Titan Industries - Getting the Marketing Mix Right

Prerequisite Conceptual Understanding

- Marketing mix
- Segmentation, targeting and positioning.

Synopsis of the Case Study

Established in 1987, Titan marked the entry of Tata Group into watch-making. Watches, which were once considered by customers as just time-keeping devices, were now seen as a fashion accessory. Titan is now the dominant player in the quartz segment, achieved by bringing together the various elements of marketing mix. Unlike foreign brands, which target their products at a niche segment, Titan has classified the market into various segments and targeted each segment with different products at different prices. It carved out a place in the middle and upper-middle segments through its flagship brand Titan, and in the mass market through its sub-brand Sonata. These brands are distributed through three channels – exclusive showrooms, franchisees and distributors. Promotional strategies of Titan have also helped it to achieve this position.

Teaching Objectives

The case is structured to make the students understand and analyse:

- Importance of marketing mix
- Titan’s marketing mix.

Teaching Plan

The Teaching Note as well as the Structured Assignment of the case study follows a specific Teaching Plan that has been highlighted in [Annexure (TN)-I].

Assignment Questions

I. Discuss the importance of marketing mix and the counter arguments against this.

II. Compare the marketing mix strategy of Titan in its initial years with the strategies it followed in the past few years.

This teaching note was written by Sushma, under the direction of Mercy Mathew, IBSCDC. It is only an illustrative orchestration of the case study 'Titan Industries - Getting the Marketing Mix Right'. It is never meant to limit the learning outcomes.

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Analysis

I. Discuss the importance of marketing mix and the counter arguments against this.

Explain the concept of marketing mix.

Marketing mix: It is a marketing tool to achieve business objectives. There are four elements of marketing mix: product, price, place and promotion, which needs to be consistently managed to maximise a company’s effectiveness. It is a tool through which the marketer decides on what and how a product should be, where the product should be sold, how much it can be priced and how should be its promotion. Getting the marketing mix right is important for every company, be it small or large.

Product strategy: When a company launches a product in the market, it has to analyse:

- For whom the product is targeted?
- What benefits can the target customers expect?
- How would it position the product in the market?
- What differential advantages can the product offer over its competitors?

Price strategy: Pricing is one of the most important elements of marketing mix. This element of marketing mix should support the other elements and must reflect the supply and demand relationship. When deciding on pricing, the company should take into account these factors:

- Fixed and variable costs
- Competition
- Company objectives
- Planned positioning strategies
- Target customers and their willingness to pay.

These are the pricing strategies that a company can adopt:

- Penetration: This is a type of pricing strategy, where the company lowers the prices when it wants to increase the sales and market share
- Skimming: Under this pricing strategy, the company initially sets a high price and slowly lowers the price to make the product available to a wider market
- Premium pricing: Premium price is charged to reflect the product exclusiveness.

Place strategy: It refers to how an organisation will distribute its products. Depending on the type of product, there are three common distribution strategies:

1. Intensive distribution: This type of distribution is practiced when a manufacturer wishes to have its products widely available. This type of distribution is used for low-priced or impulse-purchase products
2. Exclusive distribution: When the products are distributed on a limited range to a single outlet, to whom exclusive rights are given to carry the products in the specified region, the company is said to have followed exclusive distribution
3. Selective distribution: The product, in this type of distribution, is distributed through a limited number of outlets.
Promotional strategy: Selling a good product at attractive prices is not enough for a company to generate sales and profits. For this, product benefits have to be communicated. This is commonly referred to as ‘promotion’, the process of informing the customers about products. The promotional strategy to make customers aware that a company’s products exist can consist of:

- **Advertising**: Non-personal paid form of communication through media – magazines, televisions, billboard posters and the Internet
- **Personal selling**: Oral communication with the potential buyer, to convince the customer to buy the product
- **Sales promotion**: Usually used to stimulate demand for the product – coupons, discounts or other special offers
- **Publicity**: Promoting the product in the media without directly paying amount for it. It is otherwise known as public relations or PR.

The Rationale in Developing Business Strategy Around the Marketing Mix

For any marketing strategy, elements of marketing mix are the basis. It builds the brand’s strategy in an efficient and planned manner. The basic function of marketing mix is to develop the appropriate mix that would not only satisfy the target customer’s needs, but also maximise the organisation’s performance. Getting the marketing mix right is important to successfully market a product. Marketing mix also helps the marketer to establish linkages with its target segment. Earlier, companies used to practice third-degree marketing, where the brand is first placed in the market and later the marketing mix elements are adjusted to suit the target-customer’s needs. This practice was followed since there was no competition and only a few players dominated the market. But now, even the well-known brands carefully identify the scope for providing a competitive marketing mix and then build a strategy based on it. A reputed Indian carmaker, Maruti Udyog Limited, has used various strategies to maintain its leadership – launched new models, sub-brands and offered various services. To become competitive, a pain-balm-maker, Amrutanjan Limited has used a number of marketing mix elements by introducing product variants for different market segments.

II. Compare the marketing mix strategy of Titan in its initial years with the strategies it followed in the past few years.

Titan’s Marketing Mix during its Initial Years

1. Scenario analysis

Before India liberalised in 1991, it was a protected market but a developing one. In 1960s, the Indian watch market was dominated by mechanical watches; while in the 1970s, quartz watches came up. When Titan entered the fray, the only dominant player was HMT, a government-owned firm, which had technical collaboration with the Japanese company, Citizen. Watches at that time were rarely stylish and were just seen as time-keeping devices. An average customer had to wait for 6 months to get an HMT Janta watch. However, this scenario changed with the entry of Titan. What changes were seen in the consumer behaviour with Titan’s entry?

Titan simply changed the way watches were made, sold and purchased in the country. Customers who were used to wear watches that looked like a fry pan, discovered what it would be like wearing a sleek watch. Earlier, customers used to purchase smuggled watches. But with Titan’s entry, customers discovered that they could rather buy a high-quality watch in a relaxed and friendly atmosphere.
2. Product

One of the factors behind Titan’s success is its wide range of models. Titan based its product-line on quartz technology at a time where 95% of the watches in the Indian market were mechanical. To the core product, it added emotional values like sense of quality and design standards. It was on design and styling that Titan scored over other brands. No other watch brand was even able to match the design standard of Titan, and its quality scaled international standards.

Next, it added features like new designs and styling. Titan was the first company to introduce the style concept, projecting the watch as a fashion accessory. For Titan, HMT was not its main competitor, but it was the unorganised market players. The only way it can differentiate from them was design. This helped the company to not only gain customers for its products but also make them to purchase multiple watches. Finally, it built up the presence of its brand.

The company’s vision was to build the brand similar to those available in the global markets. The initial range with which Titan entered the market consisted of 350 different models, while the rest of the Indian manufacturers in total offered 200 models. The company offered different models for diverse requirements – formal watches for executives, dress watches for those who prefer jewellery and rugged watches for those looking for durability.

**How did it beat the competition from HMT in the low-end segment?** As mentioned earlier, Titan was quite immune to the competition from HMT, as both catered to different customer segments. Initially, though the company focused on the premium segment, rapid increase in its market share and sales growth led Titan to consider the strategy to expand its product range to newer segments. Added to this, the demand was phenomenal in the lower-end, mass-market segment. In spite of being controlled by HMT and other unorganised players, this segment had great growth potential for Titan. In such situation, moving to the low-end market segment seemed to be the best option for Titan. However, it was concerned about its brand image. It avoided the brand dilution issue by partnering with Timex, which manufactured low-end brands.

3. Price

After understanding customer preferences and analysing the market and operations of various brands, the company felt that it had to position itself as a premium product to become a global brand. So it charged premium prices for its watches. But at the same time, it had a range of watches priced under INR 2,000. Titan watches were technically superior to HMT watches, and competitive pricing helped the company further strengthen that claim.

4. Place

It was only through the franchised outlets and multi-brand stores that the company sold its products.

5. Promotion

Before Titan’s arrival, watchmakers considered advertising an unnecessary expense. But Titan considered it as a vital investment, which later was embraced by the entire industry. Television was new to India during 1980s. TV advertisements were limited to fast moving consumer goods. But Titan effectively used this medium; its advertisements were especially known for its music tracks. It pioneered the concept of ‘gifting watches’, the essence of which was captured in its advertisements also. Titan created awareness for its umbrella brand by promoting itself as a brand that is as good as foreign ones.
As its strategy was targeted at the premium segment, was it losing out on customers?

Market liberalisation in India began in 1991 and this greatly changed the customer behaviour. With increasing income levels, customers now turned to value – but at the same time were style-conscious. The launch of quartz and digital watches changed the nature of the market. The focus of manufacturers shifted to higher volumes, though it offered low margins. **What changes did the company make in the marketing mix because of this shift?**

1. **Segmentation**

Titan that earlier did not segment the markets began the process in 1996. Segmentation was felt necessary by Titan, as the markets became more demanding, customers had the knowledge about different brands and the target market was easy to identify. After carrying out a careful analysis, Titan identified three different market segments for its brands: high income, middle- and lower-income customers. This segmentation was done on the basis of customer’s income level, benefit and lifestyle.

1. Customers belonging to the first segment are those who buy watch as a fashion accessory, but not as a time-keeping device. They are not price-conscious; they want an exclusive product and buy a watch impulsively.
2. The middle segment of customers prefer some style in their watches but price does matter for them. Though they have the capacity to pay the price, they do not purchase it unless and until they compare them with other watches.
3. The third segment of customers usually consider watches as a time-keeping instruments and buys it on the basis of the price.

2. **Product**

Titan’s portfolio of products spans three different price-bands: popular, mid and premium [Exhibit (TN)-1]. At the bottom of the pyramid, the emphasis is on the volumes and not on profits. While at the top of the pyramid the focus is on profits and image, but not on volumes. Though initially the company focused on the premium segment it later emphasised more on the other two segments. The company pursued this focus for couple of years and during this period, it remained more or less inactive in the luxury segment. However, in 2007, targeting the luxury segment, the company launched ‘Xylys’. These watches were designed, keeping in mind factors such as buyer’s age, their taste and the occasion for which the watch would be used. The company now makes over 8 million watches a year and has a customer base of more than 75 million. It offered the consumers quality products that had elegant designs combined with superior technology. Its ability to understand customer’s mind has been the key to company’s success. The company has a product for every price segment and every market.

**Sonata:** When its partnership with Timex ended, it introduced its second independent brand, Sonata, to cater to the potential market of low-end customers. **What impact did Titan had on launching the low-end brand Sonata?** Sonata’s launch was a huge success, as it was available at economical prices. But this success came at the cost of its flagship brand, Titan. Titan was perceived as a premium brand and with Sonata in its portfolio, the company’s brand valuation went down. Realising the mistake, Titan separated this brand from its flagship brand. Sonata is now endorsed by Tata and not Titan.
3. Price

While the remaining three Ps of the marketing mix are variable costs, pricing is the only mix that generates revenues for a company. Titan created various products at different price points for various segments [Exhibit (TN)-II].

<table>
<thead>
<tr>
<th>Brand</th>
<th>Target Market</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raga</td>
<td>Women</td>
<td>Exclusive watches for women who prefer jewellery</td>
</tr>
<tr>
<td>Dash</td>
<td>Kids</td>
<td>Young children aspiring for watches</td>
</tr>
<tr>
<td>Sonata</td>
<td>Budget-conscious buyers</td>
<td>Customers seeking durability and value</td>
</tr>
<tr>
<td>FasTrack</td>
<td>Youth</td>
<td>To match their dynamic life style</td>
</tr>
<tr>
<td>Nebula</td>
<td>Upper class</td>
<td>Turn watch into a precious jewellery</td>
</tr>
<tr>
<td>Steel</td>
<td>Youth</td>
<td>Customers looking for style and fashion and have an interest matching their clothes with the watches</td>
</tr>
<tr>
<td>Edge</td>
<td>Technology savvy</td>
<td>Customers looking for a watch with sleek design</td>
</tr>
<tr>
<td>Exacta</td>
<td>Lower middle class (office wear)</td>
<td>Customers who look for durability, reliability and affordability</td>
</tr>
<tr>
<td>Spectra</td>
<td>Common class</td>
<td>Designed for those who look beyond the ordinary watch</td>
</tr>
<tr>
<td>Regalia</td>
<td>Upper middle – upper class</td>
<td>It represents the essence of dress-wear</td>
</tr>
<tr>
<td>Bandhan</td>
<td>Pair</td>
<td>Gift item for a couple</td>
</tr>
<tr>
<td>Technology</td>
<td>Technology savvy</td>
<td>Those who turn on for technology</td>
</tr>
<tr>
<td>Royale</td>
<td>Upper middle class</td>
<td>To suit daily wear</td>
</tr>
</tbody>
</table>

Prepared by the author

Exhibit (TN)-II
Price Range of Titan Brands

<table>
<thead>
<tr>
<th>Brand</th>
<th>Price range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonata</td>
<td>395–1,225</td>
</tr>
<tr>
<td>Nebula</td>
<td>9,990–85,000</td>
</tr>
<tr>
<td>FasTrack</td>
<td>795–2,250</td>
</tr>
<tr>
<td>Edge</td>
<td>4,440–6,495</td>
</tr>
<tr>
<td>Steel</td>
<td>1,450–5,695</td>
</tr>
<tr>
<td>Bandhan</td>
<td>3,495–8,250</td>
</tr>
<tr>
<td>Regalia</td>
<td>3,495–5,975</td>
</tr>
<tr>
<td>Raga</td>
<td>1,750–4,995</td>
</tr>
<tr>
<td>Technology</td>
<td>5,495–8,500</td>
</tr>
</tbody>
</table>

Prepared by the author
Pricing Strategies of Titan

• **Skimming pricing:** No other watch company offers pure gold watches, pair watches, and jewellery watches as Titan does. This concept is new to India with only a few players (mainly foreign players). Titan’s design, the products and the look have the Indian touch. Thus by offering a few products (like Nebula and Insignia) in these ranges, it is able to skim the market.

• **Penetration pricing:** About 70% of the sales come from the lower segment. Titan penetrates this segment through its Sonata brand, which is available in the market from INR 350 onwards.

• **Survival pricing:** For certain brands, Titan prices them as per the features and value delivered by them. Exacta is a simple steel and good styled watch, priced in the range of INR 600 to INR 1,100.

• **Premium pricing:** It prices premium amount for some of its brands (like Xylys) to reflect the exclusiveness of the product.

**Pricing method:** Titan follows mark-up pricing strategy, where a Titan product is sold at maximum retail price (MRP). Stores like the ‘World of Titan’ sell directly to the customers, thus eliminating the cost of middlemen. The retailer buys 17%–18% less than the MRP, thus making profits of 17% on sales.

Titan has always tried to achieve balance between the cost focus and differentiation focus. In lower end of the market, it tries to gain cost advantage by exploiting the differences in cost behaviour. While in the other two segments, it differentiates itself from its competitors by offering good designs.

4. Place

Titan’s distribution system is a mix of both company-owned and franchisee outlets. This is to make sure that it has a dominant presence in all the markets and also assure that it is available through this distribution system. Its outlets (whether company-owned or franchised) are strategically located to ensure that they are easily accessible to customers. To maintain its growth, the company has been focusing more on the rural and semi-urban markets. Titan’s stores can be classified into four, each having different features which make Titan attractive to everyone:

1. **World of Titan:** It is the biggest of all the stores and an exclusive dealer of the Titan watches. Most of the Titan’s revenues come from these stores. This internationally styled showroom offers customers an extensive range of watches and trendy accessories with a friendly ambience. Separate zones are created for kids. The company conducts various loyalty programmes where the customers are given special privileges like gift vouchers and invitations to join the Signet club. To meet the international standards, these stores are renovated every 5 years.

2. **Sonata store:** These are the exclusive stores for Sonata. These stores were opened on account of huge demand for these watches. These two stores are the exclusive stores of Titan. Apart from these, it also sells its products through other outlets like Time Zone and Value Mart.

3. **Time Zone:** This chain of trusted watch shops stocks all the leading brands of Titan.

4. **Value Mart:** These stores sell surplus stock of Titan watches at discount prices. There are 142 such stores spread across 89 Indian towns.

Franchising also forms an important part of Titan’s retail distribution system. Through conducting workshops and seminars on market trends, visual merchandising, store operations and maintenance, and customer service initiatives, the company trains the franchisees.
5. Promotion

Titan is one such brand that used advertising as one of the marketing mix elements to not only succeed in building brand, but also to continue its success. Initially the company did not separately advertise its sub-brands; marketing and communication were not integrated. But later with the development of the market, the company recognised the importance of advertising for each brand separately. It separated the marketing and advertising campaigns for its sub-brands.

The company has always invested heavily in promoting its existing products and new models through measures such as catalogue advertising and print. Celebrity endorsements were also made for the brand; popular Bollywood actor, Aamir Khan, promoting the entire range of Titan watches. The idea was an attempt to extend the appeal of the Titan brand. Besides advertising, the idea and ambience of Titan’s retail outlets work as a fine promotional tool. These stores have uniform frontage with window displays that are quite attractive. Titan brands are placed in highly refined settings that have the best lighting, props and also the required information. The way Titan advertised its products have been changing, but the musical piece by Wolfgang Amadeus Mozart that accompanied these ads remain the most popular aural mnemonic for Titan. In its advertisements, it captured the emotions associated with gifting through its famous jingle.

The other ways of promotion are:

- Titan sponsors major events, cultural programmes and other festivals in colleges. This helps it to meet customers directly and convince them to buy its products
- Titan promotes a particular product during a specific season. Nebula and Bandhan were regularly promoted as gifts during the wedding season or during Diwali (a fireworks festival in India). Similarly, FasTrack is promoted extensively during the period when schools and colleges reopen
- Slogans on hoardings and banners are simple and catchy
- The company has tie-ups with various magazines, televisions and outlets, where the Titan watches can be won through contests. Discounts are also given on purchasing the watches in lot.

Other factors: The other factors that helped Titan achieve this status are innovation, state-of-the-art technology and customer satisfaction. Its continuous innovation in the areas of technology and infrastructure has resulted in raising the quality of its watches.

Titan’s second foray was into jewellery division. Jewellery has always been a big business in India. When Titan entered this segment as Tanishq in 1995, goldsmiths dominated the jewellery market. Tanishq built on its first mover advantage as India’s first branded jewellery company and has been the market leader for years. Tanishq is available only in exclusive outlets, providing customers with a unique shopping experience. Its promotional efforts have also been trendsetting. The company has been using 360° approach to create brand equity and an image that would stand for purity, style and elegance. Apart from watches and jewellery, Titan has also diversified into accessories market and precision engineering sector.

Counter Arguments for Marketing Mix

Marketing mix, according to Peter Doyle, leads to unprofitable decisions – as it is not based on financial objectives. He further adds that it is not clear as to what criteria should be used to determine an optimum marketing mix. Some experts argue that the marketing mix is oriented more towards customer market and so, does not offer a suitable model for industrial product marketing. While others believe that marketing mix has more of product market perspective and hence not suitable for marketing services.
How to achieve optimal advantage from the marketing mix?

- Create clear links between product strategy, marketing tactics and the purchasing process
- Identify the key strategic levers, potential opportunities and/or gaps in the current brand plan, and the most effective marketing mix elements for the future
- Evaluate the marketing mix to serve as a basis for the brand planning process
- Facilitate contingency planning so that brand teams can react quickly and effectively to marketplace and/or product changes
- Have a tracking programme and milestones for monitoring the success of the implementation of the brand plan and for making appropriate course corrections.¹

Final Thoughts

Titan continues to enjoy its dominance in the Indian watch market. Despite liberalisation, there has not been many active players in this sector. Among the domestic players, Allwyn has abandoned its operations, while HMT and Timex have been struggling with losses. As for the new players, there are formidable entry barriers like the high prices of these watches and Titan’s strong grip on distribution. Titan represents a perfect example as to how to get the exact marketing mix.

¹ “Marketing Mix Optimization”, http://www.zsassociates.com/content.asp?id=634
**Annexure (TN)-I**  
**Titan Industries – Getting the Marketing Mix Right**  
**Teaching Plan**

**Prerequisite Conceptual Understanding**
- Marketing mix
- Segmentation, targeting and positioning.

<table>
<thead>
<tr>
<th>The Big Picture: Expected Learning Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing mix and the importance of pursuing marketing mix as a strategy.</td>
</tr>
</tbody>
</table>

**Teaching Plan Flow**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Analysis Section</th>
<th>Expected Learning Objectives</th>
<th>Forward Linkage</th>
<th>Ideal Duration (minutes)</th>
</tr>
</thead>
</table>
| 1.      | Marketing Mix    | • To understand the concept of marketing mix  
|         |                  | • To understand the various elements in marketing mix  
|         |                  | • To discuss the relevance and importance of marketing mix as a strategy  
|         |                  | • To study the counter arguments for pursuing marketing mix strategy. | What is the right marketing mix? | 45 |
| 2.      | Marketing Mix of Titan Industries | • To compare Titan’s marketing mix strategies during its initial years with that which it followed in the past few years  
|         |                  | • How to achieve optimal advantage from the marketing mix? | | 60 |

Contd...
Titan Industries – Getting the Marketing Mix Right

Detailed Teaching Plan

- The concept of marketing mix
- Relevance and importance of marketing mix as a strategy
- Titan’s marketing mix strategies
- What is the right marketing mix?

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