

Distinctly Orient

By launching sub brands that have a strong European orientation, this company is indicating that design is going to become its main differentiator in the years to come



DESIGNED TO WIN: Executive director Madhur Daga has teamed up with Blau Estils' Maria Jose Castillo for creating a new standard in tiles

AFTER REGISTERING POSITIVE growth despite the grim clouds of economic slowdown, Delhi-based Orient Ceramics & Industries Ltd (OCIL) is all set to consolidate its position in the Indian tile market. It has chalked out some innovative and aggressive strategies to move towards the next level of growth, and these include focus on original design, increasing market presence, and expanding capacity.

The first of its strategies is to focus on world-class design to catch the attention of Indian buyers and retailers. Creating original designs that set a company apart is always a capital intensive and painstaking effort. OCIL has embarked on this path by roping in Spain's renowned design firm Blau Estils SL in Castellon, which has been working for leading tile companies worldwide. Under

this commission, Blau Estils has dedicated a team of designers led by Maria Jose Castillo to work exclusively for OCIL. In fact, Castillo has been working at the latter's facilities in India for extended periods.

Designated as OCIL's chief product & solution designer, Castillo is the brain behind the company's high-end sub brands Europa and Stiler. While working with the company in the Indian environment, she has imbibed a close understanding of local tastes and preferences. "It is all about the amalgamation of European design with Indian sensibilities which is a distinguishing combination. Two of our designers are exclusively designing for Orient and are constantly developing path-breaking and innovative designs," she says.

OCIL's executive director Madhur Daga (madhur.daga@orienttiles.com)

believes that the introduction of new design lines has given Orient an edge over its competitors. "Our manufacturing experience coupled with global designing, has evoked a positive reaction amongst buyers. We feel very encouraged by the response we have got to our Europa and Stiler product lines. On one hand they have elevated the company's brand value, and on the other they have attracted premium retailers to Orient. And the best part is the increasing faith of our customers in our brand as they are receiving original designs and superior quality tiles - all at a competitive price point."

Daga admits that the new collection has helped to increase sales and trade margins, to the extent that the company expects the range to contribute an impressive 25% to its sales in 2010. Buoyed by the success of the European design tag, he has fresh plans to roll out at least two new collections every year.

The company is also ramping up its retail presence: it has introduced three business models that will increase its reach to a wider section of buyers across the country. It plans to use a mix of company owned-company operated (COCO) showrooms, shop-in-shop (SIS) outlets, and franchises. "We are about to open three COCOs by May in Faridabad, Chandigarh and Kolkata. In all, we will

Green Touch

At a time when corporates are gung-ho about going green, OCIL has already earned carbon credits worth Rs 85 lakh from German certifying agency TUV Nord Cerd Gmbh under the voluntary carbon standard. More such credits are expected in the near future.

The company's internal Orient Norms at its manufacturing unit in Sikandrabad, UP, are considered more stringent than the IS and ISO standards.

Orient-al Wisdom

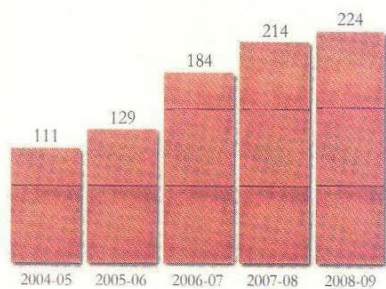
- Engaging Spanish design house for creating original designs for the Indian environment
- Widening retail presence with clever mix of company-owned outlets, shop-in-shops and franchises, backed by attractive investment options
- Expanding capacity through tie-ups in the Western region, and possible joint venture for new facility
- Shifting focus from polished to glazed vitrified tiles for higher trade margins and better product innovation
- Participating in major shows to increase brand visibility and assess market mood.

have a total of 15 COCOs and franchise showrooms within the next six months," informs Daga.

He adds that a franchise would require a minimum display area of 1,500 sft. The company would share the total investment with the franchisee, which could cost around Rs 1,400 per sft, in addition to monthly maintenance charges and manpower support. Orient would also offer annual turnover discounts if targets are met. Currently, it is offering franchises in Jaipur, Raipur, Gurgaon, Kochi, Guwahati and Bengaluru.

About 100 SIS have been planned by December 2010; these will be set up in the premises of tile retailers, and would require minimum 400 sft of space, and an investment of Rs 1,400 per sft. The company would share the cost of (up to) two dedicated salesmen who will be on the payroll of the SIS retailer. There will be

Net Sales
(Rs crores)



no binding on inventory levels; but a sales commitment would be required by the dealer. In addition, he would get a monthly handling allowance, periodic free-of-cost display changes, and business leads from the company.

Also on the cards is capacity expansion, reveals Daga. The company is mulling setting up a greenfield facility in Kakinada, Andhra Pradesh, and is looking for a tie-up with a Spanish or Italian tile maker. "An international partner would enable us to get access to the latest technology and global markets, and bring more value to our brand," he says. OCIL is also in talks with regional players in western India for acquiring additional capacity, and hopes to finalise a deal by the next quarter.

To address the vitrified tile segment - the fastest growing amongst all tile types - the company is focusing on the glazed vitrified (GVT) category. Its Europa uni-surface ultra vitrified tiles have a minimal 0.05% water absorption, making them suitable for diverse applications that include exterior, facade and interior areas. Informs Daga, "We are in fact scaling back our polished vitrified tiles production as they have become a commoditised business with low profitability. We are now concentrating on the GVT market as it offers higher margins and allows more innovations."

An active participant in tradeshows, the company's presence was notable at Acetech 2009 in Delhi and Mumbai for its display of wide range of tiles from standard to premium, an innovative stall layout and design, and hospitality to its visitors. "The responses to our products from all types of visitors at the two shows were very satisfying. Our participation in Acetech Mumbai also marks our entry into the western market which holds great potential for us," says Daga.

Growth at OCIL has been a benign 10% over the past three years, while the industry has grown by an average 15% over this period. The company now looks prepared to break out of its passive state and make up for lost time. The smart pro-active moves that have been set into motion will, no doubt, give the brand differentiation, higher visibility and capacity muscle. And going by Daga's determination, all these strategies are bound to pay off more sooner than later.