

Industry Analysis of the Stationary Sector in India: A Market Acceptance Study

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Abstract

The writing instruments market in India is a very lucrative market for various brands worldwide simply because of its sheer size. This market is estimated at 1600 to 2400 mn pieces a year and Rs 22 bn in value. A number of Indian as well as International players are in the race to tap this market to the fullest.

This paper is the result of a through field study done over a period of 11 months. Most of the data in this paper comes from primary sources that include consumer surveys, retail surveys, lab experiments and expert opinions. The research Methodology is detailed in subsequent chapters.

This study primarily aims at mapping the Indian stationary market to achieve its objectives. Objectives that include gauging market from a macro perspective, analyzing the brand preferences, the consumer buying behavior, retailer BTL activities etc. The ultimate objective of the study is to study the user acceptance of various parameters by mapping this market.

This Research Paper is aimed at presenting the findings of a thorough primary and secondary work done to explore the market acceptance for a new entrant. Also, this study throws light on the Consumer behavior and retail (POP) factor for writing instruments industry.

Objectives of the project:

Major objectives of the project are as follows.

- To study the overall writing instruments market (Market Overview, Market Size, Market Share)
- Gauge the saturation levels and user acceptance in this sector
- Competitor analysis
- To gauge promotion and distribution strategies
- To analyse the retail market inclusive of office supplies
- To study the consumer tastes & preference
- Analysis of key supply-side and demand trends
- Detailed segmentation of international and local products
- Historic volumes and values, company and brand market shares

The findings of this research are aimed at providing a thorough insight into the stationary market in India which can be used by various manufacturers/brands rather than establishing a relationship amongst variables. The data and findings with respect to the consumer surveys, retailer surveys and expert opinions are tabulated in form of charts and graphs.

Keywords: Stationary; Writing instruments; POPs; E purchase; Marketing Mix; Retailing; Benchmarking; Multi criteria Decision making; Electre1 Model

Introduction

The market for writing instruments in India is estimated at 1600 to 2400 million pieces a year. The total market for writing instruments is

estimated at Rs 22 billion in value and is growing at around 8 to 10% annually. The informal sector's contribution to the market is placed at over Rs 6.6 billion or 30% of the total market by value and 65% by quantum. While by numbers the low-end market accounts for 90%, the premium and top-end segment accounts for less than a percent. The balance is accounted for by the moderately priced mid-priced products [1].

The Writing Instruments sector today has become more of thinking process of new fads and development as this is considered to be the only key to its progress. A sector which was once a prerogative of a few has today become a highly cluttered market. Even though in today's advanced age where internet and cell phones dominate the market still there is no substitute for writing instruments. Where every other industry has grown this industry has also not restricted to growth. This industry is growing at 8% to 10% p.a.

Major Indian players in the ballpoint pen market are Cello, Lexi, Reynolds, Luxor, Flair, Montex, Todays, Linc and so on. Out of these, Cello, Lexi and Reynolds have a major share of the market. Cello has a wide range of pens that cater to the needs of all types of consumers. Within Cello, Cello Gripper is the one that sells the most. Other ones are Maxwriter, Technotip, Pinpoint, Finegrip, Trica, etc.. Lexi 5 is the bestselling brand from Lexi. Its Rs 5/- MRP makes it one of the most desired brands among the consumers. Reynolds, too, has a substantial share of the market. Reynolds 045, 040, Jetter are the ones that are doing well for Reynolds, with 045 selling the most.

An average monthly sale of a retailer in Mumbai ranges between Rs 1 – Rs 5000. However, it varies from A Class to C Class outlets. Major BTL promotions in these outlets include posters, dispensers, danglers, wobblers, banners, dealer boards etc.. Out of the total pens sold in an outlet, 75% are of blue ink and 23% are of black ink. Moreover, fine impression constitutes 66% of the market and bold impression constitutes 34%.

Pen is a commodity product. Hence, price becomes an important differentiator. Price is an important attribute that influences buying decision. Consumers too, rank price as second most important attribute when choosing a pen, the first being colour of the ink. Third and fourth places go to brand name and looks respectively. One can easily infer that brand loyalty is low in this category. This is also supported by the fact that majority of the consumers buy another pen in case their desired brand is not available at the retailer. Also, majority of the consumers do not remember any communication of the brand they use. This shows that there is a very low consumer involvement. Thus, ATL promotion is not as effective. Impulse purchase is high in this category. Thus, BTL promotion should be more focused on.

Brand presence at the retail counter too, is imperative. Availability and visibility at the counter is the key. Retailer push decides the fate of many brands. Hence, trade promotion occupies a very important position. Schemes like 1 unit free on purchasing 10 units are common. Other things that are offered to retailers include quantity purchase schemes, free movie tickets etc.. Apart from this, some brands like Cello give margins as high as 40% on MRP to the retailers [2].

Methodology

The above objectives were achieved by an exploratory research. The research consisted of both primary and secondary study. The primary data collection was achieved by interviewing the retailers and the consumers. The interviews were conducted through one to one structured questionnaire administration. In Table 1 and 2, Sample size of consumers and retailers are shown.

Secondary data was collected from various sources including CMIE (Centre for Monitoring of Indian Economy) reports, industry journals, magazines, articles and industry websites. Geographical coverage for the primary data collection was Mumbai city.

	Total	A Class	B Class	C Class
Sample size	500	130	250	120

Table 1: Sample size (retailers).

	Total	Scholastic	Teens	Adults
Sample size	300	80	120	100

Table 2: Sample size (consumers).

Sample:

To determine the sample size the following formula would be used

$$n = \frac{z^2 p q}{e^2}$$

n = the required sample size

p = the desired maximum discrepancy (i.e. ± 5%)

π = the population proportion

z = corresponds to the appropriate z value from the normal distribution for the desired confidence interval,

for 95% confidence interval = 1.96

for 99% confidence interval = 2.58

Since the population proportion (π) is not known some estimate or range of estimates is required.

So if believe population proportion is about 50% and wish 95% confidence intervals which will be no more than ± 5% of true population proportion,

$$n = \frac{(1.96/0.05)^2 \cdot 0.5(1-0.5)}{0.05} = 384$$

The required sample size will increase if more precise estimates are required. (i.e. ± 2% would require 2401 subjects) or if a 99% confidence interval is desired [3].

The sample size will also change depending on the population proportion as shown in the Table 3 below.

Population Proportion	95% Confidence Interval	99% Confidence Interval
0.01	15 !!	
0.1	138	239
0.25	288	499
0.5	384	666
0.75	288	499
0.9	138	239

Table 3: Sample Size Required for ± 5%.

Two things can be seen from the table. First is that the sample size will be largest when the estimated population proportion is closest to 50%. Second is that the formula does not work for very small (or very large) proportions. As a general rule Writing an Effective Research Proposal 28 of thumb, the sample size multiplied by the estimated population proportion should be at least 5. If it is smaller than advice

from a statistician should be sought for calculating the necessary sample size.

For example, $15^* 0.01=0.15$.

In the sample size section, the investigator should provide the numbers that were used in calculating the sample size.

SIZE: (Total 300) ---- Consumers

(Total 500) ----- Retailers & Distributors

The research would comprise of probability sampling. The samples will be segregated in strata. A equal number of samples will be selected from each strata to form the final cluster. In this sense it would be a combination of Stratified and Random Sampling.

Data Collection

Data Collection will comprises of majorly primary means. It makes use of field surveys (Consumer & Retailer), Lab experiments and expert opinions. It also makes use of secondary means for data collection [4].

Publications, books, journals etc would form a part of secondary data collected.

Ho: There is complete saturation for the writing instruments market in India.

H1: There is an arena for the acceptance of new players in the writing instruments market in India.

The Indian market for Writing Instruments is huge. It consists of consumers belonging to various classes and categories who respond differently to various stimuli. The findings of the research throw light on how various brands have garnered their share in a cluttered market, consumer's purchase behavior to marketing stimuli, attributes adopted by marketer's to get their share etc. The findings confirm the alternate hypothesis and stress upon the fact that there is enough acceptance for new players in this market provided they do a correct Market Mapping. This paper thrives on a massive primary data based market mapping done for the Indian market.

Literature Review

Saunak Das (2012) conducted a study on Study of Marketing Mix & Penetration, Consumer Buying Behavior, Effectiveness of Exclusive Business Outlet in Indian Pen Industry. He mentions that there is a strong correlation between the demographic profile of the consumer and his purchase behavior. He mentions the marketing mix strategies that the companies adopt for varied consumer profiles.

Anurag Kumar (2013) surveys the Indian Stationary Market from an entrepreneurial point of view. He mentions that there is quite scope of development for stationary market in India. His work clearly emphasizes on the feasibility and the growth of this industry.

Kirubaap (2013) conducted an empirical study on the stationary industry in India majorly from a consumer brand association point of view. He carries out a thorough segmentation and formulates brand association vis-à-vis these segmentation.

There have been a limited number of studies conducted for this market. Most of them focus on the marketers strategies and marketing mix. This study provides a logical continuation by providing insights pertaining to the consumer's end. It conducts a thorough market

mapping by way of primary research conducted at India's major metros.

Market Overview

Writing instruments industry data

With the opening up of the economy, the top, and not only premium products, entered the market while high priced ones are being sold in small, unassuming stores. You think of any global brand and its here. These include designer and status symbol pens, be it Parker, Mont Blanc, Cartier [5].

The global market for writing instruments is estimated at Rs 50000 cr per annum. However, the Indian market is much lower in comparison. The market for writing instruments in India is estimated at 1200 mn to 1400mn pieces a year. By value, the total market for writing instruments is estimated at Rs.22 bn and is growing at 8% to 10% annually. Thus, India's share is just 4% of the global market. In comparison, China's share is around 10%. The Indian pen manufacturers are exporting part of their output.

The unorganised sector's contribution to the market is placed at Rs. 5 bn or 25% of the total market by value. The contribution of the organized market is Rs 1500 cr or 75% of the total market as shown in Table 4.

Segment	Share (%)
Organized	75
Unorganized	25

Table 4: The organized and unorganized markets.

Total Pens Market (1500 cr)		
Rs 15 & LESS 60%	Rs 15-100, 25%	Rs 100 & more, 15%
Rs 900 cr	Rs 375 cr	Rs 225 cr

Table 5: Total pens market.

Type	Share (%)
Ball pens	62
Gel/roller pens	22
Mechanical pencils	3
Premium pencils	2
Fountain pens	3
Others	8

Table 6: Type of pens and percentage of shares.

Pens costing Rs 15 & less account for 60% of the market. In value terms this share is Rs 900 cr. A major share of this segment is held by pens costing Rs 5 & less. Rs 15 – Rs 100 priced pens constitute 25% of the market – in value it is Rs 375 cr. Premium pens (Rs 100 & above) constitute 15% of the market. This comes to RS 225 CR. The above details are shown in Tables 5 and 6.

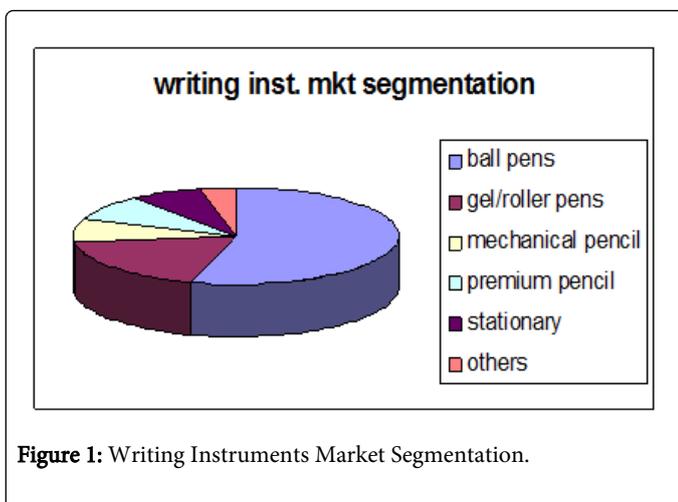


Figure 1: Writing Instruments Market Segmentation.

The ball pens market is about 62% of the total writing instruments market. It can be observed in Figure 1. Out of this 75% is organized and 25% is unorganized. The growth rates reached the peak in 1997-2001. The growth rates during this period were about 10.8% but since then the growth rates have declined to about 8% [6].

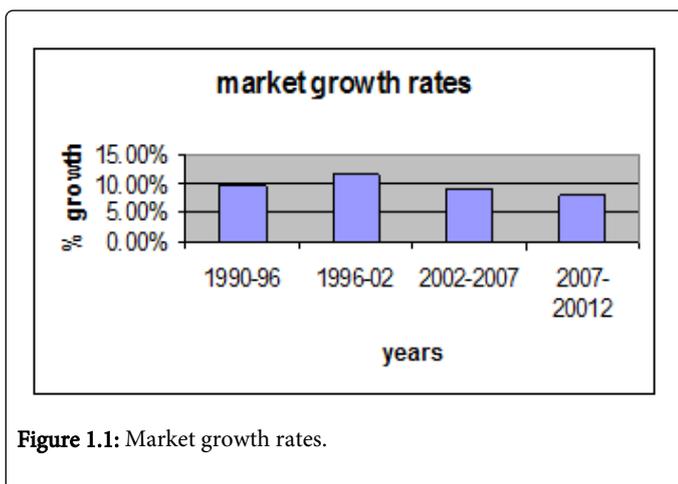


Figure 1.1: Market growth rates.

About 60% of the revenues of the pen industry come from pens with a price range of up to Rs.15. A small percentage of pens are priced in the range of Rs.100 to Rs. 300 and miniscule of the market is contributed by the super-premium segment in which the price tag goes to as high as Rs. 100000 while the market for lower price range (up to Rs. 15) is growing at a rate of 8% to 10% annually. There is, nevertheless, in the recent period a price up gradation in the evidence at the low end. As the market is developing in the new ambience, the products are getting upgraded. Figure 1.1 shows Market growth rates [7].

The market is basically segmented into those required by

- Scholastic (primary & secondary school going)
- Adolescent (graduate, post graduate , professional courses)
- Frequent users (in offices, commercial and public establishments)
- Occasional users (like a multitude of housewives and literate manual workers)
- Professional

While taking into account these segments, India's literacy rate should be kept at the back of one's mind. In India's case many of the above segments are too small to be catered to. The usage norms differ from function to function; even as it does from one person to another, and certainly from one segment to another. The students account for 55 to 60% of the off take followed by executives at 20-25% and other multilevel users accounting for 15-20% of the market.

The use of computers and advanced telecommunication equipment is reducing the usage of writing instruments. As a consequence, while rising literacy levels and economic activity (with a high growth rate) should increase the demand phenomenally, the increase will be limited and will remain moderate.

Major players

The major players in India include Linc pen & plastics, GM Pens International, Flair pen, today's writing products, Rotomac pens, Add pens India, Schefield, Stic pens, Cello, Luxar writing instruments, Montex and Lexi international [8].

The 50:50 joint venture of flair and rotomac has entered into a technical collaboration with Pentel corporation of Japan to form the Indo-Japan pen manufacturing company. It will manufacture pens in the range of Rs. 15 to Rs. 115 under Pentel brand. It is for the first time that Pentel has entered into collaboration with any company outside Japan. It has twenty fully owned subsidiaries the world over, and six factories in France, Taiwan, china, Uruguay and US. It sells pens in 104 countries. The Japanese principals may also start outsourcing components from India since the costs are much less here. This is quite understandable as pentel is finding it difficult to carry on manufacturing in Japan at viable costs [9].

Flair pens had introduced Flair sporty---a range of plastic pens including ball points, gel ink, roller, micro tip and sketch pens. German soft ink (used for the first time in plastic pens) and 0.5mm extra fine swiss tip is a common feature of all flair sporty pens to ensure smooth flow. Packed in trendy green and yellow, flair sporty range comprises fashion, cyclone ball pens, micro ball and trio pen sets, in metallic, pastel and fluorescent colours.

Gillette, owner of parker pens, seems to have decided to make India its export hub, as the cost of production is the lowest in India compared to other countries. It is preparing to launch its premium range of pens 'waterman' in India. Gillette is selling its 50% holding in Luxar writing instruments to Newell Rubbermaid of the US as part of the latter's global takeover of the stationery products group of Gillette Company. Newell Rubbermaid is also buying out Gillette's equity shareholding in two smaller manufacturers---LP pens and Hi-Line pens.

The JV between Luxar and Gillette has brought a host of international brands. Luxor has ventured into the arena of customized pens. Its clientele include BPCL, HLL, Dabur, AmEx, HP, ICICI, McDonald, Wipro, LML, Samsung, Gillette, Ranbaxy and LG. Corporate gift segment in India is said to be worth a billion, growing at 15%. There is a 50% export obligation for manufacture of writing instruments for luxar [10].

Linc had targeted turnover of Rs. 800 mn at the end of 2000-01. Elaborate plans included launching of at least one new product every quarter, launch of other stationary products by following the existing distribution channels, and via capacity expansion, greater exploration of export possibilities.

The company plans to increase exports two-fold in 2001-02 from the year's level of Rs. 35 mn and expects corporate sales to double. In the domestic market the company targets a sale of 4000,000 a day from the existing 150,000 pieces. As part of its cost cutting exercise, a machine was imported from Switzerland to bring down costs by 25%. The recently launched Tip Top pens were selling at the rate of 3 mn a month. The company launched Uniball-165 eye needle point, a roller pen. The UB-165 is available in blue, black and red ink colour and is priced Rs.45/-.

Modi senator (India), a 50:50 joint venture between the UK Modi group and Merz & Krell of Germany launched its Senator range of writing instruments. The company has introduced 13 models in the ball pen range. All are available in different colour combinations. In the second phase, the entire Senator range, including metal body ball pens, fountain pens and markers will be offered to the Indian consumers through retail outlets.

Add pens, with its tie up with ohto of Japan and Donga of Korea is a Rs.1080 mn company in the writing instruments segments. Add Gel is emerging as a prominent brand in the industry with Add Rolled Gold, PG-500, Add Diamond Roller gaining prominence in the market place. In fact the company, has emerged as the largest manufacturer of gel based pens in India. Add Gel Achiever is its latest offering [11].

Today's Writing Products, a Rs. 620 mn company in a tie up with Mon Ami of Korea has some 50 models in the market. The break up of its product portfolio includes ball pens (60%), mechanical pens (9%), premium pens (9%), stationary (8%), gel pens and roller pens (20%). Other sundry items make up for the remaining 4% of the inventory of its product range. Today's Lee Kushboo and stepney pens have been some of its prominent products. The latest is Liquid Express, receiving high profile media campaigning. Today's climate control pen claims to have a special climate controlled German ink which can perform in all kinds of climates ranging from extreme cold to blazing hot temperatures [12].

On the premium segment, Parker, the ever popular and highly admired pen, had introduced its Sonnet range with prices starting from Rs 800 and ending way upto Rs 7500. Cartiers' pantherline with its Must I and Must II brands also had made token entries at price tags ranging between Rs 7000 and Rs 32000. Mont Blanc, Pierre Cardin and Cara D'Ache are functional (with gold nibs and silver or platinum bodies) and works of art or jewellery (with diamond studded clips). Mont Banc price ranges from Rs 5000 to a staggering Rs 450000.

The global brands have found their way into the Indian market either through distribution tie ups or have entered into manufacturing arrangements with Indian producers. Pierre Cardin has a marketing & manufacturing tie up with flair pens. Parker had a 50:50 joint venture between Gillette and Luxar Pen co.

Carab D'Ache, the well known swiss brand, has a marketing tie up with Mumbai based trading house, Sigem. Likewise, Ravissant Boutique has been roped in by Cartier as its exclusive licensee in India. It proposes to launch its own boutique in Mumbai and then move on to other regions. Mont Blanc, the german major, has a tie up with Rajkot based Entrack group for distribution in India.

A big gain of the opening up of the market and product improvement (also brand building) has been the expansion in exports while the domestic market is impacted by imports. The exports have been increasing steeply. Another big change is the relative contraction

of the small and informal producers which thrived under protection policy for the small scale sector.

Writing instruments

Table 7 shows year and mn no.

Year	mn no.
1990-91	365
1991-92	395
1992-93	430
1993-94	475
1994-95	520
1995-96	570
1996-97	625
1997-98	695
1998-99	775
1999-00	860
2000-01	960
2001-02	1046
2002-03	1138
2003-04	1236
2004-05	1340
2005-06	1450
2006-07	1522
2007-08	1635
2008-09	1750
2009-10	1860
2010-11	1974
2011-12	2010
2012-13	2248
2013-14	2397
2014-15	2490

Table 7: Demand : Past & Future (NCAER 2013).

Retail Survey Analysis

The categorization was as follows: A Class-10, B Class-76, C Class-122. The retailers were probed based on a one to one structured questionnaire interview. The results of the survey are depicted in the following Figure 1.2.

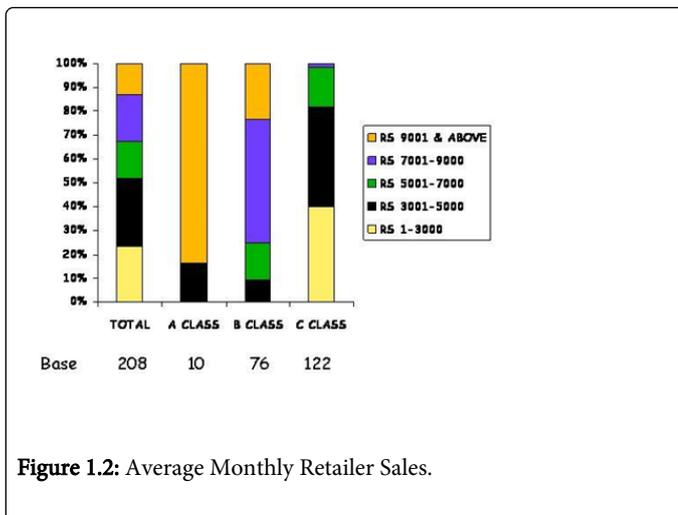


Figure 1.2: Average Monthly Retailer Sales.

If all retailers are taken into account, majority of them sell pens worth Rs 3000 – Rs 5000 & Re 1 – Rs 3000 per month. However, the A Class retailers sell more than Rs 9000 per month. Avg. sales of a B class retailer range between Rs 7000 – Rs 9000 per month. Avg. sales of a C Class retailer range between Re 1 – Rs 5000 shown in Figure 1.3.

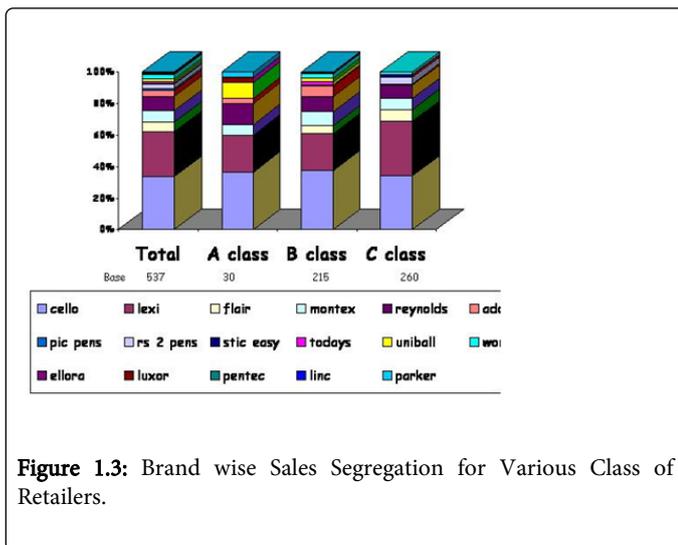


Figure 1.3: Brand wise Sales Segregation for Various Class of Retailers.

Findings: Out of the total pens sold Cello & Lexi are the ones that are sold the most. Cello occupies about 33.7% and Lexi occupies about 28.3% of the total share. The major strength of Cello is its wide product range & that of Lexi is its pricing. The others that are doing well are Reynolds, Montex and Flair occupying about 9%, 8% and 6% respectively. In A Class outlets Parker occupies 3.3% of the share. The data being in units, this is a substantial pie for a premium brand as shown in Figure 1.4 and Table 8.

This chart exhibits the sub-brands of Cello that are doing well. The base is the no. of responses for a particular brand from the total responses as told by the retailer.

Clearly, Cello Gripper rules the charts across all categories. It is followed by Cello Maxwriter which is especially doing well in A Class outlets. Cello Pinpoint and Cello Maxwriter also do considerably well. Cello Trica is a new launch; it is a bold pen from the house of Cello which is still in nascent stage.

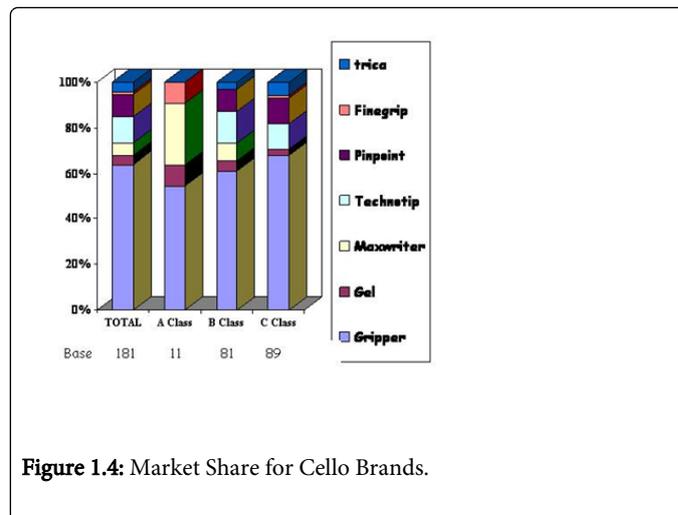


Figure 1.4: Market Share for Cello Brands.

MRP	RDS
6.5	3.82
6.5	4.2
9	6.05
8	5.4
9	6.05
10	7
7.5	4.5

Table 8: Market Share for Cello Brands.

LEXI

Lexi 5 is one of Mumbai's highest selling ballpoint pen.

Its MRP is Rs 5/- and RDS rate is Rs 3.4/-.

Lexi range also consists of gel pens, roller pens etc. It can be seen in Table 9.

	Total	A Class	B Class	C Class
Base	152	7	50	89

Table 9: Statistics of LEXI.

Reynolds 045 is the traditional fine pen from Reynolds. It occupies an important share of the pie among all other Reynolds brands. Reynolds 040 is the bold pen and Reynolds Jetter is the upmarket brand. These three are the major brands from the house of Reynolds that are working well can be seen in Tables 10 and 11.

REYNOLDS

BRAND	MRP	RDS
REYNOLDS 045	6	4.9
REYNOLDS 040	5	3.9

REYNOLDS JETTER	16	13
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Table 10: Market Share for REYNOLDS.

	Total	A Class	B Class	C Class
Base	48	4	20	22

Table 11: Statistics of REYNOLDS.

Montex occupies 7.26% of the total pie. Within Montex, there are several brands. Out of these, Montex Hi-Scale is sold the most. It occupies 58% of the total pie. The other ones that are doing well are Mercury, Miracle and Hi-Tech.

Within Flair, the brands that are doing well are Sporty, Writometer and Jackpot occupying 25%, 18% and 31% respectively out of the total pie.

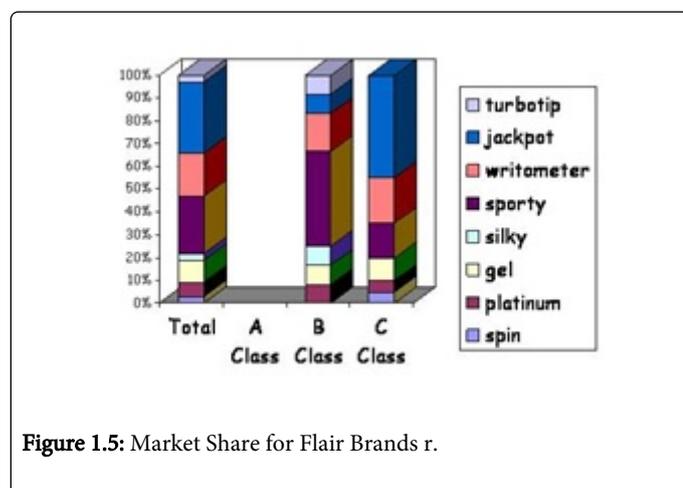


Figure 1.5: Market Share for Flair Brands r.

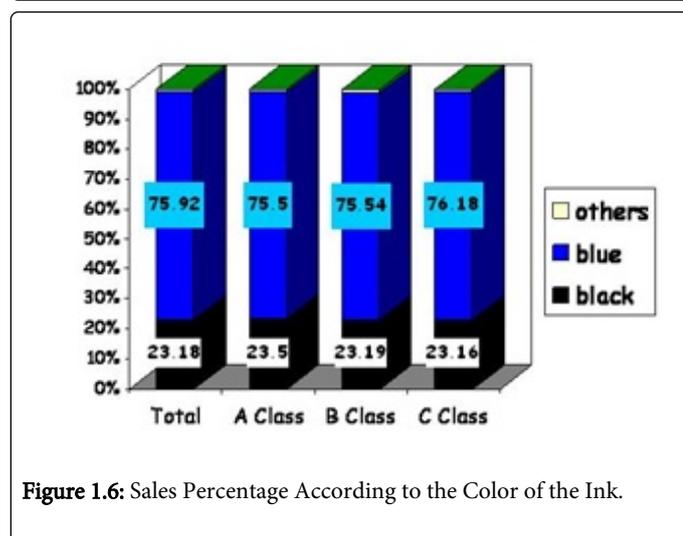


Figure 1.6: Sales Percentage According to the Color of the Ink.

The two prominent ink colours used by consumers are blue and black. Out of these blue has a significant share of 75.92% and black has a share of 23.18%. The other ink colours viz., red, green etc. have a very negligible share of the market. Thus blue ink colour is a lucrative segment for a new player. The Figures 1.5 and 1.6 shows the details of it.

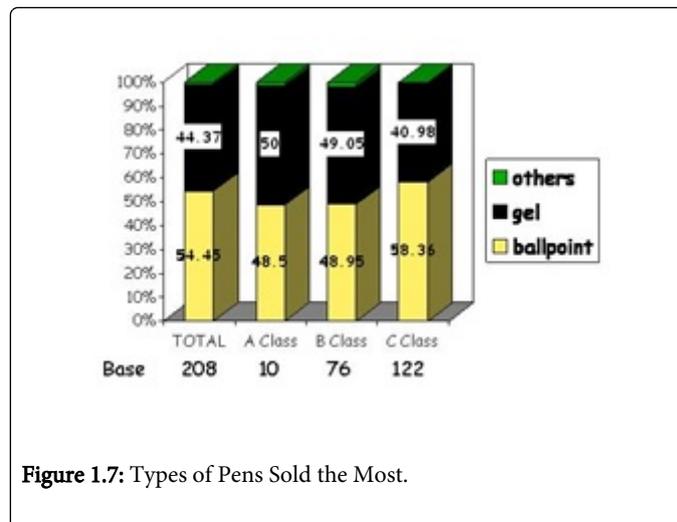


Figure 1.7: Types of Pens Sold the Most.

Various types of pens are available to consumers; right from roller pens, fibre tip pens, marker pens, fountain pens, gel pens to ballpoint pens and many others. However, gel and ballpoint pens are the ones that are more popular. The above Figure 1.7 shows the details of it.

Gel pens occupy about 44% share and ballpoint pens about 54% of the total market. The share of ballpoint pens increases as we move from A Class to C Class. Gel pens being somewhat expensive are demanded more in A Class outlets.

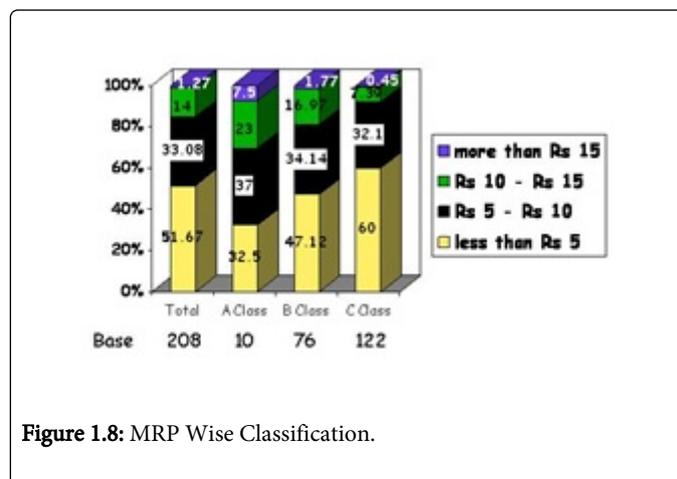


Figure 1.8: MRP Wise Classification.

Ballpoint pens are available for various prices depending on the brand and the quality. One can get a ballpoint pen right from Rs 2 to a few thousand rupees. However, if we categorize the MRP in four price ranges as stated above, we can infer that 51.67% of the sales come from pens that are available for less than Rs 5/-. Rs 5 – Rs 10 price range contributes 33% to the total pie. Majority of pens that are sold in A Class outlets range between Rs 5 – Rs 10. As we move towards C Class, the share of less than Rs 5 pens keeps on increasing. The above Figure 1.8 shows the details of it.

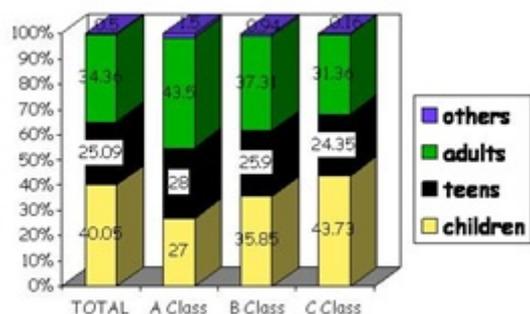


Figure 1.9: Consumer Classification.

Out of the total ballpoint pen consumers, majority are children (40%), adults are about 34% and 25% are teens. Further, in residential areas children form a major part of the consumers, while in commercial areas adults form a major part. The above Figure 1.9 shows the details of it.

In A Class outlets adults form a majority with 43.5%. As we move towards C Class, the percentage of adults keeps on falling and that of children keeps on rising.

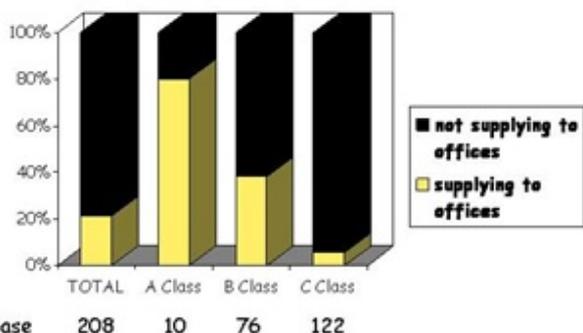


Figure 2: Office Supplies.

Major Brands Supplied to Offices

Out of the total retailers, only 21% supply to offices and 79% do not. Moreover, 80% of A Class outlets supply to offices. In B Class it is 38.16% and in C Class it is just 5.7%. Thus, to cater to the office supply A and B Class should be targeted. The above Figure 2 shows the details of it.

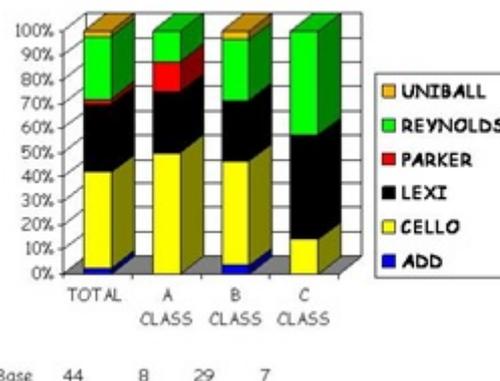


Figure 2.1: Brands Supplied to Offices.

Btl Promotions Done by the Companies

Pens are a commodity product for a layman. This segment has very low involvement. Hence ATL promotion is not very effective. BTL promotion becomes very important in this segment. Some of the BTL activities done by the companies are as follows.

- Posters
- Dispensers
- Wobblers
- Danglers
- Banners
- Wall paintings
- Dealer boards
- Shutter paintings
- Flair advertises on the back of notebooks
- Uniball has its stalls at inorbit and other malls
- Lexi puts up its banners on BEST buses and local trains in Mumbai.

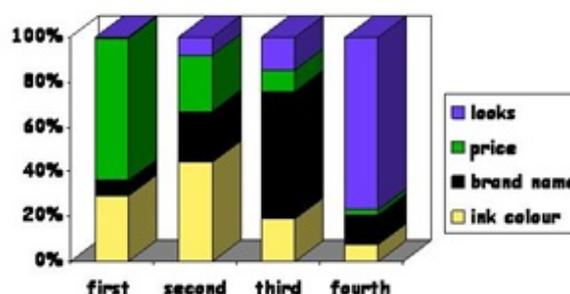


Figure 2.2: Attributes that Consumers look for in a Pen.

The retailers were asked to rank the four attributes stated above. The ranks were an indication of the priority that the customers give to the attributes while purchasing the pen. Figure 2.2 shows the Attributes that Consumers look for in a Pen.

The results brought out the fact that the customers give first rank to the price of the pen. Thus, the pen's MRP is very important and may be instrumental in deciding its fate. Second rank was given to the colour of the ink. The consumers are determined to use a particular ink colour. Third rank was given to the brand name. This shows that brand loyalty is very less in this category. Finally, fourth rank was given to the looks of the pen.

Most common trade promotion schemes offered to the retailers

When purchasing a pen most consumers tell the price range to the retailer and ask him to show a few models. Now, it all depends on the retailer as to which pen he pushes. Brand awareness is very low in this category. Therefore, trade promotion becomes imperative in this category.

Some prominent trade promotion schemes offered to the retailers are as follows.

10% schemes: The retailers are given 1 unit of the product free on 10 units. This is called 10% scheme. The retailer can sell these extra units and add to his profits.

Amusement park passes: The retailers are given free passes for the amusement parks, clubs etc.

Movie tickets: The retailers are sometimes given free movie tickets so that the co's. brand is pushed

Quantity purchase schemes (QPS): The retailer gets some gift or free tour provided he achieves a certain sales target. These schemes are target oriented. For example, flair had a scheme whereby a retailer would get an Onida TV if he sells its pens worth Rs15000 in three months.

Dealer meets: The retailers of a particular area are invited. They interact with the company officials and they are given a party along with their family.

Recognition: Some companies give a certificate to prominent dealers to boost their morale. Eg. Uniball.

Consumer survey analysis

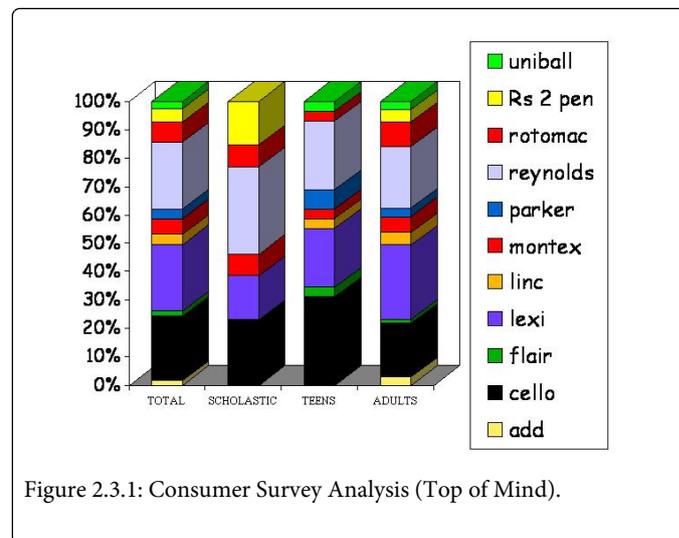


Figure 2.3.1: Consumer Survey Analysis (Top of Mind).

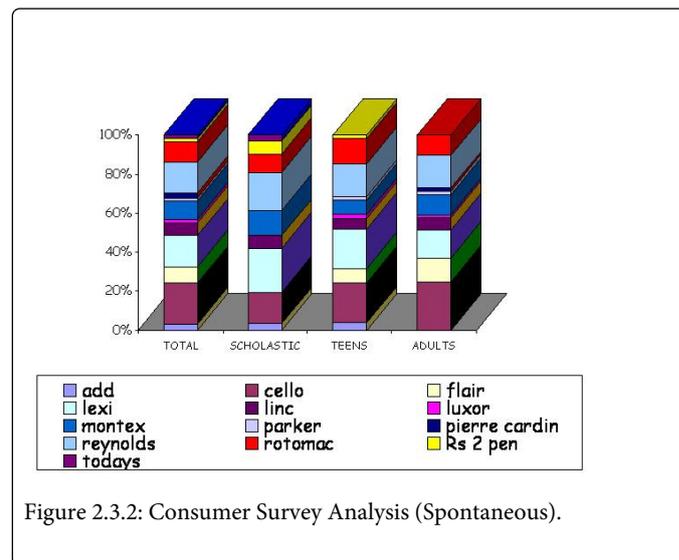


Figure 2.3.2: Consumer Survey Analysis (Spontaneous).

The above Figures 2.3.1 and 2.3.2 reveal that the three main brands that the consumers recall are Cello, Lexi & Reynolds. These three brands are present in TOM as well as spontaneous. Rotomac too has a share of 7.2% and 11% in TOM and spontaneous respectively. Although Rotomac is not the preferred brand when it comes to usage but there is a considerable brand recall of the brand thanks to the 'Likhthe Likhthe Love Ho Jaye' campaign. Another observation is that Flair and Montex are not very prominent in TOM but they have some space in consumers mind when it comes to spontaneous.

Ballpoint pens used by consumers

Out of the total, 26% use Lexi 5 mainly because of its price. This is followed by Cello Gripper that comes at second place. However, in scholastic and teens Lexi's share reduces. The other models that consumers use the most are Reynolds 045, Cello Maxwriter and Cello Technogrip. Cello Technogrip is particularly popular in children. Adults are more price conscious. Figure 2.4 shows Brand Usage by Various Consumer Categories.

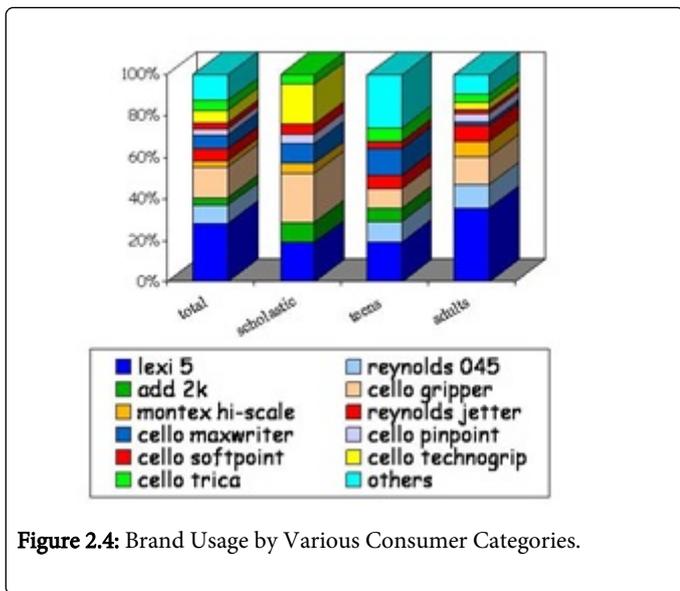


Figure 2.4: Brand Usage by Various Consumer Categories.

Brand involvement

To check the consumer involvement and brand loyalty, consumers were asked what they would do if their desired brand is not available in the outlet. The results were as follows.

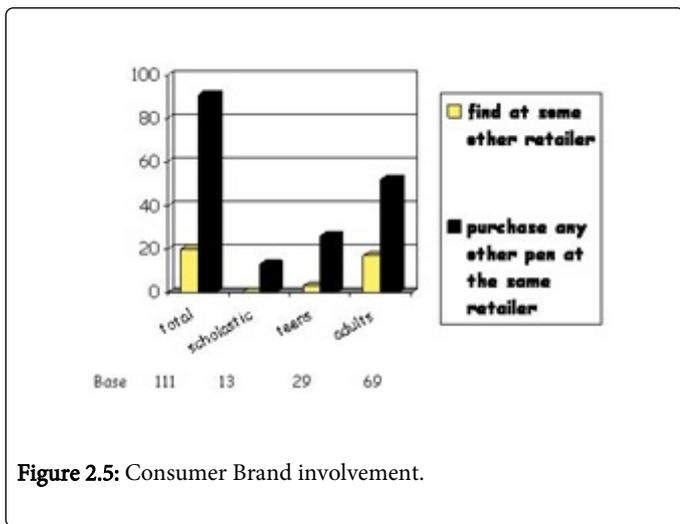


Figure 2.5: Consumer Brand involvement.

Majority of the consumers said that they would purchase any other pen at the same retailer. One can infer from this that there is minimal consumer involvement and least brand loyalty in this category. Brand loyalty rises as we move from scholastic to adult consumers. Figure 2.5 shows Consumer Brand involvement.

Brand communication recall

To check the effectiveness of the brand communication, consumers were asked whether they remembered any communication of the pen they use. The results were as follows.

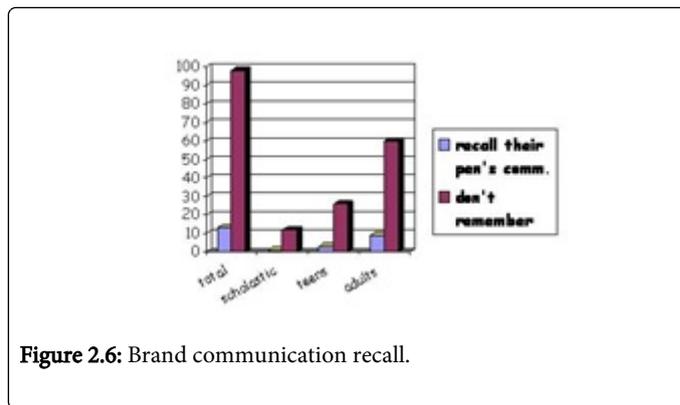


Figure 2.6: Brand communication recall.

Majority of consumers do not remember any communication of the brand they use. This shows that ATL promotion is not effective in this segment. Impulse purchase is higher. Figure 2.6 shows Brand communication recall.

Attributes that consumers look for in a pen

Earlier, we saw what according to the retailers were the important attributes based on which the consumers buy a pen. Now, let us see what the consumers feel are the important attributes that influence their buying decision. Figure 2.7 shows Attributes Influencing Purchase.

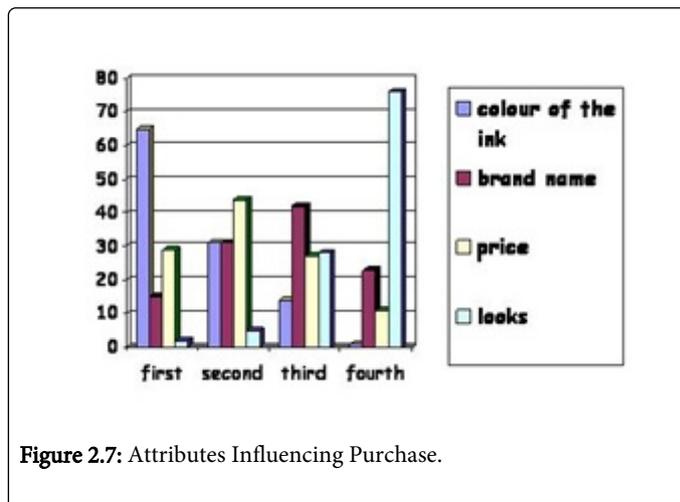


Figure 2.7: Attributes Influencing Purchase.

Conclusion

The findings of this research are aimed at providing a thorough insight into the stationary market in India which can be used by various manufacturers/brands rather than establishing a relationship amongst variables. The data and findings with respect to the consumer surveys, retailer surveys and expert opinions are tabulated in form of charts and graphs.

Out of the total pens sold Cello & Lexi are the ones that are sold the most. Cello occupies about 33.7% and Lexi occupies about 28.3% of the total share. The major strength of Cello is its wide product range & that of Lexi is its pricing. The others that are doing well are Reynolds, Montex and Flair occupying about 9%, 8% and 6% respectively. In A Class outlets Parker occupies 3.3% of the share. The data being in units, this is a substantial pie for a premium brand.

Cello Gripper rules the charts across all categories. It is followed by Cello Maxwriter which is especially doing well in A Class outlets. Cello Pinpoint and Cello Maxwriter also do considerably well. Cello Trica is a new launch; it is a bold pen from the house of Cello which is still in nascent stage.

The two prominent ink colours used by consumers are blue and black. Out of these blue has a significant share of 75.92% and black has a share of 23.18%. The other ink colours viz., red, green etc. have a very negligible share of the market.

Gel pens occupy about 44% share and ballpoint pens about 54% of the total market. The share of ballpoint pens increases as we move from A Class to C Class. Gel pens being somewhat expensive are demanded more in A Class outlets.

One can get a ballpoint pen right from Rs 2 to a few thousand rupees. However, if we categorize the MRP in four price ranges as stated above, we can infer that 51.67% of the sales come from pens that are available for less than Rs 5/-. Rs 5 – Rs 10 price range contributes 33% to the total pie. Majority of pens that are sold in A Class outlets range between Rs 5 – Rs 10. As we move towards C Class, the share of less than Rs 5 pens keeps on increasing.

Out of the total ballpoint pen consumers, majority are children (40%), adults are about 34% and 25% are teens. Further, in residential areas children form a major part of the consumers, while in commercial areas adults form a major part. In A Class outlets adults form a majority with 43.5%. As we move towards C Class, the percentage of adults keeps on falling and that of children keeps on rising.

The above two charts of brand recall reveal that the three main brands that the consumers recall are Cello, Lexi & Reynolds. These three brands are present in TOM as well as spontaneous. Rotomac too has a share of 7.2% and 11% in TOM and spontaneous respectively. Although Rotomac is not the preferred brand when it comes to usage

but there is a considerable brand recall of the brand thanks to the 'Likhthe Likhthe Love Ho Jaye' campaign.

Majority of consumers do not remember any communication of the brand they use. This shows that ATL promotion is not effective in this segment. Impulse purchase is higher.

The findings of the research throw light on how various brands have garnered their share in a cluttered market, consumer's purchase behavior to marketing stimuli, attributes adopted by marketer's to get their share etc. The findings stress upon the fact that there is enough acceptance for new players in this market provided they do a correct Market Mapping. This paper thrives on a massive primary data based market mapping done for the Indian market.

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