommendations to his boss for relaunching 'More' supermarkets in Coimbatore?
- Should Aravind recommend launching of ABRL's hypermarket format 'More Megastore' in Coimbatore? If yes, what are reasons favouring this decision?

Abstract:

Aditya Birla Retail Ltd. (ABRL) is the retail arm of Aditya Birla Group. India is one of the fastest growing retail markets in the world. ABRL launched its 'More' supermarkets in Coimbatore in 2007 and was operating 7 stores in Coimbatore. Initially, 'More' supermarkets appeared to be doing well but subsequently they failed to attract the customers and all the 'More' supermarkets in Coimbatore were closed down by 2011. Now, ABRL has asked its Assistant Manager-Marketing to analyse the reasons for the lack of patronage for 'More' supermarkets in Coimbatore and to prepare a report on their relaunching strategy. (The characters used in this case are fictional)

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S. Aravind has recently graduated from the 2-year PGDM (Post Graduate Diploma in Management) of the prestigious Indian Institute of Management, Bangalore (IIM-B), with specialisation in Marketing Management. He was handpicked by the Aditya Birla Retail Ltd. (ABRL), for their retail business, in the campus interview held at IIM-B, in January 2012. Aravind always wanted to work in the retail industry, because as part of his PGDM programme, he has studied Retail Management as one of his electives and he knew that organised retailing is estimated to grow at CAGR of 26% in the next 5 years in India and he wanted to be part of this growth opportunity. As soon as Aravind joined as Assistant Manager – Marketing at Aditya Birla Retail Ltd. at its headquarters in Mumbai, in June 2012, he was put through a structured induction programme for about 3 months and during this period he has learnt all aspects such as retail strategy, merchandising, supply chain management, store operations, customer relationship management, promotion management, branding, private label strategy etc. of managing the hypermarkets and supermarkets run by ABRL in different Tier-I, Tier-II and Tier-III cities and towns in India. The brand names of hypermarkets and supermarkets run by ABRL are 'More Megastore' and 'More' respectively. Immediately after his induction training period, his boss at ABRL, Ashok, General Manager-Marketing has called Aravind and asked him to probe the reasons for the lack of patronage for 'More' supermarkets in Coimbatore and to suggest to the company how and when they can relaunch 'More' supermarkets in Coimbatore. Originally, ABRL launched its 'More' stores in Coimbatore in 2007 and was operating 7 stores located closer to different residential areas in Coimbatore. Initially, 'More' stores appeared to be doing well but subsequently it failed to attract the customers and lost out to other supermarket chains Nilgiris, Kannan, Reliance Fresh and Spencer's Daily. Eventually, all the 7 'More' stores in Coimbatore were closed down by the end of 2011. One of the reasons why Aravind was assigned this job was due to his knowledge of the Coimbatore market, as he hailed from Coimbatore and his family was residing there.

Soon after getting this assignment, Aravind collected the following information about ABRL from the company's brochures, website, etc.

Aditya Birla Retail Ltd.:

Aditya Birla Group is a global conglomerate with its headquarters in India. A USD 40 billion corporation, the Aditya Birla Group is in the League of Fortune 500. It is anchored by an extraordinary force of over 1,36,000 people, belonging to 42 different nationalities. The Group has business interests in aluminium, copper, viscose staple fibre, carbon black, insulators, acrylic fibre, cement, premium branded apparel, mobile telephony, life insurance, organised retail chains, business process outsourcing, etc. The Group's foray into the retail sector began in December 2006 when it acquired Trinethra, the chain of stores based in South India and brought them under the fold of Aditya Birla Retail Ltd. In May 2007, ABRL launched their own brand of stores called 'More'. Since its launch the 'More' has had an aggressive roll out, reaching the total count of over 486 supermarkets and 14 hypermarkets across India today. All the supermarkets are branded as 'More' and the hypermarkets are branded as 'More Megastore'. 'More' supermarkets are neighbourhood stores with core proposition of offering value, convenience and trust to the customers and averaging 2,500 sq. ft. of area. The hypermarkets 'More Megastore' are self-service superstores offering value and range in food and non-food products and services at a single location. Hypermarkets are located in large catchment areas and encourage mass consumption with discount prices and substantial depth of assortment with the average store size of 55,000 sq. ft. shopping area.

'More' is a neighbourhood supermarket which takes care of the everyday household needs. Spread across a wide range of products of food and non-food items, ranging from necessities such as fruits and vegetables, staples, personal care, home care, household products, general merchandise and dairy products, 'More' provides a one stop solution for the customers' food and grocery needs. With a range of over 4000 products, 'More' is able to fulfill the daily shopping needs all under one roof, at a convenient location closer to the customers. Apart from national brands, 'More' supermarkets sell private labels from its own portfolio – available in broad selection, always giving the customers the best possible value for money. More, Hello, Selecta, Maha Saver, 110%, Enriche, Feasters, Paradise, Fresh-O-Dent and Kitchen's Promise are some of the private labels offered by 'More'. 'More' provides a good shopping experience, with a modern store layout, easy to shop with friendly staff providing assistance, computerised billing facilities and a good ambience. They also have customer friendly policies on exchange and returns that help customers to shop with ease and comfort. 'More' has adopted a competitive pricing policy ensuring that the customers received the best possible value. They sell a wide range of products below MRP. They also have wide selection of products on attractive offers and promotions that help customers get more from their shopping at 'More' stores. 'More' also offers attractive promotions such as “Buy and Get Free” and other special offers. From time to time, they also run festival promotions that help the customers shop for special and festival occasions. 'More' also offers a customer loyalty programme called “clubmore”. “Clubmore” is basically a membership reward programme, which reinforces More's commitment to consistently add value to the customers' shopping experience. Customers can become members of “clubmore” after filling a simple registration form and each time the customer shops at 'More', the customer earns reward points which can be redeemed at the preferred 'More' outlet. The members will also receive exclusive SMS alerts about special offers on their products and services.

With the launch of 'More Megastore', a hypermarket in March 2008, ABRL expanded its footprint in large format retailing, which features both food and non-food products. Hypermarkets are what can be described as a complete destination shopping area, where one can enjoy a day out with the entire family because of the simple fact that hypermarket consists of variety of options under just one roof. The result is a very large facility which carries an enormous range of products like grocery, fruits and vegetables, general merchandise, electronics, computers, mobile phones, apparel, footwear, sports and FMCG products, with national, international and store brands all under a single roof. Currently, 14 hypermarkets operate under the brand 'More Megastore' in India.

Food and Grocery Retailing in India:

Aravind collected the following information about the Food and Grocery retailing in India from the retailing related reports of management consulting firms such as Technopak, A.T. Kearney, Deloitte and PricewaterhouseCoopers and other sources such as Indian Council for Research on International Economic Relations (ICRIER), India Brand Equity Foundation (IBEF) and CRISIL Opinion 2012.

India is one of the fastest growing retail markets in the world with 1.2 billion people and it has been ranked 5th in the 2012 A.T. Kearney Global Retail Development Index (GRDI). The retail sector is the second largest employer after agriculture, employing more than 35 million people with wholesale trade generating an additional employment of 5.5 million. The overall retail sales in India is estimated at USD 470 billion in 2011 and is projected to grow to USD 675 billion by 2016 at CAGR of 7.5%. The organised retail sales is estimated at USD 26 billion in 2011 and is estimated to grow to USD 84 billion by 2016 at CAGR of 26% . The overall organised retail penetration is only 6% compared to 85% in U.S. The major reasons driving the organised retailing in India include the following:

» Higher incomes driving the purchase of essential and non-essential products

» Evolving consumption patterns of Indian customers

» New technology and lifestyle trends creating replacement demand

» Increase in rural income as well as urbanisation

» Increase in access to credit and consumer awareness

» Growth of modern retail formats across urban, Tier I, Tier II and Tier III cities and towns

» Rapid urbanisation and growing trend towards nuclear families

In India, organised retailing is referred to trading activities undertaken by licensed retailers, those who are registered for sales tax, income tax, etc. These include publicly traded supermarkets, corporate-backed hypermarkets, supermarkets and convenience stores retail chains and also privately owned large retail stores. Unorganised retailing, on the other, is referred to the traditional formats of low cost retailing, which include the kirana stores (local mom-and-pop stores) owner managed general stores, pan/beedi shops, hand cart and pavement vendors, etc. 94% of the retail sales happen through unorganised retailing. The typical retail shops in the unorganised retailing in India are very small and over 14 million outlets operate in the country and only 4% of them being larger than 500 sq. ft. India has about 11 outlets for every 1000 people. India allowed FDI in the cash and carry wholesale format in 1997 but with Government approval, subsequently in 2006 automatic approval was allowed in this format. In 2006, India allowed FDI up to 51% ownership in single brand retailing. In January 2012, India allowed FDI up to 100% ownership in single brand retailing and in September 2012, after a lot of dithering allowed FDI up to 51% in multi-brand retailing with some conditions. Multinational retail giants such as Walmart, Carrefour, Tesco and IKEA are expected to seize this opportunity and enter the Indian retail market in a big way.

The Food and Grocery category retail sales is estimated to be USD 325 billion in 2011 and is the largest category accounting for 70% of the total retail sales. The organised retail sales of Food and Grocery is estimated at USD 9 billion and accounts for 35% of the total organised retail sales. The Organised Retail Penetration (ORP) in the Food and Grocery category is only 2.2%. Seeing this huge opportunity in this category, all the big Indian companies and the MNCs have entered this segment of the organised retailing. Cash and Carry wholesale, hypermarket, supermarket and convenience store are the store formats that have been used by the organised retailers.

The Cash and Carry stores are large, more than 75,000 sq. ft. and carry several thousand stock-keeping units (SKUs).

They are involved in B-to-B wholesaling, catering to kirana shops, resellers and other institutional buyers.

Hypermarkets typically vary between 50,000 sq. ft. and 1,00,000 sq. ft. and offer a wide range of products such as grocery, fresh and processed food, beauty and cosmetics, household products, clothing, appliances etc.

Supermarkets are typically 2,000 sq. ft. to 5,000 sq. ft., located on high-streets closer to residential areas and offer food and grocery, other FMCG and household products. The family is the target customer.

Convenience stores are relatively small, less than 1,000 sq. ft., located in residential areas (closer to consumers), open long hours, seven days a week and carry a limited range of food and grocery, other FMCG and household items.

Table 1 shows the major players in the Food and Grocery category of the organised retailing and the store formats used by them.

Table 1: Major players in the Food and Grocery Category of Organised Retailing in India

Company	Store Format	Brand Name
Metro	Cash and Carry Wholesale	Metro
BhartiWalmart	Cash and Carry Wholesale	Best Price
Carrefour	Cash and Carry Wholesale	Carrefour
Pantaloon Retail (India) Ltd. (Future Group)	Hypermarket Supermarket	Big Bazaar Food Bazaar
Spencer's Retail	Hypermarket	Spencer's Hyper
	Supermarket	Spencer's Daily
Reliance Retail Ltd.	Hypermarket	Reliance Mart
	Supermarket	Reliance Super and Reliance Fresh
Aditya Birla Retail Ltd.	Hypermarket	More Megastore
	Supermarket	More
Bharti Retail Ltd.	Hypermarket	easyday Hyper
	Supermarket	easyday Market and easyday
K. Raheja Corp.	Hypermarket	HyperCITY
Trent (Tata Group)	Hypermarket	Star Bazaar
Max Hypermarket India Ltd.	Hypermarket	Auchan Hypermarket
The Nilgiris Dairy Farm Pvt. Ltd	Supermarket	Nilgiris
ShriKannan Departmental Store Pvt. Ltd.	Supermarket	Kannan
Vishal Retail Ltd.	Hypermarket	Vishal Mega Mart

Food and Grocery Retailing Scenario in Coimbatore:

Aravind has collected the following information about Food and Grocery retailing scenario in Coimbatore from the supermarket store managers and some knowledgeable customers through depth interviews.

Coimbatore is a Tier-II city in India and has a population of about 2 million. Prior to the middle of nineties, the consumers of Coimbatore depended on the traditional retailers for their Food and Grocery requirements. Even Nilgiris and Kannan had only one store each till 2006. The first supermarket chain to enter Coimbatore is the Foodworld by the Spencer's Retail, in late nineties, which was later on rebranded as Spencer's Daily. But the real growth in the supermarkets happened in Coimbatore only during 2006 – 2008, when Subhiksha, More and Reliance Fresh chain of stores were opened. Each of these supermarket chains opened around 6 – 7 stores closer to different residential areas in Coimbatore. These supermarket chains offered a wide variety of products, self-service, convenient location, better quality, good ambience and computerised billing, etc. and this has changed the way Coimbatore people shopped for their Food and Grocery. Seeing this, Nilgiris expanded their stores through franchising mode and opened 7 stores and Kannan has opened 7 stores on their own. Between 2008 and now, not all the supermarket chains did well. In fact, Subhiksha closed all their stores in 2009, due to severe cash flow problem that the company faced. All the 'More' stores have been closed down by mid-2012, due to poor patronage by the customers. Spencer's Retail Ltd. has reduced their Spencer's Daily stores to 2. During this period, another interesting thing has happened, that is 3 hypermarkets have been opened in Coimbatore, 1 each by Pantaloon Retail (India) Ltd. (Big Bazaar), Max Hypermarket India Ltd. (Auchan Hypermarket) and Reliance Retail Ltd. (Reliance Mart). These supermarkets and hypermarkets are continuously changing their product mix, layout, etc. to find out what works best for Coimbatore market. Currently, in the supermarket format, Spencer's Daily, Reliance Fresh, Niligiris and Kannan are the major players operating in Coimbatore.

Major Competitors of 'More' in the Supermarket Format in Coimbatore:

Currently, in the supermarket format, Spencer's Daily, Reliance Fresh, Nilgiris and Kannan are the major players operating in Coimbatore and Aravind collected the following information about them from their websites and by visiting these supermarket chains.

Spencer's Daily:

Spencer's Daily is the brand name of the supermarket format of Spencer's Retail Ltd., which is part of the Rs. 9,000 crores RP-SG Group. As one of the earliest entrants in retail space in India, it has been instrumental in introducing Indian consumers to the concept of organised retailing, becoming the country's first grocery chain way back in 1920. As the pioneer in organised food retailing in India, the modern-day Spencer's started its operations in early 1990s, in South India. It runs about 200 stores (including about 30 large format stores) across 35 cities in India. Currently, it offers customers two retail store formats – Supermarkets branded as Spencer's Daily and Hypermarkets branded as Spencer's Hyper. Spencer's Daily is a supermarket neighbourhood store that caters to the daily and weekly top-up shopping needs of consumers. Typically, the store area is about 1500 – 2500 sq. ft. and stocks at minimum assortment of fruits and vegetables, food and non-food Fast Moving Consumer Goods (FMCG), staples and frozen foods, personal and home care products, baby care, basic apparels and electronics and electricals. Apart from many national brands, it sells private labels Spencer's Smart Choice, Spencer's Value, Spencer's Natures Bounty, etc. Spencer's hyper are hypermarkets, which combine a supermarket with a department store. At least of 15,000 sq. ft. in size, they stock on an average 70,000 items, giving shoppers fantastic deals across food, fashion, home and entertainment, all under one roof.

Reliance Fresh:

Reliance Fresh is the supermarket format of Reliance Retail Ltd., which was set up to lead Reliance Group's foray into organised retail. Since its inception in 2006, Reliance Retail Ltd. has expanded into many retail formats such as Reliance Fresh, Reliance Super and Reliance Mart in food and grocery retailing and other specialty formats such as

Reliance Trends, Reliance Footprint, Reliance Digital, etc. Reliance Fresh and Reliance Super are supermarket formats and Reliance Mart is the hypermarket format.

The typical Reliance Fresh store is about 2000 – 2500 sq. ft., located in high streets in the residential area. It offers a wide range of products such as staples, groceries, processed foods, personal care products, other non-food items, bakery products and fruits and vegetables. The stores are well laid out, air-conditioned and have computerised billing counters. They also offer free home delivery to nearby areas if the purchase value is more than Rs.750. Apart from selling many national brands, reliance fresh also sells private labels in different product categories. Their popular private labels are Reliance Value and Reliance Select. Many products are sold at prices less than MRP and there are other offers and promotions. Reliance Fresh's loyalty programme is called Reliance One. Once the customer fills out the form and becomes the member of the Reliance One loyalty programme, he or she is offered the Reliance One card and after every purchase reward points are added based on the purchase value and it can be redeemed at any one of the preferred reliance outlets. The same card can be used in other reliance formats also and the reward points can be accumulated.

Nilgiris:

Nilgiris is the supermarket chain of The Nilgiri Dairy Farm Pvt. Ltd. Nilgiris has grown from being a Dairy Farm specialising in butter to a supermarket chain of over 90 stores spread across India's southern states viz. Karnataka, Tamil Nadu, Kerala and Andhra Pradesh. Nilgiris provides its customers a shopping experience that hinges around freshness of produce, superior quality and better value. It lays special emphasis on its own products, sold under the brand name of Nilgiris 1905. Nilgiris is one of the pioneering champions of organised retail. Beginning with a single store on Brigade Road in Bangalore with butter as its mainstay, Nilgiris has scripted a story of success with multiple stores across cities each delivering unmatched value in terms of range and shopping experience to the customers, offering a wide range of grocery, general merchandise and personal care products. Nilgiris growth in terms of number of stores has come only post 2007, through franchising mode. It doesn't offer any loyalty programme to its customers.

Kannan:

Kannan stores are a slightly bigger format supermarket chain, currently operating 22 stores in Tamil Nadu. It was started in 1985 in Erode, in the name of Sangeetha Shopping Centre. Encouraged by the customers' favourable response, the first store in the name of “Shri Kannan Departmental Store (P) Ltd.” was started in the year 1999 in Coimbatore. Kannan's annual sales in 2010 – 2011 were Rs.370 crores. 8 of their total number of stores are in Coimbatore and the remaining are in Dindugal, Gobichettipalayam, Karur, Kumarapalayam, Madurai, Mettupalayam, Pollachi and Tirupur. They sell a wide range of products such as staples, groceries, processed food, personal care products, other non-food items, bakery products, fruits and vegetables, etc. Apart from national brands, Kannan stores sell their private label 'Kannan' in many product categories. Kannan stores are patronised by a large and loyal customers because of their value for money strategy. They do not offer any loyalty programme to their customers.

Findings of the supermarket customer survey done in Coimbatore:

Apart from collecting all the above information, Aravind also conducted a survey among the customers of these 5 modern supermarket chains viz. More, Reliance Fresh, Spencer's Daily, Nilgiris and Kannan, operating in Coimbatore, using some MBA students of a B-School in Coimbatore. The major objectives of this customer survey was to find out what factors influence the customers of these supermarkets in their supermarket choice, their perception about these 5 supermarket chains and their preference for shopping among these 5 supermarket chains. The survey showed the following results.

The customers were asked to rate the importance of 18 factors / attributes considered essential for a supermarket on a 5-point Likert Scale and Table 2 shows the rank of these factors based on the mean score.

Table 2 - Factors Influencing Supermarket Choice

Factors	Rank
Accuracy of Billing	1
Product Quality	2
Product Availability	3
Product Variety	4
Speed of Billing	5
Location	6
Parking Facility	7
Price	8
Product Return / Exchange Policy	9
Courteousness of Customer Service Persons	10
Brand Image	11
Knowledge of Customer Service Persons	12
Store Ambience	13
Free Home Delivery	14
Loyalty Programme	15
Offers / Schemes	16
Helpdesk	17
Telephone Ordering	18

Table 2 also shows that Accuracy of Billing, Product Quality, Product Availability, Product Variety, Speed of Billing, Location, Parking Facility, Price, Product Return / Exchange Policy and Courteousness of Customer Service Persons are the top 10 factors influencing customers in their supermarket choice.

Of the five modern supermarket chains studied, Nilgiris has been rated the best on 10 factors viz. Accuracy of Billing, Product Quality, Speed of Billing, Location, Parking Facility, Product Return / Exchange Policy, Courteousness of Customer Service Persons, Brand Image, Knowledge of Customer Service Persons and Store Ambience. Kannan has been rated the best on 4 factors viz. Product Availability, Product Variety, Price and Free Home Delivery. Reliance Fresh has been rated the best among the supermarket chains on Offers / Schemes and Helpdesk. Spencer's Daily has been rated the best on Telephone Ordering and 'More' has been rated the best on Loyalty Programme. 'More' stores were also perceived to be too small 1500 - 2500 sq.ft, narrow product range with more private labels than national brands and poor availability of products. In Overall Shopping Experience, Nilgiris has been rated the best followed by Kannan, Reliance Fresh, Spencer's Daily and 'More'. When it comes to customers' preference, Kannan has emerged as the most preferred supermarket chain followed by Nilgiris, Reliance Fresh, Spencer's Daily and 'More', in that order. Eventhough, Nilgiris has been rated the best on 10 out of 18 factors and also rated the best in Overall Shopping Experience, Kannan has emerged as the most preferred supermarket chain in Coimbatore may be because it has been rated the best on the important factors Product Availability, Product Variety and Price.

With these information on hand, Aravind started preparing his report on relaunching strategy for 'More' supermarkets in Coimbatore, which he wanted to submit to his boss in Mumbai. He also wondered whether it is the appropriate time for his company to launch its hypermarket format 'More Megastore' in Coimbatore.

Questions:

1. What should be Aravind's recommendations to his boss for relaunching 'More' supermarkets in Coimbatore, with regard to their product mix, product quality, private label, pricing, offers and schemes, promotion, location, pre-sales, in-store and after-sales services and other crucial decisions?

2. Do you think Aravind should recommend launching of ABRL's hypermarket format 'More Megastore' in Coimbatore? Substantiate your answer.

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Teaching Note

1. What should be Aravind's recommendations to his boss for relaunching 'More' supermarkets in Coimbatore, with regard to their product mix, product quality, private label, pricing, offers and schemes, promotion, location, pre-sales, in-store and after-sales services and other crucial decisions?

   The following information given in the case as the findings of the supermarket customer survey done in Coimbatore would help Aravind to prepare his report on relaunching strategy for 'More' supermarkets in Coimbatore.

   » The importance given to the factors influencing supermarket choice, by the customers of 5 modern supermarket chains in Coimbatore viz. More, Reliance Fresh, Spencer's Daily, Nilgiris and Kannan (See Table 2) and how 'More' has been rated in terms of perceived performance score on these important factors.

   » Next, how 'More' has been rated in terms of perceived performance score on these important factors compared to its competitors, Reliance Fresh, Spencer's Daily, Nilgiris and Kannan.

   » Customers' preference for shopping among the 5 modern supermarket chains in Coimbatore.

2. Do you think Aravind should recommend launching of ABRL's hypermarket format 'More Megastore' in Coimbatore? Substantiate your answer.

   Yes Aravind should recommend launching of ABRL's hypermarket format 'More Megastore' in Coimbatore, for the following reasons.

   » The information provided in the case under the head Food and Grocery Retailing in India, Food and Grocery Retailing Scenario in Coimbatore and the retailing related reports of management consulting firms such as Technopak, A. T. Kearney, Deloitte and PricewaterhouseCoopers and other sources such as Indian Council for Research on International Economic Relations (ICRIER), India Brand Equity Foundation (IBEF) and CRISIL Opinion 2012 cited in the References favours the decision of ABRL launching its hypermarket format 'More Megastore' in Coimbatore.

   » 3 hypermarkets have already been opened in Coimbatore, by ABRL's competitors, 1 each by Pantaloon Retail (India) Ltd. (Big Bazaar), Max Hypermarket India Ltd. (Auchan Hypermarket) and Reliance Retail Ltd. (Reliance Mart).

Low price, High elegance
WHY NOT?

nano

Will the newfound awesomeness help Nano drive past its past?

Teaching objectives:

This case is intended for use in Marketing Management, Integrated Marketing Communication and Brand Management courses for teaching

i. The concept of targeting and positioning

ii. The development and execution of positioning strategy

iii. The concept of Promotion mix

iv. The relevance and application of various tools of promotion mix

Key issue:

The underdeveloped positioning strategy of a brand and its implications.

Abstract:

The case narrates how Tata Nano that was expected to be a revolutionary car struggled to survive in the Indian market. It explores the reasons behind the brand's inability to arouse the potential car buyers' interest and describes how the brand's positioning was a major weakness. It examines the marketing communication tools used by the company and their effectiveness. The Teaching Note explains what led to a mismatch between the target buyers' expectations and the brand's positioning. The case is based on several secondary sources of information.

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Tata Motors announced a new strategy called HORIZONNEXT for its passenger vehicles business in June, 2013 that initially unveiled eight upgraded versions of products across its five brands. This was aimed at addressing four major areas namely Intense Product Focus, Focus on World-class Manufacturing practices, Enriched Customer Purchase Experience and Consistent Quality of Service. One of the five brands initially targeted for HORIZONNEXT was Tata Nano that acquired new features like remote keyless entry, twin glove-boxes, four-speaker music system with Bluetooth USB and Aux-in connectivity. Tata Nano was also to have better interior and exterior appearance. It offered its buyers new personalization kits that gave an option for getting 4 different identities for the car in the form of Jet, Alpha, Remix and Peach. Did all of this have any differential effect on a new car buyer's decision? Was Nano perceived to be capable of providing a key to happiness, as its tagline once claimed? Unfortunately, anyone having a glance at its sales figures would not answer in the affirmative to these two questions. Tata Nano managed to sell only 53, 848 cars in 2012-13 that amounted to 27.7% drop over its sales in the previous year. The overall sales volume of Tata Motors vehicles also had a decline of 10.66% in 2012-13. It lost out to its competitors and it happened in the previous financial year, 2011-2012 too. The then Group Chairman, Mr.Ratan Tata openly admitted in the annual general meeting that they lost to Mahindra & Mahindra in the passenger vehicles business. This trend continued during the succeeding year. While Mahindra & Mahindra had an increase of 24.6%, Tata Motors fell by 15.32% in their respective sales revenues for the year 2012-13 compared to their own corresponding sales revenues in the previous year. Having sensed the developments, the company made way for infusing fresh thinking in its strategy for vehicles business through some changes at the top. It appointed Mr. Karl Slym as the new Managing Director and Mr. Ranjit Yadav as the New President for Passenger Vehicles Business in October, 2012. This new team was expected to revive the decline of their market share in the Indian passenger vehicles market. The new team was also expected to turnaround the fortunes of its new innovation, 'Nano' whose sales were declining steadily.

The wide screen!

According to Society of Indian Automobile Manufacturers (SIAM), the total sales volume of passenger cars in India was 18,95,471 in the year 2012-2013. It was about 6.7% lower than the previous year's sales that stood at 20,31,306. However, the sales volume of utility vehicles, two-wheelers and three-wheelers was higher in 2012-13 by 52.20%, 2.90% and 4.87% respectively in comparison with their own sales volume in the previous year. The passenger vehicles market in India had many players such as TATA Motors, Maruti Suzuki, Mahindra & Mahindra, Hyundai, Ford, Chevrolet, Honda, Toyota and the like. Many new companies were also planning to enter this market. Though this market was the seventh largest in the world, the penetration of cars was somehow low with only about 10 out of 1000 people owning the product. In the year 2012-13, Maruti Suzuki continued to be the market leader in the passenger cars category with a share of about 39% and Tata Motors was the market leader in the commercial vehicles category with a share of about 60%. Exhibit: 1 lists the various brands of passenger vehicles sold in the Indian market and Exhibit: 2 lists the brands which are priced at Rs. 4 Lakhs and below.

Exhibit: 1. Some of the brands sold in the Indian market and their respective companies:

Brands of Passenger Vehicles*	The owning company
Nano, Indica, Vista, Manza, Indigo, Xenon, Aria, Sumo, Safari, Venture, Jaguar and Land Rover	TATA Motors Ltd
800, Alto, Omni, Gypsi, Estilo, Wagon R, EECO, Astar, Ritz, Swift, Sx4, Dzire, Ertiga, Kizashi, Stringray and Grand Vitara	Maruti Suzuki Ltd
i10, i20, Santro, Eon, Accent, Verna, Elantra, Sonata and Santa Fe	Hyundai Motor India Ltd
Reva e20, Bolero, Scorpio, Thar, Verito, Xylo, Actyon, Chairman W, Korando, Kyron, Rexton, Rodius, XUV 500 and Quanto	Mahindra and Mahindra Ltd
Etios, Innova, Corolla, Fortuner, Camry, Prius, LC Prado and Land Cruiser	Toyota India Ltd
Spark, Beat, Sail U-va, Captiva, Enjoy, Cruze and Tavera	Chevrolet Sales India Pvt Ltd (General Motors)
Figo, Fiesta, Classic, Ecosport and Endeavour	Ford India Pvt Ltd
Brio, Amaze, City, Accord and CR-V	Honda Cars India Ltd
Beetle, Vento, Jetta, Passat, Touareg, Phaeton and Polo	Volkswagen Sales India Pvt Ltd
Audi A4, S4, A6, S6, A7, A8, Q3, Q5, Q7, RS 5, TT and R8	Audi India
Micra, Evalia, Sunny, Teana, X-trail and 370 Z	Nissan Motors India Pvt Ltd
Pulse, Scala, Duster, Koleos and Fluence	Renault India Pvt Ltd
Octavia, Fabia, Rapid, Laura, Yeti and Superb	Skoda Auto India Pvt Ltd
Ambassadar, Mitsubishi: Pajero, Lancer, Montero, Outlander and Cedia	Hindustan Motors Ltd
S60, S80, V40, XC60 and XC90	Volvo Auto India Pvt Ltd
A, B, C, CLS, E,GL, M, S and SLK	Mercedes-Benz India Pvt Ltd
BMW 3, 5, GT, 6,7, X1, X3, X5, X6, Z4 and M	BMW India
Phantom, Wraith and Ghost	Rolls-Royce Motor Cars Ltd

Source: The respective websites of the above listed automobile companies * It is not an exhaustive list

Exhibit: 2. Brands with the starting price of Rs. 4 lakhs and below

Starting Price in Lakhs of Rupees*	Brand
1.43	TATA Nano
2.25	Maruti OMNI
2.45	Maruti Alto 800
2.85	Hyundai EON
3.00	Hyundai Santro Xing
3.08	Maruti EECO
3.23	Maruti Alto
3.31	Chevrolet Spark
3.48	MarutiEstilo
3.50	Nissan Micra
3.60	MarutiWagonR
3.75	Hyundai i10
3.83	MarutiAstar
3.88	Chevrolet Beat
3.89	Ford Figo

* Ex-Showroom price in Delhi
Source: www.zigwheels.com

Tata Motors, which is the fourth largest truck and bus manufacturer in the world and the largest automobile company in India, belongs to the reputed Tata Group. The Tata group is present in seven business sectors. They are Communication and Technology, Engineering, Materials, Services, Energy, Consumer Products and Chemicals. They have operations in over 80 countries. The turnover of the group was $ 100 billion in the financial year 2011-12. The Tata group is about one-and-half century old in India. It is acknowledged by people in our country, as a reliable and trust-worthy corporate group. It has earned this respectable image through its ethical business practices and its sincere association with social causes. Tata Motors has in its product portfolio passenger vehicles, commercial vehicles, defence and homeland security vehicles. Its cars, buses and trucks are marketed in many countries in Europe, Africa, Asia and America. In the passenger car category in India, it has brands like Nano, Indica, Vista which are hatchback cars. In the sedan category, it has Manza and Indigo brands. Aria, Xenon, Sumo, Safari and Venture are the brands of multi-utility vehicles owned by this company. Jaguar and Land Rover are the brands acquired in the recent past by the company. Tata Motors also has a joint-venture with FIAT Group that owns brands like Linea and Punto. Tata Motors posted a consolidated revenue of Rs. 1,88,818 ($ 34.7 billion) in the financial year 2012-13, achieving a growth of about 14% over the previous year. This included the revenues posted by Jaguar Land Rover. Tata Motors (Standalone) had a revenue of Rs. 44,766 crores during this period.

The idea called Nano!

Mr.Ratan Tata, the former Chairman of Tata group, was said to have conceived of an idea for a small car, on seeing the head of a middle-class Indian family struggling to transport his entire family on an old scooter. His vision of a small car was turned into a reality by his project team headed by Mr.Girish Wagh. The focus of this project team was to create a car that would meet the targeted cost of below Rs. 1 lakh as well as fulfill the regulatory requirements and performance standards. They planned to produce it initially at Singur in West Bengal, but had to shift their factory to Sanand in Gujarat due to several land acquisition issues. The car was named Nano, but the problems it had to face were of major nature. Nano was finally unveiled at Delhi Auto Expo that triggered a huge media interest and raised the expectations of new car buyers. The brand was subsequently launched at ParsiGymkhanna in Mumbai in March 2009.

"We are happy to present the people's car in India and we hope it brings the joy, pride and utility of owning a car for families who need personal mobility".

This was what Mr.Ratan Tata said during the unveiling ceremony. Unfortunately, the brand could not stand so far, for what their former Chairman aspired, as it had disappointed both the company and their potential buyers. The initial booking for Nano was 2 lakh cars, but many were withdrawn subsequently. Nano had sold only 1,75,000 cars from July 2009 upto March 2012. During the year 2012-13, it sold only 53,848 cars. However, the annual capacity of Nano is said to be 2.5 lakh cars. Some of the features of the variants of Nano currently available are listed in the following Exhibit: 3.

Exhibit: 3. Variants of Tata Nano

Variant	Fuel	Transmission	No.of colours	Weight in Kg	Engine	Air-conditioning	Central locking	Mileage (ARAI)	Price in Lakhs of Rupees *
Nano	Petrol	Manual	3	600	624 cc	Not available	Not available	25.35 kmpl	1.43
Nano CX	Petrol	Manual	9	615	624 cc	Available	Not available	25.35 kmpl	1.73
Nano LX	Petrol	Manual	9	635	624 cc	Available	Available	25.35 kmpl	2.00

Source: www.tatanano.com and www.zigwheels.com * Ex-showroom in Delhi

The misfire!

Nano that was expected to be a revolutionary car with an unheard-of low price, failed to ignite the passion of the new car buyers. The first-time-car-buyers could not see any joy or pride in owning it. The brand's previous tagline, "Khushiyon-ki-chaabi" which may be translated in English as 'Key to happiness' was never perceived to be true by the car aspirants. In fact, the idea for investing in mass-media advertisements struck TATA Motors late. They unintentionally left the responsibility of communication to the old tool called Public Relations (PR) at first. The brand was enjoying the hype surrounding its first-of-its-kind lowest price that was propagated through several news articles in print media and expert reviews on many broadcast channels. In fact, Tata Nano did not have to plan for awareness creation campaigns separately, as it was done on their behalf, by the journalists, auto analysts and business news anchors. The excessive reliance on such PR tools gave Tata Nano an unwanted positioning of "The World's Cheapest Car" and thus carried a negative connotation for the brand. The company understood, though a little late that the onus of building the right positioning for Tata Nano could not be left to the tool of PR and so decided to develop advertisements. Due to the inherent costing structure and the initial poor customer response, the company could only find print advertisements suitable for them. The various print campaigns developed by Tata Nano are given in the Annexure. A major limitation with these campaigns was the inconsistency of the message themes. Initially the campaigns were used for announcing the booking details without much effort on building the brand. These advertisements were targeting the first-time-car-buyers. The other advertisements were for connecting Nano with the successful brands of Tata Motors like Indica, Safari and Indigo. The most recent advertisements attempted to target the urban youth. However, the print advertisements could not offset the unintended positioning created by PR and the company understood the need for TV advertisements. They thought that TV advertisements could achieve what their print advertisement failed to.

Fueling the fire!

By the time the TV advertisements were on, the undesired positioning of "The World's Cheapest Car" had already been entrenched in the minds of Indian car buyers. The TV advertisements could hardly do anything in erasing this perception. The confusion continued in the TV advertisement themes as well. The initial TV advertisement targeted the first-time-car-buyer with a rural middle-income family background. It showed Tata Nano travelling on a rough rural road to reach a rural house, where it was finally given a warm welcome by the family. A little girl was shown glancing over the car with lot of pride and subsequently applying her eyeliner black ink on the car in an attempt to protect it from the envious looks of her neighbours. The subsequent TV advertisements in the recent past were aimed at the urban youth. Some of these campaigns gave an impression that Nano could be an additional car for the college-going-youngsters in the family. The most recent campaign of Nano projected the brand as a style statement for the youth, with the theme 'awesomeness'. The shifting communication themes of Tata Nano fell short of creating an exclusive positioning for this brand. Tata Motors seemed to be unsure of whom Nano should target. The dilemma was glaring for the consumers - whether to be a humble People's Car attracting the two-wheeler riders of small towns or to be a fashionable Smart Car offering the urban youngsters a charm to drive in the city traffic! Consumers became clueless as to what Nano really stood for. All the existing variants of Tata Nano were petrol versions. There was a view in the market that a diesel version of Nano could kindle more interest among car buyers. It was also suggested that a higher variant of Tata Nano in the form of a mid-sized Sedan or so, would create a positive rub-off effect on its poor compact cousin. Many opined that the brand should get rid of all the technical problems at first, as the buyers were apprehensive about the safety of this small car. Some incidents of new Nano cars catching fire due to the alleged wiring defects worsened their fear further. This gave a severe blow to the trustworthiness of the brand. Consumers also became cynical of the auto-rickshaw-like exterior design of the car. However, the brand had its own merits. It could boast of many unique features unheard in a small car at this low price. They were in the form of spacious interiors, smallest turning radius of 4m, High ground clearance of 180 mm, High gradability of 30%, Bharat III compliance and so on.

» But, why has Nano failed to cast a spell on car buyers so far? Will the magic of youthful image work for Nano?

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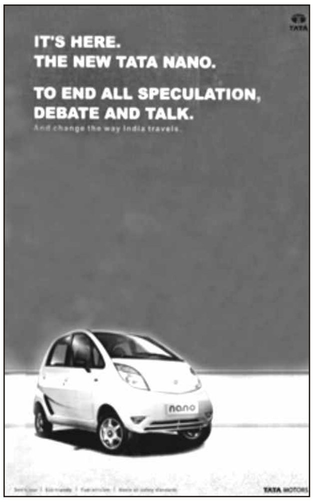
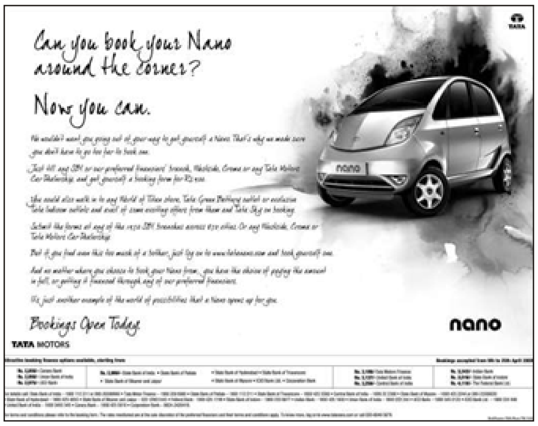
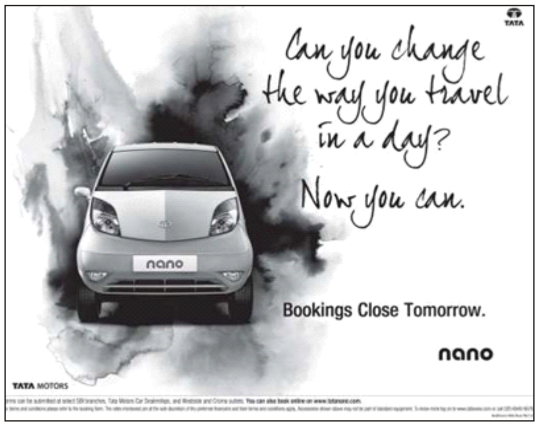
ANNEXURE

Some initial print advertisements of Nano that announced its birth

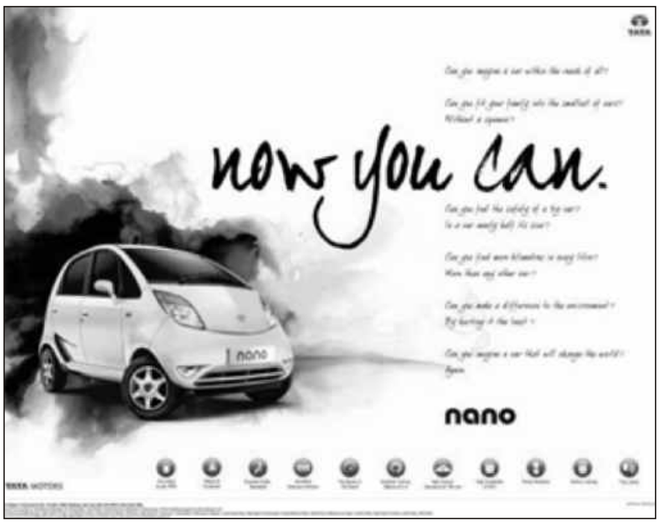


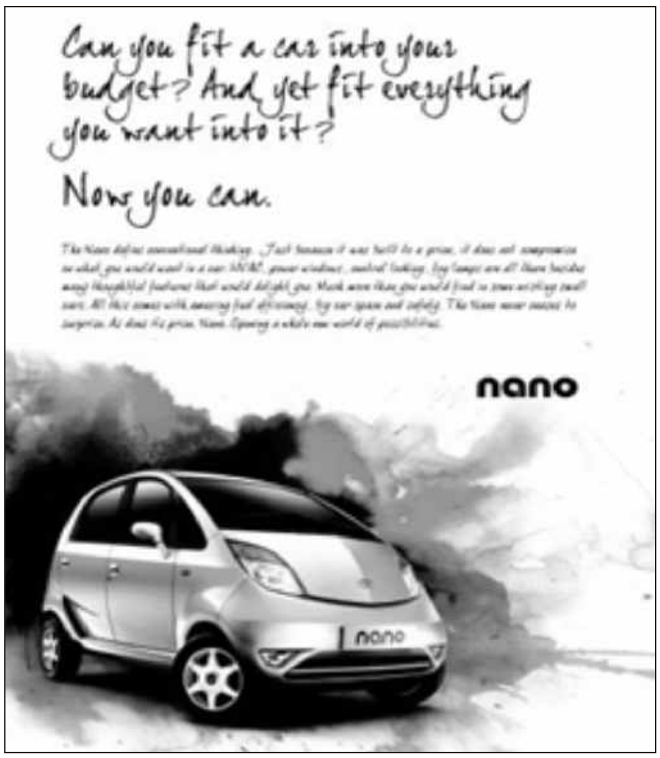
Some advertisements that announced the booking period for Nano



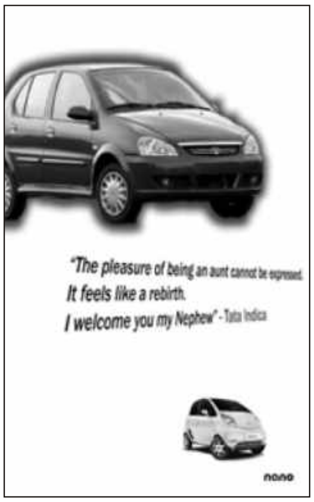


Some advertisements that highlighted the salient features of Nano





Some advertisements that leveraged the brand equity of the other products of Tata Motors for Nano



The print advertisement that explicitly targeted two-wheeler owners

Some outdoor advertisements that targeted the urban family for Nano

Some outdoor advertisements that depicted Nano as a fashion statement for the urban youth

A link to its most recent TV advertisement on the theme, 'awesomeness' available at the company's website

Teaching Note:

- The instructor can ask the students to analyze the root-cause of this issue. Each student can specify what he/she considers to be the crux of the problem faced by Tata Nano. The instructor can make a long list of the root-causes identified by the students on the class board. This exercise may take around 10-15 minutes depending on the class size. Subsequently, the instructor can conduct a group discussion among students to examine the relevance of each of the root-causes identified by the class to the current challenge faced by Tata Nano. This group discussion may last for about 20 minutes. The following may provide some hints as to what could have been the main reasons for the brand's woes so far.

  The potholes

  Mr.Ratan Tata may have been right in drawing his inspiration for 'Nano' from a middle-class family riding on an old scooter. But this brand has never reciprocated this inspiration back to these first-time-car-buyers, as it could not develop an aspirational appeal strong enough to persuade them. There were many factors that worked against the brand. The following were some of them. (i) The urge behind an Indian family buying its first car is as much for showcasing their success to others as it is for meeting their travel needs. A first car is indicative of the fact that they have arrived in life. Nano was not seen to be capable of achieving this for them. Nano could not stand as a symbol of a 'hard-earned asset' based on the image that it acquired in the market. Nano was unintentionally built to stand for the image of “The World's Cheapest Car”. It was made to appear accessible to anybody because of its low price. So, it could not stand testimony to one's success in life that the target group looked for. (ii) A company's offering that does not communicate to its target group before and after its purchase, can hardly become a brand. It will remain a commodity, as consumers may be unaware of the core essence of the brand. This is more so for a high-involvement product like car. Nano failed to maintain a dialogue with its potential buyers, as the company did not believe in investing in advertisements initially. The only communication made available was through unofficial sources like Press News and Auto Shows, which was not persuasive enough to motivate the potential buyers. (iii) Most of the first-time-car-buyers are usually less exposed to driving cars. Having used two-wheelers for so long, they obviously have many inhibitions about the usage of cars. The safety problems that the product experienced added to these insecure feelings and worked against the credibility of the brand.

- Subsequently, the instructor can ask the students to discuss in a group as to how Tata Nano should have actually formulated their branding strategy. This certainly will bring out a lot of interesting solutions from students. This discussion may last for about 20-30 minutes. Following this, the instructor can allow some volunteers to present their opinion on the latest campaign of Tata Nano that uses the 'awesomeness' theme. The volunteers can compare this campaign with the earlier ones of Tata Nano and present their perception on the change that the brand attempts to achieve. This may pave the way for discussing the application of the concept of targeting, positioning and marketing communication. This may take another 15-20 minutes. The following explains a possible branding approach that Tata Nano could have used.

  The road map that Tata Nano missed

  Had Tata Nano cared to develop a certain amount of foresight, it could have avoided many of these problems. The major weakness for Nano was its underdeveloped positioning. The brand did not indeed bother to work on its positioning strategy initially. A brand's positioning is effective only when it convincingly (i) establishes its category membership, (ii) provides several points-of-parity and (iii) finally identifies and creates its own points-of-difference (Kevin Lane Keller et al, 2002). The category membership assures that consumers accept the brand to be belonging to the respective product category. The points-of-parity are needed for a brand to competitively fight in the market. Successful brands will have most of the common customer-benefits offered by the competing brands. The points-of-difference are what help a brand establish a differentiation. These are the benefits what consumers look for, but are not served by any of the existing brands. A brand becomes stronger, when it develops this index of differentiation and uses it to appeal to its target buyers. In the case of Nano, the last two aspects of positioning were somewhat alright, considering the functional benefits offered, but the respective emotional benefits were weak. Nano could somehow match its competitors in terms of technology, spacious interior, mileage, stylish design and related features. Its easy maneuverability, economical price and eco-friendliness could be termed as points-of-difference. However, the first positioning requirement was not plausibly fulfilled.

Nano did not have a credible category membership. Most of its target buyers could not accept Nano as a car. This perception may be a result of its image derived from low price. It may even be because of the notion that its external appearance resembles an auto-rickshaw more than a car.

The positioning of a brand is as much effective as it gets communicated to the target buyers! Using the various tools of Public Relations (PR) may be wise for a marketer. But it can never substitute the regular tools of marketing communication. The major limitation in relying solely on PR is that the content, timing, frequency and outcome can go uncontrolled finally. This was what happened in the case of Tata Nano. The publicity through press news, articles and related word-of-mouth created unwanted developments on the image of the brand. Tata Nano should have invested in TV campaigns, along with their print versions from the day of its launch. While the TV advertisements could have gone a long way in appealing to and stimulating the target buyers' emotional motive of purchase, their supplementary print versions would have met the buyers' rational motive. A consumer's positive bias towards a particular brand of car is usually based on how strongly it feeds into both these motives of him/her. So, such an approach would have prevented Nano from being shifted to a different battlefield by the PR tools. By developing an appropriate creative brief, the Nano's campaigns should have focused on the key strengths of the product. A powerful creative idea for the marketing communication would have easily shifted the consumers' focus away from the unintended image of cheapness. Low price does not have to be associated with cheapness always. This was what Sam Walton successfully achieved, when he established his Wal-Mart stores in US in 1962 and offered every-day-low-prices for their merchandise. He created a rich image for their stores through posh interiors, courteous customer service and wide product mix. That was equivalent of a media campaign then! So, Tata Motors could have done a Wal-Mart for its Nano! By investing in marketing communication proactively, Nano could have acquired a reasonable snob appeal for itself. On the other hand, their advertisements only appeared to be an after-thought that could not affect the consumers' brand knowledge structure favourably.

Tata Nano should have consciously targeted at the car-owning families instead of the first-time-car-buyers since inception. A fashionable image for Nano since inception could have easily erased the negative association of its low price! Nano could have been projected as a second or third car for addressing the need for (i) easy travel in the city traffic (ii) easy parking in the congested spaces and (iii) a safer substitute for two-wheelers meant for the youngsters in the family. The large first-time-car-buying segment could have been roped in convincingly this way. Just like how most of the fashion-products meant for youngsters appeal to the middle-aged people who are young at heart, Nano would have triggered a desire among car-less families too, this way. On the contrary, it is very difficult to reposition a car targeted at first-time-car-buyers and make it appealing to already-car-owning families now. It is just like how a fashion-product targeted at middle-aged segment may not carry any charm for the youth, no matter how stylish it is!

The new youthful attempt to drive past its awful past

Tata Nano makes a late attempt now to cast a spell on new car buyers with its recent theme, 'awesomeness'. This campaign is targeted at the urban youth and is a first-of-its-kind for Nano, as it attempts to create a pompous image for the brand, deviating from its earlier modest approaches. The focus is more on the 'brand' and less on the 'product'. It aims to build Nano into a style statement. The car in this advertisement can conveniently be replaced by a soft drink, smart phone, a pair of jeans or sunglasses or any fashion accessory for youth and it would instantly become a campaign for the respective product category. An attempt to reposition the image of Nano is conspicuously shown by the loud music, the crass taglines, the daring dress code and the bubbling enthusiasm of the sleek models. However, what seem to give a sudden jerk to Nano are the late conceptualization of this communication idea and an abrupt swerve from an image of subtlety to ostentation. Only time can answer if it will help in erasing and rewriting the old humble image of Nano with a swankier one and thereby a more intense desire for ownership in consumers' minds!

Case Submission Guidelines

Contributions for the forthcoming issue will be accepted up to December 10, 2013. The authors can follow the guidelines given below for the submission of their work.

Format:

Caselets and Full-fledged cases will be considered for possible publication in CASTLE. Caselets can have a length of around 600 words and Full-fledged cases can have a length of around 5000 words. It should be an original and unpublished work. The completed work should be submitted as a word document. The text should use single-spacing and the Calibri -11 size font, with equal margins on all the four sides of the page. The tables and drawings need to be included at the relevant places in between the text.

Source:

The work can be based on either primary data or secondary data. While the primary-data-based cases (written based on the interviews/discussions with the company officials) should obtain case-release permission from the organization, the secondary-data-based cases (written based on information available in public domain like newspaper, magazine, internet sources etc) need not have to obtain this. However due credit needs to be given to the source at the end of the case in terms of references.

Narration:

The cases need to take a story-telling style and should end with a thought-provoking question for the readers. The content should be written in the past tense and should take an unbiased neutral stand throughout.

Additional teaching material:

Each case needs to be supplemented at the beginning with (i) Teaching objectives (what concepts/models/theories can be explained through this and what course this is suitable for) (ii) Key issues (what main issues/problems are being addressed) and (iii) an Abstract of not more than 100 words.

The case needs to additionally have at the end (iv) A Teaching Note (to explain as to how this case can be administered to students, what possible approaches are available for solving the key issues and how a specific solution can be executed).

Copyright:

The author needs to provide in writing that the case is his/her own original work and is not submitted to any other publication. The author needs to assign the copyright to the Journal. However, the authors are permitted to use the cases for their personal requirements of teaching.

Submission:

The soft-copies of the Cases can be submitted at editorcastle@jsb.ac.in. The cases submitted before December 10, 2013 will be considered for possible publication in the issue of March, 2014.

Review process:

Each case will undergo a blind review process and the feedback given by the reviewers will be discussed with the authors subsequently.

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