

Abstracting

E-commerce in India

The Marketing activities, concepts and strategies are bound to change due to changing situations and environment. Since 1985 a competitive, customer driven economy has been emerging in India. The abolition of Licensing and liberalisation of market entry regulations since July 1991 has further added impetus to this process. It has been given the final shape by the formation of WTO at Markesh. Most of the people and the industrialists have felt that whether a company wants to go for global competition or not, in the present liberalised situation the global competition will arrive at their door step. By endorsing the final act of the Uruguay Round the developed world has in effect endorsed free trade in a multilateral setting, a phenomenon that will work to the advantage of developing countries that need new markets. Countries like India will get an opportunity through WTO to negotiate better deal for itself. This can be possible only when the quality and standard of the products is improved. The policy of liberalisation has created a situation in which companies like Uniliver, Glaxo, Pepsi, Whirlpool, Phillips have increased their stake of equity. New products, new brands and new formulations are being announced virtually every week, mergers and acquisitions like Brook-Bond-Lipton designed to build competitive fortress have become more common. "Down Sizing" restructuring and engineering are the words that have potent force for emboldened executives.

Thus, the whole market environment has undergone a severe change. India has become one of the largest emerging markets attracting substantial flows of equity investment and also consumer goods. It focuses that there are challenges of improved products of advanced nations, on the one hand and on the other hand, if the executives have vision, foresight and creativity there can be enough opportunity for domestic products both in India and in other emerging markets.

The first challenge by opening up the Indian market is of survival of Indian companies and Indian brands. Brand here understand should be considered as a brand created for the Indian market and owned by a company of Indian origin. Brand building is directly related to the scale of business. Indian companies like Lakme or Nirma do not have financial boost or technology like Hindustan Lever or Colgate Palmolive. It has been the experience in the past that whichever country has permitted multinational companies to enter their market their local brands have been wiped away. Indian brands cannot have a different situation. Though Swaminathan, S. Anklesaria Aiyar editor of the *Economic Times* feels 'A very large number of low end consumers have never heard of foreign brands and are not hungering for them'. The magic of the foreign brands cannot be denied. A section of new middle class definitely runs after them. If the foreign brands in the long run become Indian or perceived as Indian like Lux, Surf, then the matter is different but a Coke will always remain foreign. What attracts the consumer towards the foreign brands produced by multinational companies (MNC) is firstly the quality and secondly the status symbol and a new way of life.

The survival of the Indian brands will depend not only on brand, but on product, the company backing it, and the people who run that company. Each of these factors

determines the state and future of the brand. For example Amul has been promoted so consistently that no MNC will easily shake its grip on this Rs. 160 crores butter market. However, majority of Indian companies do not invest consistently and also adequate amount, they want quick harvest. Those Indian brands will survive which have a very clear positioning. Brands which depend not only on the advertising buck but on the entire gamut of brand building activities and what the consumer perceives as the value delivery. The technology difference won't be as important as the speed of action, the right package at the right price, the right upgradation at the right time. The products in which aesthetic function is more valuable than the physical attributes will face severe problems of survival. One may recall that in the past American consumers forum had protested on the import of Indian Shiffon Skirts and the USA government had issued a notification to stop their imports.

Another important issue related to survival of Indian brands is that there is lack of commitment to product quality in the Indian producers. What is important is that the product should meet the consumer need. You may recall that when American Cars were best, those who could afford bought them. Today when Japanese cars are the best every one wants to buy them. This is the function of quality not of origin or of brand alone. Indian brands have been isolated since 40-50 years, therefore the product quality does not stack up to international standards. In fact, branding is a process for adding distinctiveness to products or service which offer the consumer quality, value and satisfaction. Apart from Superior Quality what foreignness also signals is status and a new way of life. The producers will have to take care of this need. If they do not look after their consumers need somebody else will take care of their need. If the Indian producers do not realise these facts soon, they will face serious threat of loosing the market. In the liberalised economy a market once won can not remain for ever for a particular company or product unless the company is continuously engaged in innovation of technology and products as per need of the consumers.

Another important challenge is from the technology side because people look for a product that has a good image and is backed by good technology. It is believed that the multinationals have better technology to back their products. Indian producers have always imported technology and have never made any attempt to Indianise them or improve upon them and have a better technology of their own. Technology imports have been costlier and will definitely increase the cost of production. To meet the challenges posed by the multinationals it is essential that the Indian producers should also use better technology. Bajaj is one example in spite of the fact that Bajaj entered in business of two wheelers with the imported technology, they have Indianised it and they have also continuously made effort to improve the technology and improve the product. The Bajaj Scooter is one of the quality product backed by a better technology. No multinationals can make Bajaj to loose its market. If a company has invested in technology and in quality of its product it will survive like Bajaj & VIP Luggage because they have ensured that the product lives up to the promise that they have made. Hence, the Indian producers have to upgrade, update, renovate and improve their technology to have quality product which can match the foreign products and meet the consumers need both in domestic

and foreign markets. This will definitely depend upon a company's access to the technology, if it can buy the technology it is better, if not they will be compelled to enter into joint ventures or alliance with foreign companies to have access to their technology. Only having the technology is not enough. There is need to invest in technology improvement and continuous upgradation of technology. Technology and its development has become one of the essentials of economic development. We are aware that only one company of Japan invests an amount in R&D of technology which has been equal to the total amount of investment in R&D in India.

The opening of Indian market for world producers and the market of other countries for Indian producers will have any meaning only when the Indian producers have any product backed by a good technology and superior in quality to match the competitors product. Hence Indian producers need continuous innovation and investment in innovation to survive. – **Выводы по выживанию**

Everyone, who is a student of marketing might have found that in Indian market premium brands are flooding the market to block the entry of the products of MNCs several premium brands in the last two or three years have been priced up to 10 times higher than the popular brands. This is based on the idea that as incomes of middle class increase there will be demand for products which may have distinction and lifestyle. Thus, the premium brands of Indian producers will pose a challenge to the other products. The premium brand producers are happy as they quote the survey report of National Council of Applied Economic Research (1993) that "there are 6,5 million middle class households earning over Rs. 18,000 per annum out of which 3.7 million earn over Rs. 78,000 per annum. One million households earn more than Rs. 1 lakh a year "In 1993 the purchasing power of average Indians had been equivalent to \$ 1,150 (Rs. 35,650) per year. Thus, they have been guessing about the market of premium brands good among these "Maruti Millions" or the status seekers. A host of products like Lacoste's shirt priced for Rs. 750, Park Avenue shoes for Rs. 1600 and so on will meet the demand of the new status seeker middle class consumers. It is true that only a miniscule of Indian population will buy. These products will have a core group of buyers and large number of floating buyers. **Thus, the premium brand products are posing challenge to other products.** Let us call it Intra-country competition. The challenges will be compounded because the consumers may buy the usual brand and also the premium brands for occasional use leading to low frequency of repeat purchase of premium brands, secondly the fast moving consumer goods consumers will float not only between brands in a product category, but also between the categories themselves. Hence even the producers of premium brands will have to face problems in selling their products. Lastly, the introduction of intellectual copyright was introduced in 2000 hence the imitation of product has been beaten down and out. The premium products producers will have to adjust to the socio-economic conditions of the country and produce products for higher price which will give value to consumers for the money paid.

Thus the changing economic scenario opening up the Indian market for the global producers has definitely forced the domestic producers to adopt a new production strategy and a new marketing technique. The change definitely throws some challenges but it provides some opportunities also. – **Выводы по изменениям**

The Liberalisation of Indian economy and going for global and entering into an agreement to be a member of World Trade Organisations, India will now have an Institution-WTO, to negotiate better deal for itself through discussion and creating consensus among the contacting parties. As Mudra's Krishnamurthy puts "the globalisation of the Indian market needs to be seen as an opportunity to become MNC and not as a problem." Building competitive advantage through exposure to international markets should be a conscious strategy. Companies from countries like Japan and South Korea have learnt from the West and then successfully marketed world class brands globally. The Chief Executive of a Japanese car manufacturing company which was established with the help of Technological assistance of General Motors after fifteen years visited General Motors on return he called, his executives meeting and told them that they can go for World Market now. His executives expressed doubts. They were sent to visit General Motors and on return they confessed that they have improved over General Motors and can easily compete in the World Market. Now Japanese cars are in American market and in European Marketing competing successfully and in some cases sharing major portion of automobile market. Japan had imported Technology for Watch manufacturing from Switzerland. It is Japan which added day and dates music and varieties of alarm sounds and finally automatic and quartz and captured major share of world watch market. Indian producers will have to learn from Japanese experience to avail the opportunity of going in foreign market. Clarity of thinking and a single mined focused strategy on improved technology and Superior Products are key to realise the potentials and avail them. In fact, the policy of globalisation has been adopted with an idea to make Indian producers competitive globally. Hence the opportunity for Indian companies to become efficient MNCs has been provided by this situation.

Mr. Balkrishna Zutshi Indian representative at WTO expressed that the changes in economic policy and signing of agreement with WTO provides access to global market. There is tremendous opportunity for India to integrate itself with the Global market. It is now upto the Indian industries and to some extent the government, to adopt the right policy to exploit the countries potential in the world market and to improve its export in different areas.

One of the new areas for achieving some share in world market is the service sector. In the recent agreement some concessions have been provided for the export of services. They form a good basis for further development. This particular area which can interest India, through the movement of natural persons as service providers, has tremendous opportunity. Further, we can increase our exports in textiles, but we have to modernise our textile industry in next ten years. The export of textile will pick up.

India has great potential in agricultural sector. The government can give subsidies upto 10 per cent of the value of production on fertilizer, water, pesticides, seeds and electricity. It can help in improvement of quality and quantity of product. India can export rice and other agricultural products to Japan and Korea fulfilling upto 4 per cent of their demand .

Cashewnuts, tobacco, cereals processed food, sugar and tea can have greater potential for increased exports. The quality, size of packing and value addition is the

need for achieving this. If a group of exporters who are quality conscious who can keep pace with international changes and bring in technology make efforts may open opportunity for growth of exports.

There is another area where Indian producers can think of entering into global market, the readymade garments. The Gokal Das Exports have been exporting shirts, to Europe, Australia, Middle East, Singapore, U.S.A., Canada and are regular suppliers to Levi Straus and Wranglar. Even while international brand names like Pierre Cardin, Benetton, Van-Heusen, Lacoste and Arrow are making inroads in domestic market, Indian companies are betting into high technologies to tap emerging global opportunities. Indian companies have no choice but to invest heavily in developing exclusive brands and entering into non-cotton fabrics. However, India can be a potential exporter in this area. There is enough scope of exports of shoes and other leather garments. Liberty shoes and Namaste Exports have shown the way. Korean leather garments have become costly and European markets have started opening up mainly due to the closure of tanneries there. The scope of export of leather products has increased. According to a study conducted by the Federations of Indian Export organisation, "Indian exports are extremely competitive in special fields like leather, garments, handloom, jewellery and engineering goods where it is much easier to adopt to changing trends of a foreigning buyer who suddenly asks for a different auto components, or a different fashion of handloom cloth or leather garments wherein it is much easy for a small producer to change his production process. The only need is to understand the consumer need, improve the quality of the product and add value through packaging and design. The competitive edge can be added by adopting and innovating required technology and a marketing strategy for the changing situation.

Issues

One can now clearly feel that the issues in marketing at the beginning of the new millennium are, to understand the consumer needs and anticipate their expectations whether they are in domestic market or in other countries market. In fact, in an ACME Seminar of top executives the consensus has been that all the successful brands have designed and developed products on the basis of the anticipation of consumers needs and expectations. The second important issue which was emphasised at the seminar by these executives was the need of being "unique", "innovative", "Positioning and therefore becoming competitive, in the way they were "offering" themselves or the way they were presented and communicated to any prospective buyer. Thirdly the executives of the companies of successful brands have confessed that the secret of the success of their company has been the product itself rather than any other marketing technique or inputs such as sales-force, advertising, promotion, quality of overall managements, etc.

If one examines, a few domestic products of wholly Indian companies one may be able to bring home the important issues of marketing at the start of the 21st century such as Nirma (Popular priced washing powder), Titan watches, Onida (TV), Videocon Washing machine and Maruti Cars, Maggi Noodles, and Close Up

Toothpaste. – Те самые фирмы. Each one of them presents some significant breakthrough in terms of product development and market process.

Nirma, the most often quoted brand in almost any marketing forum in the past ten years entered with almost no backing or background in consumer marketing, but in a period of five years, it emerged as the greatest competitive threat ever faced by Unilever's flagship company in India, Hindustan Lever. Ignored by all those in the detergent market for nearly five years as being not in our segment, not our kind of product, this brand launched at almost third of the unit price of Unilever's Surf grew explosively almost ten fold in a ten years period and overtook everyone else in the process. Titan a company launched by Tata, India's largest private sector entrepreneurial group repositioned the watch and especially the Indian made watch in the eyes of the consumer, and made it into a stylish personal accessory to both men and women. In just four years, it grew to 2.6 million watches and No. 1 in the quartz segment and No. 2 overall, behind the much older and slower, HMT, it also rewrote the 'rule book' of conventional wisdom in watch marketing, that the best watches are imported (legally or illegally).

Some of them created new segments in the market and new usages and users. You may recall Ketchup, for example had long been thought of and used as an essentially western product, which could not easily be blended with Indian cuisine. Maggi by Nestle not only introduced alternatives to the tomato sauce, which was generally too bland for the discerning India palate, but showed it in association with a number of essentially Indian snacks such, as *samosa* and *vada*. An even greater innovation was the 2 minute noodle. Long known both in Europe and the Far East as a meal by itself, the noodle could not be expected to replace rice or the home made forms of wheat such as *pooris* and *chappatis*. However, interestingly presented and positioned as an afternoon, after school snack, it caught the imagination of children and mother to become an almost unique product that virtually owned the territory it developed.

A few of them took competitive standards several niches higher, for example; The Maruti small car (800 cc) gave the Indian motorist a stylish, manoeuvrable and modern alternative with a compact design. Of course, the fact that the technology was several decades ahead of the Fiat and Morris Oxford versions (Premier Padmini and Hindustan Ambassador), ensured that it virtually had no competition. The Maruti 1000 which followed in the late 80's had an almost unique position as "Japanese quality premium personal car". The latest offering is the Maruti Zen, the first Indian car to incorporate the jelly bean shape and rounded edges, to reduce wind resistance and increase fuel economy, along with five speed transmission all with the full impact of Suzuki of Japan now the majority owner of this company. Three out of every four cars sold in India, now come from Maruti. In the home appliances field little known Videocon emerged in a period of 4 years as the major share leader with 27 per cent of the colour TVs market and 50 per cent of the washing machines market. They flooded the market with Japanese style product introduction rate, concentrating on wooing the dealers with substantially higher margins and array of incentives and beating the competition on price. In this last aspect, they had much in common with Nirma in the detergent market and Hero in bicycles and mopeds. For

India's largest and most successful consumer product company, Hindustan Lever,, "Close Up", brought success at last to the personal products division in the internal battle against Colgate in the toothpaste market. Relaunched as a gel with variants it attained a 15 per cent market share. Only two of the above brands "Maggi" and "Close Up" are owned and marketed by multi national affiliates in India. All the others are not only from wholly owned Indian companies but in many cases from entrepreneurial first generation business group. Neither the Dhoots of Videocon nor Mr. Patel of Nirma started with any accumulated experience in a related industry. Nor did they have the war-chests from promotional onslaught which a Coke, a Pepsi or a Proctor & Gamble would subsequently bring to the Indian Scene. The above examples of products and their marketing way clearly gives any one to understand that being multinational *per se* cut no ice with Indian consumers that sheer power of resources is not a pre-requisite for success and competitive edge; That what is important for being competitive in the future is to be innovative in product as per need and expectations of the consumer and therefore, there is urgency of improving the product and service quality standard; finally that innovation will have to be applied to every segment of business, retailing, general management, quality structure and even financing over and above this speed through which it is implemented. – Очередные выводы, полное повторение

The success of the five brands mentioned above proves that there is the need to understand consumer behaviour in the Indian context and to change the approach of strategic marketing. That to succeed in any competition market whether domestic or global the application of the same approach applied prior to 91 will not be effective. Whatever may be the individual ingredients of success strategic style or approach must concentrate on rewriting the 'rule book'. In earlier decades the dictum was that marketing orientation meant not only doing things differently (the USP School) but better and more memorably (as emphasised by David Ogilvy and Ries and Trout in the brand personality and its positioning eras). Today beyond just being different or better thinking about the market and conceiving the future differently from ones predecessors, seems to be at the core of successful strategic marketing. The core and key factor in the above five brands has been innovation to meet the future opportunities and understanding the needs of the consumers also has a high position. Innovation should not be taken as more and more intensive and extensive research in the status quo of consumer; No amount of quantitative analysis of consumer motivation or market segment on quantification can be said to be real alternative of innovation.

Innovation; therefore, seems to come more from internal thinking daring and serendipity than analysing the industry in two by two matrix in mind numbering detail.

Very recently the executives have started talking about the fifth 'P'. The pace with which you adopt and improve a product launch and relaunch a product, use a technology, how speedily your plans implement any strategy is more important. Now they feel the fifth P only can form the base of new marketing strategy.

I wish to point out at this stage that student and teachers of marketing should develop a technique of marketing forecast to foresee or have understanding and

perception of what marketing in India in the new millenium and after, would demand of them. We find that the need to understand consumer behaviour in the India's context leads the rest of things behind. Assessing the relative effectiveness of different forms of marketing inputs on a cost benefit equation. Conventionally marketers have always tended to think of most marketing inputs other than the soft area of advertising as fairly measurable in terms of sales response. Every company has its own rules of thumb developed over the year from their own or their international affiliates based on experiences on how much is desirable to spend on promotion distributions, product launched, or percentage of sales required to sustain market shares of stable on going brands, and so on. In the changed situation the question obviously is whether the old rule will be valid in changing context and how far such rules will apply in the changed situation. Here then is a rich area for constructive and continuous collaboration in research between the thinking manager and the user-friendly academics.

Strategic Marketing is a dynamic concept and it is still under evolution. In India situations have been changing, liberalisation policy, opening up of Indian market for multinationals, and the Government vacating the board rooms, the customer being ushered in effect being given a place of pride, has brought changes in economic environment. **It has posed three major challenges. Increasingly competitive market with new entrants providing superior product and service, a subsequent change in most industries from a seller market to buyers market with quality and price conscious consumers; and necessity to succeed in globalisation economy by exploiting potential sales market.**

Marketing even in a global situation is a process of perceiving, understanding stimulating and satisfying the needs of specially selected target market by channelling an organisations resources to meet those needs. **Marketing is thus matching dynamic interrelationship between a company's products and services, the consumers want and needs and the activities of competitors.**

Peter F Druker has also mentioned that old system of marketing cannot be useful today. He said "But the right marketing knowledge won't be of much help in these turbulent, competitive fast changing decades. It requires the right marketing actions." Japanese define market by the use of their product. The customer rather than the makers determine the market and Japan became a forceful competitor in the global market of automobiles, T.V. etc.

Hence even in India most of the Chief Executives have now been focusing on developing consumer oriented marketing strategies and brands. One is reminded of Peter F Drukers view **"Marketing is business seen from the view of the final result, that is, customer point of view"**. The advocates of this view have been now talking of customerisation. There is another approach also for competitive strategy. As in a competitive market there is fight between the rivals in every retail shop for each customer but from domestic and international producers some executives feel watching the rivals move only can help in developing a competitive strategy. **Wayne-Calloway has pointed out "Nothing focuses your mind better than the sight of a rival who wants to wipe you off the face of the earth"**. Can Druker and Calloway

both be correct? Can the classical marketing which involves studying the consumer alone be a tool for successful marketing in the liberalised market?

There is a battle for the market, every marketer is trying to retain or gain market. Hence in their own way they are adopting various strategies. It is now time for Indian producers to think new about their strategy, the way they conduct their business. The Indian marketing has come of age. In 90s the marketers often seen as intent on getting each other as they are on getting consumers. Some ten years ago there was hardly any competition.

Each market was dominated by one producer. In some fast moving consumer goods there was some kind of an armed truce. Rival marketers kept themselves out of one another's way. By the late 80s the stream of new brand launch and flood of MNC products has gathered force. And the flood gate opened after 1991 upset the whole status quo. Each year an established brand had to deal with many new factors that could affect its fortune.

Though in a number of seminars executives have emphasised that firstly the basis of success is the product and its quality rather than any other marketing input, secondly the executives have emphasised the improved technology as the basis of the successful strategy of marketing and quote the success of a few Indian products e.g. Bajaj and Maruti. The continuous improvement and updating of technology by Bajaj has proved, "Nothing can beat Bajaj" and the continuous change in technology has made Maruti as one of the most desired car and now it occupies a place of pride. Out of every four cars sold today in Indian market three are the Maruti cars. The product and technology has placed products in a unique situation and made them competitive whether they were offering themselves or the way they were communicated to any prospective buyer. Thirdly executives have been quoting the strategy of distribution adopted by Videocon washing machine as the key of success of the product in occupying 50 per cent share of the washing machine market. The most successful products; Nirma, Titan, Maruti, Maggi, Videocon washing machine and 'Close Up' have been quoted to prove that product, technology, price, the process of offering the products and understanding the need of consumer have been the cause of their success. Fourthly the executives have expressed that the product innovation and the technology innovation have been to satisfy the consumer. One cannot deny these facts. – 4 фактора победы

Now it is no longer limited to watch the consumers only. It is also essential to watch your rivals. Today marketing has become a battle of perception and not just a product which explains why competitive marketing is gaining ground in the overall strategic process. The product innovation or technology adoption may be one aspect but not as important as 'Watching your rival' and 'the speed of action' the right package at the right price, the right upgradation at the right time. Hence in a competitive marketing 'watching the rivals' and the 'pace' with which you react are two strategies seem to be important and have been deliberated here in this chapter.

Watching the Rivals: Now it is not enough to watch the consumer only it is essential to watch your rivals. Product differentiation is lowering its sharpness hence watching the action of rivals about distribution and such other things have become crucial, and the 'pace' of marketing is quick really quick, like combatants in power

tennis, marketers have to anticipate where the opponent will place the ball. Trying to get it after the ball has been struck is too late.

Intense competition has forced the companies to be more specific in watching their rivals. Now companies try to have resource audit, inter-firm comparison, checking rivals financial cost-price analysis, profit margins, manpower cost, in fact everything under the microscope. The route to consumer is always through competition. Since rivals are targeting the same consumers, marketers must anticipate possible retaliation in the execution of their own strategy.

By watching the rivals offerings you will ensure that you have not missed out something that may affect sales. For example; if **Bajaj Auto** would have reacted earlier to ailing **LML** attempts to fragment the scooter market by LN4L, might have been unable to 'turn it round' and share some market of scooter from bajaj. There is another more vivid example of not watching the rival and facing a disastrous consequence by **'Farex' of Glaxo** when **Nestles baby food Cerelac** came. Cerelac being milk based was preferred by doctors and mothers. Cerelac offered a range of variants. Cerelac was preferred because milk shortage can be managed. Doctors recommended Ceralac because if Farex upsets the baby's stomach it was difficult to identify which cereal has caused it, and Ceralac offered a range of variants. There are other examples of not watching the rivals such as; 30 year ago **Milton** appeared, by continuous innovation, segmentation and sub segmentation of market. Milton has acquired the position of No. 1, in Rs. 250 crore, thermo ware market. In 1986-Cello joined, and is now **No. 2. Eagle** lost the market of thermoware, except flask to **Milton and Cello**.

We have example of **BPL** which anticipated the arrival of global brand and quickly expanded its consumers electronic range to cover a widespread size and price segments and block as many entry points of MNCs as possible. Another example is of the **Proctor and Gambles** which in August '95 quickly flooded the Baby market with its 'Paper Brand' of diapers to pre-empt the launch of **Kimberly Clark Huggies** marketed in India by Kimberly Clark Lever Ltd. by watching its rival and by acting quickly, really quickly Proctor and Gambles threw its rival marketer off its strides. If you are not watching rivals you are doing only half the marketing.

Unfortunately in India it is still informal, not database. 'Indian Companies are still like babies-tend to fiddle with their navels, instead of studying the external environment; rivals move rather than theirs. **In fact any strategy cannot be made in isolation of environment, existing market situation.** Broadly speaking a marketer has to monitor the three 'Cs' — Consumer, Competition, Cost. In responding the competition the company's cost can be affected and in turn influential company's try to damage the competition example is of ***Times of India*** changing its advertising rates every time. In fact extensive attention by a rival-specially if it is a larger one can unnerve the marketers example **being of Standard Batteries Ltd. coming with 'Signature' and two years guarantee unnerved the Exide.** The Exide people were in so much hurry that they did not even change the warranty card and directed the wholesale and retail outlets to issue two year warranty. When Standard introduced Calci charge, a maintenance free battery, Exide tracked its performance for four months and it brought down its new product, 'Exide Freedom' for Rs. 200 below

Calci charge. Exide is compelled to scrutinise standard's activity. When Jhonson and Jhonson was planning to relaunch SAVLON an antiseptic liquid brand bought from ICI Dettol felt its monopoly threatened. If s marketer RCI created a media blitz and launched Dettol medicated plaster which coincided with Savalon's launch. The strategic objective was to heighten brand salience for Dettol while forcing Jhonson & Jhonson to splutter for defending its leader Band Aid.

However rival watching is a complex phenomena. Number of parameters on which they have to be watched have grown. Rivals have to be watched and their move is to be anticipated well in advance. They have to be watched cautiously and properly otherwise many a time marketers end up in watching the wrong kind of competition. In any case, quality product and improved technology alone can not help the marketer in a competitive market. Watching the rivals is very essential. Further watching the rivals may be important; but the product attribute the technology difference and rival watch wont be as important as the 'Speed of Action' — the right package at right price, the right upgradation at the right time, and the right action to put the right blockade for the rivals at a right moment i.e. the pace strategy.

Pace Strategy: The fundamental four 'Ps' have been found insufficient for developing any marketing plan and marketing strategies in the changing competitive market. The smart and intelligent executives have discovered that 'PACE' is another strategum by which they can have an advantageous position in the competitive, crowded market created by the policy of liberalisation.

In their opinion 'Pace' or Speed is the many edged weapon to be used on all fronts; whether product innovation, technology upgradation, promotion or pushing the product in the market. "Every marketing man can match the four Ps of marketing. But the ultimate differentiator is the speed to market".

This was never realised by corporate sector in India before liberalisation and globalisation of Indian market they were contended with sporadic launches of products. A company like Hindustan Lever had never relaunched its product until four years after its introduction knowing that it would milk its money making potential. With the open economy and open market, traditional tools have lost their significance. All marketers are trying to adopt 'Pace strategy' to protect their market share. Speed strategy is being recognised as the important element in a competitive market of the new millennium specially because it is becoming easier for corporate sector to catch upon other fronts. Peter F Druker has also mentioned that the winner in competitive world economy is going to be the firm that most effectively shortens the product life of its own product, that is, one which organises most systematic abandonment of its product. It must be done quickly without loosing any opportunity. Indian producers in the present situation of global competition should identify PACE as one of the important element in marketing strategy.

What PACE Means?

PACE means increasing the speed of launch of new products and re-launch of old ones. It indicates that be innovative in product quality, but be fast.

Secondly, it means reduction of gap between one launch and another launch and making several brand launches in a short period of time.

Thirdly, it means quick response to changes in consumer needs and preference by creating brand variations, time consuming test marketing and product fine tuning may be anti PACE but consumer need had to be judged. The use of qualitative research can offer quick insight into buyers perception for quick response and help in reducing marketing time.

Fourthly, it means adopting a fast system design to keep fast track and PACE with the emerging global trends and control the quality of manufacture. It will help to squeeze the time in product development for effective speed marketing. A new product must be ready almost as soon as it is launched globally. Lastly, it means increase in the pace of promotion to maintain high frequency. The high frequency of promotion keeps the consumers interest high in the product.

The PACE means the rapidity of quality management, product development, technology adoption and creating fast brand wave and increased frequency of promotion. Hindustan Lever — Denim after Shave lotion, Lux White, Surf Easy wash, Domesto floor clean, Confident tooth brush, Walls-Ice cream, relaunched of the entire range of Kissan, Life Boy Liquid, are the few examples. Even Britannia launched six brands of biscuits between January 94 to July 94. e.g. 50-50, Little Heart, Bakers Choice, Joshesps Thin, etc. PACE means the right product of right quality, the right Package at right price, the right promotion at right time. Executives in India have identified PACE as a priority strategy to meet the global challenges.

In Indian market the PACE setters are Hindustan Lever which has floated a variety of new products and relaunched its old products and has gone into hyper-drive in a very little time. Lever has been followed by Proctor & Gambles, I.T.C., Reckett and Colman, Britannia Industries, Coco-cola India, and Videocon International. (Except Videocon all the above companies are multinationals having global market).

These firms are not only pushing the pace, they are also increasing their risk. Under researched brands launched merely flop. Obsession for speed however should not affect adversely the contents or substance and quality of product. However, occasional the failures are and price that the new generation of speedsters is willing to pay, it is also known that in flooding the brands not all products will succeed, and the winners will carry the burden of failures.

What Pace Can Do?

PACE knocks down your competitor out even before he can get going. Let us recall the Hindustan Lever's rushing of its liquid 'Lifebuoy' anti bacterial soap in market and at the same time the launch of Gel version of Liril and Lux International. Let us also examine why did Proctor and Gamble race to launch its Whisper sanitary napkins in August '94 choosing to dispense with its elaborate test marketing?

Both were proactive because launches from competitors were imminent. Hence they used PACE to blunt their competitors edge for instance the Lifebuoy Liquid soap earned an edge over the RCI 'Dettol' handwash liquid which came later. Similarly Proctor and Gamble's rapid fire Launches we are preempting the paper

products that the Lever-Kimberly Clark joint venture planned to launch soon. There are examples of Meslos and Reebok Shoe companies Meslos used space to block Reebok Sports Shoe market.

As soon as opportunities arise the producer must go out into the market place to exploit them, for the faster you react to the consumer the better it is for the bottom line. A series of quick launches hurts your rival in many ways (a) It raises his cost of entry since he must catch product you have launched, (b) forces the rival to dedicate additional resources, which is bound to affect his profitability.

PACE Helps to Create a New Segment and Dominate in that Segment

In consumer products where there is fierce competition quality and tactical move at marketplace have been dominating. So far, the B.C.G. Strategy of segmentation and product market matrix helped producers to find segment or adopt segmentation. Now the producers are adopting 'Appeal Segmentation' for example, Maggi the two minutes noodle created an appeal segment. The school going children prefer it as an after school meal. It has become very popular Indian dish.

The Hindustan Lever has been designing a series of product attributes taking each one to a brand extension for creating an appeal segment. Occupying a new segment first is the best way to ward off the competition. Similarly the first innovation of 2 minutes 'Maggi' created a segment of its own and ruled over.

PACE Wins Over the Promiscuous Consumer

The example of Britannia Co. illustrates it very clearly. In 93 it did not launch any brand. In 1994 Britannia launched one brand every three months e.g. Little Hearts, 50-50, Bakers Choice, Bake Sandwich bread, and Josheps Thin are example of it.

As increasingly fickle consumers show low brand loyalty particularly for premium or Low involvement product. PACE is providing a panacea for the harried marketers. Instead of fighting the customers propensity to experiment with new products that offer novel appeal, savvy companies are launching string of products at regular intervals different from one another to ensure that consumers stay with them. The example of 'Classic' Cigarette of ITC is before us. It is launching flavour based premium brands at rapid pace, four brands of classic brands have already been launched. In fact, using brand extensions at a quick pace is an effort to push down a customer every time when he gets restless and fiddles with the idea of switching to other brands. Speedy launching the variants of a strong brand, instead of new brands satisfies the customers penchant for loyalty as well his urge for new experiment. Thus, it helps a producer in creating an appeal segment and also in retaining the segment even in the situation of global competition.

PACE Revives Dropping Brand

It is but natural that even the best brands may go on the downward life-cycle stage in the market. In an open competitive market with global competition brand life-cycle is being more compressed today. It may be further compressed in the next millennium. A brand must have multiple lives today. Attempts for speedy action of

rejuvenating your brand is essential. Velocity alone will ensure that the revitalisation of the brands will hammer away at the consumers consciousness without allowing his interest to slacken in the brand due to long intervals between relaunches. This can be observed by the relaunches of Cadbury's four chocolates, Cadbury Dairy Milk, 5 Stars, Eclaire and Gems. Cadbury has used speed of its relaunch to bounce into the consumer awareness just in seven months. In 1994 Cadbury redefined 'Dairy milk' as an adult food and 5 Star as a snack. The pay-off from this was rewarded by renewed interest of the consumers.

PACE Can Compensate for Being the Last One

An organisation which comes into operation at a later stage can definitely become a formidable competitor by setting dizzying pace of product launches. For late entrants PACE is the only antidote. If competitors have deployed preemptive strategies of their own. It is trade-in. Once you have stepped on to it you cannot get off. Tour the front line of Cola wars for a first hand taste of Pace. Anticipating the launch of Coke, Pepsi Foods unleashed a blizzard of promotional activity preceding its entry in every market possible. When Limca 300 ml was launched in August '94 Thums up 300 ml was also launched alongside the Limca in the market the very next week. President of Coca Cola remarked that Coca Cola India has changed its strategy to PACE. He remarked "Our actions and reactions time has been reduced to nil." Earlier the marketer worked to the slogan of 'ready aim, and fire.' Today it has changed to ready, fire, aim. Thus, PACE not only helps an organisation to earn a segment but also to be one of major shareholder of the market even the organisation is a late starter.

PACE Lends Products a Life Long Technological Edge

Present comprises the age of technology. A number of products are based on technology and are flooding the market e.g.. Timex watches- MNV's televisions, pump dispensers for liquid soap. It is essential to catch the hi-tech wave before rivals adopt it. Titan watches did it. Titan made watches as personal accessories and it became leader of the Quartz segment of watch market, pushing HMT to second position. It also rewrote the Rule Book of Conventional Wisdom in watch market that the best watches are imported one, legally or illegally. Videocon International has adopted the PACE strategy in this area. It has rushed into market the first product in every segment created by technology, from picture-in-picture, to frost free refrigerators. Videocon international believes in being first with a new concept, using a tactical and strategic marketing in compressed time frame. Videocon by adopting speed in technological adaptation has become the technology leader. Thus, speed marketing has carved out an advantage to Videocon and has provided a life long technology to its product.

Conclusion

The success stories of Nirma (Popular priced washing powder), Titan Watches, ONIDA (T.V.) Videocon Washing machine, Maruti Cars, Maggi Noodles and Close-up tooth paste, each one of them presents some significant breakthrough in

terms of product development. Their success also proves that there is need to understand consumer behaviour in the context of global competition and change the approach to strategic marketing. That to succeed in any competitive market whether domestic or global, the application of the traditional approach will not be effective. The strategic approach must concentrate on looking at the market differently than what was being done before liberalisation. The companies must be innovative from the point of future opportunities and understanding of the needs of consumers also. It is something more than USP which sells. Innovation should not only be quantitative. It should be quick, daring, dynamic than analysing the industry in two by two matrix. It should be qualitative and must be based on watching the performance of rivals.

Now it is clear that the product innovation, the quality management and technological updating can matter only when you watch your rivals action and they are adopted with speed. Pace only can increase market share, increase turnover, enhance dealers motivation, improve product viability, improve corporate image, lead to new technique, a new position in the market.