

Marketing and refrigerators

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MARKETING PROJECT BIMM(PGDM-A) GROUP MEMBERS: * BHOOMIKA JOSHI * HIRAL SAVLA * PRIYANKA VARDANI * SWATI DIXIT * SHRUTI SANCHETI * SNEHA UPADHAYA * RUMPA SARKAR INDIAN REFRIGERATOR INDUSTRY (MARKET ANALYSIS) Refrigerator market in India Refrigerators have been manufactured in India since 1950s. Till the 1980s players like Godrej , Kelvinator , Allwyn & Voltas controlled almost 90% of the market. Earlier the white goods sector was categorized as a luxury goods industry and was subject to oppressive taxation & licensing. The situation changed after the liberalization of the Indian economy in the early 1990s.

The government removed all restrictions and now there is no restriction on foreign investments and licences are no longer required. Post-liberalization , a number of foreign companies entered the market and many domestic players also diversified into refrigerators. BPL & VIDEOCON who already had a presence in the consumer electronics market leveraged their strengths to enter the durables sector. The refrigerator, today, quite simply is an indispensable item of everyday use. The refrigerator market has registered almost 40% growth over the last 4 years – from 3.3 million units in 2004/05 to 4.6 million units in 2008/09. With growing disposable incomes and a low penetration level for the category (34% even in urban India), the market is set to explode in the coming five years. The present scenario in India is that refrigerators have the most aspirational value after televisions. This shows that the growth rate of refrigerator is high. Today refrigerators are being manufactured in two basic designs which are: a) Direct Cool Refrigerator b) Frost Free Refrigerator In these two designs of refrigerators, the direct cool design market is much more than the expensive frost-free models.

Although the growth is marginal in the direct cool models, the major factor for its growth is the availability of low priced models. Indian refrigerator market is valued at Rs 4000 crore. Refrigerators hold only 16% of consumer durable market that is valued at around Rs. 20, 000-25, 000 crore in India. Its market is growing at the rate of 7-8% annually. MAJOR BRANDS OF REFRIGERATORS IN INDIA: * Akai Refrigerators| * Allwyn Refrigerators| * BPL Refrigerators| * Daewoo Refrigerators| * Electrolux Refrigerators| * Frigidaire Refrigerators| * GE Refrigerators| * Godrej Refrigerators| Hitachi Refrigerators| * Kelvinator Refrigerators| * LG Refrigerators| Whirlpool Refrigerators| * Samsung Refrigerators| Sharp Refrigerators| * Siemens Refrigerators| * Videocon Refrigerators| * Voltas Refrigerators| * | SWOT analysis for Indian Refrigerator Industry Strengths: 1. Presence of established distribution networks in both urban and rural areas 2. Presence of well-known brands 3. In recent years, organized sector has increased its share in the market vis a vis the unorganized sector. Weaknesses 1. Demand is seasonal and is high during festive seasonal 2.

Demand is dependent on good monsoons 3. Poor government spending on infrastructure 4. Low purchasing power of consumers Opportunities : 1. In India, the penetration level of white goods is lower as compared to other developing countries. 2. Unexploited rural market 3. Rapid urbanization 4. Increase in income levels, i. e. increase in purchasing power of consumers 5. Easy availability offinanceThreats: 1. Higher import duties on raw materials imposed in the Budget 2007-08 2. Cheap imports from Singapore, China and other Asian countries COMPETITIVE FORCES IN INDIAN REFRIGERATOR INDUSTRY:

The model of pure competition implies that risk-adjusted rates of return should be constant across firms and industries. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure. Refrigerators constitute the second largest product segment within the Indian consumer durables sectors in India. On the basis of Michael Porter's five forces model an industry faces the following competitive forces:

Diagram of Porter's 5 Forces | SUPPLIER POWER Supplier concentration Importance of volume to supplier

Differentiation of inputs Impact of inputs on cost or differentiation Switching costs of firms in the industry Presence of substitute inputs Threat of forward integration Cost relative to total purchases in industry| | BARRIERS TO ENTRY Absolute cost advantages Proprietary learning curve Access to inputs Government policy Economies of scale Capital requirements Brand identity Switching costs Access to distribution Expected retaliation Proprietary products| | THREAT OF SUBSTITUTES -Switching costs -Buyer inclination to substitute -Price-performance trade-off of substitutes| | BUYER POWER Bargaining leverage

Buyer volume Buyer information Brand identity Price sensitivity Threat of backward integration Product differentiation Buyer concentration vs. industry. Substitutes available Buyers' incentives| DEGREE OF RIVALRY -Exit barriers - Industry concentration -Fixed costs/Value added -Industry growth - Intermittent overcapacity -Product differences -Switching costs -Brand identity -Diversity of rivals -Corporate stakes| Designing Competitive Strategies of Refrigerators: A market with competition may typically be

occupied by: * MARKET LEADER- LG (29.4%) * MARKET CHALLENGER- WHIRLPOOL (25%) * MARKET FOLLOWER- GODREJ (22%) MARKET NICHE- HAIER (5%) MARKET LEADER (LG) STRATEGIES: LG marketing strategy is to increase its market share. LG's new strategy aims to focus on the premium segment of the market that fetches greater margins as opposed to volumes. The company claims this will benefit its consumers, channel partners and stakeholders as it focuses on products that drive rapid growth and lead in their brand category to create value for customers. In India for more than a decade now, LG is the market leader in consumer durables and recognized as a leading technology innovator in the information technology.

LG is the acknowledged trendsetter for the consumer durable industry in India with the fastest ever nationwide reach, latest global technology and product innovation. Indian challenges The challenges faced by LG when it entered the market in 1995 were:

- Low brand awareness about LG in India.
- One of the last MNCs to enter India. (Samsung, Sony ; amp; Panasonic entered in 1995 ; amp; LG in 1997.)
- High import duty.
- Competition from local players and other multinational companies in the consumer Electronics segment
- Price sensitiveness of Indian consumers

Factors for success:

Innovative marketing strategies (pre-emptive defense) To make itself a known brand in this sector, LG has taken innovative marketing and promotional initiatives:

- Launch of new technologies in the sector. It has state of art, R; amp; D labs in Pune and Bangalore. (position defense) LG with its motive of “ life’s good”

Regional channel strategy and wide distribution network LG has adopted the regional distribution model in India. All the

distributors work directly with the company. This has resulted in quicker rotation of stocks, and better penetration into the B, C, and D class markets.

LG also follows the strategy of stock rotation, rather than dumping stocks on channel partners. LG has over 46 branch offices and another 110 area offices across the country. LG had set a target of developing 2, 000 dealers in 2004, in addition to the existing 3, 000 dealers all over India.

LG MARKET SEGMENTATION: Market segmentation can be done on the basis of :

* Geographic segmentation: Region: all metro cities and suburbs. *

Demographic segmentation: Family size: 1-2, 3-4, 5+ Gender: male, female.

Income: 3, 00, 000Rs and above. Social class: working class, middle class and upper middle class. Psychographic segmentation: Lifestyle:

culture oriented, health oriented. * Behavioural segmentation: Occasions:

festivals and regular occasions. Benefits: quality, service. Loyalty status:

none, medium, strong, absolute. Readiness stage: unaware, aware,

interested, desirous, intending to buy. LG MARKET TARGETING: *

LG has targeted its market on the basis of the product that they are offering to the

consumer, so they are following market specialization. * They are targeting:

* Upper class segment * Upper end * They are targeting to those consumer

who are more concern of style product. Their product is more of upper mid

class and premium segment, their target audience are those consumers,

who want quality product as the best price. * LG is now going to shift over to

mid class segment and want to mass market their product. LG MARKET

POSITIONING STRATEGY: * With the tagline Life's Good , LG positioning is to

differentiate their products on the basis of technology which appealed to the

consumer on the basis of health benefits. * With the tagline ' Life's Good' its

corporate philosophy to make people's lives better, convenient and healthier.

* Their positioning strategy is technologically intelligent and futuristic. As they are in upper and premium segment, so they are featuring that their brand is young, vibrant and premium. * They are talking about the value and changing lifestyles in their positioning strategy.

LG PRODUCT RANGE

LG refrigerators are divided into three categories :-

1. Single door refrigerators
2. Double door refrigerators
3. Side by side refrigerators

Different models available under each category are :-

1. SINGLE DOOR REFRIGERATORS (price range varies from 9400 to 15800 Rs)
 - * 270 Lts – GL- 281 (3 models) * 235 LTS – GL -245 (5 models) * 215 LTS – GL 225 (4 models) ; amp; models) 185 LTS – GL 195 (6 models)
2. DOUBLE DOOR REFRIGERATORS (price range varies from 14750 to 60900 Rs)
 - * 604 LT – GR M712YSQ * 559 LT – GR B652YSP * 491 LT – GL 548 (2) * 466 LT – GL 528 (3) * 422 LT – GL 478 (2) * 390 LT – GL 405 (2) ; amp; GL 408 (2) * 350 LT – GL 365 (2) ; amp; GL 368 (3) * 320 LT – GL 335 (4) ; amp; 338 (2) * 290 LT – GL 305 (3) ; amp; GL308 (2) * 260 LT – GL 27 (2), GL 275 (3) ; amp; GL 278 * 240 LT – GL258 (3), GL 255 (3) ; amp; GL 254
3. SIDE-BY-SIDE REFRIGERATOR (price range varies from 58000 to 175000 Rs)
 - * 721 LT – GR P267BTB * 693 LT – GR P247JHM/ CSP 567 LT – GCP227 (3) * 581 LT – GCB21 (2) * 567 LT – GC L217 (2)

MARKET CHALLENGER (WHIRLPOOL) STRATEGY

With 25% market share whirlpool is the Market challenger for the refrigerator Market: Whirlpool's international outlook was initiated in 1958 when it entered Brazil, but it was the ' 80's that marked the beginning of Whirlpool's aggressive strategy to be a world-wide competitor. India was identified as a growth market in late ' 80's when

Whirlpool Corporation entered into a joint venture agreement with TVS group to produce automatic washers at a plant set up in Pondicherry.

This was a modest beginning was made to establish the Whirlpool brand in India. In 1995 Whirlpool Corporation acquired Kelvinator of India Limited and entered into the Refrigerator market in India. In late 1995 majority ownership was gained in the TVS joint venture and the two entities were merged to form Whirlpool of India Limited in 1996. Housewives: The advertising tagline is 'Your magic in Homemaking', which inspires the Indian housewife to buy its product. 6th sense cooling: 6th sense cooling is the patent technology of whirlpool, with which it is trying to capture market share of the Indian refrigerator market.

Economy: Whirlpool has understood Indian market very closely and has been launching products as per the requirement of the customer from different segments. Whirlpool segmented the market mainly on the basis of price and capacity. Price has been kept keeping the needs and wants of the customer and product is designed such that it is feasible to every customer. Whirlpool has segmented its refrigerators under three segment: WHIRLPOOL MARKET SEGMENTATION: a) Geographic segmentation: Region: all metro cities and suburbs areas. b) Demographic segmentation: Family size: 1-2, 3-4, 5+ Gender: male, female.

Income: 1, 50, 000Rs and above. Social class: working class, middle class and upper middle class. c) Psychographic segmentation: Lifestyle: culture oriented d) Behavioural segmentation: Occasions: festivals and regular occasions. Benefits: quality, service, economically viable Loyalty status: none, medium, strong, absolute. Readiness stage: unaware, aware, <https://assignbuster.com/marketing-and-refrigerators/>

interested, desirous, intending to buy. WHIRLPOOL MARKET TARGETING STRATEGY: * Whirlpool through its advertisements has been trying to target the housewives, trying to portray as a partner in homemaking. Hence, the prime target consumer for Whirlpool is Housewives. Whirlpool main targeting strategy is to provide economically viable household products. * They are also targeting in terms of capacity and usage nature of the consumers. Like they have different refrigerators for consumers with requirements of not very big capacities, i. e. Households, Small Shopkeepers and Bachelors etc, then different refrigerators for the middle class consumers who has average amount of income to dispose and different for the upper class or high class consumers, which includes people with high income and also industries which requires storage capacity of more than 310 Lts.

WHIRLPOOL MARKET POSITIONING STRATEGY: Whirlpool has been trying to position itself as partner in homemaking. This has been pretty much evident from the advertisements of Whirlpool. Whirlpool's advertising tagline is 'Your magic in Homemaking'. This is Whirlpool's advertising tagline. Whirlpool's earlier tagline was " You ; amp; Whirlpool. The world's best homemakers. " It has been evolved to reflect the changed homemaker of today versus the yesteryears. Through Whirlpool's intensive consumer research Whirlpool found that today's homemaker believes in having everything perfect at home and takes pride in having achieved it!

She has begun to look for that something exceptional, something additional in all the brands she chooses to help her achieve that. Whirlpool, as the brand that partners to this demanding homemaker of today, call this quality of hers as ' magic' and wish to be the home appliance brand that helps her

create her “ magic in homemaking”. Hence the new tagline “ Your’s magic in the homemaking”. MARKET FOLLOWER (GODREJ) SRATEGY: The Godrej have always believed in the innovation. It has always emphasized on the development of new technologies. It invests large amount of its time and energy in R; amp; D.

It goal towards strengthening its presence in the market by introducing higher performance refrigerators for providing maximum benefit to consumers. The follower, Godrej is an adapter while following the leaders in the market. It has imitated the commercial refrigeration technique i. e. , direct cooling from the leader of the market but on the other hand it is the India's first complete range of refrigerators with " 5 Star Energy Rating. " By launching an entire range of 5 Star Rated Refrigerators, it has raised the bar on product efficiency while delivering the best monetary value for the consumers.

Thus it is successfully and efficiently moving towards its goal. Godrej marketing segmentation: a)Geographic segmentation: Region: all metro cities and suburbs areas. b) Demographic segmentation: Family size: 1-2, 3-4, 5+ Gender: male, female. Income: 1, 50, 000Rs and above. Social class: working class, middle class and upper middle class. c) Psychographic segmentation: Lifestyle: culture oriented d) Behavioural segmentation: Occasions: festivals and regular occasions. Benefits: service, economically viable Loyalty status: none, medium, strong, absolute.

Readiness stage: unaware, aware, interested, desirous, intending to buy.

GODREJ TARGETING STRATEGY: Godrej produces wide range of refrigerators to cater to the different demands of different type of users. In each category,

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it produces large number of models. Each model has different features and different capacities. While purchasing a refrigerator, determine your requirements and preferences. Godrej refrigerators are designed to have very attractive looks and designs. They have very sleek and stylish frame. They can fit into even small flats and homes.

These refrigerators are available in various colors, styles and sizes. Apart from exterior designing, the interior of the Godrej refrigerators is designed ergonomically to offer great convenience of use, so they are targeting middle and working class customers who desires stylish yet economically viable products. They have also introduced 5 star energy rating, it is the first complete range of refrigerators with five star rating. Therefore, they are taking steps toward energy saving and providing more economically viable products, by becoming environmentfriendly.

GODREJ POSITIONING STRATEGY: The tagline of Godrej is ‘Brighter Living’. Godrej says that the only thing cooler than our fridges is the Kulfi we stash in our freezers. With several firsts : swivel, a humidity jog dial, freezer air-current design – Godrej refrigerators have not only stood the test time they have also run head to head in the race with modernity. Godrej EON fridges are available in a host of dashing colors to go with decor and mood. There are polybag suspenders to hang up veggies in fridge.

So every day, they are trying to make the world brighter place, with their services and also cooler. Therefore, goes with their tagline brighter living.

MARKET NICHER (HAIER) STRATEGY: It is quality price specialist as Haier operates at the highest end of the market. Haier’s strategy mainly concentrates on their constant efforts towards internationalization. Several

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Chinese manufacturers who entered India priced their products low by compromising on quality, thinking that Indian consumers preferred to buy low priced irrespective of their quality.

This gave Indian consumers the impression that anything “made in China” would be cheap and of poor quality, but Haier break this Indian mentality by introducing high price product for upper premium class only, not compromising on the terms of quality. HAIER MARKET SEGMENTATION: a) Geographic segmentation: Region: all metro cities and urban areas. b) Demographic segmentation: Family size: 1-2, 3-4, 5+ Gender: male, female. Income: 8, 00, 000Rs and above. Social class: upper middle class, Upper lower class and upper-upper class. c) Psychographic segmentation: Lifestyle: culture oriented) Behavioral segmentation: Occasions: festivals and regular occasions. Benefits: service, quality oriented. Loyalty status: strong, absolute. Readiness stage: unaware, aware, interested, desirous, intending to buy. HAIER TARGETING STRATEGY: Their targeting strategy is more customer-oriented. Haier understands the consumer needs better and reflects that in consumer offerings. It is a manifestation of today’s young couple’s lifestyle which connotes speed, style and togetherness. It targets upper premium segment by manufacturing wine coolers in the society.

It is the niche segment in the Indian society as the use of the wines in the Indian houses is very less. Only few (very small in number as compared to the market) use the wines and thus Haier in the wine cooler segment caters the need of the only those customers that manufactures wine coolers (which are very few in the numbers with a particular unique demand) thus they are serving the niche segment. Hence their targeting strategy is to target upper

premium segment. HAIER POSITIONING STRATEGY: Life is very involving and everyday it offers you new challenges.

Haier has peeped into life and come up with ideas that make living enjoyable and joyous. The main brand Idea was that Haier products are Inspired by Life: this is now expressed as Inspired Living. There is also another perspective on Inspired Living. All Haier products are the result of closely studied actual usage patterns of home appliances, i. e. , inspired by everyday life. For example, Haier was the first to launch a Bottom Mounted Refrigerator in the country. It is based on a simple insight that refrigerator shelves are used far more often than the freezer shelf.

So Haier has put the freezer at the bottom and refrigerator racks at convenient heights, so that you don't have to bend your back frequently. As a late entrant into the category, Haier understands the consumer needs better and reflects that in consumer offerings. This is how they write the positioning statement: Haier is better than all other brands for easy adopters because it offers them benefits that help them lead a better life as a result of our endeavour to understand life better and work technology around it.