

## **Case Study: Videocon Television – The Rise and Fall of an Iconic Brand**

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### **Abstract**

**Videocon Group**, a leading name in the Indian consumer electronics industry, was founded in 1979 by **Venugopal Dhoot**. The company initially began as a manufacturer of picture tubes and then expanded into the production of televisions, refrigerators, and washing machines. Videocon quickly became one of India's most trusted brands in the consumer durables sector, especially known for its **televisions**.

In the late 1990s and early 2000s, Videocon dominated the Indian television market, becoming synonymous with affordable and quality home entertainment. However, over the years, the company faced several challenges that led to its eventual decline in market share. Despite its strong brand equity, Videocon struggled to adapt to the rapidly changing market dynamics, and it eventually lost its position in the consumer electronics sector.

This case study explores the rise, challenges, and lessons from Videocon's experience, especially in its **television** business, shedding light on why this once-dominant player faded from prominence.

### **Company Overview**

Videocon Industries Ltd. was founded by Venugopal Dhoot and initially focused on producing cathode-ray tubes (CRTs) used in televisions. The company later ventured into manufacturing televisions, launching the **Videocon TV** brand, which became a household name in India. Videocon's television products were

well-received by consumers due to their quality, affordable pricing, and wide availability.

**Key Milestones in Videocon's Television Business:**

- **1979:** Videocon entered the Indian market, initially focusing on manufacturing picture tubes.
- **1980s-1990s:** Videocon established itself as a leader in the Indian television market by launching a variety of television models, including black-and-white and color TVs.
- **2000s:** The company became one of India's most popular television brands, offering high-quality televisions at competitive prices.
- **2000s-Present:** Videocon expanded into LED and Smart TVs, but failed to maintain its leadership position due to the changing market and competition.

**The Rise of Videocon Television**

Videocon's success can be attributed to several factors that made its products attractive to the Indian market during its peak:

**1. Affordable Pricing and Accessibility**

Videocon positioned itself as a brand that offered high-quality products at affordable prices. This made it accessible to a large segment of the Indian population, especially in the growing middle-class segment. The company's strategy of targeting the mass market through competitive pricing helped it achieve widespread popularity.

**2. Product Innovation and Variety**

Videocon continuously introduced new models to meet the diverse needs of Indian consumers. From CRTs to color televisions, and eventually to flat-screen LED TVs, Videocon kept up with the latest trends in the television industry. Additionally, it offered a range of sizes and features to cater to different price points and customer preferences.

**3. Strong Distribution Network**

Videocon's strong distribution network was key to its widespread availability in urban and rural markets. The company focused on setting up retail partnerships across the country, ensuring that its products were easily accessible to consumers. This helped the brand become one of the most recognizable names in Indian homes.

#### **4. Brand Recognition and Advertising**

Videocon invested heavily in advertising to build brand recognition. The company used various media platforms, including television, print, and outdoor advertising, to reach a wide audience. The brand's presence on TV, especially through endorsements and commercials featuring popular celebrities, helped build consumer trust.

#### **Challenges Faced by Videocon**

Despite its early success, Videocon faced numerous challenges that led to its decline in the television market. These challenges include:

##### **1. Competition from Global Brands**

In the 2010s, Videocon faced intense competition from global electronics brands such as **Samsung**, **LG**, **Sony**, and **Panasonic**. These brands offered superior technology, innovative features, and better after-sales service, which gradually eroded Videocon's market share. Companies like **Samsung** and **LG** had already established themselves as leaders in the flat-screen and smart TV markets, making it difficult for Videocon to catch up.

##### **2. Technological Lag**

As the Indian television market evolved, there was a growing demand for **LED**, **LCD**, and **Smart TVs**, which offered superior picture quality and internet connectivity. Videocon was slow to transition from CRT technology to flat-screen TVs and did not keep up with the advancements made by its competitors. The company also struggled to adopt the latest technologies, such as **4K resolution** and **OLED displays**, which were gaining popularity.

##### **3. Poor Brand Positioning and Perception**

While Videocon initially positioned itself as an affordable and reliable brand, it gradually became associated with low-cost products. As global competitors offered superior quality and innovative features, Videocon's image as a budget brand became a liability. The company failed to shift its brand positioning to cater to more discerning consumers who were willing to pay a premium for better technology and features.

##### **4. Financial Struggles**

Videocon's financial performance began to decline as its market share shrank. The company was also burdened with a significant amount of debt, and its liquidity situation worsened over time. This financial instability hindered the company's ability to reinvest in R&D, marketing, and expansion, which further eroded its competitiveness in the market.

## **5. Lack of Customer Loyalty and After-Sales Service**

While Videocon built a strong distribution network, its after-sales service was not on par with that of its competitors. As the Indian market matured, consumers began to value good after-sales support, especially for products like televisions, which require periodic repairs and maintenance. Videocon's inability to offer reliable service contributed to a decline in customer loyalty.

### **The Decline of Videocon Television**

By the mid-2010s, Videocon was facing a severe decline in its television business. The company's attempts to move into the smart TV market with a range of **Android** and **LED TVs** were not successful in regaining market share. Global competitors like **Samsung** and **LG** had already established dominance in the premium television segment, while **Chinese brands** like **Xiaomi** began offering affordable Smart TVs that appealed to the budget-conscious Indian consumer.

In 2018, Videocon Electronics Ltd. filed for bankruptcy, which marked the end of its journey as a major player in the television industry. The brand, once a household name, had lost its competitive edge in an industry that was rapidly evolving.

### **Lessons Learned from Videocon's Decline**

#### **1. Adapt to Changing Consumer Preferences**

Videocon failed to keep pace with changing consumer preferences for modern technologies such as **Smart TVs**, **4K displays**, and **Android TV platforms**. Companies need to anticipate market trends and continually innovate to meet evolving consumer needs.

#### **2. Focus on Technology and Quality**

To remain competitive in the consumer electronics industry, brands must invest in cutting-edge technology and offer high-quality products. Videocon's slow adoption of LED, Smart TV technology, and the shift from CRT to flat-screen TVs led to a decline in its appeal.

#### **3. Build a Strong After-Sales Network**

Providing strong after-sales service is crucial in building customer loyalty, especially in the consumer durables industry. Videocon's inability to offer reliable after-sales service contributed to its downfall.

#### **4. Repositioning the Brand**

Videocon's failure to reposition itself as a premium brand when the market started shifting towards high-end products was a key factor in its decline. Effective branding and positioning are essential for maintaining market share, especially in competitive industries like consumer electronics.

## **5. Financial Management**

A strong financial foundation is essential for a company's long-term survival. Videocon's inability to manage its debts effectively and invest in innovation ultimately weakened its competitive position.

## **CONCLUSION**

The story of **Videocon Television** serves as a valuable lesson in understanding the dynamics of the consumer electronics industry. While Videocon initially enjoyed a leadership position in the Indian television market, it failed to adapt to changing consumer demands, technological advancements, and intense competition from global and local players. The company's decline highlights the importance of innovation, brand positioning, and effective financial and after-sales management.

## **Questions**

1. What were the key factors that led to Videocon's rise in the television market?
2. What factors contributed to the decline of Videocon's television business?
3. How could Videocon have reversed its decline in the television market?
4. What lessons can Indian consumer electronics companies learn from Videocon's story?