

Panasonic sharpens pitch for Anchor's legacy, modern design capabilities

An acquisition made over a decade ago blends Japanese branding with Indian know-how as it stitches up a premium narrative for the brand

[Pavan Lall](#) | Mumbai Last Updated at March 6, 2019 21:07 IST



Anchor switches sell for Rs 10-60 a unit, while its range of automated systems for homes starts at Rs 2.5 lakh. The company is looking to penetrate deeper into the higher end of the market

How do you create brand differentiation in something as everyday as a switch for an appliance? After all, there's little that meets the eye beyond plastic buttons and panels that stay flush to a wall. [Anchor](#) Electricals which started half a century ago, as a home-grown maker of electrical switches is seeking to separate itself from the pack by highlighting its legacy and modern design capabilities.

Legacy is an easy recall for [Anchor](#) that has straddled the low-to-mid range of the market and more recently, also the premium end. It accounts for the lion's share of branded switches in the country and has remained a value-for-money label. However design and reliability are values that the brand would be keen to imbibe from its Japanese parent, [Panasonic](#).

In 2007, when [Anchor](#) Electricals was bought out for \$420 million, the deal which was the biggest ever executed by a Japanese company in India, was projected to assist Matsushita Electric Works, a maker of building materials and lighting equipment, deepen its footprint in India. Many expected it to be swallowed up by the parent brand, but that has not happened.

Vivek Sharma managing director for Anchor By Panasonic, says that the decision to retain the Indian company's name was based on the recognition and loyalty that it commanded in the market.

"It's no different than the [Vivanta hotels](#) which had Vivanta By Taj emphasised on its product so the customer knew that the concept was different from the parent brand but connected to it," Sharma says. Anchor has remained a significant revenue generator, accounting for Rs 3,500 crore of the Rs 12,000 crore the firm generates in India and more than 50 percent of its profits.

[Panasonic](#) is keen to leverage the Anchor brand, its familiarity and widespread recall, to push its way ahead in the premium, automation-aided home appliances and accessories market. However it also has other labels in the group aimed at different segments within the market, these include the parent brand Panasonic, Roma, Penta, Vision, KMX and others.

The modular switch market and home automation is estimated to grow at a CAGR of 22 percent to \$1.6 billion by 2022, according to Allied Market Research. "If you look at switches and buttons today they are offered in a variety of designs that were never conceivable," says Rajesh Mishra founder market research firm Thinking Hats. Anchor switches retail between Rs 10 and Rs 60 per unit and its home automation systems start at Rs 2.5 lakhs. "It is not uncommon to spend Rs 50 lakhs to do up a Rs 3 crore apartment," says Mishra and adds that the market is also highly fragmented and branding can make a difference especially for people willing to fork out a significant sum on home decor.

Associating [Panasonic](#) and Anchor in a single brand unit helps drive a premium association by proxy. "The idea is that it has a rub-off of innovation that is driven by international technology," Sharma says. It won't be an easy run though, given that the market has established players that include French company Legrand, Havell's, Wipro, Schneider Electric, Larsen & Toubro and Siemens.

Does the Japanese brand-cache attached make a difference? Sandeep Goyal, formerly the founder chairman of Japanese firm Dentsu in India says that historically Anchor was deeply entrenched in the mainstream consumer psyche. Timing the strategy and having the patience to add the Japanese parent's name, was well-played. "Jettisoning the Indian name would have not made sense," he says.

For Sharma the Anchor and Panasonic connection is a blend of legacy and quality and there really is no question of substituting one for the other. So is Anchor seen as Japanese or Indian? Sharma says that Anchor stands for a hardy Indian-made appliance while Panasonic is purely Japanese technology. "For good or bad, both brands are both seen as Indian and Japanese," he quips.

https://www.google.co.in/amp/s/wap.business-standard.com/article-amp/companies/panasonic-sharpens-pitch-for-anchor-s-legacy-modern-design-capabilities-119030601104_1.html