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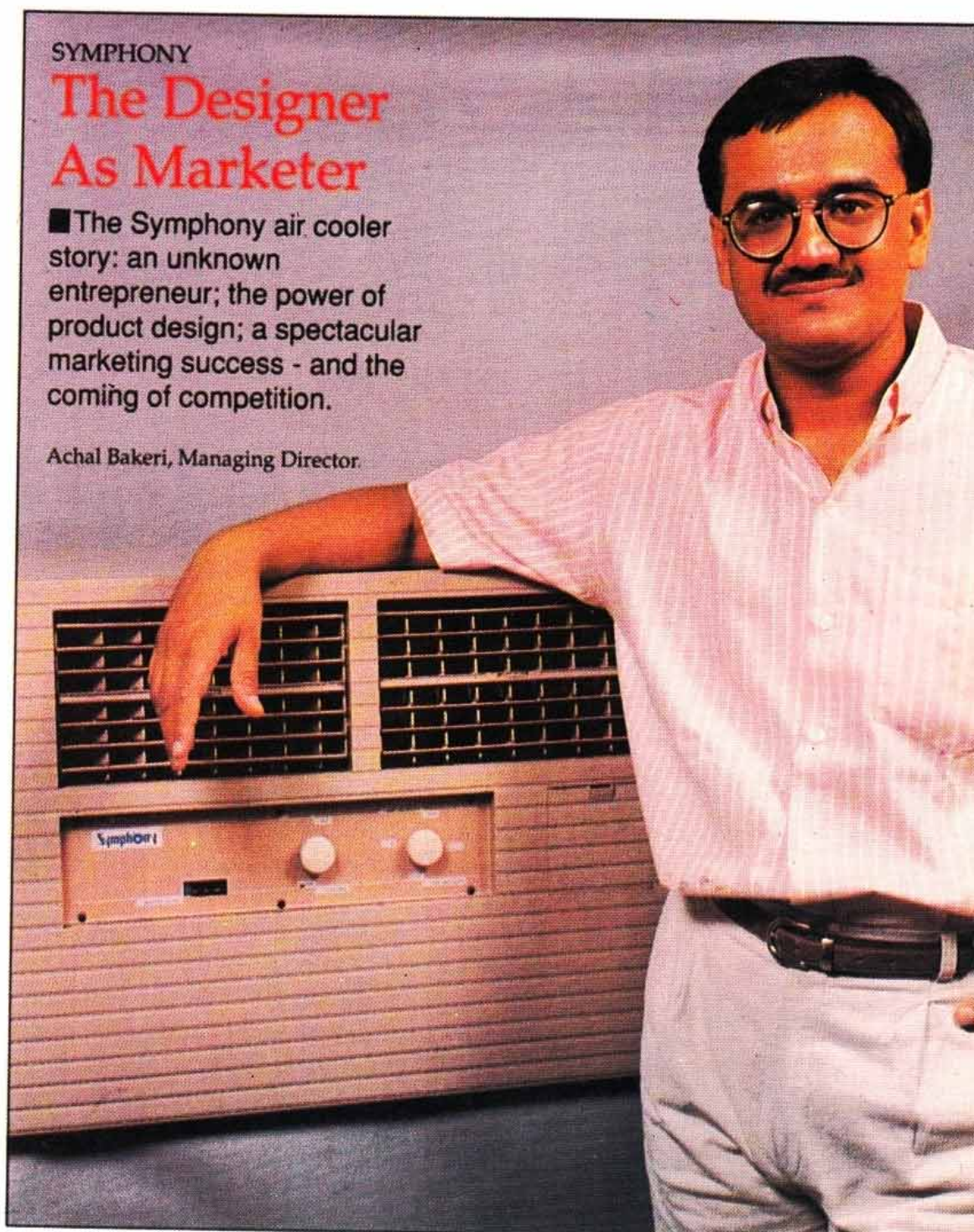
CASE STUDY NIIT

SYMPHONY

The Designer As Marketer

■ The Symphony air cooler story: an unknown entrepreneur; the power of product design; a spectacular marketing success - and the coming of competition.

Achal Bakeri, Managing Director





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THE DESIGNER AS MARKETER

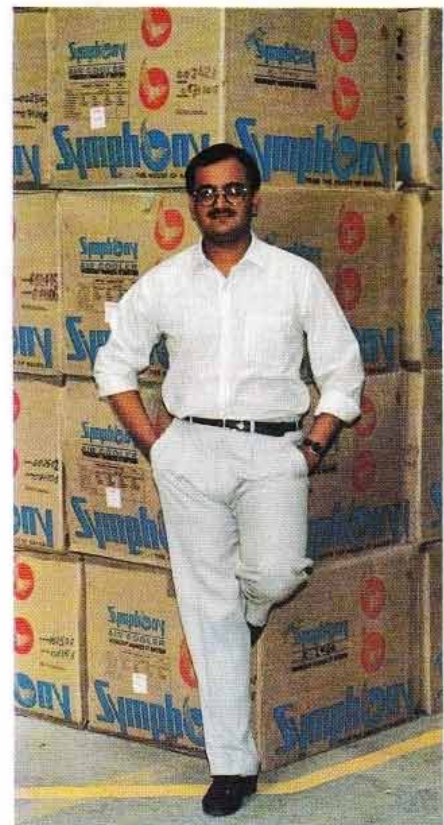
There are clues to the Symphony success all the way up to Managing Director Achal Bakeri's office at the company's large and airy headquarters in Ahmedabad. On the first floor, a visitor will find a stainless wall clock, part of a limited edition crafted by an Australian artist. Straight ahead is a beautiful black and white clock which is disconcerting because it has a pendulum without an arm.



Inside Achal's office there are three more clocks. The one on the wall is very modern. Another is a desk piece with disproportionately large hands. The most intriguing is a jet black clock shaped like a pyramid : three horizontal sections rotate to indicate the hour, minute and second.

What could an obsession with time clocks have to do with a marketing success in air coolers? The point is really about a fascination with form and design, not time pieces. And it is product design that Achal believes will continue to give his company its competitive edge.

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It's an unusual approach to mass marketing in a country where transplanting a product success from overseas is the most favoured route. Innovation in design as a weapon of mass marketing is unheard of, unpracticed.

But it works. Virtually every north Indian middle class home has always had a metal cooler. It is seen as a boring, unattractive device that is a must in the arid, blazing northern summer. Careful product design and advertising have succeeded in making the air cooler attractive, even desirable. Now, it's an object to be flaunted, not concealed.

It is design that will be the corner-stone of Sanskrut Comfort Systems Pvt Ltd's strategy for its expanding product range.

This summer, the three-year-old company hopes to sell about 50,000 Symphony air coolers worth Rs. 25 crore. With the onset of monsoon, Sanskrut will introduce a sleek engineering plastic ventilation fan which is expected to be to the ugly metal exhaust fan what Symphony is to the monstrous desert cooler. And along with winter will come a strikingly designed fan heater.

There is a common theme running through all these product category choices. "After Symphony took off," reminisces the 31-year-old Achal, "we tried to identify that single element in our marketing mix that had made the success possible. We found the answer lay in product design."

And now Achal is clear about his strategy for the future: "We propose to enter only those categories where we can substantially improve on existing products; where our product has a

The advertising spend on Symphony has zoomed from just Rs. 1 lakh in 1988 to Rs. 1.5 crore this summer. While the advertising was generic until last year, with the coming of the competition in 1991, the advertising is now image based.

potential to sell; and where branding is currently poor."

He says he has often been advised to get into the new boom area, washing machines. "But why should I?" There are already too many of the big boys, each selling look-alike machines.

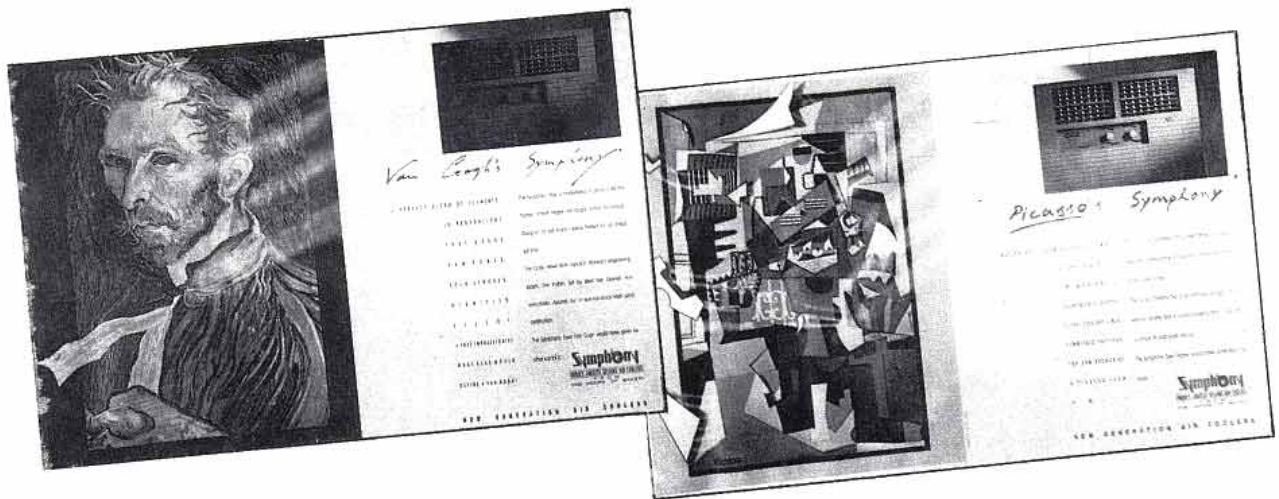
Achal's way of seeing things is influenced by his back-ground. His father, Anil Bakeri, is a civil engineer and among Ahmedabad's foremost builders and developers. Achal himself is a graduate of the School of Architecture, Ahmedabad (with a management degree from the University of Southern California to boot). His wife Roopa is a professional interior designer. His younger brother Pavan, like him, too is an architect. How can Achal not care for aesthetics?

In truth, however, like many fairy tales of enterprise this one too started off accidentally. The family had been wanting to diversify since long and had set up a textile unit but it had turned sick.

In the summer of 1987, when the Bakeris were moving into a newly constructed house, they tried to duct air generated by two large desert coolers. In

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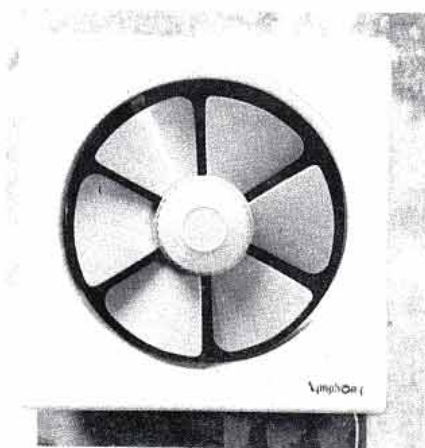


typical dining table chatter family members discussed how ugly and ungainly the coolers were.... Why not make an attractive air cooler?

Achal began exploring the possibilities with a will. He contacted vendors for air conditioners - since coolers weren't particularly popular in Ahmedabad - and visited Delhi, the single largest market for the product. Certain in his mind that the new cooler would have to look like an air conditioner, he knew that the body would have to be plastic rather than metal sheet, the existing material.

For day upon day, he sat with a carpenter who made a master for a fiber reinforced plastic (FRP) mould. That took three months. In early 1988, the first five pieces were created. When friends and relatives who reviewed the pieces reacted enthusiastically, the Bakeris decided to turn out several more coolers and use the summer of 1988 to test market the concept in Ahmedabad.

Four dealers were hastily appointed. The price, Rs. 4,300, was kept deliberately high to make an image statement and distinguish it from existing coolers. (In fact, right through the



The Symphony ventilation fan, which will be launched nationally next month, is a vast improvement on the existing exhaust fan. It has the looks of a winner and is expected to sell 100,000 units in its first year.

advertising has suggested the similarity in looks with air conditioners instead of using the other route of running down desert coolers). Although three-ad campaigns were created in both English and Gujarati, a single ad in each language sufficed; the stock of 900 coolers vanished from dealers' shelves. But Symphony had not been adequately debugged and "that first summer we were more busy dealing with complaint calls than production" recalls Achal.

Although the Bakeris knew that they were on to a good thing, there was a problem. Although by 1989 the large desert cooler made by the small-scale sector ruled the roost, there had been branded - weakly perhaps - smaller coolers in the past. Excise duties - of 36.75 per cent - had more or less killed the larger players. Achal realised that even if his product was better, that kind of burden would prevent take off.

He made representations to Delhi arguing that the existing excise structure had killed the large cooler manufacturer so that the exchequer in any case earned nothing. And the small-scale sector did not come into the net. His pleas worked

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and in 1989, the excise burden was scaled down to 15.75 per cent.

By the summer of 1989, the cooler had been redesigned and made from injection moulded engineering plastic. About 3,000 units were sold that season. While 80 per cent of them were bought in Gujarat, the rest were picked up in neighbouring Maharashtra, Madhya Pradesh and Rajasthan.

Sanskrit still had no infrastructure. In 1988, the small number of coolers test marketed had been assembled in an available building. The following year, the base had been the disused textile unit. And in 1990, nearly 25,000 pieces were feverishly assembled in the basement of a high rise building still under construction.

While going national, most marketers seek to first establish their name in one or more of the metros. But Sanskrit went the other way: it decided to first focus on the smaller markets and build its strength.

A national survey by market research agency SAMIR showed that of the estimated installed base of 12.09 lakh coolers (in towns where the temperature exceeded 35 degrees celsius), half were in class A towns (population: 30 lakh plus). However, last year, only 19.6 per cent of Symphony's sales took place here. Instead 10 class B towns (population: 10-30 lakh) which contain less than 10 per cent of the cooler population hogged 35.4 per cent of Symphony's sales. Similarly, smaller towns too showed an excellent offtake.

Explains Shrinivas Bhat, director, Interact Communications Pvt. Ltd., a Mudra subsidiary which handles Symphony's advertising: "The cost of entry in a smaller town is lower. Besides, since a cooler is still an impulse buy, and consumers go out to buy one only when they feel really hot, they have to be able to find a dealer for the product on that particular day. Now, that's much easier in a smaller town."

The advertising firepower has been steadily rising. Starting with a spend of about Rs. 1 lakh in 1988, the figure was already up to Rs. 1 crore last year. This season, Rs. 1.5 crore will be spent by the middle of May.

The accent of the communication too has changed. Until last year, when it was the only brand, the advertising was generic. This year, with other newcomers playing up product features, Sanskrit has moved on to an image campaign to promote the brand name.

Apart from selling the Symphony name, the advertising may also succeed in extending the buying season. Cooler sales are feverish only in April and May and, says Achal, "at the end of May it is as if somebody has put off the switch."

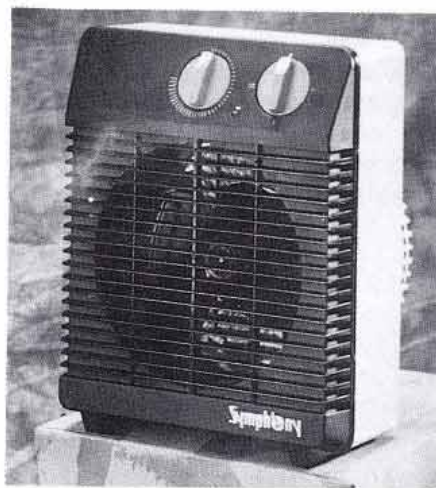
Why is the air cooler still an impulse purchase? Achal answers that the desert

cooler is the preserve of the small manufacturer. And since he sets up his pavement assembly only around March, a consumer can't buy it earlier in any case. Besides the lack of advertising and the low price - Rs. 1,500 to Rs. 2,500 - also encouraged impulse buys.

Sales peak on days when the temperature soars and humidity falls. Just as refrigerators now sell round the year, remarks Achal, sustained advertising pressure should over time help extend the buying period. "This year," says Achal, "we got some large orders in February. Last year, the first sales took place only in March." Symphony's price - Rs. 5,200 - may also compel potential buyers to plan their purchase earlier.

But a gamble it nonetheless is. In the third week of last month, for instance, 5,000 Symphony coolers had piled up in Sanskrit's 40,000 sq. ft. assembly plant, 27 km from Ahmedabad, as the mercury stubbornly stayed put. On that day, the plant held Rs. 8 crore worth of raw materials and Rs. 2.5 crore of finished goods. Says Achal: "If there's a cool summer, a company can be left holding stock worth crores for a full year. Imagine the interest. You have to have financial muscle if you want to be big in air coolers."

The dangers of being too successful too early have also been illustrated by the Symphony story. The entrepreneur's nightmare is to sell a concept only to find that much bigger fish have rushed in to devour the spoils after he has developed the market. This year, a number of me-too products from Delhi have entered this revived product category. The most well advertised is Reverie, made by Balram Steel Udyog Ltd. Another is Nachi Cool Mate, from Nachiketa Electrogen Pvt. Ltd. There is only one big name from Delhi and that's Usha International Ltd., which is marketing air coolers under the Usha Lexus brand name.



This winter will come the sleek Symphony fan heater. If at the premium price of Rs. 1,500 it sells well, it will demonstrate clearly that there is a strong market for well-designed utility products.

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While Gajender Sharma, marketing director, Nachiketa Electrogen, talks grandly of selling 20,000-25,000 units in the first year, the brand's advertising is hopelessly weak and could well put it out of the running. O.P. Saklecha, managing director of Balram Steel Udyog, too says his target is 20,000 units this year and claims to be No. 2 to Symphony.

In contrast, Usha is testing the waters this year, says S.K. Wadhwa, the company's executive director, adding that he will be content with sales of 3,500-4,000 pieces. If the feedback is positive, the company might set itself a 20,000-unit target for the summer of 1992. Wadhwa feels that the hyped up advertising - comparing the product with air conditioners - might raise customer expectations far too much, putting them off in the long run.

While these manufacturers talk of combined sales of 100,000 units in 1991, unless it is an extraordinarily long and torrid summer, 75,000 units seems a more plausible target.

The one new player Sanskrut will really have to watch out for is Videocon, whose approach is also the most intriguing. This year the company has launched its Little Cooler in Bombay where traditional coolers hardly sell. Claiming that this 'personal cooler' is ideal for humid conditions (read coastal areas, a strict no-no for existing coolers) the product is being sold for Rs. 2,390. Videocon's Product Manager, Ashok Sharma, claims that they plan to market 50,000 units of the little ones this summer. Next year, Videocon proposes to launch a full range of coolers. The target is more than ambitious for 1992: 300,000 air coolers.

Achal isn't in the least perturbed by the me-toos of Delhi. He believes that his product is the best and proposes to keep on improving it with every passing year. For instance, this year Symphony offers three options - two window models (with varying fan speeds) and one floor model

that's meant for large spaces. Next year may see newer models. With nearly 1,200 dealers this year, the network is about twice as large as last year. Moreover, roughly 250 service centres have been started among dealers.

As for Videocon, Achal says that "I find it difficult to believe that they would copy our product like the others. They are too big to try something like that. I hope I am right." Possibly, but the point is still that Sanskrut will have to face a rival many times larger than itself.

Size is ultimately important and Sanskrut's expanding of its product range with the imminent launch of its ventilation fan in June comes not a monsoon too soon. At an introductory price of Rs. 850, priced a couple of hundred rupees higher than existing exhaust fans, the new Symphony offering looks like another winner.

The exhaust fan market is large, about five lakh pieces per annum. But most manufacturers have been so preoccupied with their main line, ceiling fans, that they have done little to advance this category either in terms of branding or design.

A number of companies have jumped into the fray with me-too products this summer. The only real threat could be posed by Videocon which has introduced a 'personal cooler' this season and proposes to introduce an entire range of coolers next year.

Apart from being a generation ahead in design, the Symphony model is made of plastic, and is easy to clean (any housewife can remove the blades). Most important, it leaves no gaping hole in the wall since louver-boards-overlapping strips of plastic - seal the outside world when the fan is off. Backed by a TV campaign, Achal is positive that he will do 100,000 pieces in the first year. A significant percentage of that number, he feels, will come from expanded usage. Today the product is used only in toilets and kitchens: tomorrow it could be bedrooms and drawing rooms as well. Similarly offices which don't use exhaust fans currently may opt for it too.

The Symphony fan heater - 'heat convector', the common term, is a misnomer - will be introduced this winter but faces production constraints since the instrumentation cooling fans that go into it are not adequately available. Achal again expects it to sell up to 50,000 pieces in the opening year. But the price at about Rs. 1,500 is steep, substantially higher than the competition.

If the fan heater attains the kind of popularity the Symphony air cooler has, it will make a strong point about the importance of product design. In a survey of customers and potential buyers of existing fan heaters by SAMIR, respondents listed factors of power consumption and safety as the primary considerations. Design was not rated as important at all. If consumers nevertheless drool over the Symphony fan heater and are willing to pay a sharply higher price in spite of their apparent indifference to matters of design, it will prove indisputably that the Indian middle class has a greater sense of aesthetics than marketers have credited it with.

- SREEKANT KHANDEKAR in Ahmedabad and MANISHA AWASTHI in New Delhi with inputs from MUKUL MUNISH in Bombay