

**Case Submission for:
ITC: Call for Arms at
IIM Lucknow's Manifest-Varchasva**

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Master's In Analytics Co'24

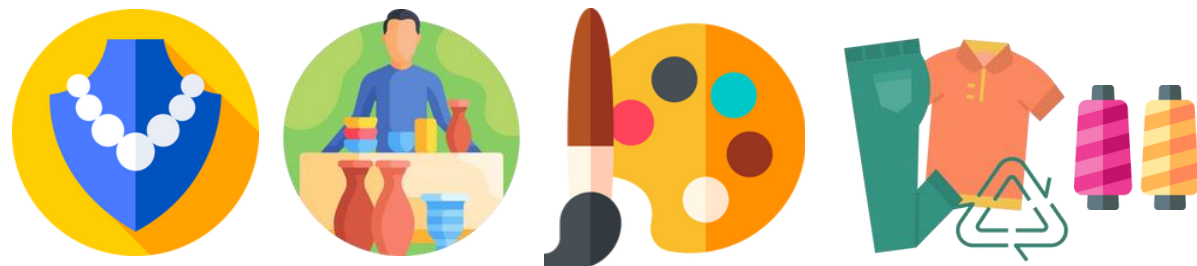
Tata Institute of Social Sciences, Mumbai



Craft:

From Market and Product Point of view anything created by a skilled artisan with a high level of attention to detail and quality is craft. Examples handmade jewelry, pottery, textiles, or woodworking.

HSN Code: 97 For Art and Craft related Good & **96** for stationary related Goods.



Market Scenario:

Indian Stationary Art and Craft Market is expected to grow at **CAGR** of **13.8%** during 2018-2024.



8.50 Million Tons in 2021

14.49 Million Tons expected by 2027



ITC Ltd.



Headquarters:
KOLKATA

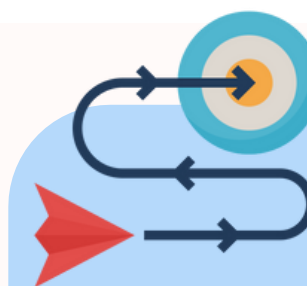


Executive Board:



Chairman & Managing Director: Sanjiv Puri
CEO (Classmate): AYAAN ALI

- Market Cap: \$59.04 Billion
- Stock Price: 386.5
- Net Sales/Income from operations: 59,745.56
- Total Income From Operations: 59,745.56 (in Rs. Cr)
- Fastest firm to clock Rs. 1000 Crores in stationary segment.
- Market share of 20% In Stationary Market.
- Launched in: 2003
- Spending on Marketing:
- (Which helped Classmate
- become giant in its field): 5% of earnings.
- Classmates Revenue for ITC: 764.2 INR Crores



Vision

Sustain ITC's position as one of India's most valuable corporations through world class performance, creating growing value for the Indian economy and the Company's stakeholders



Mission

To enhance the wealth generating capability of the enterprise in a globalising environment, delivering superior and sustainable stakeholder value



Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders.

Industry Potential

Consumer Segments

Channel of Sales

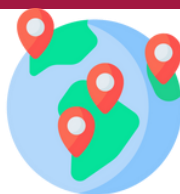
Recommendations

Current players:

Domestic:



International:



Portfolio:

- Drawing and Coloring: Pencils, crayons, and markers for drawing and coloring.
- Craft Materials: Glitter, glue, and craft paper.
- Notebooks and Stationery: Notebooks, diaries, and other stationery items.
- Paperboards and Specialty Papers: ITC's Paperboards and Specialty Papers business produces a range of paperboards, including ivory boards and art boards, which are used in a variety of art and craft applications.

Target Group:



Children

Hobbyist



Professional Artists

Students and Youngsters



Brands:

Classmate: It caters to the needs of school-going children and students, offering a range of notebooks, pens, pencils, and art materials.

Artmate: The brand offers a wide range of products such as fabric colors, glass colors, painting brushes, canvases, and other art tools.

Classmate Pulse: This is a sub-brand of Classmate that offers a range of advanced stationery products such as notebooks with augmented reality features, pens with stylus

Scenario in the already existing Market:

- Crayons and pencil colors dominated the Indian art stationery market in 2017 in revenue terms.



- Oil and acrylic colors are expected to register the highest growth during the forecast period on account of their increasing demand among professional artists.






Leveraging the Gaps:

Students in India: 25.57 Crore ([Source](#)), the NEP 2020 emphasizes the importance of art and crafts in education and aims to promote their integration into the mainstream curriculum to enhance the overall learning experience of students.

- Growing Handicraft Industry because of the boost given by the Govt.
- National Handicraft Development Programme (NHDP)
 - Comprehensive Handicrafts Cluster Development Scheme (CHCDS)
 - Ambedkar Hastshilp Vikas Yojana

Utilizing the growing number of artistic and cultural fests in our country. Eg: Kala Goa Art Fest, Majhgaon Dock Art Fest etc.

Industry Potential		Consumer Segments	Channel of Sales	Recommendations
TARGET GROUP		OCCASIONS	CORRESPONDING PRODUCTS	PRODUCT RECOMMENDATION
<div>  </div> <div>CHILDREN</div> <div>  </div>	Up to Class 6th	<ul style="list-style-type: none"> School projects Holidays and Celebrations School Events 	<p>Craft kits such as science project kits, art project kits, birthday decor kits, kits for festive decoration etc. that could include materials like paper, glue, scissors, paints.</p>	<p>ITC can market its craft products to schools and educational institutes to promote its craft products as a way to enhance learning and creativity.</p>
	Class 6th to 8th			
	Class 8th to 12th			
<div>  </div> <div>ADULTS</div>	Amateurs (Hobbyists)	<ul style="list-style-type: none"> Leisure time Social events Professional settings Hobbies Gifting Bonding activities with kids 	<p>DIY gift boxes, handmade cards, personalised photo frames.</p> <p>Fabrics, needles, threads and also instruction manuals to cater to hobbies like painting, knitting, and sewing.</p>	<p>ITC can create marketing campaigns that focus on the emotional benefits of craft products such as family bonding and stress relief.</p>
	Parents			
	Professionals			

Industry Potential

Consumer Segments

Channel of Sales

Recommendations

Cost of Raw Material and Packaging

Exploring various options for sourcing raw materials to reduce the cost of production.

Alternative sources

Price negotiation with suppliers
Investing in backward integration.

Effective Distribution Channels

- Optimizing distribution channels to improve supply chain efficiency
- Use of data analytics to Forecast demand.
- Partnering with e-commerce players for online sales.

Appropriate Expiry Date

Optimizing Inventory management to reduce waste due to expired products.

Investing in efficient storage and transportation

Improving the accuracy of production planning

Optimize marketing Expenses

Targeted marketing campaigns
Investing in loyalty programs to retain customers

Using data analytics to measure the effectiveness of marketing campaign



Dynamic pricing

The price of products can be adjusted based on demand, seasonality, and other factors.

Volume discounts

Offering volume discounts to retailers or educational institutions that purchase its craft products in bulk will help in increasing sales and margins.

Offering bundled products

ITC can bundle complementary craft products to create value for customers and increase sales. By bundling products, ITC can sell them at a higher price point, which can increase the overall margin.

Cost optimization

ITC can optimize its production and supply chain costs to reduce its operating costs and improve its margins by streamlining the production process, negotiating better deals with suppliers, and reducing wastage.

Tiered pricing

- Different pricing tiers for craft products based on the quality or complexity of the product.
- This will help ITC to cater to different segments of customers with varying budgets and increase its margins.

Online Channels

E-Commerce Platforms



- Targeted advertising and promotional campaigns to reach specific demographics will help generate more traffic to the website.
- Use of customer insights such as buying behavior, preferences, and purchase history can be used.
- It can help ITC in managing its inventory efficiently by delivering real-time information on inventory levels and sales data

Social Media and Influencer Marketing



ITC can increase awareness of its craft products by collaborating with well-known craft bloggers and social media influencers. It can promote its handcrafted goods by setting up social media accounts and posting interesting, aesthetically pleasing content.

Offline Channels

WORKSHOPS



ITC can arrange workshops as it can be an effective way to reach out to new consumers by giving a hands-on experience, establishing trust, highlighting product benefits, making individualized recommendations, and generating positive word-of-mouth marketing.

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CONJOINT ANALYSIS



offers insights into what product features are most essential to customers how they prioritize those features, and their willingness to spend for them.

ITC can design a successful marketing and product strategy that fits the demands and preferences of customers by efficiently applying conjoint analysis to optimize product features and establish prices.

Initial Hypothesis : Classmate entering the market of crafts will increase profits for ITC.

Which Product Categories should ITC Classmate enter in craft ?

Recommendation : Pilot survey from stationary shops on different products that are already in the market and obtain their sales numbers and related profits per sale.

Null Hypothesis : Profits on professional craft products and profits on personal craft products has no significant difference.

Alternate Hypothesis : Profits on professional craft products and profits on personal craft products has no significant difference.

If the hypothesis fails ITC stationary division should enter the market with both personal and professional category of products.

Value Proposition

High Quality Top Notch materials.

An established brand has already built a reputation for quality and reliability, so it's important to leverage that reputation when introducing a new product. This can be done by emphasizing the brand's track record of delivering high-quality products and services, and highlighting any awards or accolades the brand has received.

Engaging and Educational

USP with which we can enter the market:
There is a significant relation between creativity and Intelligence.
(Source)
We can sway the market in manner that let your child have the opportunity to inculcate creativity and let them grow their intelligence on their own

Affordable and Versatile

The brand can offer introductory discounts or promotions to encourage consumers to try the new product at an affordable price. The brand can provide demos or free samples to allow consumers to try the product before making a purchase, which can help demonstrate its versatility and affordability.

Expert Crafted

Since Classmate will be new to this field of craft products this value can be proposed on two ways :

1. Deploying an expert team to design products.
2. Acquire already existing local companies who manufacture the same. (Added advantage of getting customer base and distribution channel)

Eco- Friendly

People tend to use eco-friendly products since they are made using natural, non-toxic ingredients, which are safe for humans and animals. This is important for people who want to reduce their exposure to harmful chemicals and toxins.

Industry Potential

Consumer Segments

Channel of Sales

Recommendations

Portfolio

Products

What should ITC Classmate Call their craft products in their portfolio? Since ITC has an already established brand in stationary it can leverage that to name its products like Classmate oil paint, classmate brushes, Classmate crafts and DIY, etc. Further it should increase its product mix and personalization.

Pricing

In order to obtain a good market share ITC Classmate should maintain a local market level price and increase the consumer base, irrespective of the product mix. This could also be obtained by giving product discounts at bulk purchase and institutional purchase.
D2C (Ordering from website to personalize craft products will yield craftsmen points, i.e., a gamified competitive approach.

SKU

Determination of which kind of SKUs to produce can only be obtained based on pilot survey and hypothesis testing based on customers level of skill, area of specialisation, and based on kind of target audience.

Packaging

Eco-Friendly Packaging

Artists and craftsmen who use eco-friendly packaging can brand themselves as environmentally conscious, which can appeal to consumers who prioritize ethical and sustainable practices. Eco-friendly packaging can be visually appealing and add an organic, natural feel to the product, which can enhance its overall aesthetic.

Personalized /Themed Packaging

Classmate craft products can serve as a good gift for artists hence personalized packing is a big plus. Themed packaging can grab the attention of potential customers and help the product stand out from its competitors on store shelves or online marketplaces. Classmate can name it as Classmate UPAHAR.

Innovative Educational Packaging

Classmate has always maintained its last page of its notebooks with general knowledge content. It can do the same in case for craft products where consumers receive products wrapped in educational content aesthetic packaging.



Thank You