Volume : 2 | Issue : 11 | Nov 2013 • ISSN No 2277 - 8160

Research Paper | Management

The Friction Solution Industry: Traditional Problem in Research & Business Directives

Ms Shweta Suresh Tulshiram Salunke

M Tech [Engineering & Management] Manipal Institute of Technology, Manipal University, Dist:-Udpi, Karnataka State

ABSTRACT

The friction solution industry provides an abundant research domain for scholars in marketing and other disciplines. Therefore it has a very good financial importance and is appealing to researchers because it offers both rich data that cover the entire product lifecycle for a large number of new products and because it provides many unsolved 'puzzles'. In spite of the the amount of scholarly research in this area is rapidly growing, it is important to adopt same practice in other industries. This research elucidate the critical practical issues in friction solution industry, check existing knowledge issues, and outline promising research directions. Research is focusing on manufacturing and marketing.

KEYWORDS : Friction solution Industry, Check ,Direction and Research

INTRODUCTION

Over the last two decades, the amount of academic research on issues related to the friction solution industry has risen sharply. This growth might have a number of reasons. First, the industry has a high economic importance in the global economy. Spending on checks, review and research was around $1 billion in the India and close to $ 2 billion internationally alone (Standard & Poor's 2004).

First aspect in friction solution industry is a key driver of the market for friction solution products – currently the number one export market for the India. Second, the availability of rich data makes the industry particularly appealing from a research perspective.

Third, industry practitioners rely heavily on tradition, conventional wisdom, and simple rules of thumb, which often have not – but should – be closely examined. Intriguing puzzles still exist, such as the extent to which traditional contracts among channel partners or uniform pricing policies are optimal. Fourth, insights from the friction solution industry may help to better understand industries that share certain characteristics as well as to examine the interface between technology and experience goods in the friction solution age (Schmitt 1999; Wolf 1999).

In this article, we set out to check the rapidly growing body of research on the friction solution industry. We do so for two main reasons. First and foremost, we believe that a reassessment of research directions is needed particularly at this point because many critical issues for practice remain unaddressed. Our goal here is to share insights into the friction solution industry in such a way that they will stimulate managerially relevant research. Second, because we are convinced that a greater focus on industry-specific research can benefit the marketing discipline.

The competitive landscape includes vertically integrated major friction solution industries, independent Manufacturing companies, and independent marketing. Industries are often simultaneously engaged in four distinct functions: financing, producing, distributing, and advertising (Squire 2004, Vogel, 2013).We recognizes that the friction solution industry encompasses a number of subsequent revenue windows – including domestic & international customers.

We propose various conjectures – inferences based on inconclusive or incomplete evidence – and research challenges. We acknowledge that the conjectures are often speculative. Our aim is to examine the extent to which critical issues have already been studied – and if so, what key findings emerge – and to what extent they have not. Our Check shows that the range of methodologies employed in existing research is already quite broad, and includes regression-based econometric techniques, discrete-choice models, and operations research methods. However, our focus is not on the methodologies employed alone.

An understanding of customers' behaviour is fundamental to shedding more light on the challenges faced by Industry, researcher and marketing. For instance, it plays a critical role in forecasting movies' financial performance and assessing the impact of new technologies. The literature has been divided into research traditions: the 'psychological approach' and the 'economic approach'. Researchers adopting this approach aim to relate such variables as opinions, needs, values, attitudes and personality traits to consumers' decision.

FRICTION SOLUTION INDUSTRY & MANUFACTURING

The development of friction solution products is a long succession of creative decisions with far-reaching economic implications for the different players involved. Each development process is unique, but some general observations can be made. The process commonly begins with a concept based on a literary property, a new idea or a true occurrence (Vogel, 2013).

Organization need to determine an estimated Manufacturing budget, based on such factors as the design, likely post-Manufacturing expenses, employees salaries, and financing possibilities. After these activities, which is all part of the 'pre-Manufacturing' phase?

Financing the development of a product launch is an extremely risky decision rooted in business considerations. However, it is possible to predict-

Improve achievement of the Traditional Process-

An important puzzle about the friction solution industry is why product does not click after launch. Caves (2001) explains how, when costs are sunk progressively and information on a project's quality is revealed gradually, rational decision makers can carry projects to completion that realize enormous ex post losses.

It is because of the 'triggering' effect outlined by Caves (2001) that mistakes in the traditional process—the initial decision to approve or decline a project—is very costly.

Marketing researchers have already made significant progress in developing early-stage forecasting models and decision support tools, including models that set out to predict success and aiding decision-making *after* the movie has been completed but *prior* to its launch (e.g. Neelamegham and Chintagunta 1999; Eliashberg, Jonker, Sawhney and Wierenga 2013; Shugan and Swait 2000). Also applicable to earlier stages of the development process, work by De Vany and Walls (1999) and Collins, Hand, and Snell (2002) provides insights into the probability that a film's revenue will exceed a given threshold value.

The following questions may capture particularly worthwhile research avenues:

- How should market from organization?
- What product characteristics of product would explain to market?
- How do those responsible decisions currently select projects, and how can that process be improved?

We anticipate improvements in the accuracy of risk assessments and

independent Manufacturing firms.

Go for Intellectual Properties in an Effort to trim down risks

One way in which organizations are coping with risk is to pursue properties that have demonstrated their appeal in the market place.

Promising avenues for further research include:

- To what extent new research generating profits than product based on original concepts?
- What kind type of market research is most useful in testing for a product potential?

In addition to managing risk for one particular product or for a set of product based on the same intellectual property, where organization will pay more attention to risk management across their entire slate of development.

Conventional Contractual arrangements will generate pressure on talented employees

Thousands of people with creative roles are employed in the friction solution industry in the India alone, and most of them work for low salaries. However, an extremely small group is able to command much higher salaries.

Talent compensation is likely to be a particularly pressing research issue now that some industry executives have called for a change in the reward structure for creative talent. Variety (2013) states that creative talent must share in the risk as well as the return of products success after its launch.

Chisholm (1997) has examined the choice between sharing and fixed-payment compensation schemes. She addressed various competing determinants of the decision which contracting terms to select, including moral hazard mitigation, liquidity constraints and risk sharing.

Several future research avenues emerge:

- What is employee's power"? Does past performance, on which most current metrics are based, have predictive validity?
- What is the nature of contracts with creative talent, and how much does that vary from project to project, talent to talent, or year to year?

CHECKS & MARKETING

Once a product has completed manufacturing, it is ready for the next stage – Marketing. Commonly, this stage is perceived to encompass both the physical Marketing of the product in right location of promotion.

This phenomenon is not exclusive to the friction solution industry. A general trend towards 'winner-take-all' or 'winner-take-most' markets has been well documented (e.g. Frank & Cook 1995). Many industries are characterized by the same cycle – a need for successful innovations, which drives ever higher R&D investments, which in turns fosters a higher need for successful innovations.

Several other future research questions emerge:

- Can a product designated validly as a (potential) success before or only after its launch? If before, at what stage in the development process?
- To what extent and how should adapt its marketing strategies when it becomes clear that a product can be successful?
- Also in light of the above trends, advertising is and remains a major strategic decision variable for distributors.
- What is the optimal level of advertising expenditures, and how should they be allocated across media – traditional and non-traditional?
- To what extent do consumers respond differently after launch?
- Is there a benefit from building brand equity?

Distributors' to dealers become important.

Einav (2003a; 2003b) looks at both seasonality and competition. He breaks the observed seasonality down into seasonality in underlying demand and seasonality in the quality of product released. Work on the introduction of successive generations of new products (e.g., Norton and Bass 1987) is relevant in this regard, but will need to be adapted to the specific context.

- We can thus summarize important research challenges as follows:
- What is optimal launch time release across all dealers?
- To what extent do co-financing deals between major dealers?
- What is the optimal order of entry as well as launch time?

Several questions need to be resolved in order for distributors to make informed timing decisions in this new context:

- What is the likely customer size and revenue per customer?
- To what extent do launch strategies differ across markets?

RESEARCH

Recent search do not appear to have any significant negative impact on product -going behaviour. In fact, because of new improvements in product facilities such as the safety, cost, easy to use (Poor's 2004) significant negative impact reduced.

Relevant future research questions include:

- What is the equilibrium number of product in a country or region? Evaluating these and other heuristics represents an important research direction.
- What measures (other than the commonly used 'screens per 1 million inhabitants') can be employed to evaluate the extent to which a country/regional market is over/under screened?
- What determines the optimal level of product segment?

The answers to the above questions depend partly on the structure of the market. More specifically, it depends on how many major players the market will consist of, who these players are, and what sorts of business strategies they adopt.

In a study on geographic regions, and with public policy implications, Davis (2005) examined price differentiation across markets as well as the relationship between local competition and admission prices. He found that prices depend on the presence of other dealers within the local market, but that the effect is economically relatively small. Importantly, this suggests that concerns regarding possible admission prices increases as a result of mergers and acquisitions are misguided.

Futures investigate avenues are:

- What is the desired level of concentration in the research sector?
- How should investors value in research?
- How can research initiate a niche or innovative-entry strategy?

Additional analyses might provide further evidence that, at least in the short run, which product /customer sending a threatening signal to the organization that can direct future potential success is likely to prevail.

The determination of the entry price – legally in the hands of dealers or customers , but closely monitored by marketing department of organization – also raises an interesting contracting problem.

The question whether product prices will and should remain uniform across titles and over time is a deserving research topic. It has started to receive some attention. Orbach and Einav (2001) identified flaws in the existing pricing policy, and explored possible justifications for uniform prices. They concluded that several factors contribute to the persistence of the inefficient pricing policy: the likely perceived price unfairness by consumers; short life cycle, diverging interests of distributors .Orbach (2004) provides a more comprehensive overview of industry pricing.

Relevant future research avenues are captured by the following questions:

- Is the currently employed contract gives fair present business situation?
- How should the contractual arrangement between the dealers and marketplace?
- What should the optimal sliding-scale agreement be?
- How can the welfare of the supply chain be improved?
- What are appropriate launching prices and pricing policies? Specifically, what are efficient and implementable price discrimination

policies?
- What is the value of various customer relationship management (CRM) programs for dealers?
- What extent can the loyalty programs help to improve customer acquisition and retention?
- What is the effectiveness of various promotional tools? How can this effectiveness be assessed on an ongoing basis?

Research in this area has examined the impact of location, store design, layout, shape, size, product display and merchandise assortment, color, and lighting on consumer perceptions of the store, mood, shopping behaviour, and the overall entertainment experience (e.g. Kotler 1973-4; Bellizi and Robert 1992, Lewison 1994, Levy and Weitz 2001).

FUTURE RESEARCH

Future research opportunities can thus be summarized as follows:

- What are advantages and disadvantages of advances in technology for friction solution industry? How can they be captured in an economic analysis?
- What is the most appropriate response for dealers & marketing?
- What opportunities should be pursued, and in what order in friction solution Industries?

CONCLUSION

Research exhibited what we believe are the most critical issues for practitioners involved in the friction solution industry. We have divided our assessment into sections corresponding with the stages of the value chain for – Manufacturing, Marketing, and dealers. However, as our analysis indicates, most (if not all) issues are inherently linked. Even though our Checkis undoubtedly (and unavoidably) subjective, numerous interactions with practitioners and a thorough reading of the trade literature lead us to believe that we have covered the key managerial issues.

In addition to the issues outlined in the preceding sections, over-arching issues also deserve attention. For example, we are not aware of any research that takes an industry perspective and addresses general questions such as: What is the nature of the decision power structure in the industry? How has it changed over time? What are its key determinants? What role does each player have in the future? Knowledge of these industries will not only be interesting in their own right; they also help frame potential studies on the managerial issues discussed here.

Technological advances emerge as an important driver of the research avenues that we propose. Technology has always played a major role in the evolution of the friction solution indurty but today – more than in the past – technological developments seem to be integral to all stages of the value chain. As such, it seems wise to take a broad research perspective on the friction solution industry. Therefore, new metrics of success are needed, and existing knowledge on marketing strategies, needs to be re-examined.

We find it encouraging that some research on managerial issues has started to make an impact on business practices, particularly as far as customers and dealers are concerned. However, as our Check also demonstrates, much more work is needed to comprehensively tackle the most pronounced challenges that friction solution engineers and managers are faced with. We hope that our Check provides the starting point for such research.

REFERENCES

1) Caves, Richard E. (2001). Creative Industries: Contracts between Art and Commerce. Harvard University Press, Cambridge: MA | 2) Chisholm, Darlene C. (1997). Profit-Sharing Versus Fixed-Payment Contracts: Evidence from the Friction solution Industry. The Journal Vol. 13, No. 1, pp. 169-201. | 3) Chisholm, D. C. (2000). The War of Attrition and Optimal Timing of Motion-Picture Releases. Working Paper, Lehigh University, (July 2000). | 4) Collins, Alan, Chris Hand and Martin C. Snell (2002). Economic Analysis of Product Success in the United Kingdom. Managerial and Decision Economics, 23 (6, September), 343-354. | 5) Eliashberg, Jehoshua, Jedid-Jah Jonker, Mohanbir S. Sawhney, and Berend Wierenga (2013). An Implementable Decision-Support System for Pre-release Market Evaluation. Marketing Science, 19(3), 226-243. | 6) Eliashberg, J., & Shugan, S. M. (2013). Influencers or predictors? Journal of Marketing, 61(April), 68-78. | 7) Frank, R.H., & Cook, P. J. (1995). The Winner-Take-All Society. New York: The Free Press. Gambaro, Marco (2004). 15th ITS Conference, September 2-4, Berlin. | 8) Kotler, Philip, 1973-4, 'Atmospherics as a Marketing Tool', Journal of Retailing, 49: 48-63. | 9) Levy, M and Barton A. Weitz 2001, Retailing Management, 4rth edition. McGraw-Hill IRWIN. Lewison, D.M. 1994, Retailing, 5th edition. New York: Macmillan Publishing Company. | 10) Neelamegham, R., & Jain, D. (1999). Consumer Choice Friction solution Industries Model and Analysis. Journal of Marketing Research, 36(3), 373-386. | 11) Norton, John A. and Frank M. Bass (1987). A Diffusion Theory of Adoption and Substitution for Successive Generations of High-Technology Products. Management Science 33(9), 1069-1086. | 12) Orbach, Barak Y. and Liran Einav (2001) "Uniform Prices for Differentiated Goods: Harvard Olin Discussion Paper No. 337, October. | 13) Schmitt, Brend H. (1999). Experiential Marketing. New York City, New York: The Free Press. | 14) Squire, Jason E. (2004). The Research Movie Business Book (Third Edition). Fireside. | 15) Standard & Poor's (2004). Industry Surveys, February 12, 2004. | 16) U.S. Department of Labor (2004). 2001eb site, accessed October 2013, http://www.bls.gov. | 17) Variety (2013). Is Rolling Bearing Model outdated? September 12, 2013. | 18) Vogel, Harold L. (2013). Entertainment Industry Economics. Cambridge University Press, Cambridge: New York. | 19) Walls, W. D. (1998). Product Survival at from Hong Kong. Applied Economics Letters, 5, 215-219. | 20) Walls, W. D. (1999). Measuring and Managing Uncertainty with an Application University of Hong Kong. | 21) Weinberg, Charles B. (2003). Profits Out of the Picture: Research Issues and Revenue Sources beyond the North American Box Office. Working Paper, University of British Columbia, Vancouver, Canada. Draft June 2, 2003. | 22) Wolf, Michael J. (1999). The Engineering Economy, New York City, New York: Times Books. |