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Digging Reasons of Past Success Stories of Regional Brands

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Abstract
Modern day organizations find themselves embedded with the problem of cutthroat competition. Today’s trend is of restructuring, downsizing and merging thus creating a less secure organizational climate. Big firms are able to manage the competition easily; when we talk about local and regional firms it is challenging task to compete and show their presence in the market. But it is not true all the time. If we look into past we have number of cases where we can see that it was not the size of the dog which matters but the fight of the dog what matters. Regional brands performed very well in past and created glorious history. This paper makes an attempt to study reasons of success of regional brands with the help of review of literature. This can be used to provide an overview and references on some of the conceptual and practical work undertaken marketing and branding practices.

Keywords: *Regional brands, success, competition, challenging.*

1. Introduction
Success Reasons of Small Players
There are several reasons why smaller brands are succeeding against the might of the big ones. While the macro reason is the slowdown of the economy over the last few years which has made down trading a reality in most semi-urban and rural markets the fact is the small guys are also taking advantage of the weakness of big brand companies. Following are the main ones:

Reason 1: Smaller players have better one-to-one relationships with the trade. They generally offer better margins and terms to channel partners.
Most players source tea from auctions, which means there is no major difference in costs for big and small players at this level. But once the tea leaves the auction centre, national players incur huge overheads in the form of selling and distribution costs, advertising and manpower. This gives them less room for price maneuvers. Regional players have good relationships with trade, given their local nature. More often than not they provide higher margins than their national counterparts and are well aware of the nuances of local geography and local tastes. They dump goods with their channel partners with the promise that they will get their margins from the product which sell; those that don’t are taken back. Then channel member is thus not worried about any inventory pile-up and blocked funds. He is willing to push regional brands.
Regional players are also able to target wholesalers whereas national players have two tiers-distributors. The bigger players share a love-hate relationship with their wholesalers and love to ignore them as they resort to discount pricing. This is not so with regional players.

Reason 2: Entrepreneurial businessmen have the ability to capitalize on the weakness of national brands.
Regional brands have been able to identify the chinks in the armors of national players and capitalize on them. Regional brands like Moov, Krack and Livon have struck an instant chord with the consumer. Before Krack, there was no cream for cracked feet. It was targeted at women working in moist kitchen floors who were most prone to cracked feet.
Taking advantage of Iodex’s positioning and tendency to stain clothes, Paras positioned Moov as a cream for relief from back pain that did not ruin your clothes. Similarly, Livon

Silky potion contains only a conditioner whereas a shampoo contains detergent plus conditioner. Paras exploited the gaps in these markets to praise it.

In tea, a few families run businesses account for 45 per cent of the Rupees 4000 Crore market in packaged tea, doubled their share five years ago. Apart from WaghBakri, companies like Manikchand, Hasmukhrai and Company, Girnar and Punjab based Marvel have made a mark. They have gained this market share at the cost of Hindustan Unilever Limited and Tata Tea. How did the national brands lose out? In 1998, the government suddenly introduced an eight per cent excise levy on branded packaged tea above 100 gm. By the time the levy was abolished later, the regionals had stepped into the vacuum up scaling from loose tea to packaged tea. Today, seeing the strength of regional brands, Godrej has adopted the low road to tea sales. It uses different blends of its Chai House brand in different region.

Reason 3: The availability of cheap manufacturing technology, media options and packaging has given regional brands better cost structure.

Most regional brands outsource their production. This combined with a flexible organizational structure makes most regional brand companies entrepreneurial. They do not carry huge overheads in terms of staff and fixed assets, with most decisions being driven by the entrepreneur himself. A model example is Today's pen, which cannot be taken on pricing as it has the lowest pricing. Better methods of packaging like sachets, have increased market penetration and enabled small local players to become economically viable regional brands. The rise of Indian language TV channels like Asianet, Sun, Eenadu and AajTak, apart from print media giants like Dainik Bhaskar and Dainik Jagran in the Hindi belt, has helped regional players beam their advertisement at prices affordable in those markets. Not surprisingly, brands like Dandi and Ghari have been spending Crores of rupees on advertising – and little of it is going waste, if Dandi had paid the full spot rates for TV advertising, it would have spent close to Rupees 39 Crores. Lux undergarments would have spent close to Rupees 12 Crore, Ghari detergent's Rupees 7.75 Crore, and No marks skin cream Rupees 12 Crore. Assuming these advertisers obtained bulk discount of 25-30 per cent, the advertisement expenditure are still considerable for regional brands.

But it's not about spending big money alone; there's innovation too. Priya biscuits, for example, pioneered the use of bus tickets in Uttar Pradesh for advertising. Though regional brands are perceived to be a lower equality and price, they are here to stay as they are better equipped today with a better products line–up. With access to cheap technology, better pricing due to low overheads, better placement of products on shop–shelves and better packaging, regional brands can match most national or Multi national brands.

Reason 4: The rise of new value–oriented retain chains helps regional brands.

Retail chains like Hariyali Kisan Bazar in Uttar Pradesh (which reaches out to farmers) and the Ajinkya Bazar in south Maharashtra offer regional brands an avenue to display their wares while serving as an alternative delivery channel. Though the volumes put through these chains are small currently their importance is bound to increase in the future.

Reason 5: Small players have realized the value of building aspirational values into their brands.

Entrepreneurs have learnt to create aspirational values for their brands as this is critical to pull customers to shops. In addition, he says, they have also learnt the importance of brand displays at retail outlets and understanding the psychographic profiles of shoppers. Brands like Ujala, which came from nowhere to No. in whitening agents, were able to create an emotional connect by catering to the innate need to people to see whiteness in white clothes.

Reason 6: Small businessman have a stronger sense of ownership of the brand and are proactive to a fault.

It is said that a regional brand cannot be vanquished within a 50 km. radius of its origin. The Entrepreneur who creates a regional brand will often be very passionate about its creation. He visually sleeps, eats and lives is brand so as to influence his team better. His survival depends on it. Unity of command also facilitates faster decision making and quicker reaction to market opportunities in the case of regional brands.

Small and regional brands may succeed or fail in the long run, but they are making history. Time and again, smaller players have proved that it is not the size of the dog in the fight that matters, but the size of the fight in the dog.