

Cavin kare – history and future

[History](#)



It is the story of David taking on Goliath. A small company having its base in Cuddalore in Tamil Nadu, is now taking on the multinationals of the FMCG world. The Levers of the world now have competition breathing down their necks, from an all too Desi company, CavinKare. Pioneers in the field of sachet revolution, and mass marketing in rural areas, CavinKare has grown from a Rs 15, 000 venture to a company making a turnover of Rs 700 crores .

Year of Establishment : 1983 Chairman and Managing Director of CavinKare : Mr. C K Ranganathan History of Mr. C K Ranganathan : Ranganathan's journey, which started from a small town of Cuddalore in Tamil Nadu, has been an amazing one. A business which he started with only with Rs 15, 000 is now worth Rs 500 crore (Rs 5 billion). He learnt the first entrepreneurial lessons from his father, Mr. Chinni Krishnan, who started a small-scale pharmaceutical packaging unit, before moving on to manufacture pharmaceutical products and cosmetics. His father was his inspiration.

His father, Mr. Chinni Krishnan, an agriculturist, was also into pharmaceutical business. As he was poor in academics, his father wanted him to either do to either do agriculture or start a business. His siblings were good in studies -- two of them became doctors and another a lawyer. He was the odd one out. While his siblings studied in English medium schools, he was put in a Tamil medium school. He used to suffer from an inferiority complex because of his poor academic record.

Studies did not interest him, but rearing pets did. When he was in the fifth standard, he had a lot of pets -- more than 500 pigeons, a lot of fish and a

large variety of birds. He used to earn his pocket money out of pet business at that time. Perhaps, the entrepreneurial spirit in him showed its first streak. His father died as he entered college. He had come out with the sachet concept a couple of years prior to his demise. He felt liquid can be packed in sachets as well.

When talcum powder was sold only in tin containers, he was the one who sold it in 100 gm, 50 gm and 20 gm packs. When Epsom salt came in 100 gm packets, his father brought out salt sachets of as low as 5 gm. Their marketing strategy is to make, what the coolies want and the rickshawpullers want to use. He wants to make his products affordable to them,' he says. Selling things in sachets is his motto and as he says, 'this is going to be the product of the future. ' But his father could not market the concept well. He moved from one innovation to another but never thought of marketing strategies.

He was a great innovator, but a poor marketer. Joining the family business after his father's death, his brothers took charge of the family business. In 1982, when he joined them after his studies, they had launched Velvette Shampoo. Within eight to nine months, he left the business because my ideas clashed with theirs. As he was in the manufacturing unit, he did not know anything about marketing or finance. But, his inferiority complex notwithstanding, he was somehow confident of doing business better. He had left his brothers saying that he did not want any stake in the property or business.

That was a defining moment for him. He had saved Rs 15, 000 from his salary and that was all he had. Yet he was confident of achieving success. He did not feel anything about riding a bicycle after having got used to cars. For a week, he could not make up my mind as to what business to do. He knew only two things; making shampoo and rearing pets. He didn't want to venture into the shampoo business as it would initiate a fight with his brothers.

However, he decided to do the same later as he could only make shampoo. He rented a house-cum-office for Rs 250 a month against an advance of Rs 1, 000. He took another place for the factory for a rent of Rs 300 a month and against an advance of Rs 1, 200. He bought a shampoo-packing machine for Rs 3, 000. The company began its journey as Chik India Ltd. How Chik Shampoo was born He named it Chik Shampoo after my father. The product did not succeed immediately; they learnt many things during the process.

In the first month, they could sell 20, 000 sachets and from the second year, they started making profits. He moved to Chennai in 1989 but their manufacturing unit continued to be in Cuddalore. It took him three years to get the first loan because banks asked for collateral. He did not have any. But one particular bank gave him a loan of Rs 25, 000 which we rotated and later upgraded to Rs 400, 000, Rs 15 lakh (Rs 1. 5 million), etc. The bank manager wrote in their loan application 'This person does not have any collateral to offer but there is something interesting about this SSI unit.

Unlike others, this company pays income tax! ' His business never looked back because he was very particular about paying income tax. Strategies

that made Chik Shampoo No. 1 in South India When Chik entered the market, Velvette Shampoo was being marketed aggressively by Godrej . But a scheme of theirs became extremely successful -- they exchanged five sachets of any shampoo for a Chik Shampoo sachet, free. Later, they altered the scheme -- they started giving one free Chik Shampoo sachet in lieu of five Chik Shampoo sachets only. Soon, consumers started asking for Chik sachets only. Their sales went up from Rs 35, 000 to Rs 12 lakh (Rs 1.

2 million) a month. When we introduced jasmine and rose fragrances, our sales went up to Rs 30 lakh (Rs 3 million) per month and with actor Amala as our model, our sales rose to Rs 1 crore (Rs 10 million) a month! Each idea of ours was rewarded by our customers. There has been no looking back since then. Our market share increased and in 1992, we became the numero uno in South India. It took nine years for him to overtake his brothers' business. How Chik Shampoo conquered the rural market Multinational companies sold products in big bottles and not in sachets and they sold only from fancy stores. They did not look at the small kirana stores, nor did they look at the rural market.

They went to the rural areas of South India where people hardly used shampoo. They showed them how to use it. They did live demonstration on a young boy. They asked those assembled to feel and smell his hair. Next they planned Chik Shampoo-sponsored shows of Rajniknath's films. They showed our advertisements in between, followed by live demonstrations. They also distributed free sachets among the audience after these shows.

This worked wonders in rural Tamil Nadu and Andhra Pradesh. After every show, Their shampoo sales went up three to four times. Today, the Indian rural market is growing at a pace double than that of the urban market. Launching Meera Herbal powder They continued with Chik Shampoo for seven years before venturing into anything else. Meera Herbal powder was actually not their idea. Shaw Wallace already had a herbal product but it was marketed very poorly. They felt there was a demand for herbal products and they made a good product.

He felt they should be the leader if theirs was a good product. And guess what? In the third month itself, they topped the market. In six months, they had 95 per cent market share, while Shaw Wallace had only 4-5 per cent. How Beauty Cosmetics became CavinKare As they planned to expand to new products, they thought the name Beauty Cosmetics would be restrictive. In 1998, they ran a contest among our employees for a name and one of them suggested CavinKare ; with C and K spelt in capitals. CK, his father's initials. Cavin in Tamil means beauty and grace.

Perfumes for the poor They wanted to cater to those who cannot afford (high priced) perfumes. Good perfumes came at a huge price -- they were beyond the means of ordinary people. They decided to come out with a Rs 10 pack Spinz. They were successful in that too. Shampoo market share In the last two to three years, their market share has come down though they are growing. It is mainly because of the anti-dandruff shampoos in the market. They do not have an anti-dandruff shampoo yet.

From 0 per cent, the anti-dandruff shampoos have taken over 25 per cent of the market. Only 75 per cent of the market, therefore, constitutes ordinary shampoos. We hold 20 per cent of the market share. But they are the largest brand in rural Uttar Pradesh , Andhra Pradesh, etc. and they are the number one in many other states as well. On the decision to launch a fairness cream They decided to launch Fairever in 1997 as they saw a huge demand fairness cream. They are the second largest player in the market in this.

Research states that when a product is good, consumers do not shift to a new brand. His team told him not to venture into the fairness cream market as the consumers were quite satisfied with the existing products. But they went to launch their product containing saffron -- which is traditionally used to get a fair complexion. In six months, their sales galloped. This was followed by Indica hair dye. Two and a half years ago, they launched Ruchi pickles in sachets and they became number one there too. They sell close to 5, 000 tonne of pickles per annum.

They hope to double this in two to three years. Foodis a huge market and they have understood that. Their target is to be a Rs 1, 500 crore (Rs 15 billion) company in another three years. CSR activities 1)CavinKare Ability Foundation awards for physically disabled achievers. He stayed as a tenant at Mrs. Jayashree Ravindran's place (the woman who started the Ability Foundation). Once, she said she wanted to start a magazine for the disabled. Though she did not ask for sponsorship, he gave her a cheque of Rs 25, 000. He also became one of the Foundation's founder members. Once they came to know about the disabled who have climbed the ladder of success, they --

Ability Foundation and CavinKare -- decided to institute an award for them.

2) CK School of Practical Knowledge. It is in the process of strengthening , rebuilding and reorienting the existing system of education by introducing Life Oriented Practical Education with academics. Students are reoriented to lay emphasis on humanity, problem solving capabilities, leadership, entrepreneurship, team work and experimentation instead of the convention of learning. Achievements ; Persona : C K Ranganathan was conferred the prestigious “ Entrepreneur of the year award” by “ The Economic times” in 2004.

CKR's personal philosophy is his trust in people and passion for creating a seamless organization. He always leads from the front. He is very quick in giving his views and decisions. He likes to raise the bars of performance after his colleagues accomplish milestones. This in turn has a cascading effect transforming the whole organization to be nimble footed and agile. Group Companies : Trends in vogue : Trends In Vogue Pvt. Ltd.

a group Company of CavinKare came into being in July 2002 with a clear-cut focus on providing personal styling and beauty solutions to everyone in the family. The Company has pioneered the concept of 'Family Salons' in India with its specialist brands - LimeLite, and Green Trends. With a team of professionals, highly qualified cosmetologists and hair care specialists from its in-house institution, Trends Academy and with the skill base of the CavinKare R; D team, Trends In Vogue offers a range of Cosmetic treatments including those made from " natural" ingredients. Realising that there was a need gap in the grooming industry, the Company has two separate chains, catering to assorted wallet sizes. Green Trends has a range of men's and

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women's Salons aimed at the middle class. Limelite is the premium brand of Salons targeting upper crust men, women and kids to ensure that it offers 'an international standard beauty care' to its customers. They use various products from different brands at these Salons, including those that do not belong to them.

The objective is to give the consumer a service suitable for them. Trends Academy Trends Academy is the first of its kind Beauty training institution in South India. It has brought professionalism and credited recognition to people who wished to make beauty a profession. Creating careers in the field of beauty and styling, Trends Academy has ushered in a comprehensive approach with in-depth focus on theory and techniques. The emphasis of the academy is to train their students to acquire soft skills and etiquette as well as the technical skills related to beauty and styling. Excellent facilities, latest equipment, spacious classrooms and practice areas offer "hands-on" experience to each student. Other facilities include Video demonstration, practice labs and practical exposure in our Parlors.

The academy has tie ups with City ; Guilds from UK and Wella, one of the leading international beauty suppliers from Germany, to train the students in beauty treatment with international standard. The academy admits students based on a personal screening and interview. Once the students successfully complete the specified course, and the best get offered a job at our Salons Green Trends and Limelite. Two Major Brands under Trends In Vogue

- Limelite
- Green Trends

Limelite In an age where a premium is placed on looking and feeling good, and the desire to be attractive is on the rise in India, Limelite, a Lifestyle Salon, which offers you a complete grooming

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experience you would never forget. Limelite has a spacious and an inviting ambience, talented and trained aestheticians, who are committed to deliver outstanding service with personalised attention. So when you walk out, you have the satisfaction of having been treated by the best. An Upmarket Unisex Salon with Spa facilities, Limelite is the only such combo experience to suit your lifestyle.

Limelite offers a wide range of new-age hair dos, facials, body massage and hair styling and colouring services. The Salon also offers oxygen therapy, aromatherapy, expert counselling, skin care, make-up, hair and foot spa, colouring and an extensive array of body treatments. In addition Limelite has exotic unique services such as Pina Colada Manicures and Pedicures, Choco dip Pedicures, Body Wrap, Milk Bath, Mango Butter Facial and Baby corn Butter Scrubs to pamper you. It has a separate ladies private studio and an exclusive kid's colourful section with staff especially trained. All services are offered by trained and certified personnel. Bored with gifting loved ones nicely wrapped conventional gifts ? Limelite also offers gift vouchers of different denominations which can be used for the beauty or spa treatment at Limelite. Currently Limelite has outlets in many locations in Chennai, Bangalore and Delhi and we plan to expand to become India's leading chain of unisex Salons.

So come, indulge yourself in a lifetime grooming experience and we, at Limelite, believe, we' ll have you coming back for more! Green Trends From neighbourhood Parlour to a more professional branded Salon, Green Trends is a Family Beauty Salon which focuses on personal attentive grooming with an accent on natural products at an affordable price. The Salon is spacious,

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the interiors, well designed, with a spa room and a steam bath. While the men's and women's sections have been conveniently separated, there is a special area reserved for kids. Green trends believes in making you beautiful ' Naturally beautiful from head to toe' with its passion for delivering beauty naturally. They have a panel of experts who will answer queries on beauty, skin care and personal grooming. Staffs are Cosmetologists and specialist beauty care professionals trained by international experts at the Trends Academy of Aesthetics. Located in different residential pockets in Chennai, and Bangalore, Green Trends is the most popular destination for family grooming.

SWOT Analysis for Cavinkare India
 Strengths
 Weaknesses

- Ability to understand local market
- Strong distribution network 1300 Stockists well organized.
- Strong in shampoo segment.
- Strong product portfolio with Brands like chick, nyle which are best sellers in southern India.
- Ability to cater unpenetrated rural market where again chick brand is the leader.
- Strong R&D
- Strong marketing team.
- Not having world wide operations.
- Not having strong products in the to hair colors segment.

Opportunities
 Threats

- Not having strong products in the hair oil segment.

Can to go for more vertical mergers so as to tap more market mostly in the northern zone where the reach is still weak.

- can go for more acquisition so as to increase their reach both in local and global market
- More and more FMCG companies are coming to India, so company might loose share within their strong shampoo segment.
- Shampoo market is getting saturated so need to find other segments where opportunity is high like hair color, hair dye etc.

Outline of Future : 1) International business division was formed in <https://assignbuster.com/cavin-kare-history-future/>

1999 to take the brands of CavinKare beyond the boundaries of India.

Currently, CavinKare is marketing its brands across 12 countries including Sri Lanka, Nepal, Bangladesh, Malaysia, Singapore, USA and GCC Countries. In a significant move towards geographical expansion high potential markets like Egypt, Nigeria, and United Kingdom are also being considered for entry.

2) The company plans to take on fast food multinational corporations (MNCs) such as McDonald's Corp. not just in India, but also overseas with a multi-cuisine fast food restaurant format that it is currently testing. In July 2009, CavinKare decided to study the fast food business by opening its first outlet, branded CK's Foodstaurant, in Puducherry. The restaurants are branded CK's Foodstaurant, like CavinKare, a play on the name of the founder. The menu for the chain in India will be a combination of Indian fare such as idlis, dosas and sandwiches, and American favourites such as burgers and fries, but the restaurants will take on a slightly different avatar overseas.

3) Revenue Growth : The family-owned CavinKare logged sales of Rs700 crore in 2008-09 and expects to nearly double its sales to Rs1, 500 crore in 2009-10,