

Market Research for New Product Launch
(Storage Containers)

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Comments by the Faculty

The assessment of the market constitutes one of the greatest challenges for developers of new products. This involves looking at the size of the market, the strategies and practices of leading players, specific customer preferences, and the need to differentiate. A market research on the trends and patterns in the industry will go a long way in formulating the correct strategy.

This project by Ankith Sonthalia is very basic in nature but does give rise to a variety of managerial issues. The fact that the project is a common household requirement has made it all the more easily to understand. While the study is not comprehensive for want of time and resources, the paper does look at specific issues in assessing the market and customer preferences.

While the use of statistical tools for better understanding of the market preferences is the ultimate way for such a research, the need to be flexible and the nature of the sample sometimes makes it necessary to have a subjective analysis. The relevance of the analysis is all the more when it takes into account the cost implications of the launch and how much risk the company is willing to take.

Ankith's study is well planned and gives a fair account of all the issues involved. Students can see the importance of such surveys and the factors that go into it. Of course the framework for various products will necessarily be different from each other.

In the corporate world, we find companies making the mistake of investing too heavily on market research, without realizing that it would ultimately be only an estimation, or too little into this, resulting in having only their hunches to go by.

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Introduction

In any industry Business research is an important managerial tool that exerts major influence on decision making. Business research provides insights about a problem & all the possible solutions for the same.

The task of business research is to generate accurate information for use in decision making. It is a systematic & objective process of gathering, recording and analysing data for aid in making business decisions. . In this paper, I look at a situation involving a plastic goods company, seeking to make a preliminary research before the actual launch of the product.

The research is done for a domestic appliance company of India which is planning to venture into the storage container industry in way of collaboration with an established foreign brand. The company is already into various kitchen products like pressure cookers, gas stoves, blenders, coffee makers, juicers, mixer grinder, non-stick cookware, toaster etc., thus wanting to give a total kitchen solution to its consumers at affordable prices.

Introduction to the Industry

The kitchenware, tableware and household products contribute around INR15 billion to the revenues of the total consumer plastic goods industry¹. The industry is divided into organized & unorganized players with organized player capturing 58% of the total market size of consumer plastic goods. The organized plastic container market has few major players who are Signoraware, Lock & Lock, Cello, Tupperware, Pearl Pet, Eagle Thermoware etc.

The changing preference of people for using plastic containers for storage purpose in turn is promoting the growth of this industry. They want quality products, which are leakage proof, airtight, micro able and aesthetically appealing.

The plastic container industry is growing at the rate of 12-15% with the increasing storage requirement of people and preference for more aesthetically appealing containers rather than stainless steel containers due to modular kitchen concept coming in place. The major set of customers for plastic container industry is domestic consumers & institutional

consumers (hotel/ catering & corporate players) with domestic consumers occupying a larger share of the pie. In case of institutional players, the branded plastic containers can be used for gifting purpose as well as for corporate gifting / freebies for product promotion, thereby enabling the growth of this industry.

The Market Situation

The plastic container market in India is highly disorganised although the majority of market share is possessed by the organised players. Several players are also importing containers with the increasing demand & better quality offered. Also the growth in the organised retail is playing a major role in its growth.

Factors Based on the Porters 5-Force Model are

1. Bargaining power of Suppliers: Raw materials are easily available in India & also for importing the raw materials (Polycarbonate & polyurethane) these are easily available in Asian market at a comparatively lower cost than in European market.
 2. Bargaining power of customers: with the increase in disposable income, increase in number of working women a huge demand is created as these people are going for branded products & also growing concept of open & modular kitchens in India.
 3. Competitive Rivalry: The numbers of players are huge & hence there is a competitive rivalry between the companies.
 4. Threat of substitute products: The unorganised sector offers cheap substitutes at a lower price due to usage of low quality plastic.
 5. Threat of new entrants: The number of entrants in the market is increasing as the sector is booming.
- The factors that influence success.
 - Well-connected Distribution Network.
 - Focus on Air-tight/Vacuum Tight Leakage proof BPA Free & aesthetically appealing products.
 - Awareness amongst the prospect consumers.
 - Brand image.

Based on these factors it is important for any new entrant to differentiate his product from the existing ones available in the market. The main target segment should be working women. Also they should create a brand image in the minds of the consumers about the benefits being offered by their products over similar products available in the market.

Objectives of the Study

- To Study & Understand the market of Storage Containers in Bengaluru
- To analyse the competitors involved in the segment
- To understand the retailer & customer buying behaviour
- To study the pricing strategy of the competitors
- Brand Positioning for the product launch

Methodology of the Study

Market Survey:

The study mainly involved meeting retailers dealing in Storage Containers.

1. Data collection: The data has been collected from dealers In Bengaluru & Mysore districts.
2. Findings and Analysis: After the data has been collected, the analysis of the data and the recommendation part will be done using the statistical tools like SPSS and MS-Excel.
3. Scope of the Study: The study helps to understand the storage containers market and to understand the various players involved and the strategies adopted by them to survive in the market.

Questionnaire:

Since this is a consumer market a primary study was considered appropriate.

The questionnaire contains 18 questions which provided me with insights about the buying patterns of the retailers as well as the end user, the competitors in the market, the top brand sold by the retailers, competitors study etc. A pro-forma of the questionnaire is shown in Appendix.

Market Analysis:

The Indian market of storage containers is mainly dominated by the unorganised sector and a few players from the organised sector, these organisations mainly sell air tight containers, vacuum tight containers, water

bottles, lunch boxes & storage set containers. This sector is growing mainly due to change in the mind-set of people for better quality and durable products.

As per my analysis in Bangalore, the organised sector of the industry contribute more than 58% of the total sales & the unorganised sector which has many players involves contribute to about 42 %.

Major Players:

The Storage containers market sector has presence of both Organised & Unorganised Players. The Organised Sector has players from all over the world & the unorganised sector too has many local brands. On one hand the international well-known brands like Tupperware and Lock & Lock is present in the Indian market and on the other hand, many local players have a good presence in the market, with a very healthy market share.

Major Brands Present in the Indian Storage Containers Market:

Organised Sector:

In the organised sector the major brands are

1. Lock & Fresh
2. Lock & Lock
3. Cello
4. Pearl Pet
5. Prime
6. Prince
7. Tupperware

Unorganised Sector:

1. Lock & Seal
2. Fresh N Lock
3. Floura
4. Nayaca
5. Java
6. Jalori
7. Joyo
8. EverFresh

Buying Behaviour of the Customers

There are many features that affect the buying behaviour of the customers. In storage containers the features like the BPA free, different colours and the Microvability plays a vital role in the buying behaviour of the customers.

Of these three features Microvability has a very high impact on the buying behaviour of the customers and colour has a moderate impact on the buying behaviour of the customers.

- BPA Free- No Impact.
- Colour- Moderate Impact.
- Microvability- High Impact.

The purchasing pattern of the customers is more or less similar for all the dealers interacted. Most of the dealers stated that the customers prefer to buy mostly 2-5 storage containers at a time. These containers sell individually and very few customers buy in sets. Some customers also buys 5-8, 8-12 and more than 12 containers at a time but that represents a very low share of the total.

While buying the storage containers the customers gives huge importance to the Brand Name and Quality of the product. This buying behaviour of the customers can be seen mainly in the urban area. In rural and semi urban area the customers first gives preference to the Price of the product and the quality. Thus the buying behaviour of the urban and semi urban/rural customers is entirely different.

The Buying Behaviour of the customers is also affected by the seasons in some cases. The season which mainly affects the buying behaviour of the customers is the School Time Season.

Managerial Insights from the Study

Customer Purchase Process

1. Problem Recognition/ Awareness Stage: In this stage the consumer recognises the need to purchase a particular product.

Although the plastic containers are bought whenever the need to store food item arises (perishable/ non-perishable), they are also sometimes bought whenever the consumer finds them (Impulse Buying). With the difference

in the storage of food items, the purchase would depend on the kind of item to be stored, like say air tight containers or vacuum tight container or microable containers. With the concept of modular kitchen coming in, consumers prefer to buy plastic storage containers which are aesthetically appealing. Also sometimes the purchases are for gifting or maybe change in the containers from old to new.

2. Information Search: In case of buying the containers the consumer doesn't spend much time in this stage as the products are of not high value and are immediately purchased whenever the need arises.

The major information sources for the products would be

- a. Word of Mouth: Hearing about the quality of product from the consumers already using the product.
- b. Print Media: The advertisements done by the company to promote the product may attract the consumers.
- c. Retail Stores: Most of the retail stores display product of various brands for the consumers to look feel and compare before buying the product.

3. Evaluation of Alternatives: In this stage the consumer weighs different product attributes according to his needs.

Parameters that Influence the Evaluation are

- Quality: Consumers usually tend to believe the retailer for the best quality product.
- Price: The consumer tends to compare the pricing of different brands and would go for a branded product if the price difference is less.
- Brand: A trust worthy brand, a brand which is there in the market from long time and has gained trust of the consumers would sell more of its new product even if priced slightly higher than the competitor.
- Variety: The consumer may prefer different colours, shapes and sizes.
Aesthetic Appeal: The product should look good and the colour should not fade after wash.
- Functionality: A consumer may prefer to buy a product which is vacuum tight, micro able, air tight and ease in storage.

4. Purchase Decision: This stage involves the purchase of the actual product from a selected outlet. The purchase decision of the container is usually done by the women folks. However the children may influence the decision in terms of design and looks of the product.

5. Post Product Evaluation: If the consumer finds the product to be defective, he expects the same to be replaced.

Conclusion

To attain the objective of the project detailed information was collected from the market of Bangalore. The market research has revealed many facts and figures about the storage container scenario in the prevailing market.

The storage container market has a huge potential for any new entrant, as the consumers are moving towards branded products. Also the retailers want a good margin to promote the product & the retailer can influence the buying of his consumers. The consumers are attracted by the features like vacuum tight & micro able containers & also by the packaging of the containers. The containers are sold all through the year with no definite season for the sales. But people in India tend to buy new things during festivals.

From the learning perspective, the project enabled me to look at specific problems of the retail market at a closer look.

References

Marketing Management (13th edition) by Philip Kotler, Kevin Keller,
Abraham Koshy, Mithileshwar Jha

Business Research Methods (7th edition) by William G Zikmund

<http://www.ttkprestige.com/>

Appendix

QUESTIONNAIRE FORM – STORAGE CONTAINERS

Name of the Dealer :

Location :

Date :

Signature :

Dear Sir,

We would be extremely pleased to have your valuable response on the following.

1) Dealership Information

a) Total Experience in Dealership

1-3 Years 4-7 Years 8-10 Years 10 and above Years

b) How long are you associated with TTK Prestige?

1-3 Years 4-7 Years 8-10 Years 10 and above Years Not Associated

c) Classification of Outlet

Traditional Electronics/Appliances Supermarket Large Format Store

2) How many Storage Containers do you sell per month basis?

0-20 20-50 50 -100 100 and above

3) What are the type of Storage containers which you sell and the quantity

a) Air tight Containers _____

b) Vacuum tight Containers _____

c) Sets _____

d) Others Mention _____

4) Which are the brands sold by you and how much month basis?

a) Lock & Lock _____

b) Cello _____

c) Pearl pet _____

d) Prince _____

e) Tupperware _____

f) Others _____

Total _____

5) Is the business affected by seasons?

Yes No

6) If yes which are the seasons and what percentage of business does it extract?

7) How much do the features mentioned below affect the buying decision of customers?

a) BPA Free

High Impact Moderate Impact No Impact

b) Colour

High Impact Moderate Impact No Impact

Which Colour moves the best _____

c) Microvability

High Impact Moderate Impact No Impact

Any Feature which influence the buying decision please mention

8) What would you consider fast selling this category?

a) In terms of Shapes

Round Tall Round Flat Square Tall Square Flat

Rectangular Tall Rectangular Flat Others Mention _____

b) What are the purchase patterns of customers?

0-2 2-5 5-8 8-12 12 and More

c) How do these containers sell i.e.

In Sets Individual Multi designs

d) In term of Sizes

100 ml 250 ml 500 ml 750 ml 1000 ml 2000 ml 3000 ml

5000 ml Others Mention _____

9) What makes you buy the aforesaid brand of containers?

(Kindly rate in a 10 point scale where 1 being a poor attribute and 10 being excellent.)

a) Product Quality

1 2 3 4 5 6 7 8 9 10

b) Margins

1 2 3 4 5 6 7 8 9 10

c) Innovativeness

1 2 3 4 5 6 7 8 9 10

d) Packaging

1 2 3 4 5 6 7 8 9 10

e) Pricing

1 2 3 4 5 6 7 8 9 10

f) Trade Schemes and settlements

1 2 3 4 5 6 7 8 9 10

g) Sales man visits/Service

1 2 3 4 5 6 7 8 9 10

h) Quick response from company/distributor to your issues

1 2 3 4 5 6 7 8 9 10

i) Others please mention below

10) When shopping for the Storage Containers what are the brands considered by customers

Brand 1 _____ Brand 2 _____

11) Please tell us how the described product category would rate customer's attractiveness to the

following attributes when considering a purchase.

a) Design and looks.

1 2 3 4 5 6 7 8 9 10

b) Features differentiating from competition.

1 2 3 4 5 6 7 8 9 10

c) Packaging and labelling.

1 2 3 4 5 6 7 8 9 10

d) Pricing.

1 2 3 4 5 6 7 8 9 10

e) After Sales Service.

1 2 3 4 5 6 7 8 9 10

f) Product Demo

1 2 3 4 5 6 7 8 9 10

g) Others please mention below

12) What is the operating structure for the top two major brands you sell?

Brand Models MRP DP Scheme NLC MOP

13) What is the share of the following in your business contribution?

a) Storage Containers

0 – 10 % 10 – 20 % 20 – 35 % 35 – 50 % 50 % and above

b) Lunch Boxes

0 – 10 % 10 – 20 % 20 – 35 % 35 – 50 % 50 % and above

c) Fridge Storage

0 – 10 % 10 – 20 % 20 – 35 % 35 – 50 % 50 % and above

d) Water Bottles

0–10 % 10–20 % 20–35 % 35–50 % 50 % and above

14) What role does the unorganised sector play in this category?

15) What is the retention by selling this product?

Brand _____ % _____

Brand _____ % _____

Brand _____ % _____

16) Which is the best promotional offer you recall for selling this category?

Kindly _____ Mention _____

17) What way of communication do you consider best to reach consumers?

Television Press Word of mouth in store Activity

Others mention _____

18) What is your opinion if prestige were to get into Storage Containers?

Excellent Very Good Good Average Poor

Your valuable suggestions are welcome.