

NBC Industries case study solution



Brand: Mehta Solutions

Product Code: case52

Weight: 0.00kg

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Short Description

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Description

NBC Industries

NBC Industries had pioneered the battery technology in India for over 75 years. It was formally known as NBC Chloride Industries, a subsidiary of FKS, U.S. It had been a leader in packaged power technology and was India's largest storage battery company with internationally reputed brands.

Till 1995, NSC's major brand Suraksha had been the market leader in the automotive segment but

was a niche player in the segment. Fifty percent of its sales came from OEM and only fifteen percent

came from the replacement sales. The remaining thirty five percent came from industries, motorbikes

and exports. NBC was forced to follow the downturn in the automotive sector. It was increasingly

felt that the company needs to expand its market base and in an effort to do so, it decided to increase

its penetration in the industrial segment. It went in for a technical collaboration with a leading

industrial battery manufacturer, whose brand Pickwick, enjoyed a dominant

market share in the industrial segment. It also acquired the production capacity of Pickwick. Thus, after the technical collaboration Pickwick which was a competing brand became a partner brand for Suraksha. Another advantage of industrial segment was that they were generally high capacity batteries, which gave higher profit margins to the firm. The technical collaboration, required NBC to sell the industrial batteries under the brand name of Pickwick. Since, NBC was able to capture a good market share in industrial market.

Product

The NBC had a product range covering a capacity of 2.5 Ah to 15,000 Ah. Using the latest technology, NBC now manufactured industrial battery for power, telecom, computer industries, railways, mining and defence. Suraksha and Pickwick were the major brands of the firm and catered to both the automotive and the industrial segment. The industrial segment had been showing growth and NBC had capitalized on this growth. The total turnover of NBC was 30 crores. Suraksha, NBC's original brand, enjoyed an image of reliability and trustworthiness while, Pickwick continued to enjoy its heritage of being a Japanese brand.

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Pricing

As the two brands were technically identical, the company policy was to keep the MRP for both the same but the margin to the dealer for Pickwick was five percent more.

Distribution

After the technical collaboration, the company had four regional officers and twenty five branch officers. Currently, Pickwick had 1000 authorised and 500 sub-dealers. Suraksha on the other hand, had 1500 authorised dealers and 700 sub-dealers. Battery up to 20 Ah were sold through the dealer network and those upto 20 Ah and more were sold directly by the product managers (Exhibit 1). Thus

a branch office took care of the industrial batteries upto 200Ah capacity and the replacement market of the automotive segment. For the automotive sales, the company had separate sales personal for Pickwick and Suraksha as the volume were generally very large. The same sales personal handled industrial sales of both Pickwick and Suraksha.

Consumer

The buyer of battery was generally known to be loyal to the brand in the replacement market but in the industrial sales a committee took the purchase decision and therefore there was a time lag between inquiry and purchase. The NBC policy was generally not to convert the Pickwick users to Suraksha unless the demanded brand was not in stock. There were times when the branch manager would push Suraksha when his opinion was sought as it offered more profit to the company.

Competition

In the industrial segment NBC was facing competition from its unbranded imported products as well as the Indian manufacturers. Anti dumping duties were put on imported products but batteries from SAARC countries like Bangladesh and Thailand continued to enter the Indian markets. The unbranded batteries were forty percent cheaper and were maintenance free and offered tough competition to the branded products but gave no guarantee. Ajay Bhandari had recently joined NBC company as the branch manager at Nagpur. He was reviewing the monthly sales report for Suraksha and Pickwick batteries. He found that the Pickwicks sales were slipping continuously while, sales of Suraksha remained constant and this pattern seemed to be similar nationally. Taking concern of the matter, chief executive officer (marketing) had called for a meeting of all the branch managers and regional managers to evaluate the reasons for the same and call for their suggestions. Ajay Bhandari knew that the two brands have to be promoted simultaneously as it was evident that the sales of Suraksha brand increased at the cost of Pickwick and achieving the Pickwick target was

going to
be difficult.

After a lot of pondering,, Bhandari put forth the following alternatives in the meeting.

- Separate executives should sell the brands even in the industrial segment. This would increase the overhead cost but the commitment to one brand may help the sales executive to sell the product more convincingly.

- Secondly, the two brands should be positioned differently in the industrial market and thus, ensuring that they were not competing with each other in the market and no selling efforts were wasted. Although, this needed to be taken up the regional level because two similar brands in the same segment appeared meaningless.

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- Promotion could be used to create perceptual difference between the brands but this would require substantial promotional expenditure over a long period before any thing could be achieved.

1. Do you feel that Suraksha is cannibalising the Pickwick Brand?

2. What are the problems generally faced by the companies going for multibranding?

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Details

1. Case study solved answers

2. pdf/word in 24-48 hrs

3. Fully Solved with answers