



MARKETING STRATEGIES OF INDIAN CEMENT INDUSTRY

Arun Kumar

Research Scholar University Department of Commerce & Business Administration L.N. Mithila University, Darbhanga, Bihar

KEYWORDS :

1.1 INTRODUCTION

India is world's second largest cement market both in production and consumption. The country has cement production capacity of 502 MTPA as of 2018. The outlook for domestic cement sector is stable for October 2018 to March 2019 as over demand conditions remain steady. Real Estate Market in India, which is expected to reach US\$ 1 trillion by 2023 from US\$ 120 billion in 2017 and Government initiative Housing for All pushes demand of cement in India.

The Indian Cement Industry has been attracting several top-notch global cement companies reflecting a huge potential for investment. The cement products attracted FDI worth US\$ 5.46 billion between 2008 and 2018. Further, a good number of foreign players as well as investors are expected to enter the Indian cement industry as 100 percent FDI is allowed in the revised regulatory framework.

1.2 Cement Industry in India:

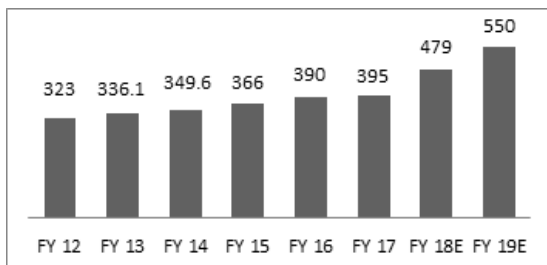


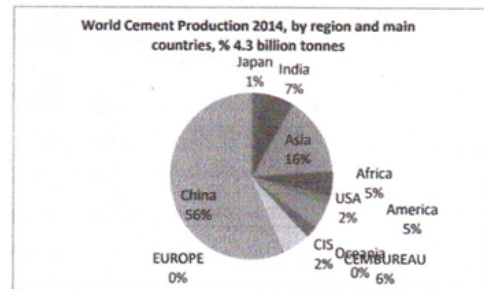
Fig 1: Cement Production Capacity FY 11-20 (million tones)

Source: The Economics Times, Business Stantdar, Ministry of External Affairs

India is the second largest cement producer in the world with nearly 400 million tones of cement production capacity. By 2020, cement production will reach to 550 million tons of the total capacity, 98 per cent lies with the private sector and the rest with public sector.

The Indian cement industry has some multinational cement giants, like Holcim and Lafarge, which have interests such as ACC, Ambuja Cement and Lafarge Birla Cement. The Indian cement industry is broadly home grown. Ultratech Cement which is regarded as the country's largest firm in terms of cement capacity, holds around 22 percent of the domestic market, with ACC (50 percent owned by Holcim) and Ambuja (50 percent owned by Holcim) having 15 per cent and 13 per cent shares respectively. Many of the remaining dozen top players are Indian (in order of diminishing market share), Jaiprakash Associates (10 per cent), The Indian Cement Ltd. (7 per cent), Shree Cements (6 per cent), Century Textiles and Industries (5 per cent), Madras Cement (5 per cent), Lafarge (5 per cent), Birla Cement (4 per cent) and Binani Cement (4 per cent). Between them the top 12 cement firms have around 70 per cent of the domestic market. Around 100 smaller players produce and grind cement on a wide range of scales but are often confined to small areas.

Fig. 2 Contributions of Indian Cement Industry in World Cement Production



Source: Cembureau, 2018

Figure.2 shows the share of top countries and region in world in terms of cement production in 2018. The countries like China, India, USA and Japan are the top cement producers in the world in 2018.

The Figure. 3 Presents the production of cement by different countries.

Figure 3: Major Countries Cement Production 2013-2018 (in million metric tons)

Countries	2013	2014	2015	2016	2017	2018
China	2,100	2,210	2,420	2,480	2,350	2,410
India	240	270	280	260	270	290
United States	68.6	74.9	77.4	83.2	83.4	85.9
Turkey	63.4	63.9	71.3	75	77	77
Brazil	64.1	68.8	70	72	72	60
Russia	55.6	61.5	66.4	68.4	69	56
Iran	61	70	72	65	65	53
Indonesia	30	32	56	65	65	63
South Korea	48.3	48	47.3	63.2	63	55
Vietnam	59	60	58	60.5	61	70
Saudi Arabia	48.4	50	57	55	55	61
Japan	51.3	51.3	57.4	53.8	55	56
Egypt	44	46.1	50	50	55	55
Mexico	35.4	35.4	34.6	35	35	NA
Thailand	36.7	37	42	35	35	NA
Pakistan	32	32	31	32	32	NA
Germany	33.5	32.4	31.3	32	32	NA
Italy	33.1	33	22	22	23	NA

Source: US Geological Survey, 2018

1.3 Marketing Strategies of Indian Cement Industry

Customer's satisfaction is the perceived fulfilment of consumers' desires after utilizing a company's product. Such satisfaction may be measured by degree of direct survey. Consumer's satisfaction is so important that many organizations allocate large portion of their resources to pursue this objective. Marketing are eager to know what these expectations are in order to satisfy them adequately. They allocate huge amount of resources on strategies toward consumer's satisfaction in other to attract, retain and sustain

consumer's loyalty and increase demands for their products whether cement consumer's expectations are met in view of the marketing activities.

Cement Companies in India has over the years evolved different marketing strategies including the traditional marketing mix.

Marketing strategy involves all basic and long term marketing activities of an organization including strategic direction of the organization, formulation, evaluation and selection of market-oriented strategies that therefore contribute to the goal of the organization and its marketing objectives, which is to satisfy consumers profitability. The ultimate objective of any marketing strategy is consumers' satisfaction without which no organization can meet its goals.

1.4 Types of Marketing Strategies

Different organization have different marketing strategies, which they designed, developed and implemented based on their unique environment. However, the following are some of the common marketing strategies.

Market dominance strategy

Market dominance strategy strives to put an organisation's product or service at the top of other products or services. Marketing strategy is used by organizations to dominate the market. Organisations develop and implement dominance strategy to lead the market or to challenge the market leader with the intention to dominate the leader.

Market Mix strategy

Market mix strategy is a planned mix of the controllable elements of a product's marketing plan commonly termed 4Ps – Product, Price, Place and Promotion. A firm adopting marketing mix strategy must create a mix of right product at the right place and sold at the right price using sustainable promotions. To create the right mix therefore, firms have to meet the following conditions. The product has to have the right features, the price must be right, the goods must be at the right place at the right time and the target group needs to be made aware of the existence of the product through promotion.

The marketing mix strategy of Indian Cement Industries embraced the 4Ps and even more, that is, it integrates 4C.

Innovative Marketing Strategy

Indian Cement Industry has over the years engaged in both product and market innovation, increasing the interior and exterior quality of cement. While improving on the performance of their product, they are expanding their market through research and development.

Market Development and Expansion Strategies

Market development and expansion strategies correspond to what is known in literature as growth strategy. The strategy is centered round company's growth. It focused on increasing sales in existing market by targeting loyal customers.

Corporate Social Responsibility Strategy

Corporate social responsibility strategy is one of the key marketing strategies of Indian Cement Company. The company uses this strategy to strategically build good corporate image for itself.

1.5 Impact of Marketing Strategies

The marketing strategies of a firm adopts have correlation with customer's satisfaction. However, the direction of the satisfaction depends on how effective the firm has utilized the strategies. Customers satisfaction is the overall essence of the impression about the supplier by the customers. This

impression which a customer makes regarding supplier is the sum total of all the process the customer goes through communicating the supplier before doing and marketing, product manufacturing, quality of products and services responses to customers' complaints and queries to post delivery services. It therefore behoves on the supplier or marketing firms to choose their strategies carefully so as attract the customers rather than scare them.

1.6 CONCLUSION

Cement in India have rich experience of 80 years in the industry. Company has rich experience in mining (largest user of limestone). It is among biggest customers of the domestic coal, Indian railways and Inward & Outward logistic industry. Indian is one of the second largest cement manufacturer/Producers in the world is playing a pivotal role in bringing revolution in infrastructure development of country. It have highly competitive market, and competes with companies like UltraTech Cements, Dalmia, Shree Cements, Prism Cements, Ambuja Cements and many others. More than 10,000 retail outlets, penetration in the rural region of the country, the front-runner in CSR activities (Corporate Social Responsibility), has helped the brand in increasing its visibility and awareness in the country. To reach each & every part of the nation Indian Cement Industry typing up with builders, Government organizations and is closely working with its subsidiaries.

REFERENCES

1. Kumar, N. (2005), Liberalisation, Foreign Direct Investment Flows and Development: Indian Experience in the 1990s, *Economic and Political Weekly*, 40(14), 1459-1469.
2. Mathur, M. Unni, A. and Jain, S. (2016), *Cement Vision 2025: Scaling New Heights*.
3. Jha, S.M. (2014), *Service Marketing*, Himalaya Publication House, Mumbai.
4. Salgaonkar, S. Dasgupta, J., and Srinivasan, A. (2013), *Cement Annual Review CRISIL research*.
5. Sen. K. (2010), Trade, FDI and Industrial Transformation in India. In P.C. Athukorala (Eds), *The Rise of Asia: Trade and Investment in Global Perspective*, Routledge, New Delhi.
6. Workman, R (2014), The challenge is to move cement from the warehouse to the consumer's site. *Indian Cement Review*, October 2014.