## Contents

### Chapter 6

**Study of Electronics Industry - Television**

<table>
<thead>
<tr>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.01 Introduction - Television Industry</td>
</tr>
<tr>
<td>6.02 History - Television broadcasting</td>
</tr>
<tr>
<td>6.03 Products &amp; its process</td>
</tr>
<tr>
<td>6.04 Government Policy relates to television industry</td>
</tr>
<tr>
<td>6.05 Market Statistics</td>
</tr>
<tr>
<td>Penetration levels</td>
</tr>
<tr>
<td>Offtake of Television in India</td>
</tr>
<tr>
<td>Zonal Analysis of TV sales</td>
</tr>
<tr>
<td>TV size &amp; Segment wise analyses</td>
</tr>
<tr>
<td>Company wise – market share analysis</td>
</tr>
<tr>
<td>6.06 Demand determinants</td>
</tr>
<tr>
<td>6.07 Business strategy</td>
</tr>
<tr>
<td>Review of business strategy of major Indian player in TV industry</td>
</tr>
<tr>
<td>Review of business strategy of MNCs players in Tv industry</td>
</tr>
<tr>
<td>Comparative study of strategy adopted by Indian Company with MNC</td>
</tr>
<tr>
<td>6.08 E –Commerce in television industry</td>
</tr>
</tbody>
</table>
Chapter 6

Study of Electronics Industry - Television

6.01 Introduction - Television Industry

Television in India has been in existence for more than four decades. For the first 17 years, it spread haltingly and transmission was mainly in black & white. In 1955 a Cabinet decision was taken disallowing any foreign investments in print & media which has since been followed religiously for nearly 45 years. Sales of TV sets, as reflected by license issued to buyers were just 6,76,615 until 1977. Television first came to India in the form of Doordarshan on Sept 15, 1959. Privately owned B& W TV sets were visible in Delhi by 1970 and the TV ownership gradually spread to other cities. There was a system of TV licenses till 1984 and 3.6 million TV sets had licenses when this system was abolished.

The policy makers of the country had liberated the television, media and entertainments industry in 1990. Television has come to the forefront only in the past 15 years and more so in the past seven years after the entry of MNC. The growth of television industry is largely depends on availability of media, transmissions, channels, nature of events, programmes and various application of TV sets such as use for internet, video games and presentation purposes. The development of technology, improvement in satellite television transmission and network technology are guiding factors for research and developments of television sets and accessories.

There have been two ignition points for increase in demand of television sets is: the first in the eighties when colour TV was introduced by state-owned broadcaster Doordarshan (DD) during the 1982 Asian Games. It then proceeded to install transmitters nationwide rapidly for terrestrial broadcasting. In this period no private enterprise was allowed to set up TV stations or to transmit TV signals.
The second spark came in the early nineties with the broadcast of satellite TV by foreign programmers like CNN followed by Star TV and a little later by domestic channels such as Zee TV and Sun TV into Indian homes. From the large metros satellite TV delivered via cable moved into smaller towns, spurring the purchase of TV sets and even the up gradation from black & white to colour TVs.

DD responded to this satellite TV invasion by launching an entertainment and commercially driven channel and introduced entertainment programming on its terrestrial network. This again fuelled the purchase of sets in the hinterlands where cable TV was not available. Software producers emerged to cater to the programming boom almost overnight.

At present there are more than 100 different channels operating with nearly 15-16 Television companies beaming programmes to India. The major players being Doordarshan, STAR TV (Satellite Television Asia Network) and its subsidiary companies, Zee Television and United Television, CNN, Sony Television, ATN (Asia Television Network), BBC World, SUN TV, Discovery Channel, TNT and Others. CNN was the first of the satellite channels to make an entry into Indian homes during the Gulf War in 1991 followed by STAR TV in Dec 1991.

Previously there were black & white TV with only one channel receiving capacity and simple broadcasting & sound systems. With the liberalisation of transmission & broadcasting policy, permission granted to corporates for setting up private channels, satellite TV, pay channels, DTH channels and cable TV. From two channels prior to 1991, Indian viewers were exposed to more than 50 channels by 1996 and 100 channels by 2001. Viewers require multi channels with upgraded technology television sets. Hence Indian TV manufacturers have entered technology and know how agreement with joint venture partners in overseas countries.

With the liberalisation in economic policy and permitting foreign direct investment in Indian industry, many players including MNCs has entered the
electronic industry as manufacturers, marketing & distribution channels, Joint ventures, technology & financial tie up with Indian firms.

Manufacturing of television sets was carried out, upto 1980, by public sectors organisation and few private companies due to license and quota systems. Picture tube, transistors, capacitors and basic parts were manufactured by Public Sector Organisation and assembly and making TV sets are carried out mainly by private sector companies. Indian Companies has not concentrated in Research and Developments for making picture tube, upgradation of technology with multi-channels & multi-functional TV set and Digital TV set. However after amendment in broadcasting policy and permission for private channels, there is demand for Colour TV with multi functional facilities. Hence Indian Companies has entered into technology tie up with overseas firm for latest technical know-how and source R & D from them.

India has an estimated 52 million homes having TV sets which amount to 270 million watching in their homes. The total number of viewers is around 415 million including non-TV home viewers. Except Doordarshan all the Satellite channels reach viewers through Cable TV networks. Doordarshan channels come through Terrestrial transmission as well as through satellite networking. Cable Television first seen in the Western parts of India came as a cost effective alternative for watching feature films on Video Cassette Players (VCPs) for the middle and lower middle class population.

Upto 1980, there were few players in TV industry such as ECTV, Salora International, Western Electronics, Dynora Electronics, Bush India, Murphy Electornics, Crown Electronics. They are making Black & White TV set with hardly any functions. These company has not developed satisfactory R & D facility and products are standards & simple. After the abolished the entry barriers and permission for FDI in this industry, many MNCs has entered either with manufacturing facility in India or as joint ventures or marketing tie up. During this period, few Indian companies has also performed well like MNCs such as BPL, Videocon International and Mirc Electronics. MNCs entered in Indian
markets are LG Electronics, Philips India, Samsung, Sony, Awia, Thomsons, Akai etc.

The Industry has seen innovative changes in the marketing strategies adopted by multinational players who are now customising their products to suit Indian needs and requirements. Promotion strategies to lure customers continue to exist with some changes and companies are improving their distribution network by increasing the number of dealer outlets. Few companies has started using Internet and B2C systems to sale product online. All in all, growth will continue to come from introduction of new products with sophisticated features at reasonable prices. However, one of the important factors now will include integration of the distribution systems through the internet.

The consumer electronics industry has been in the midst of severe competition ever since 1991. The competition has intensify further on removal of Qrs. in 2001. At the same time, with the steady increase in the purchasing power of people and attractive purchase finance scheme, the potential of this sector to grow has been enormous.

6.02 History - Television broadcasting

As mentioned earlier that the growth of TV industry depends on Govt. Policy on Broadcasting and permission for private & cable television network. Hence below mentioned time table show the highlights of Govt. Policies on the above subjects.

Time Line

- September 15, 1959

A Pilot Television Centre, aided by UNESCO, airs from Delhi two days a week. It's purpose is to test the medium's efficiency in carrying social education to poorer sections of India's society.
• August 15, 1965

Regular daily service begins broadcasting for one hour each day

• May 1969

Broadcasting service is increased to two hours each day, and begin to telecast Hindi movies

• 1970
  - July Broadcasting service is increased to three hours each day
  - December Broadcasting service is increased to three and a half hours

• 1972

A second television station is established in Bombay

• 1973

Television stations established in Srinagar (Kashmir) and Amritsar (Punjab)

• 1975

Television stations established in Calcutta, Madras, and Lucknow

• August 1, 1975

SITE (Satellite Instructional Television Experiment) was launched for a year in six states: Rajasthan, Karnataka, Orissa, Bihaar, Andhra Pradesh, and Madhya Pradesh

• 1976
  - First commercials are broadcast on certain Doordarshan stations
  - Doordarshan is "de-linked" from its progenitor AIR (All Indian Radio)
August 15, 1980

Metro cities (Delhi, Bombay, Calcutta, Madras) linked in order to watch a music program simultaneously

August 15, 1982

- Color television is introduced. First color program is the Prime Minister's address to the nation from Red Fort in Delhi on India's 35th anniversary of freedom
- All television centers are linked at prime time (8-10 PM) by India's INSAT-IA to view news in Hindi and English and other programs which gain popularity

July 15, 1984

Hum Log (People Like Us) is the first Indian soap opera/sponsored serial

1984

- Anticipating 1984/85 elections, LPT (Low Power Transmitters) were launched carrying Delhi programs: entertainment, news, information, educational programs and much government propaganda
- First cable operation begins in Bombay

1987

Doordarshan begins morning broadcasting

1989

Doordarshan begins afternoon broadcasting

1990

Cable operations are started in Delhi. Operators bring you the latest programs and lots of old movies

The Prasar Bharati (Broadcasting Corporation of India) Act, 1990
1991
First satellite channel is carried to viewers via cable. Star TV is an enormous success and spurs the cable industry's growth.

August 1993
Cable Television Networks (Regulation) Bill is drawn up "regularize" the cable industry.

1994
September Cable Television Networks Ordinance is passed.

1995
Cable Television Networks (Regulation) Act, 1995 bill passed.

6.03 Products & its process

The manufacturing of electronic items relate mainly to assembly line operations. Over the years, most of the local players have achieved a high degree of indigenization. For manufacturing of TV sets, most critical components is the picture tube. Black & white picture tube are made in India while most manufacturers still need to import colour picture tubes. The other important components includes electronic circuit boards, tuners, high tension transformers, sound systems and molded plastic casing.

Television set is classify by functional facility available, size & nature of picture tubes, application and technology used. The basic classification is colour and black & white television sets. Television are available from 14 inch to 34 inch tv screen. Generally household are using 20 inch to 25 inch tv screen television. However, 14 inch is purchased by youngsters for bed room, shopkeeper and office use. Now Flat screen, wall unit tv set and home theatre tv set are available.

TV set has multi purposes functions facility. Previously TV set are used to view broadcasting programmes. New TV set has facility to use for Internet,
presentation purposes, playing video games, closed circuits to view online security coverage and video conference and live demonstrations.

6.04 Government Policy relates to television industry

Television industry is governed by the provision of the Indian Telegraph Act, 1885 (13 of 1885). It will be the primary duty of the Corporation to organize and conduct public broadcasting services to inform, educate and entertain the public and to ensure a balanced development of broadcasting on radio and television. Television first came to India in the form of Doordarshan on Sept 15, 1959. There was a system of TV License to be obtained by buyer and pay annual charges to authority. Manufacturing of TV set is controlled and license has to be obtained by manufacturers. With this restrictions there were only 6,76,615 license issued to buyers until 1977 and 3.6 million TV sets had licenses when this system was abolished in 1986. Doordarshan had monopoly to broadcast the programs and news.

The government has took following steps to encourage the growth of television industry:

• Permission to set up private channels:

• In 1990, Government has permitted to set up private channels to uplink and broadcast television programs to private companies. The Prasar Bharati (Broadcasting Corporation of India) Act, 1990 has passed to provide the regulation and permission to set up private channels. This act has permitted to set and uplink, broadcast private and foreign channels in India. Many private channels has started and providing entertainment, new and education programmes. Prior to 1990 there were only 2 channels of Doordarshan and now there are not less than 100 channels for viewers. The various channels had classified based on the target audience such as music, news, movies, sports, events, cartoons, adventures etc. This has provided wide options for viewers and increased the demand for television sets with multi functional facility.
• Permission to MNCs to enter the Indian television market

In 1990, Govt. has liberalised the economic policy and permitted FDI in electronic industry and relaxation in joint venture for know-how and technology tie up. Indian Govt. completely delicensed the sector in November, 1996. Considering the market size of India, MNCs has set up either manufacturing facility in India or set up only marketing and distribution network to sell their products. Korian, Japanese, European and American companies has set up own marketing network. Few names of MNC are LG Electronics, Samsung, Akai, Aiwa, Sony, Philips & Thomsons etc. MNCs has provided innovative model of TV sets with various multi functional facility. They have offered the TV sets at very competitive price with finance facility.

Rationalise the excise and custom duty structures

Over the years excises and customs duties were rationalised to meet the requirements of the consumers and manufacturers. This gradually reduction in excise duty has given the competitive position to Indian Television manufacturers for pricing the products. The MRP of television has reduced during this period due to heavy competition with MNC and reduction of excise duty on finished goods and picture tube.
Excise & Custom Duty structures

Table 6.01

Excise duty structures on Television set and picture tube
(figure in percentage)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TELEVISION</th>
<th>PICTURE TUBE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>COLOUR</td>
<td>B &amp; W</td>
</tr>
<tr>
<td>1992-93</td>
<td>50 % plus Rs. 800 per set</td>
<td>Rs. 2000 per tube</td>
</tr>
<tr>
<td>1993-94</td>
<td>20 %</td>
<td>20 %</td>
</tr>
<tr>
<td>1994-95</td>
<td>20 %</td>
<td>20 %</td>
</tr>
<tr>
<td>1995-96</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>1996-97</td>
<td>20 %</td>
<td>20%</td>
</tr>
<tr>
<td>1997-98</td>
<td>18 %</td>
<td>18%</td>
</tr>
<tr>
<td>1998-99</td>
<td>18 %</td>
<td>18%</td>
</tr>
<tr>
<td>1999-2000</td>
<td>16 %</td>
<td>16%</td>
</tr>
<tr>
<td>2000-01</td>
<td>16 %</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Excise tariff manual of the respective years

The table of excise duty for the last 10 years shows that the government has reduced the excise duty on television sets from 50 % plus Rs. 800 per set in the year 1992-93 to 16 % in the year 2000-01. However, there is no excise duty on B & W television sets. The excise duty on major components - picture tube has also reduced. The rate of excise duty on color picture tube has reduced from Rs.2,000/- in year 1992-93 to 20 % in year 1993-94. Which has further reduced to 16 % in the year 2000-01. However, the excise duty on black & white picture tube has marginally increased from 13 % in year 1997-98 to 16 % in year 2000-01.
Excise duty for the year 2001

Excise duty on CTVs are now based on screen sizes:

Excise duty on exchange offers of CTVs continues to remain at Rs 1500 per set for sizes upto 36cms,

- between 36-54 cms Rs 2800/set,
- between 54-68 cms Rs 4300/set,
- between 68-74cms Rs 11200/set,
- between 74-87 cms Rs 12900/set,
- between 87-105 cms Rs 17900/set and
- screen size exceeding 105 cms Rs 33000/set

The excise duty for both B & W picture tube and Colour Picture Tube (CPT) has dropped to 16 % from 18 %. For completely build unit, the budget 2001 has down custom duty from 40 % to 35 %. However the budget 2001 has slapped a 10 % surcharge and 4 % special additional duty. This would work out to a total impact of 3 % on CTVs. An additional 10 % surcharge has been lieved on custom duty. This step to protect the domestic industry. The 30 % abatement on MRP - based excise duty for CTVs has been maintained as against 40 % abatement to electronic items as calculators, audio systems, domestic washing machines.
Custom duty structure

Table 6.02

Custom duty structures on Television set and picture tube

(figure in percentage)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TELEVISION</th>
<th>PICTURE TUBE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>COLOUR</td>
<td>B &amp; W</td>
</tr>
<tr>
<td>1995-96</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>1996-97</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>1997-98</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>1998-99</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>1999-2000</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>2000-01</td>
<td>35%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: Custom Tariff manual of respective years

After the permission of MNC to market the television sets in India, the government authorities has reduced the custom duty on import of television sets to rationalise the duty structures. The custom duty has reduced from 50% on television sets in year 1995-96 to 35% in year 2000-01. However custom duty on colour picture tube has also reduced from 50% in year 1995-96 to 35% in the year 2000-01. In case of B & W picture tube, custom duty has reduced from 50% in year 1995-96 to 25% in year 2000-01. Govt. authorities has reduced the custom duty on television set and its major components – picture tube gradually. This has given the opportunities to Indian manufacturers to compete with MNCs, as MNC has greater economies of scale due to mass production.

In budget 2001, Govt has taken following steps to streamline the Electronic industry in line with international standard and provide competitive ground to Indian Companies.
• Custom duty reduced from 40% to 35%

• Special additional duty on customs will continue at 4%.

• Single rate of excise duty at 16% from 18%

• 8% excise duty on bulbs to continue for electric bulbs of MRP upto Rs20.

The government has extended very high protection to CPTs as compared to other electronic components, which pay 15% custom duty. As a result of this over protection policy for CPT, the domestic manufactures have been resorting to predatory policy. Since the economy is moving towards a market-based economy, this bias should be removed so that technology can reach the masses at lower prices. The import duty on CPT in India for CPT production of 6 mn is as high as 35% as compared to

<table>
<thead>
<tr>
<th>Country</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>1%</td>
</tr>
<tr>
<td>Korea</td>
<td>8%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2%</td>
</tr>
</tbody>
</table>

In order to give boost to growing consumer electronic industry, the govt. must also look at reducing import duty on goods not manufacturing in India such as CPT, Plasma TV, Projection TV, DVD players, CD players.

Reduction of custom duty on CPT is viewed positively by the industry. The industry especially the CTV manufacturers, imports most of the components required for high end products.

At present, MRP abatement on color TVs is 30%, which was based on an average sales tax rate of 8%. But since floor rate of sales tax increased to 12%, the abatement level is low. VCR/ VCP/ VCD are not covered under the MRP scheme and do not enjoy any abatement.

For long the CTV industry has been suffering from low margins due to high input costs but reduction in the custom duties on CPTs and colour glass will bring down
the prices and push volumes in the ailing market. However, lack luster demand and high margins payable to the dealers in light of severe competition, will dampen the benefits of lower custom duties.

6.05 Market Statistics

The Television industry in India is segmented into black & white and colour TVs. The black & white television has still good demand in rural areas and by below middle class people in India. B & W tvs still constitutes the majority of sales. As Indian companies has concentrated more on B & w tv in past. After the liberalised the economic policy, permission of private channels, major events like Gulf war has create the demand for colour tvs. MNCs has started selling Colour tvs at very competitive price and increase the further demand by offering the new marketing strategy such as exchange offer, free gift. Festival bonanza, package buying etc. Few companies has tied up with finance companies for consumer finance of its products.

After the five years of MNCs entry, many Indian companies have to change the business rules and form strategy to increase the market share. Few Indian companies had started to increase its production capacity, reduce the cost per units, concentrated on effective marketing strategy and develop the marketing and distribution network. BPL, Videocon International and Mire Electronics has successfully adopted the new business strategy and remain in the market and developed the brand image. Korean, Japanese, European and American companies has entered the market either by setting own manufacturing facility or by import of TV sets in India. By entry of MNCs, the market share of domestic companies is reducing but the number of tv sales in increasing. MNC has approximately 35 % market share while domestic companies holding the rest. The Korean companies are growing faster than the industry average while shown a slow growth soon after the world cup.
Nearly 5.1 million television sets were sold in India in 2000-01 by volume and Rs. 7,500 crs. by value. The television market constitute 33 % of the Indian consumer durables industry.

6.5.1 Penetration levels

India is one the world biggest market for consumer durables as it possess a large number of middle class population yet to own television. India’s penetration at 15 % for CTV and 26 % for television in general compared to 98 % penetration level in China, and 333 % penetration in USA represented as attractive room for growth.

Table 6.03

Penetration of television set in few countries
(in number)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PEOPLE / TV number</th>
<th>PENETRATION %</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1.2</td>
<td>333 %</td>
</tr>
<tr>
<td>JAPAN</td>
<td>1.6</td>
<td>250 %</td>
</tr>
<tr>
<td>FRANCE</td>
<td>1.7</td>
<td>235 %</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>3.6</td>
<td>111 %</td>
</tr>
<tr>
<td>CHINA</td>
<td>4.1</td>
<td>98 %</td>
</tr>
<tr>
<td>INDIA</td>
<td>16.6</td>
<td>26 %</td>
</tr>
</tbody>
</table>

Source: Annual Report of Mirc Electronics Ltd. year 2001
IN ASIAN COUNTRIES

Table 6.04
Penetration of television set in few Asian countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita income 1999 US $</th>
<th>Television sets 1998 per '000 number</th>
<th>Telephone lines 1998 per '000 number</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>450</td>
<td>69</td>
<td>22</td>
</tr>
<tr>
<td>China</td>
<td>780</td>
<td>272</td>
<td>70</td>
</tr>
<tr>
<td>Pakistan</td>
<td>470</td>
<td>88</td>
<td>19</td>
</tr>
<tr>
<td>Philippines</td>
<td>1020</td>
<td>108</td>
<td>37</td>
</tr>
<tr>
<td>Thailand</td>
<td>1960</td>
<td>236</td>
<td>84</td>
</tr>
</tbody>
</table>

Source: Economic times, Mumbai 9-11-2001

People per tv in china is estimated at four times the corresponding figure in India, besides the penetration is estimated at the quarter of the figure in China. Television sets per thousand was 69 sets in India as compared to 272 sets in China and 236 sets in Thailand in 1999. Per capita income in US $ was 450 in India where as $ 780 in China and $ 1960 in Thailand. This indicates that there is scope of increase in demand for television sets in India.

India represented an excellent proxy for growth also because it had the one of the largest global film industry. This constituted as good source of popular television entertainment and increase the tv demands.

Despite the attractive growth of TV offtake over the last few years, the national penetration level for TVs in India was only 26 % and was below some of the numbers achieved in peer as well as developed countries. China produces 26.5 million tv set per annum with 95 % being consumed within the country. India ranked 33rd in terms of the number of people per tv ownership among 45 countries surveyed by Asiaweek (11 june 1999).
Penetration of television in India

The NCAER statistics show that rural market have grown faster at rate of 8.8 % between 1992 and 1996 compared to 5.3 % between 1989 & 1993.

Table 6.05
Penetration of television sets in India

( TV Sets per 1000 households )

<table>
<thead>
<tr>
<th>YEAR</th>
<th>URBAN</th>
<th>RURAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>123</td>
<td>9</td>
</tr>
<tr>
<td>1992-93</td>
<td>160</td>
<td>16</td>
</tr>
<tr>
<td>1994-95</td>
<td>178</td>
<td>19</td>
</tr>
<tr>
<td>1995-96</td>
<td>212</td>
<td>26</td>
</tr>
</tbody>
</table>


Penetration of CTV was 123 sets per thousand in urban area in 1990 which had increased to 212 sets per thousands in 1996. This shows the growth of 73 % from 1990 to 1996. Whereas in rural area, it was 9 sets per thousand in 1990 and increased to 26 sets per thousand in 1996. This shows the growth of 188 % from 1990 to 1996. This indicate that there is increase in penetration level for CTV more in rural area as compared with urban area.

Penetration of B & W Television in India

( TV set per 1000 households )

<table>
<thead>
<tr>
<th>YEAR</th>
<th>URBAN</th>
<th>RURAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>304</td>
<td>59</td>
</tr>
<tr>
<td>1992-93</td>
<td>396</td>
<td>88</td>
</tr>
<tr>
<td>1994-95</td>
<td>414</td>
<td>103</td>
</tr>
<tr>
<td>1995-96</td>
<td>456</td>
<td>155</td>
</tr>
</tbody>
</table>

The growth of penetration for B & W tv was 50% from 1990 to 1996 in urban area where as it was 162% in the same period in rural area. This indicates that penetration level is increasing at faster growth in rural as compared to urban area.

Ownership of Selected Consumer Durables

The Indian Human Development Report has list the statewise information on ownership of television, radio & household items.

Table 6.06

Percentage of household owning television sets – statewise

(Percentage of households owning)

<table>
<thead>
<tr>
<th>State</th>
<th>TV</th>
<th>Radio</th>
<th>Electric Fan</th>
<th>Sewing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haryana</td>
<td>40.3</td>
<td>59.7</td>
<td>73.1</td>
<td>53.0</td>
</tr>
<tr>
<td>Punjab</td>
<td>38.6</td>
<td>37.3</td>
<td>75.4</td>
<td>63.7</td>
</tr>
<tr>
<td>Bihar</td>
<td>5.6</td>
<td>36.9</td>
<td>4.4</td>
<td>7.2</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>8.2</td>
<td>27.3</td>
<td>10.0</td>
<td>15.4</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>9.8</td>
<td>36.5</td>
<td>20.5</td>
<td>7.8</td>
</tr>
<tr>
<td>Orissa</td>
<td>6.4</td>
<td>29.8</td>
<td>13.4</td>
<td>2.0</td>
</tr>
<tr>
<td>NE States</td>
<td>24.4</td>
<td>59.7</td>
<td>25.7</td>
<td>4.7</td>
</tr>
<tr>
<td>West Bengal</td>
<td>7.7</td>
<td>41.4</td>
<td>7.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Gujarat</td>
<td>14.1</td>
<td>31.7</td>
<td>43.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Karnataka</td>
<td>9.9</td>
<td>44.4</td>
<td>14.3</td>
<td>7.4</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>10.5</td>
<td>48.0</td>
<td>22.2</td>
<td>1.8</td>
</tr>
<tr>
<td>All India</td>
<td>11.8</td>
<td>37.7</td>
<td>20.3</td>
<td>9.7</td>
</tr>
</tbody>
</table>


The above table shows that Haryana state having the highest percentage of TV & Radio ownership followed by Punjab. The North Eastern states also had a significant percentage of TV & Radio ownership. In national level only 11.8% people owning TV sets. However the percentage of owning television homes was low at Bihar, Orrisa & W. Bangel.

TV Homes & Cables and satellite connections

After the permission for setting up private satellite channels and transmission of foreign channel in India, there are almost 100 satellite channels and regional language channels had put on the air.
The table shows the television homes and cable & satellite connection statewise in urban and rural areas. It indicates that on all India basis, 73.8 % of urban homes owns television and 40.6 % owns television with c & s connection. Whereas 23.7% of rural homes owns television and only 6.5 % own tv with c & s connection.

Table 6.07

TV Homes & Cable and satellite connections - statewise

<table>
<thead>
<tr>
<th>State</th>
<th>Urban TV %</th>
<th>Urban WITH C&amp;S %</th>
<th>Rural TV %</th>
<th>Rural WITH C&amp;S %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delhi</td>
<td>87.5</td>
<td>46.90</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>68.3</td>
<td>19.1</td>
<td>20.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Harayana &amp; Punjab</td>
<td>87.6</td>
<td>50.8</td>
<td>55.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Rajashtan</td>
<td>73.7</td>
<td>31.6</td>
<td>18.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>80.4</td>
<td>46.6</td>
<td>34.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Gujarat</td>
<td>74.2</td>
<td>49.9</td>
<td>24.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Madya Pradesh</td>
<td>76.9</td>
<td>41.4</td>
<td>22.7</td>
<td>5.5</td>
</tr>
<tr>
<td>Tamil nadu</td>
<td>72.3</td>
<td>51.1</td>
<td>31.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Andra Pradesh</td>
<td>72</td>
<td>53.3</td>
<td>28.1</td>
<td>22.9</td>
</tr>
<tr>
<td>Karnataka</td>
<td>75.8</td>
<td>52.9</td>
<td>24.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Kerlia</td>
<td>63.9</td>
<td>22.6</td>
<td>33.6</td>
<td>6.8</td>
</tr>
<tr>
<td>W. Bengal</td>
<td>64.3</td>
<td>36.2</td>
<td>14.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Orissa</td>
<td>64.6</td>
<td>25.5</td>
<td>13.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Bihar</td>
<td>57</td>
<td>19.4</td>
<td>8.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Assam &amp; N.E.</td>
<td>75.8</td>
<td>29.6</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>All India</td>
<td>73.8</td>
<td><strong>40.6</strong></td>
<td><strong>23.7</strong></td>
<td><strong>6.5</strong></td>
</tr>
</tbody>
</table>


The table indicates that Punjab & Harayana states shows highest television homes in urban and rural areas. It was 87.6 % homes owns television and 50.8 % c & s connection in urban area where as 55.3 % television homes and 8.4 % c & s connection in rural area. In Maharashtra 80.4 % homes owns television sets and 46.6 % c & s connection in urban area where as 34.6 % television homes & 5.4 % c & s connection in rural area. In Gujarat 74.2% homes owns television sets and 49.9 % c & s connection in urban area where as 24.7 % television homes & 9.3 % c & s connection. Bihar is the state which have lowest homes owns television in urban and rural areas.
The table below shows the total television & cable connected homes in India.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL TELEVISION HOMES</td>
<td>550</td>
<td>580</td>
<td>640</td>
<td>700</td>
</tr>
<tr>
<td>CABLES &amp; SATELLITE HOMES</td>
<td>204</td>
<td>244</td>
<td>294</td>
<td>350</td>
</tr>
</tbody>
</table>


There are 700 lacs homes with television sets in India in 2001. It was 550 lacs television homes in 1998, which has increased to 580 lacs in 1999 and further to 640 lacs in 2000. The Cable Act, 1995 has given the permission to set cable and satellite network to reach home by cable network. This has improved the availability of channel in Indian Homes. Cable connected home was 204 lacs in 1998, which has increased to 244 lacs in 1999, 294 lacs in 2000 and 350 lacs in 2001. The cable connection has increased the demand for colour television and set with multifunctional facility.

With 700 lacs television homes India boasts the third largest television market in the world. Private sector is present in broadcasting and satellite transmission. It has segmented the market in terms of viewership and advertising. A rise in literacy levels and purchasing power has increased the demand for television. Satellite television with 350 lacs in 2001 connection reflects the aspiration changes in Indian middle class. The demand for television home will increase due to low penetration level in India.

Table 6.08
Projected television owning homes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL TV-OWNING HOMES</td>
<td>876</td>
<td>955</td>
<td>1030</td>
<td>1101</td>
<td>1167</td>
<td>1230</td>
<td>1289</td>
<td>1343</td>
<td>1392</td>
<td>1438</td>
</tr>
<tr>
<td>HOMES WITH CABLE AND SATELLITE CONNECTION</td>
<td>439</td>
<td>498</td>
<td>557</td>
<td>614</td>
<td>669</td>
<td>722</td>
<td>771</td>
<td>817</td>
<td>859</td>
<td>895</td>
</tr>
</tbody>
</table>

The television homes will be projected as follows for next ten years. The tv homes will increase from 876 lacs in 2002 to 1438 lacs in 2011. Cable connected home will also increase from 439 lacs in 2002 to 895 lacs in 2011. This show that in 2001, 50 % of tv own homes is connected with satellite connection. This ratio will be increased to 62 % in 2011.

Despite the increase share of rural purchase in some areas, the penpetration rate remains low. Rural penetration levels remain lower than in urban areas. There is huger rural opportunity for consumer durable market.

Low penetration in India may be due to following reasons:

- Inadequate basic infrastructures
- Low rural income & purchasing power
- Different lifestyle
- Priority for purchase of goods.
- Lack of awareness and Education

Low penetration means good opportunity only when the rural economy develops and its level of prosperity. Growth in market size depends not only on the growing population but also on growing usage intensify due to growing income and purchasing power, thus increase penetration.

Due to low penetration level in India for television, many MNC has entered the Indian market with new and innovative strategy and latest products.

6.5.2 Offtake of Television in India

The following table shows the number of colour and black & white television sets sold in the past.
Table 6.09

Colour television sales in India
(figures in lac units)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TV Sales (in lacs units)</th>
<th>% age Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>13</td>
<td>*</td>
</tr>
<tr>
<td>1989</td>
<td>12</td>
<td>-8%</td>
</tr>
<tr>
<td>1990</td>
<td>12</td>
<td>0%</td>
</tr>
<tr>
<td>1991</td>
<td>8.8</td>
<td>-27%</td>
</tr>
<tr>
<td>1992</td>
<td>8.3</td>
<td>-6%</td>
</tr>
<tr>
<td>1993</td>
<td>11</td>
<td>33%</td>
</tr>
<tr>
<td>1994</td>
<td>13</td>
<td>18%</td>
</tr>
<tr>
<td>1995</td>
<td>18</td>
<td>38%</td>
</tr>
<tr>
<td>1996</td>
<td>19.1</td>
<td>6%</td>
</tr>
<tr>
<td>1997</td>
<td>22</td>
<td>15%</td>
</tr>
<tr>
<td>1998</td>
<td>26.5</td>
<td>20%</td>
</tr>
<tr>
<td>1999</td>
<td>44</td>
<td>66%</td>
</tr>
<tr>
<td>2000</td>
<td>48</td>
<td>9%</td>
</tr>
<tr>
<td>2001</td>
<td>51</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: CETMA & IndiaInfoline.com - 2002

Table 6.10

Sales of black & white TV sets
(figures in lac units)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>UNIT IN LACS</th>
<th>% INCREASE \ DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>59</td>
<td>( 12 )</td>
</tr>
<tr>
<td>1998-99</td>
<td>54</td>
<td>( 8 )</td>
</tr>
<tr>
<td>1999-00</td>
<td>53</td>
<td>( 2 )</td>
</tr>
<tr>
<td>2000-01</td>
<td>45 e</td>
<td>(15)</td>
</tr>
<tr>
<td>2001-02</td>
<td>40 e</td>
<td>(11)</td>
</tr>
</tbody>
</table>

Figure 6.01
Shows Colour Television Sets Sales In India
In units lacs
The Indian TV industry registered an offtake of 51 lacs TV sets during the year 2001 as compared to 48.80 lacs in years 2000 a growth of 6 %. This marginal growth compared unfavorably with 9 % growth in 2000 and 66 % growth in 1999. The TV industry performance has improved in 1993 by sales growth of 33 % and 38 % in 1995. TV sales growth is not consistent YOY basis. There was 38 % growth in TV sales in 1995 whereas only 6 % growth in 1996 and 66 % growth in 1999.

The Growth of 20% in 1998 & 66 % in sales of tv Sets in 1999 was mainly due to large payout to the government staff through the implementation of the 5 th pay commission, world cup 1999 and success of rabi crops. In fact LG was the official sponsor of the World Cup, 1999 & this was the most successful brand building exercise.

The sales growth in year 2000 & 2001 was poor as compared to previous years due to general economic slowdown, Scam in stock and bullion market and absence of any major event in sports. However there will be marginal recovery in year 2001-02 due news coverage on attack on USA and retaliation on Afghanistan.

The B & W television sets has registered the decreasing trend. It was 67 lacs sets in 1997 which has decreased to 45 lacs sets in 2001. It was decreased due to increase in demand for colour tv with multifunctional facility and reduction of price of CTV over the years.

The driving force to increase TV sales is happening of major events, sponsorship of sports, war, Terreist attack on America, Olympics etc.

The attractive growth after 1995 transpired due to following factors:

- Entry of MNCs in Television industry
- Permission to set up private channels and develop entertainment programes.
• Proliferation in the number & variety of television channels from 60 in year 1999 to 100 in year 2000

• Number of brand active in the market place increased to 20 across the most popular categories

• Advertising got increasingly persuasive

• TV sets got cheaper across the all categories as a result of drop in custom tariffs and excise duties.

• Increased competition and improved marketing strategy

• The emergence of financing schemes for consumer durables

• Improve in marketing and distribution network

• Tv set become more consumer friendly and technology led

• Major event like world cup, gulf war, Olympic etc.

• Nuclear family increasingly replaced joint families.

• Penetration level increased of cable tv connections.

6.5.3 Zonal Analysis of TV sales

The north was the India’s biggest market for TV. It accounted for 35 % of the country’s offtake. The south contributes 27 %, west 25 % and east 13 % of the country’s offtake.
Table 6.11

Television Industry sales - Zone Wise in year 2001

( Unit in lacs )

<table>
<thead>
<tr>
<th>Zone</th>
<th>TV sales units in lacs</th>
<th>% age</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>17.8</td>
<td>35 %</td>
</tr>
<tr>
<td>South</td>
<td>13.7</td>
<td>27 %</td>
</tr>
<tr>
<td>West</td>
<td>12.8</td>
<td>25 %</td>
</tr>
<tr>
<td>East</td>
<td>6.7</td>
<td>13 %</td>
</tr>
</tbody>
</table>

Source: Annual Report of Mirc Electronics Ltd. 2001

North is attractive market to be present in. The region is supported by a growing influx of professionals in and around Delhi, the hinterland enjoys strong agricultural income and purchasing power, continuous success of cash crops and upcomming middle class family. As we have noted that Punjab & Harayana has highest penetration level for television sets.

Growth in east region is comparatively poor due to imbalance industrial growth in east, poor agricultural income and failure of many industries in east. West and south region has combined 52 % of total India’s TV sales.

MNC and domestic companies embarked numbers of initiatives to consolidate and grow in the north region. This has increased the penetration level in north.

Offtake in rural India, 70 % of the country’s population, was driven largely agricultural growth, income redistribution and inroads made the audio visual media. Rural market share for the durable goods rose from 54.2 % in 1989-90 to 57.9 % in 1995-96 and is expected rise above 60 % in 2001-02.
Figure 6.02

Shows Television Industry Sales – Zone Wise

In percentage of sales volume - Year 2001
6.5.4 TV size & Segment wise analyses

TV sets is broadly segmented in to five category by size of tv screen such as 14 inch, 20 inch, 21 inch, 25 inch & 29 inch. Excise and custom duty are levied based on the size of TV screen.

The sale of television sets in various category – screen based segment for last two years given below:

Table 6.12

<table>
<thead>
<tr>
<th>Segments</th>
<th>Year 1999-2000</th>
<th>Year 2000-01</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>unit in lacs</td>
<td>% age</td>
<td>unit in lacs</td>
</tr>
<tr>
<td>14 inch</td>
<td>9.56</td>
<td>19.7%</td>
<td>10.63</td>
</tr>
<tr>
<td>20 inch</td>
<td>17.36</td>
<td>35.9%</td>
<td>17.37</td>
</tr>
<tr>
<td>21 inch</td>
<td>19.62</td>
<td>40.5%</td>
<td>20.76</td>
</tr>
<tr>
<td>25 inch</td>
<td>1.11</td>
<td>2.3%</td>
<td>0.85</td>
</tr>
<tr>
<td>29 inch</td>
<td>0.76</td>
<td>1.6%</td>
<td>1.01</td>
</tr>
<tr>
<td>Total</td>
<td>48.41</td>
<td>4.57%</td>
<td>50.62</td>
</tr>
</tbody>
</table>

Source: Annual Report of Mirc Electronics Ltd., 2001

14 inch TV screen segments: This is the lowest price segment of the TV market in the country. This segment comprised products catering to two – price brackets – 1) Value for money segments for low end customers (priced between Rs. 5500 and Rs. 7000) 2) Premium pricing band of Rs. 7000-Rs. 8500 for high end customers. Much of the off take is on the account of the price attractiveness of this segments. Generally, this size is purchase by customer who is buying first time and from low income group. This size is also purchase by urban household as second Tv in one house. In 2001 this segment grew by 11.19 % compared to year 2000. As combination of this factors makes this the faster growing segments and it contribute 21 % of total TV sales in volume and 13.5 % in value in 2001. This made third largest segment in TV industry.
Figure 6.03

Shows Television Sales – Segment wise

In percentage of sales volume
List of the few products under this segments are as follows:

Company  
Mire Electronics Ltd.  
BPL Ltd.  
Videocon International Ltd.  
LG Electronics Ltd.  
Samsung India  
Awia

Brand series  
Candy & 14 TVE Dlx  
BPL KWR & BPL KTR  
Videocon 3609, Private TV  
LG D 70  
Samsung 3302 & 3379  
Awia 14

Offtake in the 14 inch segment grew attractively because sets were available in easy installments as a part of the attractive finance scheme offered by NBFC. When sales got sluggish across the industry, there was an increasing preference for these smaller TV.

Mire Electronic and Videocon International are the leader in this segment and have market share of 62% approx of market size. MNCs like Awia, Sansui, LG, Samsung has entered in this segments with new and innovative products and marketing strategy.

20 inch TV screen segments: 20 inch segments attracts variety of buyers- first timers, consumers migrating from the B & W tv sets, those upgrading from 14 inch tvsets or exchanging their old tv sets for new one. Model belong to this segments were priced between Rs. 8,000/- to Rs. 12,000/-. The products are positioned in the middle class and upper middle class customers. Considering the mass middle class population in India, there is always good demand for this model. This helped to generate the highest volume among its competitors.

This segment accounted for 17.36 lacs tv units by volumes and Rs. 2362 crs. by value in 2001\(^1\). The second largest segment in the industry. It contributes 34% of total volume of sales of tv sets. However there is marginal growth in sale in 2001 compared to 2000 due to general slow down of economy and price drop of 14 inch tv sets.
In this segment local brand like Videocon, BPL & Onida has available. MNCs Sony, Awia, Samsung, LG, Philips has also launch their products in this segments successfully.

21 inch TV screen segments: This segment accounts for 41% of tv offtake of India by volume. This makes biggest single segment with in the industry. The price of the model range from Rs. 9,000/- at lower end to Rs. 20,000/- on premium end. This shows that this segment is not price sensitive as 14 inch categories. Price vary based on the sophistication and styling built in to the products, functional facility, appearance and value for money. Customers for this model are first time buyers or exchange old with new one. Customer in this segment is more on functional and utility value of the products than price. Few companies had launch flat screen tv sets with innovative sound systems. This accounted for 3.85% of the segments’ offtake. The different feature available with various combination are Picture in Picture (PIP), 550 watts PMPO sound systems, multi-channels with multiview facility, flat tv screen and chassis outlook.

The 21 inch tv segments was worth approx 20.76 units and Rs. 3,555 crs. by value in 2001. This segment contribute 41% of the total tv sales volumes and grown at 5.8% in year 2001 as compared to year 2000. The dominant player in this segment were BPL, Mirc Electronic, Samsung, LG, Videocon, Aiwa, and Sony. Domestic companies dominates 39% of tv sales in this segments. The LG enjoys 5.6%, Samsung enjoy 7.2%, Awia enjoy 11.1% and sony enjoy 6.5% share in this segments in 2001.

List of the few products under this segments are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Brand series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mirc Electronics Ltd.</td>
<td>Onida KY Thunder, Profile, Multiview, IQ, Audio Port, TVE Dlx &amp; KY Rock</td>
</tr>
<tr>
<td>BPL Ltd.</td>
<td>BPL Smart vision</td>
</tr>
<tr>
<td>Videocon International Ltd.</td>
<td>Videocon Bazooka &amp; Challenger Series</td>
</tr>
</tbody>
</table>
The 21 inch category represent the most acceptable size among Indian consumers and due to vary price band manufactures have value addition and better margin. Hence this model have been supported by broader range, superior features and aggressive advertising. This segments contribute the major share of the companies' sales. Each Company has launch number of models with various function and utility to suit the customer taste and demand.

**25 inch TV screen segments:** This represent the start of the premium TV segment in India. Price of the model range from Rs. 17,000/- to Rs. 23,000/-. Offtake in this segment dropped from 1.11 lacs sets in year 2000 to 0.85 lacs sets in 2001 i.e by negative growth of 23.6 %. The customers upgrade from 21 inch are generally plan for this series. The 25 inch category decreased from 2.3 % overall shares of the overall TV market in 2000 to 1.7 % in year 2001. The market size is approx Rs. 30 crs by value in 2001.¹

The principal player in this category are BPL, Philips, Onida, Videocon and LG. BPL is leading player followed by Onida. Onida has introduced 9 PIP with 2 turner. This model was the amongst the first TV in the world to provide customers a 9 picture multiview in this category. The Home Theatre model has fascination of having large screen and replicating a cinema like impact at home. This model also offer features like 650 watts of digital sound with equalizer, Eco sensors to adjust the brightness of picture, multi lingual display, favorite channel programming, digital ACS and acoustic level control, 120 channels, timers, etc. BPL & Onida account for 33 % share of the market size in this segment.

**29 inch TV screen segments:** This is the most expensive segments for TV in country. Prices range from Rs. 25,000/- upward up to Rs. 1,00,000/- The sales in volume has increased from 0.76 lacs unit in year 2000 to 1.01 lacs unit in year

---

¹ The offtake for the 25 inch category in year 2001 is 0.85 lacs sets. The share of this segment in the overall TV market has decreased from 2.3% in 2000 to 1.7% in 2001. The market size of the 25 inch category in 2001 was estimated to be approximately Rs. 30 crores in value terms.
2001. This segment contribute only 2 % of total sales by volume of Indian TV industry. This model has function like 100 % flat TV screen, 1000 watt sound system, Degenet, fully computerised I2c bus control, TV games, internet facility and attached with computer and remote key board systems. The major players in this segments are Onida, Sony, Videocon and Samsung.

Internet TV : TV manufacturing companies has adopted two pronged strategy to tap the internet boom in India. The first initiative towards this involves tapping the nascent Internet set top box market, it also involves providing cost effective solutions to the Indian consumer and accelerating the penetration of net in to India. The second initiatives is the application area : company plan to establish its presence on all the leading e-tailing sites to capture a sizable chunk of this market. To established itself in the Internet access device market , Onida and Videocon has test launched India's first internet TV – WebCruiser in metros. Domestic companies has already developed sufficient technological and marketing expertise in this area. MNC has already entered in this Tv segments. As this is a new concept it will take some time to develop the market. Internet TV has many similar functions of 29 inch TV set.

6.5.5 Company wise – market share analysis

Indian Television industry has many players which consists of domestic and multinational companies. Recently, domestic companies has established the technology and know how to product developments and making innovative products. The domestic companies, in the past, has concentrated in making B & W tv set and marketing in few states. Very few domestic companies have national presence and invested in R & D activities.

In India there were few leading companies having major share in TV industry prior 1990 have lost it market shares and presence in this market. Leading name were Bush India Ltd., Crown Electronics Ltd., Salora International Ltd. ECTV ( Electronic Television India Ltd., Crystal Audio Ltd., Barron International Ltd., Kalyani Sharp India Ltd., Murphy , Western Electronics Ltd., Dynora Electronics.
, etc. There were many small size companies have closed the business operation located around Delhi, Mumbai and other part of India. This has due to lack of foresight of management, lack of adequate capital and no upgradation of technology and manufacturing facility. Indian companies which has performed well & developed the distribution - national network, form business strategy like multinational & truly professional and invested in R & D have got success in television industry. This companies are BPL Ltd., Videocon International Ltd., and Mirc Electronic Ltd.. This 3 companies have achieved the national presence, create the brand image and are in competitive position with MNCs.Barron International Ltd. has closed its own business and concentrated in marketing of Aiwa products in India. The companies like Crown Electronics Ltd, Kalyani Sharp India Ltd. and Western Electronic Ltd. has remained in the market with presence in few states and hardly any share in volume of TV Sets.

After the removal of entry barrier of MNCs in electronic industry, many multinational companies were entered in Indian television industry. This companies are Sony Corporation, LG Electronics, Samsung, Sansui, Aiwa, TCL, Thomson, Akai etc. Philips India Ltd. is multinational company having the presence in Indian TV market since 1970. The majority of the companies has came from Korea & Japan. Few companies has came from Europe and America.
The market share of the major players in Indian Television Industry for last 2 years as follows:

Table 6.13

Market Share in Television industry

<table>
<thead>
<tr>
<th>Company</th>
<th>Year 1999-2000</th>
<th>Year 2000-01</th>
<th>% of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>unit in lacs</td>
<td>Market share</td>
<td>unit in lacs</td>
</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mirc</td>
<td>5.54</td>
<td>11.4%</td>
<td>5.10</td>
</tr>
<tr>
<td>BPL</td>
<td>10.70</td>
<td>21.9%</td>
<td>9.30</td>
</tr>
<tr>
<td>Videocon</td>
<td>5.20</td>
<td>10.7%</td>
<td>5.00</td>
</tr>
<tr>
<td>MNCs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung</td>
<td>4.10</td>
<td>8.4%</td>
<td>4.80</td>
</tr>
<tr>
<td>LG</td>
<td>3.73</td>
<td>7.6%</td>
<td>4.93</td>
</tr>
<tr>
<td>Aiwa</td>
<td>5.00</td>
<td>10.3%</td>
<td>4.80</td>
</tr>
<tr>
<td>TCL</td>
<td>0.00</td>
<td>0.0%</td>
<td>1.20</td>
</tr>
<tr>
<td>Sansui</td>
<td>2.40</td>
<td>4.9%</td>
<td>3.00</td>
</tr>
<tr>
<td>Philips</td>
<td>2.40</td>
<td>4.9%</td>
<td>1.80</td>
</tr>
<tr>
<td>Sony</td>
<td>2.22</td>
<td>4.5%</td>
<td>2.50</td>
</tr>
<tr>
<td>Sharp</td>
<td>1.50</td>
<td>3.1%</td>
<td>1.50</td>
</tr>
<tr>
<td>Thomson</td>
<td>1.40</td>
<td>2.9%</td>
<td>1.80</td>
</tr>
<tr>
<td>Akai</td>
<td>1.20</td>
<td>2.5%</td>
<td>2.00</td>
</tr>
<tr>
<td>others</td>
<td>3.41</td>
<td>7.0%</td>
<td>2.87</td>
</tr>
<tr>
<td>Total</td>
<td>48.78</td>
<td>3.7%</td>
<td>50.60</td>
</tr>
<tr>
<td>domestic</td>
<td>24.85</td>
<td>0.51</td>
<td>22.27</td>
</tr>
<tr>
<td>mnc</td>
<td>23.93</td>
<td>0.49</td>
<td>28.33</td>
</tr>
</tbody>
</table>

Source: Annual Report of Mirc Electronics Ltd., year 03/2001

By sales volume of television sets, BPL is having market share of 21.90% in year 2000 and claimed as pioneer and leader in this industry. BPL has sold 10.70 lacs tv sets in year 2000. Even though sale volume has reduced in year 2001 to
Figure 6.04

Shows Market Share of Major Companies in Television Sales

In percentage of sales volume - 2001

- Mirc
- BPL
- Videocon
- Samsung
- LG
- Akai
- Sansui
- Sharp
- Thomson
- Others
9.30 lacs tv sets, BPL market share is higher in the industry. BPL Ltd., Videocon International Ltd. and Mirc Electronics has combined share of 44 % of total tv sales volume in year 2000. This has reduced to 38 % in year 2001. Market share of domestic companies is declining due to entry of more known MNCs. brand, price war and increase competition. The overall sales has reduced due to economic slowdown, scam in capital market and lack of any events during this period.

With entry of MNCs in this industry, the market share of the domestic companies is decline. MNC has market share of 49 % by sales volume of tv sets ( 23.93 lacs ) in year 2000. The market share has increased to 56 % by volume of sales of tv set ( 28.33 lacs ) in year 2001. Samsung, LG and Aiwa has combine market share of 28.7 % in sales volumes in year 2001. This three companies has created the brand image and national presence in Indian market in span of 5 years.

Sansui, Sony and Akai are having market share of 5.9 %, 4.9 % and 4 % respectively in year 2001. Market share has increased compared to last year.

Market Share as % age of their sales volume of television sets for the period April – Sept. 2001 has given below:

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share %</th>
<th>Volume ( No. in lacs )</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPL</td>
<td>17.2</td>
<td>4.30</td>
</tr>
<tr>
<td>VIDEOCON</td>
<td>10.90</td>
<td>2.70</td>
</tr>
<tr>
<td>ONIDA</td>
<td>9.60</td>
<td>2.40</td>
</tr>
<tr>
<td>SAMSUNG</td>
<td>9.00</td>
<td>2.30</td>
</tr>
</tbody>
</table>

Source : Economic times, Mumbai Date : 29/11/2001

For many years BPL, Videocon and Onida have occupied the top three position and have remain same for half yearly volumes in 2001. While the trio continues tobe market leaders. However the gap of market share from 2nd number is narrow down and the position of player will be changed but the BPL will be remained 1st position in market share. BPL lead with market share 17.2 %, videocon occupy 247
Figure 6.05
Shows Comparative Market Share of Major Companies in Television
In percentage of sales volume
second position with 10.90 %, Mire the third position with 9.60 %. BPL’s cumulative volume in April – sept., 01 are placed at 4.30 lacs, Videocon has sold 2.70 lacs and Mire’s has sold 2.40 lacs units. There will be fierce competition in the market, because of the entry of several MNC brands like Samsung, LG, Awia, Akai etc. Next year, the third position in market share may be occupied by MNC company and each player have single digit market share.

6.06 Demand determinants

The consumer durable industry is become buyers market and driven by taste, utility, living standard, surplus purchasing power and price elastic of the products. Demand elasticity and price sensitivity are prominent characteristics of consumer electronics industry. The companies are making different marketing strategy and educate the customer the utility of the products. When customer has surplus money to buy products, he must have certain priority for buying products based on his own family requirement, society status, product price and its utility. Generally middle class people have priority of products in this order - Radio & Cassette player, Fridge, Television, Washing machine, Air conditioner and Microwave oven. Even with the product, customer will buy lower range product and later buy complex & high value products. Example in Television, first time buyer customer buy either 14 inch \ 20 inch screen television and subsequently after few years buy 21 inch to 29 inch screen television. Indian Customers always 1st plan to have own house for that it curtail its expenditures and make saving for it. Population is not the right basis to consider the market but purchasing ability and infrastructures matter more.

Demand determinant for consumer durable products – television are as follows:

- Purchasing power
- Income levels
- Availability of financing
• Price
  Input costs
  Level of competition
• Marketing and distribution Strategies adopted by the players
• Replacement demand
• Channel explosions
• Event driven

Purchasing Power

Demand elasticity and price sensitivity are prominent characteristics of consumer electronics industry. For an average Indian, a 20" CTV costing about Rs10,500 would mean twice his monthly income. Thus purchasing power influences the industry growth. Considering the cost of living of middle class Indian family, it will take 8 to 10 months savings will make possible to buy television from their own funds. However the product will be used for at least 7 to 8 years and not easy to replace immediate due to transaction loss. Hence the priority and utility of the products is important for the Indian customers.

• Income Levels

With the rising levels of disposable income and the consequent change in aspiration levels, branded durables have become proud possessions, especially for the emerging middle class. The most surprising revelation is the increasing percentage of the rural rich who are willing to pay for a good quality product. The rural rich who have fewer options to buy branded products are willing to pay the price charged for any premium model. The industry majors have always assumed 'the rural' and 'the poor' as synonyms. However, a lot of rural communities are earning good money from agriculture. Several of these rural markets have flourishing businesses like exports of handicrafts, etc. In fact, most of the consumer financing options provided by the companies have found more takers in the urban areas while the rural buyers have made cash-down payments. The new Onida KY series (29" and 21") and the LG's premium Golden Eye Series models
have found takers in places in small towns. In small towns, preference for branded products has increased.

- Availability of Financing

Expansion of hire-purchase schemes is one way of making the price-sensitive consumers spend. With financial institutions and commercial banks vying for the attention of consumers, staggered payments lead to increased discretionary purchasing power.

Table 6.14

| Year | % age  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>10 %</td>
</tr>
<tr>
<td>2000</td>
<td>15 %</td>
</tr>
<tr>
<td>2001</td>
<td>30 %</td>
</tr>
<tr>
<td>2002</td>
<td>50 %</td>
</tr>
</tbody>
</table>

Source: Economic times, 21-3-2002

The share of sales financed through loans from both organised and unorganised sectors is expected to go up to 50% in 2002. Around 50% of durable purchases in the market are hire purchase-led. Taking this into account, BPL, as a part of its promotional strategy, tied-up with ICICI, Standard Chartered, InstaBuys, Transamerica and Bajaj Consumer Finance to facilitate the financing of purchase of its goods through various schemes.

LG for instance, has started a zero percent interest scheme, which has helped in the penetration of CTVs. The company has tied up with financial companies, including Countrywide Finance, for financing schemes for its products.
Price

The CTV industry is very price-sensitive and it surge in the demand for CTVs vis-à-vis price cuts. Akai, for eg, sold its CTVs at an unbelievable price of Rs10,000 to lure price-sensitive consumers. Pricing of a CTV largely depends upon the cost of inputs and general industry scenario like the level of competition.

- **Cost of Inputs**

A CPT (colour picture tube) comprises around 50% of the CTV cost. Lately, the CPT industry has announced price hikes due to rise in the cost of raw materials: glass, integrated circuits and plastic components. A rise in the cost of inputs puts heavy pressure on the margins of the CTV manufacturers who are apprehensive about a price hike at this juncture as this directly affects their sales volumes.

- **Level of Competition**

Cut throat competition in the CTV industry where various players have been using a variety of strategies to push sales. Be it pushing the dealers, providing gifts, finances, high level of technology or luring the customers with hefty discounts, the companies have tried all the tricks to attract customers.

In spite of the rising cost of inputs, CTV manufactures have not increased the CTV prices as increasing the prices directly affects volumes. Manufacturers have been offering hefty discounts through their dealers to push up sales. Following the sharp rise in the input costs, CTV and audio prices have dropped since 1997 and the industry majors are predicting a further fall in the coming years. Average price of colour television sets of 21 inch has dropped from Rs. 16,500\- in 1998 to Rs. 13,000\- in 2000.

With companies, both foreign and local, going all out for price war and fresh competition coming in the form of a liberalized import regime, players need to guard their volume and profit. The entry of cheaper products have forced companies to reduce prices in spite of high input costs and high quality, superior technology products. In spite of growing demand for CTVs, the huge surplus of
TVs indicates exports as a vital area for growth. Pricing has been the main factors for companies to compete so far; however, in the long run, the level of sophistication offered will influence consumer preferences a lot.

**Marketing and distribution strategies adopted by the players**

To achieve the desired target, the companies have formulated various marketing strategies appropriate to their specific requirements. The increase in demand is attributed to the brand building exercises adopted by the companies, improvement of the distribution system, quality perception, product competitiveness, etc.

**Replacement Demand vis-à-vis Entry Of Akai**

Indians have a mind set which prevents them from throwing away old items, especially items like durables, which cost a big amount. However, if an individual can replace it for a new one, he/she will readily do so, for eg, items like garments are exchanged for utensils. Akai's huge success story was largely because it tapped the latent demand for replacing existing TVs in the early 1990s. With the entry of satellite TV in the early 1990s, most TV sets in India had turned obsolete. They did not have the S-band facility to receive the large number of channels. What Akai did was to push the replacement cycle forward by taking back old TV sets. Their exchange schemes broke the inertia and the sense of guilt that exists while disposing of an old TV set that works. The old TV sets were supplied to the rural market at prices ranging from Rs2,000 to 4,000. In time, they formed the new replacement market. NCAER’s Consumer Market Demographic Report of 1998 estimates that 21% of the 4.7 million B&W TV owners are willing to replace them with newer models. The replacement market in India will remain active due to wide income disparities, which exist in our society.

**Channel Explosions**

The last few years have seen a quantitative and qualitative change in TV and audio technology and software. With the advent of several local and foreign
satellite channels and the growing popularity of music channels, demand for both CTVs have seen a rise.

The television programmes gives new & information in live like gulf war, events, sports, mass presentation and religious messages. The programmes are responsible for change in attitude and value of people. The programme also portrayed a different life style, hedonism, promiscuity, instant gratification, violence and pride approach of having first ownership of new products.

Event-driven

The sale of TVs also tends to be event driven. When the Cricket World Cup was on, CTV sales recorded a phenomenal rise.

6.07 Business strategy

The success & growth of television industry is basically on the Government policy and business strategy framed by the corporates and player in the industry. Growth in the CTV industry is not mainly due to government incentives, but primarily because of innovative marketing strategies and cost-cutting exercises adopted by various companies. To achieve the desire business goal, the companies have formulated various business strategy to meet their goal. Each player may have a unique set of strength and weakness. The company will have to chalk out different marketing strategies based on systematic study of the underlaying opportunities and business risk in the light of the existing strength and barriers. Some have concentrated on price cutting, brand building, development of network and distribution channels, quality perception, product competitiveness etc.

Prior to removal of entry barrier of MNC in domestic television market, there were many leading players such as Bush, Ectv, Baron, Murphy, Crown, Salora, Western, Sharp, Dynora having national presence or in many states. This companies was enjoying the brand value and having loyal and satisfied customers. During the protection period, they have not made required investment in
technology development, R & D and backward integration strategy. Result this companies remain with outdated products and not developed tv sets with multi functional facility. This company has either close down its units or tied up with MNC for technical know or become marketing house for MNCs products. Example Baron International is marketing house of Akai brand of products.

After the liberalisation of economic policy, few domestic companies has performed well as they function like MNCs and set the business strategy for next ten years. Their vision was framed considering the Government policy on permission to uplink and transmission of private and foreign channels in Indian sky. This will lead to requirement of multi channel television, digital television, picture in picture (PIP) tv, Plasma TV, Internet TV and sophisticated model. BPL, Videocon International and Mirc Electronics has entered in to technology tie up agreement, increase the plant capacity, develop the national distribution network and introduce the various model in different segments. This company has made regular investment for brand developments and quality controls. The result they have achieved the national presence with 43 % share in Indian TV industry even after the entry of MNCs.

The government has introduced liberalised policy like delicensing of television industry, free to import and removal of entry barriers to MNC, removal of quantitative trade restrictions by WTO and reduction of custom duty. With this Government policy, many MNCs like LG Electronics, Samsung, Sansui, Sony, Akai, Aiwa etc. has entered and set up manufacturing facility in India. This has lead to heavy competition in television industry. Hence domestic companies has to study own strength and weakness, competitor’s strategy, consider various business & financial risk and consumer behavior while framing its own business strategy.
The consumer electronics sector – television is exposed to many realities this attract MNCs in domestic market, few of them are mentioned below:

- Due to improve in purchasing power capacity and low penetration level, there is huge demand for products in domestic market.
- High potential in rural sector as major population is in rural area and their income is improving.
- Indian market is 'Value for Money' driven and highly segmented.
- Technology is the key factors as there is need of multi-functional tv sets due to developments in uplink of private channels and utilise tv set for internet, games & video conference facility.
- Customer look for sophisticated products, after sales services, attractive schemes.

The company is exposed to business risk, strategy risk, product acceptance risk, market risk, brand risk, regulatory risk, geographical risk, technology risk, finance risk, foreign exchange risk and credit risk. To overcome the various risk factors associate with the business, the company must have clear vision of the future business trend, forecast the need of technology products and consumer taste. The company should offer unmatched quality products through innovation, speed, flexibility and empowerment. The well defined vision should be shared by top management to management and worker at shop floor level.

Business strategy framed by the domestic and MNCs companies to achieve business goal has following common features:

- Development of new, innovative and value added products with latest technology by research and development efforts.
- Marketing strategy to cater and develop the customer base. Develop new and different marketing policy to attract the customer to buy company’s products.
• Pricing the products and controls on input cost.

• Logistic management and development of distribution channels & network.

• Brand positioning, development & its attributes and create umbrella brand for all products.

• Quality perception

The marketing strategy for consumer durable products – television lay in pricing the products commensurate with the technology value built into its products. Since the 21 inch segment continued to be the biggest and most competitive space within the Indian TV industry. It contributed 41% of the total offtake. The companies introduces new and differentiated products and upgrading the new feature in its existing products. The innovation built into the products was designed to more than compensate for premium pricing product range.

The basic principle for the business developments is to increase the volume of sales, generate operating profit and value addition to shareholders. The business strategy for success in the industry may be short term or long term. Being the competitive industry and buyers markets, business rules and strategy will be framed after study the products segments and target customers.

6.07.01 Review of business strategy of major Indian player in TV industry

The review of business strategy, principles and marketing plan framed and implemented by Indian and multinational companies based on the parameters like strategy for brand developments, products positioning, innovation and values. The study covers the business strategy of Indian companies such as BPL Ltd., Videocon International Ltd., Mirc Electronics Ltd. and multinationals companies.
BPL Ltd.

BPL is the leading player in electronic consumer durable industry with the turnover of Rs.3,000 crs. The company is having 21% shares in Indian television market by volume. The company continues to lead the upper end of the Indian Market for consumer electronics so long and maintain its no. 1 position even after the entry of MNCs. The BPL is considered as Indian multinational company. BPL may not be globally famous but it commands a cerebral sort of respect from the thoughtful Indian consumers. BPL claims every fifth tv set selling in India currently. BPL also has business investments in diverse field such as telecom, medical electronics and computer monitors. However, the management has concentrated in 'core competence' area and reduce market exposure in non core business. The company has technology and financial tie up with Sanyo, Japan. BPL source the new and innovative products developed at Sanyo, Japan. The company is managed by Ajit Nambiar and its associates. A part of the company's products is sourced from OEM manufacturers.

BPL has not entered the price war for selling products but concentrated in product innovation and brand development. Management has philosophy that they are not in business of selling commodities but making people proud and satisfied with the brand they own. Being price competitive market, it is a matter of delivering the best possible value for money. The marketing strategy is value oriented and not deal oriented. BPL's strategy is to reinforce brand values and not just put forth an offer.

BPL slogan "Believe in the Best". The company has developed new and innovative products in CTV market. BPL has introduced the Plasma Display digital television features is flat screened and supper slim (it can be mounted to resemble a painting), Pro FX home theatre systems television, Quadra point focus tv. The company has vision for digital products and multi functional television in near future. Hence It has developed the digital flat screen television set &
multimedia PC TV. BPL plans to launch 'Convergence TV' under digital technology that will combine the internet and cellular services with regular function of television. BPL has positioned its different models in all segments of television by size and has price range from Rs. 7,000\- to Rs. 35,000\- per sets. The company has adopted the multi brand strategy by introducing two more brands in CTV market. One at the bottom end of the market and another at the very premium market. This has new brand has provided incremental volumes of sales.

In past few years, the company has concentrated to integrate back ward, trim cost, cut inventories and making best use of information technology to optimise all process. BPL has adopted 'Khanban' system (Just in time) across all its operations held together by computer network. The objective is to drive down the order delivery lead time. Eventually, the actual production programming us supposed to work in accordance with inputs from the market with PC outpost at the retail end acting as live tentacles. The 'Khanban Philosophy' revolves around making what the customer wants as opposed to selling what is made.

All dealers are linked via VSAT nodes. This ensures online availability of information on inventory status and sales movements which in turn lets the factories feed the supply chain in accordance with fresh demand data. This dealers network by computer has improved the dealer relation, money being faster recovered due to availability of sales data, inventory control, lower operating capital needed and improve the MIS reporting.

BPL has opened the modern one stop shops to display the whole range of products. The company has 65 exclusive galleries and 260 high gloss showrooms. The company has 3000 dealers network on all India level basis who redirect products to dub dealers and showrooms.

BPL success lies in management's foresights, business planning, development of dealers networks, national presence and market share in rural areas, products innovations and technology upgradation. BPL has concentrated more on,
development of brand image, distribution network and innovative products. BPL has not comprise in price but provide unique features and reliability in products and services. The company is taking customer relationship very seriously and view customers services as marketing strategy and not after sales services.

**Mire Electronics Ltd.**

The company is promoted and managed by Gulu Mirchandani and his family. Mire’s products are sold under the ‘ONIDA’ brand name and slogan is “Neighbor envy and owner’s pride”. Mire is third largest Indian company by volume of sales of television sets. The sales turnover Rs. 715 crs. and operating profit Rs. 35 crs. for the financial year March, 2001. Onida brand attributes innovation, passion, pride, living on the edge and uncompromising. The strategy for products differentiation is on the quality of sounds and innovative features. The company has strategic business tie up with JVC (Victor company of Japan).

Mire’s principally engaged in designing, branding, assembly and marketing of television sets. The company has assembly plant is located at Wada, Maharashtra. Research and development, production of high value products and quality control will be carried out at this plant. A part of the company’s products is sourced from two OEM manufacturers based near Delhi. One OEM manufacturer is Monica Electronics in Delhi and Hotline in Punjab and Bihar.

Mire’s has near about 35% market share in television market in 1980 which has reduced to 10% in year 2000. However the volume has increased in term of quantity and value. Mire has launched Monitor look tv sets as flagship model when Colour television set introduced in India. In past, Mire’s has concentrated at lower end Tv segments and development of brand value. This has increased the volume but not improved the operating profits. Recently, Mire’ has positioned their products at every segments and developed the innovative & high tech television sets. The most developed Tv sets is Flat Tv, internet Tv, Wallscape Tv, KY thunder with 650 watts PMPO sounds systems, 28XL Cinema Tv with 1000 watts sound systems, 9 PIP Tv model and Igo Tv set which works on car...
batteries. The style conscious teenagers like 'Candy' 14 inch TV with earphones, web cruiser and of various colours. Mirc’s has positioned their brand and their products uniquely and different from competitors.

Almost every brand had its ambassador like celebrities, film stars, sportman etc. for promotional and image creation. Mirc does not have any ambassador. Brand promotional strategy and devil is takes care of market promotional activities.

Mirc’s has differentiated their products by appearance, sound systems and innovation of television sets. Mirc’s policy to be always different and technical features which give pride to customers of owning it. KY Thunder is the only TV set with 650 watts where as generally the maximum tv set with 400 watts by Philips. As Mirc’s believes that Indian want sets with high wattage and their music to sound like heavenly range. KY Thunder and Candy model has received good response from market. KY Thunder has contributed approx 26 % of total sales and 21 inch segments accounted for 49 % of the company’s total sales. Even though 14 inch tv segments is price sensitive, Candy is price 40 % higher than the price of competitors. 14 inch segments contributes approx 16 % of the company’s sales in 2001.

The company has received the CE approval from the Regulatory Authorities in Europe and IEC 65 approval; from South African Governments. The company was re-certified by BVQI for ISO 9001 Quality Systems. This approval help to export the Tv set worth Rs. 8 crs. in year 2001. Candy and KY Thunder has good demand for exports.

The company has developed the national wide distribution network by logistic management’s. The number of dealers is 9000 in year 2001 of which 2400 are direct dealers and 6600 indirect dealers. Mirc’s spread of 23 branch offices, 120 service centres, 35 godowns and 9000 dealers network across India. To generate increased revenue, the company focused on increasing through out put per dealer. The most visible was recorded in south. The company has strengthened its distribution by providing dealers with opportunity to grow their exposure. The
Mire's has concentrated more in south and west market. Hence 71% of dealers are located in this zone. As far as regional volumes go, Onida sells the best in metros, the west and then the south. Dealers are well connected by computer network systems and part of ERP programmes. Vendors moved closure to Just in Time and lead time dropped from 30 days to 7 days for order communication and planning for production. With ERP, this help to provide right product at right location and also strengthened the timely delivery of finished goods.

The company has implemented ERP programmes for material and inventory management. The R & D has put effort to reduce the number of components used in making television sets without compromising the quality. Total Quality Management and Total Productive Maintenance has improved the product cycle, operational efficiency and reduction of wastage and breakdown.

Mire's has strategy to increase the market share, turnover and operating profit by creation of brand image, developing innovative products and differentiation by technology and value added features in television sets. The company is not in price war and freebies policy as Awia and Sansui has adopted this strategy to enter and improve the sales. The intelligent use of technology will result in a higher component of turnover coming from new and successful products in market. The R & D will introduce differentiated and pioneering Onida model every year. The most of the TV model will be in 21 inch and 29 inch segments, the biggest and expensive segments in the industry.

Videocon International Ltd.

The Company - VIL is promoted and managed by Dhoot family. The manufacturing facility is located at Aurangabad, Maharashtra. The company's sales its products under the brand name "Videocon" and cover wide range of consumer electronics and home appliances in durable industry. The company has adopted the multi brand strategy where it promotes Akai, Toshiba, Sansui and kenwood along with mother brand Videocon. With this multi-brand strategy, company compete with own products and have good market share in the
consumer electronic industry. The company wants the customers to perceive Videocon as products with value and having the latest technology. The company has use sub-branding as marketing tool for its range of CTVs. The company has 9.9% market share by volume in Indian television industry. The Company' combined market share with multi brand in television industry is 19.8% by volume.

Videocon has built up one the strongest distribution network in India. The company implementing ERP system which help in integrating the manufacturing, marketing, procurements, distribution services, inventory, collection and logistic with corporate office.

Considering the WTO impact and entry of China, Videocon has acquired a Shanghai based television manufacturing company for Rs. 10 crs. Through this acquisition, Videocon will manufacture 1.5 lacs internet television for world market. This will make cost benefits upto 7-8 % in basic cost.

The company has achieved the significant volume of sales by pricing the each product at accepted level of price barrier. After the entry of MNC, Videocon has involved the technology concept with price competitiveness in brand promotion. Hence it provide more value for money products by giving features and multi functional facility as compared with other companies. The videocon is flanked by Akia, Toshiba, Sansui & Kenwood with each of them having unique position. Under all brands, television products are sold in each segment ( screen size ). This provide competition among the each brand and products differentiation is difficult. The company has sub-branding aggressively as marketing tool for its range of televisions. However due its multi brand strategy, mother brand Videocon has lose its market share from 10.7% to 9.9 % by volume of sales in year 2001. Where as Akai market share has increased from 2.5% to 4%, Sansui from 4.9% to 5.9% by sales volume in year 2001.
Kalyani Sharp India Ltd.

Kalyani Sharp India Ltd. was promoted by B. N. Kalyani family. It has technology and financial collaboration with Sharp Inc., Japan. Sharp, Japan holds 51% of the issued share capital. The company has manufacturing facility & corporate office at Pune, Maharashtra. The company sales its products under the brand name Sharp and cover the wide range of consumer electronics and household appliances. It covers colour television from 14" to 29" model, video cassettes recorder and player (VCR), audio systems, microwave oven, LCD projector.

The company has acquired the ISO 9001 certification for it manufacturing facility at Pune. It has started VCR export in 1995 and has been a leading exporter of consumer electronic products to USA. Through continuos R & D and interaction with marketing, servicing and quality assurance departments, quality and reliability of the products have improved. Hence company is offering seven years warranty for their products. The company has introduced the wide product range from 14" to 29" television model to cater the television market. It has developed the television with flat screen in 14" to 29" tv model.

Kalyani has technology tie up with Sharp, Japan for research & developments and source upgraded technology. The company has made policy towards technology absorption, adaptation & innovation and indigenisation the key components to save foreign exchange and bring down the cost. Under indigenisation programme, the company has fully absorbed the design, specification and testing of television, VCR and audio system. It has made efforts to develop the vendor to supply the critical components for making television in India. The company has R & D set up back by engineering centre.

Due to indigenisation programme and new technology product development, it was turnaround the situation and improved the sale and profitability in last 5 years. It has wipped out carried forward losses. The company concentrate more on
quality and technology products with value addition and not on price war situation. The company has developed the distribution and marketing network in all India level basis and set up service centre in almost all major cities.

Salora International Ltd.

The company, Salora, is promoted and managed by Sushil Jiwarajka and their family. The company is engaged in manufacturing and marketing of colour and B & W television sets. It has also started dealing in office automation as dealer for fax, internet modem and telephone instruments. The manufacturing unit is located at Noida, near Delhi. The Products are sold under the brand “Salora”.

The company had started its business activities, in 1968, to manufacture B & W television and subsequently colour television sets. The company has developed nationwide distribution and after sales services network. It has went for backward integration in the early 1990 and started making electronic components required in television sets such as fly back transformers, deflection yoke in technical collaboration with Kyushu Matsushita, Japan and loudspeakers in technical collaboration with Fosters of Japan. In the mid 90’s it has started distribution of fax, monitors and printers of Panasonic, canon and subsequently distribution of telecom and information technology products such as monitors, floppy disk drive, multimedia & remote keyboard, UPS system and telephone device.

The management has restructure its business plan and strategy after 1996 and concentrated more on electronic components division and set up a world class state of art plant at Noida to manufactures high precision, critical and vital electronic parts viz fly back transformers, deflection yoke and sound systems. This component is supplies to MNC like Sony, Panasonic, Sharp, Samsung, LG and Deawoo and Indian TV manufacturer BPL, Videocon and Mirc. The Company has received award during 1999 for quality products from Sony – Quality Appreciation Award and Samsung – Best Vendor Award. The company has entered the three joint ventures in field of internet, computer technology
integration and computer hardware. It has form strategic alliance with logic ++ USA, a high end R D company to develop cost effective internet solution.

The company has made strategy to increase the visibility by tying up with high profile organisation for cross promotion and co-sponsorship, which would have positive impact on Salora products. The company has 5 CTV models in 14” to 29” segments. The company has also exported its products to Bangladesh, Hongkong & Sri lanka. The company has launched the product – Setup Box with remote internet keyboard and sold under the brand Jadoonet. This will help to provide the internet access on television set through set up box. However, due to lack of awareness and proper demos at retail outlet of Set box – internet access device has not pick in the market.7

Salora has gone for entire restructuring of organisation and re-working of production, marketing and financial management strategy during 1996-1999. The company has stop making B & W tv sets and source from vendors to save operational cost. The company has concentrated more on selling colour television, electronic components making, marketing of office automation products and information related services. The market share of Salora in television industry is reducing and after the entry of MNC the Competition has increases. The management needs strategy and marketing plan by introducing few more models and creating brand image.

**Baron International Ltd.**

Baron is promoted and managed by Ms. Shakun Mulchandani & Kabir Mulchandani. They have separated from Bush India one the leading television manufacturing company in India. The Company, Baron has started its business activities in 1992. Baron International constantly changes the way marketing perceived in all to push the market share by innovative strategy and value for money products. The first brand promoted in India was Akai. The Akai brand belongs to Sony, Japan. The company offer the best marketing network and distribution channels, service centres and creation of brand image.
The company has proved its performance by putting the Akai brand in competitive position in just 2-3 years. The company looks for volume & not margin and pass on the benefits to the buyers. The company has introduced exchange offer for new tv sets with old one which has proved success in market. This has given the opportunities to customers to upgrade tv model with hyper band and technological features. However, this tie up was ended in 1999 and subsequently the Akai products is marketed by Videocon group.

Initially, the company had tied up with Akai to market tv and subsequently tie up with TCL of China and Aiwa to market their electronic products. The company's strategy is not to dilute the brand and be as aggressive as ever. Brands are placed for the segment they are targeted. Aiwa is subsidiary of Sony but Aiwa is placed differently and provide products at middle segment and it targeted to price sensitive customers. However, TCL is placed for lower segment model market.

Baron has made strategy to provide the marketing support and brand creation of the MNC companies and not to make own products in electronic industry. They has selected the brand suitable with each segment of television and price range. Aiwa products are marketed in middle segment with technological features where as TCL products are placed for lower price segment with regular function television sets. With this strategy, they have promoted multiple brand television sets and offer wide range to customers. The company is planning to enter the marketing of telecommunication and computer internet related hardware products.

6.07.02 Review of business strategy of MNCs players in Tv industry

After liberalisation of economic policy and permission to MNC to market the electronic products – television sets in India, many MNC has entered in Indian Television market. The MNCs are from Korea, Japan, Far East, China, Europe and America. The few name of MNCs in Indian market are LG Electronics Ltd., Samsung India Ltd., Aiwa, Akai, Philips, Thomson, Sony, Sansui, Panasonic and Konak etc. After 1995, not less than 10 international brand has created
competition in Indian CTV market. Market was split between the price fighters and high end technology boosting. Akai and Aiwa basically has fueled the price cut and price war competition where as Samsung and LG has concentrating the high value & upgraded CTV products.

Each company has formed different strategy to create brand image, market the product and product customisation & differentiation. They have created their position and gained market share in the industry. In past, Indian Company has not planned such strategy as implemented by MNCs. The MNC 's business and marketing strategy is explained by using common features in the management policy as follows:

- **Price cut**

The Indian CTV industry is very price sensitive. Generally 14 inch and 20 inch tv segment is come under price cut strategy as first time buyers and replacement buyers from black & white Tv to CTV are price sensitive and have limited budget. Akai and Samsung has started selling colour television sets at the price level below Rs. 10,000- to lure price sensitive customers. Pricing of CTV largely depends upon the cost of inputs, volume of productions and general industry scenario like level of competition. Price of the CTV reduced to such extent by using incremental sales vis- a -vis price cut and capital pay back period. Akai and Aiwa has push up the volume of CTV sales by sacrificing the value. Where as LG , Sony and Samsung are believe in value marketing and not sacrificing volume for value.

MNCs has fully automatic manufacturing plant with mass production, global operation, developed technology, surplus funds for business developments and common R & D investments will help them to reduce the unit cost of CTV and sustain in competitive market. With this price cut competition, Indian company has to change the product mix and business strategy to compete with MNCs.
• Replacement - exchange - freebies strategy

Akai has initiated the marketing strategy by replacing old tv set with new & upgraded tv set. The Akai management has perception that there is huge market for replacement of tv set due to channel explosion and demand for technical features in tv set. The exchange strategy by Akai has got huge success and subsequently many companies has started the exchange of old with new tv set. The company has also offered heavy incentive and commission to dealers. This has given place in showroom for MNCs TV sets. The company has also started free gift and luck prices such as foreign tours.

• Sponsorship of events and sports

The MNC has budget for brand promotion and product awareness. Samsung has sponsors 6 week long 1998 Soccer World Cup Campaign. It was also the official sponsor for 1998 Asian games and sponsored the Indian Contingent. This way they convey the message 'Like a sportsman, Samsung is also pushing old boundaries by developing g new technology and products'. LG has sponsor the World Cup Promotions.

• Venture marketing Concept

MNC follows this concept while launching the new product range or in new market. The company has budget for the product launching, brand creation, network developments, product differentiation and technological improvements. In consumer durable industry, this budget will form major portion of the project cost. This expense is adjust in profit & loss a/c by putting value while calculating the costing and pricing the products. MNC will planned for this budget every year to enter the new market. LG and Samsung has followed this strategy to first created the brand image and then product promotion. However few Indian companies has such budget in initial year of promotional activities.
Positioning the products on attributes and concept selling

Most brands make use of attribute positioning in someway or other. It may be worthwhile to analyse under what situations marketers may benefit by positioning brand on attributes. Rational benefits could be initially considered. Consumers get used to a single benefit during the introductory stage of products life cycle. Over the period of time as category develops and consumers become familiar with the products, new attributes and benefits are used by brands for the purposes of differentiation. Technology is also used to generate some of the benefits. Durables are high involvement, high investments products and hence there has to be specific need for a benefit. Television is a category, which has been around in the country for the last three decades. It was only after the early 80's, that category started getting diffused in the country. After the entry of MNC, Indian company started concentrating and serious on the brand developments, product differentiation, position the products. Company has shifted to a number of attributes. Samsung highlights "Extra Space" viewing and picture clarity; LG's proposition is Golden Eye; BPL is quadra Focus; Onida's KY thunderrock has the audio proposition.

Indian company in the past has sold television like commodities. MNC has made change in marketing strategy, educating benefits of new technology to consumers and multiple utility of products. After the entry of MNC in television market, new model with multi purposes facility like digital television, flat & wallpaper television, home theatre TV, Internet TV and PIP TV has been introduced by the players. Marketing strategy has educated the customers the benefits and utility of the products. Hence created market for it.

Company's strategy

Samsung India Ltd.

The Korean Chaebol Samsung was one among many foreign company that entered India in the wake of liberalisation. The company has completed five years of presence in the Indian market. It stand apart, distinguished for its
performance. Samsung India’s turnover already at Rs.1210 crs. for calendar year 2000 compared to previous year Rs. 850 crs. and target Rs. 1650 crs by year calendar year 2001. The management strategy has been one of study growth, refused to be distracted from its goal to emphasizing product value over price, built independent sub-brand and sharp products segmentation based consumer insights. This has helped buffer it from price sensitivity and brand image creation for quality products. The samsung has done the balance between the technological standard and price factor for success in Indian market.

Samsung’s imaginative Metallica and Plano series of CTVs launched in 2000 have attracted young consumers. Metallica brand for sound quality and Plano for flat screen viewing tv set. Other sub brand Vision, which deliver the extra viewing space. Tantus is digital ready CTV for the high end and hi tech series of digital 12-14 inch CTV.

Samsung has positioned itself on the platform of global technological leadership. The products portfolio has wide range of CTVs ( 14 to 53 inch ), DVD players, TV net appliance and other durable goods. The company has first created the market in 2 years and than made investment in setting production line in India. The manufacturing facility is located at Noida, Near Delhi with the capacity of 750,000 CTV and the system is flexible, enabling the company to change model in two weeks in accordance of market feed back. The company has set up R & D centre at Factory.

Distribution channel and network development has started phase & zone wise in the north in late 1995, moved to the south ( Chennai, Banglore, Hyderabad and cochin ) by mid 1996, the west ( Mumbai, Gujarat and Pune ) by end of 1996 and East by 1999. The company has 18 state based distribution offices, 4000 retails outlets, 200 plus direct distributors, 1800 dealers networks and 197 service centres. Computer network linked the distributors and dealers with branch & head office by use of Global Logistics Network Systems. Unlike the Japanese who had regional office, Samsung was the first MNC to introduce 18 state based distribution office. So it is learnt from Indian major companies.
Samsung has also formed the strategy to expand its penetration in Indian rural market and made separate budget branchwise to cater rural market. The company has specially designed CTV 14 inch and 20 inch category suitable for rural market. Finance package have been designed with 0% interest loans on specific product categories to increase the sales.

In year 2000, the company has achieved the 4th position in term of sales volumes of TV sets. It has exported the CTV to England and Spain.

Samsung has succeed in Indian Market due to mixture of aggressive marketing, increasing product portfolios, use of information technology in logistics and customer services, enhanced productivity and fiscal management.

LG Electronics India Pvt. Ltd.

LG India is the group company of South Korean Chaebol Formerly known as Lucky Gold star. It has started operation in year 1993 by alliance with Bestavision Electronics Ltd. The alliance has not materialise with in 2 years and alliance has broken up. After this LG has tried to strike alliance with C. K. Birla group, which never came through. In 1997, FIPB had cleared the path for Chaebol to go it alone with fully owned subsidiary. The company has manufacturing facility at Noida.

The company follows the sub-contracting policy by which it source Tv sets from eight contract manufacturers across the country.

LG’s brand strength lies in great products at the honest price. The company aims at building a large brand, which is beyond the product self. The company planned to spend 30 – 35 % of advertising budget on giving the LG brand and its products an edge over competition. For product promotion, LG has sponsored World Cup Cricket. LG has opted “reason to buy” differentiation over the “blanket – all approach” taken by other players.

Management has planned for Total Productivity Innovation of 50 %, urges employees at all level to increase productivity by 50 %. Tear Down Re-engineering technique by which employees, especially those at assembly line, are
directed to tear down all process to ground and start afresh by using less time,
more innovative techniques. By this strategy, the cost of products is reduced and
provide better margin. LG is trying to much localisation and indigenisation of
products as far as possible. This will help to safeguard from exchange risk and
rate volatility and cost control.

The management has systematically chalked three phases of operations for brand
developments and product marketing:11

- During the first phase (till 1998), the emphasis was on communicating
global credentials and establish differentiation.

- The aim of the second phase was to build higher awareness with focus on the
"esteem factor" and differentiation.

- During the third phase of their operation (year 2001), the company wants to
build on the relevance and recommendation scores, which result in higher
market shares.

LG’s strategy to make their dealers its partners. LG has started E-Commerce
website [www.lgezbuy.com](http://www.lgezbuy.com) in year 2000. The company has developed 5000 dealers
network of which 2000 are internet dealers. LG sells in 1800 towns and cities
with population of 1 lacs peoples and above. The company has 40 distributors,
3000 dealers, 22 branches and 76 franchisee service centres. It put onus of credit
management on the dealers. This measures not only saved capital but also
indirectly provided an incentive to the dealers to make intelligent demand
projections and make products move faster off the selves.

LG has launched the Sampoorna brand CTV with divangri script on screen
display on 50th anniversary of the Indian independence. LG has introduced 9
CTV model falling under the Golden Eye series, incorporating the best available
technology. The Series has mechanism to adjust automatically brightness,
sharpness and contrast. The platon series has flattest picture tube angle 180
degrees. The swing model has auto swing concept and permit rotation upto 15
degree for better viewing. The Pride model incorporates Nikam audio sound systems. The Supreme model has multi-language on screen display with nikam sound system.

Akai attributes for its success to the fact that it concentrated on volumes and brought down production cost. Akai has studied the Indian market and understood that Indian television market is price sensitive and demand will be increase by price cut. Again due to channel explosion and major all channel are transmitted on S-band – hyperband where as most tv set in India had does not have this facility. Hence there is huge replacement market. Akai has made business strategy by offering CTV set at below psychological barrier price level Rs. 10,000-/- However they have also made exchange offer available with old tv set. This made huge demand for CTV by first time buyers and by replacement of old tv sets. The company was using marketing network of Baron International hence it save time and money on network developments.

Success of Akai was due to its strategy like the company has focus only on a single products segment ie. Television Set and not in any other consumer durables electronics products, manufacturing only 6 models in 3 products segments, sourcing CTV kit from Far east Asian market, low freight charges as factory is located near Porbander port, Gujarat, low factory and R & D expenses and low inventory level.

The market share of Akai has reduced in 1999 due to break up in tie up Baron International (Kabir Co.) . Currently, Akai brand is marketed by Videocon International Ltd.

Sony has presence in India for many years. Their business strategy is to "retain price and increase features in some product range, and retain features and reduce price in others". The Sony brand is known for technology and quality products. The company has made investment in brand building and creating image for quality products. The company’s strategy is to provide wide choice of features in
products and having latest technology. Sourcing of new technology and products design from parent company Sony, Japan this save cost of R & D.

Sony India also had competition with own parent company as there is still demand for imported Japan make Sony television sets in India. The price of CTV is comparatively higher in Indian market due to import of picture tube, low level of indigenisation and offer high tech features. The company is not put up it products in 14 inch and 20 inch tv segment which constitutes major share in tv industry. Sony has Trinitron, Wega series and home theatre systems set. The company plan to concentrate more on flat screen tv model and digital television. The Company is concentrated more on premium range segments ie above 21 inch screen television.

The company is putting in place a network of exclusive network by outlet Sony World to display the entire range of company’s products. They will help the customers as entire range is available at one place and commitment of after sales services. In the past, company has limited distribution network and it had restricted its expansion into smaller towns. Now Sony sells it products directly to authorised dealers in metro and major cities and in small town through distributors. Considering the Indian rural market and its brand strength, the company plans to widen its network in small town and upcoming areas by putting authorised dealers and stockiest.

Aiwa Corporation is promoted by Sony Corporation, Japan with majority equity holdings in the firm. The products are marketed in India by Baron International. The strategy is not to associate with parent company for marketing purposes and compete with own brand and other competitors. By multiple brand strategy, Awia has higher market share than Sony India in television market. Initially, the company has concentrated in 14” and 20 ” inch tv sets. With this Aiwa has achieved 9.5 % market share and gained fifth position in television industry in year 2001. The company has products range from 14 inch to 53 inch tv, pure flat screen tv and plasma display panel tv sets. Aiwa planning to launch a products
that would combine the resolution power of a TV with the maneuverability and
elasticity of a PC monitor.

Aiwa has achieved 5th position in TV industry, due to products available in all
segment of TV, distribution channel of Baron International and technology from
Sony Corporation, Japan.

**Philips India Ltd.** is promoted by its parent Dutch company. The Philips has
international brand image for its electrical and electronic quality & technology
products. The company has launched 15 models of CTV in different segments. The
company has promoted sub-brand i.e. Match line and Power vision. The company
plan to establish as premium brand in this industry. Hence it has restructure its
pricing of each model. Philips wants its brand to reflect technology sophistication.

Philips has increased the number of channel distributing its products range. The
company has appointed institutional distributors, distributors – high value
products, distributors – volume mass products, dealers and stockiest. In low cost
effort to increase penetration, the distributors will appoint sub-distributors to
reach out the remote area with the area they are servicing. Institutional
distributors will market the bulk buyers such as hotels, cross promotions and
defense segments.

Philips’s market share in CTV has reduced from 4.5% to 3.9% in year 2001 due
to weak presence in 14” and 20” inch TV segment & pricing of products.
However, the company has launched few 20” inch model in power vision series.
The company has concentrated more on premium and value based products. The
company is undergoing major restructure exercises with the guidance of
international advisor PwC Coopers and Booz Allen Hamilton for overall business
restructure and brand promotion.

**Thomson Consumer Electronic India Ltd.** is having parent company in
America. Thomson is the one the first player in television industry in America.
Thomson has launched the premium range products with technological features in
India. Recently company has launched multi media television ie two way machine by tie up with Microsoft, Alcatel, Direct TV and NEC, which are all at the forefront of convergent technologies in US. They have develop the television sets suit when signal will be telcast in the digital mode. They have launched the products having technology edge available outside India. In India, more value for money relationship rather than technological edge. The utility aspects is very high in Indian market.

Thomson has launched high value products with technological differentiation in 29 inch to 53 inch television segments where the volume and penetration is low. The company has planned for internet tv, plasma tv, flat tv, internet and satellite reception device tv set and two way tv which requires the justification and education to customers to buy this model. Thomson has created the brand image for technological products but has achieved only 3.60% market share by selling 1.8 lacs sets out of total sales of 51 lacs in Indian market in the year 2001.

National Panasonic India Ltd.

National Panasonic India is subsidiary of Matsushita Electric, Japan. The Matsushita, Japan is promoted by Konosuke Matsushita and presently managed by Kazou Ogishima. The parent company operates with two different brand National and Panasonic depending up the category of products, which range from battery, bulb, television, washing machines and consumer durables. The parent company has made strategy to market the products by National Panasonic India (NPI) and manufacturing activities will be carried out by Matsushita Television & Audio India Ltd. National and Panasonic brand is shared by eight different companies in India. As group matsushita has turnover of Rs. 1002 crs in year 2000-01.

The company's strategy for technology products and ambition in new markets and not quick market share and offer multiple products under one brand. Brand loyalty should be created by technology and durability of products. The company has launched television set in premium range segments. The products are 21", 29"
and 34" Giga of Tau flat screen series with sound woofer. Considering the
customer expectation, the company has re-engineer the television sets and placed
in market. The selling price of the company' television set is comparatively
higher.

The company has 13 stockiest and 500 dealer in national level and linked with
Oracle database, giving the company realtime data and allowing it to adjust
production plan accordingly. The company plans to setup 25 brand shops to
market the company's exclusive products. Presently, company has 6 exclusive
such shops.

As strategy, company has not concentrated to gain market share and volume but
promote technology and value added products. Hence the company has not gain
two digit market share in Indian television market. The company need to lead a
new charge with sharp focus on single concept television products that will act as
the brand's market penetrator.

6.07.03 Comparative study of strategy adopted by Indian Company with
MNC

The consumer electronic industry - television is based on circuits and screwdriver
technology. The basic parameters for the success in this industry is that the
company should have national brand image, products with technological features
and regular upgradation, distribution network developments, mass production and
marketing strategy. Competitiveness is to be created build around the economies
of scale, asset turnover and cost efficiencies. Intangible assets like brand building
and innovation has to be created with the involvement of human resources.
Sustainable edge can be build around employees and customers. Being the
consumer electronic industry, it is very price sensitive. For success, the company
should make the ideal & optimum balance between the technological standard and
price factor will get success in Indian television market

The management has various strategy options and priority before it. These are
ddictated by various factors like type of business, size of company, its financial
ratios, prevailing management policy etc. The company has to create the edge over competition in term of lower cost of products, value additions, innovations and speedy moves of strategy. Product innovation, supply chain management and CRM is the focus to compete in this television industry. The comparative study of strategy adopted by Indian companies with MNC will be on following parameters:

- **Research & Developments**

Prior to globalisation of Indian economy and permission of entry of multinational in electronic & media industry, transmission of television programmes was undertaken by Doordarshan. There was only one black & white channel and relay was also limited period. The Television set manufacturers has developed the the black and white tv set with one channels by use of transistors. The major player had national presence were Bush, Murphy, Salora, EC tv, Crown, Baron, Dynora etc. This company has not made major investment in Research & Developments, products upgradation and multi utility television set. After the permission of private & pay channels and transmission on hyper band, there is need for television sets with multi functional facility. Very few Indain Tv manufacturers had developed the TV sets with required functional facility. Indian company has tied up with overseas company to source technology, basic raw materials and product upgradation. They have not developed its own technology. Indian companies are concentrated only in assembly and marketing of television sets.

After the liberalisation, Indian television market has products from multinational having latest technology such as plasma tv, internet tv, flat tv, PIP tv, Swing Tv, wallpaper tv etc. Now there is wide range of television sets from 14 inch to 53 inch screen having different sound and view systems. MNC approached is research based and long term. Being MNC has global presence, it has economic of scale for R & D activities as it will be at one centre and provide benefits to all subsidiary companies.
BPL, MIRC and Videocon had tied for technology and product upgradation with overseas companies and made own investment in R & D for basic product developments and quality control. Where as Bush, Dynora, Ectv and Baron has not taken step to upgrade their model and has lost its presence in television market. LG, Samsung, Toshiba, Sony, Thomson, Panasonic has strong R & D set up at home country and good budget for technology up gradation to make television set requires in 2010.

• Reduce production development life cycle

The industry indicates that the current lifecycle is about 18 months. Hence management’s has planned to gear up for reduced product development lead time. This means that in any given year, more than half the products in the market need some kind of rejig. Few Indian companies plan to reduce it to 12 months and 9 months by next two years. R & D plays the major role to reduce the product development life cycle and innovation.

In last 3 years, maximum number of products introductions is took place in Indian television market. Videocon and LG has launched around 10 – 12 models in upgrade segments. BPL has launched about 8-9 models and Mirc has around 5 models. Counting all companies together there are around 175 model in this Indian television market. This has happed due to management strategy to reduce the product development life cycle.

MNCs is having edge over Indian companies in long term as they have R & D support from parent company abroad. MNC has higher budget than Indian companies in R & D efforts. As Indian management’s feel that the technology can be brought. Indian companies spends only 1.5 to 2 % of turnover in R & D as compared to 4 – 5 % of international level standard.

• Product innovation and technology products

The company needs to consistently innovate and improvise its products that suit the customer preference and their spending. In the past there were only few
players in the television markets which provide standard model with less functional facility. With the change in television broadcasting and channel explosion, there is need for television set with utility functions. Indian Companies has concentrated and developed the products in lower range in 14 inch, 20 inch and 21 inch model. After the entry of MNC, BPL, Mirc and Videocon has aggressively launch various models in various segment ranges from 14 inch to 54 inch screen size.

MNC strategy to place the brand for technology, innovation and value for money products. LG, Samsung, Thomson, Sony and Philips has concentrated more on technology based products and provide more functional and utility features. They have differentiated their products on technology and not on price cut & freebies. They have placed television sets with unique features like Plasma TV, Internet TV, Flat wall paper TV, PIP tv and 3 in 1 tv.

The Indian companies such as BPL, Mirc and Videocon is functions like multinational by launching of television model in each segment with products differentiation on sound, technology, picture & utility. The company which has entered in price cut and price war such as Akai, Aiwa and Sansui has concentrated only in 14 inch to 21 inch screen size television to attract price sensitive customers. This will not be for longer period. Indian company which has not compromise on price against value and technology has remained in the television market.

• Brand image and developments

Each company has position their brand for competencies, abilities, technology, values and uniqueness. The Indian companies had started with single brand to promote the products and make investment in brand image developments by sponsor and promotion of events. Subsequently, multi brand or sub-brand is promoted under the mother brand to promote the product in various segments with differentiation in features. Videocon has successfully marketed Akai, Toshiba, Sansui and Kenwood brand products alongwith mother brand videocon
due to efficient marketing strategy and distribution network. BPL has adopted the single and umbrella brand strategy for promoting the brand and product promotion. All products are sold under brand name BPL. BPL is perceived as an Indian "multinational".

Whereas MNC has more emphasis while promoting brand on global credential and technological aspects. Thereafter to have consumer friendly, MNC has developed sub brand to promote the television. LG has launched "Sampoorna" television set with devanagri script on screen display.

- **Supply chain management**

Supply chain is one of the main areas in cost efficiencies. BPL wants to improve sourcing of raw materials, logistic movements and after sales services at dealer level. The company plans to reduce the inventory level and finished goods stock at dealer level. The company plans to reduce to 15 days in fast moving products and 7 days in high value products. This supply chain management is efficiently benefited where there is use of ERP \ SAP software and computer network at dealer level for accurate plan for sales forecast and inventory management's. As mentioned earlier, BPL, Mire and Videocon has already started using the computer network at dealer level and ERP at corporate office. LG has planning process for production based on sales plan. LG has 3 month rolling sales plan, where as production has 6 months planning cycle. The sourcing plan has to be carried out for 6 months to order for imported raw materials. Videocon has plan for backward integration by putting own glass cell and picture tube making facility. Due to this operating profit margin is better of Videocon as compared to BPL and Mire.

- **Create competitive advantage**

There are three ways a company can create sustainable competitive advantages. It can compete basis on superior cost, products or services. Many Indian firm still follows the cost \ price strategy and not market price approach. When neighboring country devalue there currency, our cost advantages will be disappears. The
business strategy should be to differentiate themselves by offering unparalleled services. This is far cheaper strategy than to cutting prices. In global market, the quality and price of most products have narrowed to the point where it is only services that distinguishes the companies. As customers need better services and quality products at reasonable price and not cheaper price. Creating competitive advantage in services takes years of painstaking efforts and few Indian companies have had the patience or inclination to do so. It requires the ability of the top management to penetrate into messy details of the business, without losing sight of business plan. MNC have concentrated on value added products. MNC has pulled up the market, catered to high price segments and injected competition. The low price segment remained with Indian companies. As mentioned earlier, all major MNC has launched their television products in higher price segments market with technological features.

- **Informed marketing**

Cost efficient marketing and informed marketing strategy is required in competitive market. Companies are focusing on market and customers related efforts. Mirc is working on effectiveness on dealers network. Penetration in term of company’s dealer viruses competitors dealer in particular area. To track the performance more deeply of dealers, concentration on addressability and extraction of company’s share in the market. The company having efficient dealers network and exclusive outlet will provide effective marketing and save cost on marketing. Indian companies has edge over MNCs due to national presence and dealers network on all India level basis over the period of last 3 decades. Indian Company has root and brand loyalty in rural market. MNC has recently started operation in India and expand it distribution network at metros, mini metro and cities in first phase and rural market in second phase. However more than 60% population are in rural area and penetration level for television is low at rural market. LG increases the frequency of dealer visit and each branch to get more sale and better feedback. LG will have targeted market share for each area.
• Venture marketing

As mentioned earlier, MNC follows venture marketing concept while introducing products in new areas and high technology products. MNC has budget comparative higher than Indian firm for brand and product promotion. MNC first promotes the brands and its international competitiveness, products differentiation on technological aspects, reason to buy and value for money concept. They have long term planning and better sustainable capacity and loss absorbing planning. MNC plans for loss in first three to four years of operations and make payback in five to six years. MNC's concentrated and launched their products mainly on upgrade segment with technological features. This product provide value addition and better margin. Indian firm has limited funds and capital cost is higher comparative with MNC. Hence Indian firm can't afford for such marketing strategy. However BPL, Videocon and Mic has planned their strategy differently and systematically for brand & products promotion. Hence they got success in television industry.

6.08 E-Commerce in television industry

E-commerce is computer related term and it stand for electronic commerce. E-commerce means doing business by using electronic communication device - internet. There are two ways to carry business transaction ie B2B (Business to Business) and B2C (Business to Consumers). Here the business transaction are taken place by use of internet device. Internet will be use for placement of purchase order for materials, making enquiry for quotation, order for final products and display of products and services. However with the help of credit card and banking network, collection and payment is also made possible by use of certain checks.

B2B e-commerce is used for placement of order for enquiry and purchase of raw materials and services as required by corporates. Generally corporates business are took place on this system. Where as B2C e-commerce is used to sell the product to dealers and consumers by the company.
Being the brand has established for standard quality products and network is developed for supply of materials, buying decision is possible on internet. Almost all Indian companies and MNC in television industry has developed the internet web sites for following informations and purposes:

- Display of products and their technical features,
- MRP prices and inclusive of taxes and duties
- Best buying propositions and special relationship programes with customers
- List of dealer and showroom – area wise
- Company’s backgrounds and management’s profile
- Its corporate office and after sales service centres.
- Improve customer care and response time to customer queries.
- Co-ordinate supply and customer relation from several outlets.
- Operate dealers network more efficiently for order, stock, collection and sales.
- Generate export market enquiry.
- Procedures and forms for purchase order placement and payment procedures.

Many companies has developed the exclusive web portals and sites for purchase and sales of television and electronic products. LG has already appointed around 2000 internet dealers for its product marketing. E-Commerce and E-shop is used by TV manufactures for online product selection, payment by credit \ debit card, delivery of products through network. LG offers attractive online financing options through tieup with Countrywide GE. LG has developed fullfledge e- commerce mall for shopping of consumer electronic products. BPL has tied up with HDFC bank for online payment facility and Elbee courier services for delivery services of products.

Customers are benefited due to instant price and product comparisons, display the product with features, online locating the nearest dealers and make positive decision on purchase of products. As high value television sets are not available with all dealers and showrooms which can be displayed on net. As trade took directly, pricing of the products is very competitive and less scope for bargains. Company can take advantage of advanced data exploration from online transactions for more targeted, aggressive, marketing and even to a very large customer base. Business involved in e-commerce may also make economies of scale and scope afforded by the internet. Company is benefited by lower communication cost, reduce time to market for products, allow delivery of many kind of information in digital formats and allow for more fully integrated and broader business alliances.

Generally high value products with upgrade technology are purchased on e-commerce. Dealer can display the television sets and pricing online of various models to customers. This save the stationery & communication cost and dealers is always with updated & latest information about the available products and its pricing.

The company can display products 24 hours and communicate their features to generate the enquiry for television sets. E-commerce has opened the different avenues for marketing the products and display services online. In e-commerce , customer experience will build the brand for the web sites and not just advertising of web sites.
Reference
9 Strategy of Samsung India in A & M, 31-3-2001 page 19.

286