Onida ‘Candy’-Getting the Marketing Mix Wrong?

This case was written by Sanjib Dutta, IBS Center for Management Research. It was compiled from published sources, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.
Onida ‘Candy’ - Getting the Marketing Mix Wrong?

“It was the first non-serious approach to regular television.”
N Chandramouli, vice president, sales, marketing and service, Mirc Electronics, commenting on the launch of Onida ‘Candy.’

INTRODUCTION

Onida’s market share in the Color Television (CTV) market went up from 9.5% in 1997-98 to 11.7% in 1999. (In 2000, Onida’s market share was 13%). However, almost 45% of its sales had come from the 21-inch segment. Onida therefore decided to increase its market share across all categories. Onida, which was better known as a ‘21-inch television company,’ wanted to rejuvenate the brand by entering the 14 inch and 20 inch segments.

In May 1999, Onida came out with a unique product, a 14 inch CTV set nicknamed Candy. Candy came in four colors—Berry Blue, Mint Green, Lemon Yellow and Cherry Red—and was priced at Rs 9,990.

Soon after the launch in Mumbai, G Sundar (Sundar), executive vice-president of Onida, invited 80 dealers to discuss how to make the Onida brand appealing to the youth. Onida finally decided to use the cricket World Cup as a vehicle to rejuvenate the brand. Sundar banked on the World Cup to push Onida ‘Candy’, the ‘cute, funky, nifty, little product.’ Since Candy came with a free cordless headphone, one could listen to the cricket commentary on TV without disturbing anyone at home. It seemed to be an ideal product launch before the World Cup. With this strategy in mind, Onida started marketing Candy more aggressively than its other products. Hoardings were put up at prime locations in Mumbai. Just before the World Cup, Candy was launched nationally.

Onida sold almost 4,000 Candy sets in the first month of its launch in Mumbai. Dealers in Calcutta, Punjab, Tamil Nadu and Karnataka also received a good response. Onida expected to sell around 2,000-3,000 sets per month in each of these markets. In December 1999, six months after its launch, the brightly coloured candy seemed to be a runaway success. The company achieved its national sales target in the Mumbai market alone.

In April 2000, Onida launched Candy in dual coloured television cabinets. Called Candy Duet, it was available in four colours—Black Currant, Raisin Cream, Berry Delite and Double Mint in the 14-inch version. Onida maintained the old price tag of Rs 9,990 for its new products. Candy Duet was also simultaneously launched in a 20-inch version in three colours, Cherry Ice, Cool Mint and Berry Delite, priced at Rs 12,990.

However, in mid-2001, after two years in the market, Candy seemed to be in trouble. The company executives admitted that Candy’s sales had dropped, but they were reluctant to give out numbers. However, according to some estimates gathered from industry sources, in mid 2001, Onida sold

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1 Onida was a brand of Mirc Electronics. Soon after the New Delhi Asiad, two brothers, Gulab and Sonu Mirchandani identified an opportunity in the nascent television market. Sonu entered the television market in the northern and eastern parts of the country through his company, Monica Electronics, and Gulab entered the TV market in the south and west of India with Mire Electronics. Onida was launched in 1984.

2 Refer Exhibit I
only 3,500 Candy sets per month nationally with the Mumbai market contributing less than 500.
What were the reasons for Candy’s failure? Why could it not sustain the interest it had drawn
during the initial months of its launch?

**POSITIONING CONUNDRUM**

In the late 1990s, Onida was eyeing the replacement market in which black & white TVs were
exchanged for colour TVs. This segment accounted for 25% of the CTV market. Onida positioned
Candy to tap this market. Research carried out by Onida in 1998 revealed that 60% of TV
repurchases were done by 24-to-35-year-olds. Candy seemed to be ideally placed to tap this age
group. Onida also planned to create a niche market for Candy targeting youth.

Onida planned to gradually bring variants of the product like video games, calculators built into
the TV and possibly Internet facilities. The company was also planning wall or ceiling mounting
for Candy and customised colour designing. Commented Sundar, “If successful, the Candy variety
will be used for the large screen TVs. We will use the sub-brand to tickle the taste buds of the
youth.”

Onida also planned to position Candy as an add-on television. Gulu Mirchandani, chairman, Mirc
Electronics Ltd. said, “The programmes broadcast on various channels are designed to appeal to
different members of the family. That’s fueling the need for more than one TV. Onida was the first
company to recognise the trend, and we positioned the 14-inch TV as a second TV.” A survey
conducted by Mirc Electronics revealed that 9% of the TV market was dominated by second-set
buyers. However, Mirc was not able to position Candy as an additional TV set because dealers
were more interested in pushing televisions into households that were seeking to replace their
existing black-and-white televisions with colour televisions. The replacement market drove
volumes. Mirc’s own studies concluded that there was heavy demand for replacement TVs. In the
1990s, the replacement demand as a percentage of total sales had risen to 25%, from a mere 5% in
the 1980s. Analysts felt that the marketing of Candy was out of sync with buying patterns.

Analysts also felt that Candy’s initial success was purely a reflection of market trends. In the late
1990s, the market for colour TVs was growing at phenomenal rates averaging nearly 25%. When
growth rates plummeted to 5 to 6 percent in 2000-2001, niche segments like the one in which
Candy was operating were the worst hit.

Analysts felt that for Candy to be successful, it had to get its brand positioning clear.

**PRODUCT DIFFERENTIATION**

Through Candy, Onida was planning to differentiate its product in the overcrowded CTV market.
When Candy was launched in 1999, it was seen as a bold attempt to stand out in the overcrowded
Indian television market, which had seen nearly ten new entrants since 1995. Japanese brands like
Sony, National Panasonic and Toshiba, and Korean brands like Samsung and LG, had entered the
Indian television market at the same time. To counter the onslaught from foreign brands, the big
three players, BPL, Videocon and Onida took steps to strengthen their grip on the market.

Technology was slowly but surely ceasing to be a factor, since most of the players were capable of
offering superior technology. They had to look at other avenues. Brands like Onida decided to
offer superior-looking televisions to attract the customer. Candy was the outcome of this decision.
Onida wanted to build a brand by giving Candy an attitude and communicating the benefits to its
target audience i.e. consumers who had a youthful outlook. Mirc’s research revealed that
youngsters liked to watch television at a high decibel level. This naturally disturbed the elders in
the household. By offering a pair of cordless earphones with every Candy, Mirc planned to hit two
targets with one stone--make television viewing a personal experience with young people, and
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make life easier for others in the house. In fact, to appeal to the instincts of the individual viewer, Mirc Electronics had initially planned to name Candy, MyTV, before Onida’s advertising agency Bates (then Bates-Clarion) coined the name Candy. According to a source who was involved with the launch, “Candy was part of Onida’s experiment with sub-brands.” And Mirc ensured that the Candy stood out from other televisions in the market, with a range of four vibrant colours — Berry Blue, Mint Green, Lemon Yellow and Cherry Red.

Would these strategies translate into sales? Analysts didn’t think so. According to K S Raman, president, Consumer Electronics and TV Manufacturers Association (Cetma), “Candy will not be that popular with middle and the lower class. They prefer sober colours as their lives are also quite sober.” Added Kanhaiya Bulchandani, a big TV dealer in west Mumbai. “Black and grey are the most preferred colours. They go well with every sort of room decor. For Candy you need matching paint on the furniture or walls.” Bulchandani sold about 100 Candy sets in 25 days, but he did not consider this an indication of Candy’s popularity. He commented, “We are selling sets from Videocon or even Aiwa in much larger numbers. But since targets for Candy are lesser, its performance is good.”

Analysts felt that marketing CTVs in colored cases could give rise to many problems. Mirc would have to get the production systems tuned to the demand patterns. Since the demand for a particular color could change over time, inventory problems were likely to occur. In mass production one could churn out sets, all uniformly black at a low cost. However, in case of Candy, Mirc would have to constantly adjust to demand patterns. This would be very tough because people’s preference for a particular colour could change overnight on a whim.

Candy’s colors, which were selected by the company by “instinct,” turned out to be another weakness. Dealers and salespersons, who were used to dealing with televisions cased in black, grey and other dull shades, found it hard to accept Candy’s bright hues. According to a saleswoman working for a Mumbai dealer, the colours were too gaudy. However, company sources felt that Candy’s colours were either loud or cool, depending on how one viewed them. Since the Candy brand was supposed to be vibrant and youthful, from the company’s point of view, the colours were just right.

TARGETING

Candy focused sharply on young people; it was targeting people between the ages of 12 and 25. Market research showed that this age group was looking for personalized products. As a result, Candy was configured to meet this need. For instance, Candy could be configured to different channel choices. So if Mother got hold of the remote, with a flick of the button she could have Sun TV, Zee TV, Sony et al. as the top nine channels on the remote. And if junior grabbed the remote, the order would start at TNT Network followed by Zee, Discovery and other assorted channels. Candy also offered wireless headphones. The target audience for headphones comprised teenagers who could listen to MTV Grind when the rest of the house was sleeping. Commenting on Candy’s marketing strategy, K Sampath Kumar (Kumar), general manager, marketing, said, “We know children influence the purchase of consumer durables today. Previously, it was housewives.” But analysts felt that the decision to purchase was still taken by the head of the house. Added Kumar, “We are aware of this. Our pitch will be primarily to the children.” To sweeten the deal, Onida was planning to bundle video games with televisions later. It was also thinking of offering people a colour of their choice for the set.

GETTING THE MARKETING MIX WRONG?

Analysts felt that Candy would have fared better if it had paid more attention to communicating its youthful image. While Onida communicated through hoardings, print advertisements, streamers, and other attractive points of display, it missed out on one of the vital points in youth marketing. It paid attention to only two of the three ‘Is’—internationalism and individualism— but ignored the
third and vital aspect of interactivity. Analysts felt that Onida, through its communications, should have made the youth feel that they owned the brand as much as the company did. Analysts felt that the marketing of Candy was also affected by Mirc’s conservative approach to advertising and promotions. However, company sources countered this saying they spent an average of Rs 25 mn to Rs 30 mn per year advertising the brand.

Pricing seemed to be another area where Candy took a beating. The 14-inch CTV segment was the most price-sensitive segment in televisions. The segment was dominated by buyers graduating from black-and-white television sets to 14-inch CTVs costing above Rs. 6,000. Onida’s Candy was placed alongside other similar offerings like BPL’s KWR, LG’s d70 and Samsung’s 3302 and 3379, all of which fell in the price range of Rs 7,000 to Rs 10,000. Candy’s Rs 9,990 price tag was Rs 2,000 more than BPL’s 14-inch set and Rs 3,000 more than Aiwa's 14-inch television set. However, at Rs 9,990, company sources felt that Candy’s pricing was just right.

**WILL CANDY MAKE A COMEBACK?**

Onida stepped up its advertising efforts with an outdoor campaign launched in June 2001. It also planned to add another colour to its 20-inch offering. The company expected Candy to contribute about 8 to 10 percent of Onida’s sales in the future. Going by the December 2000 estimates of Onida’s annual sales of 0.52 mn television sets in the 5mn sets market, this should be in the range of 50,000 sets per year. It remains to be seen whether this new attempt would bring sweet success to Candy.

**QUESTIONS FOR DISCUSSION:**

1. When Candy was launched in 1999, it was an instant success; but after 2 years, Candy’s sales declined drastically. Discuss the reasons for this decline in sales.
2. Onida is attempting to increase Candy’s sales. According to you, what should Onida do to increase the sale of Candy?
3. Onida decided to market Candy to the youth segment. Justify this decision.

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3 Refer Exhibit II for the growth of the CTV market in India.
### Exhibit I

**Market Share (2000) in CTV (%)**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Share</th>
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<tbody>
<tr>
<td>BPL</td>
<td>20.3</td>
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<tr>
<td>Videocon</td>
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<tr>
<td>Onida</td>
<td>13.0</td>
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<tr>
<td>LG</td>
<td>11.0</td>
</tr>
<tr>
<td>Aiwa</td>
<td>10.0</td>
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<td>Philips</td>
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<tr>
<td>Sony</td>
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<tr>
<td>Sharp</td>
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<tr>
<td>Akai</td>
<td>2.0</td>
</tr>
<tr>
<td>Thomson</td>
<td>2.0</td>
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<tr>
<td>Others</td>
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*Source: indiainfoline.com*

### Exhibit II

**Growth of CTV Market in India**

<table>
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<tr>
<th>Year</th>
<th>CTV Sales (mn units)</th>
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<tr>
<td>1991</td>
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<td>1992</td>
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<td>1993</td>
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<td>2000</td>
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</tr>
</tbody>
</table>

*Source: indiainfoline.com*
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Additional Readings and References: