GLOBAL MARKETING STRATEGIES OF TITAN

6.1 Concept of Global Marketing

As discussed earlier in this study, Titan Industries Limited also has to follow the concept of Global Marketing. Some features of the concept are discussed below. Global marketing is not a revolutionary shift, it is an evolutionary process. While the following does not apply to all companies, it does apply to most companies that begin as domestic-only companies.

A marketing restricted to the political boundaries of a country, is called "Domestic Marketing". A company marketing only within its national boundaries only has to consider domestic competition. Even if that competition includes companies from foreign markets, it still only has to focus on the competition that exists in its home market. Products and services are developed for customers in the home market without thought of how the product or service could
be used in other markets. All marketing decisions are made at headquarters.

The biggest obstacle these marketers face is being blindsided by emerging global marketers. Because domestic marketers do not generally focus on the changes in the global marketplace, they may not be aware of a potential competitor who is a market leader on three continents until they simultaneously open few stores in abroad. These marketers can be considered ethnocentric as they are most concerned with how they are perceived in their home country.

Generally, companies began exporting, reluctantly, to the occasional foreign customer who sought them out. At the beginning of this stage, filling these orders was considered a burden, not an opportunity.

If the exporting departments are becoming successful but the costs of doing business from headquarters plus time differences, language barriers, and cultural ignorance are hindering the company’s competitiveness in the foreign market, then offices could be built in the foreign countries.

Sometimes companies buy firms in the foreign countries to take advantage of relationships, storefronts, factories, and personnel already in place. These offices still report to headquarters in the home market but most of the marketing mix decisions are made in
the individual countries since that staff is the most knowledgeable about the target markets. Local product development is based on the needs of local customers. These marketers are considered polycentric because they acknowledge that each market/country has different needs.

At the multi-national stage, the company is marketing its products and services in many countries around the world and wants to benefit from economies of scale. Consolidation of research, development, production, and marketing on a regional level is the next step. An example of a region is Western Europe with the US. But, at the multi-national stage, consolidation, and thus product planning, does not take place across regions; a regio-centric approach. It should be noted that most companies that self describe their organization as multinational really are not entirely multinational.¹

In fact, the definition of the multinational corporation itself is somewhat suspect. Simply calling a company a multinational corporation is not enough. A company must make adjustments to the ways it perceives its role in the international market place so that it might reap the rewards the multinational environment. Essentially there are three responses or behaviors that the multinational corporation can use in the international market place.

These three orientations that a multinational corporation have been described as ethnocentric, polycentric, and geocentric.

In ethnocentric company the culture of the home country pervades the organization. In the polycentric organization the host country begins to play more of a role but the company still treats each individual country unit as a somewhat disparate group with only a very small information flow back to headquarters. In the most mature stage of multinational development, geocentric, the company has truly started to act globally. The company can now begin to reap the benefits of the multinational economy. The somewhat parasitic nature of the previous types of multinational system are now replaced with the give and take of international relationships that involve the all important two way communications flow.

With the proliferation of the Internet and e-commerce (electronic commerce), if a business is online, it is a global business. With more people becoming Internet users daily, this market is constantly growing. Customers can come from anywhere. According to the book, “Global Marketing Management,” business-to-business (B2B) e-commerce is larger, growing faster, and has fewer geographical distribution obstacles than even business-to-consumer (B2C) e-commerce. With e-commerce, a brick and mortar storefront is unnecessary.²

² Kotabe & Helsen, op. cit.
When a company becomes a global marketer, it views the world as one market and creates products that will only require weeks to fit into any regional marketplace. Marketing decisions are made by consulting with marketers in all the countries that will be affected. The goal is to sell the same thing the same way everywhere.

The “Four P’s” of marketing: product, price, placement, and promotion are all affected as a company moves through the five evolutionary phases to become a global company. Ultimately, at the global marketing level, a company trying to speak with one voice is faced with many challenges when creating a worldwide marketing plan. Unless a company holds the same position against its competition in all markets (market leader, low cost, etc.) it is impossible to launch identical marketing plans worldwide.

6.2 Titan’s Global Entry Strategy

Of all the operational functions, global marketing is perhaps one of the most crucial. The success of any corporations in the days of globalization critically depends on the choice of an optimal global marketing strategy. The Ps of domestic marketing are easily extended to the domain of global marketing. Notwithstanding the peculiarity of global marketing, the corporations are required to choose specific strategies with respect to product, price, promotion and people. For Titan Industries Limited, this can be defined in the following lines:
(A) Product is the first element of a marketing mix. Accordingly, any corporation must start its operations by choosing an appropriate global product strategy. The first thing to decide is what kind of product it is going to market – homogeneous (standardized) or heterogeneous (differentiated). The decision to market a standardized product poses great challenges because the corporation has to decide about product-adaptations, specific to a particular foreign market.

(B) If we discuss global pricing strategy. The example of Titan fits in here as well. Prices have to be country-specific. The rate of exchange, fixed or floating, in a given country is often taken as a constraint for designing pricing tactics and strategies. Apart from the exchange rate, the global marketer must take care of other factors like local costs of production, transport costs/ distribution and selling costs, local taxes and tariffs, etc. Local inflation rate is also a crucial determinant of international prices.

In normal cases, there is not much difference between domestic pricing and international pricing. In either field, we can meaningfully talk about the contrasts such as:
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(a) Cost plus pricing strategy or price minus costing strategy;
(b) Penetration price or skimming price strategy;
(c) Product life cycle pricing or seasonal / cyclical pricing strategy.
(d) Sales maximizing or profit maximizing pricing strategy.
(e) Internal pricing or marginal pricing strategy; and
(f) Full cost pricing or direct cost pricing strategy.

These issues are examined by the company keeping in view the compulsion of global market situation. There are two areas of international pricing where the company needs to pay careful attention:

i. Transfer pricing: This has reference to pricing of business that takes place between two subsidiaries of the same corporation.

ii. Dumping: This is a form of price discrimination. A firm may decide to sell its product at a lower price abroad and at a higher price at home. Much would depend upon the possibility of seepage between home and foreign markets and demand elasticity.
(C) Next in focus is the international promotional strategy. Sales promotion is a very broad strategic area which works through tactical operation of media planning, advertising, customer relations and the like. There is no much difference between domestic and international promotional strategies. The basic idea is to create product knowledge, brand awareness and brand loyalty of the customers. Existing customers have to be retained and new customers have to be won; the market has to be procured and secured. Promotional methods like publicity, advertising, price and non-price competition through product differentiation may vary in detail depending upon the international markets which are being served. In promoting global market, the ideal strategy is to develop the brand name, specific to the situation where the product becomes ‘generic’. Titan is a good example of such generic products.

(D) People are the focus of marketing. The size of the market is determined by the number of customers. From the standpoint of the marketing, the customer is treated as the king. In the present day competitive world, customer service is a very important decision factor in promotion, stability and growth of a market. A company does not serve the customers merely in
terms of the product it produces and sells, but also in terms of services particularly after-sale services it renders to the customer. This calls for market research and distribution of customized product and services.

6.3 Titan’s Global Marketing Research and Marketing Communication

The company is striving hard to explore the possibilities of further expansion of its global markets and to spread wings to new areas. A dedicated team of professionals is engaged in search of potential markets and the markets which can be developed for company’s products. Aggressive marketing research programmes are being conducted regularly.

Marketing research is traditionally defined as the systematic gathering, recording, and analyzing of data to provide information useful in marketing decision making. Although the research processes and methods are basically the same whether applied in Columbus, Ohio or Colombo, Sri Lanka, international marketing research involves two additional complications. First, information must be communicated across cultural boundaries. That is, executives in Chicago must be able to translate their research questions into terms that consumers in Guangzhou, China can understand. Then the Chinese answers must be put into terms (i.e. reports and data summaries) that American managers can
comprehend. Fortunately, at Titan Industries there are internal staff and research agencies that are quite experienced in these kinds of cross-cultural communication tasks.

Second, the environments within which the research tools are applied are often different in foreign markets. Rather than acquire new and exotic methods of research, the international marketing researcher must develop the ability for imaginative and deft application of tried and tested techniques in sometimes totally strange milieus. The mechanical problems of implementing foreign marketing research often vary from country to country. Within a foreign environment, the frequently differing emphases on the kinds of information needed, the often limited variety of appropriate tools and techniques available, and the difficulty of implementing the research process constitute the challenges facing most international marketing researchers.³

The basic difference between domestic and foreign market research is the broader scope needed for foreign research, necessitated by higher levels of uncertainty. Research can be divided into three types based on information needs i.e.

(a) general information about the country, area and/or market;
(b) information necessary to forecast future marketing requirements by anticipating social, economic, consumer and industry trends within specific markets or countries; and

(c) specific market information used to make product, promotion, distribution and price decisions and to develop marketing plans.

In domestic operations, most emphasis is placed on the third type, gathering specific market information, because the other data are often available from secondary sources. A country’s political stability, cultural attributes, and geographical characteristics are some of the kinds of information not ordinarily gathered by domestic marketing research departments by which are required for a sound assessment of a foreign market. This broader scope of international marketing research is reflected in Escorts’ planning steps, which call for collecting and assessing the following types of information:

1. **Economic:**
   General data on growth of the economy, inflation, business cycle trends, and the like; profitability analysis for the division’s products; specific industry economic studies; analysis of overseas economies; and key economic indicators for the United States and major foreign countries.

2. **Cultural, Sociological and Political Climate:**
   A general non-economic review of conditions affecting the division’s business. In addition to the more obvious subjects,
it also covers ecology, safety and leisure time and their potential impact on the division’s business.\textsuperscript{4}

3. **Overview of Market Conditions:**
   A detailed analysis of market conditions that the division faces, by market segment, including international.

4. **Summary of the Technological Environment:**
   A summary of the state-of-the-art technology as it relates to the division’s business, carefully broken down by product segments.

5. **Competitive Situation:**
   A review of competitors’ sales revenues, methods of market segmentation, products and apparent strategies on an international scope.

Such in-depth information is necessary for sound marketing decisions. For the domestic marketers, most such information has been acquired after years of experience with a single market, but in foreign markets this information must be gathered for each new market. There is a basic difference between information ideally needed and that which is collectible and/or used.

Many firms engaged in foreign marketing do not make decisions with the benefit of the information listed. Cost, time and human

\textsuperscript{4}Debanjan Mitra and Peter N. Golder, Journal of Marketing Research, August, 2007.
elements are critical variables. Some firms have neither the appreciation for information nor adequate time or money for implementation of research. As a firm becomes more committed to foreign marketing and the cost of possible failure increases, however, greater emphasis is placed on research. Marketing research expenditures reflect the size and growth of markets around the world.

**Marketing Communications** (or MarCom or Integrated Marketing Communications) are messages and related media used to communicate with a market. Those who practice advertising, branding, direct marketing, graphic design, marketing, packaging, promotion, publicity, sponsorship, public relations, sales, sales promotion and online marketing are termed marketing communicators, marketing communication managers, or more briefly as marcom managers.

Traditionally, marketing communication practitioners focus on the creation and execution of printed marketing collateral; however, academic and professional research developed the practice to use strategic elements of branding and marketing in order to ensure consistency of message delivery throughout an organization - the same "look and feel". Many trends in business can be attributed to marketing communication; for example: the transition from customer service to customer relations, and the transition from human resources to human solutions.
In branding, every opportunity to impress the organization's (or individual's) brand upon the customer is called a brand touchpoint or brand contact point. Examples include everything from TV and other media advertisements, event sponsorships, webinars, and personal selling to even product packaging. Thus, every experiential opportunity that an organization creates for its stakeholders or customers is a brand touchpoint. Hence, it is vitally important for brand strategists and managers to survey all of their organization's brand touchpoints and control for the stakeholder's or customer's experience. Marketing communication, as a vehicle of an organization's brand management, is concerned with the promotion of an organization's brand, product(s) and/or service(s) to stakeholders and prospective customers through these touchpoints.

Marketing communications is focused on product/produce/service as opposed to corporate communications where the focus of communications work is the company/enterprise itself. Marketing communications is primarily concerned with demand generation, product/produce/service positioning while corporate communications deal with issue management, mergers and acquisitions, litigation etc.

The Company has now established global sourcing expertise, with a network of vendors extending from Europe to Asia. The sourcing office at Hong Kong continued to play a sterling role in spotting new product trends and delivering new products. The marketing
communication system of Titan Industries Limited is one of the most robust. Every tool of marketing communication is arranged very systematically. As far as advertising is concerned, the company used every type of advertising means from print media to electronic media. Web advertisement is also very effective.

6.4 Titan’s International Business Ethics

The Company believes that it must so govern its affairs as to optimise satisfaction amongst all its stakeholders, which includes its esteemed customers, providers of capital, employees, those from whom it buys and through whom it sells, the communities in which its primary activities take place and society at large, at home and globally. The Company attaches equal importance to both ends and means - the results sought to be secured and the methods used to achieve them. The Company believes that, in whatever it does, it must contribute to the economic and social development of India, a basic tenet of the Tata Group to which the Company belongs.

The Company views the governance norms originating in the institutions of the capital market as an integral part of its corporate governance philosophy to be respected not just in the letter but, more importantly, in spirit. The Company realizes that it must disseminate information pertaining to its affairs so that all
stakeholders may gain a true understanding of its activities and aspirations. The Company aims at attainment of the highest levels of transparency, accountability and equity in its operations, thus leading to best standards of Corporate Governance. It is the Company’s belief that good ethics needs good business sense and the business practices are in keeping with this spirit by following the Tata Code of Conduct thereby maintaining high ethical standards. The Company has become a signatory to Global Compact, which has social dimensions to the functioning of the Corporate entity within the ecosystem.

6.5 Progress made by Titan in becoming a Global Corporation

The Company achieved an export turnover of Rs.130 crores during the year 2008-09. Exports include sale of Watches, Jewellery and precision engineered components. The international markets presented a mixed picture, with some countries displaying good growth but some others such as Dubai and Singapore witnessing strong contraction in demand. While the Watch sales grew by 10%, Jewellery sales were down by 42%, primarily due to the decision of the Company to reduce jewellery exports, on account of the lower margins.
The year 2008-09 was marked by fluctuating fortunes, with excellent performance by the Company during the first half of the year, followed by somewhat lukewarm performance in the second half due to the economic slow down, sharp rise in the gold prices and a planned down stocking of Sonata watches in the distribution pipeline. Despite a challenging market place, the watches business pursue profitable growth through investment in brands, sensible expansion of retail net work, product innovation, making Titan a premium brand with higher price points and transformation of Sonata business model.

The Jewellery Division continues its growth path, through various initiatives including launching of new collections, setting up of large format stores, focus on markets/segments/groups of customers less affected by the economic slow down, improving the walk-ins, and improving the merchandising at the stores.

As regards international business, the Company will pursue profitable growth in Asian markets where the Company is already present, and focus on becoming market leaders in few of the Asian markets. The Precision Engineering Division of the Company, besides aiming to grow the top line despite the economic slow down, utilizes the opportunity to strengthen its key processes with lean manufacturing techniques and seek opportunities for moving up the value chain. The Automation Division continues to work on design standardization, efficient project management and lead time reduction.
The Company’s new business vertical, Eyewear which was launched in March 2007 under the brand name Titan Eye+ is consolidating its operations during 2009-10, based on the experience gained during the first full year of commercial operations.

Overall, the year 2009-10 and the years to come will require skilful navigation around realistic growths, strict management of costs, seizing the available opportunities amidst the slow down, keeping the employees focused and motivated in these challenging times, and strong innovative marketing initiatives to drive demand.

**Global Trends in the Watches Industry**

During 2008, global production of watches has been estimated at 1.2 billion numbers. Based on global trade data, it is estimated that the overall global market for watches declined during the year, led by a lower demand in large recession-hit markets such as the United States and Japan. However, many Asian and European markets continued to exhibit good growth in consumer demand for watches during the year, with Asia being described as an “undeniable vector of growth” for the industry.

The premium and luxury end of the global watches market grew during 2008, albeit at a lower rate. The Swiss watch industry, which holds the centre of gravity of this segment, grew by 6.7%
during the year, compared to a 16.2% growth achieved during 2007. Growth in this segment was led largely by resurgence in mechanical and automatic watches, which is now an established global trend. The Swatch Group, the global market leader in wrist watches, posted a sales growth of 4.3% during 2008, despite challenging market conditions. The global watches industry has taken a cautious view of 2009, given that the economies of many developed countries are yet to recover.

The Indian watches market size has been estimated at 43.5 million watches for the calendar year 2008, which represents a volume growth of around 6% over the previous year. The premium end of the market continues to grow significantly faster than the overall market. This portends well for the future of the industry. Growth has been led by marketing investments by several global and Indian Corporations, including your Company. It is relevant to note that over 65 global brands are marketed in India today, and their combined investments will continue to drive good growths in the years ahead.

Your Company is the dominant market leader in the Indian watches market. During the year Company managed to increase market share in multi-brand watch outlets by 2% in terms of value, resulting in 46% market share in calendar year 2008. In the Company’s retail exclusive chain, World of Titan, sales grew 11% in volume and 18% in value. This was achieved by a well crafted portfolio of brands – Titan which is the flagship brand, Titan Raga
for women, Titan Zoop for children, Fastrack for youth, Sonata for the economy market and Xylys, the unique Swiss-made offering at the premium end of the market. The strong nationwide reach, distribution and service network added to the company’s unquestioned leadership. Our vision of being world-class, innovative, contemporary and building India’s most desirable brands continues to power our growth.

Based on this strong foundation, the watches division of the Company delivered a healthy profit before interest and taxes of Rs.138 crores during 2008-09, and a robust ROCE of over 40%, notwithstanding challenging market and economic conditions during the second half of the financial year, and, after down stocking Sonata in the distribution pipe line, in order to facilitate a change in strategy.

The watches of Titan are now sold in India and 26 countries across the world. Apart from its dominance in India, the company holds strong positions in the mid-priced segment in many Asian countries. The flagship brand Titan was ranked No. 1 amongst all consumer durable brands in the country, in the Economic Times Annual Survey of India’s most trusted brands. Titan introduced several stunning new collections of watches during the year, including Raga Diva, Raga Chocolat, Orion and Titan WWF. Enhancing multiple watch ownership through such innovative new products remains an important strategic driver for this brand. Titan
also launched Zoop, a sub-brand aimed at the large children’s market.

Sonata, the economy brand of the company, continued to remain India’s largest watch brand in terms of volume sales. During the year, Sonata launched Superfibre, its first significant offering in the sub-Rs.500 price segment, which is currently dominated by the largely faceless unorganised sector. This segment will continue to be a key focus area in future years. Fastrack, the youth brand, continues to grow rapidly. Apart from its strong presence in watches and sunglasses, the brand also extended its footprint to several personal accessories - including bags, belts and wallets - during the year. Fastrack is already the most exciting brand for Indian youth, and will continue to envelop them with breakthrough product designs and innovative marketing campaigns.

The Swiss-made brand, Xylys, expanded its presence to 44 cities, and grew its brand awareness and sales volumes significantly. The international business of the company in watches took several strategic steps during the year, including a successful launch in Pakistan, establishment of exclusive retail stores in Malaysia and focused marketing initiatives in Vietnam. Sales volumes in international markets saw mixed trends during 2008-09; some countries like Singapore, Malaysia and Dubai which have been hardest hit by the downturn saw declines, whereas some others like Vietnam and Saudi Arabia witnessed a quantum leap in growth.
The company’s “World of Titan” retail store network, India’s finest in the category, grew to over 265 stores across the country. Similarly, the “Titan Watch Care Centres”, again the best in its class, increased their presence to 195 locations. The company now offers its consumers authorized service facilities in over 725 points nationwide. During the year, the company successfully launched a chain of Fastrack stores, which are focused on youth and to retail all Fastrack products. Titan Industries Limited also piloted the first store of a new retail concept called “Helios”, which aims to develop retail space for the rapidly growing premium and luxury watches market in the country. Helios Stores will leverage the Company’s retailing skills while pioneering the growth of premium multibrand watch stores in India.

In addition, the Company continued to forge strong partnerships with modern departmental stores such as Shoppers’ Stop, Pantaloons, Central, Lifestyle, Westside, Reliance Retail, retail stores of the Aditya Birla group, and many other emerging hypermarkets and discount stores.

During the year, the new assembly unit in Roorke achieved excellent stability and good growths in production. The parent unit in Hosur continued to pursue manufacturing excellence on all fronts. Titan now have a total installed capacity of approximately 12 million watches per year across Units in Hosur, Dehradun, Baddi and Roorke.
The technology team of the company, `Innovedge’, delivered many new product concepts and is working on a range of exciting “wrist-watch” possibilities for the future including light powered watches and on a concept of a single watch with multiple dials. The Titan Design Studio reinforced its status as one of India’s finest centres of design excellence by introducing 212 new designs in the year. Achieving good sales growths notwithstanding the current sluggishness in several sectors of our economy is a key challenge for the year ahead. The company expect volume growth to come under pressure during 2009-10, particularly in select cities and geographical areas. The opportunity ahead is to strongly stimulate consumer demand, continue to strengthen our brands and network, ensure sustained leadership in India, build a respected brand in select Asian countries and delight millions of our consumers with brilliant products and excellent service.

The international investment demand for gold, especially Exchange Traded Funds (ETFs), kept the dollar price of gold rising throughout most of 2008. This factor, combined with a steadily depreciating rupee, kept the rupee price of gold at very high levels. On average, the rupee price of gold was around Rs.1200/gram for 22k, more than 25% higher than 2007-08 levels. This had the expected effect on demand by volume. Volumes surged in the second quarter but the growth rate started falling in the third quarter and then fell into a decline phase in the fourth quarter. Apart from the price of gold itself, the general sombre mood was
also contributing to this problem. However, both the Company's retail brands, Tanishq and Gold Plus, have established a compelling proposition in the marketplace and were affected only marginally by these external conditions.

Tanishq sales grew in value by over 30% and studded Jewellery component grew by about 20%. The decision to link the making charges to gold rate from April 1, 2008 helped Tanishq deliver the targeted margin in gold Jewellery. More than 14 new stores, many of them in the 3000 plus square feet size, helped us to increase sales and entrench ourselves more in some key markets. A well-coordinated new product programme kept the interest in the brand high even while filling up key gaps, especially in the wedding category. Gold Plus grew by around 90% in value. Nine stores were opened during the year in 9 towns in 4 States. A big thrust into rural markets, the creation of the world’s largest bangle and the launch of the loyalty programme were key highlights of the year.

The Integrated Supply Chain operations rose to the challenge of higher sales requirement. With minimal investment, all requirements of alignment, cost and quality were met as per the targets set, thanks to the support of our able and committed vendor base. On the back of such a good operational performance and higher gross contribution, the domestic operations turned in a profit of Rs.195 crores before tax and the best ever.
The company’s first-mover advantage in this industry remains unchallenged. The entry of other corporate players into Jewellery began with much fanfare, but has not lived up to the initial hype. Obviously it takes years to acquire the assets and competencies that we have with us: our brands, network and business partners on the asset side, and our design, merchandising and marketing, manufacturing, vendor management and supply chain, and retail operations and customer management on the capability side.

On the international front after conducting extensive market research over two years, Tanishq was launched in the United States through two stores, one in Chicago and the other in New Jersey. These stores were opened only as a pilot project to assess the future potential. However due to the severe downturn adversely affecting consumption patterns in the United States, the Company decided to shut the stores in order to curtail future losses. The Company during the year opened premium jewellery stores Zoya, at two locations i.e. Mumbai and Delhi. Gold prices continue to be high and volatile and therefore will affect consumer demand.

The Eyewear industry in India saw enhanced activity in 2008-09 with new stores and products being introduced and backed by aggressive promotions. Titan Industries invested in rapid expansion of its new chain of world-class optical stores, “Titan Eye+”, reaching a network of 70 stores in over 42 towns nationally by March 2009. Consumer feedback on this new business has
been extremely positive and their expectations from the brand are high. The eyewear industry is largely unorganized with a few national/regional optical chains. Competition is intensifying in this business and attracting the attention of large international and national players. It is estimated that this industry is growing at 15% per annum. The mid market segment is growing at a faster rate and is expected to multiply 3 times over the next 5-6 years.

With the growth in organised retail and exposure to international trends, consumer preferences, shopping patterns and service expectations are undergoing a sea change. Consumers are beginning to see eyewear as a fashion accessory, a means to expressing themselves. Titan Eye+ is well positioned to address the eyewear needs of the entire family. It has a choice of in-house and international brands, a wide range of stylish and contemporary products (frames and sunglasses), branded lenses, contact lenses and eyewear accessories. The Company has introduced numerous differentiated products, which have been very well received by consumers. It has invested in stores that offer a unique consumer-friendly display system and state-of-the-art equipment to ensure error-free eye testing. The Company has also entered into a technical arrangement with the highly renowned Sankara Nethralaya for training retail and clinical staff. This business, which is now in an investment phase with the network getting established, clocked a turnover of Rs.28 crores in its first full year of operations.
In the coming year, given the current market scenario, the Company has decided to consolidate and focus on building a highly differentiated brand positioning in the marketplace. The business is also rationalising its cost structure and leveraging lower rentals prevalent in the market today. The Company is confident that the eyewear business is clearly a sunrise industry and will be a strong contributor to the bottom line in the next five years. The biggest challenge in the business is to maintain the high service standards expected by consumers in a service industry. It therefore intends to invest further in developing the best talent through training and other developmental initiatives.

The Company has evolved over the years and its dreams are becoming realities in more ways than one. Its goal of achieving a billion dollar turnover, which seemed distant at one time, is becoming a certainty. So, while success has blessed the company on one hand, the market is experiencing heightened activity, especially on the retail front. Anyone who has a control over retail and has global ambitions will clearly deliver market leadership in the concerned category. Consequently, the company reorganised itself last year with the introduction of Integrated Retail Services Function. The role of the Integrated Retail Services Group was primarily to provide the impetus for:

a) Creation of retail infrastructure and network expansion across the prime retail businesses of the Company, and,
b) Be responsible for training and development of the people connected with retail Franchisee staff.

This important structural initiative has helped the company substantially during the year 2008-09 when it added 135 stores across all divisions, covering an additional area of 1.78 lakh square feet of prime retail space. The purpose of integration was primarily to avoid the duplication of efforts in the retail area, considering that the Company was increasingly becoming more of a Retail Organisation. The establishment of the IRS department has significantly benefited the Company in the areas of property identification and negotiation, as a set of people who are aware of the requirements of all the divisions were able to leverage this knowledge and expertise, to get better terms for the Company. In the coming years the company sees considerable benefits accruing to the Company by the integration of the retail services activities.

Precision Engineering Division (PED) that operates in the B2B space, continued to witness growth this year also. PED serves global automotive, aerospace, telecom and engineering industries with precision engineered components, sub-assemblies, moulds/tools as well as by providing end-to-end technology solutions for automation and testing. PED sustained its momentum on the growth path with revenue of Rs.76 crore, representing a growth of 35% over the previous year. A quarter of this was from addition of 16 new customers most of whom are
leaders in their respective domains. The aerospace unit, located in Bangalore, won the ‘Continuous Improvement Award’ from the international major - UTC Group. A dedicated part development technology cell was created in the unit, and over 100 new precision parts were developed for various customers in specialty materials like Titanium, Monel, Inconel and others. The Division signed a long-term agreement with Hamilton Sunstrand for supply of precision parts. MOUs were also signed with aerospace majors like Eurocopter, Snecma to be in readiness for defence offset opportunities. The Division sustained its impeccable record in all Quality Management Audits - AS 9100 (Aerospace), TS 16949 (Automotive), ISO 9001 and ISO 14001 (EMS). The automation solution group has recorded over a hundred percent growth in revenue and sustained its leadership position in this domain.