Date : 22-Nov-2005 Edition : National Page No.: 4 Page Name: Back Page Size: 100%

Sector: IT Circulation: 59922 AVE: Rs.118677.12 Frequency: Weekly

Author Unknown

the strategist

ANALYSE THIS
Strategy seen through cartoons

The price is right

Last week, the Hong Kong-based asiatotal.net launched iT, a stripped-down personal computer (PC) that will be distributed free of cost to small businesses and people from lower income groups. That's right — free.

Before you rush to dismiss the offer as a computer that won't come anywhere close to the quality of a branded computer, hold on. Apparently, the iT machines can connect to the Internet, and come packaged with home entertainment devices, a printer and a USB card reader. Add a cute, 7-inch monitor and speakers, and you've got equipment that's as wired as any computer worth its salt.

Where's asiatotal.net going to make its money? Companies that target rural markets will be roped in to sponsor links to e-commerce portals. The iT machines will come equipped with sponsored hot keys that will provide instant access to information about the sponsor and its products.

Asiatotal and iT's success depends on sustaining sponsor interest, but the track record of low-cost computers in India isn't too encouraging. In 2000, television maker Salora International tied up with an IT incubator company, Infoquest, to launch Jadoonet, a plug-and-play kit to help access the Internet through television sets. Jadoonet cost Rs 5,000 at a time when a PC with a modem would set you back anything from Rs 35,000 to Rs 55,000. In less than three weeks, Jadoonet had 15,000 bookings and 1.5 lakh clicks on its website — this when India had only 5 lakh Internet connections (Source: Tune in @ Rs 5000, *the strategist*, February 22, 2000). But despite the initial outpouring of interest, Jadoonet disappeared, as if by magic.

There could be several reasons for Jadoonet's disappearing act — most of them technical. Lack of bandwidth and the difficulty in adapting website colours to suit television viewing (white is the preferred background colour on a computer, but on a television it could be blue or black) would have contributed to the failure. But perhaps not too many people realise that customers may have found the price unbelievably low. Like the man in the cartoon strip above, they may have decided against the product, no questions asked, simply on the basis of its price.

So, was Jadoonet at fault for pricing its net-on-TV kit too low? If yes, it's hardly the first company to have gone wrong with its pricing strategy. Ask any marketing consultant about pricing-gone-wrong and one of the first names to crop up is Akai. The consumer electronics maker's killer pricing strategy more or less defined the white goods market in the 1990s, but ultimately, the biggest victim was the brand itself.

There's a good reason why *sasta aur tikau* (cheap and durable) was a favourite phrase for ad copywriters across the country — that's been the dominant mindset of Indian consumers for decades. That's changing, and value is king now. "Cheap is a dying proposition," agrees Ravi Sankar, vice president at retail consultancy Frequency. "Economy will die, what will remain is value." Which means that if iT has to succeed, it will need to offer much more than attractive pricing. Or, for that matter, "no" pricing.

By Prasad Sangameshwaran