

A cut above the rest

Convinced of the existence of a 'middle-class' market for crystal ware, La Opala plans to make the product available locally

Compulsive shoppers for whom no foreign jaunt is complete without a load of crystal ware need no longer fly to Bangkok, Singapore or Europe. Nor need anyone fork out astronomical sums for cut-glass bowls and tumblers in India. La Opala, a Calcutta-based crockery company will, in technical collaboration with Korea's Doosan glass (a part of the giant Rs17,335 crore Doosan group of companies) shortly introduce crystal glassware in India.

The Rs9 crore project, to be based in Madhupur in Bihar, (near the company's existing plant) is expected to go on stream in March 1995. With an initial capacity of 900 tonnes, the venture is expected to result in sales of Rs6 crore in the first year. The capacity will be expanded to 1,100 tonnes in the second year. Says managing director Sushil Jhunjhunwalla, "We have been toying with the idea of bringing in crystal for the last three years. Liberalisation has precipitated the decision. If we don't do it the market will be flooded with imports as foreign goods are likely to swamp Indian markets sooner or later. A preliminary survey has revealed that thanks to clandestine buying and the sudden spurt in visibility of crystal the Indian consumer is more than ready for such products."

Doosan's terms for payment of royalty are — 1.5 per cent for the first five years and 1.3 per cent for the next five years, with an initial one-time payment of around \$30,000, which Jhunjhunwalla describes as very reasonable. With a buy-back arrangement thrown in, the company is confident of tapping export markets as well. Doosan will benefit by being able to source products cheaply from here. "This will help them to concentrate on more value-added items leaving the manufacture of lesser stuff to us, and we stand to

benefit," points out Jhunjhunwalla.

While connoisseurs in India dismiss Doosan products as lacking exclusivity, the average Indian buyer would not mind paying Rs140 for a whisky tumbler. "Compared to the cost of imported crystal the price is definitely lower," adds B. Lakhshman, manager, marketing services. He adds, "Apart from bars, a potential target will be the star hotels which lament the lack of available crystal tableware." Tapping the consumer market is but a step further, says Lakhshman.



Jhunjhunwalla foresees a market for affordable crystal ware

The introduction of crystal follows yet another first by the company — bringing Opalware to Indian markets. Set up by Jhunjhunwalla in 1988, La Opala was the first to launch a new product in the stagnant crockery market (estimated at more than Rs200 crore). "In a situation where glass producers in the past have had virtually no option but to flood the market and hope something caught the buyer's fancy I wanted to be more specific. The idea was to bring out an elegant product, Indianise it, make it readily available everywhere at prices that are affordable and wouldn't pinch middle-class pockets," says Jhunjhunwalla.

The result was that La Opala crockery was positioned between expensive bone china and the downmarket steel or melmoware products. With the basic

material sourced from Radha Glass (also set up Jhunjhunwalla in 1988), La Opala, with the help of Korean technology, further processed and marketed the final product.

The major thrust was on creating a niche. The product range has certain unique qualities. Unlike most expensive glassware, Opalware is chip-resistant, oven-proof and is sold in single pieces making replacements easy. "In future, we intend on focusing on the fact it is micro-oven proof and dishwasher proof as well. As we are clearly pitching on the lifestyle aspect, our target segment is the Rs6,000 plus income bracket," says Lakhshman.

La Opala's turnover has increased from Rs1.58 crore in 1988-89 (when it started), to an estimated Rs16 crore this year. The major jump has been since 1992-93, as the company grew from Rs7 crore that year to about Rs12 crore last year, and is expected to cross Rs20 crore by the close of 1995. Currently, the company is represented through its dealers not only in the major cities but also in the B and C class towns where demand is picking up, leading to a situation where demand is

outstripping supply.

"Apart from marketing which has been our focus area, our major advantage has been that despite being a monopoly player in the market, we have kept the prices affordable, with margins at about 10 per cent," says Jhunjhunwalla. The east-based company is typical of modern day corporate requirements: small, with a state-of-the-art plant and committed to value addition. With the addition of crystal to its range and more value-added products for everyday use, the company remains committed to shaking up the glass industry in the country, says Jhunjhunwalla. "After all, experience has taught us that if you give customers the right product at the right price you will get them every time," says Jhunjhunwalla.

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