

Short Case: VIDEOCON INDUSTRIES

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Before the liberalization of the industry, Indian consumer durable industry was dominated by only Indian companies such as Godrej, Alwyn, Kelvinator, etc. However, post liberalization era saw the emergence of many foreign players like Sony, Samsung, LG, etc. entering into the market. The consumer durable market has seen a tremendous growth in the Indian market because of the rise in the income level and living standards of the Indian consumers, the ease of the availability of finance and the wide range of

choices available to them. The industry is assumed to be at least at ₹350 billion (₹35,000 crore) in the year 2012³⁰ and grow at a CAGR of around 18% during 2011–2014.³¹

In this consumer durable market, Videocon is one of the giant players. Videocon group specializes in manufacturing consumer electronics and home appliances, D2H, mobile phones, mobile services, power plants, and display industry and its components. Videocon Industries Ltd. is a prominent player in the consumer

electronics market (which includes refrigerator, television, air conditioner, washing machine, music systems, etc.). It has achieved a comfortable position for itself in terms of sales and customer satisfaction. It has the widest distribution network of about 10,000 dealers, sub-dealers and distributors across India. The multi brand strategy followed by Videocon, gives it a competitive advantage and an opportunity to cater to different needs of the consumers, which keeps on changing with time. Its multi brands include Electrolux, Hyundai, Sansui, Kenstar, Akai, Allwyn, Kelvinator. Videocon's focus on its customer's satisfaction is reflected in its mission that is obtained from their official website verbatim "*To delight and deliver beyond expectations through ingenious strategy, intrepid entrepreneurship, improved technology, innovative products, insightful marketing and inspired thinking about future.*"³² The consumer electronics and home appliances division registered a growth of 20% over the last year in 2010.³³ The biggest contributor to the company's business has been the color TV and Flat Panel Display category. It aims to delight its customers with products, which go beyond fulfilling their basic needs and provide them with value for money proposition. All the more, providing extra service to its consumers like mobilized service engineers, service centers well stocked with spare parts, on time services and at the door step adds to its stars of delighting its customers both existing and new ones.

Videocon Industries has always been committed in providing its customers more than what it had promised. In line with providing customized products, according to the needs of the customers and the changing technological environment, Videocon industries launched various innovative products in

2010 such as world's first satellite LCD range in India, India's first tilt drum washing machine, India's first top load fully automatic washing machine with a direct drive motor, India's first touch-pad microwave, India's first four star and five star BEE rated washing machine, etc. This highly supports the company's mission statement in 2011, i.e., out of every ten product being sold in Indian market for any category of consumer durable; at least four should be from Videocon group.

Plans in 2012

Realizing that the company will have to lay continuous focus on its R&D activities, it is planning to invest ₹600 million in R&D in 2012. The main focus in the year 2012 would be on high-end products, which would give them high volume and will help in gaining market share in the high-end category. They are also planning to launch digital TV with bigger screen including 70 inch, 58 inch, 55 inch and 46 inch, and LEDs with Android platform in 2012. Further, they also plan to new range of washing machines, air conditioners, and other products in consumer durables and home appliances. As for the marketing activities in 2012, it would lay more emphasis on below the line activities. They are also planning to demonstrate their high-end products to the consumers, which would enable them to weigh the various alternatives before making any purchase decision.³⁴

Questions

1. Is the multi brand strategy of Videocon apt or will it dilute its original brand name?
2. With an increase in competition from so many players in the market, how can Videocon assist the consumers in making consumer decisions?