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Resurrecting The Devil

The shoe, it would seem, is firmly on the other foot. “I don’t understand why people think that Korean technology is god. We offer everything that they have.” This, coming from Gulu Mirchandani, a man whose brand mascot was the devil, and whose tagline was ‘Neighbour’s envy, owner’s pride’, is more than a bit ironic. But, it’s understandable. Once, Onida, the flagship brand of Mirchandani’s Rs 1,568-crore consumer-durable company Mirc Electronics, was the second-biggest TV brand in India. Over the last decade and a half, though, its star has faded.

Now, the 67-year-old Mirc Electronics Chairman is looking to rebuild Onida’s fortunes. The biggest challenge before him will be to once again build a positive perception for the brand in the consumer’s mind. Back in the 1980s and early 90s, owning an Onida television was an aspiration for many Indians. At that time, a television was a luxury, and the ‘Neighbour’s Envy...’ tagline worked wonders for the brand. It had a 24%

share, not far behind market leader BPL, which accounted for 30% of the television market.



"I want to do Rs 4,000 crore revenues in the next three-four years, which is not difficult in this booming market."—Gulu Mirchandani, Chairman, Mirc Electronics

Onida began to lose its sheen in the mid-90s in the face of an onslaught by the Korean and Japanese brands. The international brands came in with superior technological knowhow and a wide range of products—Onida only sold TVs—and, importantly, they had financial muscle. They overwhelmed the Indian brand with massive advertising and marketing budgets, pushing it into near-oblivion.

Will a consumer today opt for an Onida LED over an LG or a Samsung? Perhaps not, judging by Nupur Bharadwaj's response. We caught up with her as she evaluated various brands at an up-market consumer durables store in Mumbai, trying to decide which LED TV to buy. "I have fond memories of Onida. In fact, the TV we owned when I was a child was an Onida," says the 32-year-old investment banker. "But when it comes to making an expensive buy such as LED TV, I am not too sure whether I will buy an Onida. I think the Korean brands [Samsung and LG] are superior technologically." (To be fair, it must be said that not all customers may share this perception.)

Ask Mirchandani the same question, and he'll tell you that Onida's 'Svelte' LED model is "the finest TV ever produced".

Free Fall

Onida's biggest mistake, especially when foreign competition came in, was to not invest in the brand, says Francis Xavier, CEO of Chennai-based market research agency Francis Kanoi Marketing. "They should have challenged the Koreans in the 90s itself."



"The insight here (the new tagline) is that we would innovate as per consumer needs."—Sriram Krishnan, Vice-President (Sales)

But Mirchandani contends that the company had to strike a balance between advertising and profits. “In 1982, the government gave licences to more than 500 companies to enter the TV market. Of them, only two have survived—Onida and Videocon,” he says. “Had we buckled to competitive pressure, and spent beyond our means, we also would have been extinct by now.”

& Marketing),
Onida

Compounding matters, the company was caught up in an ownership battle between Mirchandani and his brother Sonu. After a prolonged battle, he bought out his brother’s stake in 2005. In the interim, the brand had faded completely from the public eye.

Stalwarts of the consumer durables industry say Onida is a classic example of a great brand that messed up big time. In 1998, the company decided to do away with the decade-old ‘Neighbour’s envy, owner’s pride’ tagline, as well as its mascot, the devil. The rationale was that with increasing disposable income and affordability, a television had become a necessity and every home had a TV set. “The feeling of envy ceased to exist, so the campaign began to lose its efficacy,” says Sriram Krishnan, Vice-President (Sales & Marketing), Onida.

The company also decided to move its advertising account from Advertising Avenues to Rediffusion, which came up with a series of campaigns that glorified the product. The change in communication strategy was of little help. In 2003, the company decided to reinstate the devil, this time, with a new tagline—‘Nothing but the truth’. “This time we were launching a suite of products and we needed a brand halo. The devil was synonymous with Onida during the heydays,” says Krishnan.

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The idea was to tell consumers Onida had everything and to show what other brands had failed to deliver. Instead, it was the devil who once again failed to deliver. Within a couple of years, the company sent him packing again and moved the ad account to McCann Erickson.

Advertising consultant Gopi Kukde, the brain behind the Onida devil and the ‘Neighbour’s envy...’ tagline, gets emotional about the beast being put to rest. “The devil is an idea, how can an idea get old?” he asks.

Pat comes Mirchandani’s reply: “Television has become a commodity today. How can there be envy in a commoditised category? A Rolls Royce may evoke envy, not a television.”

Expanding The Portfolio

The head of a leading Korean consumer durables company attributes Onida’s failure not so much to the confused advertising strategy, but to its inability to invest in creating a superior product and an effective distribution system. “The biggest lesson from the Onida story so far is that the strength of the product comes first, then comes

brand connect,” he insists. “Their product’s disconnect with consumers and their inability to reach out to consumers (weak distribution) let them down.”

Onida eventually began to diversify its product range. Air-conditioners came in 2003, DVDs in 2004, microwave ovens in 2005, LCD TVs in 2006 and mobile handsets in 2010 (washing machines have been around since 1991).

Mirchandani claims that he saw the importance of having a bouquet of products early on. But unlike the competition, Onida didn’t have the comfort of having a global parent with pots of money and well-established R&D facilities. “We took time to do our own R&D and roll out products,” he concedes. The company now has three R&D centres, two in Mumbai and one in Shenzhen, China (for mobile handsets). “We have been consistently investing Rs 10-15 crore every year since 2005 on research and development. We plan to infuse another Rs 15 crore in the coming year,” says Mirchandani. Of course, that’s still peanuts when compared to the Rs 200 crore-plus R&D budgets of LG and Samsung.



“The devil is an idea, how can an idea get old?”—Gopi Kukde, Advertising Consultant

Uphill Task

From Rs 1,568 crore last year, Mirchandani hopes to expand 27-30% and record revenues of Rs 2,000 crore this fiscal year. “I want to do Rs 4,000 crore revenues in the next three-four years, which is not difficult in this booming market.”

However, for a brand that went into hibernation for almost a decade, the comeback is not going to be easy. The Mirc chairman is confident of doing so with heightened doses of advertising. The company has been consistently increasing its ad spend since 2008. Last year, it spent around Rs 100 crore and this year, Onida’s budget for advertising, marketing and distribution is close to Rs 140 crore.



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CEO, Francis
Kanoi Marketing

It has also come out with a new tagline: '*Tumko dekha to yeh design aaya.*' Says Krishnan: "The insight here is that we would innovate as per consumer needs."

The brand is available mostly in multibrand outlets and Gujarat is its strongest market. Though the trade agrees that the perception of the Onida brand has improved over the last year, the company has a long way to go before it can challenge the Korean or Japanese biggies.

"The only category in which they are giving the international brands some kind of competition is air-conditioners (Onida has 9% market share vis-à-vis market leader LG, which has 26%)," points out Amit Mulchandani, Director of Mumbai-based consumer durable retail chain, Snehanjali.

On the other hand, Nilesh Gupta, Director of Vijay Sales, another Mumbai-based consumer retail chain, feels that Onida needs to work hard on the price point to ensure that it increases sales. He says that an Onida washing machine is priced at par with an LG washing machine. "Since the brand's perception has eroded, it is unlikely that a consumer would choose an Onida over an LG washing machine."

Mirchandani, however, is no mood to bring down his pricing. "We will continue to be in the premium category. It's only a matter of time before the perception changes in our favour."

Will Onida finally succeed in challenging the MNC big guns? Xavier of Francis Kanoi says that he would definitely not write Onida off. At the same time he isn't too confident about its abilities to match, let alone beat the MNC giants.

Mirchandani, however, is upbeat. "There was a time when the Japanese were supreme, then came the Koreans, followed by the Chinese. I am sure an Indian brand like ours will gain credibility sooner or later. I want to make Indians proud of the 'Made in India' brand."

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