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NEW MARKETING TRENDS (In Case of India)

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In this paper the author specifies the nature of the international trends in marketing and projects the position of India in the new environment. He elaborates India's contribution in certain sectors. It has been accepted that the changes are new and things are still in the process of transformation. The degree of adjustment by the Indian manufacturers has been less but the intention and precedents exist for other domestic manufacturers to go global provided the global trends are properly felt. The cautions for Indian manufacturers have also been added. The paper concludes stating that Indian marketers are playing also in the global arena with effectiveness.

Introduction

Marketing strategy changes over time, in reference to a country or region. This has happened with the different trading blocks and the coming up of ASEAN to the forefront as a powerful economic block. India is yet to enter any economic block. However, India has been fortunate to have Manmohan economics to play its role and this in result has brought with it certain trends in marketing. These trends are evident as domestic strategy and international strategy dominating the marketing environment today in India.

Since mid-1991 India has been following a path of liberalisation. This term 'Liberalisation' is a hat which changed its shape according to the head. In India this liberalisation has come in form of economic and social deregulations and positive thinking. It is of course true that economics and politics are inseparable therefore the effects of economic liberalisation will be on the political thoughts as well.¹ The avowed socialist ex-chief minister of Uttar Pradesh, Mulayam Singh Yadav, was trying to dispel apprehensions of potential investors at the annual meeting of the Confederation of Indian Industry (CII) in New Delhi in April 1994. It should also be appreciated that the trend of such liberalisation has not been in lines of westernisation but on lines of modernity.² Modernity means to live in the environment that one's society has deliberately chosen to construct (or to accept) and to do so rationally and self-consciously. This has been amply evident based commerce ministry statement that consumer non-durable will not be allowed under OGL. This demonstrates once more India's prudent liberalised economic system. The marketing trends in the domestic and international market are the following :

1. Consumer orientation

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2. Technology Upgradation
3. Improved Quality
4. Joint Ventures
5. Services Marketing
6. Joint Ventures abroad
7. Contract Manufacturing

1. Consumer Orientation

It is often thought that consumer orientation is what have been achieved through the Consumer Protection Act of 1986. It is much more, slowly the society is acting as a producer to the services by equally participating. This change has been brought by the marketer themselves.³ One has to see the success of Tube/Metro Rail Service in Calcutta, which is stated as one of the best in Asia. Again the feedback system of control has suddenly picked up and scooter marketers, high tech appliance marketers are trying to seek the support of consumers in ultimately making their product offerings better. Consumer orientation has been to this extent, when a soft drink company thinks of asking the consumers to try a rival brand/drink and come back saying "Yehi-Hai right choice". The confidence that the marketer bestows on the consumer was unknown previously.

2. Technology Upgradation

It is not a buzz word any more; it is real word and, real happening. Nobody is shocked when every product is facing such a trend. Right from water to the Aircraft technology upgradation is taking place. Technology choice is a strategic issue. Different technologies have distinct kind of competitive strategy. For example, one type of technology will achieve a low cost, high volume standardised product strategy, while the other could be high quality product differentiation. A competitive advantage is normally based on the fact that which technology fits well in particular business environment.⁴ Five variables should be weighed in choosing the technology. These are factor costs, market environment, technical constraints, input scarcity and competitive dynamics.

Factor cost : This states that when labour and capital are substitutable in production technology, their relative costs should be weighed. The task is to access the cost correctly considering the social benefit also.⁵

In reference to market requirement it should be stated that researches on managers working in MNC's subsidiaries have stated "size of market or scale was by all order, the most important determinant of their choice of production technique".⁶ Studies of organisations in Nigeria, Kenya and India further corroborate the importance of small market size in leading companies decisions to choose more labour intensive technology. Common adaptation in production firm is to use multipurpose rather than numerous

special purpose machines, Cummin's engine used this approach in the Indian plant. A survey of 20 MNCs subsidiaries operating in third world country revealed that on the average their technology were three to four times more labour intensive than their parent technologies. This is very true in case of India as well.

Production operations often face shortages of skilled workers, materials, energy and equipments. Absence of skilled workers, materials, energy and equipment has been bottlenecks in India. Raw materials as input is normally handled in the manners (1) having a better technology and thereby making maximum usage of raw materials or by finding an equally important substitute and (2) by planning supplies and control of inventory. Competitive dynamics is the final factor influencing technology choice. In protected markets insulated by Government Tariffs, Quotas one may be less-concerned about least cost production technology.

3. Improved Quality

Improved quality is required in a market of globalisation where each part of the world is becoming dependent on the other to get the best product at the optimum price. Quality of products in India has increased to an extent where in consumers are moving to consumer protection councils to seek redressal against the producers. Therefore, the organisations have rightly latched on quality improvement to offer the best. One should understand the spate at which ISO 9000, 9001, 9002, 9003, have been adopted by Indian organisation, who really cannot enter the exports unless they have ISO certification.

^aA Survey in 1992 of 90 top managers stated that the single most fallout of the efforts to globalise the Indian economy identified by them was the urgency of improving product and service quality standards in domestic markets.

Again in an ACME seminar led by Prof. John Quelch of Harvard Business School, 42, respondents were surveyed in reference consumer need, expectations and developing unique brand positioning. The respondent consisted of top notches of Bank of America, Hindustan Levers, HMT, HTA, HTA, ITC, Parry, RPG Group, Shaw Wallace, Titan Watches, TVS Group and some other renowned ones'. The second question in the questionnaire was the secret of success of their success. Product superiority was rated as most important factor followed by advertising, sales force, promotion and overall management follows them. Therefore it is indisputable, that all the successful brands are quality products and their product superiority stands out.

4. Joint Ventures in India

Joint-Ventures are no more few in India. It is long time since the curtain raiser was done by Rajiv Gandhi when he came to a power packed by a big majority

and he set the step of liberalisation to the forefront. Now-a-days people do not have their eye-brows up, hearing the product is an outcome of a joint venture but they look for the names in joint-venture they would like to listen. Right from shirt the 'Arrows' to cars it is a joint venture game.

⁹DCM's joint venture with South Korean car maker, Daewoo, Telco with Daimler-Benz for manufacture of Mercedes Benz E220, Peugeot with Premier Automobiles are well known. Daewoo Racer, the product has collaborator Daewoo (51% stake), it has gone for CKD assembly, the product is already in the market. Later in 1995 we will find Mercedes Benz E220 and the collaborator TELCO. Daimler Benz will have 51% stake and it will have a production system of SKD assembly.

5. Services Marketing

Services sector has contributed to Indian Economy, in the present year 40% of the GDP. The contribution of the sector is on the rise. The present decade have seen a boom in consumerism in India. Consumer services, and service related to consumer goods have seen an unprecedented rise.¹⁰

Marketing of tourism services has come of ages, a projected growth of 1% of world tourist by 2000 is being contemplated by the New Action Plan on Tourism. It should also be noted that consultancy services are on rise, a lot of turnkey consultancy, software consultancy is being availed now with a sudden liberalisation these trends are becoming common and people are ready to pay for information. One should also take into consideration that many services are becoming essential such as maintenance in case of high-tech and break-down prone products. These services therefore have become part of the product. Computer maintenance, Aircraft maintenance, are many such services. The market of such services are on the rise.

6. Joint Venture Abroad

¹¹Indian Joint Ventures are dispersed over 37 countries. More than 80% of the operating ventures are concentrated in 12 countries which include Malaysia (17), Sri Lanka (16) U.K. and Nigeria (13 each), Singapore (12) Indonesia (11), Thailand (9), Kenya and Nepal (8 each) and UAE and USA (7 each).

Indian Joint Venture abroad are in both the Industrial and Service sectors. A large number of projects exist in the large scale and technologically sophisticated area. Projects have been set up to manufacture jeeps, trucks, precision tools, steel, tubes, mechanical seals, fertilisers, pharmaceuticals, diesel engines, man-made fibres, carbon black and mini computers.

The field of Joint-Ventures is primarily dominated by business with sound track record and well established presence at home. Many of these firms are part of large Industrial houses. An important feature of Indian Joint Ventures abroad had been the establishment of few such ventures with third

country participating.

Indian Joint Ventures abroad have been steadily improving their performance in last few years. The cumulative dividend from equity of Indian investment came to Rs. 1,759 lakhs and fees repatriated (cum) amounted to Rs. 4,820 lakhs and the export generated (cum) totalled Rs. 21,672 lakhs.

Some of the successful ventures are mentioned below :

1. Newsprint projects operating in Kenya, promoted by Birla Group and Textile unit of J.K. Group.
2. Steel furniture unit, sponsored by Godrez in Malaysia.
3. Palm oil refining unit, sponsored by Birla in Malaysia.
4. Spinning unit by Kwaliti Textiles in Malaysia.
5. Synthetic fibre unit and Carbon black unit by Birlas, pulp unit by Thapars, dyestuff unit by Mafatlal, Pharmaceutical unit by Ranbaxy in Thailand.
6. Steel bar unit by ASC enterprise, steel file unit by J.K. and textile by Birlas in Indonesia.
7. Pharmaceutical unit by Ranbaxy, consultancy unit by Birlas, Telecommunication Consultant India Ltd. in Nigeria.
8. Assembly and manufacture of commercial vehicles by Tatas in Malaysia.
9. Machine tool complex by HMT in Nigeria.
10. Hotels by Oberois in Australia, Egypt, Nepal and Singapore.
11. Manufacture of electric motors and diesel engines by Kirloskars in Malaysia.

¹²However there are certain cautions in case of Joint Venture agreements that the entry partner should be careful about ;

- (i) Do not enter Joint Ventures with partners that are initially concerned with control on how to split up if the Venture should fail.
- (ii) The venture must be able to get the resources to grow and should not be restricted technologically or geographically.
- (iii) The venture must develop its own culture.
- (iv) Joint Venture managers need good access to top management at the parent company.
- (v) Stay away from partners who are overly centralised and do not have experience in sharing responsibility.

7. Contract Manufacturing

This has been the recent trend of Indian marketers. Indian manufacturers are trying to get foreign buyers for whom only they would like to manufacture a certain kind of product only. In case these buyers cease to buy the whole lot of product will have to be sold through brokers in International market. This

is also happening in domestic market as well.

An unit of Pondicherry Textile Corporation known as Anglo French Textile manufactures fire-resistant cloth for its German buyers only. Again an insect repellent fabric (Chandora fabric), specially suited for Western Sahara region, this is also for a foreign buyer only.¹³

The above trends of manufacturing are definitely a break from the past when the manufacturers were getting shelters from foreign multinational by enforcement of FERA and thereby neither technology nor quality was improving.¹⁴ Strategic Alliance is increasingly becoming important. "The R & D projects are tremendously costly and require a multidisciplinary range of human specialities and capabilities. This accounts for mounting tendency for collaborations to be in the form of strategic alliance."

The rise of strategic alliance is a relatively new phenomenon. However the board may wish to explore such questions as :

- (1) What effect will these cooperative structures have on the generation of new technology?
- (2) What will be the consequences for the general availability of these new technologies?
- (3) What reasonable ameliorative measures seem appropriate?
- (4) What is the possible role of home country enterprises in forming collaborations with developing countries entities that will lead to beneficial transfer of technology?

Developing countries vary in their level of technological capabilities or economic development and past trends show that the technological gap between advanced developing countries and developing countries is widening.¹⁵ Since new and emerging technologies increasingly affect the volume, composition and direction of world trade, countries that are unable to gain access to these new technologies and successfully absorb them will find themselves progressively disengaged from global economy.

Therefore, the steps of liberalisation and some of its outcomes are welcome and healthy marketing trends are visible so far India is concerned. Marketing in India is also global and is following most of the global trends.

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