



A Study on - Evaluating Marketing Strategies Adopted by Home Appliance for Economic Development in India



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*Competitive edge;
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Employment;
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Abstract

The domestic consumer electronics and durables sector have witnessed a substantial growth over the last few years. This sector plays an important part in the economy of the country and provides employment to millions of people, more importantly to a large number of women in the country. Giving consumers greater bargaining power which in turn has forced particular product to devise strategies that they consider suit the ever changing marketing environment in order to be competitive and it's for reason that this study evaluated promotion, price variation, location and improved customer as strategies adopted for competitive edge and identify a strategy with greater returns. India can emerge as the future manufacturing hub for the region, provided there is adequate focus and support from the Government for this sector.

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Introduction

The domestic consumer electronics and durables sector have witnessed a substantial growth over the last few years. This sector plays an important part in the economy of the country and provides employment to millions of people, more importantly to a large number of women in the country. The Indian TV and consumer durables market has been growing big, primarily driven by imports. However, with the given macroeconomic factors and government impetus with “Make In India”, India is well positioned to increase its manufacturing base in the consumer durables. Even the manufacturers on their part are willing to invest in India and increase their manufacturing base in the country to serve domestic markets and also to export in order to gain scale and make Indian operations viable.

When the buyer has full information about prevailing market conditions, actual prices and even supplier costs, the buyer gets greater bargaining leverage than when information is poor. The acquisition of such information has been facilitated by development of information technologies via the internet and other medium which has simplified the information sharing between consumers and suppliers, giving consumers greater bargaining power which in turn has forced particular product to devise strategies that they consider suit the ever changing marketing environment in order to be competitive and it's for reason that this study evaluated promotion, price variation, location and improved customer as strategies adopted for competitive edge and identify a strategy with greater returns.

Research Method

There is a huge opportunity for manufacturing in India, as evidenced by expansions undertaken by major

Growing industry	Rising imports to meet demand	Production expansion to meet local and export demand
local and export demand refrigerators, washing machines and air conditioners is on a rise with reduced penetration of products vis-a-vis global levels, rising disposable income and urbanization of consumers	There has been a rise in imports from low-cost regions such as China and SE Asia due to various free trade agreements and availability of products at a lower cost as compared to costs incurred in local manufacturing	To meet the rising local demand and export demand to neighboring regions and MEA, companies are planning to expand their local manufacturing in India and make the country an export hub
Market for white goods and televisions has been growing at close to 14% p.a., and is expected to accelerate to close to 17% in the coming years		Major Indian and global consumer durables companies have announced investments of around US\$1.4 billion over the Coming years in India.

Objective of the study

India can emerge as the future manufacturing hub for the region, provided there are adequate focus and support from the Government for this sector.

Formulation of basic equation for study

Reduce custom duties on components and raw material+ Incentivize exports and give 'Deemed export' status+ Improve ease of doing business +Expand the scope of MSIPS to include white goods+ Reduce borrowing costs and providing to setup units+ Incentivize domestic value addition and component manufacturing+ Rollback excise duty hike +Review inverted duty structure = *Recommendations to push manufacturing in India.* ----- (Basic Equation)

That is the most important combination of home appliances market in India. Statistical evidence for establishing the above basic equation.

Results and Analysis

Analysis of trend of home appliances market in India (2010 – 2014)

Table 1
Home appliances production in India ('000s)

YEAR	A.C. PRODUCTION	WASHING MACHINE	REFRIGERATOR	FPD T.V.
2010	1458	3049	8001	650
2011	2346	3080	8715	1170
2012	1666	2995	7738	1930
2013	1890	3225	8686	3090
2014	1948	3429	8421	4940

Source: CMIE, "Indian ESDM market - Analysis of opportunity and growth plan," January 2014, IESA-Frost & Sullivan report.

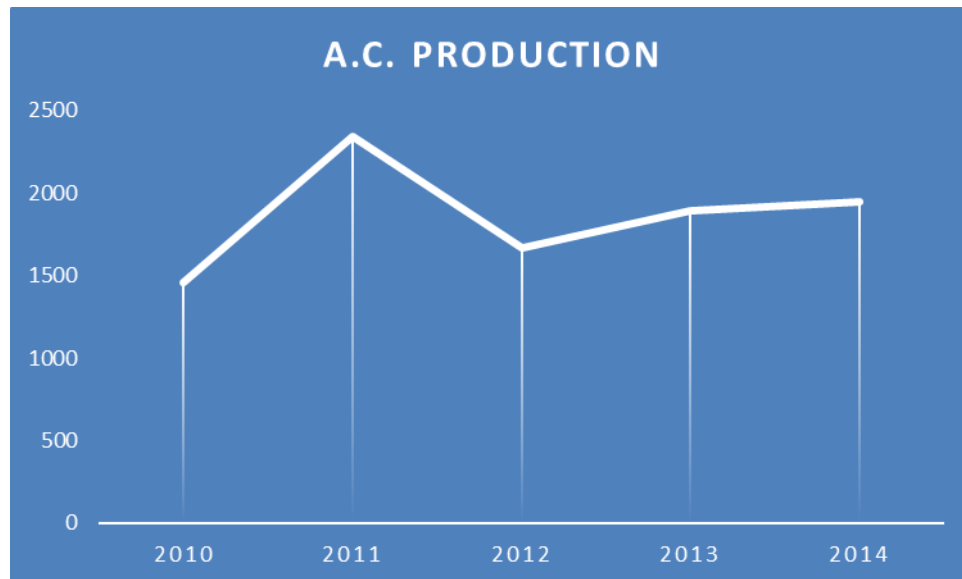


Figure 1. Air condition production

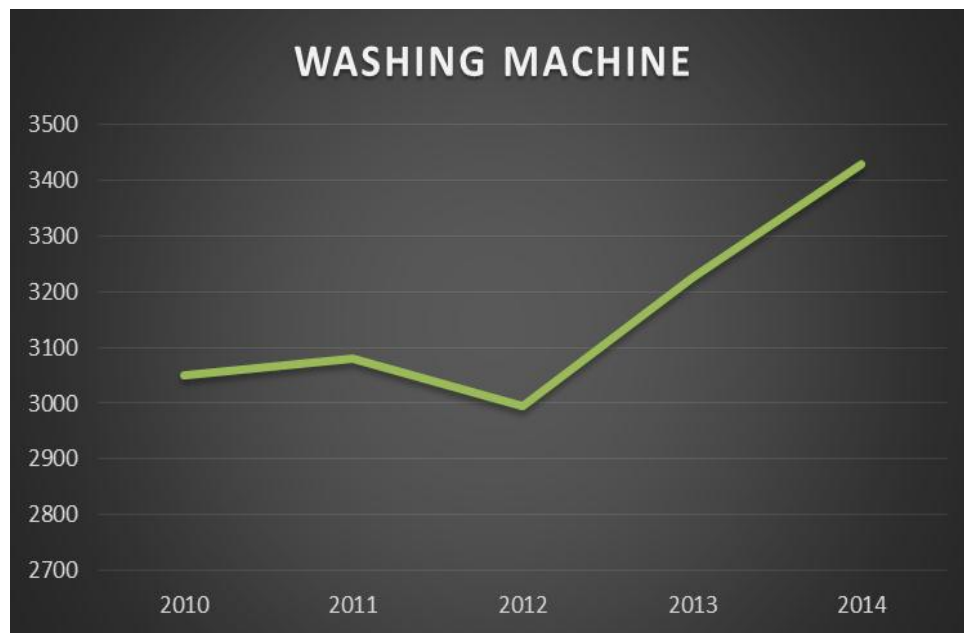


Figure 2. Washing machine production

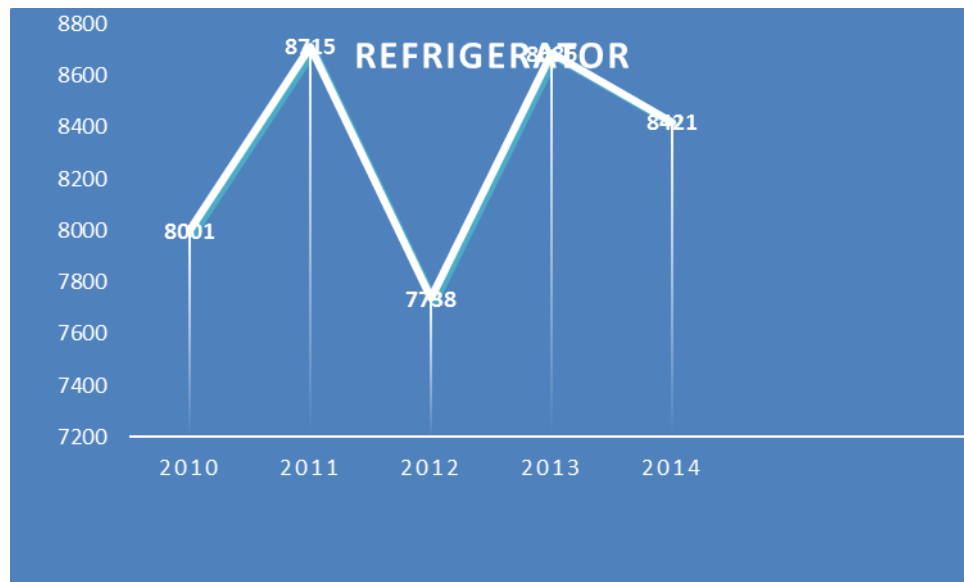


Figure 3. Refrigerator production

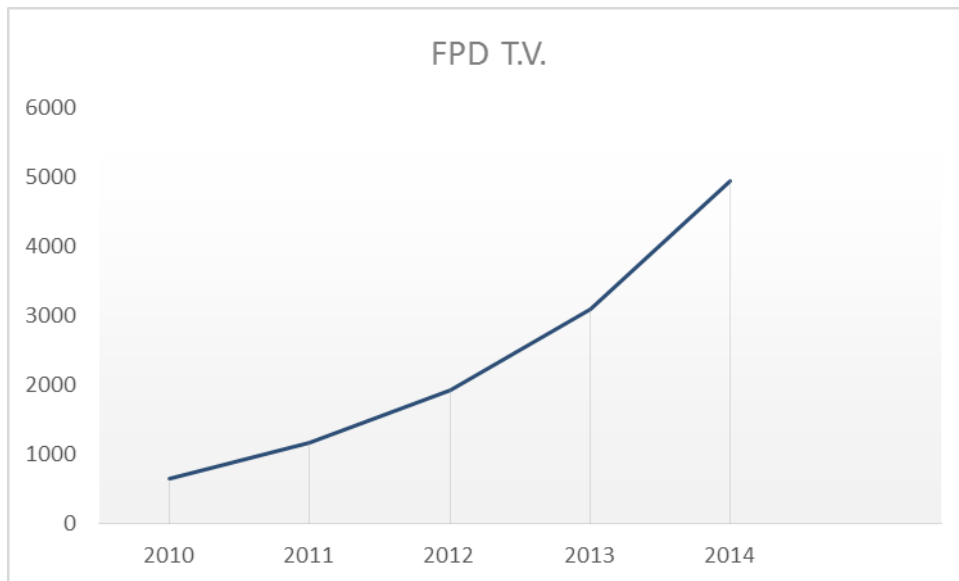


Figure 4. FPD T.V. production

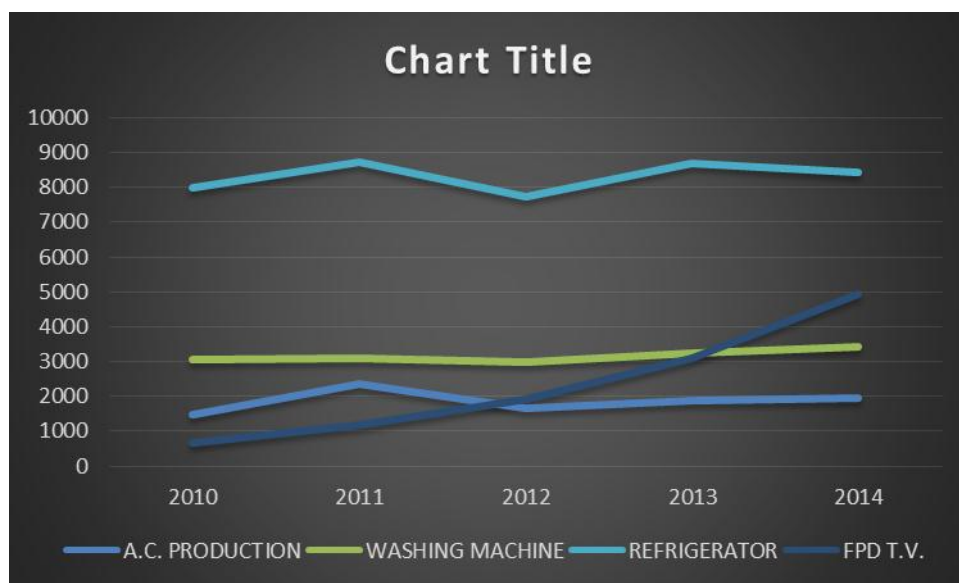


Figure 5. Overall growth of manufacturing (Home Appliances) in India

Overall, growth in manufacturing over the 5 year period of FY10–FY14 has remained fairly moderate, except for FPD TVs. Manufacturers put their plans on hold for increasing capacity and investments that had been announced in earlier, due to demand slowdown gave the weak macroeconomic conditions. Our recommendations to realize the potential of “Make in India” The Government of India taking the following initiative to improve the home appliances according to the following manners -

<p>1. Build local scale by driving domestic consumption, and promoting exports from India (drive toward lowering the total cost of production)</p>	<p>2. Review and amend taxation regime, duty structures and incentive schemes to (a)make the process simpler (b) increase the competitiveness of local manufacturing</p>	<p>3. Promote and incentivize component manufacturing to improve local supplier ecosystem; attract global OEM and component manufacturers</p>	<p>4. Improve the ease of doing business in India and attract global investors</p>	<p>5. Lowering financial costs to improve financial viability of doing business in India</p>
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Conclusion

With the “Make in India” initiative, India has the potential to emerge as the manufacturing destination of the future 2020 target for electronics -

- 1) Turnover of US\$400 billion in electronics
- 2) Target exports of US\$80 billion
- 3) Employment generation for 28 million people

Outcomes:

- 1) Potential value addition across products of up to 80%
- 2) By 2025, India is expected to go up from the 12th to the 5th largest position in the consumer durables market in the world.

Enough evidence that will satisfy our basic equation

Reduce custom duties on components and raw material+ Incentivize exports and give ‘Deemed export’ status+ Improve ease of doing business +Expand the scope of MSIPS to include white goods+ Reduce borrowing costs and providing to setup units+ Incentivize domestic value addition and component manufacturing+ Roll back excise duty hike +Review inverted duty structure = Recommendations to push manufacturing in India.

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