Titan

Business

In this section, we present a brief history of the company room the perspective of various “ brand equity and marketing strategy” decisions that it was confronted with over the years.

Phase I : 1987 to 1991 : Creating a brand In 1987, Titan Watches Ltd. Launched quartz watches, branded Titan. The primary task in this phase was to endow the name with a set of values which would enable it to address a market where consumers were not familiar with or favorable towards the product. Quartz Watches); and where competition was diverse – ranging from the old & established “ hallmark of quality’ brands Like HEM to the large ubiquitous smuggled watch market encompassing rand Like Excellent and Seeks, and a host of relatively unknown ones. A further consideration In the choice of brand vales for Titan was they should enable the brand to sell at a price premium over similar competing options – this was an integral part of the business strategy of the company. After careful consideration, the core values selected for Titan were “ International style & quality and the process of brand building began.

Phase IA & B : A Detour : Responding to a new entrant In the watch market In 1988, Lankly, an Indian competitor, launched a low price polynomial range of watches ranged Trendy, inspired by theSwatchsuccess in Europe. The brand values that the Trendy name embodied resulted in the beginning of the creation of a Young adult and teenager – fashion market” for watches. The task on hand for Titan Watches Ltd. Was to respond to the emerging market opportunity created by a competitor, either with its current brand or some version of it or with a totally new brand.

The environment in which task had to be accomplished was one where the main brand Titan was still in the process of being established (hence resources were not abundant); and where there was a constraint on manufacturing capacity.

The Titan response was to create and launch “ Aquaria from Titan” on the platform of “ projecting the refreshing and casual side of an Individual’s personality. ” Phase B : 1989-90 : Managing Aquaria “ Aquaria, from Titan”, grew rapidly in terms of sales volumes.

However, there were certain considerations which required the company to decide that the future of the Aquaria brand should be-managing success is obviously as much of a problem as managing failure, in the larger corporate context. The factors that necessitated hard thinking on Sara’s future were (a) A ceiling on manufacturing capacity in the foreseeable future. B) A lower per unit contribution of Aquaria as compared to Titan.

(c) The brand equity that Aquaria achieved and the strategic importance of the dividends of that brand equity I. E. Hat that equity could do for the company in terms of helping it achieve its goals. In October 1990, after a review of Sara’s brand standing, further inputs to the brand were kept on hold till the larger issue of “ where should Titan itself be in the next 5 years” was resolved. It was decided to then review Sara’s role in the reworked scenario.

Phase II : 1990-91 : Managing Titan Equity Having established a successful brand, the many did not rest on its laurels nor did it exhibit the normal reluctance of less enlightened managements of “ not tampering with a formula that works. This phase involved reviewing what value the Titan brand stood for in the consumer's mind and strengthening it further to make it effective in all segments of the market, as well as to fully exploit all facets of its equity as it stood after 4 years. The environment in which this needed to be done was the fact that (a) There were a diverse bag of competitors spanning several price bands and product types who needed to be contained. B) The company obviously wanted to increase the average realization from the watches it sold, requiring it to create and cater to a high priced segment. (c) HEM had started extensive promotion of Quartz watches. D) Titan equity was even more " sophisticated and premium" than they had anticipated.

Right at phase l, the company had created 3 sub brands (based on product configuration and hence price), which it had used as labels on its product but had not formally promoted. Given the present requirements, the company decided that the route was to develop each of these sub brands further and promote Three sub brands were created – Exact, Classical and Royal The basic dimensions of the sub branding were price x product configuration. Exact was the stainless steel range – with a modal price of around RSI. 00-800, Classical was the gold and leather range priced (modal range of price) at between RSI. 800-1700, while Royal was the ' all gold' product range priced at (modal price again) around RSI. 1000 to RSI.

2800, with a top end range of Royal Crown of around RSI. 3000-7000. Classical was the flagship range in terms of visibility to the consumer. Phase : 1991 Gearing up for the future : Enter Timex and MIFF The Timex brand name became available to the company, as a result of its entering into

Joint venture with the well known Timex Corporation of USA, to manufacture polynomial watches.

Another development in the market was the rapid growth of the MIFF (Indian Made Foreign Quartz using imported movements and local bodies) segment of the market, thanks to the effort of the mushrooming unrealized sector. MIFF had considerable cost advantage over comparable organized sector products, the benefit of which was being passed on to the consumer.

Therefore, the time had come to Rulebook at the titan brand and what it had come to mean to consumers. Look at what opportunity a two brand portfolio could offer, and hence determine what the future strategic direction for the Titan-Timex combine should be.

All this, obviously, rooted in the reality of the future corporate goals and corporate strategy of the firm. This resulted in a sophisticated Product-Market strategy that the company devised – which will be described in detail later on in this paper. The key features of the strategy are: Moving Titan and its three sub brands to even Geiger priced brands vacating the lower and mid price segments of the market for Timex. Endowing Timex with the equity or core values of “ solid style” and “ from USA” (I.

E. Appropriating relevant symbolic values of Americana) – a platform both synergistic and distinct from that of Titan.

Pegging the price range of Timex such that the top end of the Timex range overlapped somewhat with the lower end of Titan. Protecting Timex from becoming the ‘ poor cousin’ of Titan by creating 4 innovative sub brands of

Timex – Gimmick (for children), Sports (specialist multifunction, waterproof etc. , Electra (basic no frills) and Aquaria (transferred from the Titan range). Phase IV : Leveraging/Harvesting Titan Equity : 1992 A certain facet of the Titan equity encompassed core values of “ exclusive and expensive” and “ status symbol – a marker or badge for certain kinds of people.

This facet of its equity while being limiting in the context of watches was found to be ideal for Jewelry and Jewelry watches. Thus, the birth of new business – and a new brand “ Arum form Titan” – and elite brand which would stand for “ status, exclusivity and exquisiteness”, backed again by the solid reliability of the Data name. Brand Equity and business strategy and market research This selection deals with the concept, role and relevance of brand equity in relation with the concept, role and relevance of brand equity in relation to marketing strategy (and hence, business strategy) and points out the implications for market research.

Five decision areas relating to creating and managing brand equity are discussed with a view to bring into sharp focus the differences between the approaches of marketing management and marketing strategy; and hence the differential approaches that market research must adopt. 1 . Deciding what equity to endow a brand with Traditionally the marketing management (and hence market research) approach to this decision is from the perspective of “ what needs to be said about a brand” to make consumers believe that it is more attractive than competing options.

Translated further, this approach boils down to answering the question of “ are there any need gaps or Values’ gaps existing in the current market or which are creatable through communication. ” Therefore, it ends in a market research study that aims to understand consumer value systems (what does he/she attach how much value to) and his/her beliefs about core values assessed by existing options.

In the event that no need gaps exist nor are creatable, the focus shifts to a better translation of brand equity, through better communication or better cues to the same equity (like marginal product changes or new packaging). This entire process of gap analysis” is restricted to brands or product options which already exist in the market within or across product categories. However, from the perspective of business strategy, choice of equity is not such a simple matter.

It has far reaching implications on other aspects of the business system of the company.

In order to deliver on a chosen equity, a company must invest in developing certain core competences or make certain business choices, often certain kinds of retailing is another resulting in not Just developing a certain kinds of channel but also in building a sales organization that can handle that; R & D investments is yet another example and so on. Therefore, the issue of choice of brand equity, viewed from the perspective of building a business, is that it must be capable of sustained competitive advantage (in the long term) and not merely have ‘ here and now grabbing potential.

Research to help address this issue must then revive information and analysis on a broader spectrum of issues, which could shape future market scenarios. For example: Are social changes afoot which will alter consumption values, like for example a fitness wave or a distinct movement towards hedonism or a lower skepticism and perhaps even a greater enchantment with new technologies and so on. Are consumer expectations of benefits from a product category evolving and in what directions? The skin care market or the banking market or the MFC market are examples of this already happening.

Who are likely new competitors in the category and what core values are they likely to bring? Are there any environmental factors which are likely to change consumers value systems? For example, the events of increased quantity and quality of milk supply and the availability of breakfast cereals may make ‘ here and now based choices of brand equity in the MFC market, quite dangerous in the long run. How unique will the competitive advantage be in the long run? ‘ Garden Freshness’ as a core value for Data Tea was unique… Until Brooke Bond acquired its own tea gardens.

If more than one company made the ‘ garden fresh’ claim, would it affect Data Tea’s equity? Obviously, all events of the future cannot be anticipated. But, we are making a case that at least a wider and more futuristic set of criteria or dimensions must be considered when deciding what values to endow a brand with; and while market research cannot predict the probability of scenarios happening, it can at least help in an assessment of likely consumer behavior and attitudes under various scenarios.

Research, must therefore, act as a provider of not Just a simple road map of the most obvious route from Point A to Point B; but must provide a sensitive enough map of the entire terrain which can help the business builder to chart his own path, being seasonably forewarned about the obstacles or minefields in the entire terrain. In case of ‘ Titan Watches, the choice of “ Internationalists” and “ style” as the core values to endow the brand with were born out of a look at several of these long term dimensions. The process is described in the next section of this paper.

A ‘ here and now map may have led to a choice of equity in the area of technology or ‘ durability – the first providing questionable competitive advantage in the future against HEM, the and the third not being enough of an enticement to in a future market where placement times decrease or watches evolve into being personal accessories rather than time keeping devices, as a result of changing consumption values relating to durables.

Further, the values of quality – durability would always be imputed to the brand due to its Data heritage and hence the brand was “ released” form having to prove itself on these counts.

Another major issue in the choice of brand equity, from the perspective of business strategy, is the question of whether it is actively working towards helping the company achieve its goals, within the strategic framework adopted. At a very basic level, a brand equity that can deliver consumer loyalty and stability but is not versatile enough to attract several shades of potential consumers is not suitable for a company which is aiming to finance its future diversification through rapid growth of today’s businesses.

A brand equity which is the reverse is perhaps a better choice for such a company. In the case of Titan watches, if the brand equity was to be in line with the business strategy of maximizing realization of watches sold given a certain volume base, then the chosen brand equity should be hat which is capable of commanding a price premium from the consumer over and above its intrinsic value.

And not necessarily that which is capable of pulling in the largest volume. Further, it should be the kind of equity that has the ability to attract long term commitment from the trade.

Viewed more broadly, the concept of equity is that it should yield dividends – commitment from trade/suppliers/customers, ability to generate short term sales without “ eating into the corpus”, ability to cash in on diverse opportunities in a short period to name a few. The chosen equity must yield he kind of dividends that a company is looking for. 2.

Building brand equity Theodore Levity, in his paper “ Marketing success through differentiation of anything” says that “ the presumption among the less informed is that their competitive distinction decides largely in their advertising and packaging this presumption is palpably wrong.

It is not simply the advertising or packaging that accounts for the pre-eminence of so many General Foods and Procter & Gamble products. Nor is it always their superior generic products that explain successes of MOM, Xerox, ITT & Texas Instruments. ” He goes on to discuss the different forces that eave built marketing success in each case. In the context of building brand equity also, the implicit presumption is that advertising and packaging are critical while the rest of the marketing variables play a supporting role.

Thus, the product must not send out signals which are in conflict with the equity but preferably contain something which enhances it. The distribution must be such that it is capable of servicing customers to whom the equity is aimed at and so on. The case of Titan Watches clearly demonstrates how any of the marketing variable could be the prime movers in creating the desired equity. Retailing was elected as a major route through which the desired brand equity was built and was a major area of investment for the company both in terms of resources and effort.

The existing retailing practices could not have established the desired core values of Titan – they would have detracted from it.

Further, the entire shopping experience degree. Therefore, an entirely new retailing system was created to build the desired equity for the brand, not Just through the physical quality of the shop and display but through the entire transaction experience which included training programmed for retailers and their personnel and so on. The generic product was clearly superior from the manufacturers technological perspective but not so from the consumes perspective.

However, the facet of product range to cater to every kind of ‘ style’ was another force used to steer equity – any concept of ‘ style’ no matter how personal was, therefore, catered to. Similarly, customer service (after sales service) was another major route to building equity – truly international customer service which repaired not Just the offending product but also the damaged customer feelings.

In addition to retailing efforts, advertising was used as a vehicle to “ take the shop to the nonuser”.

The task of building Titan equity also involved the task of correcting perceptions about Quartz and to specifically make the smuggled watch user aware that Titan was a viable option worth checking out. It is in these kinds of “ supporting” roles that advertising was used in the initial phases of building brand equity. Therefore, building brand equity, when viewed from the perspective of business strategy involves more than a “ knee Jerk” concentration on advertising and packaging.

It requires a careful evaluation of all possible routes to building equity and a choice f the one which can provide the maximum sustainable competitive advantages as well as, obviously, yields the highest return (in terms of building the desired equity) on investment.

3. Responding to a new equity in the market place The launch of Lankly Trendy, from the perspective of marketing management, would have required an offensive action to provide consumes with a direct option – similar but not same!

Typically, the task of building that option would have resulted in a clash with the core values of Titan, the mother brand, and, in the process of effecting a compromise, one r the other would have been compromised. Viewed form the perspective of business strategy, the launch of Lankly Trendy did not constitute a real hazard or obstacle to the company’s task of establishing Titan – the two were quite clearly not in conflict. However, it did signal a new, hitherto not visualized, avenue of opportunity for anyone who is in the watch industry.

And a delay in addressing that opportunity could mean a long term opportunity loss if Trendy was well established and allowed to spread its wings or spawn brands which leveraged on the mother brand’s equity – t that stage it could become a threat to Titan by pulling in a segment of Titan’s (by then heterogeneous) consumer base.

Therefore, the business imperative in responding to Trendy was to get in on the ground floor of a new business opportunity and stake the company claim to it for later exploitation and also to seek ways of protecting Titan in the long term.

This lead to the creation of Aquaria with an equity that can best be described as “ the other side of Titan: a serious product for casual use (as opposed to Trendy which trivialize the product itself); aimed not at the teenager but at the young adult who was not fully enforceable with formal style or the older person who has his moments of wanting to get away from it. Again, in keeping with the business strategy, despite being lower priced than Titan, it was higher priced than Trendy. Therefore, the business response distinctive form Trendy, yet had synergy with Titan core values.

We had earlier argued that the relevance of brand equity to a business is if it can be used as any asset can, to help the company achieve its goals.

This equity of Aquaria safely permitted it to be called “ Aquaria from Titan”, thus saving the company some investment in establishing the name. More importantly, in a fixed manufacturing capacity situation, it allowed the company the flexibility to switch the volumes up and down due to bottom line considerations; or spurts in demand for Titan or slackened demand for Titan. You can turn the tap on and off a sub brand (which is what Aquaria was) but cannot afford to do it for a brand. . Creating and managing sub brands As we have said many times in the preceding sections, the fundamental principle of marketing strategy is the long term view that it operates with. The Titan case illustrates how sub branding was used right at the inception of the brand as an insurance that could be used at a later date when the mother brand values had been established and resources could be diverted to building and establishing sub brands.

Thus, the sub branding strategy was to create labels on different products in the range but establish the meaning of the labels later on.

The issue of managing “ dormant” yet living sub brands until the “ right time” arrived is one worth noting-in the case of Titan, even in advertising, the temptation to even create awareness in product advertising was ruthlessly avoided and in fact product ranges displayed in advertisements were a Judicious mix of all 3 ranges. This approach to sub branding is in sharp contrast to the marketing management perspective of ‘ here and now – creating sub brands and establishing them are seen to be simultaneous processes, usually compromised due to resource constraints of umbrella advertising or inadequate communication effort.

Finally, the strategic values of sub branding is (a) to stretch the equity as much as possible without rupturing it and (b) also to cash in on the newer facets of equity that a brand acquires as it evolves. In the case of Titan, at the first stock taking, 4 years after launch, it was found that the equity had gone ended what the company had envisaged – more classy, more sophisticated, more premium and a little less pragmatic (for the worldly wise value seeker). The price premium commanding ability had also correspondingly increased.

Viewed from the perspective of managing a brand, this could have led to a dilemma of “ put it back on the rails as originally intended” or move it in the new direction and reinforce the “ new equity? ” However, through the agency of sub branding, this “ new equity’ has been capitalized on without requiring a trade off of any kind. 5. Product-Market Strategy The most important area where brand equity has a bearing on business strategy is in the area of deciding what product (or brand) – market segment choices the firm should make.

This involves the process of segmenting markets in ways that yield potential for creating competitive advantage for the firm as a whole; choosing which market segments to address and which to abandon (based on the corporate goals and constraints); and making an assessment of which existing brands should be allotted to which market segments or which new ones created for which market segments, based on the trench and relevance of the band values in each segment. This area is rarely in the concerned more with individual brands and less with product portfolios.

In the case of Titan Watches, the market was segmented based on benefits desired. Various alternate ways of segmentation were examined – material segments (gold/steel etc.), first/second time user segments, price based segments, etc. The most stable basis of segmentation in the long run was found to be benefit segmentation. A description of the process of developing product-market strategy for Titan Watches is described in he next section.

6. Harvesting Brand Equity This is familiar territory to most market researchers and we will not dwell too much on it.

Brand equity leveraged diversification into new businesses is still a relatively new concept in India, where diversification is usually done through leveraging on existing technology, or through offering new products and services to markets already being catered to. Therefore, identifying new business opportunities which a firm is comfortable diversifying into probably requires a combination of all 3 criteria – technical capability, market access ND brand equity – as in the case of Titan’s new business of Jewelry.

Finally, market research must look at new business opportunities through the filters of the company – there is a clear difference between telling clients there is “ an opportunity’ versus telling them that it is “ your opportunity. ” Capabilities and limitations of conventional market research in aiding business strategy decisions In this section of the paper, we will examine the extent to which conventional market research approaches are equipped to provide decision support on business strategy issues.

We will be using examples of market research done for Titan Watches, to illustrate what we mean by “ conventional market research approaches” and their “ adequacy in the context of business decisions. ” We would like to emphasize that these examples have been cited as representative samples of conventional market research; and all discussion pertaining to them is relevant and generalist to “ typical” market research done for any company confronting such decision areas. Study 1 What equity to create?

In order to decide what brand values to endow Titan with a conventional “ U & A” study as conducted in 1988 in 15 centers spanning 3200 respondents. The study did provide a detailed snapshot of the “ here and now’ of the watch market. But such studies cannot in the ultimate analysis, point to what values to endow the brand with, to give it sustained future competitive advantage.

This U & A study point out that the pro-Quartz segment of the market was very small (around 20%) and titled towards the upper income group.

It highlighted the fact that Quartz watches were seen o be high tech, attractive and accurate but expensive, not durable, delicate and difficult to pair. Mechanical watches on the other hand were exactly the opposite – yet preferred by 805 of buyers! It seemed to suggest unequivocally that a company which has already made some business decisions like choosing Quartz technology and warning to adopt a premium pricing strategy while fighting an established competitor, should think again.

Fortunately, the management of Titan had the gift of vision and they came to the following assessment: That this data reflected the market of today and not that of tomorrow. That international trends showed that many countries around the world satirically had similar rates of Quartz adoption as India, but in the span of a decade changing as indicated by other industries like shoes, apparel, home furnishing and so on.

Therefore, the market for watches too was ripe for ‘ ornamentation and refinement’ – both for men and women. Similarly, other industries like durables, and consumer electronics had managed to break through the barriers of consumer skepticism when it came to adoption of new technology. The smuggled watch market was large enough to act as a first base in the initial phase, armed as the company was with the Data pedigree and the values that went with it.

That consumer perceptions of Quartz being difficult to repair and expensive were due to a history of bad experience – poor digitalis and expensive smuggled watches. The market was unhappy about poor looking, poor style watches.

Based on all these bits of information the decision on what equity to build for Titan was taken. As discussed in the earlier section, most market research approaches to this entire issue are usually from the “ marketing management” perspective and not from the ‘ marketing strategy perspective.

They point to “ trouble today’ without taking a look at the fertility of the environment to bring about change or at the likely pace of diffusion of innovation – thereby misguiding those who could have succeeded by ‘ changing the rules of the game” in their industry/market. Study 2 Building Titan Equity Retailing was one of the major vehicles of building Titan Equity. Here market research did not play a role in a formal sense.

Astute observation by in-company personnel lead to the development of the retailing strategy.

It is, however, doubtful if conventional market research of the genre of " trade research" could have yielded any insights beyond the ' here and now of margins and stock remover ratios Study 3 Building Aquaria Equity The role market research played in the case of Aquaria was that it highlighted the Titan brand personality (formal, serious, elegant, mature, versatile, reliable) and contrasted it with Trends personality (casual, flashy/freaky, young, freedom, versatile).

And recommended that Aquaria should be casual, light hearted, reliable, youthful, distinctive and versatile. Given the complexity of this decision area as discussed in the earlier section, conventional market research of this kind can barely scratch the surface in terms of providing business strategy oriented decision support.