

MARKETING STRATEGIES' AND PRACTICES OF CEMENT ENTREPRENEURS IN VIRUDHUNAGAR DISTRICT

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Abstract

The customers of cement product have certain expectation from branded cements in terms of its quality, instant drying, price, packaging and door delivery. Now a day's different brands of cement are available in the market. The brand competition may results the not branding activities. So the process of choice of brands of cement is the very important problem to both customers and various channel members in cement entrepreneurs

Introduction

The marketing structure of Cement Product is in Monopolistic competitive nature. There is an imperfect competition among the suppliers of cement in this region. All the 95 manufacturing companies are marketing their cement for domestic usage in India. But the overall marketing share of Cement of Virudhunagar district is rest with in hands of only five to six cement producers including the producers of this home district. The prevailing competition is between the Corporate Producers such as Ramco cements, Chettinadu Cements, India Cement and etc., and Government producers TANCEM and Tamil Nadu Paper Limited,(TNPL) Karur. The product differentiation on the background of price and quality mainly affects the buying behaviour of individual, public and industrial users in this study area. The demand for the Cement is to construction of Individual house, infrastructure development, implementation of various constructions scheme & projects and industrial development. The following brands of cement are marketed by majority of dealers and retailers in this district

1. Ramco cement
2. Chettinadu Cement
3. SankarCement
- 4.Ultra Tech Cement and
5. Amma and ArasuCements .

Marketing System

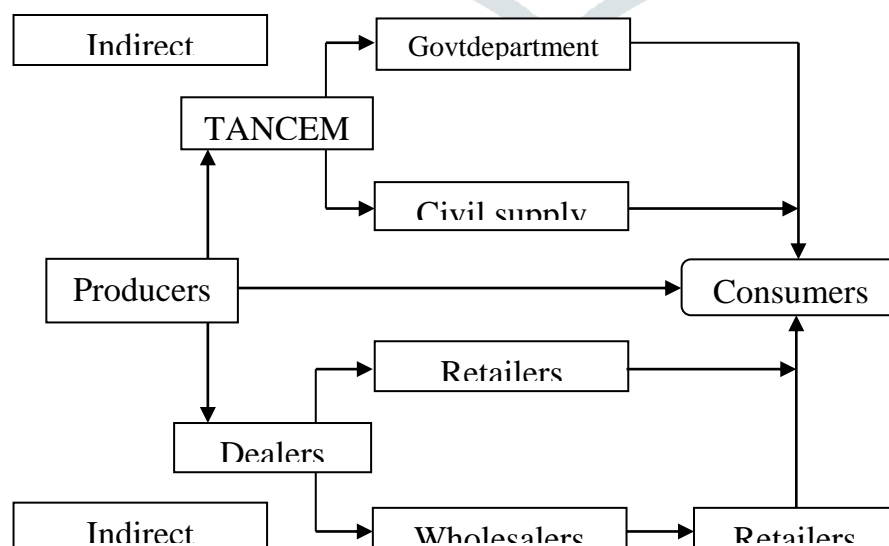


Figure1: distribution channels of cement marketing in virudhunagar district.

The present marketing system consists of private sector marketing practices and government civil supply under quota and queue system in the Virudhunagar District.

Corporate Brand Marketing Practices in Virudhunagar District

Under the Private Corporate marketing practices, the Dealership is given to distributors or Wholesalers at district or Taluk level for the marketing of their own cement brands by Cement production Companies. In this connection, both the direct and indirect channels are adopted for the marketing of corporate brands of the cement in this district. The distribution channel members are the producers, dealers or agents, wholesalers and retailers under the private fold. The each channel members may sell directly their own branded cement to the customers

Public Brand Marketing Practices in Virudhunagar District

On the other hand, the TANCEM is the monopoly supplier of public branded cement in Virudhunagar District. The AMMA cement, Arasu Cement and TNPL Cement are three public brands in Tamil Nadu. The TANSEM promotes mostly AMMA cement and rarely Arasu Cement in Virudhunagar District. TANSEM is the nodal agency for supply of cement to the District Rural Development Authority (DRDA), Tamil Nadu Civil Supplies Corporation (TNCSC) and Panchayat Raj Department act. The demand pattern of Public Branded Cement is always higher the production schedule. So TAMCEM purchases the cement from private cement companies and distribute the same to its customer. The Government Department and Contractor of Government Department is the big level customer of public branded cement. So TAMCEM purchases the cement from private cement companies and distribute the same to its customer.

There are three types of Marketing Practices are followed in sales public brand Cement.

- The supply of cement from Government producers (TANCEM) to District Rural development of Authority
- Direct sale of cement to Government Departments and to the Government Department contractors at lesser rate by TANCEM
- Sale of cement by TANCEM in the open market

Measures proposed to improve the marketing practices in Virudhunagar District

Abolishing the Quota and Queue Systems in Government Brands

The low price Cement in the brand name of AMMA as a Public brand is offered under quota system to the peoples who are belonging to the economically weaker section in this district. The quantity of AMMA cement offered to single customer is not sufficient to meet his demand. In addition to it, customers are waiting for a certain period of days for the delivery of AMMA cement after payment of money for the same. So this type of quota and Queue Systems in marketing practices of AMMA Cement should be abolished for public convenient to meet their housing needs throughout Tamil Nadu. These activities should promote the AMMA brand preference among the customers of cement product.

Setting up of Prices Regulatory Board

The price of Cement per bag has been raised more than three times in this last two decades. It increases the cost of construction of the house and increases the cost of projects of various infrastructure and industrial development activities. In this connection, there are vast price differentiation between the Public and corporate brands of Cement. The Price is one of the important factors affecting the decisions of brand preference of customer for cement product. So the government authority should setup the cement price regulatory board to control the increase of prices and reduces the price differentiation between brands of the government and other producers.

Transportation and Storing facilities to the customers as the post Sale Services

The Transportation of cement from seller place to remote rural area and lack of proper storing facilities of cement bags in above said remote areas are the major problems perceived towards brand preference of cement industries by rural customers. So the producers and dealers of specific brands should take the necessary arrangement to deliver the cement for more than one time at small level of quantity as per a weekly or daily requirement of cement in order to promote their brand image among the rural customers.

Direct payment to Sellers by the Bankers and Government for Cement supplied to the construction of Houses through Bank credit or Under the Various Government

Schemes

The majority of houses are constructed in this district either through Bank credits or Under the Various Government Schemes. There is a possibility of interruption of construction work due to lack of timely purchase of cement under monetary crisis. So the producers or any opt able members of channels of distribution of particular brand cement should make a memorandum of understanding with bankers and Government to receive the direct payment to Sellers by the Bankers and Government for Cement supplied to the construction of Houses through Bank credit or Under the Various GovernmentScheme to avoid such kind of interruption of construction work and to promote their brand image among the customers.

Promotion of the Brand Retention strategies

The each brands of product must sail the span of product life cycle up to its obsolescence. But life time of particular brand is totally depends up on the preferences' of its customer for a long period of time. So the brand retentions strategies such as creation of brand loyalty and relationship marketing practices should be adopted by the existing brand promoters of cement product in Viruthunagar district.

Strengthening the E-Commerce of cement product and Redefining the Cement branding as internationals brands

The major two types of impact of development of information technology under the knowledge era on marketing field are E-Commerce (on line shopping) and International branding. The present cement marketing structure should adopt above said advanced marketing practices in order to widening the scope of marketing operations and strengthening international brand image among the global customers.

Minimization of Tax discrimination between the Public and Corporate Brands

This study concentrates on studying the customer perception of four brands of Cement such as Ramco Cement, Amma Cement, Chettinadu Cement and Sankar Cement. Out of these four brands, AMMA cement comes under the categories of Tax exempted due to government policy. The rest of three brands are levied 28 percentages of Goods and Services Tax (GST). This type of Tax discrimination should be reduced at maximum level in order to strengthen the position of corporate brands and also stimulates the customers to prefer these types of brands without any kind of discretion.

Conclusion

The customers of cement product have certain expectation from branded cements in terms of its quality, instant drying, price, packaging and door delivery. Now a day's different brands of cement are available in the market. The brand competition may results the not branding activates So the process of choice of brands of cement is the very important problem to both customers and various channel members in cement marketing. The Customer's perception towards cement purchase by brand preference is Quality basis, value of money and worth based not for personal desire and choices in order to preference of Brand. The price reflects the economic meaning of the brand, unrelated to the functional value of the brand.

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