Titan Case Study

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Wrist Watch Industry

The timepieces industry includes wrist watches, table clocks, alarm clocks and wall clocks. In India, the wrist watches industry forms 89% of the time pieces market. As of June 2012, the size of wrist watches industry was estimated at Rs 5,000 crore. It is expected to grow at the rate of 15% to touch Rs 15,000 crore by 2020, as indicated by a study of industry body Associated Chambers of Commerce and Industry of India (ASSOCHAM). The growth will mostly be driven by youth and upper segments of consumers\(^1\). The organized players currently command 40 per cent of the industry and the rest 60 per cent by the unorganized segment, which consists of smuggled watches, cheap imported watches and those assembled by small unorganized players\(^2\). The size of organized market is estimated at around Rs. 1,500 crore\(^3\).

The wrist watches market in India can be classified into three broad categories based on price. The first is the mass price segment consisting of watches priced lower than Rs. 1,000 which are mainly the wrist watches sold by the unorganized players. The second category is the mid-price segment of watches priced between

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\(^1\) [http://www.deccanherald.com/content/404277/time-go-strapping possibilities.html](http://www.deccanherald.com/content/404277/time-go-strapping possibilities.html)


\(^3\) [http://indiaindustrystatistics.blogspot.in/2010/04/indian-wrist-watch market.html](http://indiaindustrystatistics.blogspot.in/2010/04/indian-wrist-watch market.html)
Rs. 1,000 and Rs. 10,000. The third is the premium watch segment with watches priced above Rs. 10,000. The luxury segment which is part of premium segment includes wrist watches priced between Rs. 1,00,000 and Rs. 10,00,000. In terms of gender, males outnumber females in buying wrist watches and account for around 65% of sales. While students are the largest segment of buyers accounting for almost 30% of sales.

The mass segment which caters to sub 1000 range of watches is mainly dominated by Titan, PA Time industries and Citizen. Sonata (for men and women), and Zoop (kids) are brands of Titan with their majority presence in mass segment. Maxima from PA Time industries and Q&Q from Citizen are other brands in mass segment. Unorganized segment also has a huge presence in this segment. In India, the mass segment of watches contributes the highest to the market in terms of volume and in terms of value, it contributes about 37%-38% to the total wristwatch market.

Titan, Timex and Citizen have their majority presence in mid segment which caters Rs.1000-Rs.10000 range of watches. This segment also has fashion watches from international players like Diesel, Esprit, Fossil, Giordano, Tommy Hilfiger, Guess, Kenneth Cole, Police etc. In terms of value mid segment contributes around 37-38% to the wristwatch industry which is in par with the contribution of mass segment.

The premium segment caters to consumers who want to get associated with a brand name that signifies growth and prosperity. Many of these high end watches are often gold plated, diamond studded and used as left arm jewellery. Brands here, range from premium, affordable luxury to prestige price bands, examples are Guess Collection, Seiko, Tissot, Xylys, Dior, Longines, Rado, Tag Heuer, Harry Winston, IWC, JLC, Patek Philippe, Ulysse Nardin, Breitling, Cartier, Montblanc, Omega, Rolex etc. Although this segment is largely

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http://www.mynewsdesk.com/in/pressreleases/india-watch-industry-outlook-926240
driven by brands, it does have a significant grey market in the luxury and prestige segment. In next 5-10 years, the market is expected to move towards an inverted pyramid as the value share of premium segment will be the highest. This structure will mirror most international developed time wear markets. Premium and luxury segment contributes around 25% to the wristwatch market in terms of value.

The premium wrist watch market has been the fastest growing segment in the Indian wrist watch industry during FY’ 2008- FY’ 2013. As the size of the population with high disposable income has increased significantly over the past years, the demand for luxury goods have substantially increased in the country. The premium segment wristwatch market in India can be further subdivided into three price categories: affordable luxury, luxury and super luxury. In value terms, the affordable luxury wristwatch segment has the highest market share of about 44% in the premium wristwatch market in India. The main consumers of this segment of watches are the rising urban population with higher spending capacity. This segment is expected to more than double by experiencing a high growth at a CAGR of 23.3% in the period FY’2014-FY’2018.

The luxury segment is the premium wrist watch segment which includes wrist watches priced between Rs. 1,00,000 and Rs. 10,00,000 and is growing at the rate of 15-20%. Rolex and Omega are the major players in this segment. The super luxury segment is also expected to experience a significant increase in the value on account of rise in the number of billionaires in the country in coming years. This market is expected to grow at a CAGR of about 16.7% in the period FY’2013-FY’2018. 

In terms of market share, till the late 80’s, in the mechanical era, HMT dominated the market. And after that it has again been the domination of a single company, Titan. Today Titan has almost 60% market share of the organized watch market in the country.

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Titan Industries

Turning back the hands of time to pre-1980s, Tata Press conceived an idea to conquer the Watch Industry. Titan Watches sprang into being with the signing of a joint venture of Tata Industries with the Tamil Nadu Industrial Development Corporation (TIDCO) in June of 1984. From that point on, it has been full steam ahead.

Initially started as a watch company, Titan Industries diversified into Jewellery in 1994. Leveraging its manufacturing competencies Titan branched into precision engineering components & sub-assemblies, machine building & automation solutions, tooling solutions and electronic sub-assemblies in 2005. It later forayed into eyewear with Titan Eyeplus in 2007. Titan now also offers accessories like belt, bag and wallets and has entered high-growth fragrance market under the brand name Skin in 2013. Hence, it has come a long way from being a watch maker to a lifestyle brand. To closely reflect the lifestyle experience specifically for the premium segment customers, it changed its corporate identity from Titan industries to Titan Company in 2013.

Since its inception in 1984, Titan Company continues to grow and set new standards for innovation and quality. With more than 984 retail outlets across 218 towns, having a carpet area of over 1.3 million sq. ft., it has India’s largest retail network. Apart from the 11,000 multi-brand dealer outlets for watches, 367 World of Titan stores and 147 Fastrack stores and kiosks, it also operates as the largest jewelry retailer in India with over 159 Tanishq boutiques and Zoya stores as well as over 33 Gold Plus stores. It also sports more than 248 Titan Eye+ stores and is backed by over 7000 employees and innumerable admirers’ world over. The distribution channel handles well over 50% of the watch business of the company.

Titan also has presence globally. Titan went global in 1991, with the launch of Titan watches in the UAE, Oman, Bahrain and Qatar.

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8 http://www.tata.co.in/article/inside/mg88Z9eltEo=/TLVVr3YPkMU=
9 http://titan.co.in/Franchising
Operations in Kuwait and Kingdom of Saudi Arabia were launched in 1995-96. Titan further expanded into South East Asia, offering products in Singapore, Malaysia, Thailand, Vietnam and recently, in the Philippines and Indonesia. The African footprint, having started with distribution in Kenya and Mauritius in the mid-nineties, is also steadily growing, with operations in South Africa launched in 2010. Titan watches are also available in the adjoining countries of Djibouti, Uganda, Ethiopia, Nigeria and Ghana. As of 2014, Titan’s presence spans across more than 2000 stores, in over 30 countries. With a customer base of 135 million globally, it’s no wonder that there is a Titan watch being owned, somewhere in the world – every 3 seconds.

Titan operates in four segments:

- Wrist Watch Segment
- Jewellery Segment
- Eyewear Segment
- Precision Engineering Components

**Wrist Watch Segment**

Titan commenced production end 1986 and hit the market in March 1987 with its brand ‘Titan’. The analogue electronic Quartz range met instant acclaim, appeasing a hungry watch-starved consumer market. Titan’s decision, and the positive consumer response, pushed erstwhile market leader HMT Watches, a public sector company, into gradual decline.

Spanning 25-years of growth, the Titan Watch Project became Titan Watches, Titan Industries and ultimately Titan Company Limited. Production kept an impressive pace, topping the 15 million plus mark per year.

Numerous technologies and sources came into play during this period. Progress was swift, steady and stamped with characteristic Titan Company aplomb. This led to innumerable achievements and

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10 [http://titan.co.in/hot-time-intern](http://titan.co.in/hot-time-intern)
accolades. Audaciously challenging the Swiss, Titan now is the world’s 5th largest integrated own brand manufacturer of watches. In India Titan stakes claim to 60% of the organized watch market, with over 150 million pieces sold across 32 countries collectively. Titan experienced growth of 6.9% in watch segment in FY 2013-14 and contributed around 15% to the revenue and profit of the company.

**Jewellery**

In the year 1995, Titan diversified into Jewellery under the brand name of Tanishq to capitalize on a fragmented market operating with no brands in urban cities. Tanishq is India’s fastest growing jewellery brand with a premium range of jewellery, studded with diamonds or colored gems in 18 kt. gold, 22 kt. pure gold and platinum jewellery.

Titan felt a need and created a means to offer elegant gold jewellery to smaller towns and rural markets. The recent launch of a retail initiative - GoldPlus caters to the need. GoldPlus is strongly positioned to serve the 22-carat gold wedding jewellery market. The jewellery designs at GoldPlus stores are mostly traditional. The décor is understated with an emphasis on regional tastes, making customers feel comfortable.

Zoya creations are world-class in terms of quality and have been crafted in India and abroad. Titan launched Zoya stores in the year 2009 at two locations, Delhi and Mumbai. It boasts the finest quality in India and is on par with the best in the world. It caters to the elite, discerning ladies, providing them with a supreme expression of luxury in jewellery, which enthuse the fashion conscious and classic jewellery lovers alike. Titan offers unique and memorable shopping experience at each Zoya store.

Jewellery segment witnessed growth of 6.5% in FY 2013-14 and contributed around 80% to the revenue and profit of the company.

**Eyewear Segment**

Titan Eye+, the third major venture of consumer business by Titan

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http://titan.co.in/hot-jewel-division
http://www.diamondworld.net/contentview.aspx?item=3549
Company, was launched into the organized eyewear segment in March 2007. It offers a variety of differentiated products to the end consumer consisting of frames, lenses, contact lenses and accessories. Frames are available in both international brands (Levis, Esprit, Hugo Boss etc.) and in-house brands – Titan, Eye+ and Dash which is an offering for children\textsuperscript{13}. Revenue from eyewear segment grew by 20.7% in FY 2013-14.

**Precision Engineering Components**

In the year 2003, the company leveraged their manufacturing competencies and branched into Precision Engineering Products and Machine Building. Titan initiated a Precision Engineering Division in 2005, catering to global majors across industry verticals like aerospace, automotive, oil & gas, engineering, hydraulics, solar and medical instruments.

**Titan Wrist Watches**

Being the world’s fifth largest integrated own brand watch manufacturer, Titan Company has created and sold more than a 150 million pieces the world over. With a production rate of over 15 million watches per annum and a customer base of over 135 million globally, Titan Company owns manufacturing and assembly operation centres in Hosur in Tamil Nadu, Dehradun, Roorkee, Pantnagar in Uttaranchal and an Electronic Circuit Boards (ECB) plant in Goa, all in India.\textsuperscript{14} Titan Company has brought forth four core watch brands:

- Titan which is designed for the mid-premium segment
- Fastrack which is crafted to fit the trendy fashion space with a focus on the youth
- Sonata which is created for the mass market and has emerged as India’s largest selling watch brand
- Xylys which is fashioned for the premium market, aiming at the connoisseur and new-age achiever

\textsuperscript{13} http://titan.co.in/hot-eyewear-division
\textsuperscript{14} http://titan.co.in/hot-products
Titan- the Watch Brand

Titan brand which is designed for the mid-premium segment comprises of several sub-brands, each of which is a market leader in its own space. Notable among them are: Titan Edge, Titan Raga, Nebula and several other collections like Zoop, Orion, Purple, Tycoon, Bandhan, Octane and the HTSE series.

Titan Edge launched in 2002 is still the slimmest and thinnest watch in the world. The Titan Edge watch has won the coveted Red Dot award for design for the second year in succession (2013 and 2014). The Red Dot Design Award is an international product design prize awarded by Design Zentrum Nordrhein Westfalen in Essen, Germany. A label that recognizes quality and excellence globally. Priced between Rs. 6000 to Rs.18000 Titan Edge caters to mid-premium men’s segment. It is positioned as slimmest watch in the world and unique creation in the world.

Titan Raga which was launched in the year 1992 was positioned as an occasional wear watch – to be bought and gifted on a festive or special occasion. At that point in time, in the Indian context, owning a single dress watch was adequate for the average Indian middle class woman in India. The scene has since changed. Titan re-launched Raga, as Raga 9 to 5 the all-time accessory. Titan Raga targets the women in metros with around 250 model priced between Rs.1300 and Rs. 22000. To make this brand more desirable accessory amongst women, Bollywood actresses like Rani Mukherjee and Katrina Kaif have been signed as brand ambassadors of Titan Raga. It is sold at all World of Titan showrooms and selected multi brand outlets in India.

Titan Nebula, the premium 18-karat gold watch brand from Titan Industries Ltd was launched in the year 2000. The entire Nebula collection of jewellery watches has around 70 models and in the price range of Rs. 29,000 to Rs. 2,65,000 and comprises a variety of exquisite watches in 18-k gold both plain and embellished with pearls and diamonds. These are available in bracelet styles for women besides

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16 http://www.citeman.com/10295-titan-raga.html#ixzz3CdPZhvly
the classic leather strap style. For men, there are options available in leather strap or pure gold strap. Actress Yami Gautam was used as brand ambassador to promote the brand. Titan has also used offers like free gold coins and pendant with Nebula as a promotional strategy.

In sync with its vision to address the requirements of all customer segments Titan launched Zoop targeting the kids aged 5-12 in the year. Zoop is priced between Rs 450 to Rs.900 and has around 115 models for both boys and girls. Titan believes that when children using Zoop grow up, depending on how edgy they are, they can either turn to Edge or Fastrack. Zoop is available across all exclusive outlets of Titan. Zoop is positioned as “Be cool...Be more” and is designed keeping in mind the cool attitude that today’s children exhibit.

Bandhan, targeting couples with pair watches priced between Rs. 1800 and Rs.12500, light-powered HTSE range targeting the urban youth priced between Rs. 8000 to Rs. 13000 targeting men, Octane- a sporty offering priced between Rs. 3500 and Rs. 9500 catering to men segment, Purple for fashion wear, formal watch Orion, the classic automatic and solid Tycoon are few other prominent sub-brands under Titan watch brand. Aamir Khan has been the brand ambassador of Titan brand since 2004 and Titan has used his identity of perfectionist to promote different sub-brands of Titan brand at different times.

**Fastrack**

Fastrack was launched in 1998 as a sub-brand of Titan. It was spun off as an independent accessory brand targeting the urban youth in 2005. With a vision to become a complete fashion brand for the youth, Fastrack quickly extended its footprint to sunglasses in 2005 & then bags, belts & wallets in 2009. Fastrack has wide variety of watches ranging from Rs.650 to Rs.5000 targeted for youth between the age group of 18-30.

Fastrack watches for men includes Fastrack sports watch, Fastrack army watch, Fastrack hip hop watch, Fastrack digital fashion watch, Fastrack sports watch, Fastrack bikers gents watch and many more that will
enhance masculine appeal of the youth segment. In the girl's collections of Fastrack watches, Fastrack Essentials girls’ watches, Fastrack basics girls watches, Fastrack hip hop girls watches, Fastrack mean machine girls watches and several others, Fastrack watches deliver a true fashion statement amongst fashion conscious youngsters. The brand has gained a vast popularity and the trust of millions of people through delivering distinguished style fashionable watches for youths.

Earlier Fastrack was targeted at 20-25 year olds and positioned along the line “Cool watches from Titan”. It was seen that that the youth in the age group of 11-20 years account for 42% of watch buying in India. Based on this insight, the company re-launched the brand lowering the target segment to 18-30 year olds with the baseline “How many you have?”. It has signed celebrities like actor John Abraham, cricketer Virat Kohli and actress Genelia as the brand ambassadors as they are seen as young, admired, aggressive and extremely popular with youth. Fastrack is sold through exclusive Fastrack outlets in addition to World of Titan and other multi brand retail outlets. It is also sold through ecommerce platforms.

**Sonata**

Sonata, India’s largest selling watch brand, offers stylish and contemporary watches for everyone. This brand offers a look that suits all types of personality and style. Sonata has a collection of both digital and analog watches. It comes in over 600 models with superb designs and styles, in gold, silver, plain, dual tone which suits needs for all occasions.

Sonata offers different collections ranging from studded gold collection to smart steel and sporty and young Super Fibre, with more than 600 models with the price range of Rs.400 to Rs.3600.

Sonata is the value for money watch brand. Sonata has it all: affordability, looks, guarantee, waterproof and durability. Sonata continues to evoke pride and confidence in the customers with
exquisite appearance and world-class quality. All these Sonata watches are available across Titan Company’s 11,000+ authorized watch outlets and the exclusive World of Titan stores chain. Sonata is available across various e-commerce platforms including the titan website.

From 2001, Sonata was communicated as Tata product rather than as a Titan product. This was because Titan wanted to promote itself as a mid-premium segment brand and Sonata was a mass segment brand. Mahendra Singh Dhoni was signed as brand ambassador of Sonata in 2006 and Sonata positioned itself as the brand for unconventional achievers- for those who want to make a unique impression.

**Xylys**

Xylys, is an exclusive brand of Swiss made watches from Titan. Priced between Rs. 8000 and Rs. 30000, the Xylys range of watches comes in three collections - Contemporary, Classic and Sport and offers over 100 distinctive models.

Xylys has been created in collaboration with renowned Swiss designer Laurent Rufenacht and Titan’s own design advisor Michael Foley. The watches are retailed through select World of Titan showrooms key multi brand outlets and at exclusive flagship boutiques in select cities.\(^\text{17}\).

Xylys, is the best offering from Titan. Titan aims to bring about a redefinition of sorts in the premium watch segment with Xylys. It is targeted at new generation achievers who go beyond the obvious who know who they are and set their own standards and live by their own values. It is a style statement for those who stand apart from the crowd.

Titan has signed Farhan Akthar, a new age multi-talented Bollywood star as the brand ambassador of Xylys. Titan believes that Farhan embodies the Xylys brand’s core values of sophistication, individualistic, authentic yet unconventional.\(^\text{18}\)

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\(^{17}\) [http://www.citeman.com/10295-titan-raga.html#ixzz3CdcebacL](http://www.citeman.com/10295-titan-raga.html#ixzz3CdcebacL)

\(^{18}\) [http://www.indiantelevision.com/mam/marketing/mam/titan-signs-on-farhan-akthar-as-brand-ambassador-for-xylys](http://www.indiantelevision.com/mam/marketing/mam/titan-signs-on-farhan-akthar-as-brand-ambassador-for-xylys)
Competitor Analysis

**Maxima**

Maxima is an Indian watch manufacturer that was founded in 1996 and is part of the PA Group of industries. Maxima operates in the mass segment and competes with Sonata of Titan. Similar to Sonata, Maxima offers a wide range of watches in the price range of Rs.300 to Rs.4000 for men, women, kids, and couples category.

*Products offered include:* Fashionable watches for both men and women with quartz movements for accurate time, promotional watches that can be embossed with a company name, Gold watches, waterproof watches, and specialty watches for scuba divers.

Today Maxima is available in every part of the country with the support of over 80 distributors, 6000 loyal retailers, and e-commerce platforms including the company website.

**Citizen**

Citizen Watches Co. Ltd. of Japan, a US$ 3.7 Billion multinational company with a 70 year heritage, sells world-class watches in more than 150 countries worldwide. As one of the world’s leading watch brand with renowned Japan watch making art, CITIZEN was officially introduced into India through its local subsidiary company, Citizen Watches (India) Pvt. Ltd. in 1997. The entry was heralded by the revolutionary concept, Eco-Drive the world’s 1st light powered watches, lending an air of excitement and expectation around the brand and adding to the excellent equity CITIZEN already had enjoyed in India.

*Citizen has two collections:* Eco-Drive and Pro-Master. Each of the collections are further categorized into Complications (watches with features like Chronograph, Perpetual Calendar, Twin date Calendrier), Professional Sports, and Radio-Controlled watches. The watches are priced between Rs.3000 to Rs.39000 and target both men and women in the mid-premium segment.
Citizen roped in English cricketer Kevin Pietersen as its brand ambassador as part of strategy to enhance image and visibility in India to grow its business in the country. Company believes his sophistication and style personifies the brand. Citizen has a positioning of “better starts now” and believes that better and now are both infinite, and that there is always a next ‘better’ and a new ‘now’ in which you can start pursuing it. To get this message across Citizen has created a brand movie, identity and website to represent this philosophy. Company also uses “shop-in-shop” concept to promote the brand and it had nearly 50 shop-in-shops across major cities in India in 2013, 600-plus points of sale and 20 exclusive showrooms. It is also sold across different ecommerce platforms.19

Timex

Timex Group India Limited is engaged in the manufacture and trade of watches in India and internationally. Timex company was founded in 1854. It offers wrist watches primarily under the Timex, Helix, Marc Ecko, Tarun Tahiliani, Salvatore Ferragamo, and Versace brand names; and manufactures precision injection molds and injection molded plastic parts for watch business, as well as provides spares and after sales service to its customers. Joint venture between Timex Corp, USA and Titan Industries, where both the partners held 30 per cent equity,20 parted ways in 1998.

Most of the Timex watches are priced in the range of Rs.1000 to Rs.25000, but it has offering up to Rs.16000. Timex mainly offers watches in outdoor, sports and style category. Intelligent Quartz, Weekender, Expedition, Sports Ironman, E-class, Classics, Bangle are some of its collections. Bangle is a brand targeted at women and Intelligent is only for men. Other collections are either unisex or have products for both men and women.

It sells its watches through its exclusive “Time Factory” (renamed in 2014 as Timex World) Outlets and multi brand retail outlets. Timex

19 http://www.mydigitalfc.com/companies/citizen-watches-aims-enhance-brand-image-india-125
20 http://investing.businessweek.com/research/stocks/snapshot/snapshot_article.asp?ticker=TIMX:IN
had signed Australian cricketer Bret Lee as a brand ambassador and it has also used celebrities like Bipasha Basu during launch of new models. For long time Timex used the positioning of “what next” conveying that Timex moves on with Time. In 2014 as a part of rebranding exercise it changed the positioning to “Wear it well” which is in line with the global positioning of Timex which acknowledges that men and women no longer wear a watch to simply tell time – they wear a watch to make a statement about themselves. It also launched a multimillion dollar campaign which focused on its American heritage and its portfolio of watches which feature classic styles that stand the test of time. 21

Seiko India

SEIKO Watch India Private Limited is a 100% subsidiary of SEIKO Watch Corporation, Japan. Set up in 2007, it is headquartered in Bangalore. Sells around 350 watch models with prices starting from Rs 7000 to around Rs 5,00,000. The main sub-brands under Seiko are Seiko Velatura, Seiko Premier, Sports, Astron, Seiko Grand and Ananta which are targeted at the premium and luxury segment and compete with other brands such as Tissot, Xylys, Omega and Rado. Seiko takes pride in the fact that they invented the quartz watch in 1969, the Kinetic watch in 1988 and Astron GPS Solar-The only watch in the world that identifies all 39 time zones using the GPS technology in 2012.22

Seiko has come a very long way since they launched the brand in India in 2007. As of 2014 they are one of the top 3 brands in the Premium segment of the Indian Watch Market. They retail Seiko from more than 350+ of the best stores in the country. Between 2010 and 2013 the company has grown at a CAGR of around 50%. India is one of the top 4 priority markets for Seiko Watch Corporation, worldwide.

Being an international brand Seiko has been at the forefront of world sport, supporting international events, including six Olympic Games, four soccer World Cups and twelve athletics World Championships.

21 http://www.mxmindia.com/2014/03/timex-modifies-positioning-to-wear-it-well/#sthash.vZg4B5LK.dpuf
22 http://pitchonnet.com/blog/2014/04/22/the-seiko-brand-continue-position-india-technology-leader/
Rising star of Russian athletics, Darya Klishina is a face of Seiko’s women collection and Seiko tries to convey the message of Seiko as a perfect brand through her. Tennis star Novak Djokovic are brand ambassadors. Seiko believes that his attitude of “being one step ahead” matches with that of Seiko. Seiko has also associated with Kolkata Knight Riders as IPL team to increase its brand awareness. Seiko has a very strong and a robust distribution network of 350+ Multi-brand Premium Watch stores in the country. Seiko also has 5 stand-alone Seiko Boutique stores in Bangalore, Chennai, Cochin and Kolkata and Seiko plans to add another 5 Boutique stores in the year 2014.

Current Position & Future Outlook of Premium Wrist Watch Segment

The premium wrist watch segment valued at approximately Rs.1,250 crore (including unorganized) constitutes to 25% of approximately Rs.5000 crore wrist watch market. However, the contribution of premium segment to the wrist watch industry as premium segment is growing at over at over 20% y-o-y, which is much faster than the growth rate of wrist watch industry of 10-15%.

The last few years have seen a substantial change in consumer preferences as people have become more defined in wearing a watch. Earlier, people were confined to wearing only daily-use watches but today people are becoming more and more brand conscious. Now, watches are available in various segments from casual to formal and sporty to luxury. Till now, the consumers were price-conscious, and the most important parameter they followed before buying a product was a strong cultural trait, ‘value for money’. They are aware of all the brands that are available globally, and know exactly what they want. Pradeep Bhanot, Brand Manager, Rado, says, “The consumers are increasingly becoming conscious of the time-pieces that suit their style. Watches have gone beyond time. The customers are adapting to the various lifestyle moods while selecting their watches and that’s what keeps us innovating and serving our patrons with the best.”
With so many eager customers it’s not surprising that watch brands are trying to get closer to their buyers. The first step is opening more stores and appointing retailers to increase points of sales. Japanese watch brand Seiko has established a subsidiary in India to move closer to the Indian consumer. In the same way, other premium and luxury brands like Tag Heuer and Raymond Weil are opening more stores to reach more customers. Having understood the importance of tier 2 cities, premium brands are not just concentrating on metros and tier 1 cities but also moving aggressively into tier 2 cities. For instance, Swiss brand Omega has opened stores in places such as Ahmedabad and Visakhapatnam in the past couple of years, while Tag Heuer’s new stores will be in Ludhiana, Surat and other smaller cities.

Of course, it’s not enough to merely open new stores. High-decibel launches, celebrity endorsements and events ensure that excitement and awareness levels of luxury watch brands remains constantly high. Having signed Hrithik Roshan as brand ambassador, Rado organized a screening of his movie Agneepath for a select audience comprising Delhi’s page 3 crowd. That’s in the metros. In smaller towns, companies mostly rely on conventional advertising to create brand awareness, which is why many of them have signed on Indian celebrities as brand ambassadors. Brands such as Tag Heuer (Shah Rukh Khan, Priyanka Chopra), Longines (Aishwarya Rai Bachchan), Tissot (Deepika Padukone), Omega (Abhishek Bachchan), Ulysse-Nardin (Yuvraj Singh), Hublot (Harbhajan Singh) and Rado (Hrithik Roshan, Lisa Ray) have all been endorsed by Indians at various times in the past few years. Brands have also started to advertise in more broad-based news and regional publications as well to reach out to prospective customers who do not understand English.

It’s not just the communication that’s being tweaked for Indian customers. International luxury watch brands have realized the need to customize their products to Indian traditions to boost sales. When it comes to pricing watch makers go out of their way to make their offering more wallet-friendly in India as Indian customers are still price sensitive. There’s a steep 30% duty on imported luxury watches
in India, but most brands bear that cost rather than adding it to the sticker price — they are reworking retail margins, have exclusive offers and discounts to keep the price on par with Singapore and Dubai.²³

Seeing these aggressive strategies from international brands and acknowledging the high growth of premium segment, Titan aims to increase revenue by 2.5 times in next five years by becoming a premium lifestyle brand. Currently, nearly 10 per cent of its total revenue comes from premium watch brands such as Xylys and Nebula. Titan now wants to scale it to 20 per cent in next five years.

But, observing the modest growth of 6.9% in the watch segment this transition is going to be an uphill task for titan. The shift from the mass brand is not easy. Titan has been a volume player selling nearly 16 million watches a year. No other watch brand even sells one million watches except Timex. Most international brands sell less than 200,000 to 300,000 watches. For long, the company’s forte was in the Rs 500 to Rs 2,500 price points. But now mobile phones are fast replacing watches in this mass segment. So now the focus is on watches that cost upwards of Rs 5,000. This year close to 40 per cent of its watch revenue came from this price band. Meanwhile, the company has experienced 25 per cent growth in the price range of Rs 10,000-Rs 25,000. But in this range Titan doesn’t have many options. It has tried to enhance its premium offerings with brands such as Octane and Automatics that come in the Rs 11,000 to Rs 16,000 price range and acquired the 18th century Swiss brand Favre Leuba as part of its plan to launch its luxury offering in the range of Rs 75,000 to Rs 1 lakh. Xylys has been the premium player from Titan since long. But consumer perception could impede its brand aspirations. Customers might go for an international brand when they are ready to spend more than Rs. 10,000 rather than going for Titan. Even the company MD Bhaskar Bhat admits that the brand has lost its aspirational value but assures that the company will work on it.²⁴

The main challenge for the company on its journey to become a lifestyle premium brand is to maintain its focus on mass and

mid-priced segment while it builds and strengthens its position in the premium segment. In the process, the company will have to change the natural inclination of the Indian customers to buy international brands rather than a Titan brand when they are willing to spend for a premium branded watch. For that to change, Titan has to first enter the consideration set of premium watch alternatives in the mind of the customers. This might require the company to spend considerably on the brand building exercise and enhance the brand image to be at par with international brands. What strategic decisions and branding building exercise should the company adopt to become a lifestyle aspirational premium brand?