

Business in a Blur

DIRECT MARKETING

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Accola is a hastily assembled marketing company, where products, costs and focus are all blurred. Kabir Walia grapples to make direct selling successful business for Accola

MEERA SETH

Kabir Walia felt oppressed by the volley of mails from the management and his dealers. Completely different worlds of reality, he thought. While the management comprising Vrish and Mukesh Prasad, the promoter NRIs, was rapturous over the new products it was planning, the agents of Accola Brisk, a marketing firm designed on the lines of direct marketing (DM) system, where Kabir was a loosely designated shepherd, were bemoaning the adamant sales graph that stayed unaffected by all their efforts.

Kabir had an unusual job to do. As a business development manager, he had the task of bringing the business into a sensible focus. But there was no development he could do until the promoters would agree to return to the drawing board.

Eight months ago when he got this offer, Kabir was not excited; it was yet another offer — all froth on the top, barely any coffee underneath. In all his discussions with them, no clear business plan emerged apart from “taking the business model and brands abroad” when they were not even established in Delhi; or “training a brand team” when there wasn’t even a brand ideology. Why, they did not even have an idea what they expected the job content to be, although they had thought up a very smart title.

Vrish had said, “We have the backing of some big guns in the UK and our products were developed after a lot of R&D.” Vrish, it turned out, was an agent for an MLM (multi-level marketing) company in the UK and Accola was a derivation of that — he simply bought huge stocks of several products in the UK, earned his commissions and offloaded them on to agents in India, which was not a flawed concept, except the products were not always suited to Indian habits. Or if they were, then they were poorly researched.

Kabir was given a portfolio of 4-6 products to be launched over the next five months. These were across household cleaners, skin care, food supplements and some insect repellents. Vrish felt products like these would help them access

the elite consumer base, but he could not convince Kabir why a consumer would prefer these over, say, what Amway or others of their ilk sold or even over what the FMCGs sold in India.

Accola had been in the market for sometime. But its sales had been sporadic with huge setup costs of a depleting agent network. Much of the business management by the promoters happened over e-mail as both held business interests in the UK and South Asia.

Kabir knew instantly his work was going to be very laborious. Of the two products 'ready for launch', one was an anti-bacterial surface cleaning tough tissue cloth — Hardy. The other, a hair care cream, seemed a dud to Kabir, but Vrish was very keen. His brief was 'we have decided on this, just give us the launch strategy'. As innovatively as he would try to conceptualise its positioning, the truth was, it had simply no convergence with known research on Indian hair care habits. His protests about hair care habits and preferences fell on deaf ears; Vrish simply wrote back from China, 'We have thought long and hard, and this is what we have to do, the hair care market in India is worth a billion dollars and we must be there.'

Kabir was now determined; he was in this business by choice and he was going to make the Accola management understand that India does have huge markets for many products but only if they are what the consumer wants; not if they are products you think should sell.

If Kabir thought Hardy was easier, he was soon to realise that the product was badly researched, and Accola in India was not adding value to the consumer. First, they came in boxes of 5s, which was straightaway going to be seen as 'too little for too much money' by the Indian housewife. The other thing was the fabric swept off all grime like magic but the 'wash and reuse nine times' facility failed straight after the first use, because it was not designed to loosen grease. And grease was inherent to Indian cooking and living conditions, an attribute completely ignored by Accola while choosing the product. Hardy was not going to work, but Vrish was not listening.

Mukesh had also brought in an unplanned consignment of an unusual coffee heater, which attached itself to your computer USB port and kept the coffee hot while you worked. Many of the units did not work, no one had thought to check. An NRI friend sitting in Korea had designed this and claimed it was a rage in the South-East. Mukesh had distributed the products to sales agents, but they did not have the means to sell to institutions, peripheral sellers, etc. But Mukesh said, 'These guys are supermen in convincing the customer, the product does not need to be sold, just presented.' And he set the price of these heaters at Rs 750.

Kabir decided it was time for a face-to-face chat with Mukesh and Vrish. He told them, 'The way you are currently springing new products without a plan is dangerous to your cash situation. Right now, my anxiety is streamlining your portfolio. We need to develop a business vision, a system to monitor existing products and a plan for new launches. This coffee heater you have sprung up is depleting budgets, working capital has gone haywire; and you do not have specialised agents to handle electronic items.' But Vrish did not think so, 'They are selling like hot cakes, my friend, we have already cleared the consignment over 175 agents!'

'All you have done is moved it from our godown to theirs, Vrish,' said Kabir, '...they are not sold. If they are unable to sell them further down, you have lost 175 agents. They will not come back. Worse, their disgruntlement will impact your market image. Likewise, Hardy has not been researched at concept stage. There are 2-3 serious anxieties there: one, it has not been redesigned to suit grease in Indian homes; neither have you insights into how many usages per day happen in an average household. Two, yes, there will be initial purchase, it is potentially a winner, BUT, it will be copied fast if successful, and three, it is very price sensitive. You needed to have packaged 30 to a box. This you read with the daily usage frequency; at Rs 100 a box, you are giving her 45 applications, which is over Rs 2 per use. Even if we assume nine applications a day, what Indian housewife will want to spend Rs 18 a day for something that is going to be finally thrown away? She has enough old saris and banians that serve their last days cleaning grime.'

Vrish was startled, 'Is there a cost attached to health? To hygiene? What is Rs 18 a day? Besides, I don't think she will use it nine times, one sheet will last her 2-3 days.' Kabir shook his head, 'See, a market cannot be estimated based on assumptions. And there is also that grease pile up, which the sheet does not discard in a water wash. Hardy needed to have been researched. Yet, on the other hand is your 'Black is Black' (a wonderful putty-like glob that went into the wash cycle with black clothes and grabbed all lint and stuff so that black clothes came out with a sparkle and a shine.) You needed to launch it with a bang and quickly sell out the product.'

However, you launched it very conservatively, did not want to block capital — you were not sure if it would sell, and now to make it worse, many packs I understand are reacting to the heat in the godown and losing shape in the packing.”

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