

# “Marketing Environment: A Predictor of Marketing Strategies in Cement Industry”

Amit Ranjan<sup>1</sup>, Dr. Hitendrabargal<sup>2</sup>

<sup>1</sup>Research Scholar, Devi Ahilya University, Indore, Vandana Nagar, Indore (MP)-452016

<sup>2</sup>Professor, Patel College of science and Technology, Indore

---

## ABSTRACT

The cement industry after World War I made a rapid progress in India. From various Government policies during 1925, the cement industry received protection. Indian Cement Manufacturers Association was founded in 1926 by the end cement manufacturers. With the pace of faster urbanization and population explosion, the demand of infrastructure is increasing so the marketing environment was congenial for this cement industry to expansion its operations. To survive in the booming marketing environment, it is essential for cement industry to formulate such marketing strategies to meet the increasing demands without sacrifice the quality in any possible aspect. In the globalization era, it would be more concentration is given to this sector to build its position in the market. As all the operations have been executed and very less focused is given to brick and mortar so it would be the greatest challenge for this industry to sustain its capital in the market. In this study, the researcher has explained the importance of marketing environment for the formulation of marketing strategies like price, product, distribution, promotional tools and positioning the products in the market. For the empirical evidence, total 85 distributors from various brands in cement like Ambuja, Jaypee, Ultratech, etc. have been chosen and through self-constructed questionnaire, they were asked to share their views on the marketing strategies. The correlation was applied to determine the relationship between two variables such as; marketing strategies and marketing environment. The result showed that marketing strategies are formed through the scanning of marketing environment.

**Keywords:** marketing strategies (product, price, distribution, promotional tools, positioning), marketing environment.

---

## INTRODUCTION

Prior to the process of liberalization, the cement industry had been subjected to strict government control with regard to pricing, production and distribution but after the liberalization, the cement industry has flexibility in production. During 1989, the industry was further liberalised to allow the market forces to determine the prices and distribution. Several existing and new enterprises were encouraged to set up large cement capacities due to this liberalized environment during 1990s.

The cement industry is facing an unexpected increase in demand with the economic boom in India. After China, India is the largest producer of cement globally with a total capacity of 224 MT production. With the increasing demand of infrastructure, India's GDP has grown by about 8 per cent and the production is also expected to increase 459 MT by 2015. Looking at the increasing demand, the Indian cement industry will have to increase the production capacity in competing the multi-national markets. The growth of this sector can be determined by business strategies such as research and development, customer retention strategies, innovation, branding strategy, Government policy, globalization, consolidation etc. According to the survey, by 2015 the consumption of cement is expected to increase about 1060 MT in the world.

For the developing countries like India and China, the demand for cement accounts about 84 per cent of the total world demand. India is known as the eleventh largest economy of the world plays a vital role in creating the demands. In 2009-10, due to the boom in real estate in India, the demand for cement has increased by 10 per cent. The increased infrastructure development has also boost up the sales. Hence, the purpose of the study was to measure the different brands of cement industry in terms of marketing polices, Government policies, production policy etc. for the study five different cement brands have undertaken in Indore city.

## Marketing Strategies of Cement Industry

There are 4 Ps related to the marketing strategies and this study is specifically based on the cement industry.

**Product:** In the past, there was only one product in cement available that was 33 Grade reflected in the quality of the cement but due to the forceful competition, cement industry had to move towards the improvements and also to compete the many players in cement industry. So, cement industry moved to 43 Grade and further 53 Grade which is the highest Grade as per BIS (Bureau of Indian Standards) compete their products, manufacturers have to increase their potentiality to exist in the market where product is known as quality in all the aspects. The cement industry always required huge investment for production and once it reaches the maximum production then definitely it gains maximum profit. For the one decade, it has been observed that cement industry was forced to expand its production at the sake of incurring additional cost. In order to meet the demand of the increasing market, the companies came up with PPC (Portland Pozzolana Cement) which is prepared by fly ash, volcanic products etc. and this helps in increasing the production to maximum 30 per cent from the existed set up. Means from the same inputs. Due to consider the environment protection, the Government has made it mandatory for the companies to use PPC in its radius of thermal power station.

**Packaging:** In cement, packaging does not play a vital role in lieu of one of the marketing strategies. As in cement industry, there is no such requirement of packaging. Cement is directly transit to the construction sites in HDPE bags which are more safe and to protect the cement from moisture. Before using the HDPE bags, the jute bags were more used for cement. Jute bags were not safe as the problem of leakage was occurred during the transit and the product got damaged. Now the builders have come up with innovative idea of RMC means Ready Mix Concrete in Cement Industry. In facilitating this idea, builders buy huge quantity of cement to save labour and time and on the construction place they used to make cement from RMC. In this way transportation cost has become less.

**Proper Technology:** Due to advancement in technology, the marketing strategies have treated its own path not only to improve the quality but also to apply technology in an increasing way. Now, the cement industry provides guidance to the cement users as a value addition to the products. Usually, in cement industry, there exists a technical cell in which the team of well qualified civil engineer are required to share their knowledge with builders. The objective of the technical cell is to provide guidance if any customers face any problems related to the construction.

Some companies adopt a revolutionary idea of mobile laboratories facility to customers for their satisfaction level regarding the quality of products. In this way customers get benefits and also get updated about the latest construction practices.

**Sales promotions:** To increase the sales volume, companies are involved in innovative promotional tools through advertisements, social Medias, websites etc. In promoting the activities cement manufacturers have started to provide various incentive schemes to cement traders and Masons to ensure their inclination towards the different brands of cement industry. Companies are convened meetings, regularly with Masons so that they can present the products in an efficient manner.

**Price:** In cement, price has no such vast variations. In market there are different brands but price variation is 5 Rs. to 10 Rs. depending upon the name of brand. Price of cement is based upon the manufacturing cost, logistic cost and Government levies. Cement companies are offering its services at the door step so logistic cost may be variate depending upon the location nearby regions or far off places. Cement price fluctuates as per the demand so it is cyclic in nature.

**Branding Strategy:** For branding cement industry, marketers need to differentiate their offering by delivering unique attributes and values to the customers, traders or constructors. Brand is able to provide the customers the right product at the right place at the right time. With its successful campaigns of trust and quality, different brands of cement available in market like JK Cement, Birla White Cement, Ultratech, JK White Cement, Jaypee Cement Ltd. Etc. emerged as a trustworthy brand in the consumers' minds. Keeping the first priority to capture market share and be the number of brands, branded cement offered competitive pricing. It was successful in building preference nationally. It was the quality, reach and recall value that made a successful brand.

## Major Promotion-Mix Elements

According to Armstrong & Kotler, (2005) companies promote various tools to positioning their brands in the market. Sometimes these companies conduct fairs or engaged in personal sales to create awareness among the customers for the best brands. Through advertisements also these companies try to promote their products and find the best market. As it is observed that there are a number of players in the market so it is important to pull the customers by offering the best and reasonable price.



**Figure 1: The Elements of Promotion Mix**

Nowadays, brand value plays an important role before buying a product. Here in the market, one can find the top brands which are ruling the market in this industry for a long time. Top well-known brands are Ultratech, JK Cement, Birla White Cement, Ambuja and Jaypee Cement Ltd. These are the companies which are maintaining a reasonable market value for decades.

### **Rationale of the Study**

The companies have the clear view of the market as the market is always uncertain and develop a conceptual framework on the micro variables that regulate the marketing environment. The marketing environment depends upon the demand and supply chain distribution and the availability of the products. The companies have to be very conscious about their competitors and also the quality. There would be profound understanding while fixing the price that included logistic cost, landed cost, manufacturing cost and labour cost. The market is very dynamic so it is better to create the worth. The companies study the whole strength of competitors and determine the price accordingly. The quality also has to be sustained and capture the larger share of the cement market. The decision capability of companies measure the risk as how they are able to take risk and make judgment about the gains of cement sales growth.

### **REVIEW OF LITERATURE**

Maity, A. (2014) discussed about the purchase decision for the selection of cement brands. The quality has been given preference by the industrial customers so they prefer brand. They are given the feedback by the engineers about the quality of the brand. So the study found that before purchasing the cement, the environment has to be scanned and when they are sure then they can go for purchasing. The study concluded that marketing environment is preferable for the customers to take decision while purchasing. The study suggested that market is uncertain so first they scan the environment and predict the favourable conditions.

Mukhopadhyaya et al (2012) evaluated the regulations and rules of the Government policies in cement industry. The competition is increasing as many companies exist in the market so it is a fact that strong companies are happy to survive and small and weak companies perish. So it is better to have feedback from the target segmentation so that they can update themselves accordingly.

According to the study of Shankar et al (2011) with the consumption of cement in India to touch 600 million tonnes by the year 2020, Cement is the single most important and profitable product in the building material sector. The Indian cement industry is a market of opportunities waiting to be tapped, with an 8% GDP growth rate, governmental infrastructure augmentation and population expansion. This study investigated the current and future trends in the Indian cement industry and enumerates key business strategies that cement conglomerates will have to adapt to compete in the Indian building materials market. Considering the growing demand for cement in India and higher capacity utilization over the years, key Indian players have already begun to revisit their business strategies.

### **Objective of the Study**

To examine the relationship between marketing strategies and marketing environment of cement industry in M.P.

### **RESEARCH METHODOLOGY**

The study is purely descriptive. Total 85 distributors/suppliers were selected from Indore and Bhopal. The sampling method was random. Through the questionnaire, their responses were collected and tested through the development of hypotheses. These all distributors keep the brands of cement so they are better to know the preferences of customers about the brands. Chi-square was applied to check the association between marketing strategies (product performance, price, positioning, branding and promotional tools) and marketing environment. Top well-known brands are Ultratech, JK Cement, Birla White Cement, Ambuja and Jaypee Cement Ltd. have been chosen for this study.

### **Results on Hypothesis**

H<sub>01</sub>: There is no significant relationship between Product Quality and marketing environment of Cement Industry.

H<sub>a1</sub>: There is a significant relationship between Product Quality and marketing environment of Cement Industry.

**Table 1: Chi-Square Tests on Product Quality**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.995 <sup>a</sup>	16	.000
Likelihood Ratio	47.925	16	.000
Linear-by-Linear Association	20.450	1	.000
N of Valid Cases	85		

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .21.

The above table shows the association between two variables through Chi-Square analysis. The table exhibits that between product quality and marketing environment of cement industry, an association is observed at  $.000 < 0.05$  level of significance. The value of chi-square is 46.995 is significant at 0.05 so the null hypothesis is rejected and the alternate hypothesis which states that *There is a significant relationship between Product Quality and marketing environment of Cement Industry* is accepted.

H<sub>02</sub>: There is no significant relationship between Pricing and marketing environment of Cement Industry.

H<sub>a2</sub>: There is a significant relationship between Pricing and marketing environment of Cement Industry.

**Table 2: Chi-Square Tests on Pricing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.056 <sup>a</sup>	16	.003
Likelihood Ratio	38.514	16	.001
Linear-by-Linear Association	11.855	1	.001
N of Valid Cases	85		

a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .28.

The above table shows the association between two variables through Chi-Square analysis. The table exhibits that between pricing and marketing environment of cement industry, an association is observed at  $.003 < 0.05$  level of significance. The value of chi-square is 36.056 is significant at 0.05 so the null hypothesis is rejected and the alternate hypothesis which states that *There is a significant relationship between Pricing and marketing environment of Cement Industry* is accepted.

H<sub>03</sub>: There is no significant relationship between Positioning and marketing environment of Cement Industry.

H<sub>a3</sub>: There is a significant relationship between Positioning and marketing environment of Cement Industry.

**Table 3: Chi-Square Tests on Positioning**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	89.068 <sup>a</sup>	16	.000
Likelihood Ratio	71.806	16	.000
Linear-by-Linear Association	8.517	1	.004
N of Valid Cases	85		

a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .25.

The above table shows the association between two variables through Chi-Square analysis. The table exhibits that between Positioning and marketing environment of cement industry, an association is observed at  $.000 < 0.05$  level of significance. The value of chi-square is 89.068 is significant at 0.05 so the null hypothesis is rejected and the alternate hypothesis which states that *There is a significant relationship between Positioning and marketing environment of Cement Industry* is accepted.

H<sub>04</sub>: There is no significant relationship between Branding and marketing environment of Cement Industry.

H<sub>a4</sub>: There is a significant relationship between Branding and marketing environment of Cement Industry.

**Table 4: Chi-Square Tests on Branding**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	104.986 <sup>a</sup>	16	.000
Likelihood Ratio	83.712	16	.000
Linear-by-Linear Association	20.259	1	.000
N of Valid Cases	85		

a. 16 cells (64.0%) have expected count less than 5. The minimum expected count is .21.

The above table shows the association between two variables through Chi-Square analysis. The table exhibits that between Branding and marketing environment of cement industry, an association is observed at  $.000 < 0.05$  level of significance. The value of chi-square is 104.986 is significant at 0.05 so the null hypothesis is rejected and the alternate hypothesis which states that *There is a significant relationship between Branding and marketing environment of Cement Industry* is accepted.

H<sub>05</sub>: There is no significant relationship between Promotions and marketing environment of Cement Industry.

H<sub>a5</sub>: There is a significant relationship between Promotions and marketing environment of Cement Industry.

**Table 5: Chi-Square Tests on Promotions**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	108.066 <sup>a</sup>	16	.000
Likelihood Ratio	82.910	16	.000
Linear-by-Linear Association	19.494	1	.000
N of Valid Cases	85		

a. 16 cells (64.0%) have expected count less than 5. The minimum expected count is .21.

The above table shows the association between two variables through Chi-Square analysis. The table exhibits that between Promotions and marketing environment of cement industry, an association is observed at  $.030 < 0.05$  level of significance. The value of chi-square is 1129.000 is significant at 0.05 so the null hypothesis is rejected and the alternate hypothesis which states that *There is a significant relationship between Promotions and marketing environment of Cement Industry* is accepted.

### CONCLUSION

The study found that marketing environment is a predictor for the formulation of marketing strategies in cement industry. The result indicated that marketing strategies like product quality, price, positioning, branding and promotions are related to the marketing environment positively. If marketing environment is competitive then the quality of the products must be strong enough to compete the best level. Otherwise, there won't be possible for them to firm its foot in the market. Pricing strategy also must have competitive as it offers the best to customers. Regarding the positioning of the brands must have some clarification in the minds of customers and they recall unintentionally when they think about the cement. It must have generic brands and brands are known its quality. Apart from these strategies, comes to the promotional tools which can be offered by the companies to their customers through discounts in bulk or some other additional gifts. In all it is pervasive to understand the market with full efforts and create a niche in the market.

### SUGGESTIONS

On the basis of findings, some suggestions have been given:

- Companies must have the strength to compete with the quality of cement.
- Branded products must have to be sustained on its quality.
- Promotional tools must be innovative and capable enough to capture a larger share in the market.
- The supply chain of the branded cement must be expanded to make available in all the small markets even in rural areas also.
- As house is the basis necessity so Government has to make some flexible policy to down the price of the cement in order to affordable irrespective of poor class.



### REFERENCES

- [1] Dawood, U. (2014) "Factors influencing profitability of Cement Industry for the period of (2009-12)". International journal of Scientific and Research Publications, Mar 2014
- [2] Devi, M. (2013) Profitability analysis of select cement companies in India. International Journal of Multidisciplinary Research and Development. Volume 4; Issue 3; Page No. 24-25.
- [3] Geetha, T. N. and Ramasamy, S. (2014) A Study on the Financial Performance Efficiency of Selected Cement Industries in India. International Journal of Emerging Engineering Research and Technology Volume 2, Issue 3, PP 106-111
- [4] Geetha, T. N. and Ramasamy, S. (2014) discussed about the production of Jain, P. and Mehta, M.(2013) an analytical study of profitability position of the selected cement companies in India, Journal of Finance, 2013.
- [5] Maity, A. (2014) Impact of External Influencer Recommendation in Purchase Behavior Process of Selection of Cement for Construction. International Journal of Business and Management Invention. Vol. 3, Issue 8.PP.01-11.
- [6] Mukhopadhyaya et al (2012) An Analytical Study of the Changing Structure in the Cement Industry of India. Indian Management Journal. Vol 4, issue 1 pp. 45-59.
- [7] Pandey, S. and Jaiswal, V.K. (2014) "Comparative study of Profitability Analysis of Indian Cement Industries between public and private sector" GE International Journal of management research.; 2(12):143-150.
- [8] Thyigarajan and .J. Uday Kumar (2014) "Profitability analysis of selected Cement companies in India" Indian journals of Applied Research. 5(4):807-809. www.money control.com. [http:// www.ibef.org/ industry/cement-indaia.aspx](http://www.ibef.org/industry/cement-india.aspx)
- [9] Tulsian, M. (2014) "Profitability Analysis in selected Cement Industries., IOSR journal of Economic and Science.Indian journals of Applied Research. ; 1(3):90-99.