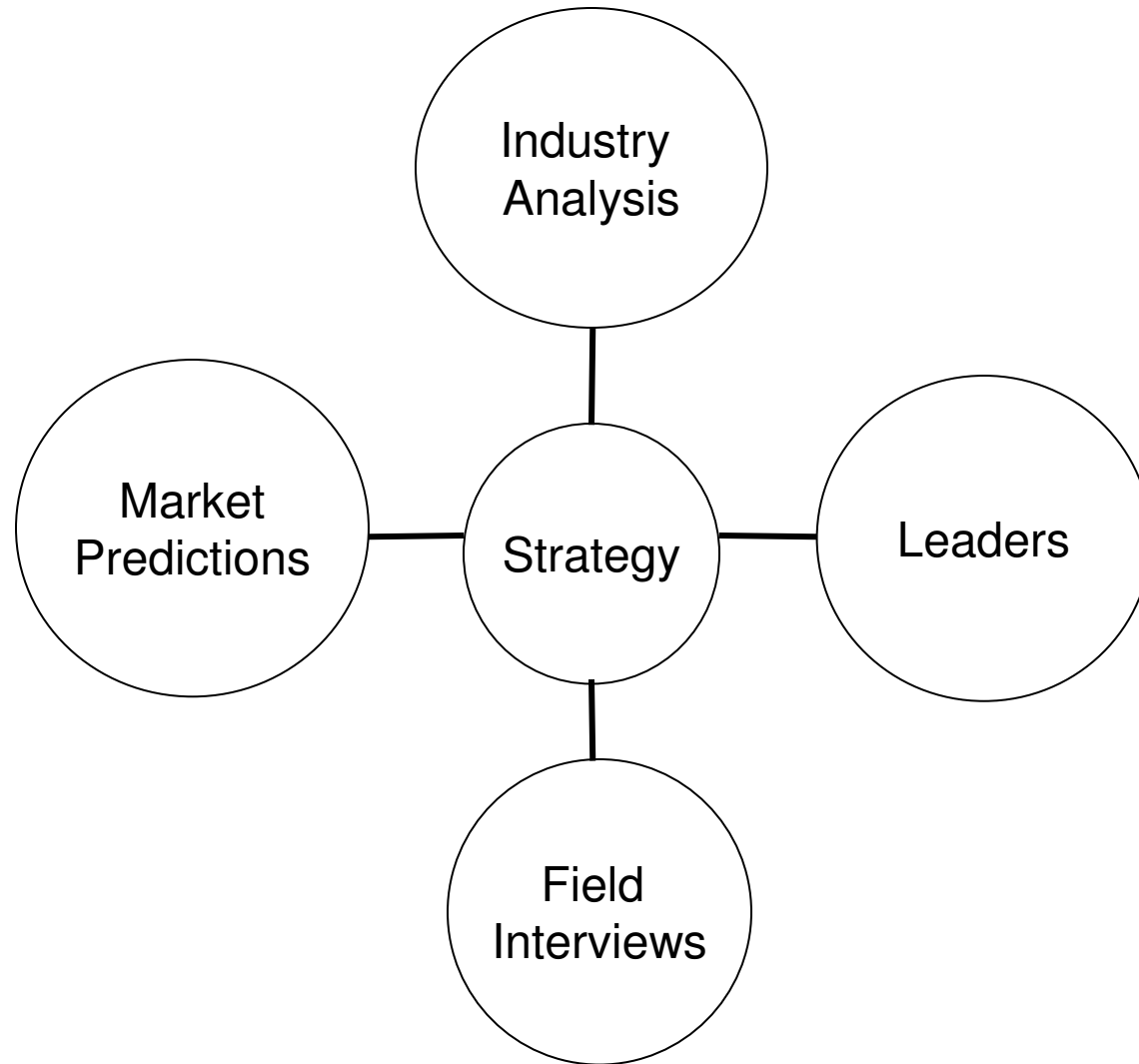

Industry & Competitive Analysis

Of The Color TV Industry In India

Presentation Map



Industry Structure

- Market Size Rs. 87 bn
 - Color TV's – Rs. 80 bn
 - B/W TV's – Rs. 7 bn

LG	Philips
Samsung	Akai
Onida	Sony
Sansui	BPL
Videocon	Haier

PEST Analysis

<p style="text-align: center;">Political</p> <ul style="list-style-type: none">❑ Lowering of customs/excise duties post 90's❑ Globalization driving investment through FDI, FII's & JV's	<p style="text-align: center;">Social</p> <ul style="list-style-type: none">❑ Burgeoning middle class❑ Double income families
<p style="text-align: center;">Economic</p> <ul style="list-style-type: none">❑ Increased urbanization❑ Increase in disposable personal income❑ Easy & cheap availability of consumer finance	<p style="text-align: center;">Technological</p> <ul style="list-style-type: none">❑ India becoming a manufacturing hub❑ Incorporation of top end technology across product range

Porter's 5 forces' model

Threat of entry	2.142857
Economies of Scale	3
Product Differentiation	2
Capital Investment	3
Switching Costs	1
Distribution Access	4
Cost Disadvantage	1
Govt. Policies	1

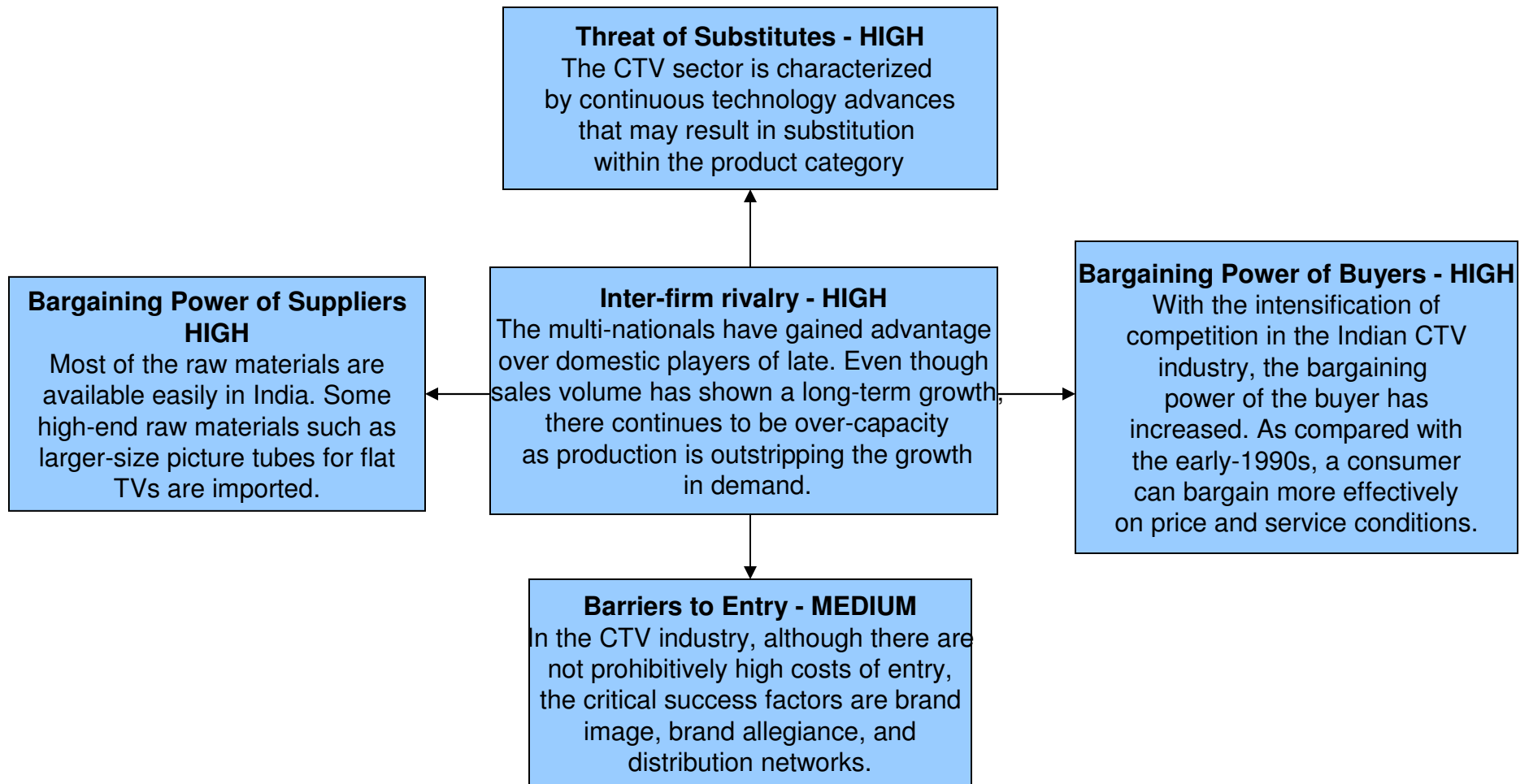
Existing Rivalry	3.5
Numerous Balanced Competitors	4
Slow Industry Growth	4
High Fixed Cost	4
Lack of Differentiation	3
Capacity Augmentation	3
Diverse Competitors	4
High Strategic Stakes	4
High Exit Barriers	2

Substitute products	3
Technological progress within the industry	
Buyers moving up the value chain	

Bargaining Power of Suppliers	3.166667
Few Suppliers	4
Substitutes Available	4
Customer Importance	1
Importance of the Input	4
Switching Costs	5
Forward Integration	1

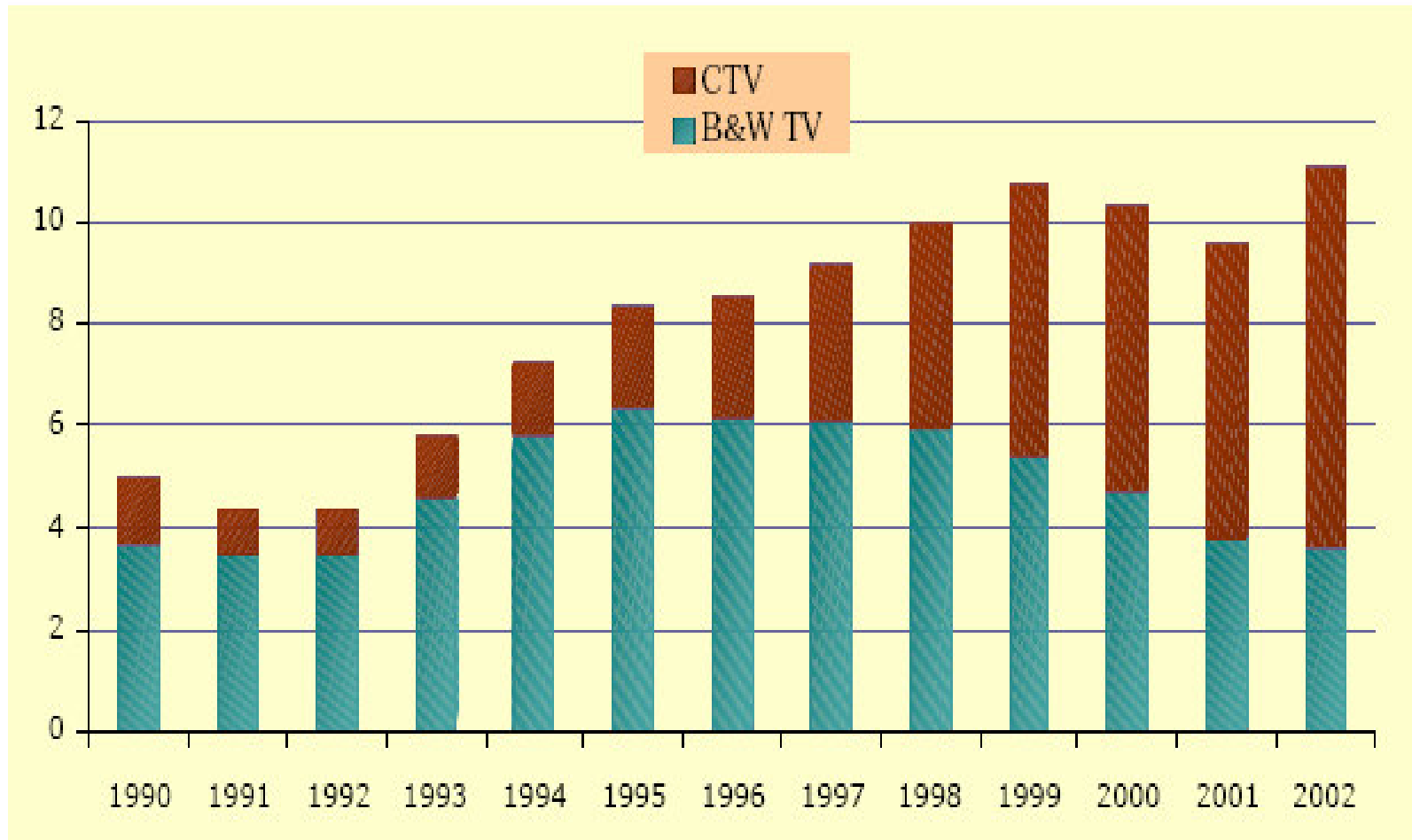
Bargaining Power of Buyers	3.25
Large Volumes	2
Significant Costs	4
Standard Purchases	3
Switching Costs	3
Low Profit	3
Backward Integration	4
Input importance	4
Full Information	3

Environmental Analysis : Porter's Model

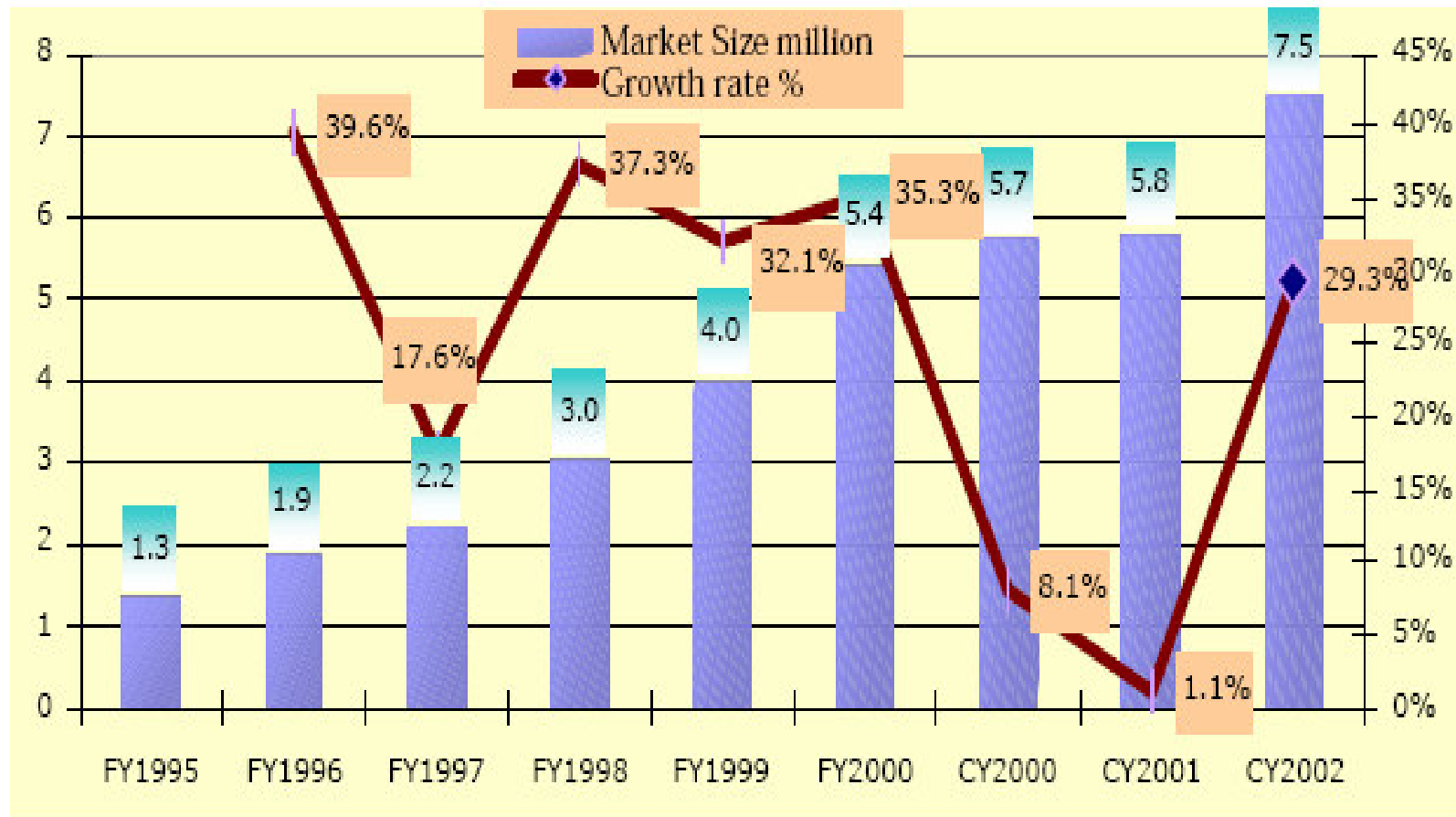


Trends in TV Market in India

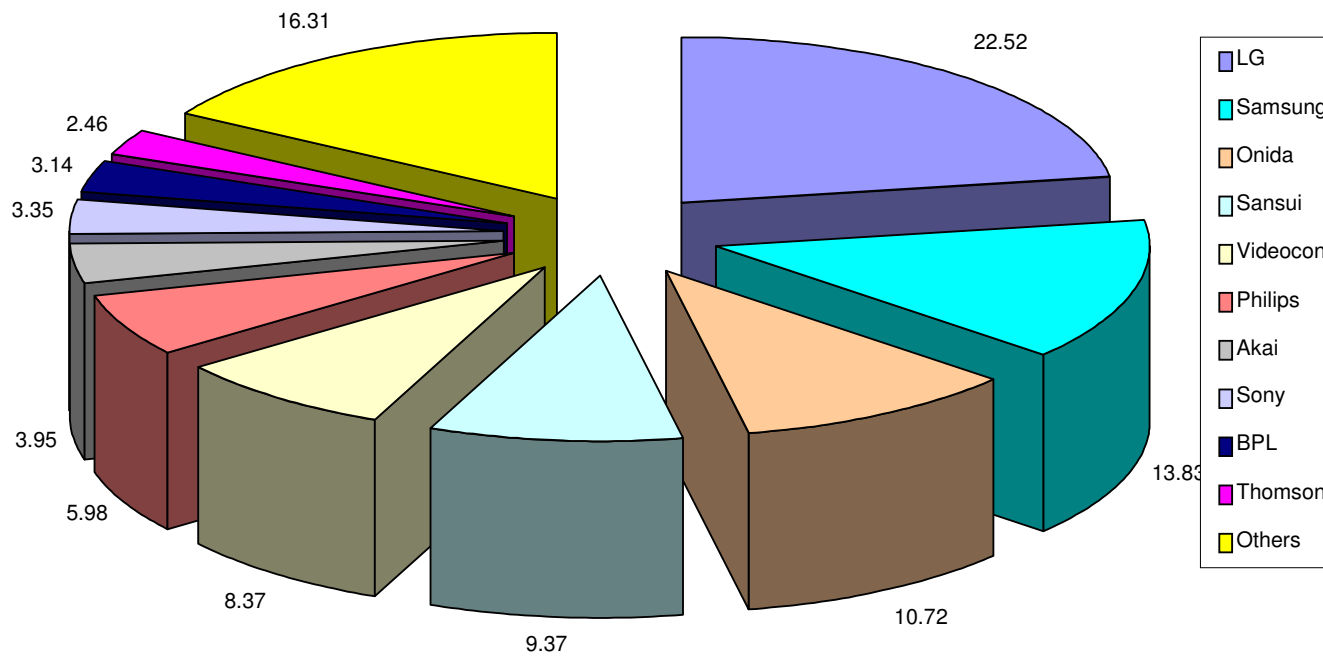
(Million units)



Growth Trends in Domestic CTV Market

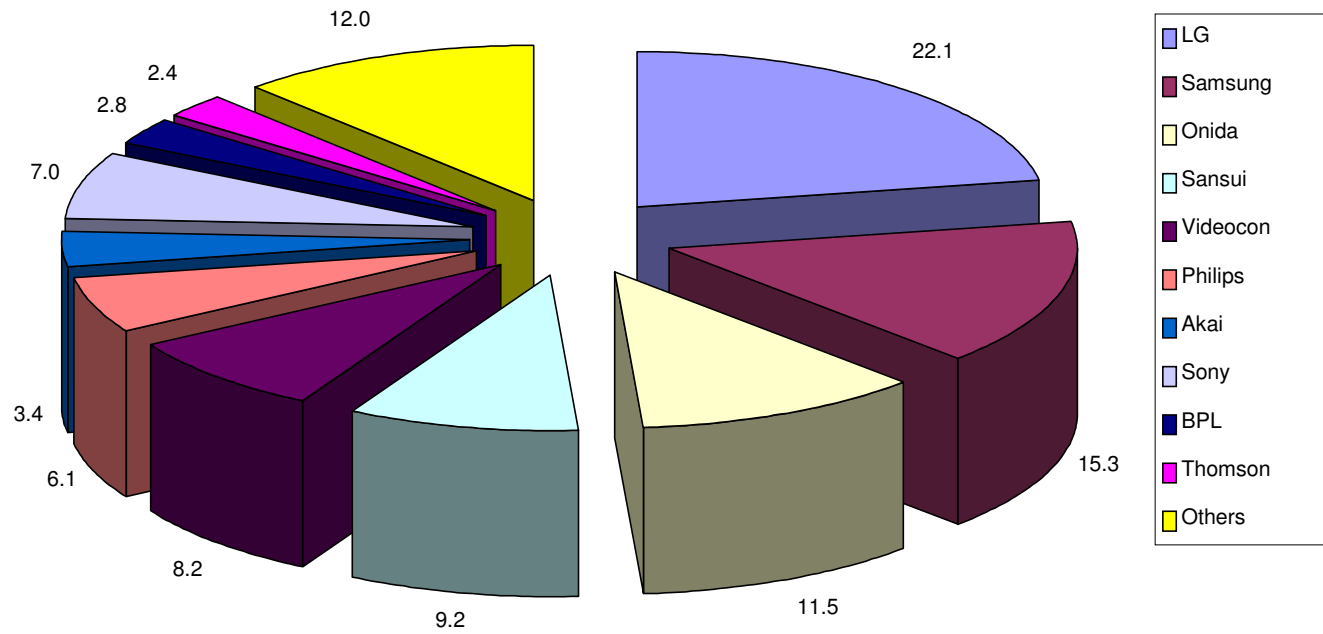


% Market Share by Units sold (January - June 2004)



Source – The Brand Reporter, August 16-31

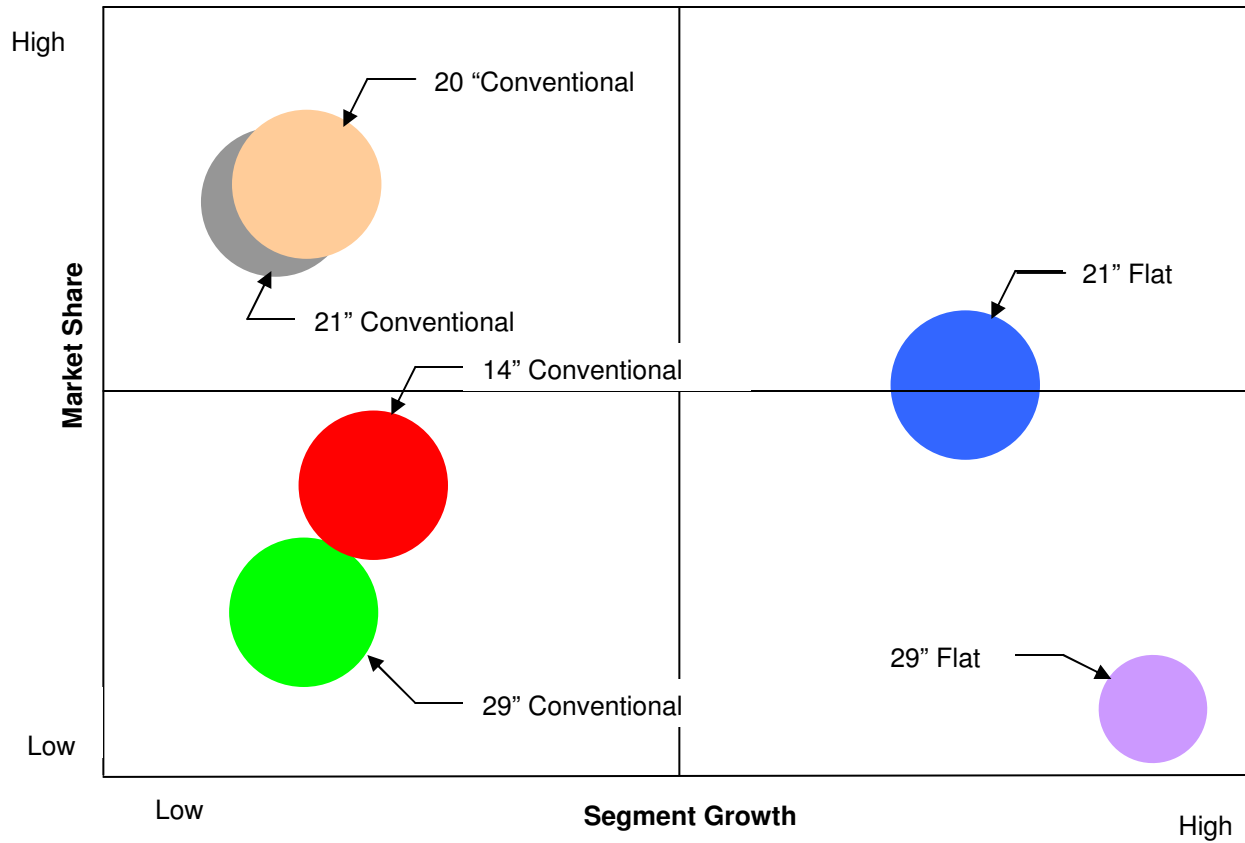
% Market Share by Value (January – June 2004)



Source - The Brand Reporter – August 16-31

Market Movements

Market Share v/s Segment Growth (03-04)

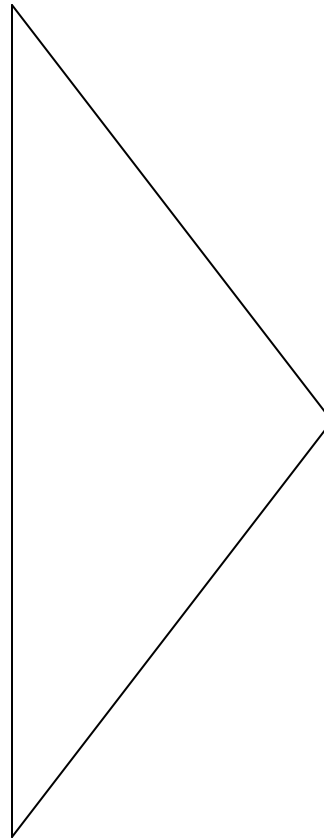


Leaders

- LG
 - Samsung
 - Onida
-

OBJECTIVES

- To become a Health Partner for consumers
- Focus on technology leadership
- To be Cyber LG
- To enhance Brand Equity



STRATEGY

- Promote Golden-Eye technology
- Introduction of Internet-TV/Interactive TV
- Inbuilt cricket games in select CTV models
- Online Sales & Service consultancy through www.lgezbuy.com
- To create Niche markets for High-end technology products
- To associate LG brand with Entertainment & Sports industry
- Aggressive Promotional Campaigns

STRENGTHS

- Financial strength
- Wide Distribution Network
- Wholly owned R &D cell
- Products having special focus on Consumer Health (ex Golden Eye)
- Only player capable of Backward Integration
- Only player to conduct on-line business
- Only player to adopt Six-Sigma

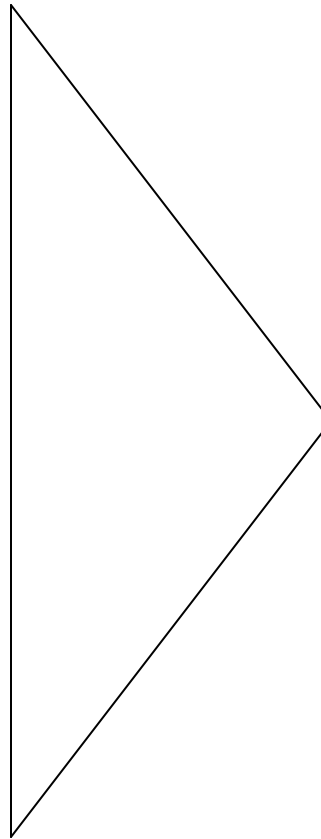
WEAKNESS

- Low penetration in Rural Areas
 - Poor dealer relationship
-

SAMSUNG

Objectives

- Acquire digital leadership
- Providing superior quality & state-of-the-art technology products
- Capture 80% of CTV market by 2007



Strategy

- Betting on premium products like projection & flat screen TV's
 - Reinforce presence across all segments by launching 4-6 new models in every product category every year.
 - Beef up distribution network by 10-15%
-

SAMSUNG

Strengths

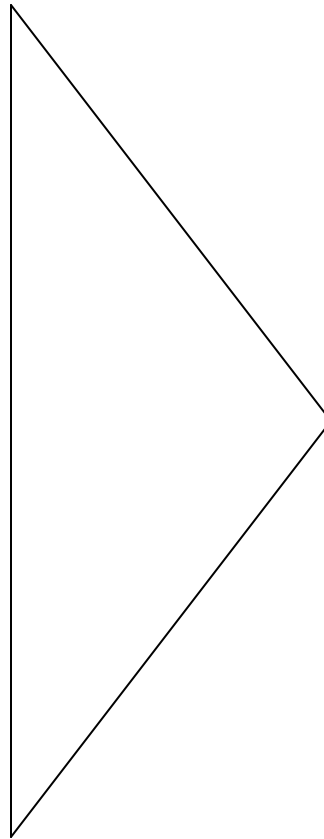
- Strong R&D facilities (2 R&D centers in India at Noida & Bangalore)
- Planned investments of \$42 Million
- Online spares and service management

Weaknesses

- Poor after sales service
 - Limited presence in rural areas
-

Objectives

- Regain past glory
- Attaining a Global Scale
- Rebuilding its Brand Image



Strategy

- Bring back 'The Devil'
 - Develop markets abroad aggressively
 - Increase reach in Semi-Urban and Rural areas
 - Product innovation & differentiation
-

ONIDA

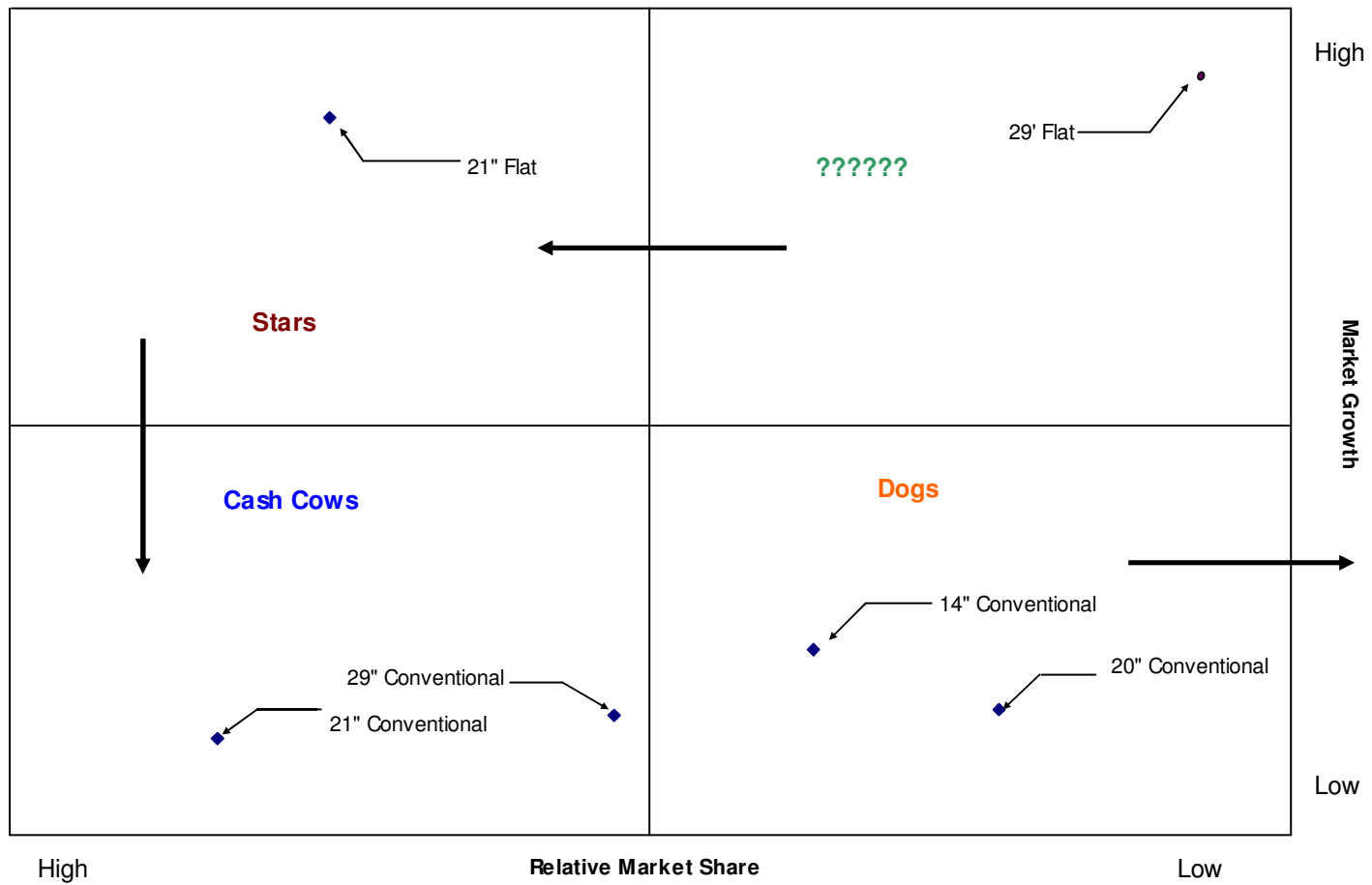
Strengths

- Good dealer relationship
- Strong brand awareness in esp. in non urban areas.
- Median Pricing
- Best among second rung players

Weaknesses

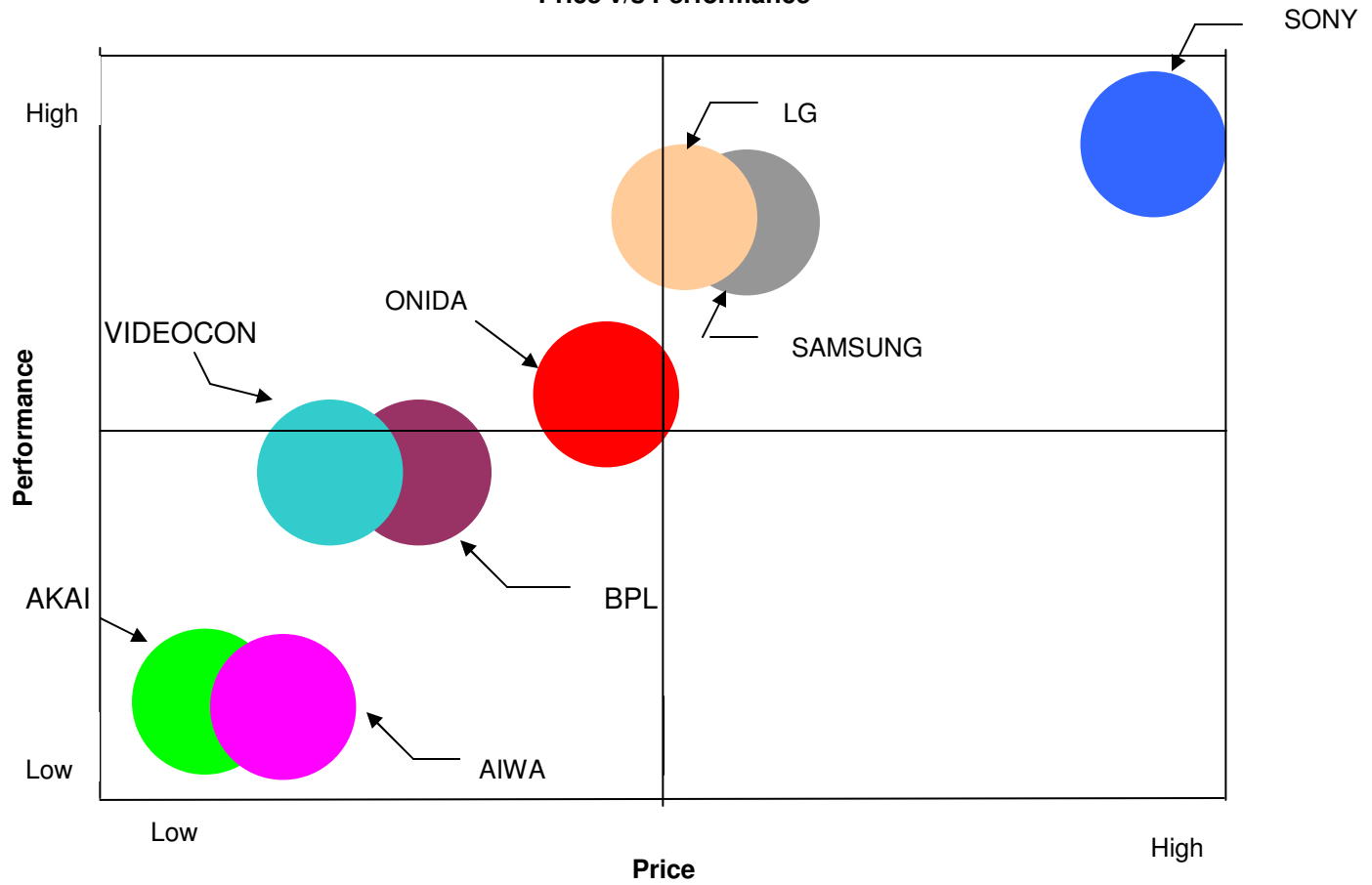
- Poor financial strength
 - Dependency on JVC for R&D
 - Weak distribution network in North & East
 - Over dependency on suppliers
-

BCG Matrix for Onida



Product Positioning

Price v/s Performance



Generic Strategies

Strategic Advantage

Uniqueness Perceived By The
Customer

Low Cost Position

Strategic Target	Industry Wide	Differentiation SONY	Low Cost Position SAMSUNG LG
	Particular Segment	Differentiation Focus LG SAMSUNG	Cost Focus AKAI AIWA

Insiders' perspective

- Interview with Mr. Ajit Inamdar (Ex. V.P. Finance, Videocon International)
 - Players define their strategies for each logical business function:
 - Vision/Mission
 - Financial motive
 - Product portfolio
 - Supply chain/ Manufacturing
 - Distribution
 - Logistics
 - Minimal differentiation industry
 - Market segregation – rural/urban/semi-urban
-

Insiders' perspective ... contd

- Interview with Mr. Himanshu, (Proprietor, Plug-In Sales, Mumbai)
 - LG
 - Demand purely consumer pull driven
 - Provides the best after sales service
 - Ranks low in terms of dealer relationship
-

Insiders' perspective ...

- Interview with Mr. Himanshu, (Proprietor, Plug-In Sales, Mumbai)
 - Samsung
 - Works on MOP
 - Dealers push till they can
 - Poor after sales support



Insiders' perspective ...

- Interview with Mr. Himanshu, (Proprietor, Plug-In Sales, Mumbai)
 - Onida
 - Not likely to survive in the CTV business for long
 - Trusted brand
 - Comparable on product portfolio at present
 - R&D / product innovation unlikely
-

Predictions

- Market presently overwhelmingly towards flat TVs
 - Plasma panels hold future promise
 - CRTs out of vogue
 - Penetration to increase in rural areas
-

Recommendations

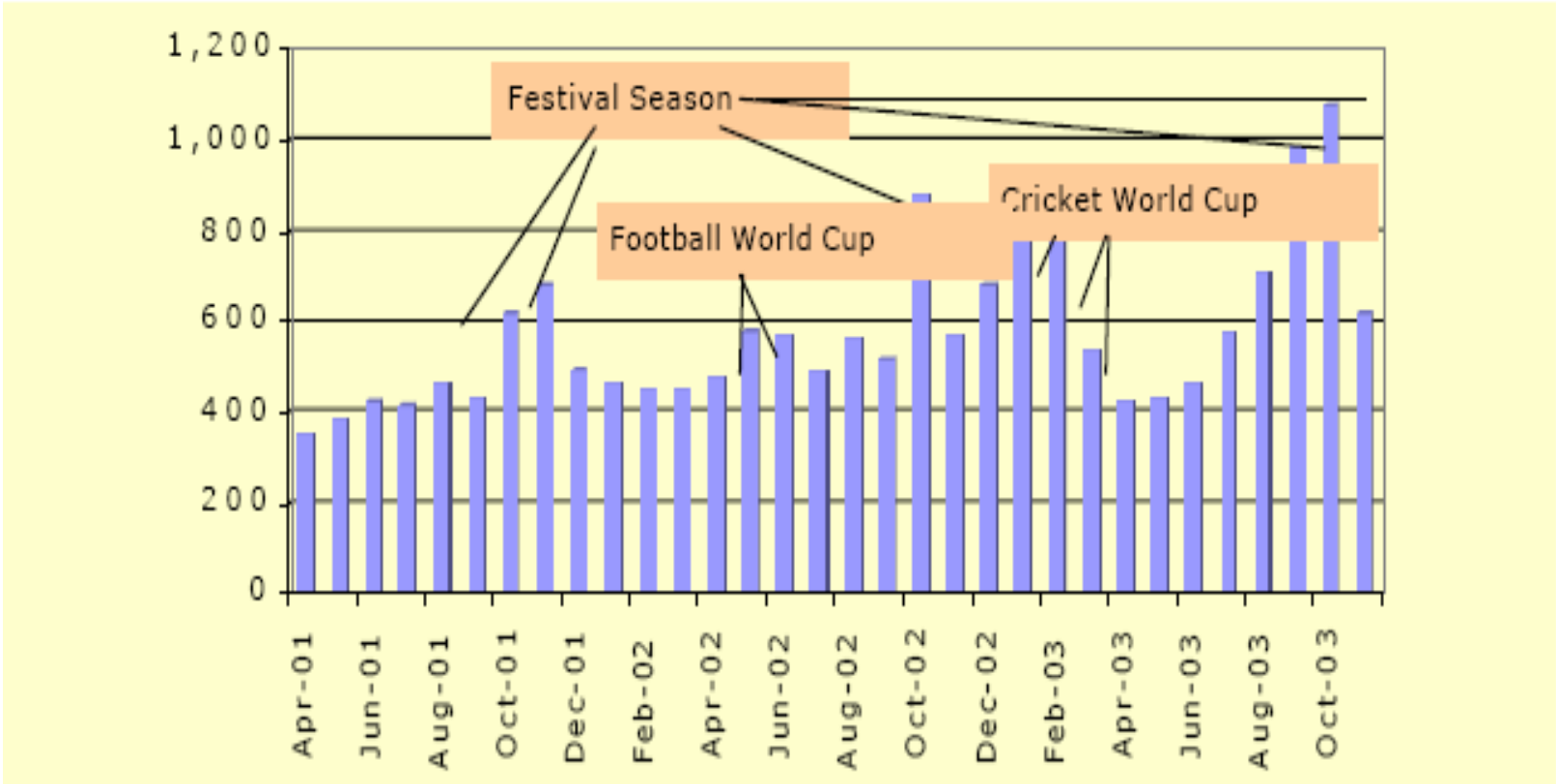
- It's a game of marketing out thinking
 - Carve out 'perceived differentiators'
 - Schemes to enthuse replacement purchase
 - Promote round the year purchase
-

Ansoff Business Unit Strategy Model

		Products	
		Current	New
Markets	Current	Market Penetration LG Flatron/ Golden Eye	Product development Samsung -DNie
	New	Market Development Haier ,Onida	Diversification LG - Sampoorna

Trends in Sales of CTVs

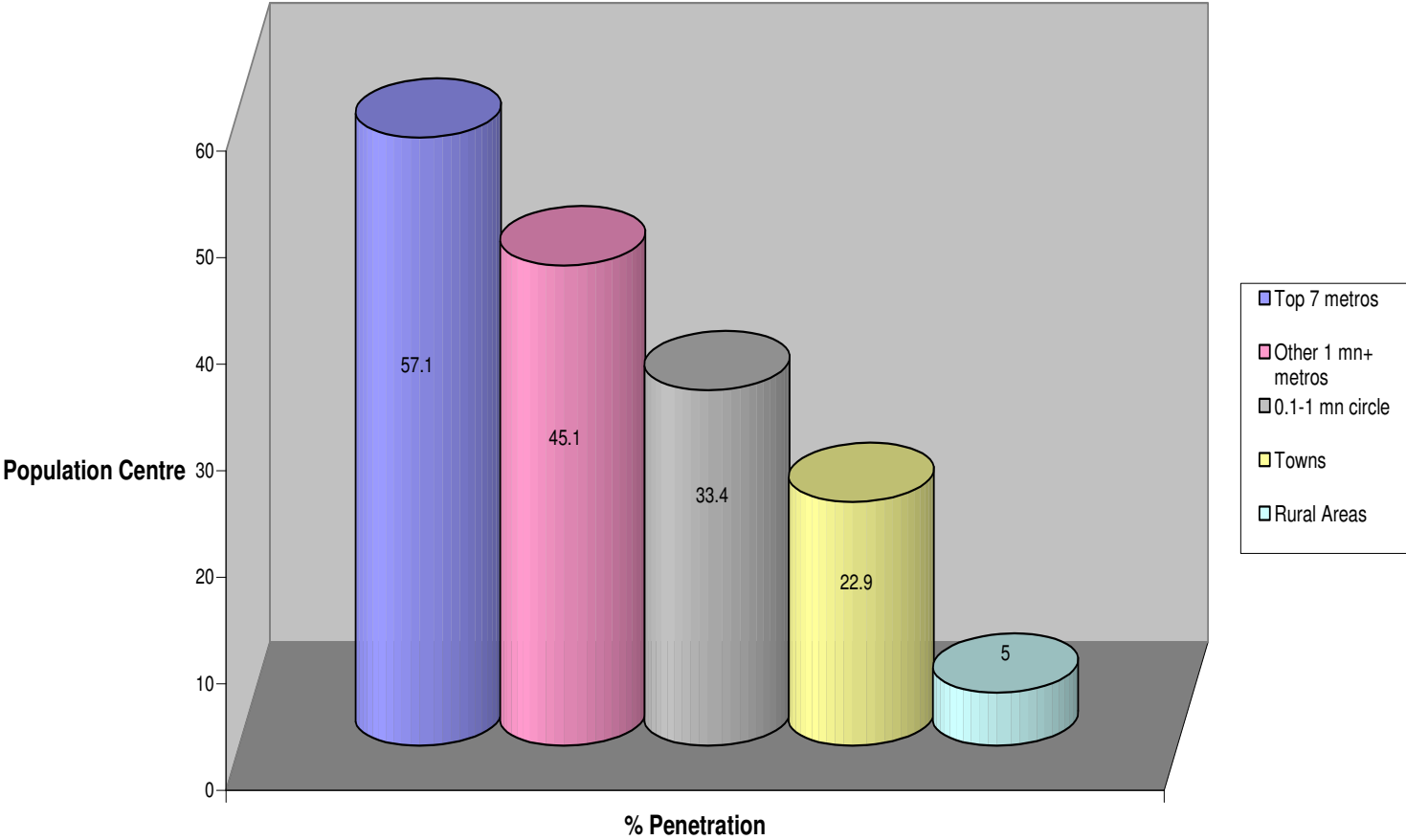
(Thousand units)



Recommendations

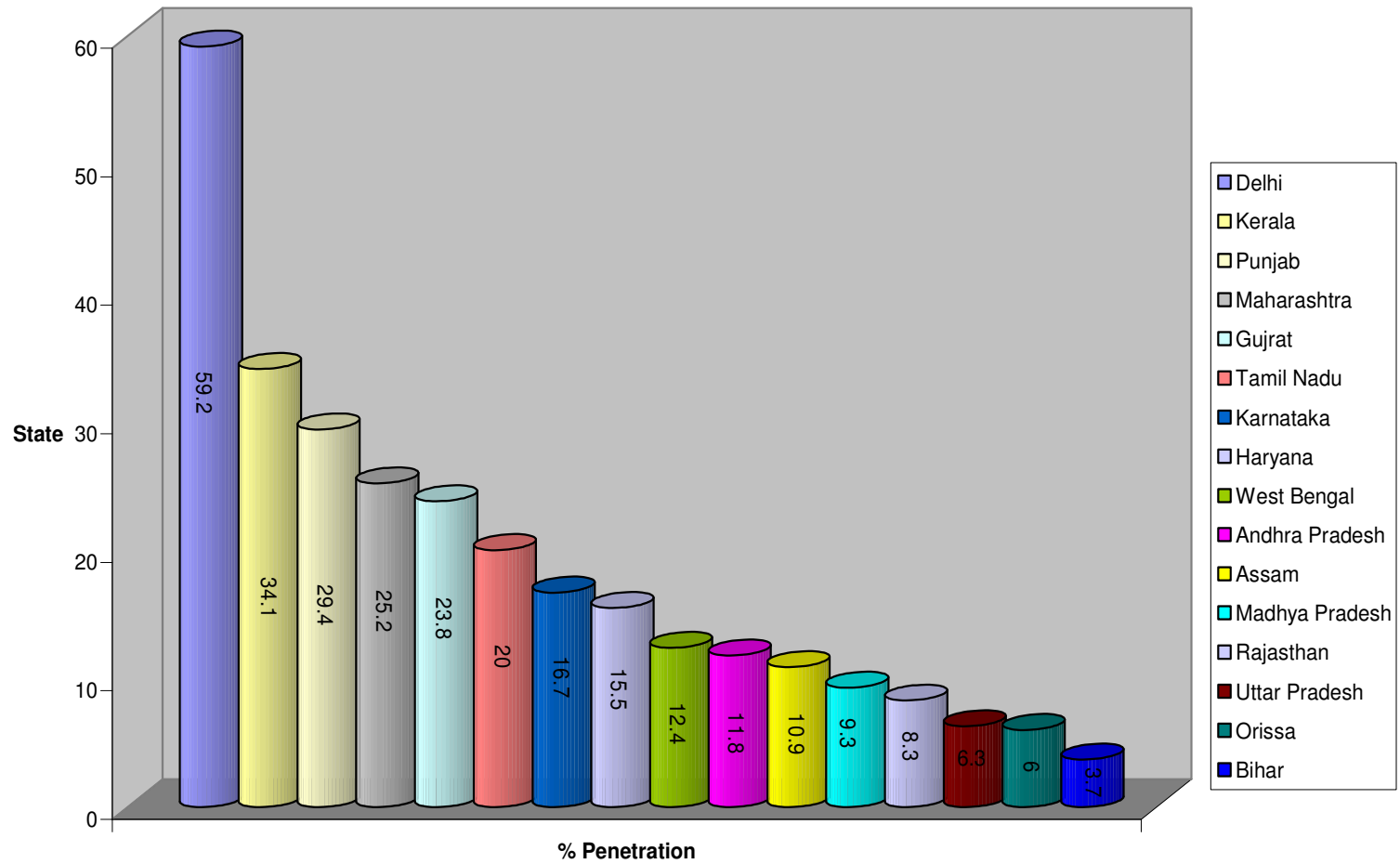
- Convert potential semi-urban / rural customers
 - Offer attractive financing schemes
 - Firm up distribution networks in rural India
-

CTV Penetration across Population Centres



Source - ICRA Report

CTV Penetration across States



Source – ICRA Report

Recommendations

- Happy dealers get more customers
 - Re look at the margin structure
 - Credit terms
 - After sales service very crucial
 - Company should own responsibility
 - Call centers, home pick up
 - Technological innovation
 - Increase R&D budgets
 - Focus on local needs
-

Thank You

Bakhshi Rahul (€ 22)
Das Avik (€ 25)
Kedar Gore (€ 28)
Shah Ronney (€ 36)
Sharma Kshitij (€ 37)
Gupta Sandeep (€ 39)