

A Case of Lifestyle Product Positioning- VIP Industries

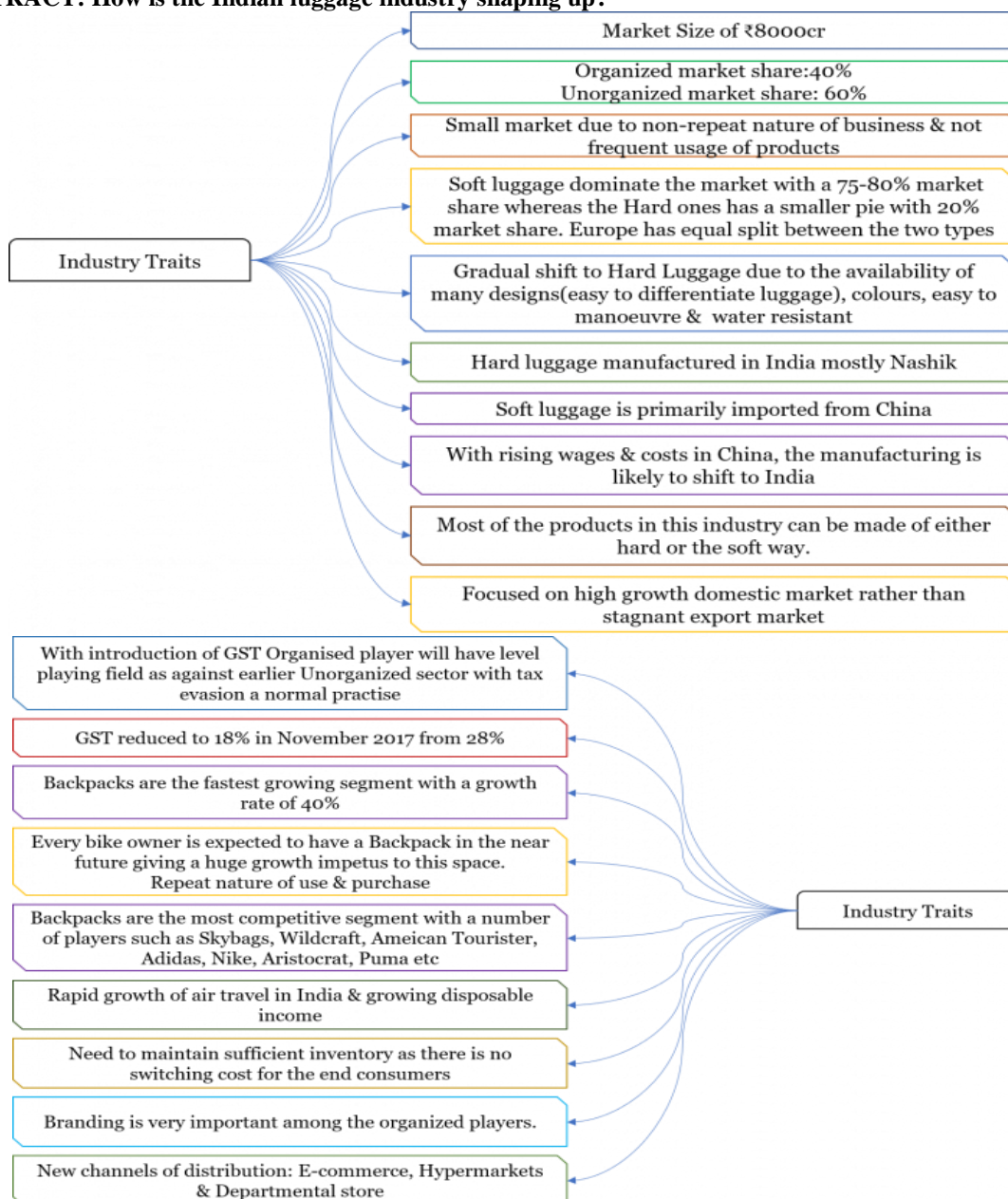
Prof. Sudhir Pasricha, Prof. (Dr.) G Kathuria, Dr. Istadeva Mishra

Asst. DEAN, AGBS Noida (Lead)
Director, AGBS Noida
Placement Manager, AGBS - Noida

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ABSTRACT: How is the Indian luggage industry shaping up?



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Indian branded luggage industry is poised for a brighter future owing to the changing lifestyle, increasing disposable income and growth of e-commerce. One of the biggest players, VIP industries is undoubtedly going to be a winner if it can maintain its market share. The face of the market is changing. With increasing thrust on travel and tourism, the demand for luggage has also increased. The increasing disposable income of the masses has made travel and tourism a part of their lifestyle. Consumers demanding branded product due to increase in disposable income is emerging to be an opportunity which companies like VIP industries can make most of. Luggage has now become a lifestyle product contrary to its earlier image of being a utility product. Going with the change in consumer demand, company like VIP Industries has realigned its product portfolio to meet the need of new demographics. The market for branded luggage is increasing but still almost two third of the market is unorganized. Positioning of the product plays important role in making sure that the branded industry grows. Educating consumers of the benefit of quality and feature of the product will be a game changer.

Realizing the potential of online marketplace companies like Samsonite increased its presence in all major e-commerce portals and it is been able to gain significantly in the online space. The online e-commerce has made it possible for the branded industry to make inroads in the unbranded segment of the market. Customers do not have luxury to touch and feel the products to be sure of its quality; this limitation of online marketplace is proving to be a boon for the branded luggage industry as the unbranded products are not able to win trust of the customers whereas branded products have a legacy of trust of durability and reliability. The introduction of GST has reduced the price difference to some extent. Small brands also have to comply with GST norms and pay equivalent taxes hence the cost difference has been mitigated. This makes brands like VIP an indirect beneficiary

VIP Industries: Since its inception in 1971 VIP Industries has been able to sell more than hundred million pieces around the world through its distribution infrastructure of more than 10,000 retail outlets and more than 1,300 retailers present across 27 countries. The company has been able to achieve this milestone with its exhaustive product portfolio which caters to the need of different sections with brands like Alfa, Aristocrat, VIP, Caprese, Corlton and Skybags. The Indian luggage sector is expected to grow at more than 8.3% in the next five years. Companies like VIP

industries is set to witness growth of at least 10% keeping in mind the old oligopolistic nature of organized luggage industry in India.

Challenges faced by VIP industries

- VIP Industries has earned a name for itself as a reliable Indian luggage brand with over 50% market share in India. It has certainly been a leader in the past many years but its product positioning has not been able to help VIP industries reach to the affluent new class.
- The image of being a reliable old Indian brand does not go down well with young population seeking stylish trendy solutions. It was extremely important that VIP should maintain its image of being a reliable Indian brand with sleek fashionable trendy options for young generation and luxurious lifestyle brand for emerging affluent class.
- VIP Industries had received consumer's appreciation in the hard luggage industry but the soft luggage could not win the same response by the consumers. The challenge was to establish itself in soft luggage space
- The perception of luggage in utilitarian sense has been diminishing; VIP Industries had to reposition its product portfolio in lifestyle category
- The leadership crisis for a short period in early 2015 was also a challenge which it had to deal with while fighting younger brands such as Samsonite, American Tourister.

In order to reach its customer with the desired value proposition, it is important for the companies to decode the demand of the customer in a distinct set of targeted result outcome. VIP industries had been able to establish a brand of reliability and trust in the hard luggage segment seeing the shift in demand it should be able to meet the demand of other customers as well and this has been achieved with segmentation and effective positioning of the product for each segment. VIP dealt with the issue with their six brands offering distinct value proposition

Dealing with challenges – Positioning: the way forward

- Alfa: Alfa has initially been reliable hard luggage brand of VIP which later on entered into soft luggage space. It is economical and entry product line. Alfa aims to dig deeper into unorganized luggage space. Alfa is for the market segment which seeks value for money. This brand is positioned in such a way that it utilizes the trust of the VIP and affordability of unbranded products. More than 60% of Indian

luggage industry still falls in the unorganized category which gives Alfa a huge untapped market share. This is the reason why Alfa has been able to gather more than 20% of market share and is growing with steady pace of more than 25%.

Competitor: Safari, Samsonite

Target Audience: Price sensitive, Large pool of customers of unbranded luggage industry

Brand association: Saif Ali Khan, Kareena Kapoor Khan & a child artist playing Taimur (for umbrella brand VIP)

- Aristocrat: Aristocrat is a brand which continued to provide quality backpacks from hard luggage to soft luggage over the years at a pocket friendly cost. This brand is reflection of the philosophy that quality doesn't always come with exorbitant price. Keeping pace with changing customer demand keeping the quality intact thereby banking value customer at an affordable price. The brand has been promoted by Rohit Sharma and R Ashwin with a tagline unpack you dream which is aimed towards individuals who are ambitious and constantly pursue their passion.

Competitor: American Tourister, Wildcraft

Target Audience: Price sensitive market with ambitious young who constantly peruse their dream

Brand association: Rohit Sharma and R Ashwin (2017)

- Skybags: Reliability with style, luggage brand that brings best-in-class functional feature which adds style statement to one's outlook. To add to the personality of the consumers Skybags was first to come up with printed polycarbonate backpacks. This stylish and trendy look of the product combined with the durability and aesthetics of VIP makes it a lucrative proposition for the buyer. The brand aims at reaching the middle class that looks for quality and style. The brand has roped in

Varun Dhawan to posing itself as young and stylish. This is aimed as rejuvenating brand as fresh and stylish against the perception of VIP being and old and aged brand.

Competitor: American Tourister

Target Audience: Middle income group with knack of style and

Brand association: Varun Dhawan

- Carlton: This brand is for new generation of affluent, audacious business men. The tagline 'The New Face of Business' clearly states the target market of ambitious, risk taking generation of new entrepreneurs. It celebrates the spirit of young entrepreneur who constantly strive for better quality by innovation and best in class manufacturing. The brand is not targeted to the masses. It's a niche product. In order to position itself as brand of entrepreneurs it has been promoting "The Venturators" a platform for entrepreneurs; and the legend speak which a digital property which talks about the life journey of young legends of startup industry.

Competitor: Louis Vuitton

Target Audience: Affluent and audacious business men

Brand association: Indirectly through startup entrepreneurs

- Caprese: Caprese is a high-end brand for urban women. The brand aims at delivering the aesthetics, sleek design and a fashion sense that echoes with free spirit. The brand is promoted by Alia Bhatt as a thing for tomorrow. Alia Bhatt brings with it the spirit of free woman and young soul.

Competitor: American Tourister, Louis Vuitton, Zara

Target Audience: High class, affluent young female

Brand association: Alia Bhatt

VIP as a Leading Brand:

| Strength | Weakness |
|---|---|
| <ul style="list-style-type: none"> • Brand equity with sizeable number of satisfied customers • Asia's largest and world's second largest player in the luggage industry • Efficient manufacturing facilities present across multiple locations • Exhaustive product range to suit demand in multiple segment | <ul style="list-style-type: none"> • Delayed response to changing market needs • Inability to come out of the enticement of the performing brand • Not being able to leverage e-commerce industry to the desired level |
| Opportunity | Threat |
| <ul style="list-style-type: none"> • Improving per capita income • Changing lifestyle with increasing thrust on travel and tourism • Large untapped rural market • Sizeable affluent class for luxury luggage segment • GST reduced price gap between unbranded and branded luggage | <ul style="list-style-type: none"> • Stiff competition from the existing competitors • Currency risk of fluctuating exchange rate in international market • Increasing cost of raw material in the hard luggage segment • Risk of foreign players entering Indian market. |

Conclusion: Positioning of is brand of VIP has helped this discriminate from the other. The strategic positioning of each brand helps VIP cater to the very demand of the each of the segment. Which such brand positioning the organization is take care of the distinct need of each of the market segment which would otherwise be difficult. One of the biggest challenges that VIP Industries was facing was being perceived as an old Indian brand, the strategic positioning of Skybags, Caprese and Carlton hair band company come out of that perception and be youthful energetic and vibrate brand. Adding of soft luggage to the product portfolio of VIP industries is another such steps which enabled the organisation come out of its earliest type of being hard luggage. Brands like Caprese and Carlton has helped VIP affluent new class of businessman and young entrepreneurs. This made the brand richer by making VIP available we went to a nice class of rich households. Taking the steps forward VIP made the brands available with major E-Commerce players which have did tap the tech savvy customers of Young India.

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