

Titan company environment overview



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Titan industries was launched in 1984. Joint venture between the Tata group and the Tamil Nadu industrial development corporation(TIDCO) lead to the existence of Titan industries(tata, 2010). It is the world s fifth largest and india ' s leading manufacturer of watches. Over hundred million watches have been manufactured by this company and the customer base is above eighty million. Titan watches represent various facets of the consumers imagination. It has a strong status in India and overseas market. It has 60% of the domestic market share on the watch market. It has 247 showrooms and a design studio that designs innovative trends in wrist watches(titanworld, 2008). It offers products with a good quality and bended class designs with a superior technology. Variety of models and outstanding market strategies have helped titan go beyond the Indian shores. The company today has a model for every occasion, every price segment and for the urban and rural crowd[reference.....]

Reasonable price, innovative design, excellent marketing strategies and imaginative advertising have made titan one of India ' s most well known brands[reference].

“ In a survey conducted by The Economic Times in 2000, Titan was voted the ‘ Most Admired Brand’ by consumers all over India across all product categories” (economictimes. indiatimes, 2000)

2. THE ENVIRONMENT

2. 1 MACRO ENVIRONMENT

Macro environment or the external environment has influenced the ability to earn profits, company's decision making, progress and production. It's not under company's control and the factors include the political, economic, social and technological analysis and other natural forces. The main purpose behind the environmental scanning is to find out new opportunities.

Opportunities can take many forms which the company can benefit from the converging industry trends, can customize the product and make it more innovative, can lower the price of the product, can meet the customer's expectations and so on. (Kotler & Keller, 2006)

Political and Legal Environment

Free trade of watches was controlled due to heavy import duty which was later removed after the WTO (World Trade Organization) intrusion.

Titan industries have to follow regulatory norms as it works worldwide and it can be affected by certain rules such as change in taxation fee. (Scribd, 2009)

Economic Environment

Indian corporate sector is threatened by the inflation. Besides India, other countries were affected due to United States financial crisis. According to the survey done by the Federation of Indian Chamber of Commerce and Industry (FICCI) 64% of the 413 companies were in a worst condition. People living in the metro city have a positive view towards the economy and assuming that the condition of the country will improve in the near future.

Company's income rose from Rs255.34 crore to Rs303.45 crore and company's watch sales rose by 18.8 per cent. According to the table above it is easy to figure out the consumer buying power in the target market.

Despite the high oil price, high inflation and high volatility in gold prices Titan Industries is doing well. Watch segment sales income rose from Rs 168.83 crore to Rs 171.89 crore. These data indicate that the demand for Titan watch has increased. Reasons behind the increase in sales of Titan are

Brand name

Attractive models

Features

Quality

Innovation

(scribd, 2009)

Social-Cultural Environment

According to the people's tastes and preferences the purchasing power is directed toward certain goods and services (Kotler & Keller, 2006). "Changes in social trends can have an impact on the demand for a firm's products and the availability and willingness of individuals to work" (Oup, 2007)

The primary purpose of the Titan Industries is to improve the quality of the life of the people. "It adopted the Corporate Citizenship Index, Tata Business Excellence Model and Tata Index for Sustainable Development which reflect

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its commitment to its Corporate Social Responsibility (CSR) and spends 5-7% of its profit after tax on several CSR initiatives. These CSR initiatives are spread across three core areas, such as employee welfare, the Environment and the welfare of the community at large” (scribd-marketing plan for titan industry, 2009).

Technological Environment

Technology has shaped people's lives and affected the economic growth rate. [ref] Technology leads to new innovation and new processes. [ref] Change in technology plays a major role in the titan industry. Titan decided to start a plant to manufacture only QUERTZ (analog and digital) in different varieties in design and prices.

Change in technology enhances the product and makes it innovative which increases the production rate. New innovations introduced by the Titan industries are

Heart beat checking system in the wrist watch

Watch which can help in finding out the mood of the person

Sleek watches

(scribd-marketing plan for titan industry, 2009)

2.2 Micro Environment

Micro environment or the internal environment influences the organization directly. According to Michael Porter's ground breaking 1979 theory there

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are 5 forces that affect the ability of the organization to serve its customers and make a profit. Porter ' s five forces are bargaining power of customers, bargaining power of suppliers, threat of substitute products, intensity of competitive rivalry and threat of new entrants. These forces make the company realise its position in the marketplace(wordiq, 2010).

Bargaining power of suppliers

Titan has invested roughly 120 crore rupees over its production facilities and the manufacturing capacity around 6 million units. There has been an increase in low cost producers in China and Taiwan. So, this has provided an opportunity for watch producers to outsource watches at lowcost, same as titan has done to outsource the components for certain products. There s little supplier power in the market due to the large supply of watch movements(scribd-titan watches brand repositioning, 2009).

Bargaining power of customers

Indian watch buyers involve different segments of people. Some are price sensitive and there is still an enormous untapped market in India with the market decline of about 20 units per thousand people whereas the world average is more than 100. There is a segment of people who are willing to spend for the brand which has a good performance. It is essential for the company to find out what the customers prefer in order to have a good status in the market (scribd-titan watches brand repositioning, 2009).

Threat of substitute products

Most of the companies are using innovative ways to increase their sales by offering various variations for watches such as pendant watches and jewellery watches. Most of the customers prefer purchasing watches as a fashion accessory rather than for a typical use.

Intensity of competitive rivalry

There is a stiff competition between the companies in the Indian watch market. At the lower end of the market it is basically the value for money which differentiates the companies. Strategic stakes are very high. In terms of market share, the largest company Titan Ltd, has faced losses in the quarter end of June 2001, despite the rise in market share due to macroeconomic situation.

Threat of new entrants

In the recent years, there has been a tremendous increase in number of brands available in the Indian watch market due to the elimination of quantifiable restrictions. So the new company should be unique to gain the recognition and to be differentiated from the other companies in the market. The new entrant has to be unique in certain aspects such as price, emotional appeal and so on. Building up a brand image is the prime barrier for entry. In this industry there are a lot of competitors which are directly or indirectly affecting the Titan watches industry. The major players are:

Domestic level:

-HMT

-Maxima-quartz

-casio

International level:

-Espirit

-Tag heuer

3. The Organisation's marketing mix

3. 1 Product

Titan produces over 8 million per annum watches and currently manufactures four main watches. " TITAN for the first-class segment, FASTRACK for the teenagers, SONATA for the mass market and XYLYS for the first-class market" [ref]

Titan industries also involve sub-brands such as the Titan Edge which is the world s slimmest watch measuring at about 1. 15mm, Titan Raga which is a luxurious accessory for women, Nebula is designed using solid precious stones and gold. Heritage, Regalia, WWF, Aviator are the other popular Titan brands.[.]

There are 3 distinct price-range -Popular, Mid and Premium. Focus is on the volume but not in margin at the popular segment, focus is on profits and image but not in volume at the premium segment. New segments have been created by Titan and it has taken a lot of initiatives to focus on certain segments.[ref]

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“ On July 22, 2004, Titan introduced its latest innovation, ‘ FLIP’, India’s first dual face watch with dual functionality and styling. FLIP, once again underscored the excellent collaborative work undertaken between Titan’s Design Studio, the Production Department and the R&D team”[ref]

3. 2 Price

According to the features and the quality of the product the prices are set by the Titan industries. A simple steel watch EXACTA(titan s sub-brand) is aboutRs. 600-1, 100. Titan’s sub-brand Sonata has the maximum sale and focusses on the price sensitive customers.[ref]Showrooms with the price range between Rs. 495 and Rs. 1, 200 are exclusively for the rural segment. [ref]There is no other Indian watch industry besides Titan producing pure gold watches.[ref]Every year Titan comes out with a discount sale on watches. 70% of the sales is obtained from the lower segment.[ref]

3. 3Promotion

Titan is at a good position due to its excellent promotion strategy. Every year it comes up with the discount sale and the price varies from one brand to another and also promotes products based on occasions.[ref]” Titan makes the product visible, affordable and available at unconventional locations. It employs pull strategy for promotion rather than push strategy and focuses on the brand building activity.”[ref] It collaborated with various magazines, newspapers, hoardings and outlets where Titan watches were given as gifts for winning a particular contest and sponsoring major events in schools and colleges. It employs creative advertising by setting up a contest on cartoonnetworkindia. com which invites children to use their imagination to <https://assignbuster.com/titan-company-environment-overview/>

design a watch and the most excellent design was launched as a part of the summer collection.[ref]

3. 4 Place

Titan can be found especially in urban areas as the earnings is 210 million whereas in the rural area it is 90 million . Location of the company is crucial for successful distribution of the product.[REF]It can be found in franchisee showrooms, multi-brand TIME ZONE outlets[REF]. They are also opened at malls which attracts all kinds of customers and there are about 1142 TIME ZONE outlets which deals with the titan brand and other leading brands. VALUE MART outlets are available in the remote locations and sell excess stocks of Titan at a lesser price. Titan industries has about 12, 000 retail outlets and it is distributed globally over thirty countries which makes it a leading brand.

4. THE SEGMENTATION, TARGETING AND POSITIONING STRATEGY

4. 1 Segmentation Strategy

It is the process of separating a larger market into smaller parts based on one or more significant, shared characteristics. It is crucial for both consumer and business-to-business markets..

Demographic Segmentation

It is based on gender, age, income, occupation and social class. Consumer's needs and brand preferences are often associated with the demographic variables.[ref]Titan has segmented its products based on age group. Titan s

sub brand FASTRACK is created for the young generation, SONATA is aimed at the price sensitive people who are looking out for permanence and value[ref(word compat)], RAGA is aimed at women who prefer wearing it for special occasions as it has a sleek and a finer look, NEBULA is aimed at classy women, ZOOB is created for the kids and is reasonable priced from Rs 350- Rs 900[ref]

Psychographic Segmentation

It is based on the personality traits, values or lifestyle.[ref]Certain watches like XYLYS is targeted at achievers who are looking for certain means to reveal their lifestyle and ideas.[ref]They have created technology based watches for the Tech-savvy people.[ref]Titan promotes its product by showing the celebrities as the user of the product in the advertisements. So, this aims at the people who follow or like certain personalities.[ref]

Behavioural Segmentation

It is based on user's attitude towards the product. Various variables like occasions, usage frequency, loyalty status etc are considered for segmenting the market.[refkotler]Titan offers certain products for different occasions like weddings, birthdays etc. There are light, medium and heavy product users and Titan is attracted to Heavy product users as they account for a high percentage of expenditure and these days customers prefer buyin different watches for every other occasion. Customers would prefer buying products which has certain benefits and Titan has benefits like good life cycle and has service centres in 174 towns.[REF]By analysing the loyalty of the customers

towards the brand the company can learn about its flaws and try to rectify them.[REF]

4. 2 Targeting Strategy

This focuses on a particular group depending on important factors such as age group, working class etc. Breaking a market into segments and concentrating your manufacturing efforts on one of the few key segments is target marketing.[ref]There are four targeting strategies namely Undifferentiated Marketing, Differentiated Marketing, Concentrated Marketing and Customised Marketing. Titan company uses the Undifferentiated marketing strategy where Titan's sub brand SONATA and FASTRACK is targeting the mass and mid-premium segment. Then it uses Differentiated Marketing segment where Titan s sub brands FASTRACK is aiming on the younger generation and NEBULA is targeting the women of the premium segment and a few other brands are aimed at Tech savvy people

4. 3 Positioning strategy

“ Positioning means developing a marketing strategy aimed at influencing how a particular market segment perceives a good or service in comparison to the competition”.[ref]Titan follows this strategy to influence the customer s decision to choose their product. It involves the following strategies:

1. User Positioning:

Titan has launched different sub brands for different user groups such as the children, tech savvy sportspersons and adventurers. Certain sub-brands are

crafted with the stones and diamonds which aims at the premium segment for occasional usage.

2. Competitor positioning:

Analysing the competitor's position is crucial to understand the market status. Titan is facing threats by the new entrants like Omega, Cartier etc. To beat the new entrants Titan has started with new segments such as jewellery, aviators and come up with innovative designs for the wrist watch to increase the percentage of consumption.

3. Price positioning:

Titan is reasonably priced and good quality when compared to the foreign brands such as Swiss and Japanese watches and it has positioned itself as 'value-for-money'. Titan's sub-brand Sonata has a longer life and a good example for price positioning. It has a good life cycle.

4. Benefit Positioning

Titan provides certain benefits like a one year warranty free service on purchase. The Fastrack Digital range offers the customer an attractive functional watch. The digital watch has a "techno-geek" image, but Titan is looking out to differentiate its offer on the basis of superior style and attractiveness.

5. RECOMMENDATIONS

After the thorough study of the Titan industries and their marketing strategies i would like to give suggestions for the betterment of the organization.

Titan should perform catchment area analysis and open outlets in high potential areas rather than opening it in every other location which does not generate enough sales revenue.

Feedback from the customers is a necessity to identify the consumer preference and perception and this can be done by online survey or at the store.

Instead of spending excessively on too many advertisements they may go for optimized and innovative advertisements

Titan may enter the rural segment to increase their revenue as not many leading brands have ventured into that region. This might help titan to have an edge over other leading brands.