

Marketing principles: the onida candy case study

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**ASSIGN
BUSTER**

This is composed of two types of factors: those that the company cannot control – the external factors and those the company has control – the internal factors (Finch, 2001, p. 4). The problem with Onida was they weren't able to understand the impact of the uncontrollable factors and they don't have an effective management of the of the controllable factors.

Macroenvironmental Factors

Onida's Candy was a hit in Mumbai, Calcutta, Punjab, Tamil Nadu and Karnataka for on its first year. But Onida was not able to study further the consumer market and the buying behaviour. If only they have studied what is the evaluation and perception of the people regarding candy they may have not problem at all.

Onida's should have considered the economic conditions of the people. Candy's price was a little bit higher compared to its competitors. If only they have lowered the price of the product, they might get the attention market.

The overcrowded CTV market has Japanese brands like Sony, National Panasonic and Toshiba; Korean brands like Samsung and LG; the big two Indian brands BPL and Videocon were just some of the competitors of Onida in the CTV market. Like Onida all of the competitors are capable of superiortechnology. They have compete with their prices especially on the most price sensitive segment of the televisions-the 14-inch CTV. BPL KWR , LG d70 and Samsung 3302 and 3379 fell in the price range of Rs 7, 000 to Rs 10, 000.

Onida's Candy was Rs 2000 higher than BPL's 14-inch set and Rs 3000 more than Aiwa's 14-inch television. The company source felt it was just the right price for Onida Candy. They forgot to consider the economic situation of the people and its buying power. Another thing they weren't able to understand was the impact of the social and cultural factors. The CTV consumer markets were very conservative and having loud coloured cases for televisions just gave them more problems. The lower and middle class preferred television with sober colours as a reflection of their lives.

Microenvironmental Factors

The suppliers for Onida is not a problem because they were producing their own CTV sets. The problems arise in the marketing intermediaries and the target market.

Onida must have given seminars to dealer's and salesperson on how to market their product properly because this people were used in selling television cased in black, grey and other dull colours it is hard for them to accept Candy's bright hues. On the seminar they could have explained why those colours were chosen and convince them that this hues will be a hit to the people.

The target market of Onida was another problem; we know that they really want this television for the youth and teens. But this people don't have money. Maybe they want to own this hip and cool television set. But they don't have a cash of Rs 9, 900 to buy this kind of product. They might convince their parents to buy small stuffs for them but a big money

(especially for middle and lower class) like this to spend on a tv for their kids. I don't think those parents would allow. Of course those head of the family (which most of the case has the buying power) would want a television set that will match the whole family's need and match their lifestyles. Candy, therefore is not the right product for them.

The Competitive Environment

Most businesses operate on the market and need to be aware of their prices compared with the main competitors (Brumfitt, et. al., 2001, p. 11). Although Onida knows the ongoing sale price of the most price sensitive CTV set in the market. They still justified the price of their product, not lowering it, because they felt the price was right. They forgot that most of the time consumer were influenced on the pricing of the product. Those were the first things most people consider when buying things. Quality, specifications, features and functions of the products were just secondary.

Analyse Onida's approach to segmentation and targeting the Candy range and evaluate the effectiveness of their marketing mix strategies to position the Candy appropriately.

The purpose for segmenting a market is to allow the marketing/sales program to focus on the subset of prospects that are "most likely" to purchase the offering. In the case of Onida Candy, they focused sharply on young people. It was targeting people between the ages 12 to 25. They did this because based on the research this age group is looking for personalized product. As a result they configured Candy will meet this need. They forgot

to consider the buying power of this age group. This age group is still dependent on their family and will not be able to buy this kind of product cost so much.

Maybe they will have an influence on their parents but in most household buying a television is a major decision, it's a family thing (especially for middle and lower class families) which will likely acquire one tv set that will be used by the whole family. Though the features of the Candy like configured channels based on the house members' choice of channels is good. The colour and packaging of the product is not appealing to the family as a whole.

The company could have at least included in the research the priority items that this age group that they were targeting wanted to own. They should have study first, is owning a television set at least in the first top five priorities of the items that this age group wanted to own.

Another thing that Onida did which cause the failure of Candy was the wrong timing of Candy. It was Onida's research on the need of the market to replace their black and white tv with coloured once and purchases were made by 24-35 year old. Still, they mismarketed the Candy tv. This second set buyers were looking for coloured once, but ofcourse they were still considering the prices of the CTV that will replace their black and white.

Onida also forgot to pursue the idea to the market that their television set is the best choice as add-on tv set for the family (since they fixed the idea that

Candy is for young people). Ofcourse prospective buyer of the television set will not relate to that TV and would think it is not for them anymore.

The analysts were right when they commented that the initial success of Candy was purely a mere reflection of the market trend. Depending the company on market trend is very dangerous to the company and to their investment (just like what happened to Onida). Because trends fluctuate, they go up and then go down and you will never know if it will go up again.

The Product Life Cycle

Introduction Stage

In the introduction stage, the Onida seeks to build product awareness and develop a market for the product. The impact on the marketing mix is as follows:

Product: they named the product Candy, It came in four colours, Berry Blue, Mint Green, Lemon Yellow, and Cherry Red.

Pricing: they prices it at Rs 9990

Distribution: It was distributed nationwide but more effort was made in Mumbai.

Promotion: They invited 80 dealers to discuss how to make Onida brand appealing to the youth. They also use the Cricket Cup to rejuvenate the brand.

Growth Stage

In the growth stage, the firm seeks to build brand preference and increase market share.

In this stage Onida's product quality is maintained and additional features and support services may be added. In April, 2000 they launched the dual coloured television cabinets. They called this Candy Duets. It was available in four colours – Black Currant, Raisin Cream, Berry Delite and Double Mint in a 14 inch version. They also had a Candy duet in a 20 inches version in three colours – Cherry Ice, Cool Mint, and Berry Delite

Pricing of Candy Duet in 14 inches maintained the price at Rs 9990 and Candy Duet 20 inches was priced at Rs 12, 990.

Distribution channels are added as demand increases and customers accept the product. The had a nationwide distribution of the Candy brand.

Promotion of the product is still concentrated on its target market : the young people.

Maturity Stage

At maturity, the strong growth in sales diminishes. Competition may appear with similar products. The primary objective at this point is to defend market share while maximizing profit.

Product features may be enhanced to differentiate the product from that of competitors. This was done by Onida through launching the dual TV cabinets

On this stage, in order to be competitive to the market Onida supposedly lowered its price to compete to other TV suppliers. But they were firm to remain their price at Rs 9, 990 for their 14 inches and Rs 12, 990 for their 20 inches TV.

Distribution becomes more intensive and incentives and supposed to be in this stage the Onida offered the customers and the distributors incentives as amotivationto

Promotion on this stage was weak. They never give a strong emphasis on the strong qualities of the Candy and its advantages to other CTV that is on its same product line.

Decline Stage

As sales decline, the firm has several options:

They maintain the product rejuvenate it by adding new features to the 20 inches candy duet.

Discontinue the product, liquidating remaining inventory and selling the remaining items at a low price

Using the data given in Exhibits I and II; the other information given in the case and your analysis for question 2, make recommendations as to how Onida develop their targeting, positioning and marketing mix

The Onida Candy CTV must be discontinued because it will just brought more losses to the company. The Onida should launch a new brand of television that has the functions of Candy but with a new name. More sober colours

that will match the life styles of the Indian people. Those colours that will attract those people who have a buying power. It is also recommended to the company to change their target market to those people who have the purchasing power. There should be a research or survey on what they want and what they need in buying a television set.

Marketing Mix

Onida must attempt to regain the loyalty and faith of the customers to their product. They should renew their brand and their target market and must blend these four marketing mix variables in an optimal manner.

a. Product

The product is the physical product or service offered to the consumer. A sober colours for the casing of the new CTV set will be better and a good warranty offering for the new product. It should retain the functions of the Candy CTV like the configuration of channels; it is also good to incorporate other features like messaging or reminder on the CTV, built in games and multi-channelling.

b. Price

The price of the product should be competitive and must be in line with the other available product on the market. Possible discounts and promos for the product must be done to motivate the prospective clients to buy the product

c. Place

In the early stage of the product, a nationwide distribution must be planned out

perfectly. There should be a follow-up plan or study in the possible international market or exposure of the product.

d. Promotion

The company should invest in the advertising of the product to assure the company's success on this new product. Proper placing of the ads on tv, prints and internet can make a good return of investment.

Market Segmentation and Target Market Strategies

We can segment the Indian consumer market by the following:

Place they Lived: Urban, rural or suburban – people in different location or place they lived have different preferences when buying a CTV, therefore we must learn what they want and what they need in order to satisfy them.

Income : low income earners, middle income earners and high income earners - the income and economic status of the people should be considered in pricing the CTV. Because if its to high then the prospective buyer will not buy because of practicality reasons.

Social Class: Upper class, Upper Middle, Lower Middle, Lower Class – people that belong on this classes have different preferences therefore we should study what they want. How strong is their buying power, so that we can adjust our marketing strategies.

Usage rate: Nonuser, light user and heavy user – this segmentation basis can help us also in our marketing strategy.

Target Market:

Once we have studied the market segmentation and learned who are the heavy users of CTV on different social classes, age, gender, urban-rural, or gender. Then we can decide to who we will concentrate our marketing strategy.

Bibliography

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Finch, J. E. 2001. The Essentials of Marketing Principles. Research and Education Association, USA, Chapter 1 p. 4.