

## **BUCK OFF**

*Harjot Bhatia Singh and Adrian Mendonza*

*Knowing when to defy international trends for success in the Indian market.*

Sometimes marketers and advertisers have to make a deliberate choice to buck an international trend. In complex markets like India, there are no rules that tell us when to or when not to. The consumer behavior is distinctly diverse and bursts the bonds of a particular 'type' or pattern. This is a common challenge that strategic planners and creative directors face when cracking strategy in the subcontinent.

The complexity increases when we talk about consumer durables and white goods. This would encompass all high-ticket, high-involvement products, with high stakes and low replacements. In a society conditioned to make things last driving preference and enduring loyalty becomes a greater concern than imagined by most marketers.

The stark presence of an unorganized sector and the cultural influences have a further cumulative effect on the psyche of the Indian consumer.

These realities were experienced first-hand by Rediffusion DYP's Mumbai office when it set out to introduce Daikin air conditioners in India. Volatile market conditions, a fickle consumer-mindset and strong traditional values had to be combated. So, though Daikin is a reputed international brand, it needed a very different prescription in the land of oriental mysticism. Harjot Bhatia and Adrian Mendonza share how category conventions had to be defied, expectations had to be redefined and a very successful international trend had to be bucked. A big risk perhaps but the results proved otherwise.

### **The Rs20 billion air-conditioning industry was on a roll.**

August 2001 witnessed a trend that manifested itself in the Rest 200 billion white goods industry. While both refrigerators and washing machines posted negative growth, and the color television industry managed small growth, the air-conditioning segment bucked the industrial slowdown and increased 12 percent during the first 6 months of the year. The ORG marg study for the AC industry in 2001 revealed that January – June 2001 sales were to the tune of 2,800,000 units, registering a 12 percent growth over the corresponding period last year.

### **The new Asian movement began to reflect in consumer choices as well.**

The year 2001 saw Daikin as a late entry. The market had a different pulse to it with American giants like Carrier conceding lead to Korean players like LG and Samsung and Japanese leaders like Hitachi, for the first time in years. LG, the new leader proudly owned 19 percent of the market share while Carrier at owned 11 percent. It was no surprise that the market suddenly saw a lot of first-time entrants such as Toshiba, and Fujitsu make their entries.

### **The rain gods were not very benevolent to the AC industry.**

There are no rules and there's no escaping the rain! Industry watchers said that the AC segment could have done better, had it not been for the untimely rains, during a large part of the summer season in the North, which is the biggest market for air conditioners. The implications of this virtually upset all market calculations for the industry, which was still hoping to make the 20 percent in the remaining year.

### **The unorganized sector was a reality you could not turn away from.**

The 22 percent unorganized sector in room air conditioners and 15 percent unorganized sector in the split air conditioners market were maybe on a southward journey, but they still constituted a significant portion of the market.

**The silver lining** lies in the fact that the price differential between branded and unbranded ACs is narrowing. Perhaps a good sign that speaks of a broad trend wherein the Indian consumer has begun to buy into the differentiated promise of brands and accept the distinction that a 'brand' brings to a product.

The Taxation laws were not exactly designed to help a foreign entrant, but things began to change. Excise duty continued to be high at 32 percent. The import duty stood at 35 percent. Though reduced from 44 percent, it was still high enough to provide enough protection for the domestic companies.

### **The leadership mantra:**

In a market as small and susceptible to downturns as India's - leadership brings with it the burden of market expansion. A formidable task in a society that is culturally influenced by brahminical restraint, air conditioners are relatively lower in the purchase hierarchy, with a low penetration of 0.5 percent. The process of consumers detaching the luxury tag from air conditioners is therefore a gradual one.

### **"Buy me, I am Japanese" – Big Deal!**

Daikin is here and is different from all other brands... surprise, surprise. The first thing that was obviously and strikingly different about Daikin was the price. In the land of rationality, where frugality is a virtue and extravagance a vice, here was Daikin, more expensive than every other brand in the market. Here was Daikin all set to tell the cautious, evaluative Indian consumer – "Buy Me, I am Japanese!" Big Deal! Daikin had to have a hope in hell if the Indian consumer was going to part with any money, more so any extra money unless the price differential could be justified and articulated into a definitive brand experience. The Indian consumer must touch and feel not just the product, but everything about it that he will pay extra for. It's no surprise that such cultural differences have manifested themselves in many ways and can account for the not so spectacular success of Internet shopping in this touchy feely market!

### **"Buy Me...I cool the big daddies of the world" – So!**

Across the world, Daikin air conditioners are advertised on a testimonial platform, e.g. "Daikin cools the Sony headquarters" or "Daikin cools the G8 summit." The international prescription was not going to cut any ice with the Indian consumer who will seek comfort in being convinced first and reassured later. Umpteen "whys" is what best defines the consumer mindset here – more so in this category.

Just being international has never worked: Rayban, KFC, Nike, Kellogg's, Grundig are brands across categories that have either struggled or are still floundering to beef up the bottom lines. Lifestyle brands such as Lacoste and Pierre Cardin are also examples of brands that have met with similar fates.

### **Buck it!**

The big choice had to be made, and was made. The decision was made. The international doctrine had to be abandoned. What did that imply? What did that mean to the agency? Simply put it was back on the drawing board!

### **Oh well lets see, what we can do!**

It was time to get cracking and identify what strengths were exclusive and intrinsic to the brand Daikin. If the fact that it was good enough to cool the G8 summit was not going to fly then it made immense sense to delve deeper and establish what gave Daikin that edge. If establishing it was the first task at hand, communicating that was going to be bigger adventure!

### **Perception is reality**

It was then decided that the best way to do this was to give Daikin the perception of a carefully and flawlessly engineered product. The buyer had to be convinced that they were getting better engineering value for the extra price they were paying.

### **How ? Why ? What ? And other such cultural issues**

The perception of technological superiority had to be made into a tangible brand experience. It was empty and hollow if the rationalizing and skeptical Indian consumer was not going to be made to actually 'feel' the difference that made Daikin the brand it was. The entire communication needed a hook that not just met the above criterion but would also relevantly differentiate the brand in the Indian market and have the propensity to be adapted at all levels of communication, whether it was thematic or topical advertising...above or below the line.

### **Shhhhhh... we had found the peg!**

Keeping the above issues and requirements in mind, the entire communication was built around the platform of "Complete Silence" and this powerful silence was attributed to the combination of various engineering firsts that are unique to every Daikin AC. Importantly, silence also cued a "higher order." It is in sync with the Indian perception of spiritual peace and tranquility. A desire to always explore, meditate and then move away from the obvious and the 'ordinary.'

### **It was the first time and silence was golden.**

This was the first time Daikin was going to use the Silence platform. This was the first market and it sure turned out to be the first step in the right direction. Daikin crossed all its sales targets in its first year of sales in India. It has especially met with success in Mumbai and Delhi, both of which control 20 percent and 28 percent of the AC market respectively. Interestingly, even in winter months the margin of difference is just 5 percent to 10 percent. The Client attributes this to corporate buyers being convinced that this is a better-engineered product. And corporate buying takes place all year round.

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*Other sources : TV Veopar journal, ORG Marg, The Economic Times.*