

CHAPTER 1: INDUSTRY PROFILE

INTRODUCTION:

The Indian mattress industry is nearly 50 years old. Historically, mattresses have been filled with a variety of natural materials, including straw and feathers. Modern mattresses usually contain either an inner spring core or material such as latex, visco-elastic or other polyurethane-type foams. Mattresses may also be filled with air or water or a variety of natural fibers, such as in futons. In past decades, people of India used to make/buy mattress which are made up of cotton or coir. Then the time brought up a diversion with the rubber and latex. And this made a way to the industrialization of sleeping mattress. In its expedition, mattress observed many ups and downs in its market; still it continued to flow forward, slowly but consistently. It displayed a makeover in all aspects of its size, shape, texture, fillings etc. From the material of essentiality today it became a symbol of luxury.

From a handful of manufacturers, during early 60s this product got some market recognition in early 70s. In the next 3 decades over one hundred manufacturers have entered rubberized coir field. Today rubberized coir products are increasingly used in many industries notably in transport industry like railways and buses, packaging industry (Pharmaceuticals, heavy engineering, electronics etc), hospitals, theatres and auditorium. The basic raw material for Rubberized Coir industry is the brown coir fiber and the natural latex rubber. Over the last decade, the brown coir sector has registered a tremendous growth.

WORLD SCENARIO: There are mainly three major players in the mattress industry and are as follows:-

Sealy Corporation: Sealy Corporation is the major mattress manufacturer and it got the name from the place it started, Sealy, Texas.

King Koil: Founded in 1988, King Koil has over a century of experience crafting high-quality, affordable bedding both in United States and throughout the world.

Simmons Bedding Company: Simmons Bedding Company is a major manufacturer of mattresses and is one of the oldest companies in the United States, for over 125 years.

INDIAN SCENARIO: The rubberized coir mattress market of India is estimated to be highly fragmented with little brand loyalty. The major players in the rubberized coir mattress industry in India are

Kurlon Limited: Kurlon Limited, a Manipal group company came into existence in 1962. Kurlon limited is the brand leader in the mattress industry and has acquired major market share in the branded mattress segment.

Duroflex: Duroflex is the largest exporter of sleep and comfort products from India, started its operations in 1963. Now the company has got three manufacturing units for rubberized coir mattress.

Century Mattress: Century Fiber Plates pvt. Ltd. Started its rubberized coir plant at Hyderabad in 1988 under the brand name “CENTUARY”. Centaury is the first mattress manufacturer with ISO 9001-2000 series and ISI certification.

STATE SCENARIO: In India, the coir industry has developed very well especially in Kerala where they produce ‘Retted Fiber’. Green husks of coconut are immersed in the salty backwaters for 10 to 12 months. The main players in rubberized coir mattress industry are:-

Duroflex: Duroflex is the leading mattress manufacturer in India which started its operations in 1963. Duroflex is the largest exporter of sleep and comfort products from India.

Eastern Sunidra: Eastern Mattresses Pvt Ltd. is a part of Kerala’s renowned business conglomerate the Eastern Group Of Companies.

Rubco: Kerala State Rubber Co-operative Limited (RUBCO) was set up in the year 1997. RUBCO was incepted with prime objective of effectively utilizing the abundant rubber resource of Kerala.

The Indian coir industry has a diversified structure, reflective of the broad range of raw materials and value-added products involved. The industry provides at

least part-time employment to an estimated 40,000 persons. At the beginning of the value chain are approximately 300 fibers millers with usually less than 10 employees and an estimated 500 suppliers of coir pith, or dust. Their output is either purchased for direct export or undergoes manufacturing for twine, mats and brushes, rubberized coir mattresses and pots, geo textiles and pith products. Products, which are technically more demanding or better, suited for mass production, such as high –end twine, brushes, rubberized coir and erosion control blankets are predominantly produced in larger facilities, employing more persons. Now in rubberized coir mattress industry the competition is more and more, the demand of the product is in growth stage. So only the quality mattress industry can survive in the competitive world.

Today mattress industry sizes roughly Rs 50 billion. In which around 10,000 crore are in the organized sector and about 50,000 crore in unorganized sector says Mr. Sudhakar Pai, CEO of Kurl-on mattress. Mattress industry shows a steady growth in the export import contribution to the nation. By the data's in 2007-2008 the export-import was Rs 0.3 to 1.2 crore but in 2012-2013 it raised to Rs 3 crore. Industry gives direct employment for around 23000 people around the nation. And the employers in unorganized sector are much larger than the organized one. 'Most times the companies collect the raw materials from the small unorganized processing units situated in rural areas directly or through dealers for manufacturing of the mattresses'. Says Mr. Mathew Joseph, Director of Duroflex mattress who has an experience of 50 years in the industry.

The key segments in the mattress industry in India are; Natural latex foam, Memory foam, PU foam, Inner spring and Rubberized coir. Natural Latex mattresses are made from pure latex derived from the rubber tree. It offers both softness and durability. Further, being a natural product it is preferred over other mattress types, since it is free from chemicals and petroleum products. Latex mattresses are 100% Natural, so while the other foam based mattresses have complaints on gassing, latex is a healthy and a safe sleeping surface. Latex reduces pressure points while sleeping particularly at the shoulders and hips, and it allows for better circulation with less tossing and turning. The result is a deeper, more restful slumber. Natural latex mattresses have been known to be

last for over 50 years. For those who struggle with allergies, natural latex provides a safe haven as it is naturally hypoallergenic, and anti-microbial.

Memory foam is an improved type of polyurethane based foam. It is valued for its unique pressure reducing properties, and is currently used in countless applications, from memory foam overlays to car seats. Memory foam is lauded as an improved product vis-a-vis the traditional mattresses. While in a traditional mattress, the body weight pushes down on the mattress and the mattress springs push up. This “mattress-pressure” disrupts sleep and can cause pain over time. Memory foam mattresses on the other hand do not push up as the body pushes down. Instead, the body heats the material, which stretches to conform to the body, thus creating a custom cradling with no pressure points. This leads to uninterrupted sleep and pain-free rest.

Polyurethane Foam (or PU Foam) mattresses are a very popular type of mattress in India. PU Foam is made from petroleum products, and due to its lower pricing is widely used in the furniture industry. PU foam is often considered a cheaper alternative to Natural Latex. Its inherent structure allows its cell walls to compress and decompress so as to adapt to the contours of our body.

Spring mattresses are the top selling sleep systems worldwide. The popularity of the spring-based sleeping system is due to its ability to adapt to body contours and maintain correct spinal position while we sleep. Spring Mattresses are increasingly being preferred over Coir Mattresses and PU Foam mattresses. Springs inherently have a particular load bearing capacity, and while a particular weight might be well supported, they may give away when the load is significantly increased. This is the reason that while a normal built person might find a particular mattress supportive, a heavy built person might find the same mattress too soft, and not supportive enough. And if the mattress is not supportive enough, back trouble will follow. In the more developed markets this is taken care of by offering the customers an option to customize the “firmness level” of the mattress (this is done by using different gauge springs). Most manufacturers in India offer only one firmness level which is ideally suited for medium built persons.

Rubberized Coir mattresses are manufactured by processing coconut coir fiber with latex solution. While coir (coconut fiber) by itself does not have any resilience, once processed with latex solution, the sheet gets resilience and ability to conform to our body shape. On a relative scale Rubberized Coir feels much firmer compared to the other alternatives including Latex and Memory foam. Coir mattresses have often been marketed as a one-all solution for back related problems.

The major participants who make moving the industry involve providers of raw material, manufactures, employees, retailers and of course consumers. The main raw materials such as coir, latex etc. which are collected from the farmers across the nation and send to the small processing units before it get used for the manufacturing purpose. Some of them are collected from the unorganized processing units of rural Indian villages.

As for every industry, employees play a greater role; they contribute their skills and expertise for the finest unit of mattress that comes out of a manufacturing unit.

Consumers place a lot of value on manufactures and retailers that go out of their way to help, make their lives easier. The important Indian manufactures in the industry are as follows; Kurl-on, Sleep well, Rubco, Dunlopillo, MM Foam, Duroflex, Godrej etc. Indian mattress industry also faces the foreign companies' invasion such as Tempurpedic, Sealy, Serta, Simmons, Spring Air etc. Each brands has its own peculiar products, manufactures keeps on their R&D in full swing to produce the mattresses in the innovative technology according to the customer preferences.

Retailers and dealers are the veins of mattress industry in India, apart from the market research done by the company; they carry the real information about the consumer's needs and specifications. At the same time they also act as the information provider to the consumers apart from the TV commercials about the quality, worthiness, new technologies in the industry and their benefits. Most of the customers are highly depend upon the dealer's advice prior to their purchase decision.

Customers, finally for whom the products are manufactured. They act as the biggest decision maker in this industry. Manufactures produce mattresses according to the specifications of customers, the thickness, width, texture etc. varies from one customer to another. Hence the companies in the industry compete themselves to be customer centric. Customers of mattress industry can be segmented into; Mattress Involveds, Sleep Sufferers, Healthy and Content, Brand Selectors, Apathetics.

Consumers “involved” in the category have a desire to have the latest and greatest products. They take pleasure in shopping for items for the bedroom and take pride in their mattress. These consumers view a good mattress as being essential to sleep quality, health and well-being and they need to learn as much as possible before making a mattress purchase. Sleep Sufferers are defined by their struggle to get a good night’s sleep. Aside from life-changing events, they tend to purchase a new mattress to alleviate pain or because of an indentation in their mattress. When deciding which mattress to buy, the extent to which it alleviates or prevents pain is most important to them. Sleep Sufferers are likely to be the most valuable customers for the mattress industry to target in a national campaign.

Those in the Healthy and Content segment are highly educated. . They follow a longer mattress replacement cycle (12.5 years) and tend to replace their mattress because theirs has “reached a certain age. These consumers are less likely to be price sensitive. When it comes time to shop, the Healthy and Content will value a mattress that can improve their health. They also will consult consumer Web sites more the next time they shop for a mattress. However, they are less engaged in shopping than the overall sample and technical innovation is much less important to them.

Brand selectors are much brand oriented. They are loyal to the specific brand they consume. With a focus on their wallets, Brand Selectors have a long mattress replacement cycle of 11.5 years.

Apathetics have the longest mattress replacement cycle (13.5 years) and they tend to pay the least. They are the lower income customers. Apathetics don’t believe replacing a mattress is important to their health. They tend to sleep

easily and generally feel that their mattress is not something that will make a real difference in their lives. They typically decide to buy a mattress only under the most pressing of circumstances, such as when children move back in, they get a divorce or they suffer a catastrophe. Apathetics are indifferent when it comes to the mattress purchasing process. When deciding which mattress to buy, price is the most important factor and a large number believe that mattresses are too expensive. Apathetics don't represent a viable target audience for a national marketing campaign. The toughest to win over, they are the least profitable customers for retailers and mattress manufacturers.

Customers are the sole reason for the changing trends in this industry, says Mr. Mathew Joseph who is a well-known dealer in mattress market. He further pointed that during his primary stage in this industry customers prefer mostly the 4 inch 4 ft. mattress which now give way to 6 ft. and the inch varies from 4 to 12. He made a comment that in countries like US, Europe or the UAE, people take considerable time in testing different mattresses before buying one. They used to sleep for 2 hours before they buy that piece. But in India, People will touch and feel a mattress for its firmness and then buy it. Hence most the dealers store a small sample piece of different types. Now a day's people ask for the mattress which gives two different feel at same time. A 6 ft. mattress is divided in such a way that 50% of the mattress is firm and next 50% gives a soft texture. The rubberized coir preference changed to natural rubber. Today customers keep on asking for spring mattress and memory foam mattress. He point on the demographic difference in this industry, people from the rural part focus on cotton and coir mattress whereas people from urban areas are looking for the other segments. Likewise once the spring with memory foam mattresses was dominated by high income group but today middle income group also move towards this segment. Customers are being educated about the mattress, its features and its effect on health, Mr. Sudhakar Pai CEO of Kurl-on comments that, companies today are much focused on the comfort of customers, the companies are being customer centric and most of the customers demand for a life cycle of 5 to 6 years for each mattress. This shows how the trend changes from just home equipment to personalized product. Another innovation is adoption of NASA technology in mattress, which is a temperature sensitive.

Even though the mattress industry foresees a great innovation day by day the growth of Indian market is much lower than the other countries.

The main reason is unawareness among the Indian customers about the health related facts with the mattress. Hence the Indian population still focuses more on the unorganized sectors which specialized more in the coir, cotton or cheap foam which cater to 90% of mattress requirements in India.

To over-come such major concerns the manufactures boost the sales by mostly depending on the advertisements. Consumers feel constantly bombarded by too much on mattress advertising. They are more likely to pay attention if it has some real information to convey. Advertisements make the decision easier. The other important growth drivers are distributors, direct marketing through online portals, flagship stores etc. Exposure to global economy and growth in housing and tourism department also drives the mattress industry in India. More over the industry uses the health department as its major promoter through educating the people about the importance of good quality mattress in one's healthy life style. The major growth driver is the product itself. As Mr. Joseph says the awareness about the innovative technology in mattress drags the customers in to the outlets. An increase in the earning power of Indian customers also shows a drastic change in the attitude of mattress consumption.

Even though the mattress industry in India is in a nascent stage. The industry's analysis predicts modest growth in future, as a result, it can potentially be a profitable business for manufacturers and importers planning to make foray into this market. Mr. G. Sivaram CMO Kurl-on shares his mattress industry outlook that 'there is a dynamic potential for growth in this industry'.

The future of this market is bright in the years to come as the healthcare infrastructure in the country is improving and it is anticipated that more and more people will become aware of such mattresses. In addition, with increases in the ageing population and lifestyle diseases, which make people prone to developing pressure ulcers, it is anticipated that this market will grow at a CAGR of around 10.5% during 2013-2018. Says RNCOS (Market research firm) analysts in their latest research.