

# Cracking the Tile

Your client is a tile manufacturing company, operating in the whole of India. They're facing a fall in their profits, in West and South Delhi. They're not facing this decline in the northern part. A 2-3% fall in the market share and a 15-18% fall in profits. Within India, we're ranked 5th as the tile manufacturing company. Awareness is the same in north and south, while consideration is one third. What according to you are the potential reasons?

CASE TYPE  
Profitability

COMPANY NAME  
Boston Consulting Group

DIFFICULTY LEVEL  
★ ★ ★

# Cracking the Tile

## Why are the profits plummeting?

**Case Type**

**Profitability Case**

**Company Name**

**BCG**

**Round**

**Partner**

**Difficulty Level**



**Problem Statement** Your client is a tile manufacturing company, operating in the whole of India. They're facing a fall in their profits, in West and South Delhi. They're not facing this decline in the northern part. A 2-3% fall in the market share and a 15-18% fall in profits. Within India, we're ranked 5th as the tile manufacturing company. Awareness is the same in north and south, while consideration is one third. What according to you are the potential reasons?

I have some clarifying questions Who are our customers? Is it a high-end product or a low-end product?

**It's not a premium brand, it's not a lower brand. It's a brand that everyone can use and does use.**

Is there more competition in other parts of India as compared to North India?

**North and West parts have more competition than the other two parts, even though we're losing market share over there.**

Alright, got it. I assume that it's a demand side problem, because if there was an issue with the cost, then there would be a problem across India.

**Sure**

I shall follow the customer pull approach and track the entire consumer journey. A consumer who's trying to buy tiles, goes from one website or an offline shop, to the entire buying process.

This can be broken down into stages. First is the initial research, the awareness stage. There can be two ways over here. Either a person wants the tiles, and that's why they go to a website. Or they're being marketed as something from a third party.

The consumer then compares the products with different competitors which is the consideration stage. They may also take into consideration the transportation and feasibility costs. The consumer will then analyse a purchase decision and do a cost-benefit analysis.

**Okay, that makes sense**

The consumer is going to see the longevity of the product, various catalogues of various products and their per capita income, if it's feasible.

**Alright, but I don't want this answer. Think from a consumer perspective.**

Okay, can I have a minute to think about this.

As a consumer, the main thing I care about is the quality and the design of the product.

**Yes, so the problem lies there.**

Can I understand how many SKUs our brand has in these various countries and how many SKUs are actually sold?

**There are a thousand SKUs that our brand has, very different in size and finish as compared to our other competitors.**

That means that what our consumers are looking for is not what they're getting in these areas.

**How can you make sure that our consumers get something that they're looking for?**

We can benchmark it against other products.

**How can you benchmark it?**

Our brand can go ahead and conduct surveys with consumers and understand what they need? Especially the customer preferences.

**No, that is not feasible.**

Alright. Instead, there is a middle man between the consumer and his decision to buy the product, which is an interior designer or anyone who designs a house, right? They can actually provide us with real answers and feedback about what consumers want and what they're looking for. We can create a sort of a network with these people and understand what consumers actually want.

**Alright, fair enough. One last thing, you have an unlimited budget, you can go and do a marketing initiative or anything that will change our consideration stage.**

We can collaborate with influencers and engage in strong marketing efforts.

**No. I hate influencers. I hate marketing. Think of something else.**

Okay, can I please get a minute to think about this?

**Sure**

Since it's the consideration stage and the problem lies with people comparing our products with other websites, we can just make the product free for two hours, maybe during a particular peak time.

**Okay, let's end the case here**

Alright, thank you.



**HERE'S  
A TIP!**

The consumer perspective approach could've been better structured and presented. Aspects like competitor analysis, SWOT and market study could be mentioned.

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## Why are the profits plummeting?

### CASE FLOW

#### CASE FACTS

- 1 Facing a 2-3% Market Share Decline and 15-18% Profit Decline
- 2 The Item is in mid-tier segment.

