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Impex Kitchen Appliances: Evaluating the “Reader’s Offer”

Keyoor Purani and Krishnan Jeesha wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On Friday, February 4, 2015, Nuvais Chenengadan had just returned to his corporate office after his mid-day prayers. Although the tropical sun outside barely reached his air-conditioned cabin, he still felt the heat as he looked at Impex’s sales numbers from the previous month. He had already sensed that the January performance was poor at his meeting the previous Friday with Saju Ravindran, the divisional sales manager, who was pushing for a year-end promotional event. He now realized that running a consumer promotion for the kitchen appliance category of Impex could be the only way to generate some quick sales in the last month of the financial year ending on March 31.

As managing director of KCM Appliances, Chenengadan was the “big boss of a small company.” His rapid growth as an entrepreneur in the past decade had now left little time for such decisions, but he still closely supervised marketing at Impex. He eagerly awaited the afternoon meeting with Ravindran and the kitchen category management executive, Fairoos Kodakkadan, where he expected specific ideas and details to emerge. Kodakkadan had already been asked to work on a consumer promotion idea and present it at the meeting later that day.

Impex

Background

In 2015, Impex was a brand of the privately owned company KCM Appliances Pvt. Ltd. (KCM), which was located in Kerala, a South Indian state. KCM had three divisions, each revolving around a brand—Impex, Onix, and Bylogic. The company was involved in sourcing, importing, and marketing small appliances. It had a development centre in China, and most of its products were imported at much lower prices from China. Chenengadan had started KCM Appliances at a very young age in 2004. The company started importing various small appliances from China and selling them in Kerala, an Indian state that had a high literacy rate, a high level of disposable income, and considerable influence from the Middle East. Consumers in Kerala responded favourably to KCM’s products. Chenengadan had a good understanding of Kerala consumers, sharp business acumen, and big dreams, so his company started growing faster than he had imagined.

The journey to rapid growth began with the introduction of induction cookers in 2006. This product was extremely popular with consumers, and annual sales jumped from a mere ₹30 million[[1]](#footnote-1) to ₹100 million in 2006. By the end of financial year (FY) 2011–12,[[2]](#footnote-2) the total revenue of KCM had reached an impressive ₹715 million, with Impex contributing close to ₹350 million. However, growth stalled in the following two years for several reasons, including the lack of professional management required for the fast-growing operations. By the end of FY 2013–14, the company’s top line was stuck at ₹724 million. With the rupee falling sharply that year, the margins were thin, as most of KCM’s products were sourced from China. The past two years had made Chenengadan realize that it was important that he build an organization on professional management practices and consolidate its efforts before taking the next big step. In 2015, KCM’s most promising division revolved around Impex appliances sold largely in the southern states of India, predominantly in Kerala. Therefore, Chenengadan decided to spend more time and pay more attention to building business for Impex.

In the absence of a functioning marketing head, Chenengadan directly dealt with sales and product management integration at Impex. Until very recently, Impex’s marketing had been driven by sales, and there were no dedicated staff members in the product management team. It was the divisional sales manager who devised a few promotional schemes during festival periods and there was not much brand-building effort through the mass media. Kodakkadan, a young MBA graduate, had been brought in as a category management executive in 2013 and was given the responsibility of product management for kitchen appliances. Kodakkadan had spent about five years in sales at Impex and had picked up some analytical skills in marketing with the help of training programs.

Marketing at Impex

Impex dealt with as many as 140 items/models under three broad product groups: kitchen appliances for food processing, cooking, serving, and storing; household appliances for hygiene and comfort; and home entertainment systems for home audio and video solutions. High-ticket items such as light-emitting diode (LED) televisions did not meet with much success due to competition with large, established national and global players, and therefore, these items were on their way out of the Impex portfolio. In 2015, Impex started launching appliances for personal grooming and personal entertainment and communication. In FY 2013–14, the three divisions of kitchen appliances, household appliances, and home entertainment contributed 41 per cent, 33 per cent, and 26 per cent, respectively, of the total divisional unit sales, but their contribution to the total revenue of the division was 28 per cent, 25 per cent, and 47 per cent, respectively.

Impex revolved around the idea “Innovate Your Life” and marketed its products as innovative products that made life better by adding convenience or fun. The brand’s success was largely owed to the launch of relatively new products introduced in the mass market for the first time, for example, an induction cooker (kitchen appliances), LED lights (household appliances), and a speaker system (home entertainment). Impex marketed some regular products, such as pressure cookers, fans, and DVD players, in each of these divisions, but it strived to introduce relatively new products and models, sourced from China, to the educated middle-class market in Kerala and its neighbouring states with the promise of a better lifestyle (see Exhibit 1). The promise of a new lifestyle at highly competitive prices appealed to consumers, and the brand had seen spectacular growth between 2005 and 2012. “Impeccable quality, competitive prices, and unmatched after-sales services were the hallmarks of Impex,” the company claimed. The unique selling proposition of the company was the much-appreciated “Onsite Support within 24 Hours” service. There were 34 service centres and 400 dedicated service engineers in Kerala with which to deliver on this promise, which the larger national brands could not afford to make. The image of cheap Chinese products was thus balanced by the company after-sales services.

The kitchen appliance division not only generated more sales volumes but also provided fairly consistent sales throughout the year, unlike other categories, where sales picked up only in certain seasons or during festival time. Homemakers, obviously, were the core target segment of the kitchen appliance category of Impex, which included induction cookers, gas stoves, non-stick cookware, ceramic cookware, enamel cookware, flasks, and pressure cookers. Kitchen appliances generated more than ₹147 million of Impex’s total revenue of ₹360 million in FY 2013–14.

About 74 different product variants/models of kitchen appliances were sold through multi-brand retailers who bought from distributors in various districts. Impex products were sold through more than 3,000 retailers across Kerala and had slowly started being distributed in parts of nearby states such as Tamil Nadu and Karnataka. The typical margins given to retailers and distributors by Impex in this segment were 40 per cent and 12 per cent of the retail price, respectively, which were higher than the market average and therefore made these products attractive for Impex.

Products in the kitchen appliance product group were small items that were priced below ₹5,000 in most cases. However, the actual retail price varied from dealer to dealer, as they sold most products at a discounted rate and settled for low margins.

Impex relied on consumer promotions during festival seasons, from the Kerala state festival of Onam in September through Christmas in December. After a big burst of advertising campaigns through the mass media in 2011, the brand had stopped advertising in television and print. The promotions relied on mainly in-store promotions but, to an extent, also relied on billboards. Outdoor billboards continued to feature close-up shots of top-of-the-line models in key product categories such as home theatre systems and induction cookers. However, there was no long-term strategy in place for the advertising and positioning of the brand, and the promotions were mainly done to generate sales.

Competition

Impex’s competition was in the form of regional, national, and international brands across various categories (see Exhibit 2).

The kitchen appliance market had many regional competitors that were nationally popular in one or two product categories. For example, Prestige was known for its pressure cookers nationally, but Butterfly and Pigeon were more popular in the gas stove category, although both brands offered a full range of products for cooking and food processing. Unlike household appliances and home entertainment appliances, kitchen products faced little competition from large international brands. The profiles of the key competitors in the kitchen appliance category are briefly described below.

Stovekraft

Stovecraft was established in 1994, with a major manufacturing facility in Bangalore. It offered a wide range of products, such as non-stick cookware, gas and induction cooktops, mixer–grinders, chimneys, rice cookers, ladders, water bottles, and flasks, sold under two major brands—Pigeon and Gilma.[[3]](#footnote-3)

Prestige

A national brand with an international presence, Prestige was established in Chennai in 1955. It sold pressure cookers, cookware, and cooktops, and was India’s largest kitchen appliance brand.[[4]](#footnote-4)

Butterfly

Started as Gandhimathi Appliances in 1986 by a Chennai-based entrepreneur with a focus on stainless steel utensils, it was renamed Butterfly Gandhimathi Appliances Limited in 2011, long after it had gone public. While it was Impex’s competition in the market for most kitchen products, it had made a national impact in the gas stove category.[[5]](#footnote-5)

V-Guard

V-Guard was another Kerala-based brand and was established in 1977. Its product portfolio included stabilizers, inverters, induction cooktops, electric and solar water heaters, fans, and mixer–grinders.[[6]](#footnote-6)

Bajaj Electricals

Established in 1938 and based out of Mumbai, Bajaj Electricals was a subsidiary of the Bajaj Group. Its product portfolio included mixer–grinders, food processors, blenders, ovens, cooktops, toasters, electric kettles, coffee makers, water purifiers, heaters, and irons.[[7]](#footnote-7)

Year-End Promotion Ideas

Under the direction of the managing director, Kodakkadan had already started working on the year-end consumer promotion strategy for 2015, and he had a few products in mind. He was unsure why year-end consumer promotion schemes to boost Impex’s sales in March had been his responsibility every year since he had taken on the marketing role, whereas his counterparts in the household and home entertainment divisions were not also assigned this task. It probably had to do with his analytical and profit-planning skills, which Chenengadan had often acknowledged, or perhaps it had to do with the category of products he dealt with. Last year, too, he had worked out a consumer promotion scheme that had succeeded in boosting sales.

March 2014: Year-End Promotion Scheme

A deep-discount, sales-targeted drive had been conducted in March 2014. The campaign, which included gas stoves, pressure cookers, and non-stick ceramic cookware, had resulted in a significant increase in sales numbers toward the end of FY 2013–14 and had been ultimately profitable. The overall marketing expenses for the campaign were just ₹80,000, as it relied mainly on in-store posters and flyers. The campaign managed to achieve additional revenue of 53 per cent over the forecasted normal sales for the specific products on deep discounts during the campaign. For this campaign to succeed, Kodakkadan had enlisted Ravindran’s help and had managed to get the retailers and distributors to agree to take a cut on their margins: the retailers and distributors had agreed to operate at 23.5 per cent and 8 per cent margins, respectively, in anticipation of the increase in sales numbers (see Exhibit 3).

The *Times of India* Reader’s Offer

Kodakkadan had come up with a completely new idea for driving year-end sales in 2015. For quite some time, the advertising sales executives from a leading national English-language daily, the *Times of India* (ToI), had been pursuing him with the aim of procuring advertisements in their publications. Only last month, they had proposed an interesting idea called the “Reader’s Offer,” which promised the benefits of sales boosts and brand building for growing brands such as Impex. The offer revolved around using direct-response advertising through Times group publications. According to this proposition, a reader could call a published number and place an order to take advantage of the advertised, limited-time discount offer. The ToI newspaper editions reached out to over 10 million readers across India and covered 16 metros and sub-metros; hence, several growing and established brands across categories had taken advantage of the Reader’s Offer[[8]](#footnote-8) by announcing attractive daily prices that catered to mass markets.

In his new role as management executive of the kitchen appliance category, Kodakkadan had always seen the appeal of a mass-media campaign for some of the products he managed. Although the ToI had a very limited presence in Kerala, it was the most popular English-language daily in the country in terms of readership. It was backed by an established media house that had established its presence in every conceivable medium through which a brand could reach its audience, including television, magazines, online portals, and out-of-home platforms. An ad in the ToI would help expose a brand to many new and elite readers of the English-language daily, but Kodakkadan knew that advertising nationally at the standard ToI rate was beyond his budget. Moreover, considering that Impex had almost no distribution of products outside Kerala, it did not seem like a wise move.

However, the Reader’s Offer was worth considering. As part of the package, the ToI advertising department also offered an ad design service from its in-house graphic designers based on creative input from Impex. The entire campaign was also supported by the ToI’s short-message service (SMS) and call centre infrastructure,[[9]](#footnote-9) wherein no retail stocks were required in the markets where consumers called from. The ToI, in fact, offered complete back-end services, including logistics, support from the ToI call centre, and the SMS short code 58888, where an order could be placed by sending an SMS text message. More importantly, the rates were significantly lower than the card rate for regular display ads.

The standard ad size available for a single insertion of the Reader’s Offer was 240 square centimetres. The typical response rates to such ads were 80 per cent, 10 per cent, and 10 per cent on days 1, 2, and 3, respectively; after day 3, practically no response was the norm. The advertised offer could be a daily discount, or the discount could be valid for three days, including the day the ad appeared. From past performance of similar ads, it was suggested that at least three ads were required to create the desired impact and response. The ToI provided the indicative sales figures for other products that were advertised under the Reader’s Offer (see Exhibit 4). However, Kodakkadan felt that the response to his ads might not be comparable to those numbers and that it would be fair to assume that the response to Impex ads would be approximately 40 per cent of the figures for the respective item in the same price range. In 2015, the ToI had 16 different editions: Delhi, Lucknow, Kanpur, Jaipur, and Chandigarh in North India; Ahmedabad, Mumbai, Nagpur, Pune, Goa, and Mangalore in West India; Kolkata in East India; and Bangalore, Chennai, Hyderabad, and Kochi (Kerala) in South India. Keeping in mind the current operations of Impex in South India, the ToI also offered a special package for only the South Indian editions.

The ToI had also agreed to provide special rates to Impex, provided it purchased a minimum of three insertions and keep future relationship opportunities open. The rates given were heavily discounted from the actual card rates (see Exhibit 5).

Kodakkadan had examined how the Reader’s Offer worked operationally. He knew that should Impex opt for this offer, it needed to sign an agreement with the ToI. He had familiarized himself with the mechanics and the process. The entire process under the ToI Reader’s Offer comprised both front-end operations (pre-order and customer interface) and back-end operations (post-order and vendor/merchant interface).

The front-end process started by deciding on the products that would be promoted through the offer. The next step was the development of the creative (the newspaper ad design), which would be undertaken by the ToI and would receive the approval of Impex before the ad was released. The calls in response to the offer would be handled by the ToI’s call centre, which would verify customers’ shipping address details. Customers typically placed their order after confirming their payment option with the telephone representative: cash on delivery, cheque pick-up, or credit-card payment.

After the front-end process was completed, the ToI’s back-end process typically verified the order that was placed. In case of payment by cheque, the ToI would await confirmation of cheque clearance before forwarding the order details to the vendor panel—i.e., the electronic interface where Impex could see the order details. Vendor representatives such as Kodakkadan could log on to the vendor panel with the unique ID provided by the ToI to check the daily or weekly orders. Moreover, either the ToI or the vendor handled the delivery itself (see Exhibit 6). The agreement would include the agreed percentage of commission to be paid to the ToI, which could vary from 10 per cent to 20 per cent, depending on the mode of delivery. Kodakkadan had also carefully examined the terms and conditions of the agreement (see Exhibit 7). Kodakkadan had also worked out the break-even volumes for various scenarios, taking into account the costs involved in the front-end and back-end processes.

The Friday Meeting

At 2:30 p.m., Kodakkadan entered Chenengadan’s office with his laptop and some printouts. Five minutes later, Ravindran, walked in, while he was still on his mobile phone with the distributor. Ravindran concluded his chat as soon as he was seated in front of Chenengadan, at which point Kodakkadan was ready with his proposal for the year-end promotion scheme. Ravindran had spent approximately 20 years in the industry, growing from a front-line sales executive to a senior executive with regional responsibilities. Although he had been given the mandate of establishing Impex’s presence in southern states other than Kerala, such as Karnataka, Andhra Pradesh, and Tamil Nadu, he had agreed with Chenengadan that initially his focus would be to build distributor and dealer relationships in Kerala. Ravindran was successfully carrying out this responsibility. Chenengadan poured some black tea into his cup and squeezed in a wedge of lemon as he started the meeting. He began by looking at Ravindran and said:

There is no doubt; we would need some marketing intervention to boost the sales in order to get closer to the annual volumes we had hoped to achieve this financial year. But, I am not sure if it would add to the bottom line as well. In any case, if we have to run a year-end scheme now to lift [improve] sales in the last month, it would be for products in the kitchen appliances category. That’s why I asked Fairoos [Kodakkadan] to work out some details.

Kodakkadan was ready. He started his presentation:

I have a new idea to present—the *Times of India* Reader’s Offer. It is interesting because it can contribute to the sales lift [improvement] as well as create brand awareness through mass media. It can serve not only the Kerala market, where we have wider distribution, but brand awareness can also introduce our brand to other markets across the country through mass media. More importantly, we are getting to advertise at as low as 15 per cent of ToI’s card rates and also getting their support in creative designs. Further, this idea could also help liquidate unsold inventory of some products and clear our shelves for the new models planned from April. I have developed the scheme fully. My estimates suggest that we can get much better incremental marketing margins in the Reader’s Offer promotion for the same products offered at the same prices that were used for the deep-discount promotion last year.

As he started sharing the chosen products and their discounted prices (see Exhibit 8), Ravindran interrupted:

We are not discussing the annual marketing plan and brand building today. We need some quick sales next month to meet our targets. And anyway, who reads the *Times of India* in Kerala? Even if someone reads it, she is the least like the woman who has an interest in our products. ToI is not for us. I have not even seen Bajaj, Philips, Usha, or Morphy Richards advertising in ToI. Why spend on media? We can have some in-store leaflets, which can double up as newspaper inserts, some T-shirts for the in-store promoters, and, if required, a few billboards, for which we already have a contract in place, could be painted with the scheme. Also, the scheme should be simple for my reps to explain to dealers and in-store promoters to explain to the consumers.

In fact, why not use our tried-and-tested scheme, which we executed last year when I had just joined? I remember we crossed our projected volume targets. I can assure distributor and dealer support for the deep discounts to be shared in reasonable proportion so that we do not cut our margins heavily and consumers get a “real” discount, which they can feel. My boys in the field are waiting for this tried-and-tested scheme. Even a few dealers were asking me about it.

Kodakkadan presented some more arguments in favour of his new idea and explained the direct-response model:

I have done my calculations; even this scheme can result in good volumes and the prices can be as attractive as they were in last year’s scheme. With regard to ToI and the elite market, I know our consumers better. This is a different approach—it is not a brand-building campaign, it’s direct-response advertising, which may also help us in familiarizing the brand in newer markets. We shouldn’t keep looking only at the Kerala market. We have seen how we are stuck at ₹350 million, with hardly any growth in the last two years. In order for the brand to grow, we need to expand geographically in other markets, and nationally. Many regional brands in the kitchen appliances category have quickly grown from regional brands to national brands. Further, we do not need to rely on channel partners, as this is a direct sales model and the orders would come over telephone or SMS. It’s been long since we have been thinking of testing the waters outside Kerala. This is a good opportunity where we would have measurable response data with customer profiles.

Ravindran was not very happy with this new idea that Kodakkadan advocated as if he were an agent of a media house. He was worried about what would happen to channel relations in Kerala, which he had carefully rebuilt in the past year. According to him, the primary goal of achieving incremental volumes in March was probably unachievable in this case; moreover, the distributors and dealers would be not part of this scheme at all. He mumbled:

It is all about direct distribution. And what about the boys in the field? Would they get their incentives? What happens to his sales targets if this contributes more sales from North India and not the southern states?

Kodakkadan, on the other hand, was very optimistic about this scheme. Direct distribution would be a great opportunity to get closer to the consumers and end-users. With regard to the existing channel partners, Ravindran had no need to worry because the ToI was not a popular newspaper in Kerala: there would be a maximum of three ads in a not-so-popular daily paper in Kerala and no billboards. The dealers would not even know that such a scheme was occurring. Kodakkadan was also aware that the new one-person department for online sales at Impex was reporting over 500 per cent month-on-month growth from the e-commerce channel, with the brand selling on e-tailing platforms such as Amazon and Flipkart. With the discounted offer prices being lower than the below-average prices on the online portals (see Exhibit 9), he was confident that the response would be similar to that which the Reader’s Offer typically generated. As Impex used its courier partner to deliver online orders, he assumed that the “vendor delivery” mode would be better and he could negotiate the ToI commissions to 8 per cent. However, he was aware that if Impex undertook the delivery, the cost of delivery (paid to courier services) would need to be accounted for.

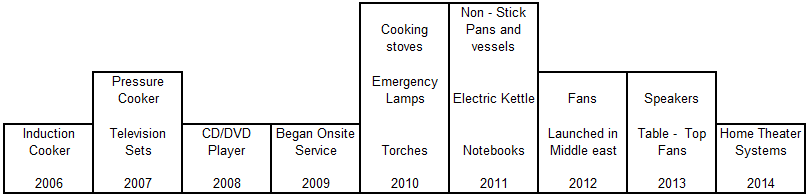
Chenengadan’s Decision

Chenengadan saw this situation as an opportunity to test the waters in North India, without even setting up distribution. If the brand showed some traction in newer markets, the distribution set-up would be less risky and going national might not be very challenging. He thought about how regional players such as Butterfly had quickly gone national. The brand’s added familiarity outside Kerala would also boost e-commerce sales. However, Chenengadan also did not want to jeopardize the Kerala market for the sake of these big dreams. He had seen a sudden decline only a couple of years back, after Impex’s initial rapid rise, and he was aware that building a project that had a weak foundation would not take him far. He had learned that sustainable brand building generally also required a strong consumer pull, not just a sales push. After all, he had relied too much on distributors for his sales for far too long.

Chenengadan looked at the break-even volume calculations for the various marketing cost scenarios: all the ToI editions versus only the South Indian ToI editions, one insertion versus three insertions, the ToI delivery versus vendor delivery. Were these volumes achievable? What about the volumes that could be achieved through the tried-and-tested year-end scheme with the Kerala channel partners? Were there other strategic factors in play beyond numbers?

He cleared his throat and began to spell out his decision in Malayalam, his native language, which he was most comfortable with.

Exhibit 1: IMpex’s Chronicle of Growth, 2006–2014



Source: Company records.

Exhibit 2: IMPEX’s Key Competitors across categories

|  |  |
| --- | --- |
| Pigeon  Nolta  Crompton Greaves  V-Guard  Butterfly  Panasonic  Morphy Richards  Haier  Sony  Usha | Onida  Cello  Zebronics  F&D  Videocon  Philips  Milton  Intex  Prestige   * Bajaj |

Source: Company records.

Exhibit 3: Results of the 2014 Deep-Discount Year-End Scheme (in ₹)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sales Figures for Promotion in March 2014 | | | | | |
|  | **Maximum Retail Price** | **Offer Price** | **Average Monthly Sales** | **Projected Sales with Expected 40% Growth** | **Actual Sales During Offer Month** |
| Gas Stove | 4,155 | 2,499 | 3,281,138 | 4,593,593 | 5,024,633 |
| Pressure Cooker | 1,990 | 1,099 | 1,187,936 | 1,663,110 | 2,298,237 |
| Ceramic Pan Combo | 2,510 | 1,299 | 898,995 | 1,258,593 | 2,262,805 |

Note: ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015.

Source: Company records.

Exhibit 4: Sales Response for the Previous *Times of India* Reader’s Offer campaigns

|  |  |  |
| --- | --- | --- |
| **Product** | **Price Range (₹)** | **Pieces Sold in a Day (Day 1)** |
| HCL Tablet | 8,499 | 230 |
| Sony DVD Player + Cybershot Digital Camera | 6,699 | 310 |
| Onida Mobile Handset | 1,770 | 620 |

Note: ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015.

Source: Company records.

Exhibit 5: the *Times of India* advertising Rates offered to Impex

|  |  |  |  |
| --- | --- | --- | --- |
| **Package** | **Editions Covered** | **Reader’s Offer Rate (in** ₹) | **Card Rate**  **(in** ₹) |
| All editions | All 15 editions | 380,000 + tax (12.36 per cent) | 2,539,200 |
| South India editions only | Four editions: Bangalore, Chennai, Hyderabad, and Kerala\* | 180,000 + tax (12.36 per cent) | 988,800 |

Note: Note: ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015. When booking three insertions under this scheme, the *Times of India* offered a 10 per cent discount; \*The Kerala edition came from Kochi—the biggest city in the state—but city-specific pages were published for key cities in Kerala.

Source: Company records.

Exhibit 6: Delivery options for the *times of india* reader’s offer

|  |  |
| --- | --- |
| **Delivery by the Vendor** | **Delivery by the *Times of India*** |
| * Vendor books the item with the courier of its choice for shipping the ordered article and receives the air waybill (AWB) number. * Vendor provides AWB number and the trackable courier details with ToI against each order in order to update the vendor panel and to complete the order cycle. * The ToI collects the shipment details from the courier company and updates the vendor panel with the corresponding AWB number in order to complete the order cycle. * Vendor takes a print copy of the manifest from the panel and has the courier person sign the copy while handing over the parcels. The same information needs to be shared with the ToI. * Completed order then goes into the ToI accounts process for vendor payment. * Typical rates are 10% of the price at which the vendor sells the product rounded to the nearest hundred. | * Vendor can deliver all the products ordered along with the invoice to the ToI warehouse in Delhi. The warehouse then dispatched the products to the end-consumers. |

Note: ToI = *Times of India*.

Source: Company records.

Exhibit 7: Terms and Conditions of the *times of india* reader’s offer

|  |
| --- |
| **Logistics and Prerequisites** |
| * Merchant/ToI shall be solely responsible to promptly dispatch the sold products after invoicing the customers directly as mentioned in the agreement or as agreed upon. * Merchant/ToI shall deliver the product within a maximum four days from the date of receipt of the order from ToI or as discussed. * ToI shall pay the merchant after subtracting its own commission (as per the agreed commission [10% or 20%]). Payments will be processed only after receiving the complete shipment data provided by the vendor. The payment cycle can be reduced for vendors who are providing regular offers and are doing bulk business. |

Note: ToI = *Times of India*.

Source: Company records.

Exhibit 8: Products Proposed for the *Times of india* reader’s Offer

(One of the following must be chosen)

|  |  |  |  |
| --- | --- | --- | --- |
| **Market Rates and Impex Cost** | | | |
|  | **Gas Stove** | **Pressure Cooker** | **Ceramic Combo** |
| Maximum Retail Price (MRP) (₹) | 4,155 | 1,990 | 2,510 |
| Unit Cost (₹) | 1,475 | 645 | 760 |

Note: ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015.

Source: Company records.

Exhibit 9: Online prices of products similar to the products targeted in the *times of india* reader’s offer

|  |  |  |  |
| --- | --- | --- | --- |
| **Comparative Online Product Prices** | | | |
|  | **Minimum (in ₹**) | **Maximum (in ₹**) | **Average (in ₹**) |
| Gas Stove | 1,999 | 4,298 | 3,150 |
| Pressure Cooker | 899 | 1,499 | 1,199 |
| Ceramic Pan Combo | 1,299 | 2,699 | 1,699 |

Note: ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015.

Source: Company records.

1. ₹ = INR = Indian rupee; US$1= ₹63 on February 15, 2015. [↑](#footnote-ref-1)
2. In India, the financial year began on April 1 and ended on March 31. [↑](#footnote-ref-2)
3. “About Us,” Stovekraft, accessed February 3, 2017, https://www.stovekraft.com/aboutus. [↑](#footnote-ref-3)
4. “About,” TTK Prestige Limited, accessed February 3, 2017, www.ttkprestige.com/about/ttk-group. [↑](#footnote-ref-4)
5. “About Us,” Betterfly Gandhimathi Appliances Limited, accessed February 3, 2017, www.butterflyindia.com/about-us/corporate-profile/. [↑](#footnote-ref-5)
6. “About V-Guard,” V-Guard Industries Ltd., accessed February 3, 2017, www.vguard.in/about-us/story. [↑](#footnote-ref-6)
7. “History of Bajaj Electricals,” Bajaj Electricals Limited, accessed February 3, 2017, http://bajajelectricals.com/history.aspx. [↑](#footnote-ref-7)
8. The Reader’s Offer was positioned as a special offer exclusively available to readers of the *Times of India* newspaper. [↑](#footnote-ref-8)
9. This infrastructure was managed by India Times, a division of the Times of India group, which provided an online portal, e-commerce, and home shopping as channels for marketers. [↑](#footnote-ref-9)