

Dawnlance success story (marketing) assignment

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The company which is the premier focus of our project is Dawlance.

Dawlance is a home appliance company which has very successfully carved out a market share for itself despite facing fierce competition from both local and international players. The theme of our project is not to discuss the entire range of appliances which the company produces instead it is an attempt to highlight the success it has had in one particular range of products, the Split Air Conditioner.

The project attempts to identify from a marketing perspective the various aspects of Dawlance's marketing program and the strategies which paved the way for the massive success of the company. Before we delve into the details of Dawlance's Marketing plan, let's take an over view of the market of spit air conditioners at the time. Splits entered the Pakistani market in 2002 and Dawlance started its first range of split air conditioners two years later in 2004. 2004 was a booming year for this new technology which had entered Pakistan.

This was represented by high growth figures for all companies which engaged in this range of product. Split's been beginning to replace air coolers and were also competing aggressively against window unit air conditioners. Their cooling was better than an air cooler and they were cheaper than the average window unit which was available Followed by the enormous amount of success which the players in the market enjoyed, several companies entered the market, a total of 26 brands were now a part of this extremely competitive market at the end of July 2005. Some of the brands included SG, Sabro, Haier and LG.

The market for spilt ACs was further sub divided into 1 ton spilt ACs and 1.5 ton split ACs, with the 1 ton split enjoying a 65 percent market share and the 1.5 ton split having a 35 percent share. Market conditions were rather favourable and there were not a lot of barriers to entry. Firms did not incur any Research and Development cost as the splits were manufactured in China and were brought and sold to the Pakistani Market by local firms. The firms also did not have to face any huge fixed costs like plant and machinery as the product was imported.

The market for splits demonstrated initial growth but then the trend slowed down. Post purchase behavior indicated that the customers were not exactly satisfied with the performance of the split air conditioners and a bad reputation started to foster, with uncertainty increasing day by day. July of 2005 was the end of the buying season and this is when Dawlance started the process to establish themselves as the premier providers of split air conditioners. They were the first one's to carry out research in order to identify what was the cause of the customer dissatisfaction.

From a marketing perspective, we can see that this was a very good move. There was a problem, a market gap, so to speak and they made an attempt to identify it so that they could establish a competitive edge over the various other companies which were already operating in the market. They carried out surveys with local distributors because the distributors have a very crucial role in the Air cooling market; they are the links between the customer and the company. Again, if we look at this from a marketing stand point, we can see that the move to use distributors as a key source of information is commendable.

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They carried out some surveys with distributors and with a few customers. Dawnlance reported that the cost of this research was low and it did not consume a lot of time either as the manager did this in during his routine work across the Pakistan. The research took two to three months. From this point we can see a marketing model take shape. First there was a need in the market, which was followed by research into that need, which will now be followed by the actions which were taken by the company.

The research revealed that the split ACs were not delivering the desired level of cooling. The main reason for this was that the splits which were coming into Pakistan were designed primarily for the European market.

Temperatures in Pakistan were much more extreme, hence the splits were rendered incapable of producing the results which the Pakistani market wanted. In addition to this, another reason was the volume of rooms in Pakistan and Europe. The rooms in Europe were smaller and has smaller roof that means less volume in contrast to the relative to rooms in Pakistan.

The solution which surfaced was that 1.5 ton splits were needed for the Pakistani market. However, the solution was not that simple. The attitudes of the consumers had changed drastically towards split ACs. The previous debacle had left them uncertain about the split's capability to deliver results. Dawnlance realized that if they had to grab a bigger share in the market they had to change the perception of the customers. They had to create awareness of the fact that alterations had been made and that the new 1.5 ton split was tailored according to the needs of the customer. They contacted their Chinese manufacturers and had the splits customized there product with respect to Pakistani Market. This was followed by one of the <https://assignbuster.com/dawnlance-success-story-marketing-assignment/>

most impressive marketing decisions a company can make. It involved one of the most complex instruments of the Marketing mix, Price. Dawlance reduced the price of their 1.5 ton splits and went into heavy losses. However, despite this they did not compromise on quality, they maintained high quality standards for their product.

The market response to this was that Dawlance's competitors also reduced the price, however they did this at the expense of their quality. By 2006 a vicious price war had been waged. Strategically, this is what Dawlance wanted and this is what brought them the most success. They designed their promotional campaign in which they equated cooling with 'khushi' or happiness. They created an image in the minds of the customers which was all about quality. They positioned their splits as a reliable product and better cooling and customer satisfaction.

In essence, they were communicating with their customers and telling them that the previous quality issues which had prevailed had now been resolved. The results were favourable. In 2009 the product had received great recognition and the customers were well aware of it. They had established a market identity. The price war and Dawlance's new strategy resulted in several firms leaving the market for the main reason that they couldn't compete effectively. By 2011 only 7-8 brands are left in the market, Dawlance had established itself as a market leader and the market share of the 1.5 ton split was 65 percent now.