

# **MBA631A**

# **PROJECT REPORT**



**Group 2**

# SYNOPSIS

This report provides a comprehensive analysis of boAt, a dynamic consumer electronics brand that has revolutionized the hearables market. The report explores boAt's approach to product development, pricing, distribution, and promotion, utilizing the 4Ps framework.

The launch of Jio in 2016 marks a significant event. With the drastic reduction in data charges, there was a notable surge in new internet users, and existing users began spending more time on their screens. boAt capitalized on this opportunity with the help of a well-rounded approach.

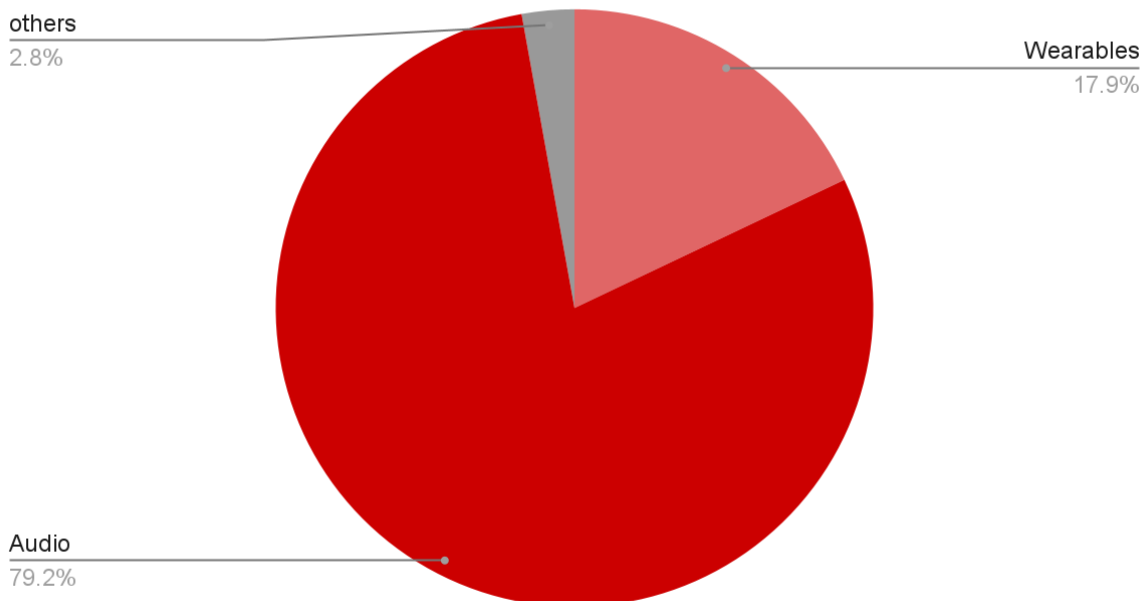
Under the Product aspect, the report highlights boAt's diverse range of products. Regarding Price, the report examines boAt's pricing strategies, emphasizing the brand's commitment to offering affordable products without compromising on quality. In terms of Place, the report explores boAt's extensive distribution network. Under Promotion, the report analyzes boAt's marketing strategies. The report ends with the group's suggestions for the brand.

# PRODUCT

boAt offers a wide range of products catering to various audio and technology needs of the consumers. The diverse product portfolio includes earphones, speakers, smartwatches, mobile accessories, home theaters, rapid car chargers, trimmers, and microphones.<sup>(1)</sup>

The majority of boAt's contract manufacturing is currently sourced from several manufacturers located in China. However, boAt is also actively expanding its network of manufacturers in other regions, particularly in Vietnam and India. To ensure a steady supply of inventory, boAt employs a prepayment strategy with select suppliers and contract manufacturers. These prepayments help secure the required stock for the brand's operations. Product acquisition involves purchasing orders, supplier contracts, and open orders based on projected demand.<sup>(2)</sup>

% Revenue from various segments(FY22)



boAt generates the majority of revenue from its audio category and is also trying to penetrate the smartwatch market.<sup>(2)</sup>

boAt's best-selling headphones, the "Rockerz 450" priced at Rs1499 on amazon, offer a range of impressive features, like a microphone, up to 15 Hours of Playback, 40mm

drivers, padded ear cushions, integrated controls, dual modes, and are available in various vibrant colors.

boAt's best-selling earbuds, Airdopes 141, priced at Rs1099 on amazon, have features like 42 hours of Playtime, low latency mode for gaming, ENx tech, IPX4 water resistance, and smooth touch controls.

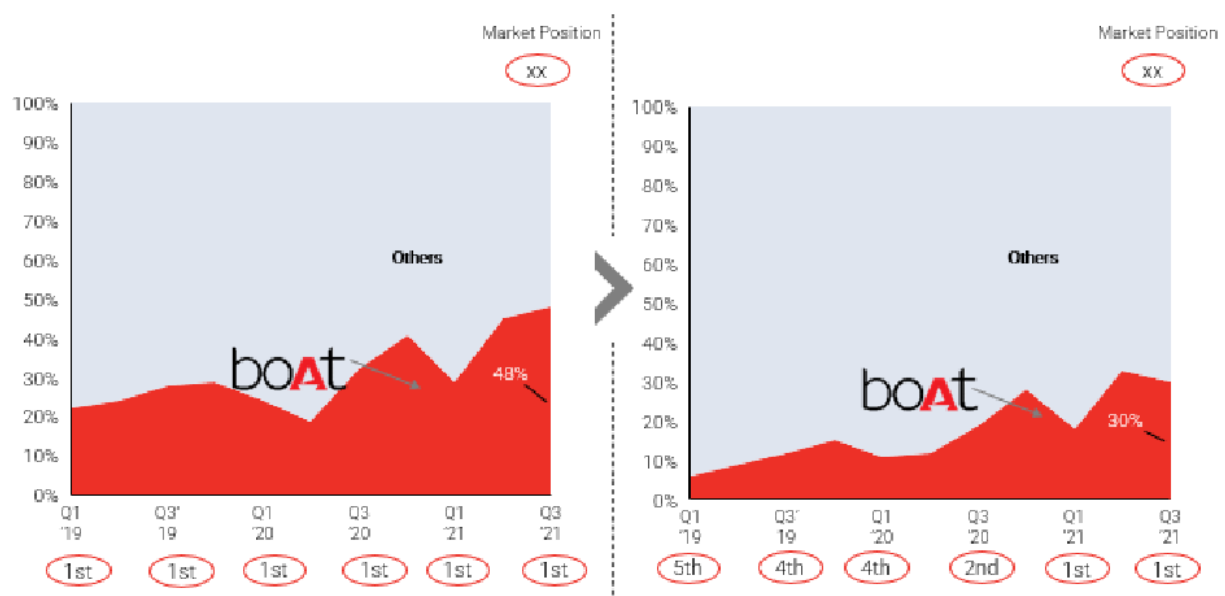
boAt's best-selling smartwatch, the "Xtend" Smart Watch, priced at Rs2799 on amazon, comes with Alexa built-in, 1.69" HD display, multiple watch faces, a stress monitor, HR & SpO2 monitoring, 14 sports modes, sleep monitor, and 7 days battery life. It is one of the first 'Alexa-enabled' wearable watches launched in India.

boAt can further strengthen its market position by expanding into a more premium hearables range. The brand's current offerings, priced between Rs1000-Rs5000, have garnered significant popularity among the young audience. Capitalizing on this success, boAt can rely on the growing purchasing power of its target market and introduce a line of headphones that provide superior quality, style, and comfort. By launching premium hearables, boAt can cater to the evolving demands of its customer base and attract new consumers seeking a higher-end experience.

boAt can also enhance its offerings by introducing stylish covers for its headphones. By providing users with the option to customize and personalize their headphones, boAt can capitalize on the growing trend of individual expression and style preferences among consumers. It allows customers to make a fashion statement and express their individuality, ultimately strengthening their bond with the brand.

# PRICE

boAt is widely recognized for its commitment to providing high-quality products within a competitive price range. boAt adheres to a philosophy of frugality and maintains a mindset focused on Return on Investment. Through this approach, boAt has been able to thrive in a competitive industry and deliver value to its customers, partners, and shareholders.



**Market share by Volume**

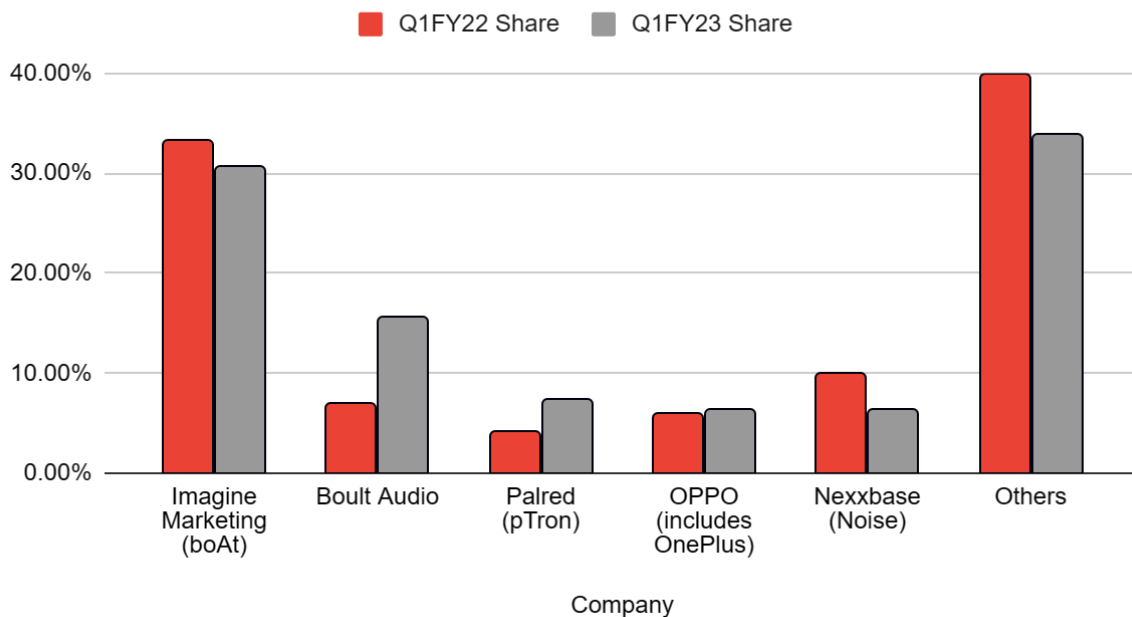
**Market share by sales value<sup>(3)</sup>**

The outbreak of the pandemic in Q4 2020 had a negative impact on boAt's market share, as consumer spending and demand for mobile accessories experienced a temporary decline. The situation gradually improved for the brand, as the people adapted to the new norms, and there was an increase in screen time and, therefore, a growing need for mobile accessories. By maintaining a competitive pricing strategy without compromising on product quality, boAt regained market share.

boAt emerged as the number one earwear brand in India during the fiscal year 2020 in terms of volume and its market share by value has also shown growth. For Q3 2021, boAt ranked second among wearable watch brands in India based on volume. <sup>(3)</sup>

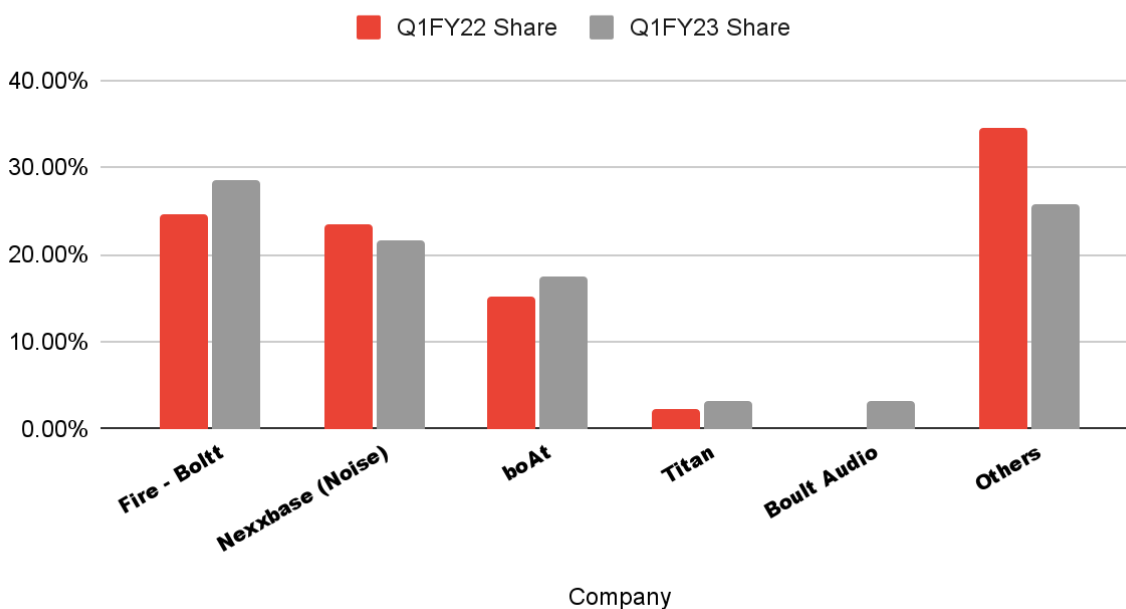
These achievements within a relatively short period highlight boAt's ability to penetrate and establish itself in relatively new markets effectively.

## Q1FY22 Share and Q1FY23 Share



boAt has also proved itself recently as a market leader in the hearables segment as shown above, and is showing growth.<sup>(4)</sup>

## Q1FY22 Share and Q1FY23 Share in smart watches



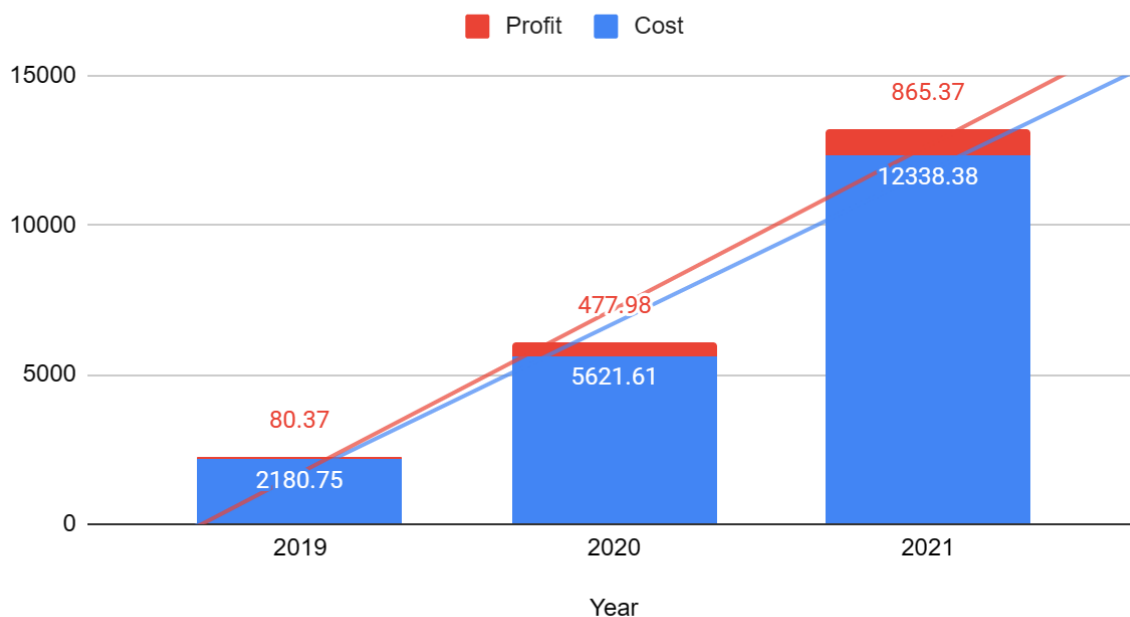
Recently, boAt ranks #3 in the smart watch segment.<sup>(4)</sup>

boAt has emerged as the market leader in the number of hearables and wearables' SKUs rated 4.0 and above on eCommerce marketplaces.<sup>(3)</sup>

The brand offers a range of headphones typically priced between Rs1000-Rs5000, which caters to a wide audience with varying budgets. The affordable pricing strategy of boAt resonates well with its target audience, especially the young consumers who seek quality audio products without spending too much. By maintaining a balance between affordability and performance, boAt has gained the trust of its customers, who perceive the brand as providing high value at a reasonable price, as is evident by the increasing market share of the brand.

The Profit and Revenue trends

### Total Revenue Breakdown in million Rs



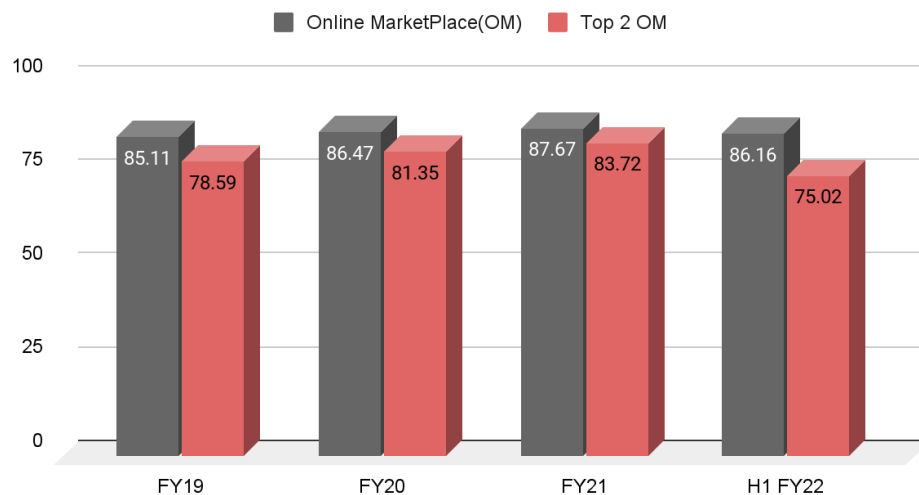
(2)

As a result of boAt's dedicated marketing efforts and commitment to providing a good quality product at an affordable price, the revenue has shown year-on-year growth. While the absolute profit has shown an increasing trend, the RoS, however, decreased from 7.83% in 2020 to 6.55% in 2021. This could be a result of the pandemic. As the brand became more popular, it started spending more on customer acquisition, advertisement initiatives, and research and development. For instance, an increase in advertisement and promotion expenses to ₹202.88 million for the Financial Year 2020 from ₹123.48 million for the Financial Year 2019, was observed.<sup>(2)</sup>

# PLACE

boAt products are available through various distribution channels, including online retailers, offline retailers, and the company's website. This gives boAt a wide reach and allows it to reach many customers. It is one of India's largest digital-first brands in terms of revenue from operations.<sup>(2)</sup>

Revenue from operations(%)



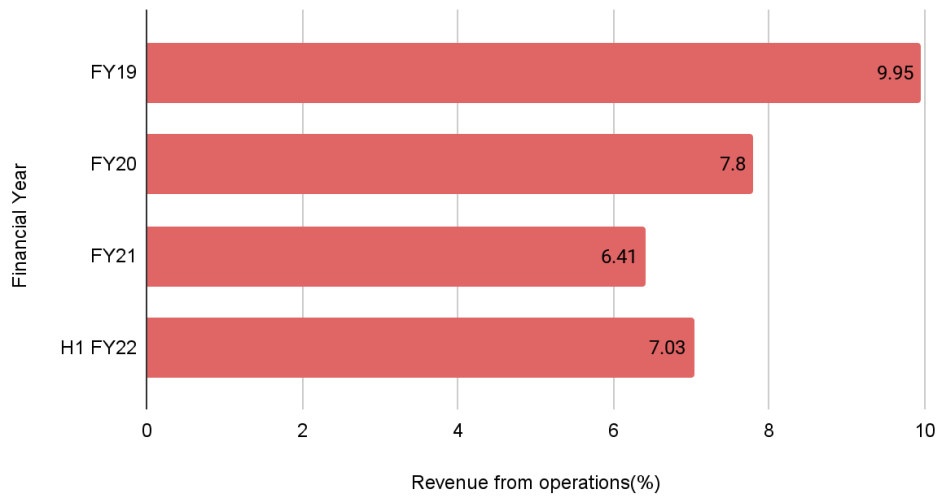
(2)

While a significant chunk of the revenue comes from online marketplaces, the extensive offline sales network encompasses 51 distributors and over 180 sub-distributors, spanning more than 23,000 retail stores across approximately 32 states and Union Territories throughout India. (as of September 30, 2021). This offline presence complements the digital-first approach and helps increase brand visibility.<sup>(2)</sup>

boAt entirely depends on third-party logistic providers to deliver its products to its widespread network of distributors. The freight and transportation charges also keep on increasing due to an increase in the volume of orders. The absence of long-term agreements with distributors exposes boAt to potential risks, as they can terminate agreements at short notice, impacting offline distribution and overall business.<sup>(2)</sup>



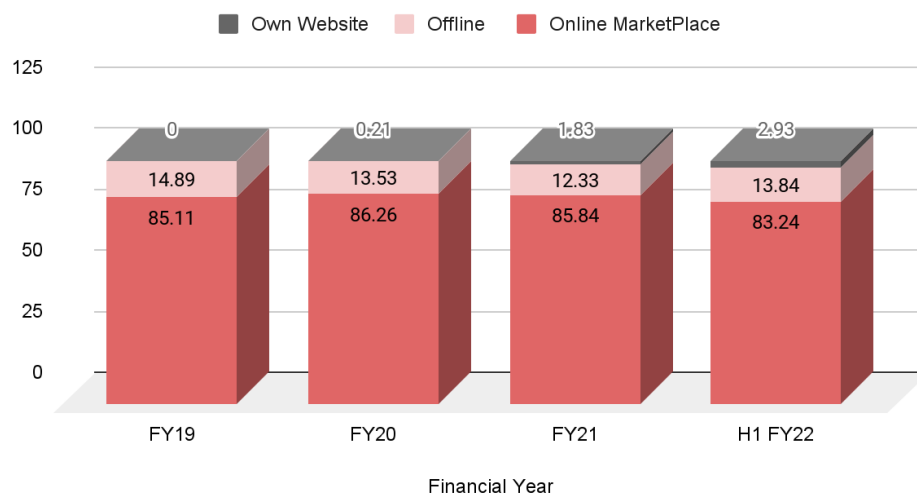
### 5 most used offline distributors



(2)

Monitoring online marketplace and distributor prices is crucial, but most online distributors are not obligated to maintain specific sales volumes and can terminate contracts with or without cause.<sup>(2)</sup>

### Revenue from various channels



(2)

For purchases through boAt's website or online marketplaces, the delivery process is convenient. Online retailers generally have an extensive network of logistics and delivery partners that ensure timely delivery to the end user. Furthermore, the offline sales network of distributors and retail stores across India increases accessibility for customers who prefer in-store purchases.

While the brand tries to ensure convenient delivery, local infrastructure, and logistic issues are always challenging.

The enormous distribution network provides convenience to consumers, but it can be more cost-effective. For instance, boAt can consider limiting online selling to its top two to three marketplaces and its own website. This will reduce their reliance on distributors while also increasing brand visibility.

# PROMOTION

boAt positions itself as a lifestyle brand catering to the youth. A lifestyle brand is a brand that celebrates the audience's desired life and wants to resonate as the brand that will help them achieve it. The promotional strategy of boAt focuses on building a community of "Boatheads" that want to lead a life based on their own terms and are ready to challenge conventional norms, if necessary. A key element of this strategy is using the hashtag #whatfloatsyourboat across various marketing channels.

People do not just want products and are willing to spend on experiences, and boAt is aware of this. It does not believe in plainly marketing the product. Instead, boAt endeavors to cultivate an environment of style and aspiration around its offerings. By emphasizing the creation of a desirable lifestyle and fostering a sense of aspiration among consumers, boAt seeks to establish itself as more than just a product but rather as a vessel for immersive experiences.

The intangible value provided by the brand assumes paramount importance, as most people can't differentiate between the intricate specifications of similar types of products. As consumers navigate through a crowded and commoditized market, the strategic promotion of a brand becomes instrumental in capturing attention, generating interest, and ultimately influencing purchase decisions.

The brand plays at an intersection of technology, sports, music, and fashion and leverages Bollywood and Cricket to reach its target audience. By capitalizing on the popularity and influence of these cultural domains, the brand aims to create a strong connection with its target audience.

In 2018, boAt signed Hardik Pandya as a brand ambassador, followed by players like Shikhar Dhawan, Rishabh Pant, Prithvi Shaw, Jaspreet Bumrah, and Shreyas Iyer. Each player was selected to represent a distinct brand value in the advertising campaigns. For instance, Jaspreet Bumrah symbolized passion, Hardik Pandya epitomized style, Shreyas Iyer embodied a strong mindset, and Shikhar Dhawan personified a sense of enjoyment and fun.

boAt also secured the service of prominent celebrities like Kiara Advani and Kartik Aryan as brand ambassadors. The ads featuring them show that individuals lead multifaceted lives, and boAt is a steadfast companion in all of them. These advertisements reinforce boAt's commitment to seamlessly integrating products into various aspects of consumers' lives.

Given that the audio devices category constitutes a significant portion of boAt's revenue, including musicians in their marketing campaigns is an obvious choice. Eminent musicians such as Guru Randhawa, Neha Kakkar, and Diljit Dosanjh have been enlisted as brand endorsers. The advertisements featuring these musicians portray boAt as a provider of immersive audio experiences. By associating the



brand with renowned musicians, boAt aims to establish a strong connection between its products and the enjoyment of music, appealing to consumers who value high-quality audio experiences.

Aman Gupta's appearance on the popular television show Shark Tank has significantly increased the brand awareness of boAt. As of June 2023, Aman Gupta has 1.2 million followers on Instagram. This exposure has given the consumers a relatable figure to associate with. boAt itself has a strong online presence. The Instagram handle of the brand has more than 9,40,000 followers. Additionally, the brand has cultivated a dedicated YouTube channel with more than 130,000 subscribers, where it publishes engaging content, including product walkthroughs and podcast episodes titled "Do What Floats Your boAt".

boAt has partnered with multiple IPL teams including RCB, as their official audio partner. As part of this collaboration, boAt's brand logo can be seen on the caps worn by players, including cricket superstars like Virat Kohli and A B De Villiers. This association brands them into literal "boAtHeads".

boAt has successfully introduced limited edition merchandise collaborations with renowned organizations such as Marvel and various IPL teams. These exclusive partnerships enable boAt to tap into the immense fan base of these organizations.

boAt uses event marketing as a strategy to create impactful brand experiences. For example, boAt partnered with designer Masaba Gupta to launch an exclusive collection of vibrant headphones during the Lakmé Fashion Week in 2020. Additionally, boAt joined forces with Bira 91 to introduce a limited-edition collection called "BOOM." Furthermore, boAt also sponsored Sunburn, Asia's largest music festival, offering consumers an unforgettable experience. By doing so, boAt provides immersive encounters that resonate with its target audience, combining music, fashion, and lifestyle to create memorable moments.

The value communication and the positioning of boAt are closely linked, as is visible by the dedicated community of "boAtheads".

boAt has achieved higher levels of Top-of-Mind Awareness (TOMA) among its users compared to other comparable brands in the hearables and wearables market. This indicates that boAt holds a strong and prominent position in the minds of its customers.<sup>(3)</sup>

Furthermore, boAt has also attained higher unaided recall among non-users than comparable brands in the hearables and wearables market. This means that even among individuals who have not yet used boAt products, the brand is more likely to be spontaneously recalled and recognized.<sup>(3)</sup>

boAt's ability to resonate with its target audience is demonstrated by the remarkable success of its smartwatch launch. Within a span of less than 30 seconds, the initial inventory of the smartwatch was completely sold out.<sup>(5)</sup>

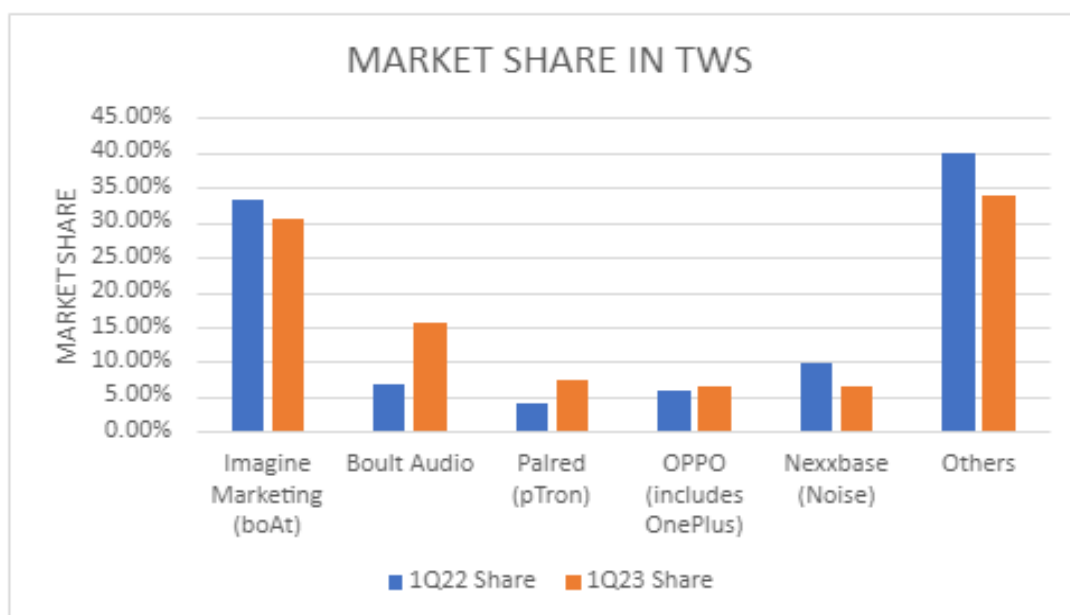
Some suggestions that align with the positioning of boAt, and can be relevant moving ahead :

1. To increase product awareness for underperforming products, one of them being their trimmers, boAt can use its strong brand image and reputation effectively, generating interest, curiosity, and awareness for these products among consumers.
2. boAt can also enhance its market presence by partnering more with social media influencers. This collaboration would enable the brand to use the influencers' popularity. boAt can create a strong impact through through-the-line (TTL) advertising.
3. To strengthen its gaming product line, boAt can collaborate with professional gamers such as Mortal and ClutchGod, benefiting from their credibility and reach within the gaming community. Additionally, sponsoring gaming events and tournaments provides an opportunity for boAt to establish a presence in the gaming industry, gaining exposure among the target audience and associating with the excitement and passion of competitive gaming.
4. By sponsoring fitness expos, marathons, or wellness conferences, boAt can showcase its smartwatch as a valuable companion for people seeking to track and improve their health.
5. Incorporating AI into its services, boAt can enhance user experience. For example, by using mood detection algorithms, boAt can develop a recommendation system that suggests songs based on the user's mood. This personalized approach will provide a more tailored music experience, catering to the individual preferences and emotional states of users.

# REFERENCES

1. boAt lifestyle website
2. DRHP boAt
3. Redseer Report
4. IDC Data
5. Aman Gupta podcast





### Q1FY22 Share and Q1FY23 Share

