
CASE 3 COLOUR TELEVISION: THE BUYER'S BEHAVIOUR

Objectives

- The case should help you in understanding the buyer behaviour in depth, so as to identify the Consumer needs,
- Also to identify the gaps in consumer needs, so as to accordingly position the product in the minds of the consumers.

Structure

- 3.1 Introduction
- 3.2 The Competitive Environment
- 3.3 IRS Data
- 3.4 Market Dynamics
- 3.5 Competitive Positioning
- 3.6 CTV Buyer
- 3.7 Buyer Behaviour
- 3.8 Discussion Questions Exhibit: Colour Television Buyer Behaviour

3.1 INTRODUCTION

An Indian company wants to enter the colour television market. The company has been promoted by a group of NRIs with interests in the Gulf and this would be their first operation in the Indian market.

The CTV market in 1998-99 has been estimated at 3.5 million units with a value of Rs. 5,200 crores, growing at 29%. The major brands include

Brands	Share	Growth
Indian	50.0%	-5.7%
Japanese	24.7%	-0.4%
Korean	13.9%	6.7%
European	11.5%	0.5%

There are 3 distinct segments: Economy (< Rs. 10K); Popular (Rs. 10K to Rs. 20K); Premium (>Rs. 20K) with screen sizes: 20/21": 79%; 14": 16%, others: 5%. The CTV/ market is driven by technology, features, price and perceived value for money and the market is on an upswing with 8-10 major brands.

Almost all the major players have recently introduced the latest digital technology based CTVs.

3.2 THE COMPETITIVE ENVIRONMENT

The major Indian brands include: **BPL, Videocon, Onida** taking 44.4% of CTV market with a high brand recall.

- BPL: market leader (18.4%); customer perception closest to 'ideal' brand the Indian international; high on technology, cuts across all consumer and price segments
- Videocon: market share: 17%; grassroots-to-global' strategy; lost out to Akai. on price war; current focus: market penetration



- **Onida:** 'neighbour's envy, owner's pride'; high visibility; perceived to be low on technology and is the longest survivor in the CTV market today.

The major Korean brands include

- **Samsung:** latest global technology, advanced features; perceived to be exciting; enjoys a high 'conversion rate'
- **LG:** strong 'India commitment'; innovative features; aggressive advertising and promotion; low ownership and word of mouth
- **Daewoo:** dealer supported; excellent picture & sound quality; low on durability and promotion
- **New features:** 'technologically superior' (to Indian brands) market perception with the Korean segment, a relatively late entrant and the only growing segment.

The major Japanese brands include

- **Sony:** the 'most aspired for' CTV but high price leads to low actual purchase,
- **Panasonic:** overall excellent quality, low awareness, poor dealer support and word of mouth
- **Akai & Aiwa :** created market stir and new dynamics with aggressive pricing and promotional strategies
- These brands are perceived as best technology, wide product range offer, global and Asian dominance, with Akai and Aiwa creating a price war in the category

The major western brands include

- **Philips:** one of the first MNC brands; high overall brand awareness and 'old loyalties'; aggressive attempt to 're-establish' market dominance, high-end models (Plasma, etc.)
- **Thomson:** trusted name; exceptional quality; good dealers' stock the brand; low awareness and ownership
- These brands are fighting a losing battle amongst the Asian tigers

3.3 IRS DATA

- 21% of urban households own CTVs (rural 2%); urban share: 79%
- Amongst urban C&S households, only 49% own CTVs (rural: 10%)
- 20% CTV ownership amongst nuclear families
- **CTV ownership:** SEC A1: 70%; SEC B2: 36%; SEC C: 22%
- **Pop. strata:** > 40 lakhs : 32.5%; 5-10 lakhs : 21.2%; 50K-1lakh : 15.7%; rural > 5K : 6.3%
- CTV decision: Jointly : 64%, CWE : 29%

3.4 MARKET DYNAMICS

- 30 year history of brands that 'lived and died'
- Market peaks during festive and marriage season, major global and national events, etc.
- Market highly price and promotion sensitive (exchange offers, cricket and event related promotions, etc.)
- High noise levels and clutter (Est. advertising spend: Rs. 230 crores); high brand awareness; by & large feature led communication
- CTV: a rational, pre-meditated purchase decision
- Increasing C&S penetration: 1995 : 22%, 1997 : 34%, 1999 : 44%
- Growth of regional channels, sports channels, Zee, etc.
- DTH expected to create another 'revolution'



- Convergence of technologies; the single window 'solution',
- The market dynamics are changing; margins are being hit by increased price sensitivity thereby reducing the 'secondary market'
- New technologies like digital technology, flat screen, HDTV, VGA TV, etc, have recently been introduced in the Indian market
- Technology is perceived as better performance and viewing experience
- CTV buyers depend on dealer word on new technologies; features get 'confused' with technology
- International technology is perceived to be superior (Japanese and Korean are the benchmarks); Indian technology based mostly on Japanese tie-ups and without foreign tie-up, the Indian brand is not considered premium
- Chinese technology and brand (Konka) has recently been introduced in the Indian market
- Proliferation of consumer finance companies making finance easily accessible • Price erosion in all price segments
- Growth arising through up-gradation from B&W to CTV, single ownership to 2 or more CTVs per households, and up-gradation from small screen size to large screen sizes

Screen Sizes

Screen	1997	1998
14"	14%	12%
39%	37%	
41%	43%	
> 25"	6%	8%

3.5 COMPETITIVE POSITIONING

- BPL: Believe in the best
- Videocon: Bring home the leader Onida: Ever seen a television like this
- Sony: It's a Sony
- Panasonic: The world prefers it
- Akai: Redefining the value of the Rupee
- Aiwa: Rules your senses. Rules the world
- Sansui: Better than the best
- Samsung: Challenge the limits
- LG: Face of the future
- Daewoo: The next generation
- Phillips: Let's make things better
- Thomson: No. 1 in USA

3.6 CTV BUYER

- SEC A, B & C households across all town class and in certain rural markets



- **3 segments:** B&W to CTV (52% and price driven); CTV to CTV (28%); new CTV buyer (20%)
- 48% aware and brand conscious
- Entertainment the driving factor
- Initial decision by all members of household
- Actual purchase by both male and female heads of household
- Quick purchase once decision taken to buy/replace the set

3.7 THE BUYING BEHAVIOUR

- Consumer mostly focussed and clear on what brands he wants to choose from
- Brand salience very important to be in the first consideration set, as also word of mouth and friends/relatives experience
- Starts with 4-5 brands, checks out with friends and relatives, short-lists to 1.8 (average) brands which are examined at dealer level with respect to feature, price and promotion offers
- 40% of all CTV buyers end up buying the brand they had in mind at the outset with 48% having a clear preference for a single brand, 31% looking at 2 brands
- Dealer 'hopping' has reduced and dependence on press advertising increased in the decision making
- Buyers usually make a trade-off on price and features
- Factors influencing brand choice: CTV looks 64%, popularity 44%, company reputation 40%, brand available at most 'favoured dealer' 37%, latest model 36%, word of mouth 33%, friends/relatives recommendation 32%, dealer recommendations 29% features highlighted 28%
- Brand perceptions: Company reputation - BPL 32%, Videocon 21%, Philips and Onida 19% each; international brand: Sony 21%, followed by Samsung, Thomson, Akai, LG
- Brand preference

	Considered seriously for purchase	Most Favoured Brand
BPL	44%	23%
Videocon	25%	6%
Onida	22%	8%
Philips	15%	6%
Sony	15%	8%
Akai	14%	3%
Samsung	12%	3%
Panasonic	7%	2%
Thomson	7%	2%

- Conversion ratios (awareness/being considered to purchase):
Videocon : 64%, BPL : 48%, Onida : 45%; Akai and Samsung : 69%, Philips 53%, Sony : 27%.

3.8 DISCUSSION QUESTIONS

- 1 What should be the Entry Strategy for the NRI promoters?

2. Identity the gaps in consumer needs which the NRI promoters can aim at.
- 3 Suggest an appropriate brand Positioning strategy for the new brand





Exhibit I

COLOUR TELEVISION BUYER BEHAVIOUR

The sampling was by brands and the findings are weighted by the sales of various brands during the study period. However, we have 52% of the CTV buyers as those shifting from B/W sets, 28% as those replacing CTV or buying an additional TV and 20% of them as those buying a TV for the first time. These figures match the estimates of the contribution of these segments to the total market for CTVs.

Therefore, we can be very confident about the sample being representative of the CTV customers.

The exchange offers have directly expanded and the CTV market by little over 4%. However, their impact on advancing of purchases is difficult to gauge.

Totally 64% of the buyers had in mind a brand that they preferred to buy, at the very outset. This is an increase from the 49% registered in 1995. The search process is common across all buyers. But the indications are that the search process is very short and once the decision is taken, the purchase takes place very quickly.

Nearly, 40% of all CTV buyers land up buying the brand that they had in mind at the outset. This is the segment that is clearly influenced only by friends/relatives and the advertisements. While contacts with dealers is possible even before the final decision to buy, this segment is likely to have been influenced the least by the dealers in terms of brand choice. That leaves 60% of the others who either decided on the brand to buy after going into the search mode or changed the brand they originally had in mind after going into the search mode. Virtually, every one in this segment is influenced substantially by the dealers.

As many as 48% of the CTV buyers have a clear preference for a single brand. This preference is such that they don't seriously evaluate other options at all. Focus on a single brand to the exclusion of the others happens in the case of those who decide on the brand after they decide on buying a CTV. To visualize this process, we only need to think of those who see a brand at a friend's place and develop a preference for it or those who simply go by the brand that a friend or a dealer suggests without going into the merits and demerits of the brand vis-a-vis others.

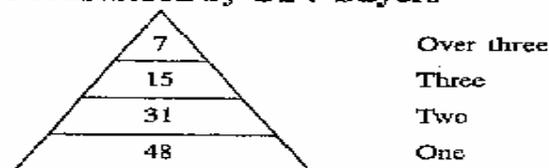
The point here is that the focus on a single brand could be influenced by friends, dealers as well as advertisements. A clear example of this influence of advertisements is the person responding to a fabulous offer from Akai.

The other 52% of the buyers evaluate two or more brands seriously before finally buying a brand. The overall average of the number of brands seriously evaluated is only 1.8.

There has been an increase in the number of brand options available to a CTV buyer in India since early 1995, both by way of actual availability as well as wider awareness of availability.

Given the large number of highly credible and exceptionally attractive offerings, the expected outcome would have been confusion, indecision and difficulty in choosing one. But on the contrary, the CTV buyer today seems to be clearer and more focussed on what he wants, than what he was in 1995. 64% of the buyers in 1997-98 had a specific brand in mind at the outset, as against 49% in 1995-96. We have 48% of the CTV buyers shutting out everything but a single brand and an average buyer considering just one other brand besides the one he ultimately buys.

Number of brands considered by CTV buyers





- a) The CTV buyer has become more aware of the fact that he has a range of world class brands and proven Indian brands to choose from. Therefore, the risk perception related to buying a "lemon" has diminished dramatically.

He knows that he will not go very wrong on any of the major issues if he chooses any of the host of reputed brands that are on offer.

- b) The finding in 1995 was that the cost of a CTV set was no more being seen as a substantial investment, as CTV purchases had become "common place". This tendency would have been further reinforced in the normal course itself. With the dramatic drop in prices and the availability of large screen and feature-rich sets at prices inconceivable in 1995, the buyers are aware that they are now getting better sets at lower prices. This has further reduced the risk perceptions.
- c) The most dramatic change in the CTV field since early 1995 is the amount of information that is being made available to the buyer. The CTV buyer in 1997-98 was bombarded with a wide range of propositions which offered complete information to him, up front. It was not just Akai which did this, though their's was possibly the most dramatic. Every major brand in the country made attractive offers through advertisements which had complete information on what was being offered. A large number of CTV buyers responded to these offers. Such people did not have to go deal/bargain hunting from one dealer to another because the same offer was available with a host of dealers and these dealers were always identified in the advertisements. Considering this, it is not surprising that shop-hopping has come down further and the dependence on press advertising in decision making has increased.

Contrary to the widely held perception in the CTV marketing circles, 70% of the CTV buyers visit only one shop in buying a CTV. It was 66% even in 1995.

This is not really as surprising a finding as it can be made out to be, as the following shows.

- i) As explained above a sizeable chunk of purchases of CTVs are in response to up-front offers made by manufacturers directly to customers. The price is the key aspect of these offers. The dealers are identified in the ads and all that the customer has to do is to pick the most convenient dealer -among those referred to in the ad.
- ii) The dealer have always made their own offers. So for those who respond to these offers, there is no need to go to other dealers.
- iii) Then we have the tendency of the customer to go to a known dealer for advise or for a good deal or for instalment purchases. Then there are those dealers who are known to offer the best price and the dealers who offer the widest range. There are again reasons why specific dealers are chosen. And once such rationales come into play the question of going from one dealer to another does not arise.
- iv) In smaller cities and towns, as well as in villages, the credible dealer options will, in most cases, be only one.
- v) The dealers, now, are acutely conscious of the fact that a mistake in the offer they make to the customer could lead to not only a loss of that customer; it could also be a loss of many others that the customer may influence. Therefore, the dealers monitor the market prices closely and ensure that their best offer is truly competitive. Many in fact display their best offers openly. This openness, together with the other factors drawing the customer to a specific dealer, makes it unnecessary for the customer to go to many dealers.

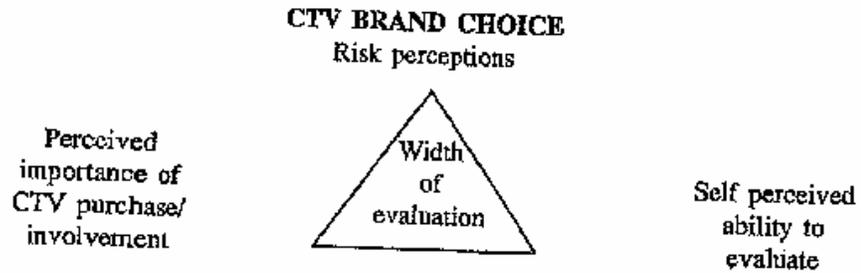
But we must remember that as many as 30% of the buyers do go to more than one shop and it is too sizeable a segment for anyone to ignore.

The natural corollary of the above changes is that a larger proportion of the buyers are buying brand that they most favoured at the outset. In 1997-98 as many as 39% of buyers bought the brand that they most favoured at the outset as against 25% in 1995, As for the overall structure of the purchase process there aren't any dramatic changes. The CTV buyers still go into a search mode after deciding to buy: The dominant influences are still friends/relatives, dealers and advertisements in that order. But there are changes beyond the basic structure. The dependence on advertising, especially newspapers, has increased substantially. The extent of consultation/search has become limited.



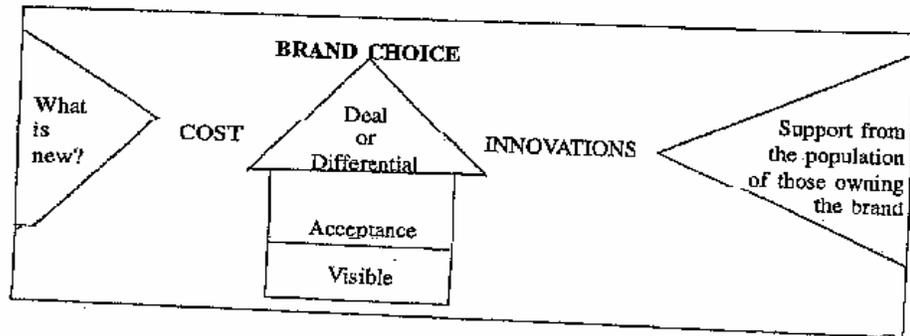
The number of those who decided quickly and/blindly on the basis of just one consultation with a friend or a dealer has increased dramatically.

The implication of all this is that every CTV buyer simplifies the choice process to match his ability to evaluate. This does not mean that all those who considered only one brand are least capable of evaluation. There are those who think that the purchase of a CTV is no big deal and they could purchase the first brand that seems interesting without going very wrong. Most of those who respond directly to offers from brands will be those of this kind. Then there are those who realize that the options are too many and the evaluation is too technical for them to handle and do one of simply imitating a purchase by someone they trust or buy that which is suggested by someone they trust.



If we take this logic forward, the proportion of those who won't look beyond a single brand will only increase in the future.

The emphasis on that which is the latest will increase at the cost of that which is widely owned and proven. There is, of course, nothing like getting the latest from that which is widely owned and proven.



The point is that both the customers who evaluate as well as those who recommend, will focus on that which is the latest. Therefore, being contemporary by way of features will be the basic cut-off point. This will put pressure on brands. No brand will be able to rest on its laurels. This, in turn, will increase the pace of changes.

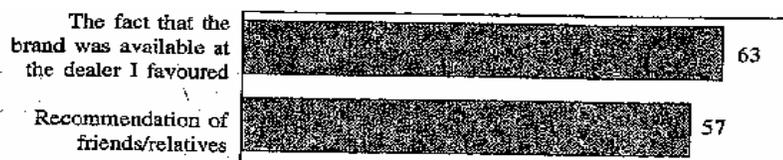
The ease with which the word-of-mouth supporting widely tried and tested brands can be bypassed has been amply demonstrated by Akai. The acceptability criterion was only the "Akai" brand name. The rest was taken care of by the dramatic deals and the visibility given to them.

Thus the colour television market in India is moving quickly and surely towards the global phenomenon that sustained survival will largely be a function of costs and innovations.

Influencers in brand choice

Overall 70% of CTV buyers admit to being influenced by friends/relatives. As many as 50% of them refer to actually having seen a set at friends'/relatives' houses,

Sources of influence in deciding a CTV brand structured response



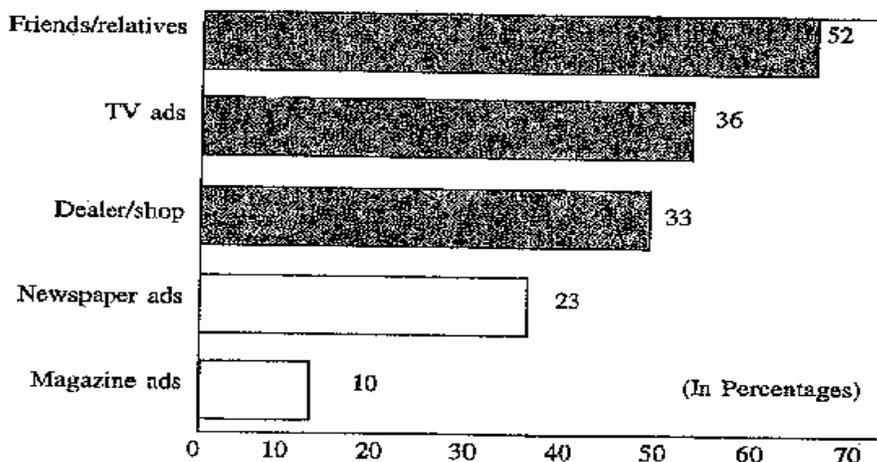


- dealer I favoured
- Recommendation of friends/relatives
- Recommendation of dealers
- Features of the brand seen/ explained at the dealers
- Features of the brands high lighted in the ads
- Recommendation of technically knowledgeable

The dealers possibly have become even more important than in 1995. As many as 60% of the customers report being overtly influenced by dealers. Some 50% of the buyers refer to being influenced by the features of the brand as seen at the dealer outlet.

In other words, virtually all the buyers are influenced by what they have actually seen of the brand either at friends/relatives' houses or at the dealer outlets.

Sources of information used in evaluating brands



As far as advertisements go, 48% of the buyers admit to being influenced substantially by what they see in the advertisements. But this is the direct influence of the advertisements.

A sizeable proportion of recent buyers have been influenced to buy new brands by friends/relatives. The brand recommended is not always the one owned by friends/relatives. Even otherwise how did the friends/relatives land up buying a new brand? The point is that there is direct and indirect evidence to indicate that the influence of advertisements is substantially more than 48%, if we take the indirect influence also into account.

Thus we have a situation where a CTV brand will have to consciously enlist the support from advertisements, dealers and the word-of-mouth channels. Over the medium term, the role of advertising will get accentuated because of the following reasons:

- a) Innovations in terms of features will need to be presented to buyers and influentials continuously, for brands to retain their status. Given the intensity of competition, one-upmanship on this account will become the foundation of premium brand strategy.
- b) Deals/offers/schemes will continue to dominate in selling the brands/models in the volume segments. Though the room to come up with dramatic schemes/offers will shrink, the customer and dealer expectations, the desire to exploit a proven formula



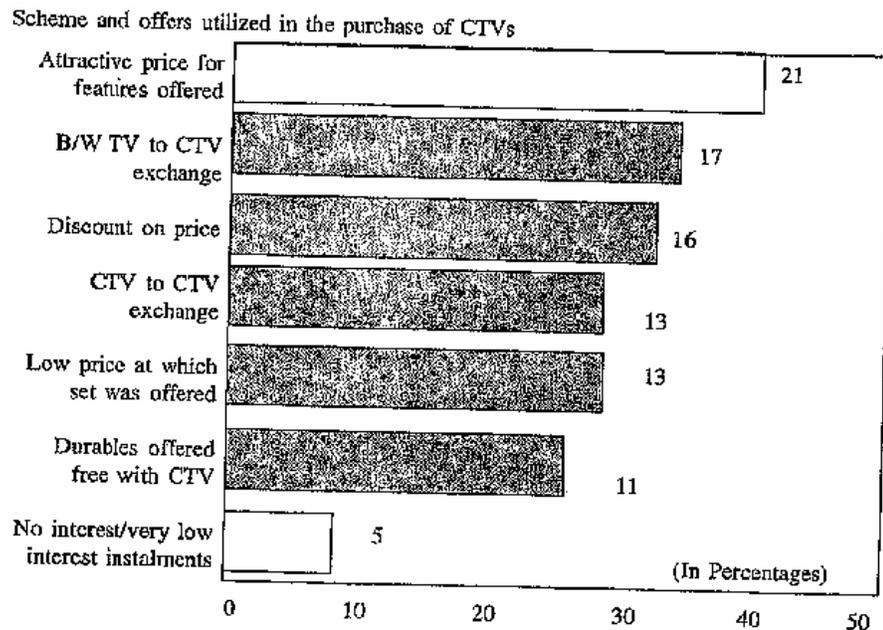
for selling and the competitive pressure will keep it going full' blast atleast for the next one year. The returns, however, will definitely not match what was seen in 1997-98.

All this will increase the dependence of customers on advertising. Given the need for details and hard copy, the importance of press advertising will increase further.

Price/discounts/exchange/gift offers

The most remarkable finding from the study is that nearly 90% of the respondents referred to price, discounts, exchange or gift offers as being involved in their purchases. This is definitely not a sudden development. That prices/discounts/offers vary across dealers has been known so widely that even villagers would refer to the price differences that there will be among dealers in a city and across different centres. Therefore, the difference now is that many brands have taken the discretion out of the hands of the dealers by offering such things directly to customers.

Scheme and offers utilized in the purchase of CTVs



The implication is that it will be virtually impossible for a brand to survive without being active on this aspect of marketing:

The reference to prices varies across customers. The reference to "low prices" could be because of discounts or because a set is priced low. The same is applicable to the reference to attractive/reasonable price except that it is with reference to what is being bought and could apply even to a premium brand. But the very fact that a Sony or Panasonic or Samsung is referred to in this context implies a "special price" or discount.

That very few CTVs get sold at their MRP has always been widely known. The only point here is that we have a quantification of it.

Brand choice considerations

The looks of a colour television set has always been a major consideration in its choice. The current study shows that it is the most consideration in brand choice. In the open ended format, at 66%, this is the most- frequently mentioned attribute in brand choice. In response to the structured question, 64% of the respondents said that they were most influenced by exceptional looks of the set. If we take "most influenced" and "considerably influenced" responses together, it adds upto 80%.

65% of the respondents have associated outstanding looks with the brand bought, in the differentiation ratio analysis. Evidently many of the buyers see more than one brand satisfying this criterion. But it is still among the top six criteria in terms of salience.



And among those criteria which the Customer can directly see and judge, this is the most salient. It would appear that Seeing has the most to do with believing in CTV brand choice.

The implication is that a set must look good to be considered for choice by most of the CTV buyers and in a large number of cases exceptional looks makes the difference in choosing from among several sets which are otherwise closely matched.

The importance of exceptional looks on brand choice can be summarised by the structured rating given to it as, by far, the highest for any factor at 1.5, as against the rating of 1.2 for the second rated criterion.

Interestingly, the second most frequently mentioned consideration in brand choice, by way of unaided responses, is the "good sound quality". Good sound has always been a major issue in brand choice. However, the fact that it is spontaneously being mentioned more often than picture quality emphasizes its status in brand choice. This is not to say that picture quality is not important. It is. However there is an element of taking its importance for granted. It is also possible that distinctiveness of brands on picture quality is not being communicated as clearly as it is being done in the case of sound. Thus the point is that distinctiveness on sound is clearly perceived and consciously sought.

An advanced sound system is associated with the brand they bought by 60% of the respondents, making it one of the most relevant criterion in brand choice. It is also among the top ten criteria in terms of salience.

Picture quality, obviously, is a major issue still. At 56% it is the most frequently mentioned factor in brand choice. For a customer, differences in picture quality would be hard to discern. So the customer assumes that if the brand is outstanding on the other criteria it will be so on picture quality.

The above conclusion is supported by the fact that excellent picture quality is the criterion that is most associated with the brand that is ranked as the best.

"Excellent picture quality" is also among the most salient along with "outstanding looks" in ranking a brand as the best. Interestingly, the buyers tend to put price, looks and advanced features ahead of picture quality in deciding on the brand to buy. However, picture quality is still among the top ten criteria by way of salience even for the brand that is bought. In other words, the choice set of brands would clearly include only those whose picture quality is considered to be good, if not the best.

It is interesting to note that as in the earlier studies, the emphasis in the North is on "natural/good colour" and not on picture quality whereas in the South it is on picture quality. Elsewhere, both are emphasized about equally. It is important to keep this consideration in mind in communication.

A remarkable finding in this regard is that as many as 44% of the buyers have mentioned "more number of channels" as a major consideration in brand choice. Clearly there is an acute perception that the number of channel options available in the country is growing dramatically. Therefore, the more number of channels, the safer the buyer feels about his set not getting outdated fast. The indication is that more number of channels also signify a more advanced set.

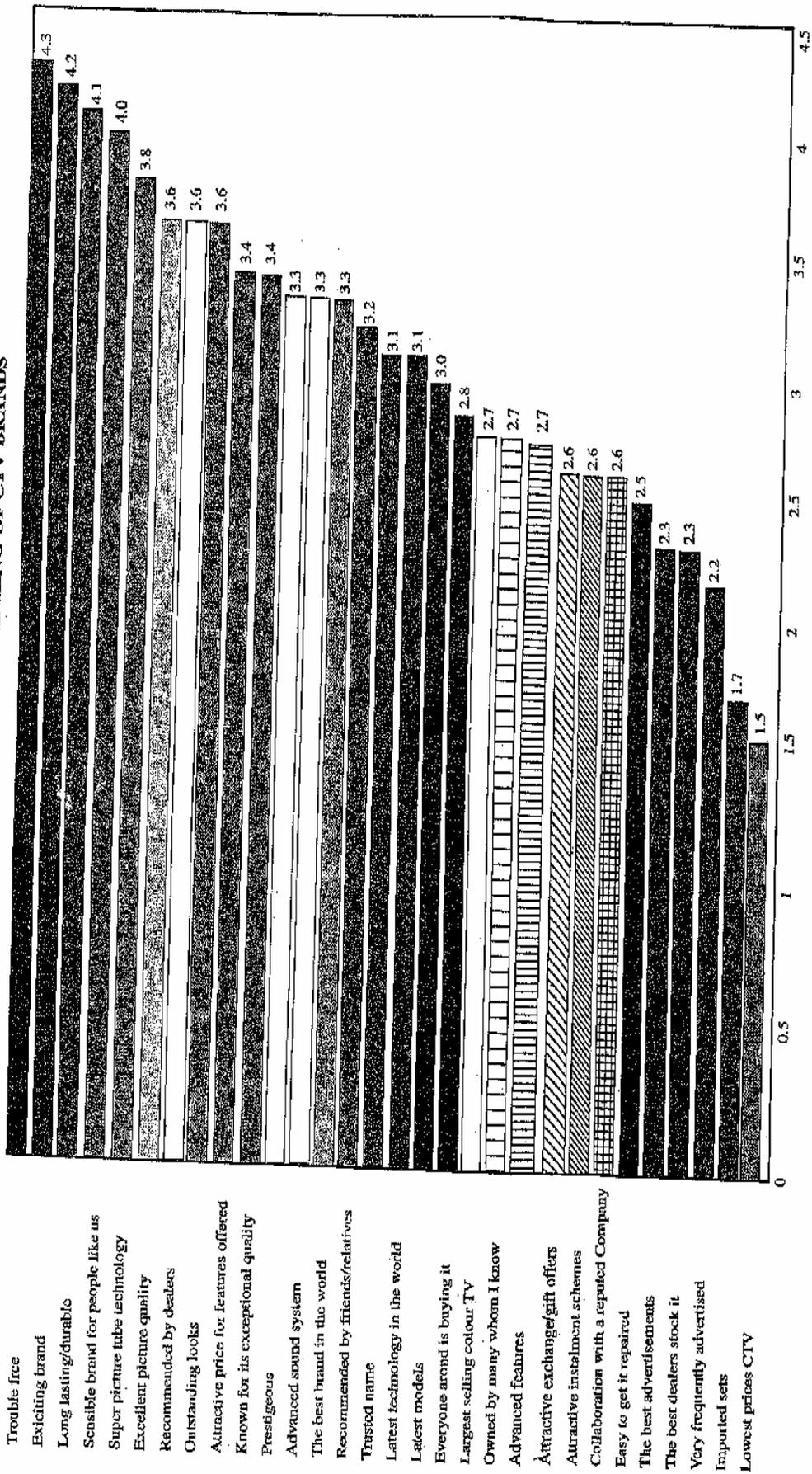
Therefore, as in the case of many features, the issue is not really of how many channels really make sense in a particular context. The issue is, *if the number of channels on your set is less than what it is in the case of other brands, your set is likely to be seen as technologically inferior and vice versa.*

The next most frequently mentioned factor in brand choice is the remote control. As an unaided response it is mentioned more frequently than even reputation of the company. The point, therefore, is that the remote control is a major consideration and the capability of the remote control will again have an impact on the perception of how advanced the set is.

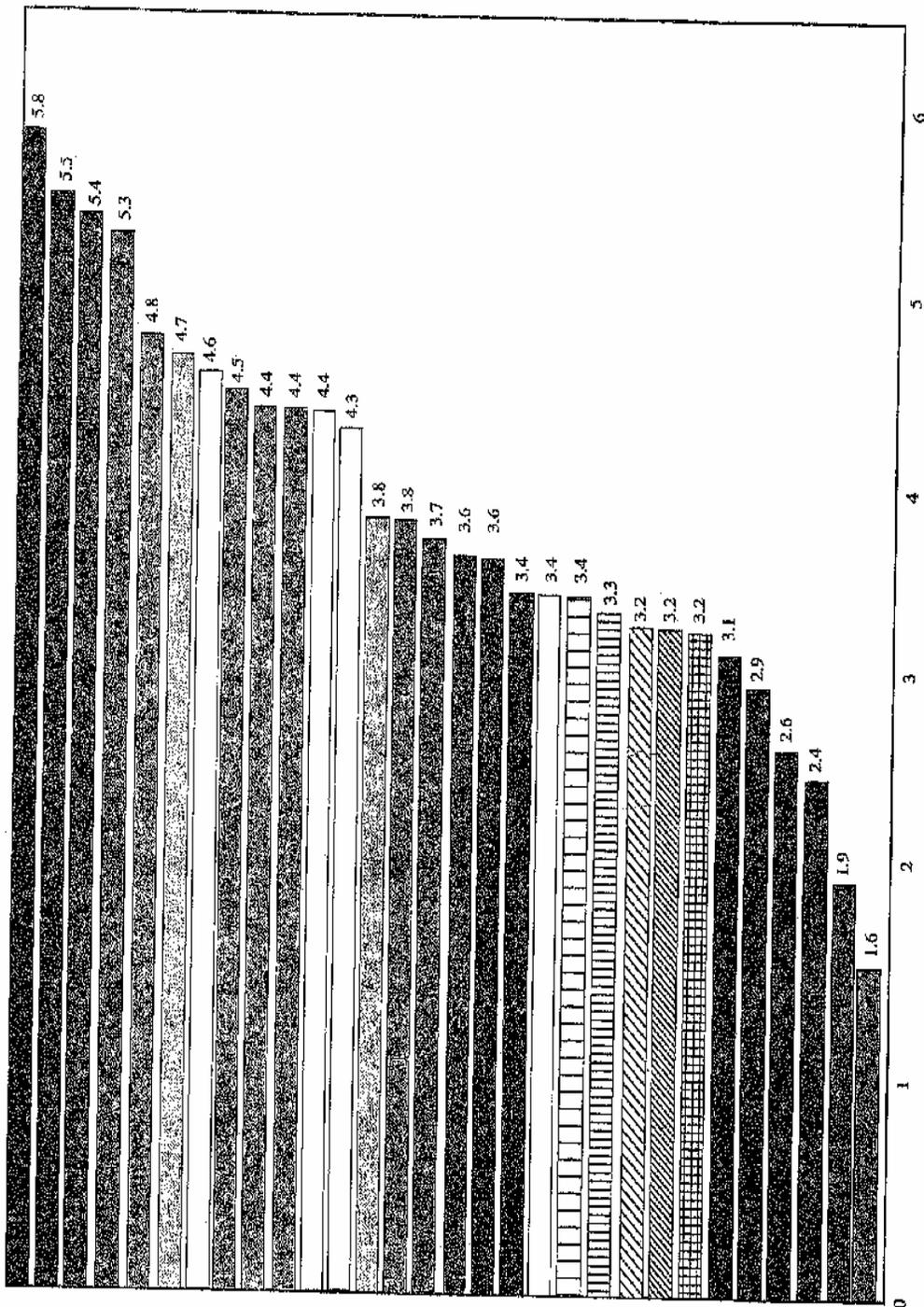
It should be noted here that while respondents have mentioned 17 different features, unaided, as those that they took into account in brand choice, the list is by no means exhaustive nor is the hierarchy by way of frequencies sacrosanct in defining the relative



SALIENCE OF CRITERIA USED IN THE RANKING OF CTV BRANDS



SALIENCE OF CRITERIA IN CHOOSING THE BRAND TO BUY





importance. A large proportion of respondents do not recall specific features at all. Even those who recall, recall just one or two that occurs to them at the moment. Finally we have a substantial proportion of those who simply club all the features. Therefore, the only conclusions that we can draw here are:

- a) A number of features, beyond those which are basic, influence brand choice.
- b) Specific features such as number of channels and the kind of remote control provided are recalled often enough to be seen as a part of basic evaluation.
- c) While a large number of features are not recalled readily, their influence is obvious in summary evaluation as having "advanced features", "latest technology", etc.

In order to get a fix on the relative importance of various factors in brand choice a simple index has been developed, using the figures pertaining to each of them in the open-ended and structured formats. The hierarchy that emerges is given in the chart.

The CTV buyer today is clearly ambivalent. He knows that there are extremely attractive options available to him but he should be buying something sensible. But given the incredible range of options available to him there is an almost equal pull on him to buy a brand which is exciting.

Sensible <-----> Exciting

Clearly a brand which resolves the dilemma the most successfully will address the largest number of buyers. So the challenge before the CTV companies is to offer something sensible which is also exciting.

Interestingly, confidence in the reliability of the set that is bought is paramount in the ultimate brand choice. This is evident if we look at the salience figures which really refer to the way that the buyer differentiated the brand he bought from the, other brands.

The reason why reliability (being trouble free) does not figure so prominently in the overall index of importance is because it is not mentioned very often in an unaided context. This happens then the particular attribute is assumed to be there in all brands which are evaluated to be good, based on the other criteria.

Thus the brand choice consideration that we need to keep in mind is as follows:

Influences

The reason why reliability (being trouble free) does figure so prominently in the overall index of importance is because it is not mentioned very often in an unaided contexts. This happens then the particular attribute is assumed to be there in all brands which are evaluated to be good based on the other criteria.

1. Brand being available with the favoured dealer
2. Seeing the performance of the brand in friend's/relatives' house
3. Seeing the brand among people around
4. Recommendation of friends/relatives
5. Recommendation of dealer

Brand image

1. Sensible brand for those like us
2. Exciting brand
3. Prestigious
4. Reliable
5. Reputed
6. The best brand
7. Easy to get repaired
8. The largest selling



Brand features

1. Outstanding looks
2. Superior picture tube technology.
3. Good sound
4. Picture quality/colour
5. Durable/long lasting
6. Reasonable/low price
7. Advanced features

If, we juxtapose the above against the marketing activities of the companies, *it is evident that a vast space in terms of the way customers view brands is not addressed at all. And, if these dimensions are associated with brands now, it is because, in the absence of explicit communication, the buyers are forced to assume these features.*

The challenge will be to make reliability, durability, etc. exciting as dimensions of technology.

Similarly, the ease of getting repaired is a very major issue and a definite armour in the marketing of popular existing brands against the new brands. The challenge here again is to offer it as additional value without diluting the basic platform.

Trade-offs in brand choice

Given the desire of so many to buy a sensible brand it is natural that the brand which is bought is not always that which is seen as the best. Many buyers do exhibit their loyalty to the brand that they bought by ranking them as the best. But there are a sufficient number of them who concede that there are brands available which are superior to what they have bought. These people give us an idea of the trade offs that they make.

On relevance, the most obvious trade-off is to forego the brand which is the best in the world for something which is very attractively priced for the features that are offered. It is important to see the complete implications of this trade-off. Most of the buyers, would forego the best and pick up that which offers the best combination of price and features.

Clearly, there will be a range of "price-features" bands. Therefore, the ideal strategy would be to have offerings in each of these bands to ensure that all the segments are addressed. One could always have a niche strategy where we strive to excel only in specific bands. However, we would need to reach certain thresholds by way of volumes, if the necessary conditions are to be met and the brand is to enter the choice set. It should also be noted that the approach to necessary conditions will vary depending on the specific "price features" band addressed. The higher this level, the more will the brand need to approach being the best.

Whatever be the "price-features" band, the minimum criteria to be met are:

1. Excellent picture quality
2. Durability
3. Being exciting
4. Good/frequent advertising
5. Collaboration with an international company

The importance of excellent picture quality can be gauged by the fact that it is the most relevant criterion to rank a brand as the best as well as to choose the brand for purchase. The salience of this has been eroded because the brands have not been able to establish a differential on this clearly. However, that does not mean that the potential does not exist.

In this context, it is interesting to juxtapose the criteria of relevance which are most different between the brand bought and that which is ranked first.

Many CTV buyers would compromise a little on name, quality, prestige and technology



to go in for that which is recommended by dealers, something sensible, low priced, recommended by friends/relatives and that which offers an attractive exchange scheme.

It should be noted that the gap between the, best and that which is bought is narrow except for two criteria. And to compensate for this gap, the brand that is bought has a whole lot going for it by way of price, support of influentials, reach, exchange offers, etc. In other words, a brand has to be very close to the best to be considered for purchase. And it needs to have a lot of other things going for it to compensate for that small gap.

If we go by salience, the gap between the best ranked brand and that which is bought widens dramatically. Salience refers to the characteristics that the brand has, that others don't. Evidently, the brand bought does not match the 1st ranked brand on many of these criteria. But, here again, the key trade-off is on being the best and being recommended by dealers.

It is remarkable that compromises are made on so many factors of salience in the purchase of a CTV brand. The factors going for the brand that is bought are:

1. Recommended by dealer
2. Sensible brand for people like us
3. Very attractively priced for the features that it offers
4. Recommended by friends/relatives
5. Exceptionally attractive exchange/gift offer

In terms of salience, the only aspect on which the buyers do not compromise is on reliability (being trouble free).

Overall, 31% of all respondents recall Amitabh Bachan in the BPL ads, making it, by far, the most recalled element in CTV advertising. The recall of the laughing Devil of Onida, at 18%, is the second most frequently recalled element. The third most frequently recalled element is the elephant in the BPL ad. The fourth most recalled element is "Believe in the best". "Owners pride - Neighbours envy" and Tendulkar endorsing Phillips are the other significant elements of CTV advertising that are recalled by the recent buyers.

The dominance of BPL in CTV image advertising is emphasized by not only the pre-eminence of Amitabh Bachan in real]. Of the top six distinctive elements recalled, three are from BPL, two from Onida and one from Philips.

The other finding is that the rest of image advertising seems to have been largely devoid of enduring distinctiveness.

How much of this advertising, most of which is image-oriented, made a difference to the sales would, of course, be impossible to say. However, there is absolutely, no doubt that they provided visibility to the brands and reinforced awareness and image.

Brand perceptions

When asked to comment on the CTV brands, the basic yardstick is by way of being a 'reputed company or a foreign/international company.

BPL is the brand which is most associated with "reputed company" at 32%. *But very few associate it with a foreign/international company. Sony is the company which has been described most frequently (21%) as a foreign company. The brand that is associated most spontaneously with reputed company, after BPL, is Videocon at 21%. Philips at 19% and Onida with 19% are the others as a reputed company as it is as a foreign company. Panasonic runs Sony very close on this. This is followed by Samsung, Thomson and Akai. LG, Daewoo, Grundig, Toshiba and even Shivaki are clearly seen as foreign. Interestingly, Sharp is more associated with being a "reputed company" than a foreign company.*

Thus there is clear dichotomy in the minds of CTV buyers by way of a reputed Indian company and a foreign company. Another interesting finding is that not all foreign companies are referred, to as reputed, BPL is far ahead of the other brands by way of



spontaneous association with good picture quality; at 17%. Despite its much smaller overall domain, Sony is second placed, at 12%, along with Onida. The implication is that Sony has a distinct positioning as a reputed foreign brand with superior picture quality. This becomes evident when we see that Panasonic, which otherwise matches Sony, is only bunched along with Thomson, Akai and Samsung on this.

The fact that Thomson and Akai match Panasonic and Samsung, atleast in spontaneous associations on picture quality, indicated that these brands are positioned just below the pinnacle by a significant proportion of buyers. With this "almost the best" positioning it is now only a question of expanding this base for these brands.

The other distinctive associations are widely held perceptions that Philips is an "old establishment" which will cut both ways for Philips, depending on how they handle things.

Philips also is the most frequently seen as the manufacturer of other electronic products. The other significant brands in this regard are Panasonic, BPL and Videocon, Samsung, LG and Daewoo have associations of being new companies. While Akai, Thomson and Grundig also figure in this regard, it is not as much.

Videocon has a higher spontaneous association with lower price and LG has a slightly higher association with latest technology.

Status of brands on choice considerations

The general finding is that most of the buyers tend to associate most of the positive aspects with the brand that they buy. This is natural considering that all of them expect that the brand that they buy satisfies a host of necessary conditions and believe that the trade-offs that they are making are marginal.

Therefore, to establish the distinctiveness of brands, we go by emphasis, by way of deviation from the averages.

Interestingly, BPL is positioned almost exactly on the mean values across most of the dimensions. This probably refers to the best balance of factors as of now.

Sleek/attractive models have been a major selling point of Korean brands. For example, 85% of the Daewoo buyers, 76% of LG buyers and 70% of Samsung buyers have specified this unaided. Considering the tremendous importance of "exceptional looks" in brand choice, these brands have clearly targetted the prime consideration, head-on, with their range. To some extent, the same applies to Panasonic, Sony and Sharp. Interestingly, Texla also sells on the sleekness of its models. The moot question, of course, is the proportion of the total population which feels that the models of a particular brand are sleek.

As mentioned earlier, good sound quality has been pushed into a position of pre-eminence because of the sustained emphasis on this differential by so many of the brands. But, the above average association in this context is only with Sony and Panasonic. This is, perhaps, related to the widely known premium positions that these brands occupy in the audio field.

Interestingly, the "audio company" Philips, has a below average association on sound quality of its CTV sets.

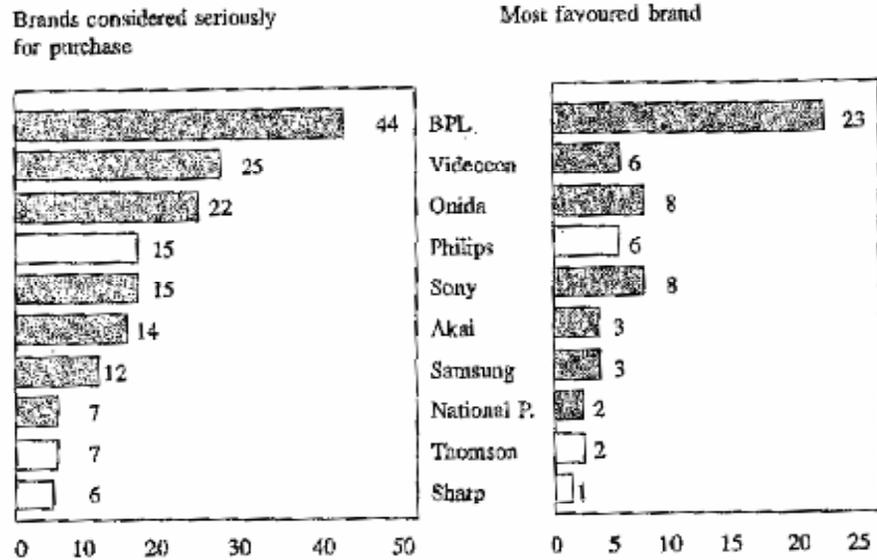
Picture quality is clearly the prime necessary and sufficient condition in the choice of CTVs. The brands that excel on this are Thomson, Sony and Sharp. All the Korean brands are above average on this. It is not so in the case of Akai.

Among the Indian majors, Videcon's association with picture quality, at 48%, is way below the average of 56%. The lowest is for Texla at 26%. As mentioned elsewhere, between the North and the South, picture quality is described in terms of natural/good colours in the North and in terms of clarity in the South. Samsung is clearly more dominant in the North as its association with natural/good colours is substantially above average.



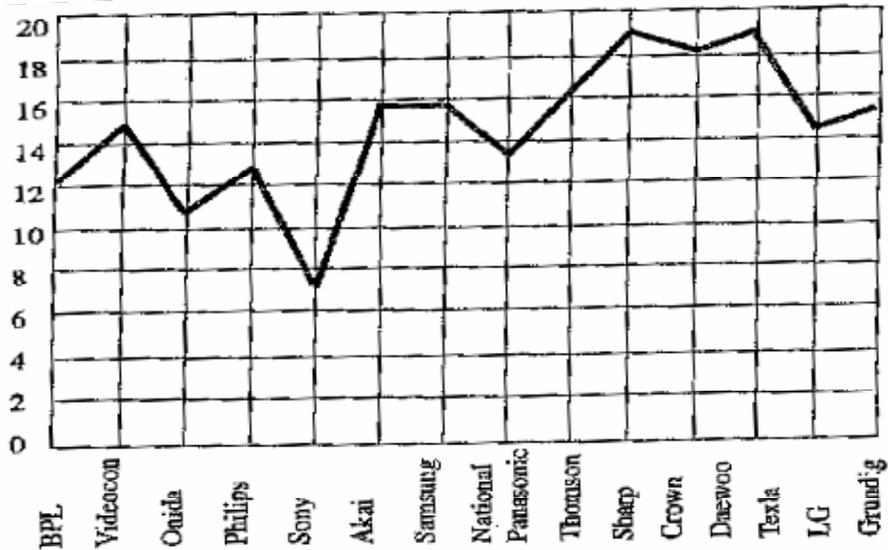
Brand preference

44% of the CTV buyers across the country seriously consider BPL for purchase. No other CTV brand comes anywhere close to this figure. Videocon is second placed at 25% followed by Onida at 22%



At the next level, there are Sony (15%), Philips (15%), Akai (14%) and Samsung (12%). Thomson (7%), Panasonic (7%) and Sharp (6%) occupy the third rung.

Despite the dominance of BPL as the favoured brand, the best CTV brand, by far, is clearly Sony. When asked as to the brand that they would buy if price was not a consideration, 20% of all CTV buyers said that they would buy Sony. This finding is remarkable because it covers CTV buyers across the whole country, reaching into small towns and villages, and there are 14 other contenders including such widely known brands as BPL, Videocon, Onida, etc.



This measure also points to the kind of loyalty that BPL enjoys. Despite its clearly identified position as an Indian brand and despite the wide awareness of so many of the foreign brands, 14% of all CTV buyers rate BPL as the brand that they would buy even



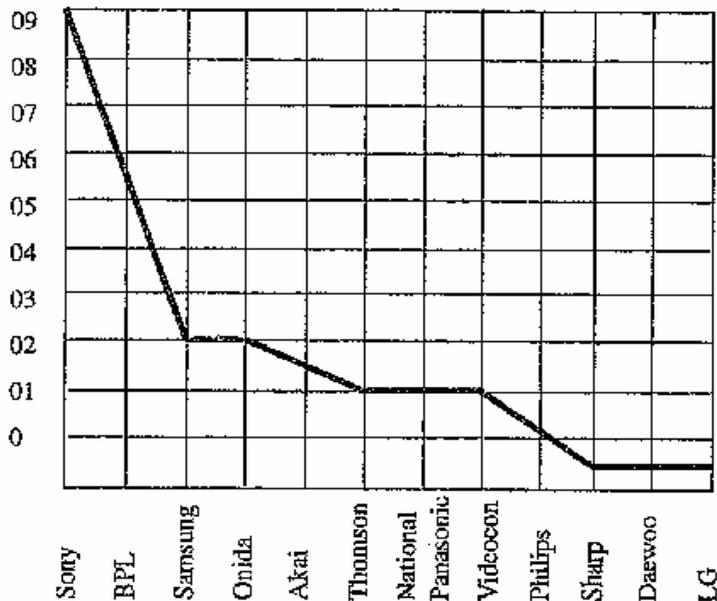
if price was not a consideration. Besides Sony and BPL, no other brand, Indian or foreign, has a double digit following.

Brand preference is only a necessary condition. Ultimately, it is the conversion of this preference into actual purchase that really matters.

Interestingly, the brands with the best conversion ratios are Crown, Texla and Daewoo. These large conversion ratios are misleading because it is on a small base of those who have seriously considered these brands.

Among the first level brands, in terms of awareness and being considered, the best conversion ratio is registered by Videocon, at 64%. Onida has the lowest at 45%, BPL does just a little better at 48%.

Ratio of % who purchased the brand / % who seriously considered the brand



The challenge before both BPL and Onida is to improve the conversion ratio and approach Videocon's levels. For BPL, a conversion of 64% would mean a market share of 28%, but given the kind of competition that it faces, that will be a stupendous task to achieve. However, it is in the realm of the possible. The requirement would be to plug every possible gap in the range, price, distribution and tractical elements.

Given the backdrop of Onida's image and the greater degree of competition that it faces, it seems natural that it should have a lower conversion ratio. But as we shall see later, the premium image of Onida is a thing of the past. Today it competes with BPL on the one hand and Videocon, and Philips on the other. Therefore, the lower conversion is a definite sign of weakness on the parameters mentioned above.

Philips, with a conversion percentage of 53%, is in the same boat as Onida.

Akai and Samsung, at the second level, have excellent conversion figures, at 69%. What this actually means is that their domain is largely confined to the core. Given their sizeable shares, it indicates 'a very strong core. That makes them stronger brands and indicates greater room for growth.

Differentiation Ratio Analysis

For each brand the differentiation ratio is calculated only on the base of those who comment on it. That is, the fact that a brand is widely known by itself does not bias the findings. However, there is a "Halo" effect whereby for highly popular brands some of the respondent tend to associate all things positive with the brand that they favour irrespective of whether it is relevant or not. Therefore, we'll see such things as a wholly Indian brand getting a rating as a foreign brand, etc. Therefore, to make sense of the findings, we need to look at the ratings of a brand across criteria as well as the rating on a criteria across brands.



For salience, the higher the score, the greater is the salience. But the DR value against a brand measures distance from the ideal line represented by one. The greater the figure is from this ideal, the farther the brand is from the ideal. It should be noted here that a brand can get a value less than one, signifying a better status than the composite ideal of one which takes into account rating of all brands bought or ranked as first, on the criterion.

BPL

BPL, as the most sought after brand has no real weaknesses at all. The only factor on which it has a relatively low value is as an "imported set". With the clear positioning of the brand as "Indian", this is natural. The point to be noted is that in the case of 44% of the purchases, being an imported set is relevant. Therefore a deliberate positioning which forces a negative trade-off on this criterion involving 44% of buyers is something that needs to be considered carefully.

In a relative sense, as compared to other brands, nothing is a weak point for BPL. But it has the need to set higher goals. The direction is clear; move the brand *dramatically ahead on latest technology/advanced features/superior picture tube/price-feature combination/reliability*

BPL clearly faces the brunt of competition from foreign brands. And, the most powerful weapons in their armour are exactly those on which BPL needs to improve its status, even while it retains all its strong points. This is not a function of advertising along. Advertising will be just one element. Much more important would be the launch of new models. Given its strengths, the only direction in which BPL can go is to outdo everyone else on the speed with which new models/features are introduced.