

Critically examine the case-let & answer the questions below the case-let.

Titan found opportunity in India's Unorganized Retail Sector

Titan Industries, the leading watch manufacturer and the world's fifth largest has its headquarter in Bangalore. It recently fired a fresh salvo in the watch market. The US\$760 million company made its very first foray into the world of plastic watches with a new range called "Super Fiber." A trendy and youthful collection of both analog and digital watches, the Super Fiber range is part of Titan's mass-market Sonata brand. However, unlike the rest of the Sonata brand, which has watches priced up to US\$30, the entire Super Fiber range is priced below US\$10. With this new launch, Titan is taking dual aim. On the one hand, it is looking specifically to target mass-market consumers in the 16 to 25 age group. More importantly, it is also looking to make fresh inroads into the country's huge "unorganized" retail sector including corner shops, kiosks, street vendors and other single-proprietor venues, which traditionally has been dominated by cheaply made, value-priced goods. Although organized retailing is growing in India, "modern trade" stores offering a more sophisticated shopping experience, better selection, competitive prices, and formalized return and exchange policies – the unorganized sector isn't going away any time soon. At present, unorganized outlets represent near about 90% of Indian retail, and according to a 2008 report by the Indian Council for Research on International Economic Relations, the sector is expected to grow at an annual rate of 10%, reaching US\$496 billion in coming 2 to 3 years. Based on that analysis, Titan's strategy seems timely. But a question can be how does it plan to succeed in a market segment where bargain prices and cultural associations often outweigh brand cachet? "The sub-\$10 watch market in India is flooded by cheap Chinese imports and low-quality domestic products. The value we bring to this segment is high quality and exceptional styles," explains Titan's managing director. Harish Bhat, chief operating officer for the company's watch division (Titan also manufactures jewelry and other products), explains that, unlike the low-quality plastic watches currently available in the market at this price point, Super Fiber watches offer superior performance and durability. The straps are made of polyurethane and the cases are ABS (acrylonitrile butadiene styrene), making the watches more flexible, fall resistant and water resistant. Despite its low pricing, the Super Fiber range also comes with a one-year replacement warranty. "Our global sourcing and economies of scale give us a significant

price advantage and enable us to offer an easy entry for consumers to the branded world at this price point," he says.

The Indian watch market is currently estimated to be around 42 million units, of which only 15 million units are from the organized-retail players. Among the organized players, Titan leads the pack with a lion's share of around 11 million units across its watch portfolio of four brands which are the flagship brands of Titan. There is an expectation of Titan to double the Sonata's sales from five million watches a year at present to 10 million watches per year over the next three years, which is a largest selling brand now.

Meanwhile, Titan is now looking to bring the power of the brand to yet another unorganized category. The prescription eyewear market in India is estimated to be around 25 to 30 million units per annum with revenues of US\$300 million and growing at around 15% to 20% per annum. As per industry statistics, only around 25% of the people who need prescription eyewear are actually using them. This journey of Titan is expected to continue successfully for near future.

- (a) Titan is on the right path to grow in Indian retail market. Yes or no? Justify your answer with appropriate retail promotion strategies & other related strategies describes in this case-let.

- (b) What should be the strategies of competitors of Titan to trap Indian retail market, looking at the Indian customers' current needs & wants regarding the watches?