

## **Business Development and Marketing at Orange Kitchen Gallery**

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## **Comments by the Faculty**

In this Summer Internship Project, the intern Mr Ruchit Shah has worked with a start up Kitchen Equipment manufacturer working with a shoestring budget but aiming to achieve a high level of quality and aesthetics, both of which are key to the success of this business vertical.

It is seen from the outset that the intern has made use of several concepts and theories in Marketing, Project Management and Organisational Behaviour. In doing so, he has effectively adapted them to the current requirements of the organisation.

The SWOT analysis as described by the intern indicates several relevant aspects of the business model and clearly states the strengths and shortcomings in achieving results. It may be seen that the details of materials being used, method of manufacturing, advertising aspects including the design of media brochure, marketing activities, cost cutting, usage of shop space and other details relevant in conducting this business have been involved into and described by the intern.

Planning and business strategy to increase the profitability of the organisation without a substantial increase in capital or blind advertising expenditure may be seen as a merit of this internship project. Involvement of the intern in every aspect of the business is explained clearly and one may see that the internship does not suggest any major infusion of capital or change of product and service portfolio. That is, the original product and service idea having the potential and the plan being built around them being detailed as the internship project.

This internship project can become a broad model for similar start ups or small scale service providers offering customised products.

**Prasad S N**

## **Business Development and Marketing at Orange Kitchen Gallery**

### **Introduction**

#### ***Brief Introduction to Organisation***

Orange Kitchen Gallery is an Ahmedabad based organisation which has been in this market since 8 years and has served more than 800 families. The organisation differentiates itself from the industry by providing Aluminium base kitchen. They aim to deliver to the customer the very highest quality service and product at affordable price. This is the reason why they only use standard accessories few brands like Hafele, Hettich etc. As the kitchens are completely customised the team of OKG pays complete attention on every process so that the kitchen delivered is completely according to the expectations of the consumer.

#### ***Modular Kitchen Market in India***

The modular kitchen market in India is still at a nascent stage, but with tremendous growth potential. *The size of the kitchen market in India is estimated at Rs 1500 crore and is expected to grow by 40% till 2020. [1]* With the people's lifestyles turning dynamic, preferences are shifting from traditional kitchen setups to modular kitchens which are built understanding the needs of the customer. Likewise, availability of systematic kitchens at affordable prices along with a warranty has helped in the expansion of the market. The competition in this market is very stiff as there are both domestic as well as international players.

### **Porter's Five Forces**

To understand the industry better Porter's Five Forces model will give deep insights about industry in Ahmedabad region.

***Entry barriers for New Contender:*** Many new players regularly entering into Ahmedabad market there very few who have survived in the market due to reasons such as volatile market conditions and scarcity of skilled manpower.

***Threat of Substitutes:*** Substitute of service of modular kitchen is a traditional kitchen service made by the carpenters. The market share of this unorganised group is very high than organised group.

***Buyers Bargaining Power:*** Buyer's bargaining power is because of high purchasing power of individual and high switching cost as market is quite open to do any kind of work available.

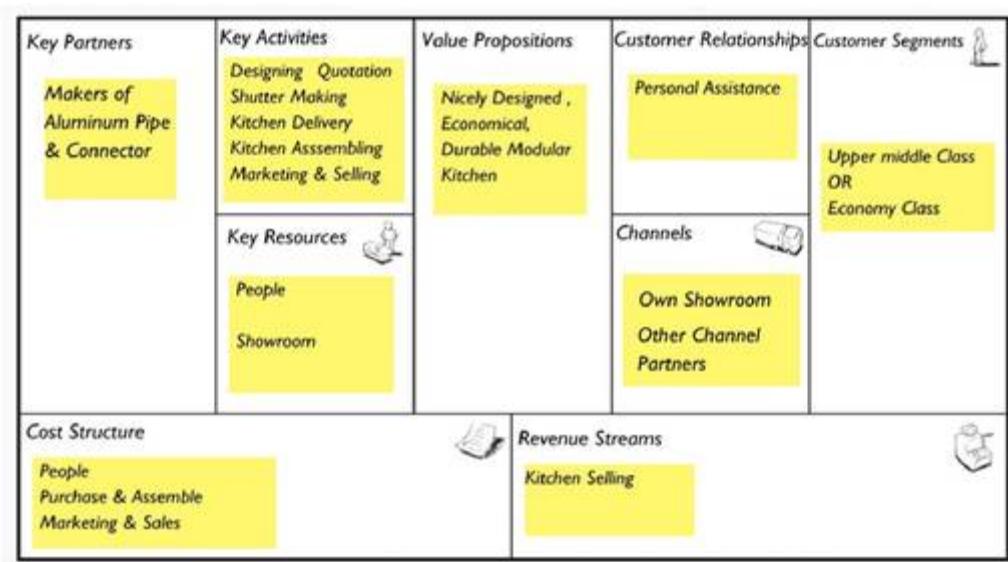
***Suppliers' Command of Industry:*** There is large number of suppliers available in the market, both organised and unorganised, as results they do not have much power over buyers but neither do buyers have power over them. So it is a very balanced market.

***Existing Competitors:*** Existing competitors have few advantages such as good & experience workforce and raw material available at reasonable price and good reputation which help them to survive during tough times.

## Project Activities

- To understand the working and business model of the organisation
- Design the brochure for the organisation
- Prepare a computerised quotation system for organisation
- Design and generate new ideas for direct mailers
- Preparing a database of architects and interiors for the organisation
- Meeting architects & interiors for business development

## Orange Kitchen Gallery-Business Model



1. **Customer Segment:** The customer segment targeted by OKG was middle class and upper middle class
2. **Value Proposition:** The Value Proposition of OKG to their customer segment was a nicely designed Kitchen which is economical and durable.
3. **Channels :** The channel through which they use to reach their customers were their own show room and 2 branches of their channel partner name “Furniture World”
4. **Customer Relationship:** Customer relationship that organisation wants to establish with their customers deeply influence the overall customer experience. Keeping this in mind OKG believes in giving personalised assistance to the customer.

<sup>1</sup> The concept of Business Model Canvas is adopted from book Business Model Generation written by Alexander Osterwalder & Yves Pigneur

5. **Revenue Stream:** This block represents the way in which cash is generated in the company. OKG generates their revenue by only selling kitchen
6. **Key Resources:** The Key resource of OKG on which they are highly dependent are people and Showroom
7. **Key Activities:** The Key activities are the necessary activities without which they cannot deliver their value proposition. The Key activities for OKG are designing, Quotation, Shutter Making, Kitchen Delivery, Kitchen Assembling, Marketing and Selling.
8. **Key Partners:** The Key partners are network of suppliers and partners that make a business model work. For OKG these partners are the suppliers of their patented products.

### SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> <li>• Talented staff both in terms of design and production</li> <li>• Maintains a very good relation with their clients</li> <li>• Aluminium base system of OKG makes the kitchen more durable and hygienic compared to competitors</li> <li>• Process from planning to execution followed by OKG is simple and customer friendly</li> </ul>	<ul style="list-style-type: none"> <li>• Small Workforce</li> <li>• Only 2 channels used to reach out to their customers</li> <li>• Only one way of generating revenue i.e. kitchen selling</li> <li>• Targeting only walk-in and referrals customers</li> <li>• Lack of visibility</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• A very large intermediaries of architects and interiors can be targeted</li> <li>• Can generate revenue by selling parts of kitchen such as shutters, cabinets etc.</li> <li>• There are very few organised players in market so there is a vast untapped market</li> <li>• More people are shifting towards making modular kitchen</li> </ul>	<ul style="list-style-type: none"> <li>• Unorganised sector providing services at a very low price</li> <li>• Lack of brand consciousness among consumer in the Ahmedabad market .</li> </ul>

### Recommendations for Current Business Model

After understanding the business model and doing swot analysis of the company following are the changes recommended to OKG:

- Change value proposition to from “**nicely designed Kitchen which is economical and durable**” to more focused proposition “**Kitchen in just 4 hours**”
- Increase their channel partners such as architects and interiors
- Increase their ways to earn revenue like by selling shutters and cabinets

## **Marketing**

As the organisation was small in nature the way in which they used to communicate to the customers was very much direct and traditional. Only few basic forms of marketing communication mix namely Word-of-mouth marketing and Personal selling were by organisation.

In order to increase OKG's brand visibility, one of the first activities assigned during the tenure was to design a brochure which gives detail regarding the organisation.

### **Designing the Brochure:**

The first step of designing started with competitor analysis; how they are positioning themselves, what kind of language they use in their catalogues. The next step of the process was collection of internal data such as Kitchen photographs and the whole process of making a kitchen. Finally first draft designed in Microsoft publisher was a 12 page brochure. After getting price quote from design and printing agency management decided to reduce brochure to 8 pages and finally was given for printing.

### **Designing and Generating Ideas for Direct Mailer**

In order to reach to different architects and interior one of ways decided to reach them was through direct mailers. So the journey of preparing the direct mailer started with what kind of direct mailer should we go forward? Many different concepts such as Flyers, Pop-ups, Envelopes, Pen case, Coffee mugs etc. were taken into consideration. After that 3 concepts were taken forward namely flyers, Pop-ups and envelope mails keeping in mind the level of impact from mailer and time & budget constraints. Proto-design of all 3 concepts were made by OKG's Staff in coordination with design and printing agency and finally 2 envelopes mailers were approved by organisation which are as follows:





## Business Development

As an intern the role assigned was finding ways to improve their sales and revenue of the organisation.

### Make Intermediaries as Your Channel Partner

1. One of the very prominent and untouched intermediaries was architects and interior which large amount of market share. So to target them my role was to first create a database of architects and interiors in Ahmedabad. The sources from which data was found were internet, hardware magazines and different directories related to interior designing. After the data was collected the authenticity of the data was checked and finally all data was consolidated.
2. The data was sorted according to the areas in Ahmedabad and proximity to the showroom.
3. The 3<sup>rd</sup> step was to do segmentation on the basis of their client base. To get this information mostly internet was used and search was done on different social networking sites.
4. After all this was over finally direct mailers were posted to 110 architects and interiors in the 4 areas which are located near the showroom location.

### Meeting Architects and Interiors

Well as soon as the mails were delivered to the intermediaries we started taking appointment to meet them as it was last week of SIP only 4 meeting with architect were made during the SIP tenure, although the process would continue in the company.

### Preparing the Quotation System

The way in which the organisation made their quotation was tedious and very time consuming. Although they were using Microsoft Excel it was used in a very traditional or basic form. So the next task assigned was to prepare a quotation which reduces their time and is less tedious.

### Preparing a Computerised Quotation System for Organisation

- 1) Before designing a quotation system first step was to understand their current quotation system in detail.

- 2) After understanding the process the key findings were as under
  - a) There were 13 different products used in the kitchen
  - b) Out of 13 items 6 were standardised items ,2 were semi-standardise and 4 items were customised items
  - c) In these 13 items required to make a modular kitchen there again sub-varieties available whose range differ from product to product
  - d) The process to make a quotation took around 2 to 3 hours depending on the size of kitchen
- 3) During the preparation of the quotation system technique learned in first year turned out to be very useful. The few excel functions used were VLOOKUP, Data validation, sum and sum product. One of major challenge faced was the complexities of divisions in quotations. It took almost 3 weeks to make an error free system which makes a quotation in flat 20 minutes.

The quotation system didn't only make the process less time consuming but also helped them to keep a proper database of their customers

### **Learning's & Challenges**

#### ***Marketing***

During SIP few learning's were managing personal communication and delivering value to customers.

#### ***Managing Personal Communication***

Managing personal communication can be further divided into 2 parts mainly as direct mailers & brochure marketing and personal selling.

1. During the design phase of brochure and direct mail few learning was the importance of typography, combination of colours & size of the fonts.
2. Specifically in terms of mailers one of the key learning was "one ad one message"
3. As far as personal selling is concerned OKG helped in understanding the behaviour of a consumer by body language and level of participation in conversations.

#### ***Delivering Value to Customers***

The organisation believed in the thought that good value or good experience in mind of customers is created by combination of small things. This experience was enhanced through providing them 3D designs, giving them refreshments such as tea, coffee and cold drinks, helping them to find associations/agencies which are related to interior designing and not directly related to them.

### ***Other Learning***

- In small organisation like OKG budget is always a constraint so at times challenge is to find ways in which you can deliver same message to the customers at less cost. At times you have to trade-off between two activities.

### ***Overall Learning***

- 1) By appreciating people's work they give you more good ways of doing the same thing more effectively
- 2) The outside agencies does not understand the urgency of our time & deadlines and thus work according their will and ultimately our work is being delayed

### **Recommendations**

- **Increase sales force:** They have very less sales force so by hiring 1 to 2 sales executive will help them to reach to a wider market.
- **Increase Brand visibility:** Increase brand visibility of the organisation by participating in exhibition held in Ahmedabad and by doing other promotional activities like distributing flyers in under construction sites
- **Sell Shutters & cabinets:** They should start selling P.U and High gloss shutters and cabinets of international standard size
- **Store atmosphere:** Although kitchen made in their showroom are very trendy and attractive the flooring and lighting of the showroom is not up to the level which can sync with their kitchens and gave customers a "WOW feeling"

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