

Rohit Jha case study solution



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Short Description

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Description

INTRODUCTION

Rohit Jha, a small businessman from Rewa was a man full of ideas, enthusiasm and vision. He started his career with a small stationery business. With zeal to capitalize his business further, and with the desire to echo the voice of the people, he started with newsprint business in 1955. He launched the first six page Hindi newspaper daily, News Update, from Bhopal, capital of Madhya Pradesh. This was the beginning of the success journey. After having a good local response he decided to move further and the next edition was launched at Jabalpur, M.P. in the year 1958. In the expansion process after a decade News Update editions began from Sagar and Faridabad. Surprisingly, Jabalpur was the breadwinner, not Bhopal, though it was the capital city. Till 1983, it was like one of those family businesses. In the same year, Rohit Jha came into the

print business as a result of an internal division of the family business, and decided to move on and relaunched the Bhopal edition. All newspapers then were working on sheet-fed machinery; and it became the first paper to get into web offset printing in Bhopal. Soon, the paper became number one in Bhopal, beating Kranti, the then local leader.

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FIRST MILESTONE

With an objective to grow further a market survey was carried out in the city of Indore, which was developed as a commercial capital and as an educational hub of the Central Indian region.

Recognizing it as a strong potential market, the Indore edition was started in 1988, while closing

Sagar. At that time in Indore, Lok Satta, a daily Hindi newspaper was enjoying market monopoly.

The paper was mainly focusing on national and international news coverage. However, focus on

local and regional happenings was ignored. Identifying this as an opportunity. News Update started

concentrating on local news and issues of social interest. With continuous market surveys, the paper

increased its number of pages and improved upon the quality of printing, designing and contents. By

1995, the paper was Number 2 in Madhya Pradesh. It took three years to break the readership

monopoly of Lok Satta and News Update had established a strong foothold in the market by the year

1998. Meanwhile, the Raipur and Bilaspur editions in 1995 and 1997 were launched respectively,

but only to register their presence, though there wasn't enough potential in the Chhatisgarh region.

The focus was always Bhopal, Jabalpur and Indore. Between two readership surveys conducted in

1995 and 1998, News Update grew at a rate of 104%, the highest among the top ten newspapers of

the country. In Indore, the largest newspaper market of the state, News Update enjoyed a massive

85% share among all Hindi daily readers, of which 56% were sole readers.

GREENER PASTURES

It was in 1999 that the group decided to move beyond the M.P. region. The first option for any Hindi newspaper was Uttar Pradesh (UP), being a Hindi speaking belt. But UP always had No 1 and No 2, and a lot of accompanying clutters. So, the Chairman, Sagar Jha, son of Rohit Jha, visited Rajasthan, which was also a total Hindi state. He found that Awaz was the only Hindi daily having a huge market share in Rajasthan. This was the market where Morris's Vision had shut down its editions. To take advantage of this opportunity the Sunshine Group made a plan to enter the Udaipur market, which was the first venture outside the state. A market survey on two lakh households was carried, which happened to be the biggest survey conducted by any other newspaper in the country. The survey results found that Vision had closed down because the problem was with the product, but not with the market. It was also identified that 95% of the people in Jaipur were looking for an option and 80% said that their current paper was biased. Among their requirements, they wanted more city news. Keeping the survey results into account they made pre-launch estimates, which was never the norm in the industry. The second round included order booking. They went back to the same households, and briefed them about the summary of the feedback they had collected and the kind of paper, which they decided to come up with. They planned with a target of 75,000 copies for Udaipur edition in December 19, 1999, whereas at that time Awaz was selling around 1,50,000 copies. The key benefit of the survey was it resulted as part of brand-building exercise for the group. The paper was priced competitively at Rs 2.10 if the consumer had an advance booking in that case the paper was given for Rs 1.60 for four months. Awaz was selling at Rs 2.35. once they started procuring the orders, 1,70,000 copies a third machine was bought overnight, for a premium. They finally launched with 1,87,000 copies, all paid, becoming No 1 from day one. Five days later,

December 25, 1999,

Awaz further reduced the cover price from Rs 2.35 to Rs 1.50. Now, to buy two newspapers, all the customer had to do was to pay only 85 paisa more, and soon the sales touched 2.5 lakh. By the year

2001 they captured Jodhpur, Bikaner, Jaipur and Kota and the fight with Awaz was now on quality parameters.

Meanwhile, after the first victory outside their home-state MP, the management decided to enter northern belt of the country. On May 27, 2001 they moved to Haryana with Panipat and Hisar after

carrying out the market survey on 2 lakh households. In the year 2001, three editions – two in

Haryana and one in Chandigarh were launched. They planned to cover Himachal with the

Chandigarh edition but due to the distance, the distribution was restricted to Simla only. By this

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time, they started consolidating in terms of quality, systems and resources so that the system could

run on its own. However, because of the newsprint price hike, the expansion into Punjab was

delayed. News update's strategy was to build a strong and loyal base of readers. The Rs. 2,000 crore

groups had its heart set on Gujarat. Ahmadabad being the commercial capital of Gujarat had a high

standard of living and literacy rate. As research had been integral to the total marketing effort, the

Ahmadabad launch was carried through an elaborate consumer contact program and in this regard a

door-to-door survey was conducted. Ten lac plus households in Ahmadabad and 5 lakh households

in the upcountry districts like Mehsana and Anand were called on in the month of October 2004. The

key findings of the survey were that 90% of the people wanted an unbiased newspaper. In spite of

the strong presence of four major competitors. The Sunshine Group launched News Ahead, a 12-page

Gujarati daily newspaper, on December 22, 2004 with a confirmed circulation of 542,151 copies.

With launch of the same the group was able to overcome the language barrier. It saw a frenzy of activities in otherwise dormant Gujarat Newspaper market. News Ahead was competitively priced at Rs 1.60 compared to Rs 2 cover price of the other competitors prevalent in the market. The paper was accompanied by a feature supplement every day of the week. The group in its expansion mode had set up full-fledged state of the art printing press at Anand. In its promotional programs in Gujarati, the group started printing the coupons on the newspaper and collection of prescribed number made one eligible to prizes. Besides the fixed prizes on deposit of coupons, there was a lottery at the end of month, in which attractive prizes like scooters, television, home appliances etc. were given. In the year 2004, News Ahead was launched in Washington, USA with the objective to cater the needs of Gujarati community residing there and with they entered the global market.

NEW HORIZONS

News Update in Indore had achieved the heights of popularity as the market share increased from 20% in the year 1991 to 80% by the year 2004. They enjoyed the market monopoly as they kept on adding various supplements for different age groups, after carrying sequential market surveys. In this regard they started a career, Bulletin, Career Guide for youth; Bal Dunia, fortnight magazine for children; Guldasta, weekly supplement for women; Colour, Saturday Supplement; Inderdhanush, Sunday supplement, and daily supplement City Update, which focused on issues related specifically to Indore city. They sponsored various events like career fairs, deliberations of religious gurus, quiz, game shows, etc. As a part of the corporate social responsibility they started a senior citizen club. Adarsh the centre for cultural activities was also promoted by the group and the fund generated by it was donated from time to time for natural calamities. As proving its mettle amongst Hindi dailies the group realized that they weren't able to grow in English until and unless they have

an editorial and marketing network across the country. Taking it as a challenge, Sunshine Group decided to collaborate with Sanchar Tele network and launched an outdoor campaign of Rs 80 crore in Mumbai. As Mumbai was cosmopolitan and the biggest commercial city of the country, it plastered Mumbai with 300 hoardings and 700 kiosks with advertisements, and mounted a campaign on FM radio stations too. The group used its time-tested strategy of resorting to consumer research on the kind of paper the city wants. The trained team surveyed 15 lakh households and 300,000 traders in Mumbai to understand what they expected of a newspaper. And finally they launched First News in first week of December 2005, where giant English dailies had an established market presence.

THE ROAD AHEAD

The group also harboured long-term ambitions of launching a financial daily magazine in English in order parts of the country depending upon the success of the First News as it had printing press in several towns and cities countrywide, which would only add a little operational cost to the group. Simultaneously, the group diversified in various unrelated categories like textiles, FMCG, oil, pharmaceutical, electronic media and educational institutions. The group had also placed equity

privately to rise between Rs 350 crore and Rs. 400 crore. The money was to be used for the diversification into television in Punjab and to launch more editions of the Hindi newspaper countrywide. But the biggest challenge they would face may come not from within their own English language newspaper fraternity but from aggressive Hindi newspaper groups. They had started to factory beyond their traditional Hindi print businesses to new media business. On the other hand, Rs 700 crore Agra-based Chetna Prakashan Group, which publishes Janta, too had started diversifying into several new areas. It had chalked out plans for forays into

television. The group had already launched a Hindi news channel and had decided to venture into News Update group's home turf Madhya Pradesh. According to Nitin Jha, Director Marketing, Sunshine Group, they wanted to be a media group of worldwide recognition in the next five years with systems, writing style, operations which ought to be world class. Circulation was a big parameter to grow worldwide. With a market of Rs. 3,500 crores they had covered eight states and one Union Territory and presently had a customer base of 3 crores the globe, which had fetched them the number two position in the world newsprint market. However, increase in cost of newsprint and the cost factors were holding back the expansion procedure and only the means of revenue generation was through advertisement.

1. Comment on the strategies adopted by News Update for encroaching upon the Indore market.
2. Keeping in account the future competition, suggest strategies to Sunshine Group to overcome the problem of increasing newsprint cost.

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