

A Case Study on Market Potential of Okaya Batteries in Delhi & NCR

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Abstract

Major objectives of the study are, to study and analyze the market potential for OKAYA batteries in Delhi & NCR. So survey has been conducted on the sample of 80 dealers, which is to identify the weakness & strength of product sales & to facilitate the solutions to the core sales problems & to provide the idea of improvement & to know about the satisfaction level of retailers.

For this study researcher opted for primary research tool which is a questionnaire, consisting 10 open ended questions. The total numbers of respondents studied were 80 dealers. Throughout this study, the main dealers of OKAYA batteries were approached and their responses were collected. All the questions were open ended as respondents were given a choice to answer all the questions the way they wanted. It was found that most of the dealers were in a very satisfactory position selling OKAYA's products but was not satisfied with the amount of selling schemes of OKAYA. But, the distribution channel must be strong and well circulated so that it can cover each and every remote location.

Keywords: Okaya power, Battery Industries, Prices,Economy.

Introduction

Battery Market in India

The battery market in India has always moved upwards,and the same is expected in the coming years. The growth have been much better in previous some years because of various reasons such as increase in the awareness of solar power, the automation sector has grown tremendously in India, and there have been huge export oriented units been set. The battery marketed which is currently at \$50 US billion globally is expected to grow at 6% annually (http://battery university.com). As the environmental issues are arising now a day the same has let down the battery market of china and has automatically boosted the Indian battery market. So the demand of battery markets have increased and the Indian export oriented units are enjoying this change.

The lead acid storage battery demand has grown by around 25% in past years and currently it has become a market worth

\$3billion. This is indicating that battery market in India has grown rapidly, be it organized or unorganized market.

Increasing Demand of Batteries

The battery market (Sen, S., 2012)has not only grown due to the automotive sector, as automotive is just a small unit of B2B for the battery companies. The significant changes in the demand have been due to railways, telecom, and various other industrializations.

There are various parts of our country which are suffering from huge power shortage, which has driven the demands for inverters drastically. And with the type of function the government is doing in our country it is not coming down easily. There are various businesses that generate business for battery markets like banking, insurance, IT, telecom and various others as whatever business is running at the end of the day they require power supply for their easy functioning. The wind and

solar energy savings has increased drastically so has the demand of energy storing batteries.

Besides these uses, newer product applications are emerging every day. Says Sunil Bhatnagar, director, marketing, Artheon Electronics Ltd, “Some other important applications of SMF batteries are in the traction sector, in material handling applications in food industries, in the pharmaceutical industry, textile industry, etc., where a clean environment is required in the manufacturing facility.” Adds Girish Arora, chairman and managing director, Base Corporation, “A shift from the unorganized to organized sector is also a key growth driver. Besides, the advent of VRLA applications amongst bulk users is building up the necessary demand. The telecom market is also picking up, with many new cell phone towers coming up in India. This will lead to a jump in the demand for batteries.”

As puts Avnish Arora, “The continuous growth in the battery market can be attributed to the growth in the inverter market, new business opportunities in non-grid areas, and the large-scale generation of renewable energy.”

Current Scenario

There are huge completions in various battery manufacturers which has given the customers the benefit to choose among the same. There has been growth in various sectors which are related to the battery market, so it has forced the growth into the battery markets (Sen, S., 2012).

“Battery manufacturers are doing everything possible to capitalize on the opportunities that the inverter segment is offering. Efficient logistics, competitive pricing, aggressive after sales service and a good product, backed by a long warranty period are the focus,” says Girish Arora.

According to Kunwer Sachdev, managing director, Su-Kam Power Systems, the market is clearly shifting from the existing flat plate technology to tubular plate technology for longer power backup and longer life of the battery, which are required in the Indian environmental conditions.

According to Rajesh Gupta, batteries with higher Ah and higher warranty period are more in demand. Adds Sunil Bhatnagar, “The market for small lead acid batteries is currently growing as most of the CFL applications are now being shifted to LED products and this generates a requirement for small batteries.”

Price Drifts

About 60-70% of the battery cost if from lead. so the cost of batteries majorly depends on the cost of lead, which fluctuates highly due to its non-availability and high amounts to be paid to

avail it. So indirectly or directly the battery prices are covered by London Metal Exchange and also the dollar rate .this becomes the major reason for the drifts in the prices of batteries.

“There has been about 15-20 per cent increase in battery prices in the last 12 months. Taking positive cues from the global markets, lead prices today edged up by 0.10 per cent to Rs 109.40 per kg,” informs KunwerSachdev.

“Buyers generally compare prices of batteries manufactured in India with those made in China. In India, we do not have any AGM separator manufacturer, so this has to be imported. The ABS container also needs to be imported. So the Indian battery prices are generally 5-6 per cent higher than that of the Chinese products,” explains Sunil Bhatnagar. “But I would suggest that buyers should not just get lured by low price of the imported batteries, but should remember that Indian batteries comply with the specifications of the Bureau of Indian Standards (BIS). These products go through all the required tests,” he adds.

Till the time the government of India formulates the proper norms on price of lead, the manufactures from India will keep on suffering by the unfair advantages by low cost batteries dumped by China battery manufacturers. The import has becomes cheaper than producing but the same problem can be sought by producing high quantities.

Technological Changes

New advances like Bi-Polar batteries and LiFePO4 are rising internationally. LiFePo4 batteries are accessible in the Indian market through imports however they are exceptionally costly contrasted with lead corrosive batteries. Bi-Polar batteries, then again, appear to be intensely valued; opposite lead corrosive batteries however they would be accessible in India just by 2015-16.

Despite the emergence of these new technologies, which are still at a very nascent stage, demand for tubular batteries is growing as government programs require a five year warranty on batteries, and this warranty can be offered only with tubular batteries, say experts. “Lead acid batteries have been proven over decades and are the most cost effective batteries. In commercial use, it is difficult to replace lead acid batteries with new technologies,” says Sunil Bhatnagar.

Up Comings in the Battery Market

The battery manufacturers are hoping like every year that the demand in their industry will be on a growing side, and the coming year 2016 will do wonders for them. OKAYA is expected

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to do better this year as Exide has somehow managed to spoil its market image by not satisfying the customers the way it used to. As from the last two years exide has produced the products which do not match the quality standards of exide.

According to GirishArora, the market is expected to remain buoyant and the natural erosion of the unorganized sector will further help the organized segment. “We believe that 2016 will be a good year and, therefore, continue to invest in increasing capacities.

Company Profile

OKAYA Power Ltd. produces batteries for industrial and domestic utilities. It offers inverter batteries; and VRLA batteries for telecommunication and power equipment, emergency lighting equipment, fire alarm and security systems, office computers and other office automation equipment, and UPS systems; and volt cells. The company also provides solar batteries for solar street lights, solar house lights, solar rural electrification, solar power generation stations, solar PV modules, and other solar applications. In addition, it offers other batteries, including railway, telecom, automobile, and battle tank batteries. The company sells its products through a network of dealers and distributors in India. OKAYA Power Ltd. was incorporated in 1987 and is based in New Delhi, India.

They have 9 well planned world class manufacturing facilities spread over 1693,990 sq. ft. We use Japanese Technology and are equipped with the latest, sophisticated & state of the art machinery, imported from over 10 different countries.OKAYA power has steered a revolution that redefines quality with a team of 17 researchers and scholars, conducting 42 types of tests to double product life in every condition. Our secret to this quality is working with the best in the industry.

OKAYA Power Group produces complete range of batteries under the brand names of OKAYA, Mtepower & Digipower for

inverter batteries, OKAYAWheelz for Automotive Batteries, OKAYA Solar for Solar Photovoltaic applications, OKAYA SMF for Line interactive UPS & Online UPS &OKAYA E Rickshaw for E Rickshaw. OKAYA moves beyond technology and forays into health-care segment with a promise that the water we purify is reliable and safe because Every drop matters!.....Nasaka pioneered the Minjet Technology in India that adds essential minerals to water protecting you and your family.. Caring for the minutest detail yet never losing sight for the big picture Nasaka treats numerous water conditions through its wide range of Japanese technology water purifiers.

Problem Identification

Case study is to analyze the market potential for OKAYA batteries in Delhi & NCR, therefore, following objectives were formulated:

- To identify the weakness & strength of product sales.
- To facilitate the solutions to the core sales problems.
- To provide the idea of improvement
- To know about the satisfaction level of retailers.

Method

The research design used for the objectives of study is descriptive. Both primary and secondary sources of data were used for the collection of information. Secondary sources include various websites, whereas a questionnaire was used as primary source for data. A questionnaire with 10 statements was prepared and administered to 80 respondents (including all the major dealers or retailers working for OKAYA batteries). These respondents were chosen carefully so as to gather information relevant with objectives. The survey was conducted to obtain data from individuals about the potential of OKAYA batteries and their understanding of the subjects discussed above.

Data Analysis and Interpretations

3.	Suggest changes that would improve our product.	Warranty	Price	Range of products	Scrap weight	Others	
		16.25	65	7.5	10		
4.	According to you what is our USP.	After sale services		Durability	Warranty	Price	
		46.25		28.75	11.25	1.25	
5.	What do you like most about competing products available from other brands?	After sale services		Durability	Warranty	Price	
		6.25		12.5	28.75	52.5	
6.	How important is price to you when choosing this type of company?	Not much		Neutral		Quite a lot	
		2.5		2.5		95	
7.	Overall are you satisfied with your experience selling our product?	Not much		Neutral		Quite a lot	
		13.75		66.25		20	
8.	Are you satisfied with the schemes being provided to you.	Not much		Neutral		Quite a lot	
		57.5		26.25		16.25	
9.	Which battery model of other brand better in comparison to the brand of Okay	Exide Invared		Luminous 135Ah	Su-kam 135Ah	Exide Invaplus	Others
		21.25		18.75	15	35	10

It seems most of respondents; prefer Exide batteries over other brands. As it’s one of the oldest and trusted brands in the market OKAYA has a good brand image but it will take time to reach them at that level. On the other hand Su-kam is doing well in the market as the prices are very smartly kept by them. Luminous is growing very well under the ownership of Mr. Mehta and using Sachin Tendulkar as a brand ambassador very smartly. Amaron has only made its presence felt in car battery segment. There are many players in the market now and with very tough competition there are very less new entries. It seems that battery of 135 Ah is in demand because this battery is less costly than 150 Ah and also more efficient. On the other hand the middle class requirements are mainly satisfied with this size of battery. When talked about the long run use of this battery is common as the power cut is also less and this battery is cheap and easy to handle. The maintenance of this battery is very easy as is only requires checkup only once a year. Also there are two more commonly known variants in the market which are 35Ah and 70Ah ,these are mainly used in car so demand is very less in comparison and after the law which can be passed soon regarding the vehicles which can be owned of only 10 years the demand of them is more likely to decrease.

It could be said that, changes are to be made specifically in the pricing section to improve the product. As the offering made by their product is slightly expensive than their competitors, And customers a cheaper product like Su-kam and some products of Exide as well. There are different changes suggested by different dealers when asked about, price is most common factor talked about but the other factors like scrap weight, warrantee period, and credit period cannot be ignored as scrap weight is highly considered by big and small battery dealers as it increases their income in the season time when they sell the batteries for scrap. Warranty and credit period in demand of less dealers but still a demand that can be considered by the company to increase the sales of the products.

As likely, after sale services are OKAYA’s USP. OKAYA is the market leader in after sale services section. Other brands are still not able to match the standard set by OKAYA. When talked about the durability of the product OKAYA has met the expectations of the customer and also changed the batteries free of cost when they have lacked in same area. Warranty being provided and prices which are set are also known as companies

USP but these two factors are more related with Exide and su-kam respectively.

Exide has become a brand name which is sufficient to sell the product it provides margins commitment and various other things to the customer .i.e., Customers prefer Exide. OKAYA is mainly able to sell its products in Delhi & NCR because of Microtech which is a subsidiary company and a market leader in the segment. Every product in the market has its own competency like luminous has done so much of publicity of its product that customer demands for that product directly. Amaron have started offering 24*7 services which has now become their competency. Su-kam prices are so low that when the customer wants to buy a cheap product he directly goes for Su-kam. After sale services is the main factor now a day's which is being targeted by all the companies, and when we talk about durability and price together they become two different ways and companies choose mainly durability, but Su-kam has chosen the price reduction technique compromising their quality which is thought will harm them in long run but is giving high profits to them.

As likely, price is the biggest factor while choosing a company. As customer now days in the product which are more efficient and most reliable at the cheapest price. Whenever a middle class man goes to the market and as for the product he wants the cheapest product with a brand name attached to that product. So in this area Su-kam has managed to price its product so low that it has captured a good market share in less time. While others are not considering this factor and are increasing their prices every season. The price has become such a big factor as when we talk about how a brand can increase their market share the first answer which comes into everyone's mind is price, everyone in the market the lowest price and the best quality which is practically not possible.

Most of the dealers find themselves in a very satisfactory position selling OKAYA's products. As OKAYA too is establish brand name in the eyes of customers and dealers. And in spite not being a leader in the market it has able to position itself in the minds of customers. Okaya has developed a relation with all its dealers and treat them like a family. As the owner Mr.Gupta has a personal touch with all the dealers, and gifts on all festival are sent and frequent parties are organized for all the dealers. There is actually no problem with the company currently but the situations can be improved.

Most of the dealers are not much satisfied with the amount of selling schemes of OKAYA. As when the schemes are provided to the dealers the prices of the product increases. And the schemes which are provided are for very less tenure. Exide on

the other hand has managed the scheme system very nicely as when talked to the dealers of Okaya they give the example of Exide schemes. The scheme which is provided by Exide does have a bigger time period to fulfill the scheme as compared to Okaya and the prices don't change when the scheme is added. The offerings which are made by Exide are also much better then Okaya which concludes that Okaya is not able to provide the schemes which are expected out of them.

According to Respondents, price reduction is the key for OKAYA to increase its sales. As most customers feel price to be the most determent factor while choosing the product. OKAYA need to marginally change the prices of their product to increase their sales revenue.

According to respondents Exide-Invapplus, luminous, su-kam135ah and many others is compared to OAKYA. When the comparison is with Exide models, that time the customer is only considering the brand name, but when compared to other brands the customers focus shifts towards the cheaper product, customer has become very smart now days he compares the prices of the product from different companies and even from different dealers. So when he makes the final purchase that time whichever model is given at the least price and at maximum warranty the becomes the final purchase for the customer. Luminous batteries are compared as they provide almost same segment of batteries with the price difference of 10%, and Exide prices its product at almost same range with the price difference of only Rs100-200only, their Ah of battery is different but they don't mention on the battery.

Suggestions

- The company has to create strong brand awareness by continuous process in remote areas like North Bengal to achieve high growth.
- The distribution channel must be strong and well circulated so that it can cover each and every remote location.
- Product availability from the nearest dealer or retailer.
- Regular company or dealer visits to the garages so that it can decrease the gap between customer and the company.
- Distributor or retailer should give more attractive discount and credit to the garages.
- Strong after sales service to be provided by the dealer towards the end users.
- Quick replacement facility in case of warranty and provide service battery in case of emergency.
- Arrange service camp and provide training session for the garage mechanics by the company technician.
- Banners and wall paint should be done to the garages according to their potential for promotion and customer

awareness.

- It will be good if company arrange a monthly meeting with the garage owners.
- Gifts like t-shirt, caps, towel with company logo for the garage mechanics can insist them to recommend OKAYA battery and also it will help in promotion to some extent.
- Company tie up with the automobile company at the time of manufacture of the vehicle.

Conclusion

Now it is concluded that most of the respondents prefer Exide over other brands, when it comes to car and inverter batteries. It could be easily said that, changes are to be made specifically in the pricing section to improve the product; battery of 135 Ah is one of the most demanded products. As likely, after sale services are OKAYA's USP. OKAYA's competitors provide products at better price & as likely, price is the biggest factor while choosing a company. Most of the dealers were in a very satisfactory position selling OKAYA's products but was not satisfied with the amount of selling schemes of OKAYA. Price reduction may prove to be the key for OKAYA to increase its sales

or revenue and to establish a better state in the current market. OKAYA needs to make certain changes into sales policies especially in the prices they offer to their customer.

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