

Business Environment

Videocon Case-Study

Problem For the Company

Videocon did all the groundwork in the domestic washing machine market and reaped the benefits, but will it be able to maintain status quo for long?

Traditional business

- 1980: DHOOTS traditional business (Ahmednagar Maharashtra)
- Sugar Mills
- Electronic Manufacturing
- Bajaj Auto Dealership

1982: ASIAN Games that heralded the birth of Videocon Int. Pvt. Ltd.

Entry in TV's **SUCCESS**

WHAT'S NEXT?

- Success in TV's whetted its appetite for more .
- Looking around for another prospective business option
- Washing Machine

Market Environment

- Demand for Washing Machine was in the embryonic category
- Hardly any player
- Non-Existent Awareness Disbelieving House Wife.
- Research says it take 15 yrs to Break Even

Negative

**Only Ray Of hope Conveyor belts at
International Airport were very
often loaded with Washing Machine**

- Problem: Needed to be sturdy enough sustain voltage fluctuation

- Stuck to tech Collaboration with Japanese consumer goods giant –National to get “Gadget”.
- Fitted Plastic tubs (To Avoid hard water corroding If using Steel tubs)
- Launched V-NA-200T.A. 3KG.Semi Automatis W/M.
- 6 Months later Fully Automatic Machine.

- Competition facing from the grey market brands imported from Singapore, Dubai and so on.
- Selling at low price.
- 1990-Maharaja, Sumeet, Voltas, Racold, Swan offering variety of models with the price range of 6000-6500.
- Used the services of the two type of channels
- Electronic items.
- Appliances

BREAKTHROUGH Jingle:

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***It washes it rinses it even dries your
cloth.***

- Advertisement at the prime time slots
- Hired the service personnel to give demonstration at society meeting and other occasions.

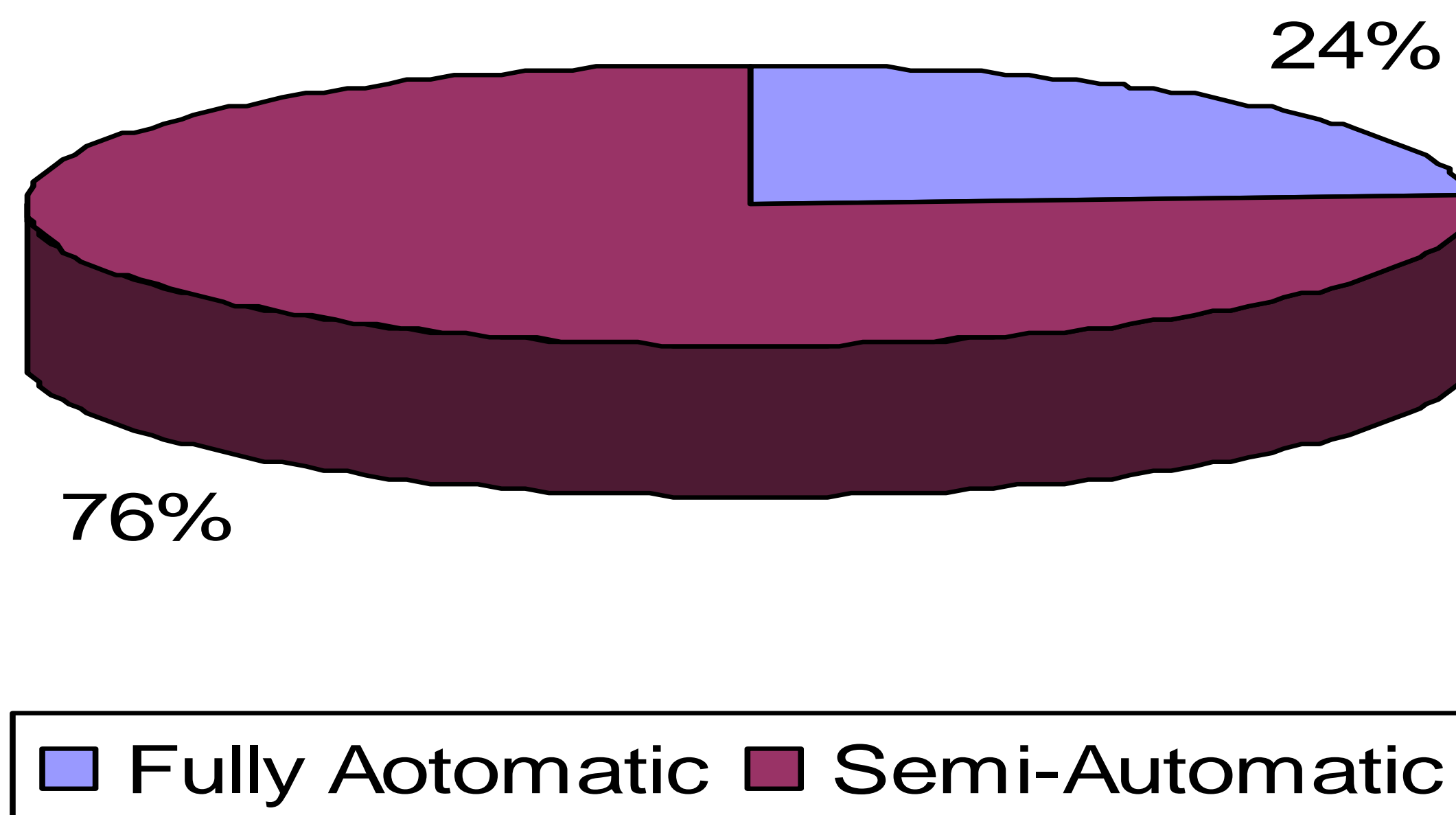
- **1990** : Managed 1Lakh Machine sales.
 - Fully automatic machine boomed.
- **1993**: Stamping the identity of the brand upfront.
- Low priority purchase
 - (All India penetration levels a dismal 1.5%)
- BPL, Whirlpool& IFB start selling their products.
- Every innovation that it brought to its W/M:Cloned immediately

TWIN PRONGED STRATEGY

- Price Warrior

Blocking
Competitors

Central Excise Duty slashed on Consumer Durables :10% in 1995



- Slow down :1996 Slowdown of consumer durables
- Slump-Carried over next year also
- **Reason :**
 - Untapped potential kept
 - Attractive Indian market for MNC's

2004 Market

- 17 Odd Brands available in the market offering 88 models.
- Semi-Automatic:
- 76% of Industry Sales.
- 950,00 Units.
- Still Washing Machine continues to be perceived as a luxury purchase not a need based purchase.
- Competition is hotting up in the premium segment
- Brand's core value under threat.
- Korean Brands are entering.
- Videocon set-up Joint Venture with Matsushita Electronics to produce high ends W/M

Questions

1. How Videocon took the advantage of the environmental changes?
2. Devise SWOT analysis for Videocon?
3. Scan the present environment for consumer durables. How Videocon is going to be threatened after the entry of Korean, Japanese & American Brands?
4. What strategic alternative Videocon should take to face changes in the environment?

Environment

- Panchantra-----Three fishes
- Fisherman ---dragnet
- Three Fishes—Meeting ---Options
- 1st ----Anagatvidhata-fresee, forecast, foretell(Proactive)
- 2nd--- Praturyutpannmati
- 3rd--Deerghsutri

How Videocon took the advantage of the *environmental changes*?

PESTLE

- Environmental Changes-
 - 1982 Asian Games-----TV
 - demand of washing machine (Convenor belts which is having Washing machine)
 - Excise duty was reduced.
 - Entry of foreign brands.
 - Technological Advances (1982---colour TV..)
 - Government rules changes-
 - Urbanization
 - Increase in the *disposable income* of the consumers

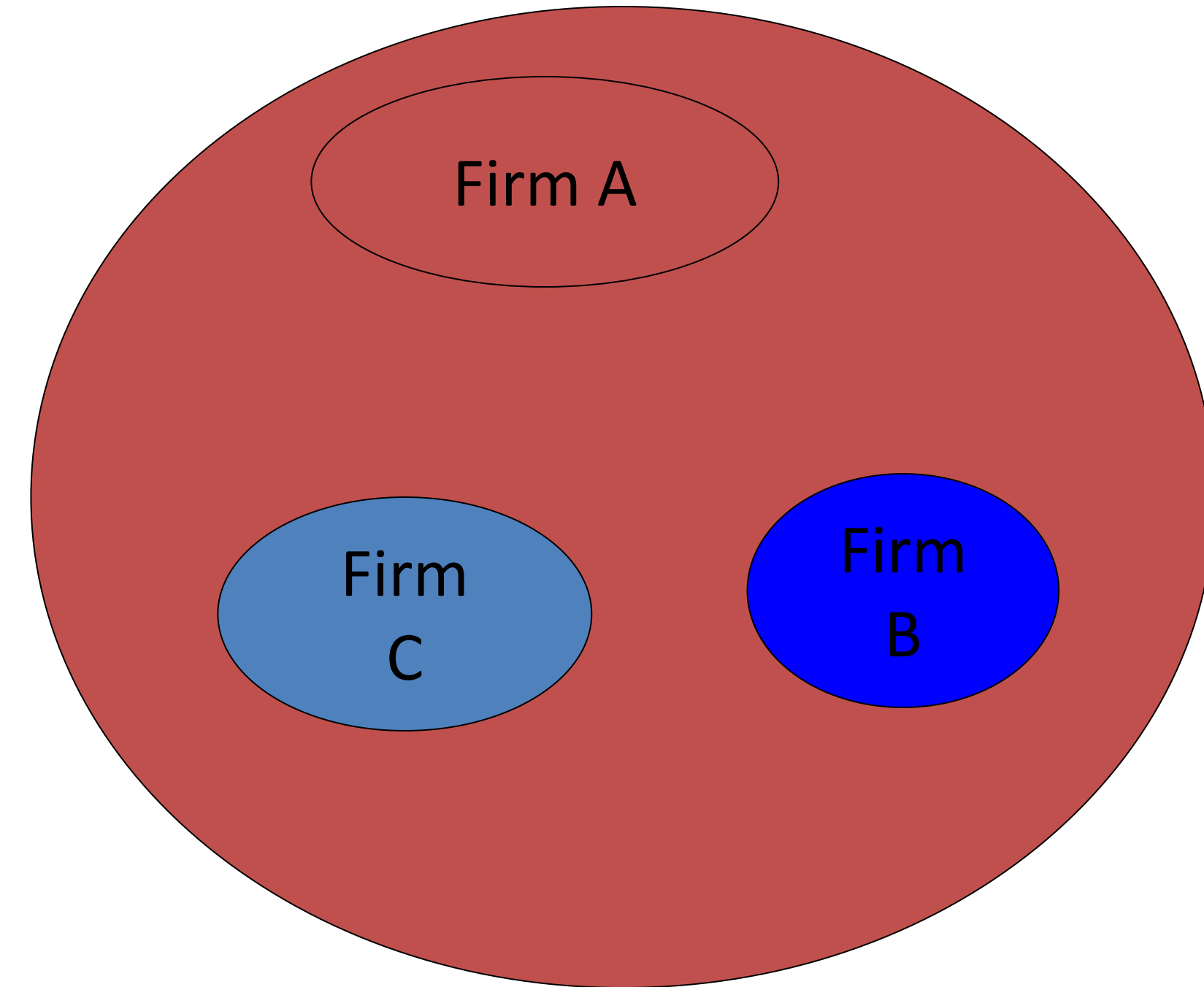
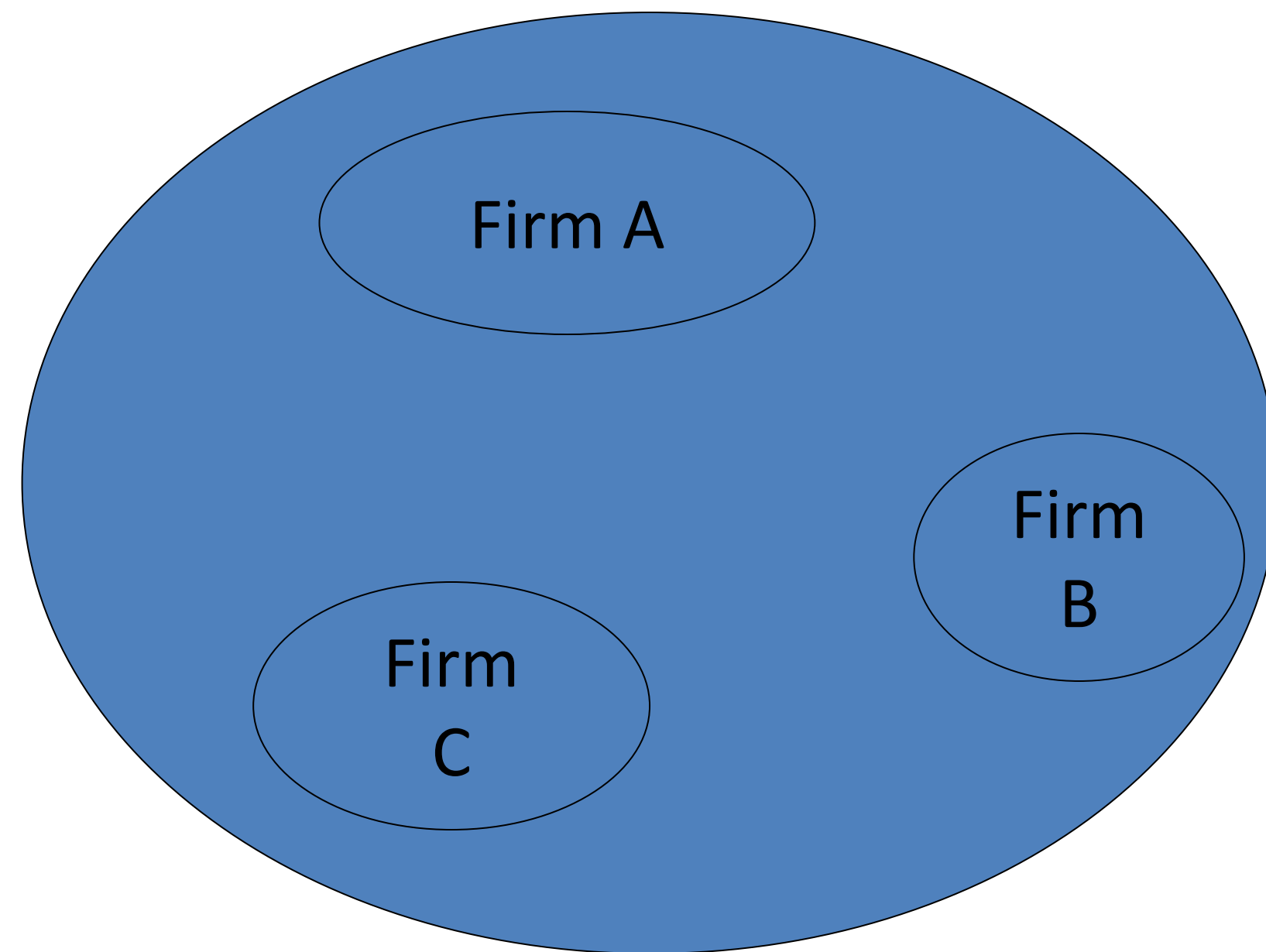
<i>Strengths</i>	<i>Weakness</i>	Internal
<ul style="list-style-type: none"> -Multiple Product portfolio -Brand Leverage(Entered in TV) -Customer Base Distribution network Technological Tie Ups 	<ul style="list-style-type: none"> -Customer Service -Not scaling up the operations -Dependency on foreign players for tech areas 	
<u>Opportunity</u>	<u>Threats</u>	External
	<ul style="list-style-type: none"> Entry of International players Government Policies 	

Key Environments

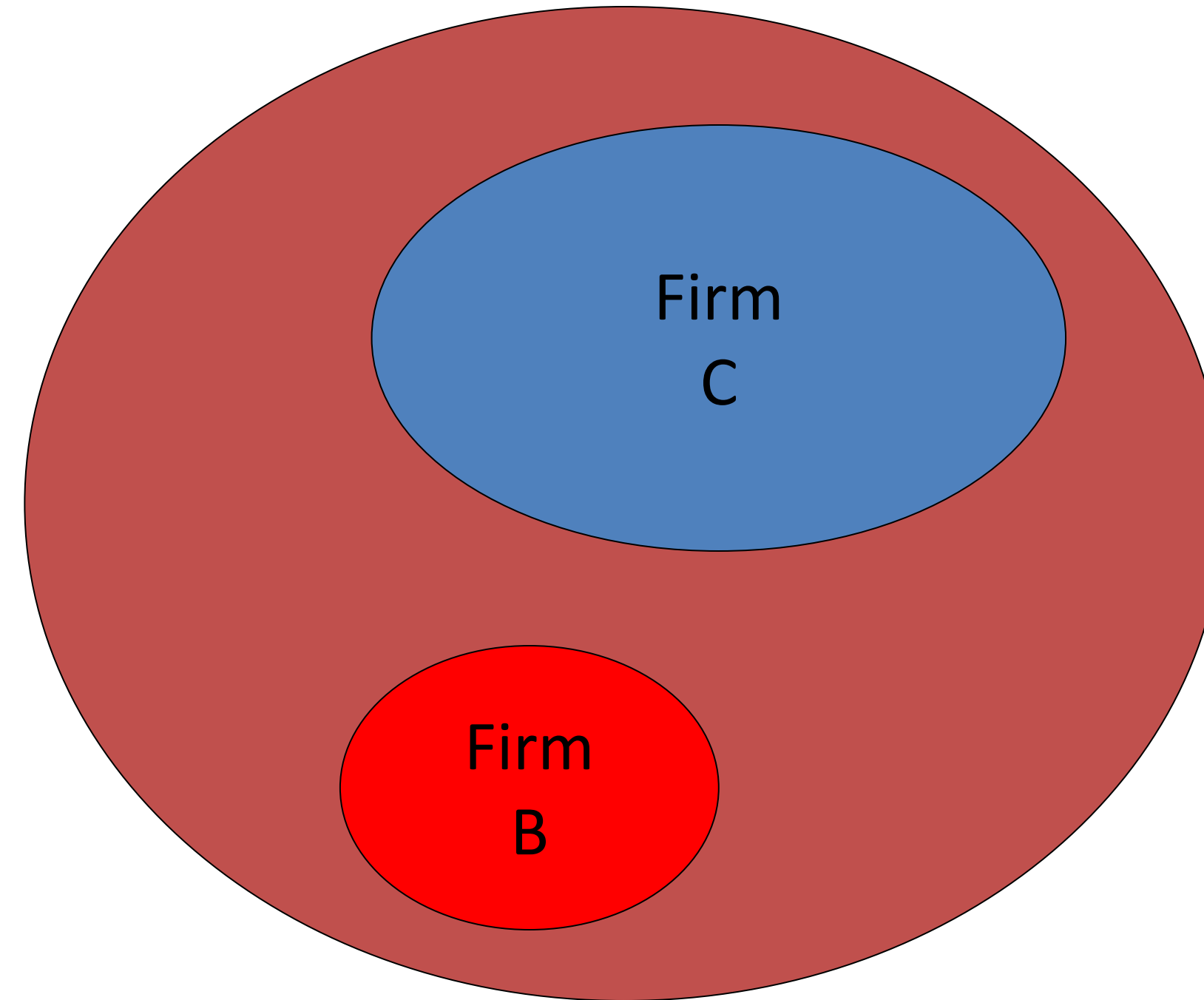
- Business Environment
 - The actors and forces that affect a firm's or organisation.
 - Aspects of the business environment
 - Microenvironment
 - Macroenvironment

The Firm (organism) in Relation to Its Environment

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Fail to adapt and....



Die ...

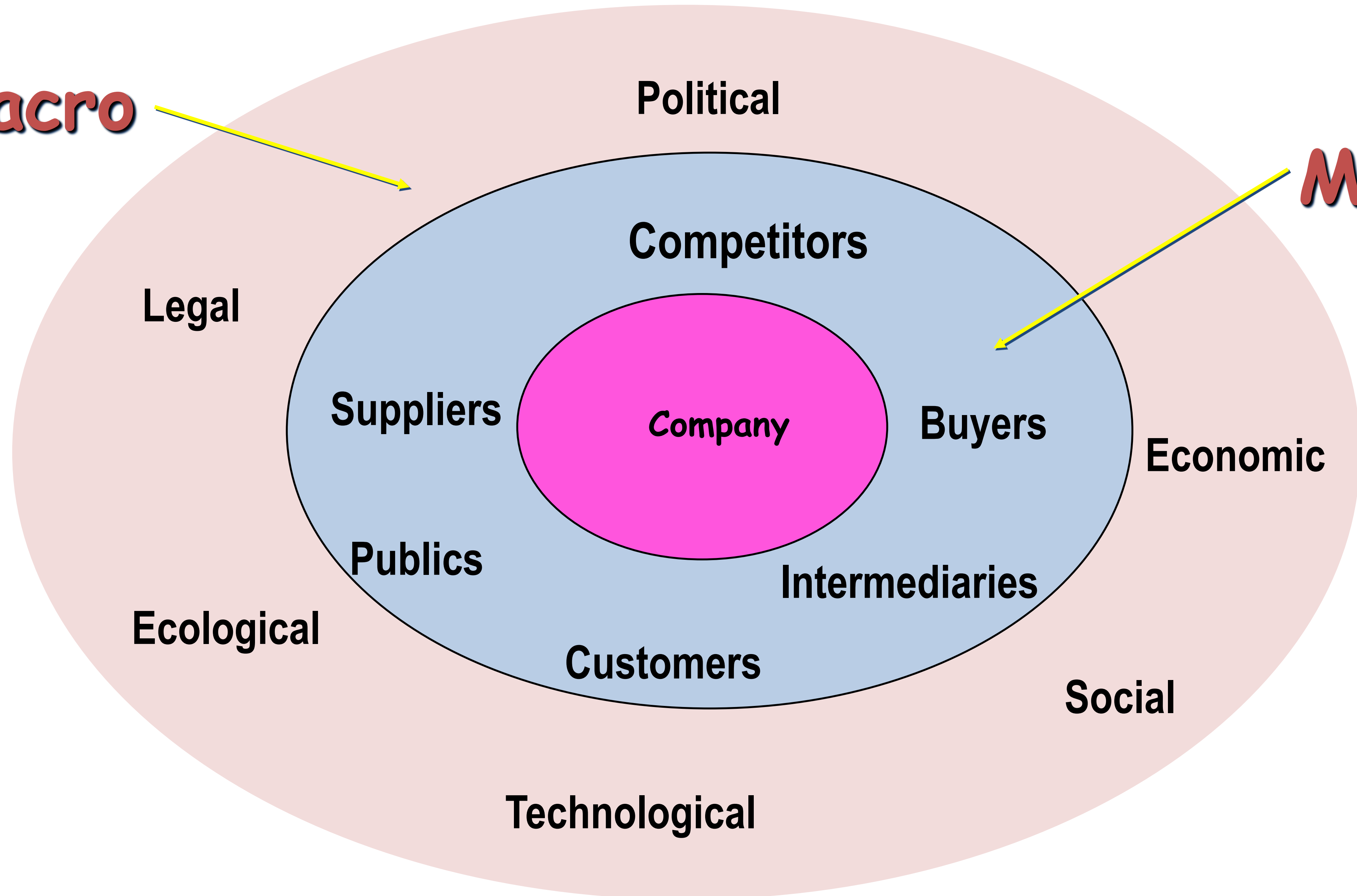
Macro

- Political-BJP, Congress, AAP, TMC, JD, RJD,
 - Capitalist, Socialist/Communist, Mixed
- Economic-GDP, GNP, PPP, Income Level, Tax
- Social-Beliefs, values, religion
- Technological
- Legal
- Ecological

ENVIRONMENT TYPES

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Macro



Micro

Reading an Organization's Culture:

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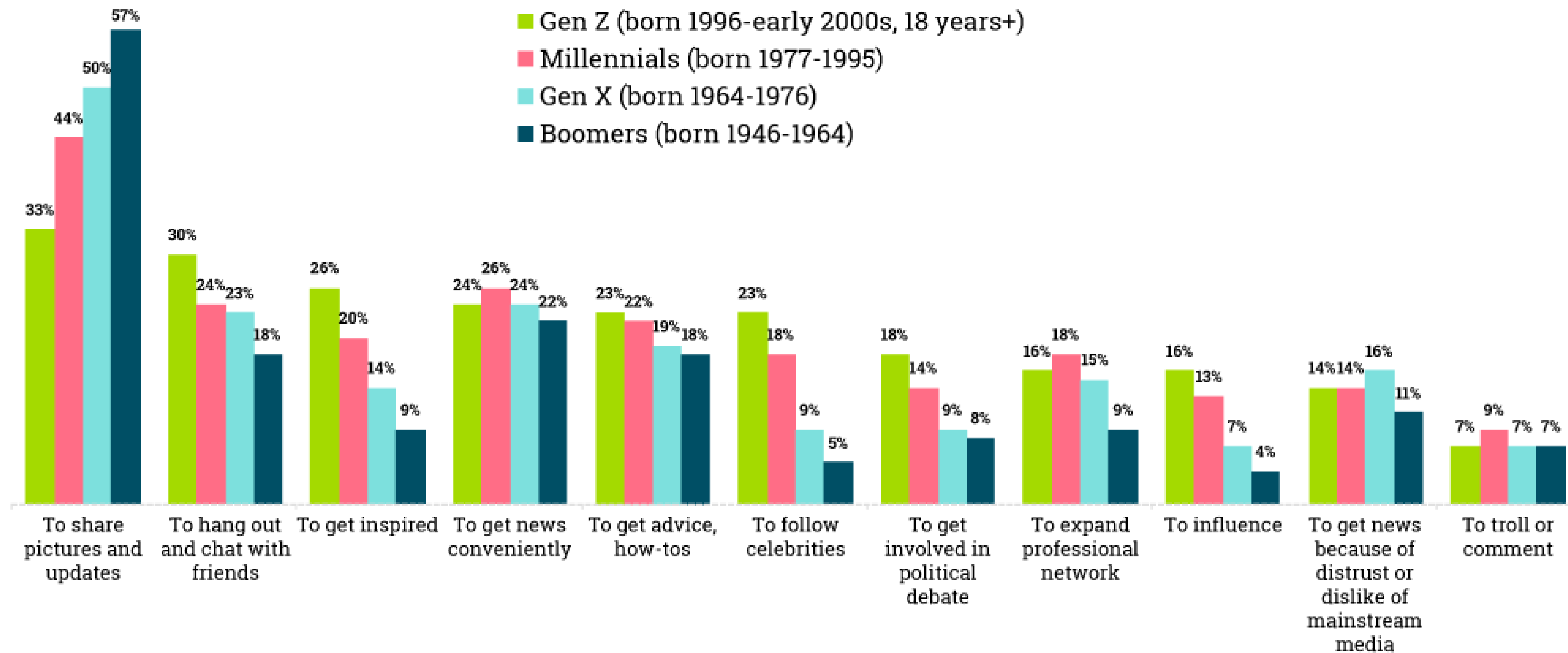
Find One Where You'll Be Happy

“A key to success in management and in your career is knowing how to “read” an organization’s culture so you can find one in which you’ll be happy.”

Constraints on Managerial Discretion²⁷



Reasons for Using Social Networks, by Generation

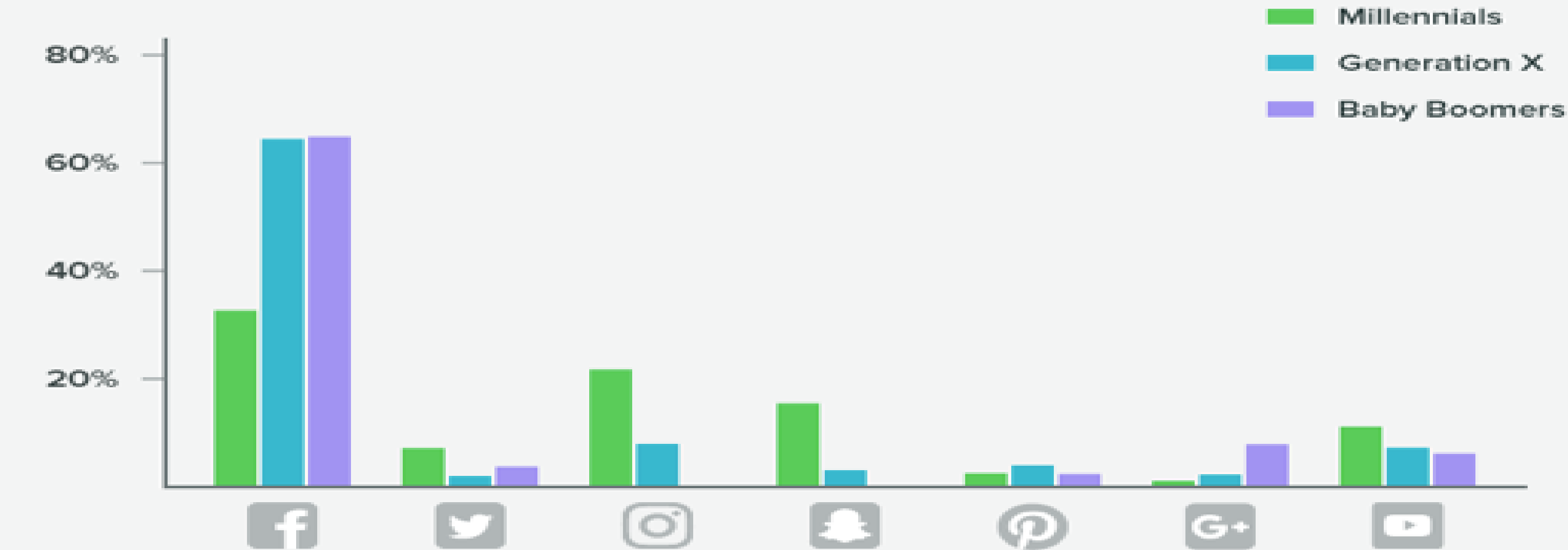


Published on MarketingCharts.com in October 2019 | Data Source: Adobe

Based on a survey of 4,059 US citizens born between 1944 and 2001, conducted from July 23-29, 2019

Network Preferences by Generation

Q1 2017



sproutsocial

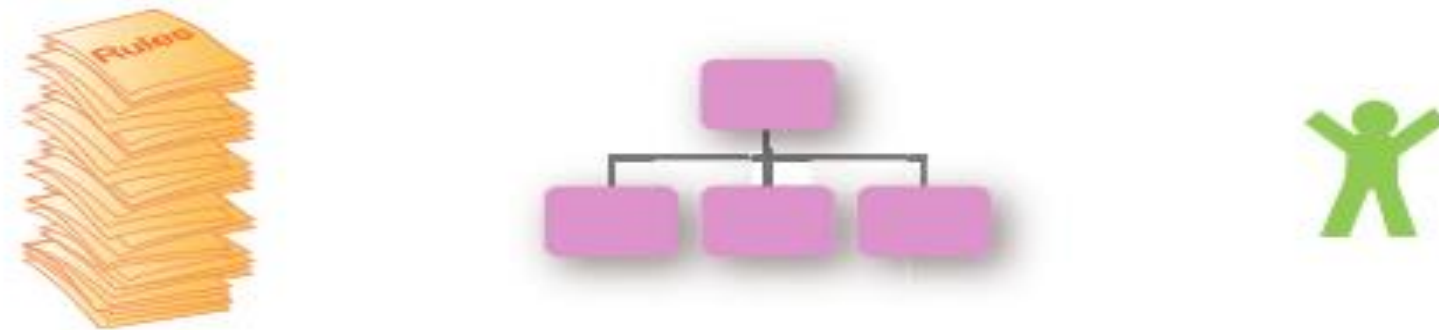
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Organizational Stakeholders



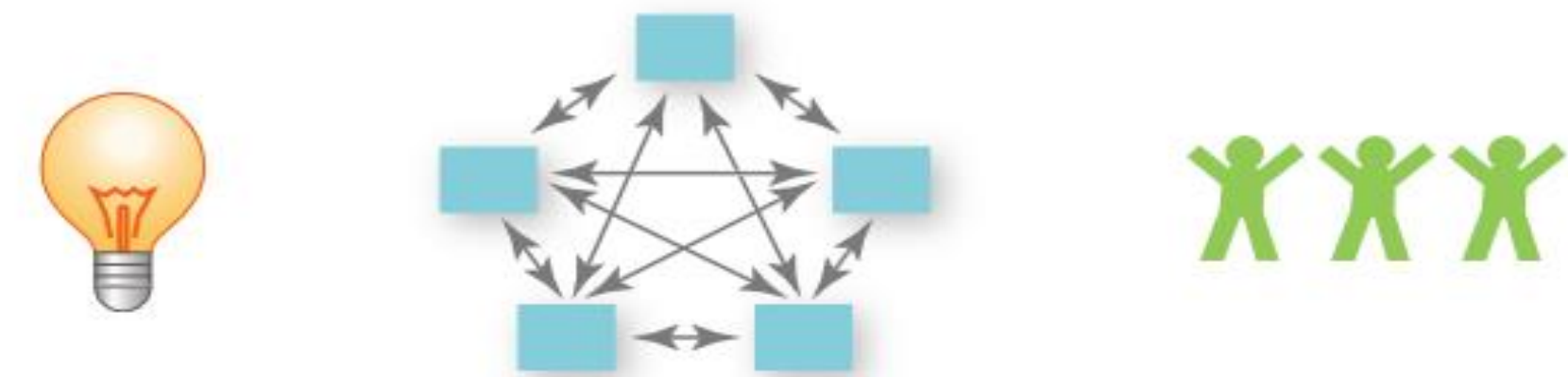
Contrasting Organizational Culture

Organization A



- Risk-taking and change discouraged
- Creativity discouraged
- Close managerial supervision
- Work activities designed around the individual employee

Organization B



- Risk-taking and change rewarded
- Creativity and innovation rewarded
- Management trusts employees
- Work designed around teams

Strong Versus Weak Cultures

Strong Cultures	Weak Cultures
Values widely shared	Values limited to a few people—usually top management
Culture conveys consistent messages about what's important	Culture sends contradictory messages about what's important
Most employees can tell stories about company history or heroes	Employees have little knowledge of company history or heroes
Employees strongly identify with culture	Employees have little identification with culture
Strong connection between shared values and behaviors	Little connection between shared values and behaviors

Strong Cultures

- Apple's strong culture of product innovation and customer-service reflects the core values of its visionary cofounder, Steve Jobs. Jobs instilled these core values in all employees, from top executives to sales associates, such as the Genius Bar employee shown here training a customer at the Apple Store in Manhattan.

