

"What do you do in a declining industry or segment?"



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I recently saw some outstanding packaging and product upgradation from ITC brands in airports (PS: I am not a smoker and am not advocating smoking with this article). Picture below. The decline is simply - either category going down or substitutes doing better.



This made me think about what one should do in declining industries or segments like book shops, photographic film, newspapers, soft drinks, and technology wiping out categories like typewriters, postal system etc. Here are lessons from what I have seen:



1. 'Cigarettes belong in museums' said Jacek Olczak CEO Philip Morris. That's a brave statement. Today 35 pc of Philip Morris sales comes from smoke free products. They have consciously moved away and have also diversified like ITC has done.
2. Focus on profitable niches and see if you can serve that niche better. mobiles are a good example in the west. EV s in scooters.
3. Add experience. Every book shop has added a coffee shop to ensure a new dimension.



4. Make your product align with the ecosystem. Ilfordd black-and-white film developed a product that could turn out black-and-white images in a colour lab. Ilford focused on niches like forensics, surveillance etc to sell black-and-white films.



Ilford XP2 400 35mm Black & White Film
24-Exposure

5. All Indian companies launched sanitizers, the category is declining, how can they reposition it?

6. The cell phone killed the alarm clock, the camera, the calculator, physical maps etc. Alarm clocks did little, but the camera industry went up the value chain with high-megapixel cameras and focussed on the serious photographer. Technology is killing newspapers.
7. News is a 24 by 7 stream now and not something you consume with a coffee between 6 and 8 am. Newspapers across the world were slow to launch digital initiatives.



8. Soft drinks have been declining for years. The challenge is the newer drinks with a combination of health and indulgence and not pure indulgence alone. We are seeing a lot more functional drinks today. All chewing gum globally is sugar-free. Haldiram's and Indian namkeen brands have sugar-free offerings.



9. It is always difficult to convince people who have been in an industry for decades that their industry is declining. Only a few can see it. It is because their ego and pride are hurt when someone says decline!
10. Bicycles went upscale to MTBS etc... as the ordinary cycles slowed down. Clear niche and premium.
11. The Swiss watch industry fought back against the commodity of Casio-type watches with design and coolness from Swatch. However, the same industry has responded poorly to technology watches and today tech watches outsell traditional Swiss watches by a mile. So, doing it once is not enough.
12. The wrong thing to do is to seek regulation from the government to protect your industry or segment. That rarely works.

I am sure you have some part of your business or portfolio or brand that's declining. Time to rethink!!

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