

SISIL

The Cooling Specialist

Market

Prior to widespread electrification, a refrigerator, like air-conditioning, was considered a luxury item – and this perception lasted for a greater part of the twentieth century. Owning a Sisil – the first refrigerator brand introduced to Sri Lanka – was akin to wearing a badge of honour, as it meant belonging to a privileged social stratum. The product was manufactured and marketed by Associated Electrical Company, and it was the only refrigerator brand available in the Sri Lankan market for decades. It is in this context that the Sisil brand (Sisil in Sinhala means cool) was born – and it has survived to be more than a brand, with it gaining the equity of a Superbrand.

A Sisil refrigerator, with its iconic Y-handle, had built-in aspirational value and it has, over the years, carved a niche for itself. The refrigerators lasted for decades, with many functioning for over 40 years from their purchase dates. This has, in turn, created an aura of durability and reliability around the brand.

When the economy opened up in 1977, an influx of imported consumer durables into the market posed enormous challenges to the oldest refrigerator brand in the country. Sisil's monopoly status was quickly challenged by new players such as National, Whirlpool, Singer and Hitachi, and the emerging scenario began to change market dynamics.

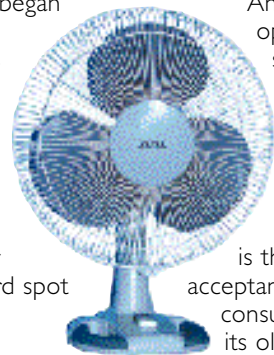
Indeed, the household-appliances market has immense growth potential as lifestyles change, families grow and convenience goods make consumers expect more from their appliances. TV and audio appliances have an extremely high household penetration of over 80%, while refrigerators occupy third spot with marginally in excess of 35% in terms of household penetration.

Washing machines, computers, DVDs, ovens and other products have much lower penetration rates.

But electrification, rather than stiff competition, remains the biggest obstacle to the growth of the household-appliances market in Sri Lanka. Today, only some 70% of the population of Sri Lanka has access to electricity.

Achievements

The home-appliances market is dominated by leading international brands such as Singer, LG, Sharp, Philips, Panasonic and Samsung. Singer and LG enjoy strong market positions, with the home-grown brand, Sisil, emerging as the number three refrigerator brand. The brand has succeeded in creating and maintaining a loyal customer base, thanks to its ability to deliver a positive product experience.



And Sisil has now expanded its operations to the business-to-business segment, offering cooling solutions such as bottle coolers, customised refrigerators and chest freezers. It works with several blue-chip companies and is an integral part of their value chain.

Sisil's most remarkable achievement is that the brand has gained the acceptance and confidence of present-day consumers. The brand has successfully shed its old-fashioned image – it now lives up to



the expectations and aspirations of today's home-makers.

History

Sisil was introduced in 1963 by Associated Electrical Company, and it continued to be the leading refrigerator brand until 1990. Sisil lost the battle for market supremacy in the 1990s to Singer, because the latter's extensive distribution network and easy-payment terms made its refrigerators affordable and accessible to everyone.

This loss of market leadership crippled much of Sisil's manufacturing operations. In 1994, its plant was closed and the company began importing refrigerators from India, marketing them under the brand name Godrej

Sisil. This downward trend continued until 2001, when the brand was acquired by Singer Sri Lanka, Sisil's one-time rival.

In a landmark brand deal between two of Sri Lanka's blue-chip conglomerates, Singer Sri Lanka acquired the popular Sisil brand at a cost of Rs. 55 million. The deal also involved the purchase of existing Sisil inventory for which Singer paid a further Rs. 40 million, bringing the total cost of the Sisil-Singer deal to Rs. 95 million. Singer projected that Sisil would bring in Rs. 325 million in revenue annually to Singer Sri Lanka.

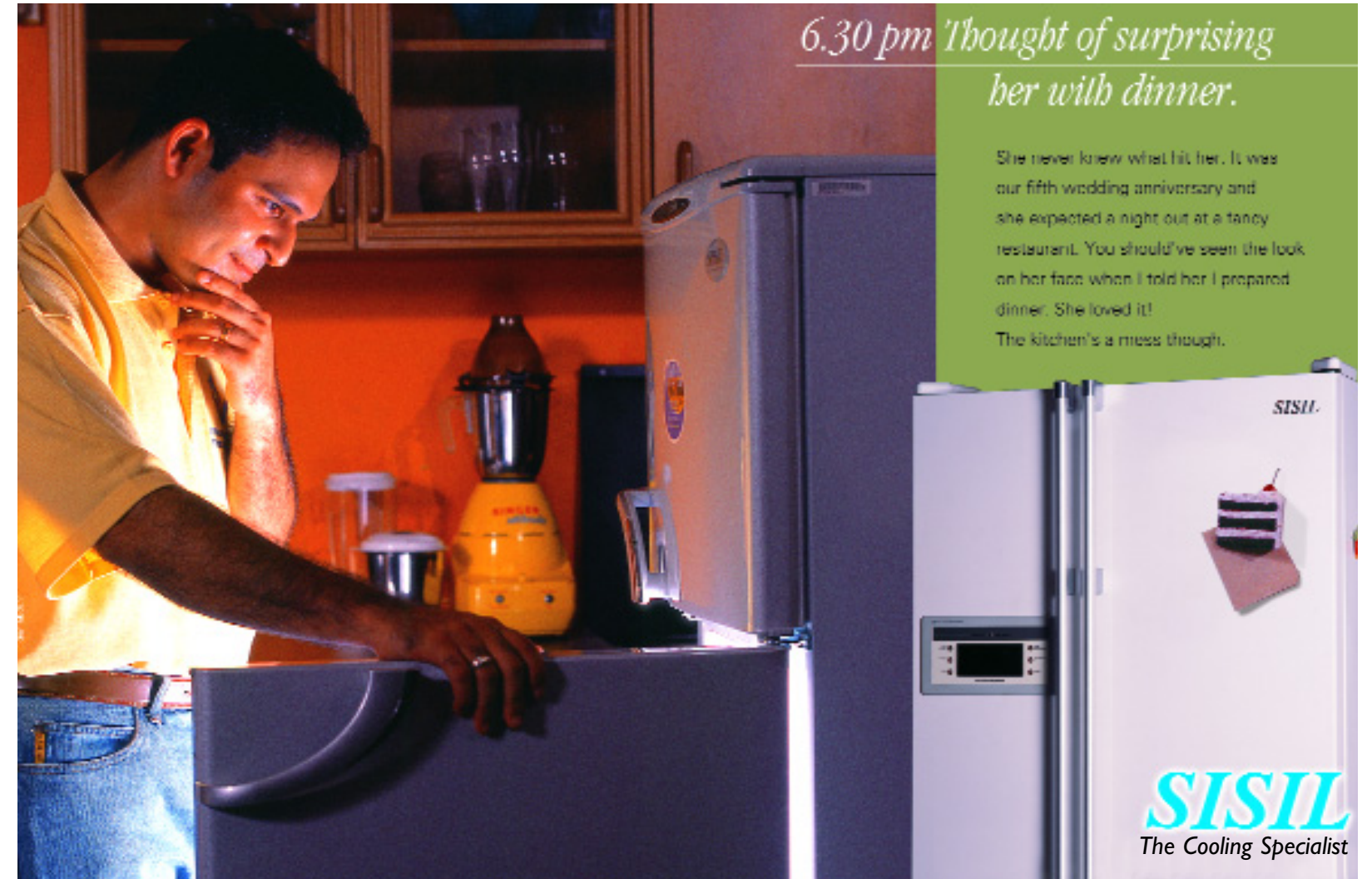
The new owner continued to sell Sisil products through the existing dealer network. With a fresh injection of investment in marketing communications, sales of Sisil began to increase rapidly once again. Realising its brand potential and the immense scope of the appliances market, Singer extended its distribution of the Sisil range of products to Singer's countrywide distribution network. Sisil achieved a significant growth in revenue of 56% by the following year, despite the industry as a whole recording a decline of 10%.

By the end of 2005, Sisil's range of products was available in over 400 dealer outlets throughout the country.

Product

Sisil's range of products uses acquired technology, which plays a pivotal role in its marketing strategy. Through Singer's central purchasing arm in Asia, the brand invests in proven and durable technologies that are now available in the developed world. Sisil products are manufactured by Singer's local associate, Regnis Lanka, a company quoted on the Colombo Stock Exchange. Regnis is able to maintain competitive prices due to the high volume of sales generated through four established distribution channels.

Sisil refrigerators, freezers and bottle coolers



are targeted at neo-traditional customers who appreciate the heritage, not to mention established family values, inherent in the brand. This consumer group displays a high level of loyalty, which augurs well for the brand's custodians.

Sisil achieved Rs. 1.3 billion in sales in 2005, including consumer sales of domestic products and revenue from its wholesale operation which supplies customer-branded Sisil industrial freezers.

The Sisil retail channel, which showcases the popular brand, was launched in 2004 – it now boasts 15 showrooms in the commercial capital and its environs – namely, in Borella, Havelock Town, Battaramulla, Thalawathugoda, Maharagama, Piliyandala and Mount Lavinia; north of the city of Colombo in Ja-ela, Negombo and Kurunegala; down south in Kalutara and Akuressa; in the hill-country, in the towns of Katugastota and Matale; and in Embilipitiya as well.

Another unique feature attributable to the Sisil range is its Suraksha scheme, through which consumers can insure their household appliances at the time of purchase. Suraksha provides insurance protection in areas that are not covered by general-warranty policies.

Recent Developments

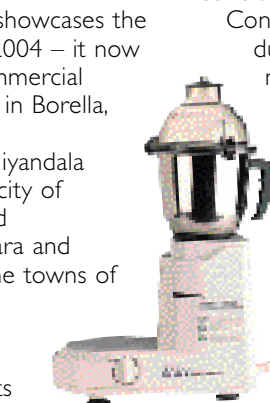
The Singer group of companies initially faced the challenge of maintaining distinct identities for its Singer and Sisil brands. The group realised that the best two-brand strategy would be to develop a dedicated retail chain to market Sisil's range of products – and its contribution to group revenue amply justifies



this strategy. Today, the company boasts twelve exclusive Sisil outlets and it plans to double this number in the short term.

It has extended Sisil's product line to capitalise on the brand's positive image among consumers islandwide. Its product range

includes refrigerators, freezers, bottle coolers, fans, rice cookers, irons, burners, mixers, waffle-makers, toasters and air-conditioners.



Consumer research reveals that durability and reliability are the main attributes for purchasing decisions involving household appliances in this market segment. Sisil has improved the aesthetic value of its product range to strike a chord with the modern housewife.

Promotion

Sisil has been able to build a strong brand equity because of its first-mover advantage. In its early years, advertising and promotions concentrated on the functional attributes of the Sisil range of products.

In 2001, Sisil's new partner, Singer Sri Lanka, commissioned an aggressive multi-faceted communications campaign to revive the brand. The advertising campaign projected the age-old values of the brand, which helped the brand regain its lost glory almost overnight.

Sisil undertakes regular servicing camps and product demonstrations at strategic consumer locations to build customer loyalty. Community-development activities are connected to marcom programmes to optimise Sisil's resources.



Brand Values

Sisil remains committed to its aim of creating built-to-last home appliances to an ever-expanding household market by focusing on durability, reliability and familiarity.

The brand carries the equity of Sisil, as the cooling specialist with a long and distinguished history. Moreover, the trusted excellence of Singer delivers accessibility, modernity and affordability, thereby consolidating brand equity and Sisil's market positioning.

Today, Sisil is highly regarded in the hearts and minds of the modern-day consumer as a powerful household brand that has taken on the challenge of transforming its rich heritage into future success – and into the lives of a new and modern generation.

www.singersl.com

THINGS YOU DIDN'T KNOW ABOUT

SISIL

- Sisil was the first refrigerator introduced to the market in Sri Lanka, in 1963.
- The brand was originally owned by Associated Electrical Company.
- A landmark corporate deal between its original owners and the highly respected conglomerate, Singer Sri Lanka, in 2001 resulted in Sisil becoming part of Singer's product portfolio.
- The total cost of Singer Sri Lanka's acquisition of Sisil amounted to Rs. 95 million.
- Sisil products are now available in over 400 outlets spread across the island.
- Sisil is developing its own retail network and will have 25 exclusive stores by the end of 2006.