

Market Study on Stainless Steel Cookware

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Comments by the Faculty

In this SIP Paper, the author makes a courageous attempt to look at the key product portfolio of TTK Prestige Limited. The author draws concepts from different functional areas to make inferences on the suitability of the products under study.

The paper dwells upon the success derived by TTK Prestige by adopting strategies that have yielded rich dividends over the years. TTK as a brand has been synonymous with pressure cookers. However, in recent times, TTK has diversified from pressure cooker to wider kitchen appliances. With the gaining popularity of induction stoves, TTK aims at capitalizing on the same by introducing range of kitchen appliances using Stainless Steel.

The present study makes an earnest attempt to understand the market potential for Stainless Steel cookware by looking at the buyer behaviour both from customers' and dealers' perspective.

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Market Study on Stainless Steel Cookware

Introduction

TTK Prestige has become a household name and is a market leader in the kitchen appliance segment. TTK Prestige originally started with manufacturing of pressure cookers. Today, it has matured into the largest kitchen appliance company in India. It is a market leader in a very nascent segment which is mainly categorized by unorganized players. ^(Desk, 2012)

It has a wide distribution network in which sales happen through direct dealers, authorised re-sellers, network of showrooms through 3 retail formats – “Prestige Smart Kitchen” (offering all its products & solutions), Prestige Kitchen Boutique (for its foray into modular kitchens) and Prestige Life Style Store. It has 279 Prestige Smart Kitchen retail formats spanning 19 states and 153 towns (as on 31st march, 2011). ^(Report, 2011)

TTK Prestige has emerged as a one-stop kitchen solutions, it has a wide product portfolio which includes pressure cookers, non-stick cookware, kitchen electric appliances, gas stoves, chimneys, mixer grinders, modular kitchens etc. This has helped Prestige to outshine their competitors in kitchen appliances segment. Prestige has 40% of market share in organized pressure cooker and non-stick cookware segments. ^(Pandya, 2011) Introducing stainless steel cookware in a step towards accomplishing its core strategy, which is “Providing Total Kitchen Solutions rather than just a product”.

This study is aimed at understanding the stainless steel market which would help in constructing strategies for the company’s stainless steel products to be successful in the market.

Project Objectives

- ◆ Understand the stainless steel cookware market
- ◆ Various players and competitors
- ◆ Customers and dealers preference with respect to stainless steel cookware
- ◆ Strategies and activities carried out by competitors in this segment

Research Methodology

Steps Involved

- ◆ Data collection from dealers by conducting one on one surveys, through questionnaires
- ◆ Data has been collected from stainless steel cookware dealers (both TTK dealers and non-TTK dealers)
- ◆ Sort and analyse the collected data by proper analytical tools to understand the findings
- ◆ Suggestions and Recommendations based on learning and findings from the market

Limitations of the Project

- ◆ Each and every dealer was not much interested in feedback
- ◆ This survey was conducted only in places/districts, in and around Chennai, so these results could not be considered as universal

Data Analysis

Dealership Information

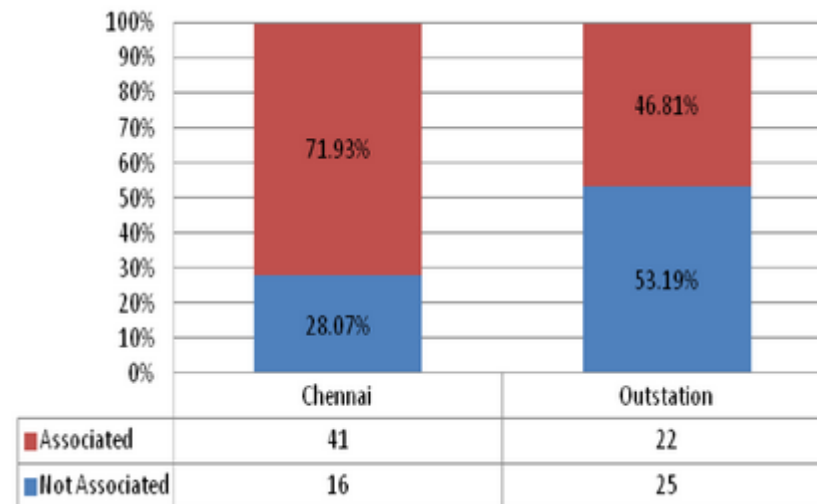


Figure 1 : Dealers Association with Prestige

A total of 104 stainless steel dealers were contacted for this survey out of which majority of them was already associated with TTK in respect to other TTK cookware products. 81% of the dealers had experience of more than 10 years in this field which implies the cogency of the data collected.

Different Types of Stainless Steel Cookware

The stainless steel cookware has been broadly classified in to four categories namely

- ◆ No Bottom Cladding
- ◆ Sandwich Bottom Cladding
- ◆ Copper Bottom Cladding
- ◆ Impact Bottom Cladding

No bottom cladding dominates with 74% of the total stainless steel cookware sale. On an average 341 pieces of no bottom cladding are sold in a month in one shop. The other three type of cookware together contributes 119 pieces per month.

Table 1: SALES NUMBER ON PER MONTH BASIS

Response	Frequency	% Frequency Distribution
0-20	2	1.92%
20-50	3	2.88%
50-100	13	12.50%
100+	86	82.69%

The above table shows that most of the shops sell more than 100 pieces of stainless steel cookware in a month.

Decision Making Factors – Dealers

A total of nine attributes was taken into consideration for evaluating the preferences of dealers in stainless steel cookware. They are

- ◆ Brand
- ◆ Product Quality
- ◆ Margins
- ◆ Innovativeness
- ◆ Packaging
- ◆ Pricing
- ◆ Trade Schemes and Settlements
- ◆ Sales Man Visits/Service
- ◆ Quick Response from Company/Distributor to your issues

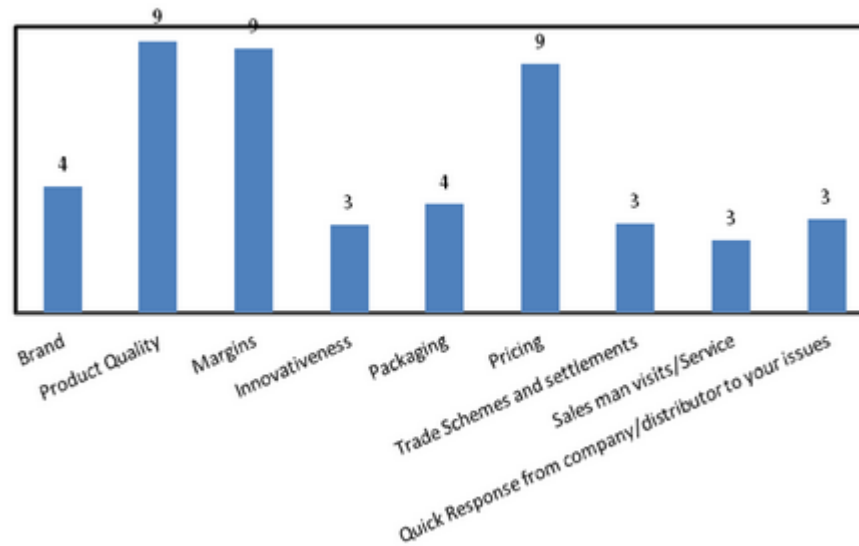


Figure 2: Dealer's Preferences

Dealers give more importance to product quality, margins and pricing. They are not much interested in other factors as far as the stainless steel segment is considered.

Decision Making Factors – Customers

A total of seven attributes was taken into consideration for evaluating the preferences of customers in stainless steel cookware. They are

- ◆ Design and looks
- ◆ Features differentiating from competitors
- ◆ Packaging and labeling
- ◆ Pricing
- ◆ After Sales and Service
- ◆ Product Demo
- ◆ Quality

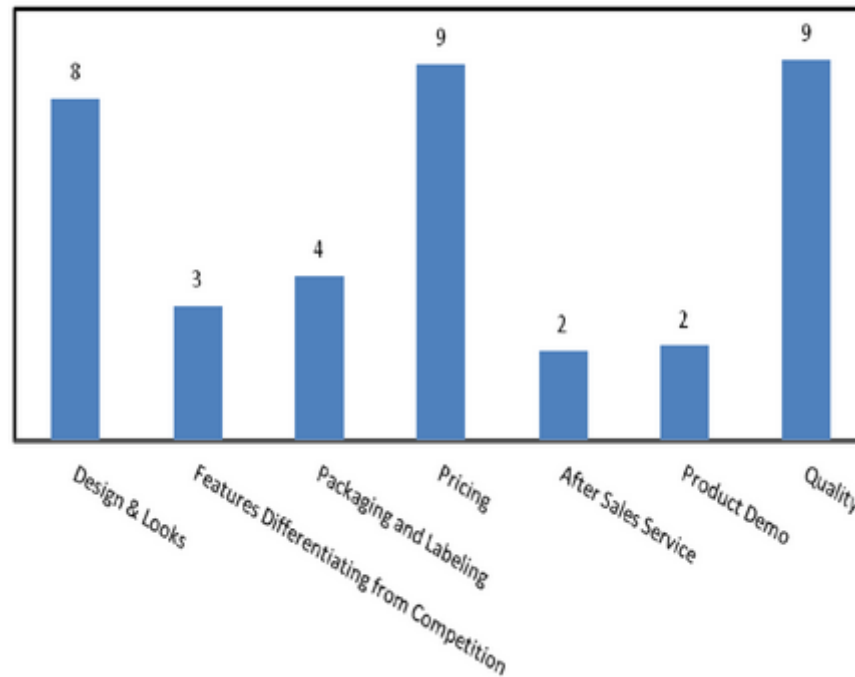


Figure 3: Customer Preferences

Customers who buy stainless steel products care more about pricing and quality, followed by design & looks of the product during their purchase. Other factors do not play much of an importance during their decision making process while purchasing. This behaviour of customers was dealers' perspective on customers.

Market Share

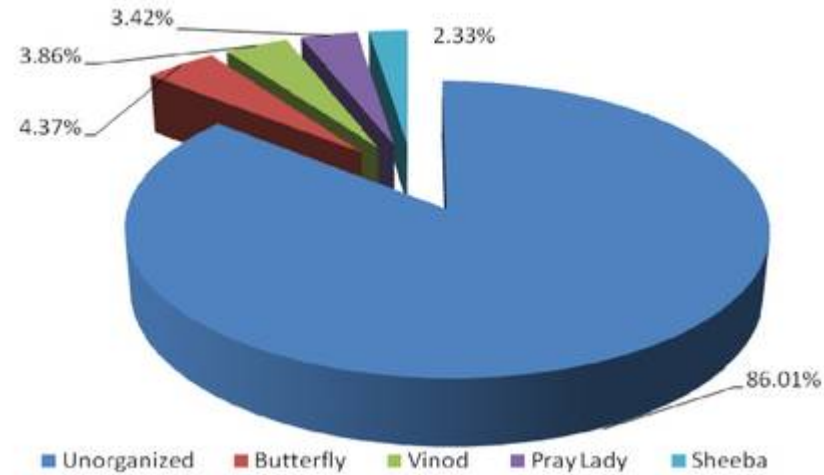


Figure 4: Market Share

Unorganized sector dominates the stainless steel market. Even though huge player like Butterfly exist in this market they cannot get a considerable market share. 86% of the market share is under unorganized sector.

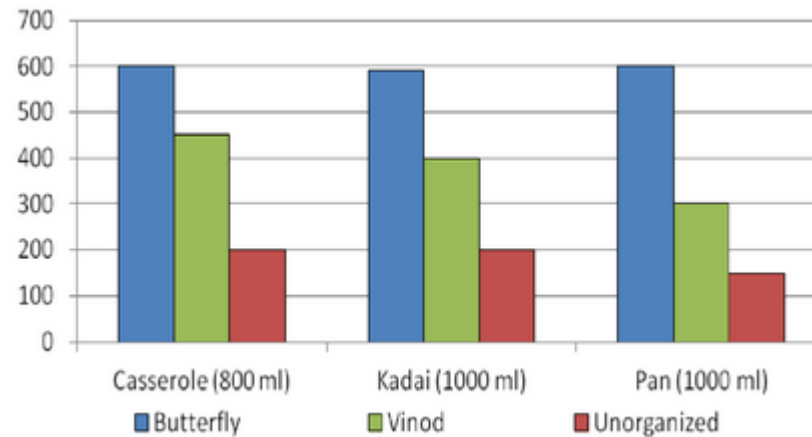


Figure 5: Price Difference

Huge price difference exists between the organized and unorganized sector in this segment. The price of a particular vessel by Butterfly is almost twice as much of a local manufacturer.

Results and Interpretations

- ◆ 72% of the stainless steel dealers in urban market are already associated with TTK Prestige. Since they already have good distribution channel introducing a new product will not be difficult.
- ◆ In rural market most of the dealers have deal only with stainless steel cookware; no other kitchen appliances are being sold in their shops. Due to that more than 50% of the dealers are not associated with TTK, but those 50% are the shops that mostly deal with low-cost products.
- ◆ With the increase in induction cooking copper bottom cladding cookware has plummeted and no bottom cladding has dominated the market. Out of every four pieces of stainless steel cookware sold three are of no bottom cladding.
- ◆ There is no brand loyalty in this segment. Customers are not aware of the brands in this segment due to which their purchase decision heavily rely upon shopkeepers. Since customers do not demand a particular brand shopkeepers have no hesitation in switching brands.
- ◆ Customers prefer to buy products which are worth the money they pay. So to measure a quality of the product in this segment, they have two factors namely, shining and weight. In customers perspective both factors are proportional to the quality of the stainless steel cookware. More the weight/shining more is the quality and price. Quality plays a major role in customers' decision making process, so dealers as well give importance to quality.
- ◆ As far as dealers are concerned margin plays a major role in this segment. Since there are lot of players in unorganized sector dealers and customers do not care about brand, it is easy for dealers to switch brands for better margins.
- ◆ Except for stainless steel gift boxes, there is not packaging in this segment. Once the purchase is over all the vessels are given to customers in a plastic cover and this is the situation in both rural and urban market. So packaging never plays a major role for both customers and dealers.
- ◆ Pricing plays a major role for both customers and dealers. In most of the shops still customers bargain for the stainless steel cookware they buy. Customers do not know if the product's brand is worth the money they are paying.

- ◆ There are hardly any schemes available in this segment for dealers. Most of the dealer transactions are done in per kg basis. Even a few shops in rural areas do B2C transactions in per kg basis.
- ◆ No service is available for stainless steel products. The only issue which could occur in this segment is either cracks in the vessel or rust. No servicing is done for these issues; customers rather go for another new vessel.
- ◆ Customers give importance to the design and looks of the cookware they are buying. They do not mind paying little more to get a shining vessel.
- ◆ There is no differentiation in the products except for the shining and weight of the product.
- ◆ Except for the gift boxes, none of the stainless steel cookware is labelled by the manufacturers. If at all the cookware is labelled, it is done by the shopkeepers.
- ◆ Most of the customers and even the dealers themselves do not know that Butterfly has products in the stainless steel cookware segment.
- ◆ Even if the customers know about Butterfly stainless steel cookware products, they go for other brands because they feel they get good quality products at almost half of Butterfly's price.

Managerial Lessons

Marketing Mix - 4P's

For a product to be successful in the market, the company has to create a successful mix of Product, Price, Place and Promotion, i.e.

- ◆ Right Product
- ◆ At right Price
- ◆ In right Place
- ◆ With appropriate Promotion

Prestige's vision is "A Prestige in every kitchen" and its goal is to become one stop solution for kitchen appliances. So launching of stainless steel cookware would help reaching its goal and vision. Induction cooking has

increased drastically nowadays due to which stainless steel market has boomed in the recent past. Hence launch of stainless steel cookware is a good strategic move by TTK Prestige.

Prestige is known for its quality and its main mission is to provide quality products at affordable prices. Providing quality products would result in costlier products but Prestige has to be careful about not being too costly because the stainless steel cookware market is mostly of low and middle income group. High income group would mostly go for non-stick cookware and nowadays even the higher middle income group is switching to non-stick cookware. They would buy stainless steel cookware only for induction cooking but nowadays even non-stick cookware with induction base is available for induction cooking which gives no reason for them to buy stainless steel cookware. So Prestige has to be careful about pricing – keeping the strong unorganized sector in mind.

Prestige can start introducing stainless steel cookware in their PSK's and in cities first and depending on the feedback, they can proceed further. They have to analyze how customers react to the new product and rectify if any issue arises. After resolving issues they have to create huge brand awareness among rural people to switch to branded stainless steel cookware.

Prestige can give stainless steel products as free for their induction stove or pressure cookers to promote the product and increase the brand awareness. They can start selling the products at low margin in the beginning and after people get brand conscious about stainless steel cookware they can increase the margin. Most of the dealers have stated that Television would be the best option for advertisement about the product but during the survey it was visible that customers trust shopkeepers, as they are not aware about the products available. So in store activity plays a major role in this segment as of now. Most of the dealers have stated that Prestige will have a good market only if the products are of very good quality, as there is always a market for quality and Prestige is well known as a brand with quality products but to dominate the market they have to launch products for all segments i.e. low, middle and high income.

SWOT Analysis

Strength

- ◆ Brand Name
- ◆ Tie-up with US based World Kitchen
- ◆ Excellent Product Development Capability
- ◆ Experience in Stainless Steel and Cookware
- ◆ Comprehensive Sales and Marketing Network
- ◆ Own Retail Outlets Over 19 States
- ◆ Largest Service Network in the Kitchen Appliances Sector
- ◆ Deep Pockets

Weakness

- ◆ Not as strong in North India as in South India

Opportunity

- ◆ Market leader has only 4% of the market share – no single brand is dominating
- ◆ Stainless steel market is booming because of Induction Cooking
- ◆ No brand loyalty in this segment yet
- ◆ Shift in income group
- ◆ Vast untapped market
- ◆ Increase in rural consumption

Threats

- ◆ Unorganized sector with low price in this segment
- ◆ Lack of brand consciousness among people in this segment
- ◆ Increasing raw materials price
- ◆ Dealers are happy with local brands as they get more margin with them and they have strong belief that Prestige's margin would be less than them

Conclusion

Prestige will face a tough competition with unorganized sector in this segment. Prestige has to take measures to make people more brand conscious in the segment and should also create product awareness to a great extent. If customers become more brand conscious then it will be easy for Prestige because it already has a very good brand name which was unanimous among the dealers. Prestige has to promote their product to customers by conveying the extra value that the customers get for the extra money they are going to spend when compared to the unorganized sector. For e.g. Prestige can advertise as how effective and energy efficient their cookware is when compared to other cookware. They can also address what are the possible health issues if low quality steel is used for cooking can divert people to go for branded cookware. This can be used to tackle the unorganized sector. They can create product awareness by giving free vessels with their induction/LPG stoves, etc. They can also issue gift coupons to purchase stainless steel cookware, gift/marriage set to promote their product in this segment. Unless Prestige creates huge brand awareness & product awareness among people in this segment it would be hard for them to dominate in this segment.

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