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# Brand **Canon** Of Canon India Limited



by

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July 19, 2009



**XLRI Jamshedpur**  
*School of Business & Human Resources*

# Brand **Canon** of Canon India Limited

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Email: asokendu@hotmail.com, July 19, 2009

**Abstract** – Canon, one of the most trusted brands in the world of photography and digital camera (consumer electronics good sector), has maintained its brand image for decades. Though, originally founded in Tokyo, Japan in 1937, it has opened its subsidiary in India in 1997 as Canon India Private Limited. Canon has several products, namely copier, projector, printer etc. However its most renowned products are digital cameras (Fig. 0.1) and in this present report, analyses are limited to digital camera sector where Canon has several variants. Through its innovation by research, Canon has been producing world class digital cameras decades after decade and attracted numerous consumers throughout the globe. Its brand image is so powerful, that consumers find no reason in changing the brand. In the present report discussions are made on its brand equity, brand building, positioning, new product lines, competition with its peers and Canon India's pricing strategy and effort to bolster its world class brand image.

**Key Words:** Brand equity, Cannibalization, Canon, Digital SLR, Monolithic approach, Positioning



Fig 0.1 EOS 450D, one of the quality digital SLR cameras by Canon  
[Source: Company's website, <http://www.canon.co.in> ]

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## Chapter ONE

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### PROFILE OF THE COMPANY



#### 1.1 Introduction

Canon, originally founded in Tokyo, Japan in 1937, is now a world leader in imaging technologies. Canon India Pvt. Ltd. incorporated in 1997, is a 100% subsidiary of Canon Singapore Pte. Ltd. Today, Canon has offices spread across 7 cities in India with an employee strength of over 700 people, 140 comprehensive ranges of sophisticated and contemporary digital imaging products in the country. These include photocopiers, fax-machines, inkjet and laser printers, scanners, digital cameras, digital camcorders and multi media projectors etc. With over 1100 registered patented technologies in Digital Cameras, Canon has emerged as one of the leading technology innovators in the digital imaging space worldwide.

According to Business Today 'Best Companies To Work For In India' survey conducted in 2008, Canon has been ranked amongst top 10 employers in India. This ranking was given on the basis of a process that involved an understanding of the HR systems of companies, a survey of their employees, and a survey of their external stakeholders such as B-schools, placement firms, and alumni.

Canon India is certified for ISO 9001, ISO 14001 and OHSAS 18001. In 2006, the company was certified for its "Strong commitment to excel" at the CII-EXIM Business Excellence Award. Over the last 12 years

of its India growth story, Canon's comprehensive range of the latest digital imaging products supported by a trained sales force across the country has emerged as its key differentiator.

Canon has a strong distribution network. It has around 300 primary level channel partners, 13 National Retail chain partners, 4 Level IV Master Service Centres, over 100 authorized service centers, 3000 secondary retail points, 270 National retail chain stores and 33 Canon Care Centres. Canon products are available in over 300 towns in India. Overall, Canon's presence increased to 4000 outlets in December 2008.

## 1.2 Awards and Recognitions

Canon has received several prestigious awards in 2008 in recognition of the superior technology and quality of its products across different segments. Canon was named as the Best Service Backup Company of the Year by Better Photography magazine and Canon India's Senior Vice-President, Mr. Alok Bharadwaj was felicitated as the Second Most Influential Person in Photography by the prestigious Asian Photography magazine.

The list of product awards received in 2008 are as follows:

- Digital Camera – 28
- Selphy Printers - 3
- Digital Camcorders – 4
- Digital SLR – 12
- Canon Lenses – 10
- All-in-one printers – 6
- Best Retail IT company
- Best Imaging Solution Company
- Best Office Equipment
- Best Service Backup Company 2007

## 1.3 Global Presence

Canon has global presence through various activities. These help in **brand building**. A few of these activities are mentioned below.

**Football:** Canon in the UK was the first sponsor of the English Football League, with a deal from 1983 until 1986. The company also sponsors the UEFA Cup Final matches (from 2006/07 final up to the 2008/09 final) and most recently the UEFA EURO 2008 football tournament. Canon Europe was also Official Sponsor of the MTN Africa Cup of Nations 2008 in Ghana and the Russian Premier Football League.

**Formula One:** Canon Europe was involved in sponsorship of Formula One from 1985-1993, (primarily as title sponsor of Williams F1), and again from 2001–2004. They have also sponsored the Canadian Grand Prix in Montreal, Quebec.

**Golf and Tennis:** Canon USA has a number of sponsorships, including: PGA TOUR, LPGA TOUR, New York Yankees, United States Open Tennis Tournament, The American Junior Golf Association's

Canon Cup, Outback Steakhouse Empire Challenge Eisenhower Park Lakeside Theatre Summer Concert Series.

**Cricket:** Canon India took up sponsorship of the Indian Premier League (IPL) in 2008, a very successful cricket tournament incorporating renowned players from all cricket playing countries.

**Olympics Games:** Canon was the official camera sponsor & provider of Montreal's Olympics Games in 1976

**Fashion:** Canon Europe is sponsor of Paris Fashion Week and principle sponsor of London and Milan Fashion Weeks.

**The Red Cross:** Since 2006 Canon has been helping the Red Cross in providing support to thirteen Red Cross National Societies across Europe, with focus on youth projects. Support from Canon includes financial contributions and donations of imaging equipment; including cameras, copying machines and digital radiography devices, as well as volunteer activities.

**WWF:** Canon Europe has been a WWF Conservation Partner since 1998. The company provides funding to WWF's global conservation work to aid its environmental practices. Since 2007, WWF and Canon have been working on a Polar Bear Tracking Program and 'Canon Kids' Zone' children's microsite. The WWF-Canon Polar Bear Tracking Program tracks the movements of polar bears in the Arctic through radio collars placed around the bears' necks. Their positions are transmitted to scientists for investigation on how climate change is affecting them.

**World Press Photo:** Canon Europe has been a partner of World Press Photo for sixteen years. World Press Photo promotes the professional standards in photography; organizes the largest international contest for professional photojournalists and acts as a worldwide platform for press photography.

**Photography Award:** Canon Australia sponsors the Canon Australian Professional Photography Awards (Canon APPA).



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## Chapter TWO

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### BRAND EQUITY OF CANON AND ITS VARIANTS



#### 2.1 Introduction

According to American Marketing association (AMA), a **brand** is a “name, term, sign, symbol, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” (Keller, 2009). As such, when a marketer creates a name, logo or symbol for a new product, he or she creates a brand. It may be simply the name of the company (i.e., General Electric, Samsung) or different names (i.e., Procter and Gamble’s Tide, Raymond’s Park Avenue).

To consumers, brands provide important functions. Brands identify the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Most important, brands take on special meaning to consumers. Because of past experiences with the product and its marketing program over the years, consumers find out which brands satisfy their needs and which ones do not. As a result, brands provide a shorthand device or means of simplification for their product decisions (Jacob et al, 1971, 1977).

If consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a product decision. Thus, from an economic perspective, brands allow consumers to lower the search costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around). Based on what they already know about the brand – its quality, product characteristics and so fourth – consumers can make assumptions and form reasonable expectations about what they may not know about the brand.

Brands can also play a significant role in signaling certain product characteristics to consumers. Researchers have classified products and their associated attributes or benefits into three major categories : search goods, experience goods and credence goods (Nelson, 1970 and Darby and Karni, 1974). With search goods like grocery produce, consumers can evaluate product attributes like sturdiness, size, color, style, design, weight and ingredient composition by visual inspection. The product attributes of experience goods like automobile tires cannot be assessed so easily by inspection, and actual product trial and experience is necessary to judge durability, service quality, safety and ease of handling or use. For credence goods like insurance coverage, consumers may rarely learn product attributes. Given the difficulty of assessing and interpreting product attributes and benefits for experience and credence goods, brands may be particularly important signals of quality and other characteristics to consumers for these types of products.

Brands can reduce the risks in product decisions (Roselius, 1971). Consumers may perceive many different types of risks in buying and consuming a product. These risks are Functional, Physical, Financial, Social, Psychological and Time. Consumers can certainly handle these risks in a number of ways, but one way is obviously to buy well-known brands, especially those with which consumers have had favorable past experiences. Thus brands can be a very important risk-handling device, especially in *business-to-business (B2B)* settings where risks can sometimes have quite profound implications.

The brand loyalty provides predictability and security of demand for the firm and creates barriers of entry that make it difficult for other firms to enter the market. Although manufacturing processes and product designs may be easily duplicated, lasting impressions in the minds of individuals and organizations from years of marketing activity and product experience may not be so easily reproduced.

For ‘Canon’, its company name itself is the brand. It has created a lasting impression in the mind of the consumers due to its quality and services for nearly seventy years.

## 2.2 Brand Equity of ‘Canon’

One of the most popular and potentially important marketing concepts to arise in the 1980’s was *brand equity*. Its emergence has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity. Canon global group invests 7.5% of consolidated revenue in research and development, significantly more than other companies. Canon Europe’s research and development engineers alone have filed more than 600 patents. This provides Canon with a strategic lead on its competitors.

Branding is all about creating differences. According to David Aaker (1996) brand equity has five components (Fig. 2.1), i) Loyalty ii) Perceived quality iii) Associations iv) Awareness and v) Market behavior.

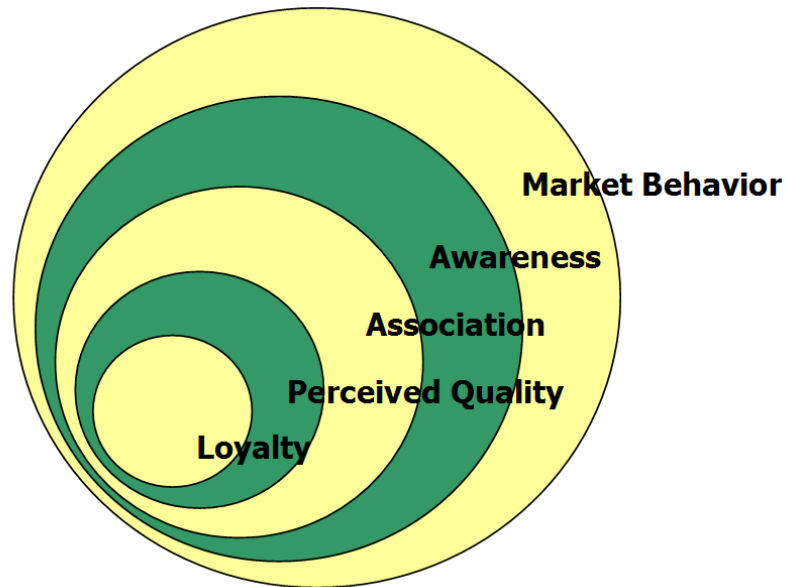


Fig. 2.1 Aakar's (1996) model of brand equity

An important aspect in the branding environment is the *proliferation of new brands* and products or brand extensions. A brand name may now be identified with a number of different products with varying degrees of similarity. Canon has added a host of new products (copier, printer, projectors, scanners, camcorders, facsimiles etc) apart from digital cameras under their brand umbrellas in recent years.



Fig. 2.2 Brand awareness pyramid

Brand awareness is the linkage between product category and brand. Tools used to measure brand awareness are '*Brand recognition*' and '*Brand recall*'. Between these two, brand recall is more demanding. Brand awareness pyramid is shown in Fig 2.2. Canon is trying to reach on the top of the

pyramid, which is brand dominance. However, presently it might be in the '*Top of Mind Awareness*' (*TOMA*) position, and 'Canon' brand comes to the mind of consumers when they think of buying any digital camera. Brand awareness has two components, '*Breadth*' and '*Depth*'. '*Breadth*' represents the presence of brand in different categories and application of products, which Canon has (digital camera, copier, printer, projectors, scanners, camcorders, facsimiles etc). '*Depth*' represents how quickly the brand can be recalled. Canon has achieved the '*Depth*' by producing quality products, quality after sales service, prominent logo for more than seventy years and using appropriate *above the line (ATL)* advertisements through print media, television and internet.

## 2.3 Branding Strategy of 'Canon'

Three branding strategies exist in the market for branding a new product. These are

- 1) Monolithic approach
- 2) Endorsement approach
- 3) Simple / Individual approach

Monolithic approach is to use a single brand for all the products. Canon follows *Monolithic approach* as all its products (digital camera, copier, printer, projectors, scanners, camcorders, facsimiles etc.) are launched in the brand name of 'Canon'. The advantage of this approach is low cost in launching a new product. However there are some disadvantages too. Poor performance of one sector may influence the growth of other sector.

## 2.4 Sub Brands of Canon and its Variants

Canon has divided its digital camera mainly into three sub brands. These are IXUS (Fig. 2.3), Power Shot (Fig. 2.4) and EOS (Fig. 2.5). These are done to capture various segments of the markets. Each sub brand has many variants. These are shown in Table 2.1

**IXUS:** Designed for the fashion-forward, the IXUS (Fig. 2.3) is for those who appreciate beautiful form and high functionality in a fashionably sleek compact camera. One can choose the IXUS that best suits one's discerning needs.



Fig. 2.3 IXUS 980 IS is slim and easy to carry in the pocket



Table 2.1 Canon has three sub brands in digital camera, each sub brand has several variants

IXUS	Power Shot	EOS
IXUS 80IS	PowerShot A470	EOS 1000D
IXUS 85IS	PowerShot A480	EOS 450D
IXUS 90IS	PowerShot A1000 IS	EOS 500D
IXUS 95IS	PowerShot A1100 IS	EOS 40D
IXUS 100IS	PowerShot A2000 IS	EOS 50D
IXUS 110IS	PowerShot A2100 IS	EOS 5D
IXUS 860IS	PowerShot SX110 IS	EOS 5D Mark II
IXUS 970IS	PowerShot SX200 IS	EOS 1D Mark III
IXUS 980IS	PowerShot SX10 IS	EOS 1Ds Mark III
	PowerShot SX1 IS	
	PowerShot D10	
	PowerShot G10	

## 2.5 Pricing

Canon has a wide price range (Table 2.2) to cater the different segments of the market. Price of the Power shot category ranges from Rs. 7,000 to Rs. 37,000. This category has the maximum varieties and is suitable for domestic function and for tourists. IXUS is slim, stylish and can be carried in to a pocket. Its price starts from Rs. 12,000 and varies up to Rs. 24,000. EOS is digital SLR camera and for professional cameramen. These are useful for sports photography, wild photography, journalism etc. Cameras of this category are very expensive (Rs. 30,000 to Rs. 4,13,000). Recently Canon has introduced an entry level DSLR (Canon EOS 1000D) whose price is a bit less, Rs. 30,000.

Table 2.2 Price range of Canon digital camera

Category	Price Range (INR)	Suitability
IXUS	Rs. 12,000 - 24,000	Portable, Stylish
Power Shot	Rs. 12,000 - 37,000	Domestic, Tourist
EOS	Rs. 30,000 - 4,13,000	Professional

## 2.3 Product Life Cycle of a Digital Camera

Product life cycle consists of four phases as shown in Fig. 2.6.

- Introductory phases
- Growth phase
- Maturity phase and
- Decline phase.

A typical life cycle of a Canon digital camera, PowerShot S5IS is shown in Fig. 2.6. PowerShot S5IS was introduced in the market in June 2007. Subsequently it reaches its growth and maturity stages and once the upgraded model, PowerShot SX 10IS was introduced into the market in September 2008, S5IS model entered into the decline phase. This is also called *cannibalization effect* where new variant eats the sale of old variant. Canon upgrades its models frequently in order to compete with other competitors.

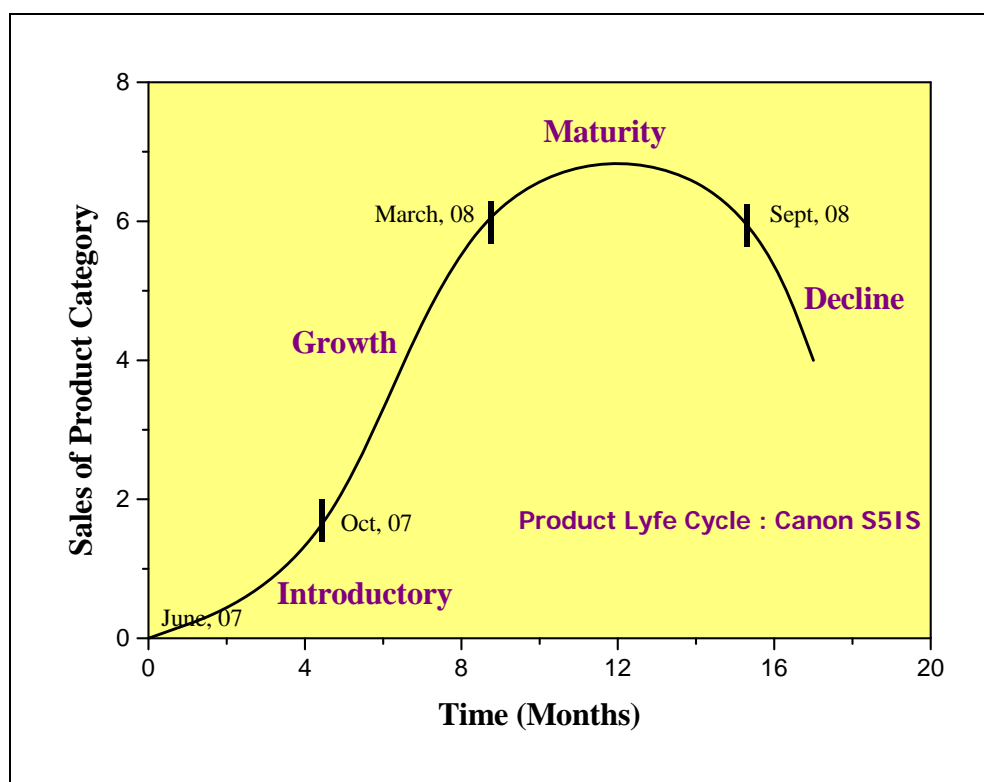


Fig. 2.6 A typical product life cycle for Canon Power Shot S5IS digital camera

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## Chapter **THREE**

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### BRAND BUILDING AND POSITIONING OF CANON



#### 3.1 Introduction

**H**ow to build a strong brand? *Customer based brand equity (CBBE)* model (Fig. 3.1) helps give the answer of the question. This model introduces theoretical advances and managerial practices in understanding and influencing consumer behavior. CBBE model provides a unique point of view as to what brand equity is and how it should best be built, measured and managed. Customer based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory.

CBBE model asks the following four questions.

- 1) Who are you? (brand identity)
- 2) What are you? (brand meaning)
- 3) What about you? What do I think or feel about you? (brand responses)
- 4) What about you and me? (brand relationship)

So the branding ladder is from identity to meaning to response to relationship. A company cannot establish meaning, unless it has created identity; responses cannot occur unless it has developed right meaning; and relationship cannot be created unless it has elicited the proper responses.



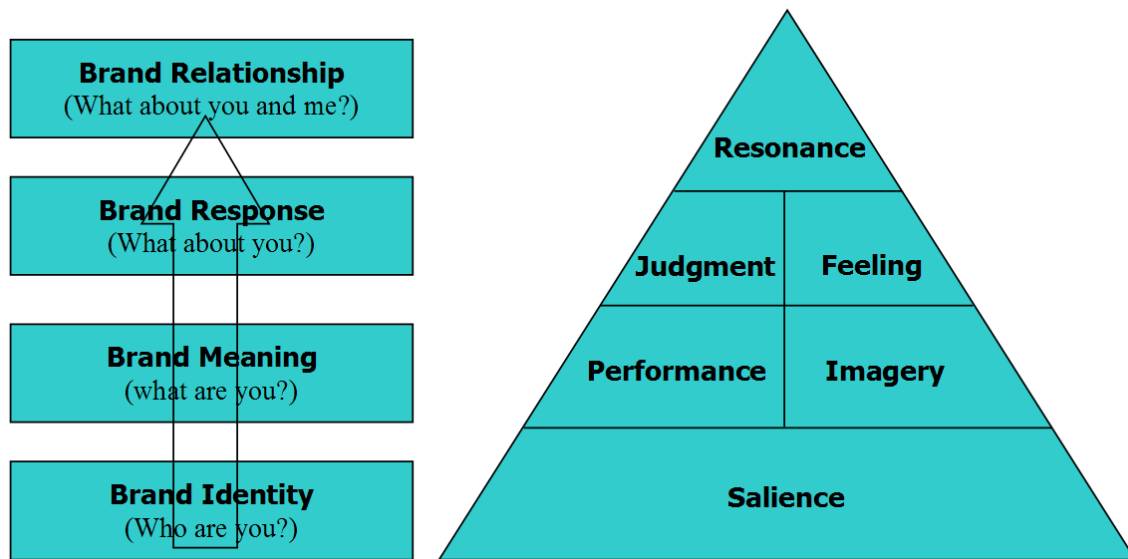


Fig.3.1 Customer based brand equity pyramid

Brand Identity can be represented by a hexagonal prism (Fig. 3.2) with each side representing a specific character of the brand. These specific characters help to understand the perceptions of the brand in the consumer's mind and at the market place. Thus these help to build a better brand image and position the products at a better level. The six facets are-

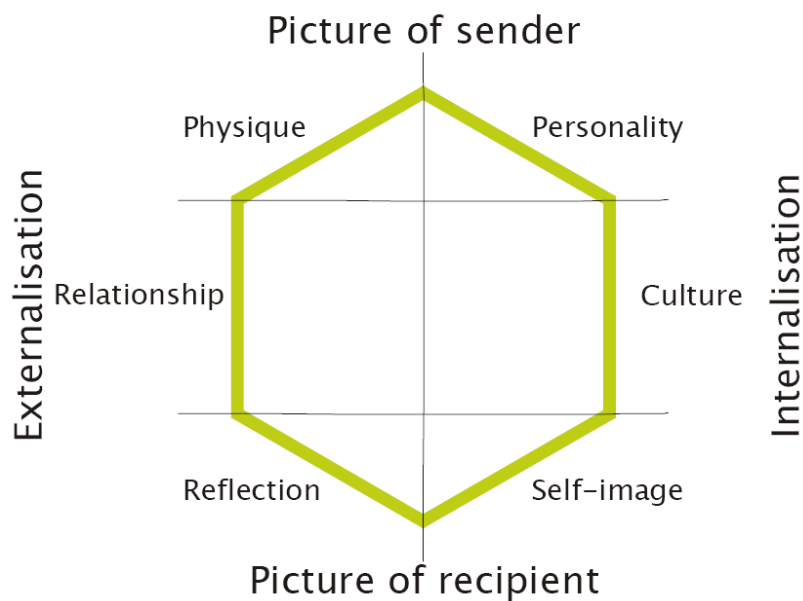


Fig 3.2 Brand Identity Prism (Kapferer, 2004)

- 1) Physique: the physical aspects of the brand
- 2) Personality: the character of the brand
- 3) Culture: the set of values feeding the brand
- 4) Relationship: the mode of conduct of the brand
- 5) Reflection: the outward reflection of the customer the brand addresses
- 6) Self-image: the target's internal mirror of the brand

Creating strong, favorable and unique associations is a real challenge to marketers, but essential to building customer based brand equity. Strong brands typically have firmly established favorable and unique brand associations with consumers. Brand meaning is what helps to produce brand response or what customers think or feel about the brand. Brand response can be distinguished as either brand judgments or brand feeling, that is, in terms of whether they arise from the 'head' or from the 'heart'.

## 3.2 Brand Building of Canon

Canon India has initiated several processes to build its brand. These processes are discussed below.

### 3.2.1 Brand building through mass media

Canon uses leading news papers (Times of India etc), television, internet to disseminate its brand name. It uses separate advertisements for each of its sub brands, IXUS (Fig 3.3), Power Shot (Fig. 3.4) and EOS (Fig. 3.5). It uses following *slogans* for canon and its sub brands.

<b>Canon</b>	: <i>Delighting you always</i>
<b>IXUS</b>	: <i>Where style meets substance</i>
<b>Power Shot</b>	: <i>A great shot every time</i>



Fig. 3.3 Theme to build sub brand IXUS



Fig. 3.4 Theme to build sub brand Power Shot



Fig. 3.5 Theme to build sub brand EOS

### 3.2.2 Brand building through workshop

Canon organizes workshop in different metros. Participants can take part in these workshops paying nominal registration fees. Fig. 3.6 shows that Canon organized fashion photography workshops at Delhi, Mumbai and Kolkata. This helps in building Canon's image.

**EOS DIGITAL** **Canon** Delighting You Always

*Limited Seats. Register Now!*

## FASHION PHOTOGRAPHY

by **AKASH DAS**

**Agenda**

- ✓ Studio Photography
- ✓ Portrait Photography
- ✓ Making of a Portfolio
- ✓ Indoor Studio Setup
- ✓ Lighting

**Date:** 18th July, 2009  
**Time:** 11 AM – 5 PM  
**Venue:** Academy for Photographic Excellence  
 60, Basant Lok Community Centre,  
 Vasant Vihar, New Delhi

**Registration:** Rs. 1,500/-  
**Canon Edge members:** Rs. 1,250/-

**For registration:**  
**Contact:** (011) 41669520  
**Email:** training@canonedge.com

**Free EF Lens workbook for registrations before 15th July '09**

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## FASHION PHOTOGRAPHY

WITH INSIGHT OF  
 PORTFOLIO MAKING  
 AND STUDIO SETUP  
**BY BIKASH DAS**

**Agenda**

- ✓ Fashion Photography
- ✓ Making of a Portfolio
- ✓ Studio Setup
- ✓ Makeup Accessories

**Date:** 25th July, 2009  
**Time:** 11 AM – 5 PM  
**Venue:** G D Birla Sabha Ghar  
 29, Ashutosh Chowdhury Avenue  
 Ballygunge, Kolkata – 700019

**Registration:** Rs. 1,000/-  
**Canon Edge members:** Rs. 750/-

**For registration:**  
**Contact:** (033) 40030927  
**Email:** training@canonedge.com

**Free EF Lens workbook for registrations before 15th July '09**

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## Canon Fashion Photography

at exotic locales of **GOA** 6th to 9th Sep. 09

**Agenda**

- ✓ Single Light Portraiture
- ✓ Glamour Photography
- ✓ Fashion Photography
- ✓ Makeup Accessories
- ✓ Photo Shoot Coordination

**Instructor:** Vinayak Pawaskar  
**Reporting Destination:** Mumbai  
**Participation Charges:** 8,950/-  
**Special 10% discount for Canon Edge members**  
**Excludes:** Food & Stay

**Organised By Milestone Enterprise**  
**www.milestour.in**  
**For Enrolment Call Mohini at:** 09892895954/09324521613  
**milestoneenterprise@vsnl.net, milestoneenterprise@gmail.com**

**Free** Mumbai - Goa A/C Bus Tickets for registrations received before 15th Aug. 09

---

## Canon Photo-tour to Ladakh and Nubra Valley

13th Sep. to 24th Sep. 09.

**Vivid Landscapes, Architectural wonders, Vibrant lifestyles, Worlds Highest Motorable Road, World Highest Cold desert, ancient silk route, Bactrian Camels, Mountain Ranges, Glaciers and to heat it up Single Light Portraiture with Rare, Raw and Breathtakingly beautiful faces of Ladakh and much more.**

**Instructor:** Vinayak Pawaskar  
**Reporting Destination:** Delhi.  
**Participation Charges:** 19,995/-  
**Special 10% discount for Canon Edge members**

**Organised By Milestone Enterprise**  
**www.milestour.in**  
**For Enrolment Call Mohini at:** 09892895954/09324521613  
**milestoneenterprise@vsnl.net, milestoneenterprise@gmail.com**

**Free** Delhi - Manali Volvo Tickets for registrations received before 30th Aug. 09

**Canon India Pvt. Ltd., Second Floor, Tower A&B, Cyber Greens, DLF Phase- III, Gurgaon - 122002**

Fig. 3.6 Workshop organized by Canon in order to build its brand



### 3.2.3 Brand building through photo contest

Every year Canon organizes photo contest (Fig. 3.7) among amateur and professional photographers. An initiative of Canon Image Lounge India, the Big Shot photo contest is targeted at camera aficionados across the country and hopes to bring together talent on both professional and amateur levels. The winners of the contest get a canon product (camera, lenses etc.) as their prizes. This activity helps Canon to disseminate its brand name.

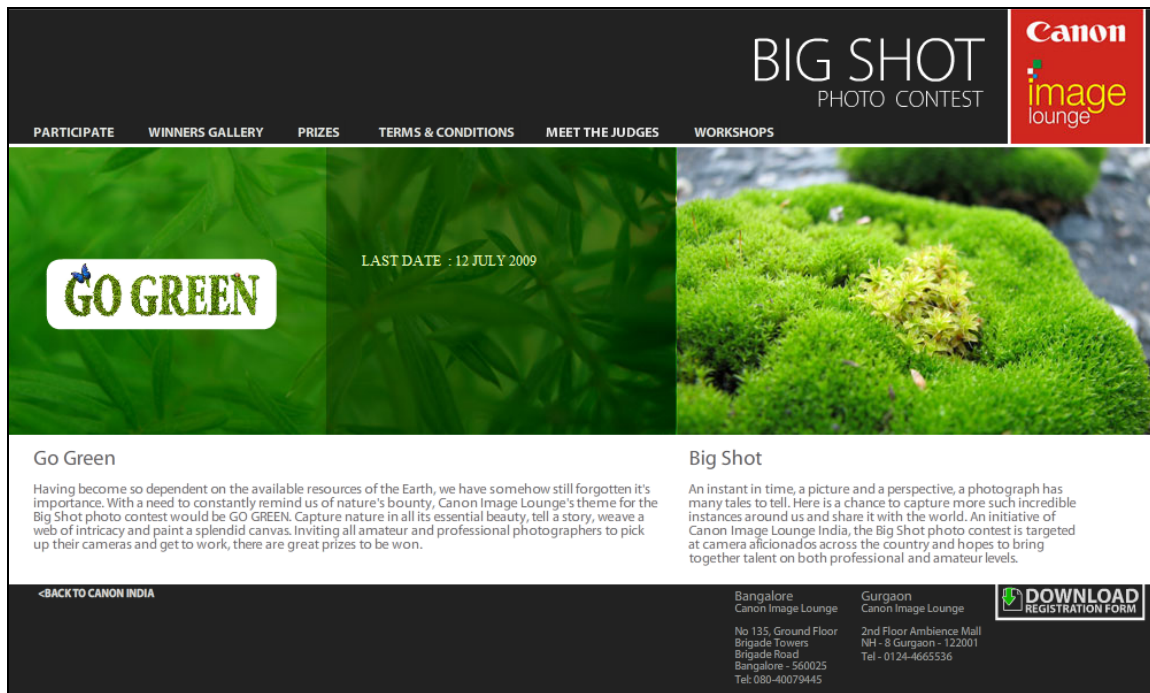


Fig. 3.7 Photo contest organized by Canon

### 3.2.4 Brand building through network

Canon has a strong distribution network. It has around 300 primary level channel partners, 13 National Retail chain partners, 4 Level IV Master Service Centres, over 100 authorized service centers, 3000 secondary retail points, 270 National retail chain stores and 33 Canon Care Centres. Canon products are available in over 300 towns in India. Overall, Canon's presence increased to 4000 outlets in December 2008. Canon declared its Q1 results in May 2009, recording 22 percent up on a year on year basis. The total revenue also grew 25 percent to Rs. 840 crore (Ref. official website of Canon). In wake of such positive trends Canon now plans to invest Rs. 100 crore in India to expand operations in business-to-business activities as well as marketing and sales infrastructure. Canon India president and CEO Kensaku Konishi said the company aims at a 25 percent growth rate in sales eyeing a turnover of Rs. 1,000 crore by next year. This growth is possible as Canon has a very good distribution network.

### 3.3 Recent Initiative Taken in Brand Building

Canon has taken many steps recently to build its brand. Some of these initiatives are mentioned below.

#### 3.3.1 Canon Image Lounge

To give a digital feeling of its products, Canon Image Lounge was launched in 2008 in Gurgaon (Fig. 3.8), Mumbai and Bangalore for customers to get a touch and feel of Canon products. The lounges provide a comprehensive display of Canon's vast range of offerings and display over 101 consumer imaging products for consumers to simply look, feel and experience without the compulsion on buying. Special photography workshops and other customer engagement programs are being held in these lounges. Its three Business Solutions Lounge for B2B customers in Gurgaon, Mumbai and Bangalore showcase business applications along with seminar rooms for business workshops.



Fig 3.8 Canon Image lounge at Gurgaon  
[Source: Company's website, <http://www.canon.co.in> ]

#### 3.3.2 Association with Indian Premier League (IPL)

Canon took up sponsorship in the IPL Cricket tournament, 2008 for the PowerShot range of cameras, where every 4 and 6 hit was called a PowerShot.

#### 3.3.3 Regional Outreach Programs

Canon launched its regional outreach programs across the country – Amchi Mumbai, Humari Delhi, Namma Bengaluru, Nama Chennai, and recently in May 2009, Mana Hyderabad (Fig. 3.9). The projects were launched to create better contact with customers in these regions. This is a strategic, innovative initiative to reach out to the regional markets which have been Canon's focus to garner greater market share. These campaigns were highly successful in increasing penetration of Canon Printer products in these markets as well as in strengthening Canon's presence in the digital imaging market segment.



Fig. 3.9 Mr. Kensaku Konishi, President and CEO, Canon India is addressing media during the launch of 'Mana Hyderabad' program  
[Source: <http://www.Reachouthyderabad.com>]

### 3.3.4 Sachin Tendulkar as Brand Ambassador

In an attempt to Indianise its brand appeal, Canon India has signed on one of the flamboyant cricket players of India, Sachin Tendulkar as its corporate brand ambassador for three years beginning Jan 2007. Celebrating its 10th anniversary year in India, canon will use Tendulkar in retail, press and outdoor campaigns. He will also be a part of the special Canon India anniversary calendar that will be launched later this year.



Fig 3.10 Sports personality Sachin Tendulkar is the brand ambassador of Canon India

### 3.4 Positioning of the Brand ‘Canon’

Brand positioning is at the heart of the marketing strategy (Keller, 2009). It is the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s mind. As the name implies, positioning means finding the proper ‘location’ in the minds of a group of customers or market segment, so that they think about a product or service in the right or desired way to maximize potential benefit to the firm. Good brand positioning help to guide marketing strategy by clarifying what a brand is all about, how it is unique and how it is similar to competitive brands and why consumers should purchase and use it.

Canon has placed its position as emotional positioning based on role model (see the Fig. 3.10 where cricketer Sachin Tendulkar is shown). On the matrix (Fig. 3.11) it will be credence attributes as it has already created a value proposition in the mind of customers, to whom *Perceived Quality* of Canon is very high.

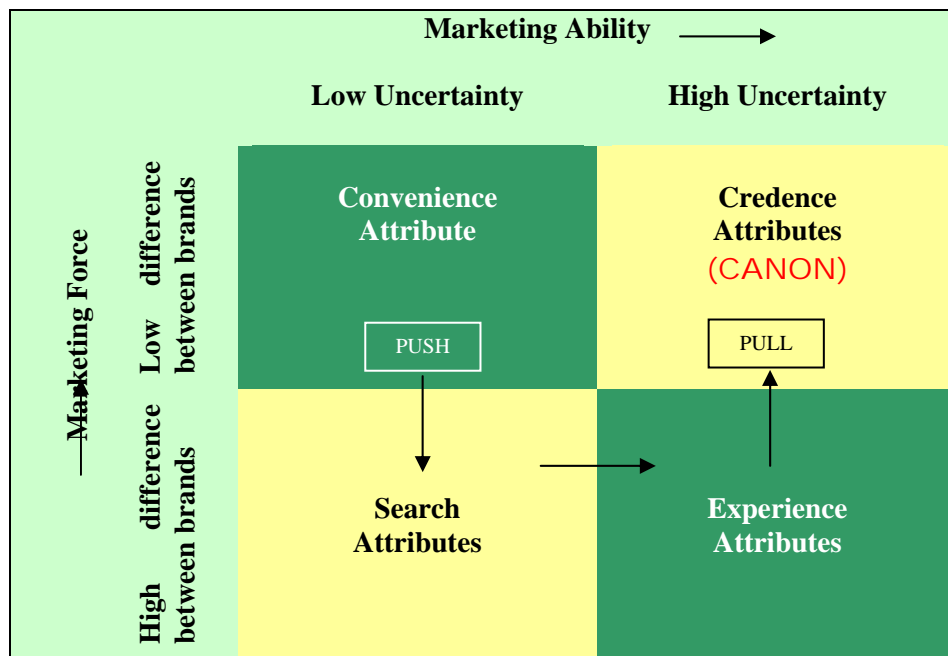


Fig 3.11 Present position of Canon in the matrix



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## Chapter FOUR

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### COMPETITION, PRICING STRATEGY AND CANNIBALIZATION EFFECT



#### 4.1 Introduction

Digital camera market is highly competitive. One has to upgrade one's products in regular interval to stay in the market. At the entry level Canon has many competitions, namely, Sony, Kodak, Samsung, Panasonic, Olympus, Nikon etc. At the high end SLR category, Canon has to compete with Nikon. Fig. 4.1 shows the total camera market in 2007. It clearly indicates that Canon is in No. 1 position in total sales. When it comes to the strategically important and fast-growing market of SLR cameras, Canon remained No. 1 worldwide in 2007 but lost share to Nikon, new statistics show. Canon sold 3.18 million single-lens reflex cameras in 2007 compared with Nikon's 2.98 million, according to a study released by market researcher IDC in 2008. That represents a 42.7 percent and 40 percent share, respectively, of the 2007 SLR market. It's a much narrower margin for Canon than in 2006, when it had 46.7 percent of the market, compared with Nikon's 33 percent.

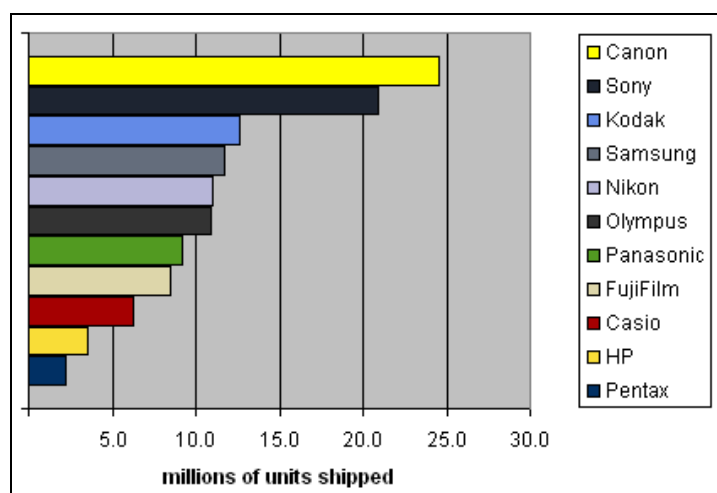


Fig 4.1 Canon remained in the top position in the total camera market in 2007  
 [Source: CNET Networks, based on IDC data, <http://news.cnet.com>, April 2, 2008]

## 4.2 Competition at Sub Brands Level

A comparison between various categories of digital camera of Canon, Nikon and Olympus are shown in Table 4.1. Remarks are drawn collecting information from various review sources (dpreview, dcresource, cameras.co.uk, steves-digicams, reviews.cnet, dcviews, photoreview, infosyncworld, ephotozine). Details of these review sources are given in references.

Table 4.1 Competition in digital camera between various brands  
 (Only one variant in each category is mentioned as example)

Category	Price Range (Rs)	Canon	Nikon	Olympus	Remarks
Compact	< 20,000	IXUS 980 IS	Coolpix-S230	MJU 8000	Canon has advantage with styles, looks and quality.
Medium Size					
Medium zoom	7,000-15,000	Power-shot A1100 IS	L20	FE 25	No one is a clear winner.
Super zoom	20,000-28,000	Power-shot S10IS	P 90	SP590UZ	Canon has advantage with various functions. Next comes Olympus.
Digital SLR					
Entry Level	30,000-40,000	EOS 1000D	D 60	E 420	Canon has advantage with more functions and competitive price
Mid-Level	45,000-80,000	EOS 450D	D 90	E 520	Neck to neck competition in photo quality between Canon and Nikon
Highly-Professional	> 300,000	EOS 1Ds Mark III	D 3X	E 30	Nikon has maintained its supremacy with great photo quality and functions.

#### 4.2.1 Competition in sub brand 'IXUS' level

In 'Compact Digital Camera' category, Canon has IXUS sub brand. This brand is very prominent due to its style, color, design and outlook. People can easily recall this brand as it is portable and can be carried in to a pocket, which is very convenient for a tourist. In spite of its small size, it has a very good photo capturing capability. This sub brand has a great future. However, Canon needs to pay more attention in popularizing this sub brand. One of the ways it can be done by using a separate brand ambassador from film industry as this sub brand is associated with style.

**Positioning:** IXUS brand is mainly targeted to stylish personalities and tourists.

**Pricing Strategy:** Being stylish, prices in this category are a bit higher compared to other brands (Nikon, Olympus).

#### 4.2.2 Competition in sub brand 'Power Shot' level

Canon spends much of its advertisement for 'Power-shot' sub brand using a popular slogan '*A great shot every time*'. This sub brand is the link between other two sub brands of Canon, IXUS and EOS. Canon has maximum number of variants in this category. Within this sub brand, super zoom camera (Canon SX10IS) is very popular. The competition in super zoom camera between Canon (SX10IS), Nikon (P90), Olympus (SP 590UZ), Panasonic (DMC FZ18) and Sony (DSC HX1) is so fierce that Canon has to change its model regularly introducing new features to stay in the competitive market. The new model automatically replaces the old model (cannibalization effect).

**Positioning:** Power Shot is targeted to family persons (domestic occasion) and to the people those who are thinking of buying DSLR but unable to by due to price barrier.

**Pricing Strategy:** Prices are kept from low to medium range to attract all level of customers and to compete with other brands.

#### 4.2.3 Competition in sub brand 'EOS' level

Canon's EOS represents DSLR section. In this section Nikon is a great competitor. After introduction in 1959, for nearly 30 years, Nikon's F-series SLRs were the most widely used small-format cameras among professional photographers, as well as by the U.S. space program, both because of their rugged construction and because of the wide range of Nikkor lenses and other accessories. However, the company's determination to maintain lens compatibility with its F-mount prevented rapid advances in autofocus technology. Canon introduced a new type of lens-camera interface with its entirely electronic Canon EOS cameras and Canon EF lens mount in 1987. The much faster lens performance permitted by Canon's electronic focusing and aperture control prompted many professional photographers (especially in sports and news) to switch to the Canon system through the 1990s.

**Positioning:** EOS brand is mainly targeted to professional cameramen, journalists, wild photographers, sports photographers. Owning Canon EOS represents a status.

**Pricing Strategy:** DSLR camera is a bit expensive compared to other digital cameras. To overcome Nikon's supremacy in DSLR market, Canon introduces an entry level DSLR Camera (EOS 1000D) in 2008. The price of this camera is just above the Power shot, Super Zoom category. Canon is very

successful by this approach as many of the customers, instead of buying super zoom camera of other brands (Nikon, Olympus, Sony) are now getting opportunity to buy a DSLR camera of Canon.

### 4.3 Pricing Strategy

Prices of various Canon digital cameras for three sub brands (IXUS, Power Shot and EOS) are shown in Fig. 4.2. Though Canon has some cameras in EOS category whose price is more than Rs. 1 lakh, cameras up to Rs. 1 lakh are shown in the figure for better clarity.

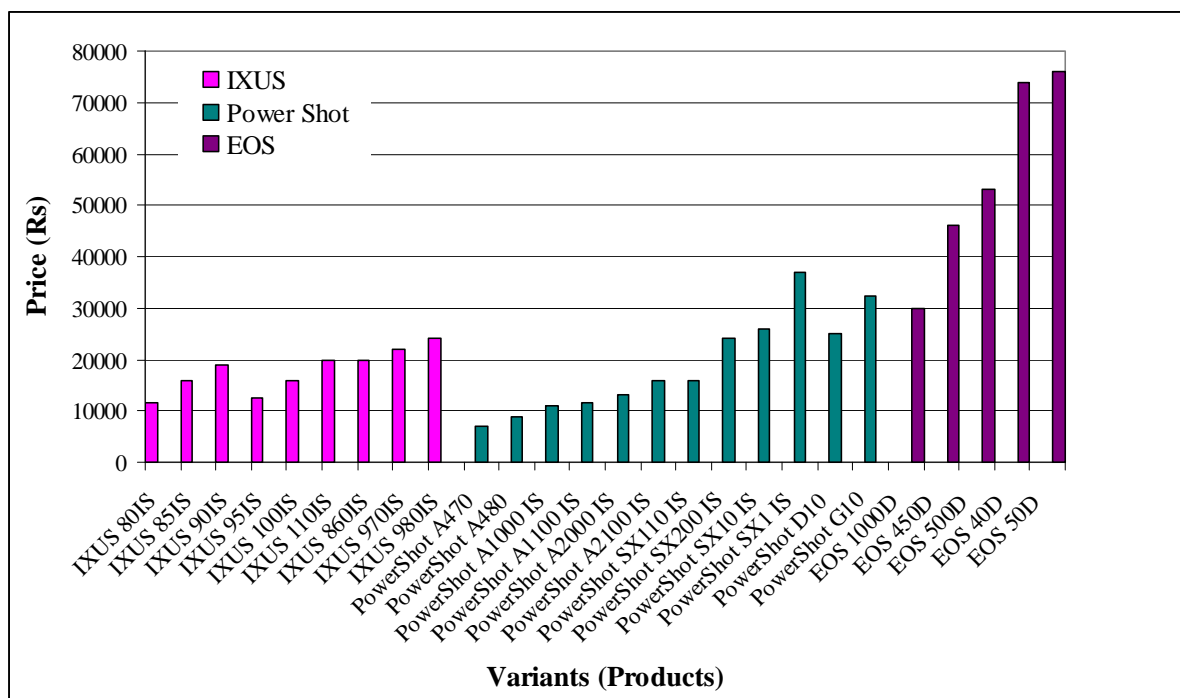


Fig. 4.2 Prices of Canon digital cameras

[Price collected from Canon India's web site, <http://www.canon.co.in>, 18 July 2009]

It is observed from Fig. 4.2 that variation in prices in Power shot sub-brand is more (Rs. 7000 to Rs. 37000), price of stylish IXUS sub-brand varies from Rs. 12000 to Rs. 24000. Professional category EOS starts from Rs. 30000 and goes up to Rs. 413000 (in figure, product only up to Rs. one lakh are shown for better clarity).

Price overlaps between sub-brands are also observed. For example, entry level DSLR camera EOS 1000D is less costly than Power shot model SX1 IS or G10. This price is kept strategically lesser mainly for two reasons:

1. A consumer in Power Shot category will be tempted to up grade himself to EOS category, as owning EOS is a status symbol.
2. To compete with other brands (Nikon, Olympus, Sony etc) at DSLR level and lure customers in buying Canon product.

Once a customer buys a canon DSLR camera, he has to buy other accessories (Lenses, Flash gun etc) of Canon only. Due to this *complementarity effect* Canon's sales will go up.

## 4.4 Up-Gradation of Model and Cannibalization Effect

It is observed that Canon has been innovating / upgrading its products from time to time to maintain its brand position. New variants are added in the product line mainly to take into account the following aspects.

- Competition (Canon vs Nikon vs Sony v Olympus etc)
- Capitalize market (to increase share capital)
- Sales benefit, higher sales (see Fig. 4.1)
- Fixed cost associated with the line extension
- Anticipated losses due to inaction (if no variant is added)
- *Complimentarity effect* (adding a variant may increase the sales of other variants)

These innovations / up-gradations are done in many categories. A few of these categories are mentioned below.

### 4.4.1 Innovation

- **Introduction of image stabilizer:** It takes care any shaking of hand during photo session. Now this feature is installed in all Canon cameras.
- **Introduction of live view shooting:** This feature will help in taking photo using camera screen and is very helpful as it indicates which objects are in the frame of the picture. Earlier this feature was not available in DSLR camera, however, Canon has started introducing it in its DSLR range (Canon EOS 1000D, EOS 450D etc).
- **Automatic focus:** This will help in taking sharp picture very easily without devoting much time in focusing.
- **Automatic face detection technology:** Canon is pioneer in this technology. It will detect any human faces and focus it automatically.
- **Vary angle LCD screen:** This will help in shooting at different positions. Canon Power Shot SX10 IS, SX1 IS has this feature.
- **Movie mode in DSLR Camera:** This is a new feature where still camera can be used as a movie camera for a short while. Canon has this facility introduced in certain model of its DSLR range.

### 4.4.2 Up-gradation

- Mega pixel (from 4 to 6 to 10 to 14 etc)
- Optical Zoom (from 6x to 12x to 20x etc)
- LCD screen size (2.0 inch to 2.5 inch to 3.0 inch etc)
- LCD resolution (115 kpi to 207 kpi to 230 kpi etc)
- Quality of movie (Normal to HD)

- Hot-Shoe in some popular non DSLR camera (This will help in attaching external flash gun for better photo quality at night. Recently Canon incorporated hot shoe in Power Shot S5IS and SX10 IS models considering consumer's demands. This reflects that Canon uses 'consumer review' as one of the techniques and sources of *idea generation* for new products.

#### 4.4.3 Cannibalization effect

When the new variant is introduced, the old model in the same category gets replaced automatically. This *cannibalization effect* is very predominant in Power Shot, super zoom category of Canon. From Table 4.2 it is observed that Canon has been upgrading models in each year of 2006, 2007 and 2008. These up-gradations took place at various levels (namely mega pixel, optical zoom, resolution etc.)

Table 4.2 Cannibalization effect in Super zoom camera in Power Shot category

Components	S3IS	S5IS	SX10IS
Introduced	May, 2006	June, 2007	September, 2008
Mega Pixel	6	8	10
Optical Zoom	12x	12x	20x
LCD	2.0 inch	2.5 inch	2.5 inch
LCD Resolution	115 kpixel	207 kpixel	230 kpixel
Focal Length	36 - 432 mm	36 - 432 mm	28 - 560 mm
ISO	80 - 800	80 - 1600	80 - 1600
Shutter Speed	15 - 1/3200	15 - 1/3200	15 - 1/3200
View Finder	Yes	Yes	Yes
Image Stabilization	Yes	Yes	Yes
Hot Shot	No hot shoe	Yes	Yes

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## Chapter FIVE

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### CONCLUSIONS



#### 5.1 Summary

Canon is one of the strongest brands in India, particularly in digital camera segment. Its global presence helps in building the brand image in India. Canon global group invests 7.5% of consolidated revenue in research and development, significantly more than many other companies. This is important to make continuous innovation in order to stay in the competitive market. A few important aspects which are observed during the analysis are given below.

- i) Canon follows **monolithic approach** branding strategy as all its products (digital camera, copier, printer, projectors, scanners, camcorders, facsimiles etc.) are launched in the brand name of 'Canon'. The advantage of this approach is low cost in launching a new product.
- ii) The company has three **sub brands** in digital camera category. These are IXUS, PowerShot and EOS. Each sub brand is targeted to the potential customers to capture the various segment of the market using different **slogans**.
- iii) Canon has taken many steps recently for **brand building**. Out of them, Image Lounge, Brand Ambassador, Regional Outreach Program have a significant prospect.
- iv) Canon has placed its position as emotional positioning (**credence attributes**) based on role model (Sachin Tendulkar). It has already created a value proposition in the mind of customers to whom **perceived quality** of Canon is very high.
- v) Successful introduction of entry level DSLR camera (EOS 1000D) with a competitive price, reflects one of the **pricing strategies** of Canon.
- vi) Regular introduction of new variants, replaces its old products, which is observed through **cannibalization effect** in PowerShot category.

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## Abbreviation

AMA	American Marketing Association
APPA	Australian Professional Photography Awards
ATL	Above The Line
B2B	Business To Business
CBBE	Customer Based Brand Equity
DSLR	Digital Single Lens Refraction
IPL	Indian Premier League
SLR	Single Lens Reflex
TOMA	Top Of Mine Awareness