
“REASONS FOR DECLINE IN SALES OF NATIONAL BRANDS IN THE CONSUMER DURABLE INDUSTRY IN THE LATE NINETIES – PERSPECTIVE OF A CUSTOMER AGED ABOVE FORTY“

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Abstract: Since Asiad in 1982 we had seen the screens of our home televisions in color and it was a blessing to see the rise and growth of several national brands in the country outlets with and without foreign collaborations. We saw SANYO kits in BPL, Toshiba technologies in Videocon and JVC tie ups with ONIDA and to add to the surprise Keltron & Uptron, two state owned products from kerala & Uttar Pradesh also found space with other leading brands. Family owned brands like BPL, Onida & Videocon led the race from eighties till late nineties. Suddenly it was a total surprise for the citizens of India to watch these brands slowly fading away giving pace to brands from across the seas.

Although a number of theories flash on the reasons of this fall, we do not have a clear picture on what would have caused the corporate to keep away from their challenges. This study is to focus whether we have a generalized reason which can be brought out as an umbrella reason for the mishap or whether the pitfalls were specific and unique for each brand. In spite of all the three market leaders going public it still had all the disadvantages of a family business where solutions are still a myth in the Indian principles of Management. This study both qualitative & quantitative tries to bring out hypothetical reasons for the subject cause.

Keywords: Multinational Companies, Family oriented business, decline of sales.

Introduction: Despite the dearth of Plasma and OLED news, the Televisions exhibited at ‘Consumer Electronic Show 2014’ managed to innovate more than ever. Lots of Pixels and curvatures took the headlines, but it was also noticed that trends that could actually lead to better LED & LCD quality was also on prima facie. Samsung’s brilliantly bizarre bendable TV, followed closely and predictably by LG’s most innovative bendable 4K displayed and expected were the biggest splash in the show. The exhibitors did not display any models of Plasma TV which shows that even Plasma are becoming obsolete and does not catch the attention of the spectators and viewers.

When we talk about 4K, Bendy, OLED, 4K/UHD and all those technical jargons which still the Indian customer finds hard to digest we had a time in the eighties and nineties where we started with Black’n’White TVs and the traditional color CRTs. The year 2013 was a year of distinct trends for the industry. There has been a shift in consumer preference; the year 2013 was a year of distinct trends for the television industry. There has been a major shift in consumer preference, with LED TVs gaining share in the FPD TV segment, from 21 percent in 2012 to 75 percent in 2013. Colour picture tubes manufacturing made a complete exit, with the last of the Indian plants, JCT Electronics shutting down its vandora facility. Original equipment manufacturers saw a major decline in their order sheets, from 2.34 million sets in 2012 to 1.96 million sets in 2013, with some having to shut down their facilities too.

New research released at the recently held CES

(Consumer Electronics Show) 2014 reveals that consumers believe that mobile devices including smart phones and tablets will replace television sets in the next one to five years as the most common way to consume entertainment. Also a generational clash is occurring between the demand for Live programming and over –the –top services, which will have a direct impact on TV ad spends. The consumer electronics industry is working to get consumers back through innovations like 4K, and the operators and content owners will follow suit by creating profitable offerings that meet consumer demands.

As per latest news from Economic Times Samsung India Electronics is looking to open 3000 to 4000 exclusive outlets across the Indian towns with population less than 1000, 000 as a part of a strategy to boost sales in low – penetration but fast growing markets for electronic devices. The Korean multinational is NO.1 in India’s Smartphone and flat panel television markets. This is a part of extensive Logistics Management strategy devised by the Korean giant who believes in the concept that the reach on population can enhance sales, reputation and a conglomerate concept to boost the sales of the range of products in the group. In the Town B there is always a possibility for multiple choices for the customer since the people believe in the concept of all products under one roof. In such a situation exclusive galleries will add up immensely by all means.

It is explained as above the modern trends in the TV industry or the consumer durable white goods industry where the latest global innovations with all

modern marketing tools executed including the e-Retailing. None of the channels of distribution are spared in the strategic marketing of modern corporate world and this has enhanced every brand to cash out on one or the other. We have a handful of companies in the FPD sector of televisions and that include Skyworth with its Indian HQ in Hyderabad, Samsung, SONY & LG with its corporate office in Delhi, Videocon & Panasonic in Gurgaon, Toshiba & Haier once again in Delhi, Sansui in Bombay, Salora from Delhi, Arise & T-Series, Philips & VideoTex.

But the study focus on an age where no stringent completion was persistent, customer were not so adequately informed, gadgets did not have that added value in the lives of people etc..If the national leaders like BPL Onida & Videocon had enough Vision on the trends of the electronics market globally & nationally, things would have taken up a different altogether situation. Let us now focus on the history of color television from ASIAD 1982 and the present position of our Brands as well as the Mega Brands from Korea & Japan.

History of BPL Onida & Videocon: It would be interesting on the part of the new Generation which is so called the Generation Y to know the history of major three to five players in our TV industry who played a vital role in making our living rooms a place of enjoyment and ecstasy. Starting from the BPL's medical electronics division, it expanded into consumer electronics, telecommunications, soft energy and electronic components, with peak group revenue of Rs 4,300 crore in the late 1990s. During its prime, BPL would regularly feature among the top 10 brands in the country. The print Media says that a combination of circumstances brought the once mighty group to its knees. Simultaneous expansion onto several unrelated areas of business, lack of financial discipline, entry of the South Korean companies like LG and SAMSUNG are the major reasons pointed out by Ajit Nambiar, once a pillar and driving force of BPL.

Onida was one of the top television brands along with BPL and Videocon in the 80s and 90s. Once it started losing ground, Onida made several attempts to stay relevant and expanded its product portfolio to even include mobile phones, but it did not work out. Last fiscal, Mirc Electronics revenues slipped to Rs 1,292 crore from Rs 1,650 crore in 2011-12 and Rs 1,913 crore in 2010-11. It has posted losses in the last two fiscals. At present, Mirc has some 5-6% market share across categories such as television, washing machine and air-conditioner. At a time when Japanese brands such as Sony and Panasonic are giving strong competition to LG and Samsung, it won't be easy for an Indian band to make much impact in a highly competitive electronics and appliances market.

Verma and his new team will sure prove Mirc's pride if they make Onida a top brand once again.

The downfall or more precisely to say the sales pitch started to see the lower curves, as per research reports, by the year 1994 & 1995 when the Koreans landed up in the soil with brands like LG & Samsung. The readers should be rightly thinking whether the then ruling government has introduced globalization after all the SWOT analysis was conducted or not. The low priced Korean kits were at demand in the Indian market and our National heroes in the industry like Onida BPL & Videocon could not stand the challenge. Apart from the price barriers which turned a curse to the national representatives, the distribution network established by the Koreans was at large. Now to add to the misery family issues started showing its true colors within BPL and Mirc Electronics.

The Nambiars at the BPL board and Mirchandani brothers at the ONIDA bench started all the unnecessary family war and this added flame to the kindle. It was impossible to reach the economies of scale within BPL and Onida since large sales volume started to narrow down. These two brands were successful in the past due to the economies of scale they had received through large volumes in sales and the privilege of certain tax holidays. Thus the Internal Management Problem became one primary reason for the ill fate of the brands. A number of executives at BPL, who did not wanted to reveal the names quoted on several press media interviews that in spite of all the issues the brands had to face in the Marketing scenario challenges, still it could survive if the internal issues had not grown to that extent.

All the members of the top Management had a strong wish rather wanted to earmark the failure as only the price wars created by the Koreans and that was only a mean strategy to hide the real issues from the public. But by this times whether formally or through grapevine, the stories were spread out in the society by and large. Apart from this one secondary reason from the part of Onida was the change in Ad agency from Rediffusion to O&M where the company suffered drastically to create a brand image with the new Ad Agency. Once the evergreen 'Neighbors' Envy & Owner's Pride" was completely withdrawn by the new Ad Agency and all the reforms then brought out periodically could not stand up to the expectations of neither the owners nor the sales volume.

Also by this time the Koreans had made a niche in the market. Always Indian customers had the character of acceptance of change provided their pockets are not drained out largely. Hence LG and Samsung had started making an impact among the customers as well as the share they started to spook out from the national leaders. None of the national

brands could not stand up and keep pace with the changing scenario.

The shift in loyalty of the customers started to show its true colors by this time. If on a broader vision, had the national leaders emerged with strong marketing gimmicks and strategies with real punch, they would have been able to survive in the market front. Rather they started withdrawing and moving behind the curtains. To add to the misery after sales service became a huge problem on the part of the national leaders. Since Social Media was becoming active in those days the news spread fast that the local brands are going out of control on the maintenance side. Once this became a national problem the brands could not even think about a second survival mission. Videocon although had a downfall in the nineties they had a strong vision to come out of the blues trying all possible avenues. They climbed onto adopting and implementing Multi Brand Strategy where two or more similar products of a firm are marketed under different brand names.

In 1987 Videocon entered into mfg. and marketing range of B&W and color televisions. Videocon International marketed its products under the Videocon brand and was positioned and perceived as a mid segment brand competing directly with BPL and Onida. Once the Korean companies started giving stiff competition they soon counter attacked with MultiBrand strategy. As a result there reported an immediate increase in sales by 30% but market share started to decline in 2002. Now as per present information available from study conducted in January 2014 it says Videocon Industries Limited is entering the DDB technology and 4K Ultra HD TVs. They expect the FPD TV segment to reach 8.5 million units by 2014 end. Now they focus on large size FPD TVs including 32", 42", 50",55",and 65" and strongly believe on distribution strategy of large panels at all premium counters and on big retailers, FOMT & MT. Market share of the Indian Television industry in the Y2K as per information from indiainfoline.com

BRAND	MARKET SHARE (%)
BPL	20.3
VIDEOCON	19.0
ONIDA	13.0
LG	11.0
AIWA	10.0
SAMSUNG	9.0
PHILIPS	5.5
SONY	3.0
SHARP	3.0
AKAI	2.0
THOMSON	2.0
OTHERS	2.2

Methodology:Main Study: The exploratory study aims to detect out the customer perception aged above 40, on the reason for the steep disappearance of a number of national brands in the Indian TV sector from the late nineties.

Primary Objective: To check out whether the main reason in fall of sales was due to the entry of Korean companies like LG and Samsung

Secondary Objective 1: To check whether the general claim, that in spite of the principal Marketing reason, there was feud in the family business and this would have been a reason of fall with two major brands like Onida & BPL.

Secondary Objective 2: To determine whether the absence of qualitative R&D would have led to the disaster.

Secondary Objective 3: To arrive at an umbrella reason on the part of the customer perceptions, on what would have led to the defeat of the Indian brands.

Results: The questionnaire results were tabulated with SPSS and the output is as below. The questionnaire addressed to a sample of 150 professionals above the age group of 40 brought out the following results.

1. Most remembered national brands from the nineties.
 - a. Onida
 - b. Videocon
 - c. Philips
 - d. BPL
2. Number of TV sets owned in the lifetime: 2 television sets.
3. Brands owned presently :
 - a. Samsung
 - b. Sony
 - c. LG
 - d. Panasonic
4. Number of TV brands changed in lifetime: 2
5. The present Screen Size dimension : LED 32"/40"
6. Mode of purchase: Cash or Credit Card
7. Potential brand for purchase: Foreign brand
8. Type of TV: LED
9. Dimension: 42"
10. Reason for failure of national brands as per the customer understanding:
 - a. Heavy advertisement of MNC brands
 - b. Entry of global brands
 - c. Excellent clarity of foreign brands
11. Pricing as a purchase criteria: No
12. Role of family in decision making: Yes
13. Expected Growth of Videocon: No
14. Onida's expected revival: No
15. Awareness of domestic brand persuading purchase: No
16. Television Brand recall:

- a. Samsung
- b. Sony
- c. Onida
- d. Videocon
- e. BPL
17. Washing Machine brand recall:
 - a. IFB
 - b. Whirlpool
 - c. LG
18. Purchase process:
 - a. Comparison of brand features
 - b. Check with friends, family, neighbors
19. Preference of any feature: Yes
20. If national brand has same features, quality, the possibility of purchase: Yes

Conclusion: From the survey point of view it is clearly inferred that citizens still remember the national brands and the image those brands have created in the minds of the Generation X is remarkable. Although there are various general understanding on the reasons of failure the sample selected recommends that the main reason of failure was the heavy advertising campaign used by the global brands in the entry as well as the consistent promotional activities they carry forward. Also the quality & clarity in picture with maximized resolution of pixels is considered as another reason for the growth in sales of the global mega MNC brands. As a whole they feel that entry of the Global brands is the one and only one reason for the failure of the national leaders who ruled the industry at one glorious time.

At least two times or more the television sets are changed in the lifetime of the sample of the population which resembles the permanency of the product utilized in the life time of a national citizen. Hence a life of minimum 15 to 20 years is expected by the customer. This will point out the fingers to the durability of a product expected. So a TV is supposed

to be a durable which should hold minimum 20 years lifetime without major failure.

From the sample it could be made out that the present brands in the living rooms are not the desi brands, but exotic 32"/40" foreign brand. BPL or Onida has no place there and it should have moved to the showcase of a second hand buyer or to a spare parts shop to play the role of refurbishment.

Need for Public Campaign: Whatever is the financial reserve status of an organization, a consumer durable industry needs to adequately keep its customers informed of existence, growth, R&D developments, product innovations & diversifications if any?.

Occasion Based Marketing is an approach to connect when and why consumers use the product with how they shop for the product. Companies need to realize that their customers are not only different from each other, but are also different from themselves at different times.

People have different needs when they are at work and when they are at home or socializing.

They act differently during holiday seasons and at regular days. India is highly developed market for consumer products. National as well as International brands have been trying to have a fair share of this market. The high frequency of promotional campaigns by entire consumer durable companies and retailers during festival seasons clearly shows the importance of Occasion Based Marketing in Indian market.

To sum up the main reasons why Indian companies lost its market share to MNC's were primarily because of lagging behind in technology, small range of products, less margin to dealers, fewer number of dealers which shows poor logistics management, poor after sales service and the drop of exclusive outlets or rather conversion of the privileged exclusivities to multibrands.

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