

“RETAIL MARKETING IN SAIL: ISSUES & CHALLENGES”

A PROJECT

**Submitted in partial fulfillment of the requirements for the
award of the degree of**

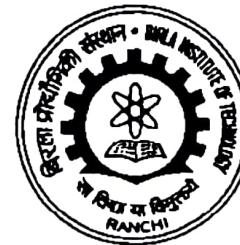
BACHELOR OF BUSINESS ADMINISTRATION

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LALPUR OFF CAMPUS, RANCHI.
(2022)**

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Certificate

This is to certify that the contents of this project entitled "Retail Marketing In SAIL: Issues & Challenges" is a bonafide work carried out by Ratan Prakash, Anupam Ghoshal, Rajnish Raushan and Siddharth Kumar in partial fulfillment of the requirement for the award of Bachelor of Business Administration under my guidance.

This is to further certify that the matter of the project has not been submitted by anyone else for the award of any degree.

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Certificate of Approval

The foregoing project is hereby approved as a creditable work on "Retail Marketing In SAIL: Issues & Challenges", carried out and presented in the manner satisfactory to warrant its acceptance as prerequisite to the degree for which it has been entitled.

It is understood that by this approval the undersigned do not endorse any statement made or opinion expressed but approve work for the purpose for which it is submitted.

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ACKNOWLEDGEMENT

We take this opportunity to express our gratitude to those whose guidance and cooperation has helped us immensely during the completion of this project.

We express our sincere thanks to **Dr. A. R. Srivastava**, Professor, BIT Mesra, Lalpur Extension, Ranchi, our project guide for this project who guided us whole heartedly spending his valuable time and taking interest in our work.

We also want to thank all those persons who have contributed directly or indirectly in successfully completion of the project.

Once again, we express our gratitude to SAIL for their kind cooperation.

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CONTENTS

Sl. No.	Contents	Page No.
1.	Introduction	6
2.	Objectives	7
3.	Significance of Study	8
4.	Retail Marketing: Theoretical Framework	9
5.	SAIL: An Overview	12
6.	Research Methodology	15
7.	Data collection	16
8.	Analysis of data	17
9.	Findings	29
10.	Conclusion	30
11.	Bibliography	34

INTRODUCTION

In real terms research begins with a problem which needs solution. Such a perception is generally guided by the quest of some intellectual pursuit or for some practical concern, such as finding out a practical solution to a problem, evaluation of a programme in the light of new facts to know about an issue in a particular domain of knowledge.

Steel is one of the world's most innovative and essential materials, necessary for development of an economy. As per World Steel Organization, 'Steel is the world's most important engineering and construction material that is used in every aspect of our lives. Steel is also the primary input material for manufacturing LPG cylinders, pipes, bridges, dams and also cars, refrigerators and washing machines, cargo ships, surgical scalpels and practically everything that can be imagined. It is because steel, as a material, is strong, versatile and infinitely recyclable' without loss of property.

Unlike consumer products which are made for mass markets and are available off-the-shelf, steel is made as per the specific requirements of the industrial customers and hence is made in many grades, specifications, shapes, and finishes—the World Steel Association lists over 3,500 different grades of steel, each with unique properties to suit different applications. Today Steel comprises a wide array of products such as structural products, TMT, galvanized products, bars, wire rods, plates, rails, wheels and axles, Cold Rolled products, Hot Rolled products, etc.

Being a commodity, the marketing of steel for long, steel, like many other commodities, has been known for its lackluster marketing that hinged primarily on the basis of quality and price. As with other commodities, steel has had cynical nature of demand, complexity and asset intensity of the production process and the politico-social sensitivity of operating in a sector essential to the development of most modern economies. The main thrust of steel business has always been on volume and distribution. Being a commodity, steel has always been considered as something that has to be produced in bulk quantity, competed on price and sold to the market as a commodity.

In view of the increasing competition in steel markets and difficulty in projecting steel as a differentiated product, firms have been finding increasingly difficult to sustain themselves and pursue their business goals successfully. Steel makers, exploring newer avenues to sell, have embarked upon retailing steel to a large market segment consisting of individual households, small and medium scale industries and the likes which need small quantities of steel and find it difficult to purchase it. In view of the above overview, an attempt has been made to comprehend the extent to which steel makers have been able to establish themselves in retail markets and the issues and challenges they are facing in the process.

OBJECTIVES

The objectives of the study are as follows:-

- Understanding the Retail Marketing activities in SAIL
- To study the expectations of customers of the retail steel market
- To Study if SAIL is able to fulfill the customer needs profitably.
- To identify the area of improvement and suggest on how SAIL can improve their retailing strategy and gain competitive edge in the marketplace.

SIGNIFICANCE AND SCOPE OF THE STUDY:

The study is expected to help in understanding the various facets associated with retail marketing of steel (a commodity product and shed new light into the ways and means by which such markets can be nurtured productively for creating and sustaining competitive advantage for SAIL operating in highly competitive retail markets.

The study has also tried to underline the fact that how an organization, operating in conventional markets, must gear itself up to cope with the challenges of the markets that are quite different and distinct from the traditional markets.

SCOPE OF THE STUDY:

The study has been done on the retail customers of Steel Authority of India Limited located in Ranchi city. The period that covered for the study is February -March 2022. As scope of the study is limited owing to the time constraint in accomplishing this project (as partial fulfilment of the course). The scope of the study has been defined to include not only the retail dealer network of the company in Ranchi but also some of the company executives handling SAIL's retailing in this area. This is done to comprehend the extent to which the company realizes the extent to which its offerings to the retail network are attractive vis-à-vis competition and the issues and challenges it faces in its retail marketing endeavours.

Though with several limitations due to the limited timeframe, the study has provided a glimpse about the contemporary profile of retail steel market of Ranchi and SAIL's performance in the retail sector and its ability to satisfy retail network in the city.

RETAIL MARKETING: THEORETICAL FRAMEWORK

Fundamental Precepts

Retailing consists of the sale of goods or merchandise from a fixed location in small quantity for direct consumption by the purchaser. As against other forms of marketing, where products are sold in bulk quantity to a mass market spread over a large geographical area and is a volume driven activity, retail marketing is done in Small quantity in a specific catchment area and is directed by one-to-one transaction and is highly customer driven.

Considering the fact that today's retail consumers are willing to pay for relevance, excitement, quality and for simplifying life but are selective and defiant, the value proposition in Retail is successful only if the retail store is distinctly positioned as a retail sales outlet that is either 'cheapest, biggest, hottest, easiest or is quickest'. Besides, a retail store must have a strong human face as it thrives on inter-personal relations.

Retailing is just not about storing and distributing products; it is an extension of all the functions that would be carried out by the manufacturer function so that value to the customer is delivered in the most possible manner. It is an integral part of the value delivery system of the company. Retailing provides the last mile connectivity of brands with their customers. The retailer is part of the supply chain for any product that it sells. The supply chain consists of the different stages. Starting with raw materials, that the product goes through before it reaches the final consumer. It links raw material producers, manufacturer, wholesalers and transport firms with the retailers and the final consumer.

The main activities in retail activities involve identification of potential market for establishing departmental retail shops, dealers/distribution network, establishing Departmental Retail, Distribution Network and strengthening Dealer Network, order booking to execution that includes demand forecast, planning, dispatch, distribution, product Pricing – Maximum retail price, purchase price, cash incentives, deferred payment and other incentives.

FUNDAMENTAL PREMISE UNDERLYING THE PROJECT

It is well accepted that in competitive markets. Companies must follow certain principles that form the basis of competitive marketing. Irrespective of the form of marketing – B2B or B2C (industrial marketing or consumer marketing), these precepts always provide a guiding factor in firm's quest for success. This is true for retailing marketing in Steel as well. The present study of retail marketing by SAIL has also been done on the basis of the following three important premise propounded by scholars and adopted by companies around the world.

1. **"The purpose of Business is to create and keep customers.** To do that, companies have to produce and deliver goods and services that people want and value them at prices and under conditions that are reasonably attractive relative to those offered by others to a proportion of customers large enough to make those prices and conditions possible". (Levitt, 1986)ⁱ.

Not so long ago, many companies conducted their business on the basic principle that the purpose of business was to make money. Over the time, the increasing market competition has underlined the fact that it is the customer which is the pivot of all businesses and products are sold only if companies' are '**Better, Faster and Cheaper**' in offering goods and services to their target customers.

2. A revisit to the Ansoff Matrix, also called the Product/ Market Expansion Grid, provides a reason for SAIL to explore the retail markets of our country to ensure steady growth in sales and for giving impetus to increase its marketing efforts, especially in mature markets (Ansoff H I, 1957ii). The Ansoff's Product Market Grid is given below:

		Products	
		Existing	New
Markets	Existing	Market Penetration	Product Development
	New	Market Development	Diversification

Fig-1: Ansoff Matrix (Product-Market Grid)

As SAIL has been struggling to keep itself afloat in a mature steel B2B Market, it was imperative for the company to explore newer markets and like other steel makers, it has tapped the retail market in our country (including rural markets) to sell some of its products that are consumed by individual customers and small industries.

3. In competitive markets, the marketing endeavours of any company must create a differential advantage vis-à-vis its competitors. According to Michael Porter's Theory, Market competitiveness is a function of a firm's ability to create a differential advantage through Cost Leadership, Differentiation, and/ or Focus. (Porter M, 1985).ⁱⁱⁱ

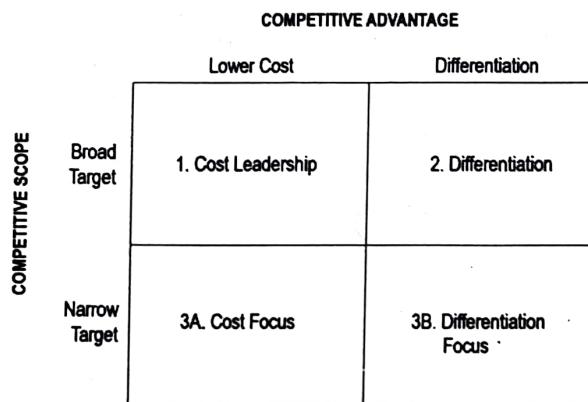


Fig-2: Porter's Generic Strategies

The extent whether SAIL has been able to create a unique positioning theme for itself through any of the three essential strategies and have attained competitive edge shall be studied in this project.

The need for retail in steel marketing and SAIL's strategies to use retail as a strategic initiative to gain and sustain competitive advantage has been studied in consonance with the above theories. This was done with the assumption that it would help in understanding the issues and challenges being faced by SAIL in retail initiatives. The steps taken to mitigate the challenges of the retail market has also been explored with the help of these and other theories of marketing.

SAIL – An Overview

Steel Authority of India Limited (SAIL) is one of the largest steel-making companies in India and one of the Maharatnas of the country's Central Public Sector Enterprises. SAIL produces iron and steel at five integrated plants and three special Steel Plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials. SAIL manufactures and sells a broad range of steel products. The Government of India owns about 65% of SAIL's equity and retains voting control of the Company. However, SAIL, by virtue of its 'Maharatna' status, enjoys significant operational and financial autonomy.

SAIL has a widest range of steel products. SAIL delivers customized steel. A nation-wide spread of Sales offices, Warehouses, Dealers and a team of seasoned Application Engineers ensure swift and satisfactory fulfillment of steel requirement in any corner of the country at any time.

The performance of SAIL during the Financial Year 2020 – 2021 is as follows:

- Net Sales : Rs. 68452 Crore
- Saleable Steel Production : 14.602 MT
- Value Added Production : 6.825 MT
- Saleable Steel Sales : 14.937 MT
- EBITDA : Rs. 13740 Crore
- PBT : Rs. 6879 Crore
- PAT : Rs. 3850 Crore

SAIL Marketing Set-Up

SAIL's marketing set-up, the ISO 9001:2015 certified Central Marketing Organisation (CMO), is India's largest industrial marketing set-up. CMO is primarily responsible for marketing of carbon, alloy and special steel products produced by the steel plants of SAIL.

Backed by a strong ERP system, CMO's network of 4 Regional Offices, 37 Branch Sales Offices, 43 operational Warehouses (23 Departmental & 20 Consignment Agent yards) equipped with mechanized handling systems, and 9 operational Customer Contact Offices function in a synchronized manner to deliver quality SAIL steel to every corner of the country. SAIL, through CMO's International Trade Division, markets products to Japan, China, Korea, Taiwan, Vietnam, Philippines, Singapore, Malaysia, Thailand, Indonesia, Australia, Mexico, Europe (UK, Germany, France, Belgium, Italy, Spain, Netherlands, Portugal). Such a model for distribution in retail sector has been highly successful in the country and is paying rich dividend to the steel makers in terms of a strong retail base for selling steel, higher profitability, projecting brand image and coming closer to the small end customers.

Retail Marketing In SAIL

Even as SAIL strengthens India by participating in vital projects of national importance, it is steadily meeting the needs of small steel consumers in remote areas of the country by making SAIL steel available through the company's ever-widening distributor-dealer network through Retail Marketing initiatives.

Today, SAIL has set up a countrywide network of over 2,300 Dealers who ensure availability of quality steel in virtually all the districts of the country for building long-lasting, cost-effective and safe structures. SAIL is marketing a specific set of products – TMT Bars, Galvanized Sheets, Light Structural and the same through its ever-growing 2-tier Distributor-Dealer network all over the country in an effort to provide a cost-effective, quality product at the doorsteps of customers. It is to provide a touch-and-feel experience to such consumers and provide consultation on the right choice of product for their home building and other household needs.

the retail chain in SAIL consists of a chain of dealers/ own outlets wherefrom the goods are sold to the end customers. Companies manage these dealers/ own outlets through their own Branch Sales Offices. In a defined geographical area, the goods are requisitioned by the Branch Sales Office, stored at their stockyards and are supplied to the retail outlets as per their order.

The SME (small and medium enterprises) and micro and SME players are a case in point in this respect. The retail concept for serving the customers in their towns with the quantity that they desired is proving successful. SAIL, Tata Steel, Essar, JSW and Ispat Industries are among the major manufacturers who have set up a chain of steel retail stores.

The pattern of retailing steel is more or less similar to retailing of consumer products. The distribution channel is created like those followed by consumer durable products.

Retail Marketing Structure Of SAIL:

The retail marketing structure of SAIL can be described through the following figure:

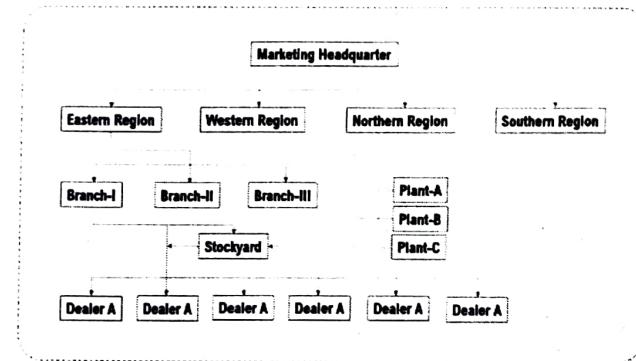


Fig-3: Retail Marketing Set-up in SAIL

As illustrated in Fig-1 above, the entire retail marketing set-up emanates from the company's Marketing headquarters where there is a separate vertical that looks after the retail and is headed by an Executive Director. The Executives of the Retail group in HQ and Regional Offices are responsible for appointment of dealers across the country.

A typical retail distribution for steel marketing in SAIL at the micro-level (Branch level) and the flow of material from the Plant to the dealers is depicted in details through the given diagram below.

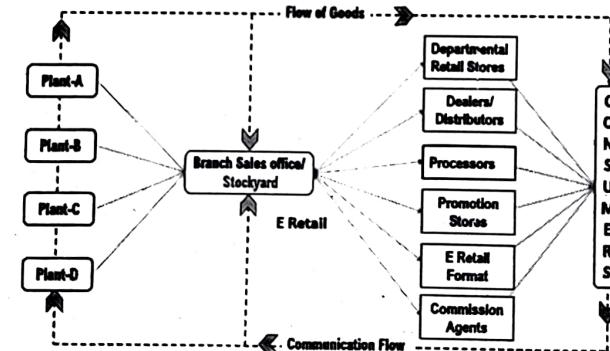


Fig-4: The Typical SAIL Retail Distribution Channel

With this background in the fore, the Project was carried out. While proceeding for the research, conscious efforts have been made to pursue the study objectively, without any bias or being influenced by their own personal values. It was also ensured that the relevant data is gathered scientifically, organized systematically and specific problems formulating rationally. This is done to undertake the study empirically and reach the goal of research effectively.

RESEARCH METHODOLOGY

RESEARCH PROBLEM

The research problem is to explore the different difficulties faced by SAIL and suggest means to overcome the challenges to strengthen retailing as an effective strategic marketing initiative of the company. As has been elaborated above, Steel Authority of India Limited (SAIL), like other steel producers, has been facing serious challenges today to sustain itself in a highly competitive institutional market.

Hence as a rational step forward, the case of SAIL has been taken up for the present study.

RESEARCH DESIGN

Research Design chosen for this study is ‘Exploratory’ approach has been followed.

Considering the nature of retail in the steel sector and the manner in which SAIL is moving ahead in consolidating its footprints in retail markets, the ‘Exploratory’ approach has been followed in the present study.

RESEARCH METHOD

In the present study, the objective was to study the Retail Marketing initiatives being undertaken in SAIL and assess its efficacy against the stated expectations of dealer network. In view of the attaining the research objectives, the quantitative research approach was decided as an approach for the study.

DATA COLLECTION: -

In view of the title of the project 'Retail Marketing in SAIL: Issues & Challenges', the data for this project was collected from SAIL dealers located in Ranchi town of Jharkhand.

SAMPLE SIZE: A sample of 23 SAIL dealers located in Ranchi town and 05 company executives were approached for gathering the data. Out of the 23 dealers, three dealers were not available and so data could be collected from 20 dealers only.

Out of the several exploratory research methods available for data gathering and research, the two main methods - Primary and Secondary Research Methods used in exploratory research were adopted for data collection.

Primary Research Methods:

- The primary data was collected through questionnaire and Interviews.
- The survey was carried out by distributing questionnaire to dealers and collecting feedback from them. An interaction with dealers was also done to understand the problems in details.
- Telephonic Interviews were subsequently conducted with company officials managing retail marketing to seek their opinion on the subject and also validate the data gathered through the questionnaire.

Secondary Research Methods:

- Existing sources like newspapers, magazines, articles, papers, etc. were also considered for the research.
- Literature resources like company publications, articles, magazines, newspapers etc. were also used for the purpose. Online sources (Google, Secondary, SAIL website) was also used to gather information on the topic under study.

Data Validation (Through Triangulation)

Triangulation refers to the use of multiple methods or data sources in qualitative research to develop a comprehensive understanding of phenomena (Patton, 1999)^{iv}. Triangulation also has been viewed as a qualitative research strategy to test validity through the convergence of information from different sources. The primary inferences drawn from the data were validated through the process of Triangulation. To affirm that the interpretations were correct, interactions were held with some of the dealers and also with company executives to reaffirm the validity of data

The posture taken by the dealers and company executives looked more like a behavioural stance taken by both though both looked on the same plane about the bottlenecks that needed to be removed in retailing. Thus, it can be safely affirmed that the data gathered for the project both from dealers and SAIL were factual and could be relied upon for further analysis and interpretation.

ANALYSIS OF DATA

Qualitative data analysis is a process of the description, classification and interconnection of phenomena with the researcher's concepts. Whereas there are rules how to analyse quantitative data, there are no such explicit rules for qualitative ones. Following this, some general approaches to qualitative data analysis have been used in the study. These approaches help the researcher to apply a more systematic strategy to the study.

The Data Analysis in the present study was done by resorting to Univariate Data Analysis. With the help of Univariate analysis, each variable in a data set was separately explored. It observed at the range of values, as well as the central tendency of the values and described the pattern of response to the variable. It also described each variable on its own.

Through Univariate analysis as a form of quantitative, statistical, evaluation, that described individual variables and consolidated the data through frequency distribution table or bar graph and pie chart, the findings were summarized.

PERCEPTUAL DIFFERENCES: RETAIL ISSUES

S.N.	TOPIC	DEALER	CO. EXE.
1.	Dealer Satisfaction Level	2.8	4.6
2.	SAIL's success in Retail	2.7	4.4
3.	Customers' Satisfaction Level	3.5	4.6
4.	SAIL's competitiveness	2.9	4.8
5.	Product Quality	4.1	4.8
6.	Service Quality	3.4	4.6
7.	Whether Pricing Competitive	2.6	4
8.	Is Advt. & Sales Promotion aggressive?	2.3	4.4
9.	Does SAIL ensures timely product delivery?	3.4	4.6
10.	How good is Complaint Settlement in SAIL?	3.4	5
11.	Is Dealer Management good in SAIL?	1.65	4.8
12.	How good is SAIL in its distribution of material	2.6	4.4
13.	Is SAIL Branding effective?	2.1	4.6
14.	Are SAIL Retailing Policies attractive?	2.6	4.8
15.	Are SAIL Executives responsive to Dealers' needs?	3.35	4.8

As indicated in the subsequent pages, the detailed data analysis was done as under, that included the following observations.

(A) General Annotations:

The overall elucidations were grounded on the basis of observations and critical examination of the data.

1. **Fundamental Perceptual Differences:** A difference of perception between the SAIL Marketing executives and the dealers was observed. While SAIL executives seemed to have a superior notion about their offering to the retail market, the retail network responded otherwise.
2. **Product Quality:** While both dealers and SAIL executives more or less agreed about the superiority of Product Quality, there was a definite difference of perception in all other areas between the dealers and the company executives.
3. **Overall Customers' Satisfaction Level:** While dealers felt that end retail customers were usually satisfied with SAIL (3.50/5.00), they said that there was a great scope of upgrading in retail activities which the company should look into. The company, however, felt that they were performing the retail activities quite efficiently (4.60/ 5.00). The response of company executives, in this respect, indicates a sense of complacency.
4. **Service Quality:** A similar contention was with regard to the Service Quality. While dealers also felt that company's service was satisfactory (3.40/ 5.00), company personnel believed that it was of a very superior quality (4.60/ 5.00). Dealers perceived that though service quality is somehow acceptable, there were issues at times regarding the procedural complexities, delays and lack of empathy that denigrated the quality of service and created an adverse image in the minds of dealers and end customers. The company however felt that their service quality, excepting some sparse incidents, was excellent.
5. **Product Delivery:** There was a difference of perception between the dealers and company regarding the timeliness of product delivery also (3.4/ 4.6). SAIL executives tried to externalise the reasons for delays to Plant and transportation issues, whereas dealers stressed that in retail marketing, availability of products was a critical aspect and non-availability of product in times of demand, led to loss of sales.
6. **Complaint Settlement:** Dealers seemed dissatisfied about the settlement of complaints also, whereas company executives reiterated that the company gave fullest thrust to complaints settlement. The ratings given by dealers and company personnel was 3.4/ 5.0.

7. **Responsiveness:** Same was the difference of perception between the retail network and company on the degree of responsiveness of company to the retail market (3.35/ 4.8). Dealers felt that the company still operates from the B2b paradigm and needs to change their approach if they wished to be successful in their retail marketing activities.
8. **Dealer Management:** A critical analysis of the above data indicated that as per the dealers, the dealer management is seriously deficient and needed urgent review for corrective and preventive actions whereas the company felt that they are doing very well in this aspect (1.65/ 4.8). This perceptual gap is a great cause of worry.
9. **Manpower Competence:** Retail network of SAIL felt that it was due to their inability to realise the need to manage retail differently than that of their other institutional sales activities. This dearth of appreciation and also competence (as felt by dealers) result in series of irrational and unscientific pursuits by the company including lack of effective branding (2.1/ 4.6), amateur advertising and sales promotion activities (2.3/ 4.4), inadequate spread of distribution network (2.6/ 4.4) and passive pricing policies (2.4/ 4.0).
10. **Overall Effectiveness:** As a result, the market feels that SAIL is yet to be effective in retail marketing (2.9/ 4.8) and as per the data, the dealers satisfaction level was low (2.8/ 4.6), which was disturbing.

The specific observations about SAIL's Retailing and issues and challenges being faced by dealers and the company are given hereunder.

(B) Specific Observations

Perceptual Differences (Dealers versus SAIL)

The perceptual differences about the Retailing activities of SAIL as felt by Dealers versus SAIL activities becomes clear if we see the following Bar Chart. The overall average perception of dealers is radically different from the perception of company executives which is intriguing. This difference is observed in all the 15 critical areas covered.

The overall impression of SAIL between Dealers and the company underlines the perceptual differences about the effectiveness of Retail Marketing by SAIL.

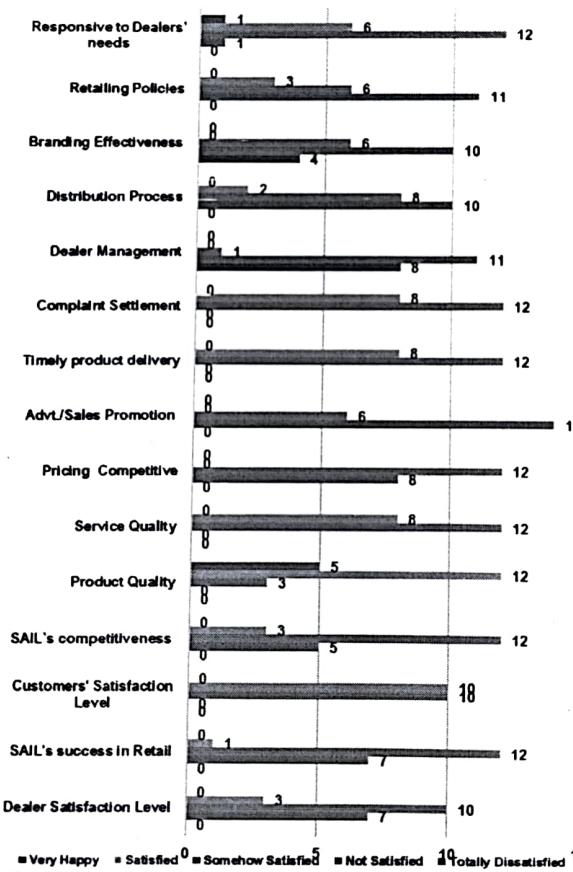
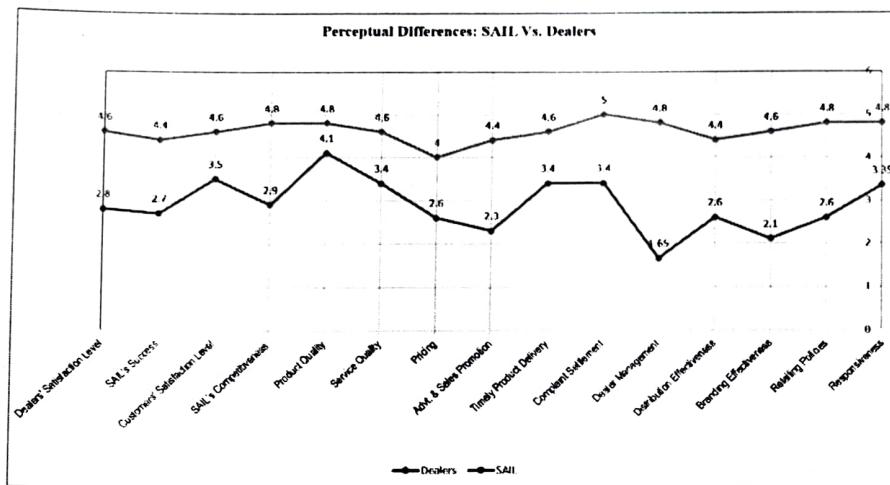


Fig-5: Overall Perception on Retail Marketing Effectiveness: Dealers Versus SAIL

Issue wise Dispersion of Opinions - Dealers

A comprehensive analysis about the Perceptual Differences about Retailing between Dealers and SAIL is indicated through the following Bar Chart. As is indicated, the overall impression of dealers about SAIL retail activities was not very encouraging.

(C) Retail Issue Wise Analysis

A critical analysis of the identified issues shall provide an in-depth understanding about the status of SAIL w.r.t. its retail marketing activities, as felt by the Retail Network of SAIL.

1. Dealers' Satisfaction with Selling SAIL Steel

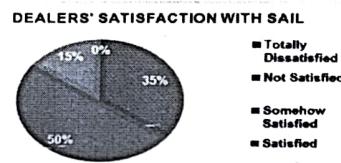


Fig-7: Dealers' Satisfaction with SAIL Steel

Data indicates that while only 15% of dealers looked satisfied with SAIL, half of the dealers looked somehow satisfied dealing with SAIL. Interaction with dealers underlined the fact that dealers were selling SAIL Steel mainly because of its brand pull and though they earned much less from SAIL products, the mere fact that they were dealers of SAIL, gave them the prestige and so they were attached with the company. Astonishingly, 35% of the dealers categorically stated that they were not happy with SAIL.

2. SAIL's Success in Retail Marketing



Fig-8: SAIL's Success in Retail Marketing

Dealers felt that somehow, SAIL was pulling on in retail markets, but dealers did not look much enthused about SAIL's retail initiatives. Dealers felt that it was due to lack of experience in retailing and also because of other systemic, cultural and behavioural

issues. The professionalism, drive and aggression needed for success in retailing looked missing in the case of SAIL.

3. Motivation level of Customers

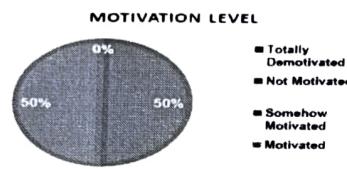


Fig-9: Customers' Motivation Level

Dealers didn't look much motivated selling SAIL Steel. Almost half of the dealers covered gave a lukewarm response to the issue of motivation, so necessary for any retail chain, much so for SAIL Steel. This is due to inadequate support of the company in terms of timely delivery, complaint settlement, competitive pricing and advertising and sales promotion at the local level.

4. SAIL's Competitiveness

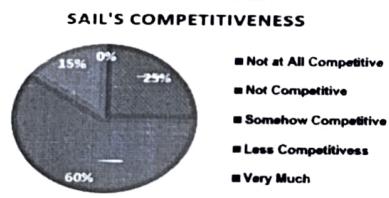


Fig-10: SAIL's Competitiveness

Most of the dealers felt that SAIL was not enough competitive in retail markets. It is so because they are unable to match the competition in any of the variables – Advertising, Sales Promotion, Pricing, In-shop Promotion, Merchandising etc.

It looked as if SAIL was still concentrating on its main markets – institutional market and unlike competitors, is not giving due focus on the retail markets.

5. Product Quality

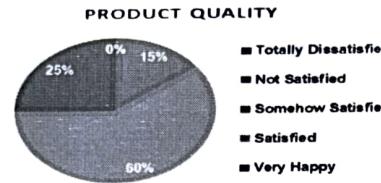


Fig-11: Dealers' Response to Product Quality

Product Quality was one issue where almost all dealers said that the quality of SAIL products was very good, though they related it to the price and said that the market needs products at more affordable price. Product quality was one reason due to which the dealers were clinging to SAIL, inspite of several reasons causing dissatisfaction.

6. Service Quality

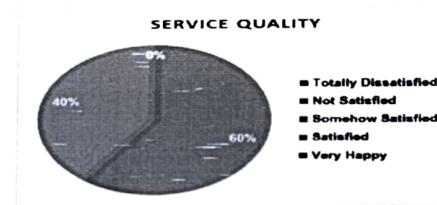


Fig-12: Dealers' Perception on Service Quality

Dealers were not much ecstatic with the quality of service but agreed that they were somehow satisfied with the service rendered by the company. Here also, dealers opined that the service was at times lackadaisical and needed speedy response. It was felt that there should be consistency in maintaining a superior service. It was especially pointed out in the case of replacement of defective material that are usually much delayed and looked to be addressed immediately.

7. Pricing

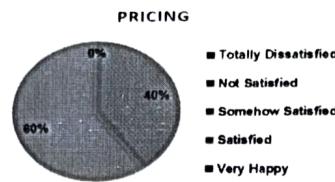


Fig-13: Dealers' Perception on Pricing

Dealers looked dissatisfied with the pricing. They felt that pricing was not competitive and there very less customers to buy such product at such higher prices. This is also due to the fact that competitive brands (especially the local/ regional brands) were cheaper and since end customers are generally not so aware about the superior quality of SAIL products, they equate it with other brands and often buy alternative brands.

8. Advt. & Sales Promotion



Fig-14: Dealers' Perception on Pricing

Most of the dealers were not at all happy with the advertising and sales promotion activities of the company. There was any local advertising except for some wall paintings; there was no in-shop promotion, nor there was any conscious attempt to merchandise SAIL products to attract the attention of the end customers. Dealers compared it with the competitors' brands and said that SAIL's marketing communication efforts were quite low and subdued and needed much impetus to ensure a healthy growth of their products in the retail markets.

9. Product Delivery

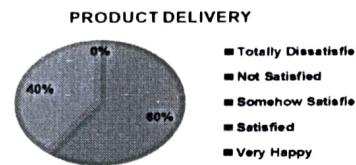


Fig-15: Dealers' Response to Product Delivery

As is indicated in the Pie chart, nearly 60% of the dealers looked unhappy with the product delivery mechanism of SAIL. Dealers said that several times there are delays in delivering the product and sometimes the complete order is not despatched. This causes problems when dealers commit the end customers and the product is not sent accordingly.

10. Complaint Settlement

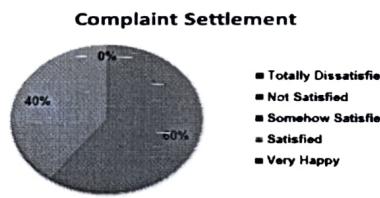


Fig-16: Complaint Settlement

Dealers looked satisfied with the complaint settlement process of the company and said that the company looks after their complaints, though with a little delay at times, but generally it is addressed satisfactorily. Replacements, though, are delayed sometimes. In the event of disputes, the voice of the dealers are also listened to empathetically and issues are resolved amicably. A few dealers said that there was scope for further improvements and that the company should look into this vital aspect also with full attentiveness.

11. Dealer Management

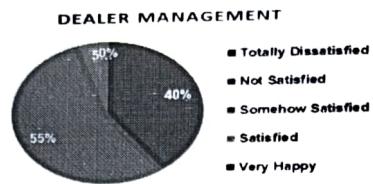


Fig-17: Quality of Dealer management

As is reflected in the Pie Chart, the dealer management of SAIL is one of their weakest areas. Dealers looked discontented and said that no steps are being taken to address the problems or implement their suggestions. The fundamental tenets of retail management are not being adopted and it seems that for SAIL, retail marketing was a subsidiary activity, its institutional sales being the core.

12. Distribution

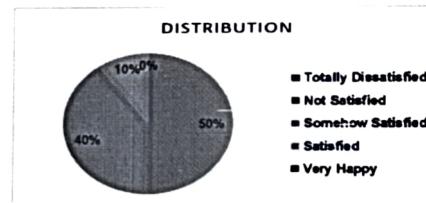


Fig-18: Dealers' Response to Quality of Distribution

To dealers SAIL's distribution mechanism also looks inadequate to meet the logistic demands of retail steel markets. Steel retailers want material in small quantity as and when it is needed. Dealers perceive that the SAIL distribution mechanism is tuned to meet the B2B demands and as such are unable sensitize with the fact that logics of retail are different altogether.

13. Branding

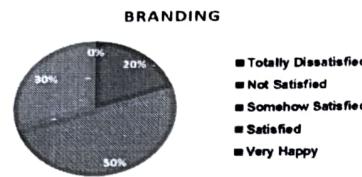


Fig-19: Dealers' Response to SAIL's Branding

Branding is a critical aspect of retail marketing. Dealers felt that SAIL is not sound in branding. Retailing requires the much-needed pull and this is created by branding. A professional approach to branding is needed to sustain SAIL in retail markets. A string of efforts w.r.t. branding is required urgently.

14. Retailing Policies

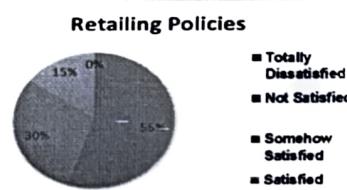


Fig-20: Dealers' Response to SAIL's Retail Policies

While some dealers (15%) were content with the retail policies, most of them (85%) were unhappy with the retail policies of the company and said that the policies were non-conducive to promote retail marketing. It was felt that the dealer network was airing discontent regarding these policies and stressed the need for its urgent review.

15. Responsiveness

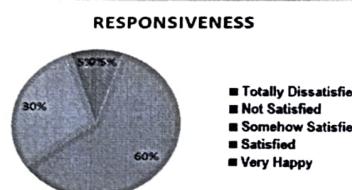


Fig-21: Dealers' Perception about SAIL's Responsiveness

Most of the dealers looked uncomfortable on the issue of SAIL's responsiveness. Dealers said that this insensitivity was visible in all aspects of its interface with the retail marketing efforts.

(D) Analysis of Qualitative Data Gathered through Interaction/ Interviews

Dealers' Perspective

- SAIL is not yet mature to engage in retail marketing. The company still operated with its conventional paradigm of institutional marketing (B2B) and perhaps is still unable to appreciate the nuances of retail marketing.
- The Customer Management also seemed not much effective. Dealer motivation was less, promotional schemes were discouraging and quantity discounts were depressing.
- Dealers felt that there was an urgent need to build brand image. Companies should make efforts to promote the products through intensive advertising campaign in all media that should be focused to rural grass roots of the rural areas of the country.

SAIL's Perspective

In order to know the discrepancies in perception between what dealers think and what company perceives, an interaction with company executives was held to validate the data and explore the reasons for this. A candid discussion revealed the following points:

- SAIL is genuinely interested to enhance its stake in retail markets however, the competence to handle retail still needs to be enhanced.
- SAIL products are undoubtedly of very superior quality but deficiencies in coordination between Plants and Central Marketing organization (CMO), the marketing Wing of SAIL, leads to non-availability of the required material required in retail markets.
- Company executives agreed that retail market needs aggressive advertising and sales promotion but the company's response in this regard is rather lukewarm and needs to be improved and Regarding competition, marketing personnel said that they were fully aware about the competitive activities and respond accordingly also.

FINDINGS

The analysis of data gathered by survey in local areas in Ranchi and validated by interaction with dealers and company executives leads us to the following findings:-

- Firstly, the retail marketing initiative is indeed an important subject for study as SAIL, which is facing intense competition in its conventional B2B markets has hinged its focus on retail markets as a promising avenue for strategic growth
- Secondly, SAIL, inspite of being in the retail market for over two decades now, is still to realize the 'Spirit of Retail' and has failed to fully channelize its energy to consolidate its position in retail markets.
- Thirdly, today, the retail network of SAIL is still fragile, dealers demotivated, supplies irregular, service quality inconsistent and customer care indifferent. No conscious effort seems to have been made to come closer to the dealers.
- Dealer visits by company executives have been irregular, dealer meets are sparse and communication between the dealers and the senior management of the company seemed disengaged The thrust on advertisement and sales promotion for SAIL Steel in retail sector is unclear and requires to be concerted as per a defined marketing communication strategy.

It is time for introspection by SAIL as it must realize that retail marketing is a totally different ball game and has to be managed in a completely different manner. A few suggestions are given hereunder in this respect.

CONCLUSION

Today with increasing competition and globalization of Indian steel market, Steel is also a consumer durable product i.e. through a chain of manufacturer-distributor - dealers - and retailers. So like other consumer durables if it is also promoted or differentiated through advertisement, proper sales promotion etc it will also become a more profitable product with consumers willing to pay higher price for perception and fact of quality steel.

- In retailing of Steel, hard core , consumer sensitive ,experienced and properly trained in retail marketing strategies professionals are needed which increase brand pull as well as (B-C), business to consumer marketing i.e. retailing.
- The study indicates opportunities available for retail marketing of steel through aggressive marketing strategy with marketing team dedicated for retailing and has full knowledge of market, products and competitor's moves. Effective monitoring and control system from top management is also desired.
- As any long-term success of the steel companies including SAIL, wishing to compete in retail steel market will depend on contribution of distribution channel, the distributor channel must be strengthened with proper selection of resourceful dealers, effective delivery mechanism, proper pricing, proper promotion strategy and superior quality of products.
- The analysis of the data revealed startling indications that could be quite useful to steelmakers in their retail marketing strategy. The expectations of retail retailers hinged upon high quality, competitive price, regular supply of all sizes of material as per need, as and when needed, marketing support to dealers, ensuring good ROI of dealers.
- Committed delivery schedule, higher margin, fruitful association, which leads to his growth both personal & economic growth was also expected.

SUGGESTIONS

It is suggested that SAIL must focus on, As Kotler has said, on "Creating Value. Communicating Value and Delivering Value" as per a carefully designed strategy.

Creating Value:

- SAIL must define the 'Value' it wishes to offer to its targeted retail markets. Value being a bundle of benefits offered to the customers, must include all elements of the 'Total Product Concept' as defined by Kotler.
- Create a network of good dealers for its retail sales. SAIL should extend attractive offers and discounts from time to time for both retailers/dealers as well as consumer/customers.

Communicating Value:

- When piece by piece promoted company must stress on dimensions i.e. cross sectional weight, length etc. must be equal and constant and SAIL should help in promotional activities indicating awareness of products and their advantages
- It must ensure regular information of stocks and arrivals and SAIL should consider creation of brand image as a strategic thrust and. The company should identify good outlet which is located at a vantage point, enjoys a good reputation, is financially sound and looks impressive.

Delivering Value:

- Increase the number of dealers in all areas to facilitate easily availability of all size all type of material at any time at any place and providing Some attractive incentive scheme could be necessary. This would help the small retailers to retail the material at grass root level.
- Supplies must also be made in small packets/bundles and material should be available in all sizes and Servicing of requirements should be ensured on regular and the availability and supply of material as per committed quantity should be improved.

LIMITATIONS:

The study was done under several limitations which are as follows:

- The retail marketing of steel in SAIL has been studied like a snap shot taken at one point of time. Since situations are dynamic, the competitive realities of the market are also likely to change from time to time. Hence, some inconsistencies, gaps or duplication could be observed at some places.
- As the study was done in one city only wherein the target population was quite small, the study through questionnaire aimed at increasing the response rate and for that, a sizable number of target population had to be covered.
- Though efforts were made to rationalize the findings of the study, the research being undertaken in a single market, the findings may not be necessarily generalized and extended to every organization.
- Due to time constraints, little time was available to cross-check the data fully; hence some aberrations in data could be noticed. Yet attempt has been made to project the status and situations to explain certain points with such data which, under assumptions, might not have changed drastically to present a completely different picture and to help understand the issues under consideration.

APPENDIX QUESTIONNAIRE

Annexure-I

Name Of Dealer's Outlet:	Name of Proprietor
Address:	Companies Handled
Phone No.	Monthly Sales (Approx.)

1. Are you satisfied selling SAIL steel?	1 2 3 4 5
2. Success of SAIL in Retail Marketing	1 2 3 4 5
3. What is the Satisfaction level of Customers	1 2 3 4 5
4. SAIL's competitiveness	1 2 3 4 5
5. How good is SAIL's Product Quality	1 2 3 4 5
6. How good is SAIL's Service Quality	1 2 3 4 5
7. Is SAIL's Pricing Policy Competitive	1 2 3 4 5
8. Is Advt. & Sales Promotion aggressive?	1 2 3 4 5
9. Does SAIL ensures timely product delivery?	1 2 3 4 5
10. How good is Complaint Settlement in SAIL?	1 2 3 4 5
11. Is Dealer Management good in SAIL?	1 2 3 4 5
12. How good is SAIL's distribution of material	1 2 3 4 5
13. Is SAIL Branding effective?	1 2 3 4 5
14. Are SAIL Retailing Policies attractive?	1 2 3 4 5
15. Are Executives responsive to Dealers' needs?	1 2 3 4 5
16. SAIL'S market share in retail sales in Ranchi	
17. Why are dealers dealing with SAIL products in retail?	
18. Name the Competitors and their Share In the Steel Retail Market in Ranchi?	
19. Please state the main issues of Dealers of SAIL in Retail Marketing	
20. Please State the Expectation of SAIL from the dealers in Order of Importance?	
21. What are the Major Challenges of SAIL in Retailing Steel Today?	
22. Do SAIL-executives visit regularly?	
23. Is SAIL responsive to your needs?	
24. Suggestions for increasing sales from your outlet	
25. What NEW can be done to Ensure Continuous Business Growth in SAIL through Retailing	

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