

# Category attractiveness assignment

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Assignment #1 Category Attractiveness Analysis of Maxima Watches Course Title: “ Product & Brand Management” Course Code: MGT 532 Submitted To: Anju Sahni Submitted By: Varun Puri Sr. No. : 28 (AG 2) Roll No. R1805 A 19 Reg. No. : 10800464 Lovely School of Business Lovely Professional University

Introduction Indian watches market was for long dominated by public sector organisations like Hindustan Machine Tools Ltd. (HMT) and Allwyn (also famous for its refrigerators once upon a time! , and has now left the pioneers far behind or nowhere in market by private sector enterprises like Titan, Sonata, Ajanta and Timex along with foreign entities jostling for display space in the smallest of shops selling these products. In post liberalization India, the market stood to witness intensive competition between foreign and Indian manufacturers like Timex, Titan, Movado, Longines, Rado, Rolex, Frederique Constant, Mont Blanc, Swatch, and many others. Many watch makers have made significant inroads in the industry and others are in the process of establishing themselves, currently.

Maxima watch co. was born in 1996 out of the vision to serve the economically weak segments of our society. Until then, the vast majority of people had the option of buying either an expensive wristwatch at above Rs 500 or be fleeced by the smuggled or duplicate watches selling at throwaway prices but with no assurances of quality or service. Maxima was the result of a vision to serve this vast majority through a product that was accurate, reliable, guaranteed for quality, backed by after sales service, a national brand but more importantly honestly priced at Rs 350.

The success of their single point communication of “ India’s first guaranteed waterproof watch at Rs 350” created history of sorts in establishing high

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brand awareness and recall amongst our target audience

### The Changing Face of Maxima:

Maxima began with the most memorable commercial of the watch falling in the pool. They followed later, with the commercial that could not have reinforced any better the strength of their watches, with an elephant stamping on the watch. They introduced the Gold commercial to declare the entry of Maxima into metal dress watches.

They also went on air with the slick Scuba collection commercial, catching the eye of the youngsters.

### Category Attractiveness Analysis Aggregate Market Factors

#### Category Size:

The size of the watch market currently is estimated to be around 40 to 45 million pieces annually. The organized sector alone contributes up to 30 percent of this figure, and the rest of the demand is being met by the unorganised grey sector. Indian watches market was for long dominated by public sector organisations like Hindustan Machine Tools Ltd. (HMT) and Allwyn (also famous for its refrigerators once upon a time! , and has now left the pioneers far behind or nowhere in market by private sector enterprises like Titan, Maxima, Sonata, Ajanta and Timex along with foreign entities jostling for display space in the smallest of shops selling these products. In post liberalization India, the market stood to witness intensive competition between foreign and Indian manufacturers like Timex, Titan, Movado, Longines, Rado, Rolex, Frederique Constant, Mont Blanc, Swatch, and many others. Many watch makers have made significant inroads in the industry and others are in the process of establishing themselves, currently.

Market size is big, so this market has high attractiveness, as we see 40 to 45 million pieces are annually sold. Assessment Market Attractiveness: (++)  
Category Growth: The average growth in the size of the market is slated to be around 10 -15 percent per year. Looking into this fact and the long standing Indian tradition of comparing watches with jewellery and other traditional items, many watch companies are interested in setting up base in India. According to a recent study, more than 90 percent of the watches were from the lower price ranges with international costs being less than RS 500.

Moreover, around 20 to 25 watches are being sold for every 1000 citizens. Thus there is enormous potential for growth of the industry in this untapped segment. Market growth of 10 to 15 percent YoY is assumed to be good enough, so from growth perspective the category have moderate attractiveness Assessment Market Attractiveness: (+) Sales Cyclicity: While maxima watches are not premium prices for their medium income group & its prices are such that they do not get impacted directly with the variations in GDP When a product have no direct affect due to changes in GDP its more attractive Assessment Market Attractiveness: (++)

Seasonality: Year round Sales Category overall may experience a sales increase in the Holy festival seasons specially near Divali Festive season, as people tend to purchase wrist watches as gifts. Normally, Watches have year round sales but festive seasons show an increasing trend, this is also why gray market is attracted towards Watch industry. Assessment Market

Attractiveness: (+) Profits: As the size of the watch market currently is estimated to be around 40 to 45 million pieces annually.

The organized sector alone contributes up to 30 percent of this figure, and the rest of the demand is being met by the unorganised grey sector, so benchmarking the profits would be difficult. Nevertheless recent acquisitions by TITAN of Sonata & Timex reflects an expectation for stronger profit potential. But as told earlier many foreign companies are interested in setting up their base in India may lead to lowering of pricing & profits. Category

Factors Porter's Five Forces Analysis Threats of New Entrants: o Cluttered Market & Lack of Differentiation, differentiation is largely through the brand, Style, Fashion variety. High Capital required Cluttered market does not attracts new investors to the industry Assessment Market Attractiveness: [-]

Supplier Power: o No strong suppliers. Lack of bargaining power. Rise of China & Taiwan as low cost supplier is a threat. Rise of China as a major player in Watch industry has made this industry as not so attractive

Assessment Market Attractiveness: [ - ] Threat of Substitutes: o Close substitutes from big players like Fast track range from TITAN which starts from Rs. 500 & also same products from some gray sector. As Maxima watches are Mid Prices, so the biggest competitor for them is Fast track, this makes a category less attractive. Assessment Market Attractiveness: [ -]

Buying Power: o Buyers are extremely choosy about the brand and type of wrist watches they wear. o Being extremely brand conscious, their tastes have evolved over the years and have gone beyond the realms of durability to choose in terms of aesthetics and elegance. o Thus it is a buyer's market with multitude of designs that have entered and flooded the market place. A

buyer market is not attractive, because this leads to reduction in prices & ultimately lower profits.

Assessment Market Attractiveness: [ - ] Degree of Rivalry: 0 Increased no. of firms resulted to low switching cost & the strategic stakes & take over are high these days. For e. g. first TITAN took over SONATA, then FASTTRACK & now recently they took over TIMEX also. Environmental Factors Economical: While middle priced, maxima watches have so far seemed to fare the recession well. Still, however, if condition persists, that would be good for maxima watches because this will move consumers to buy watches of medium price. The retail sector has just begun to boom in India.

Since the early 1990's, Indian customers are relying more on departmental stores and shopping malls to purchase their wants and needs. This has come as a boon for watch manufacturers and dealers, who are now looking forward to utilise these new outlets to reach out to the Indian masses. Watch manufacturers are looking at a suitable mix to market their products ranging from exclusive retail outlets to display sections in malls and large departmental stores. From the economic factors perspective category is attractive Assessment Market Attractiveness: (+)

Political Factors / Regulatory: As the Maxima watches operate at global level, they have to follow lots of regulatory norms. The industry can be directly affected by the certain rules such as change in Taxation rates etc. Political factors does not have much impact on the attractiveness of the category, they play a neutral role Assessment Market Attractiveness: (0) Technological factors: Changing technology always play a great role in target market. As

there is too much competition, if Maxima Watches does not accept the changes in technology then they can't sustain in the market.

In Mid-priced segment, other companies will give tough competition to Maxima. Technology could play a significant role with respect to manufacturing efficiencies & design profiles. For e. g. Many customers prefer mechanical and automatic watches, while others prefer quartz watches. Newer segments are also on rise such as ladies watches, children's watches and gent's watches. Customers usually base their preferences and buying decisions on a variety of factors like price, durability, utility, aesthetic appeal and brand name.

A combination of all these points ultimately forms the customer's buying decision that translates into the purchase of a watch. Changing technology is a factor which also reduces the attractiveness of category, so in our case as the technology keeps on changing so it would be right to say from technological perspective category is moderately attractive. Assessment Market Attractiveness: (+) Conclusion The aggregate market factors overall are very positive, the total market size for watches is large & also have a significant growth.

A particularly positive factor that is the product is not seasonal. The category factors not much positive. Since the market for watches is Buyer market & switching cost is very low. There are also many substitutes for the brands & a considerable amount of competition is there. But the technological factors are the factors which gave growth to the category. References Internet

<http://www.worldamazingrecords.com/2008/05/watches-fashion-trend-in-india.html> <http://www.infibeam.com>