

TRENDS OF MARKETING IN INDIA

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Introduction :

Indian market has been a shielded market till early 1990s with successive governments' protective policies. Indian companies had never faced the pinch of international competition for over four decades since independence. The level of competition among Indian firms was not that teething but for a few products. We could hear the names of corporate giants like Tatas, Birlas, Hindustan Lever, ITC etc. These companies had their own strategies and plans for growth in Indian market. The consumers were also content with the product range available to them, in view of limited disposable income and lack of knowledge on possible new product offerings.

At the beginning of 1990s we noticed change in government policies. There was a calculated move towards following the path of reforms in a step-by-step method. Perhaps this move could have been the result of international pressure for allowing MNCs enter into Indian market or to obtain a large chunk of foreign exchange loan or to ascertain the different means of improving foreign exchange position of the country. We know, a few years down the line, our foreign exchange reserves were just sufficient to meet import requirements of less than a month or so. Efforts from government to increase exports substantially did not bring much results, since even major markets were facing recessionary trends.

With reforms and policy of liberalization started the drive towards activating markets. With MNCs flocking Indian market, we could see year after year new product launches, diversification and growth in markets. Consumers began understanding what they can aspire for, given their ability and willingness to go after different products and services.

During last 4 – 5 years we have seen a lot of activity in the Indian market, not only meeting domestic requirement but also big jump in our exports to other overseas markets. With visible changes in the economic scenario and buyer behavior, marketers also have strived to bring into market innovative products and services to meet customer requirements and imagination. The large number of manufacturers competing for a sizable market share or top market position, has led to companies following different marketing strategies.

Change in customer profile in India :

The customer profile has undergone a significant change on account of the following reasons :

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- Growth in consumer income levels,
- Affordability growth on account of falling interest rates, easier consumer credit and increase in variety and quality of products & services at every price point.
- Rural India has reduced its dependence on agriculture.
- The rise of self employed in urban India.
- Better connectivity and communication.

Key characteristics of Indian consumers :

1. Indian consumers have now developed a mindset towards grabbing economic opportunities (rather than demanding social justice).
2. Striving to grasp opportunities to earn more in order to construct a better life for themselves & their children.
3. The rise of women and emerging as partners in family progress.
4. Education and health care.
5. Pragmatism in consumption & preference for "real value" products & services.
6. Family entertainment is becoming a big issue for consumers.
7. Comfortable with borrowings to fund future consumption. (Evolution of the concept of EMI – Equated Monthly Installments).
8. Comfortable with consumption and technology.

Implications for Marketers :

- a. Outdated technology, low performance & plain looks are rejected, no matter how attractively priced.
- b. Add-on-services & buying experience will be the driver of brand choice.
- c. Changing markets need new bases of segmentation (Instead of looking at 'premium, popular, discount' price – performance bands).
- d. The EMI, the 'plus one-level up' mentality, the self-employed ROI processing ("will this investment help me earn more?"), the family bonding need, the changing identities of women, the 'beyond farmers' market in rural India, the maturing of evaluation parameters – all point to the fact that we need to discover the new value processing, of different groups, anew.
- e. New opportunities to serve e.g. ready-to-cook / ready-to-eat product range.
- f. The market has enough scale to offer, and enough desire to consume. The consumer is ready & waiting to be served.

I. Consumer Durables :

The consumer durables sector has seen a large influx of new brands from Indian manufacturers as well as from MNCs. With rising incomes, easy payment terms and

heightened aspirations of customers, the demand for these products is on rise. Now, these consumer durables are considered as needs, and not luxuries. This has enhanced confidence among marketers & they believe the current rate of growth will continue for at least next 4-5 years. Many MNCs are excited by the opportunities presented by the Indian market today. However, there are instances of brand failures also since they thought a foreign label would automatically mean purchase. Today's Indian customer is knowledgeable & well informed. He knows the difference between the new innovative products and out-dated products. You cannot take him for granted on low price count. Even if prices are low, Indians expect higher quality from foreign brands. There are also instances of other multinationals who have wisely decided to go in for special offerings "made for India".

- "There is a constant exercise to produce goods that meet the needs of the Indian consumer. We will be launching a refrigerator that will keep the ice ever after a 6-hour power failure." Rajeev Karwal, MD & CEO, Electrolux Kelvinator.
- Many organizations' structures & reporting procedures are being altered to favor Indian subsidiaries. Samsung has accorded the Indian office with the status of a regional headquarters.
- "The focus on India is much higher now. That's because now the Indian consumer is not just confident of today, but about the future too. This has resulted in greater demand for more expensive products." Percy P Batliwala, GM, SW Asia, Motorola.
- The big challenge for MNC outfit will be moving Indian consumers up the value chain. For Canon, India is the second fastest growing market for digicams & digital cameras after China. " Today there is a greater demand for lifestyle products in India. The aspirations of the youth are in sync with that of the global youth. As a result, we are launching more contemporary products now." Alok Bhardwaj, Director & GM, Canon India.

II. Consumer Goods sector :

Consumer goods sector especially FMCG is full of action in recent years. The war between Pepsi & Cola, HLL and P&G and others is on & we see each strategy is matched with counter strategy to grab a little more of market share. The route could be a new product launch, a new pricing offer or an ad campaign. Consumers indicate changing behavior pattern at market place & leave marketers wondering about how to study the same & workout the plans to push their products through. There are branded products as well as unbranded in market. Marketers spend heavily on introducing brands, building brand image & establishing brand loyalty. Some prefer to remain unbranded. Both versions exist. While most of the time branded products stand winners, still apprehensions remain about competition from unbranded products.

The race between HLL and P&G is on. Though P&G is relatively a new entrant, it has a well thought-out plan to take on HLL. After cracking open China, P&G, the formidable marketer is turning on the heat in India. P&G's strategies on prices,

distribution, product launches etc. prompted HLL to re-look at its, to maintain the present market position. P&G took initiatives to cut the costs, to offer most competitive prices to the market.

III. Automobiles sector :

The automobiles sector in India is buoyant since last 5-10 years. We have seen in recent years lot of manufacturers gearing up their actions to take advantage of the wave – the wave of leading an improved life. Earlier we used to visualize mostly Ambassador (HML) and Premier Padmini (PAL) cars on Indian roads. Today, we find the market is full of Indian brands and ones from MNCs. The revolution started with Maruti and thereafter others like Telco (Tata Indica), M&M, Hyundai, Ford, Daewoo etc. lined up their models. Earlier we had imagined car means passenger car. But today, we find the variants like multi-utility vehicle (MUV), sports utility vehicle(SUV), family car etc. The scene also has changed in two-wheeler industry. Earlier we had scooters and mopeds. Only a few companies like Bajaj, LML, TVS, Royal Enfield, Hero, Kelvinator had different models. But now we find there is a tremendous change in the variants offered. There is an intense competition among Bajaj, Kinetic, Hero Honda, LML, Yamaha etc. These manufacturers are bringing new models at regular intervals to meet changing customer requirements & win over customers.

The marketing strategies of these automobile manufacturers leaves us wondering as to the pace at which new models are flocking the market & the way they lure 'new age' customers with the lavish ad campaigns. However, with market full of choices, a need is felt to identify new areas to attract customers. Marketers are now embarking upon value addition plans. Take for example, Maruti's Project Vistaar initiative which includes car finance, auto finance, branded accessories & fleet management and also re-sale of used cars. M&M is using a group firm, Mahindra Auto Specialties (MAS) to allow customers to customize a car according to their needs. M&M's other division, TSG, will provide taxi fleet owners the Bolero and also enter into annual maintenance contracts. At the same time, it is providing transport solutions to firms like P&G.

" Cars will now be sold on the basis of what experience the company provides the customer, and that includes distinctive services." Says Dasgupta, Principal at IBM Global Services.

In a market where consumers give considerable weightage to the resale value of a durable, helping organize the used-car market will be a big strategic advantage for any auto maker.

IV. Retailing Sector :

Globally retailing is big business. So much so that Wal-Mart, the biggest retail chain in the US is valued much more than even Microsoft. Scene in India is not much different. In absolute size of sales the largest retail group in India RPG owning Food World, Spencers & Music World has clocked revenue of around Rs.500 crores, it is no match to Wal-Mart's Rs.1.9 crores. CII reports the Indian retail industry which is the

second biggest & next only to that of agriculture with total annual sales of about Rs.2L crores & accounting as much as 13% of the GDP is quite fragmented with over 12 million outlets.

Retailing in India started taking shape during 1980s & today we find many retail chains like Raheja's Shopper's Stop, Piramal's Crossworld, Tata's Westside, RPG's Food World and Spencers & Music World. Also included are Pantaloon, Tanishq, Barista Coffee, McDonalds, Proline, Gautier etc.

A major shift is taking place in India & people are increasingly tending to buy from organized retailers. Retailing is a volume driven business. The net profit may be low on account of high cost of operation & heavy investments, but the retailers know they can take recourse to economies of scale to improve their profit margins.

"Shopping has gained currency & become an experience in organized retail chains that have mushroomed all over the country despite the high cost of operations. At many places, shopping is an experience & one would tempt to while away sometime ever if there is no intention to shop".

Consumerism has effectively ensured availability of a broad range of items to fulfill an ever-expanding desire for products. The focus on shopper convenience necessitated overhaul of the way products were displayed and even the way shoppers navigated their way within the shop. Hitherto ignored aspects such as ideal illumination level & shelf designs became crucial considerations.

"The Indian customers have become more sophisticated and are looking for an engaging retail experience which encourages them to browse leisurely, without much interference from the salespersons. And, this trend cuts across metros and other urban towns as well." Says Ajay Chowla, Head of Retailing Division, Titan Industries Ltd.

The emergence of retailing in India is attributed to the increasing purchasing power of buyers, increase in product variety and economies of scale for retailer with the aid of modern supply and distribution management techniques.

Customer service & convenience is a core focus area for the store team and the air conditioned, clean, comfortable, well stocked and laid out store ensures absolute customer delight. Parking provision, play area for children are also important.

V. IT Sector :

Indian-IT sector is growing but the trend is not consistent. There have been many ups and downs, but the cumulative trend is towards growth. Media reports have given us different dimensions of this sector. The marketing of IT products has its own uniqueness. The customers' expectations are always on rise and the complexity is widened due to the entry of MNCs. Sometimes we carry a feeling of keen competition among Indian IT companies, where as at other times we feel the local IT firms are facing a stiff competition from MNCs. Further, the entry of BPO has added to the confusion at market place. The uproar in US & a few of the European markets over outsourcing of some of the jobs to India has been making a lot of noise. While a few

states of US have even passed legislations barring outsourcing of jobs to India, other countries have started creating visa problems for Indian techies who wish to reach those destinations for IT jobs.

The competition is mainly based on costs, technology and quality of delivery of solutions. Indian companies and MNCs that entered this sector have their own experiences with the market. Many have contemplated following different strategies to gain firm footage and growth. It is also noted that individual markets have distinct characteristics – growth, willingness to outsource, costs of penetration and price points.

In a service industry it is important to establish oneself as a superior and efficient company that can deliver quality on time, every time. Also, some companies are following de-risking strategies. E.g. Infosys is reducing its dependence on US market and spreading its coverage to European markets.

Also, companies are taking many cost cutting measures.

“ Cost cutting & internal reengineering apart, Infosys is also diversifying into new areas where it can leverage its core software development strength. It is foraying into Business Process Management – initially focusing on transaction processing & accounting services.”

Today companies all over the world have an imperative to enhance the effectiveness of their business process by leveraging new technology, process redesign & cost reduction paradigms.

Another aspect is of value addition. The definition of value addition has certainly undergone a sea change. A simple warranty with a good after-sales service is no longer looked up as big value additions. End-consumers in this competitive market with myriad options are always asking for more. One important thing here is to provide the customers with need-based / budget-centric solutions.

“ The future growth will be volumes based & not price based & therefore, the margins have to come from companies offsetting decline in realizations by volume growth.” Says Banerjee of Wipro.

“ The IT companies should spend more on marketing and brand building exercise. They should have visibility and brand recall among smaller US firms.” Kiran Kartik, NASSCOM.

“ Indian IT companies are now targeting new service lines such as systems integration, package implementation, IT outsourcing & IT consulting. They are also increasingly beginning to focus on software products and other high-end areas such as semiconductor design & embedded software.” Says Som Mittal, Chairman, NASSCOM.

Indian companies will look towards building expertise through Thought Leadership, gaining better Customer Access & Key Account Management. Indian companies will also examine the possibilities of building Global Delivery Models to overcome geo-political risks.

Mphasis BFL has developed a Virtual Team Model (VTM) wherein onsite & Offshore teams work in tandem on the same project using technologies like Virtual Private Networks. It provides cost optimization to customers by using lower cost location while leveraging time-zones & thus offering 24-hour development cycle & testing systems.

“ We are not interested in running after just about any client. Ninety percent of our business is repeat business & we believe in growing our smaller customers till they make significant contributions to our revenue.” Says Mrinal Sattawala, Chief Marketing Officer, Patni Computer Services.

CONCLUSIONS :

From the aforesaid analysis of market situation in different sectors in India, I can crystallize on the following trends in marketing in India :

- India, as a market is growing and calls for appropriate marketing plans to take the advantage.
- Indian consumers are now well informed and know their requirements very well. Marketers who analyze customer needs and wants & make right offers will click.
- MNCs have come, coming & will keep coming. Indian manufacturers and marketers have to position themselves in such a way that they still make their presence felt to competing MNCs.
- MNCs cannot bring out-dated technologies to Indian market, their counterparts in India can develop better technologies on their own.
- The concept of value addition has to be understood clearly. With ever increasing expectations of Indian buyers, marketers have to identify new and innovative offerings which will increase value addition.
- The buying pattern & consumer behavior at market place show a continuous change. Marketers have to keep a close tab on those changes and modify their marketing strategies.
- There is an alignment between Indian market and other global markets, which was not so a decade ago, and as such the product offerings have to be of global standards.

All said and done, the fittest, who correctly understands the market forces and makes unique offers, will survive.

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