

Global Marketing- A Study with Reference To Motor Pumps in Coimbatore City, India

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Abstract

India has a strong pump manufacturing base with both Indian and International players involved in the market. Coimbatore houses the largest number of pump manufacturers. Coimbatore exports pumps to United Arab Emirates, Europe, Egypt, USA, Italy, Greece and southern parts of African countries. By keeping this in mind, the researcher framed the objective to identify the global marketing strategies adopted by the Coimbatore Pump Industry. For this study, a systematic research methodology has been adopted and the required data has been collected from various available sources. This study reveals that the pump manufacturing units of the city has adopted a systematic global marketing strategy and follows uninterrupted logistic and supply chain system. This study also highlights certain marketing issues which are related to pump manufacturing units.

Keywords: Manufacturing; strategy; pumps; marketing; logistics.

1. Introduction

Pumps play a dominant role in the sectors like agriculture, production of oil and natural gas, petroleum refining, petrochemicals, power generation, domestic and household utilities, etc, and contribute a major part in nation's economy. The Indian pump manufacturers have traditionally catered to the needs of domestic market. In India, pumps are mainly used for pumping water from wells in households. With the effect of LPG (Liberalization, Privatization and Globalization) the Indian pump manufacturers have started exporting to foreign countries, where pumps are used for various purposes in different industrial sectors like, oil refineries, steel mills, mines etc.

This has led to the increasing trend in export of pumps. The Indian pumps market is fairly mature, with domestic sales expected to increase at a rate of 16 to 18 per cent per year, and exports projected to grow at around 10 to 12 per cent over the next few years.

In India, there are over 800 pump manufacturers, of which a few are large players — Indian and MNCs with revenues above Rs100 crore — and plenty of SME players. The pumps market is broadly classified into two categories: industrial pumps, which cater to infrastructure sectors; and agriculture and domestic pumps. International players include KSB Pumps, Flowserve, CRI, Texmo, Sharp and Aquasub, which have manufacturing bases in India. Moreover, low-cost manufacturing and domestic demand have created an attractive environment for most international players. These companies have also introduced the latest technologies for energy efficiency and high performance.

1.1 Statement of the problem:

Indian pump exporters are facing intense competition from the foreign counterparts in catering to global needs. In the recent years, the Indian pump industry has been forced to be proactive with foreign players bringing in superior pumps to the market. The domestic industry today is in fact looking up for overseas opportunities and quite a few have also made a good impact in the international scenario. In order to identify the problems faced by the Indian pump exporters, a specific study has been made on the global marketing strategy adopted by the Indian pump manufacturers.

1.2 Objectives of the study

- To study the global marketing strategy adopted by the Coimbatore pump manufacturers.
- To know the distribution channel and logistic system followed by the units.
- To understand the role of major players in Coimbatore.
- To offer suggestions based on the study.

1.3 Scope of the study:

The study would reveal the performance of pump manufacturing units that are engaged in export activities in Coimbatore. This will help the manufacturers to decide the future course of action for the development of pump industry and it will also provide the industrialists an avenue to better their performance.

1.4 Methodology Used

The data used for the study is the secondary data comprising of official website, Journals, magazines and articles. The Geographical Location selected for the study is Coimbatore. Limitation of the study is confined only with Coimbatore area and since the data is secondary, it is more dependable and reliable.

2. Review of Literature

Devakumar¹ examines that in today's situation, the customer has multiple alternatives to choose at various Points of Purchase (POP). Therefore, dealers and sales personnel need to know the pulse of the customer and the customer's touch points by thoroughly understanding the customers' needs and wants. At any point of time if the customer tends to be dissatisfied on any grounds, viz., emotional, psychological and personal ground, it will lead to customer switching behavior. In order to cater to the customers' needs and satisfy them, various strategies, viz., customer service cell with highly trained personnel, emergency services and quick after-sales service and support, etc., have been identified. This study aims to identify the level of customer satisfaction rendered through the quality of service by the dealers, sub-dealers and retailers of the mini pump purchasers in Coimbatore city. This analysis was carried out using the input data collected from 250 respondents at various POP. The outcome of the study revealed that the commitment by the sellers, quick after-sales service, extended warranty terms and attitude of the sales personnel play a significant role in rendering customer satisfaction.

Michel Cartiller² attempted to investigate the role of small-scale industries in economic development with reference to irrigation pump set industry in Coimbatore. The study was carried out in a sequential order. Firstly, he had analyzed the growth of small-scale pumps industry in Coimbatore, its present importance and economic structure with reference to number of units, electrical service connections, employment, capital and output. Secondly, he focused on marketing of pumps. Finally, he attempted to measure its role and impact on agricultural development. His conclusion was pump sets helped the farmers to reduce the cost with increased intensity of irrigation.

Ramathilagam³ studied the economic aspect of small engineering units in Coimbatore city with the objective of assessing their contribution to the promotion of other industries and economic development of the region. As per the records of CODISSIA there were 1200 small engineering units, out of which 120 units comprises of product groups viz., Electrical Motors, Textile spares were taken for the study. The study focused extensively on the economic characteristics of small engineering firms in Coimbatore.

McIntyre, Craig⁴ discusses the importance of determining the information needed to protect the **pump** and help it operate efficiently in the U.S. It notes that the instrumentation to measure and report **pump** conditions to protect the **pumps** and to allow performance monitoring is not specified when **pumps** are installed. However, an investment in sensors helps improve **pump** and pumping system reliability and performance.

IWMI Working Papers⁵ presents information on a study conducted on the supply chain of portable motor **pumps** for irrigation in Zambia. The study found that all motor **pumps** being used in Zambia are imported, and most of them are imported from China, Thailand, and Japan. **Pumps** are imported by many large companies that also wholesale and retail the **pumps**, and **pumps** are also imported by smaller companies

that only retail the **pumps**. Diesel **pumps** are priced higher than petrol **pumps** of the same size.

3. Profile of Pump Industry in Coimbatore

The first electric motor and water lifting pump in India were produced in Coimbatore seven decades back. India's first pump was produced at DPF, Coimbatore in the year 1928. Today 60% of India's requirements of domestic and agricultural pump sets are made in Coimbatore. Besides Coimbatore, Ahmedabad, Baroda, Calcutta, and Dewas are the other places where agricultural pump industries are situated. Today, the pump and motor manufacturing sector is among the largest engineering activities in the city. The pump manufacturing industry in Coimbatore holds a major portion of the total Indian market share. Over the years, the city has become as well known for its pumps as it has for its textiles. Many brands in the international market are Coimbatore based companies and the quality and technical superiority of the products has helped the sector cater to both domestic and global demands. Apart from a leading presence in the water pump market, the city's manufacturing houses also specialize in the manufacture of industrial pumps. The motor and pump industry supplies over 40% of India's requirements. The Major Pump manufacturers Aquasub engineering, Mahendra Pumps, Suguna pumps, Sharp Industries, Deccan Pumps, CRI Pumps, Texmo Industries, PVG Industries, Flowserve, Kirloskar Brothers & KSB Pumps have manufacturing base in the city.



3.1 Pumps in foreign markets:

The Indian pump industry is poised to register a faster growth rate than global average. India exports pumps to almost 100 countries, with the USA and Germany, at around 13 and 12 per cent respectively, being the largest destinations. International players with an Indian presence have buyback arrangements, meaning that pumps manufactured in their Indian facilities are sold abroad. The total share of Indian pumps in global exports is less than three per cent. Exports registered a drop in the 2010 financial year — a year- on-year drop of eight per cent — due to recessionary pressures; but these have since picked up and this industry is estimated to grow around 10 per cent each year

over the coming years. Indian Pumps & motors are now being exported to more than 70 countries both developed and developing countries. This can be expected to happen increasingly and across many more countries around the world through proper interventions.

Imports account for around five per cent of total domestic consumption, with the US, China and France being the largest sources. Meanwhile, the low-cost model of local manufacturers has limited the scale of Chinese imports in the agriculture sector, and the lack of established after-sales service has also limited the expansion of Chinese supplies to the industrial sectors.

4. Analysis and Findings

4.1. Global Marketing Strategy

Planning of the marketing strategy is essential to approach the market. Strategically the planning starts by identifying the emerging business opportunity, understanding the current market situation, considering the external environment factors, knowing the customer segments and offering the marketing mixes. Sales of these pumps are made either by manufacturers directly and through its dedicated dealer network, or they are clubbed together with EPC packages. For the agriculture and domestic segment, small pumps are typically sold through a distributor network. Here, the lowest price is the single most important factor influencing purchaser decision. Each unit in the pumps & motor product line has developed its own marketing channel. There are no common marketing channels available for the cluster. Few medium scales are also exporting their products to other countries. These marketing channels had been developed over a period by the respective units. Others are supplying through agents who are selling through dealers. Some agents come to Coimbatore to place orders and take the product on their own. These traders develop a severe price competition among the manufacturers.

4.2. Distribution and Logistics System:

The export from Coimbatore is only approx. Rs. 100 Cr. may be due to major competition from Turkey, which has a short shipping time to anywhere in Europe. China may also be a threat in exports, because the cost of its finished product was equal to the cost of the raw material of Indian companies.

The following are some common distribution channels:

- 1) Manufacturer → Branch → Distributors → Retailer
- 2) Manufacturer → Distributors → Showroom → Retailer
- 3) Manufacturer → Retailer
- 4) Manufacturer → Agent → Export

There are manufacturers who manufacture as per the clients specification.

4.3. Major Players in the Indian Pump Industry of Coimbatore

Pump exports from India have been made to number of countries like Australia, Egypt A. Rep, U.K, U.S., Singapore, Ghana, Germany, Nepal, U.A.E., Netherlands, Italy etc. About 15 of the total 70 registered companies from Coimbatore, dominated by SMEs, have already entered the Asian markets, Middle-east, Egypt, USA, Italy, Greece and southern parts of African countries. Some of the leading exporters from Coimbatore include, CRI Pumps, Sharp Pumps, Aqua Sub Pumps, Suguna Motors & Pumps, Texmo Pumps, Aqua Sub and Mahendra Pumps etc. Many of the firms export their products to Indian subcontinents, and Middle East markets. This show the Physical distance with countries while Internationalization. According to the latest reports, the firms have widened their market to Europe and US. These firms operate with previous International experience, market knowledge, ability to create networks and pro-activeness of the Entrepreneur.

4.4. Strategies for the future

Leading pump players must clearly identify their priority segments, rather than expend their energies across the entire industry. Large companies face the critical challenge of having to compete on price while targeting the agriculture segment. These companies must look at hedging their risks and focus on growth opportunities in the industrial segment. The pumps sector must collaborate with infrastructure players to cushion the overall impact of reduced margins from the end-application points. Enhancing market share in the industrial sector will require pump manufacturers to focus on strengthening all aspects of the value chain, from customer-centric solutions to service offerings.

5. Suggestions

1. Becoming a one-stop solution provider that is capable of providing integrated offerings through diverse range of products and after-sales service network to quality conscious customers.
2. Emphasis lifecycle costs to provide energy-efficient solutions that are capable of reducing operating costs.
3. Long-term tie-ups with EPC (Engineering Procurement & Construction) players, which would allow greater leverage in guarding against pricing pressures and also provide an entry vehicle into export markets.
4. Expansion into rural markets is a difficult proposition. Therefore innovative sales strategies like creating a sales channel in conjunction with self-help groups or micro-finance institutions are the key to optimising costs.
5. Rationalising the distribution channel structure and re-aligning channel incentives is the way forward to increase access in these difficult markets.

6. Conclusion

Coimbatore's industrial revolution began with pumps and even today it is the main source of supply to much of India; over 60% of the country's pump requirement is met by Coimbatore. The pump manufacturers in Coimbatore are being ever so competitive by producing a wide range of products and are always interested in investing in research and development activities. This study is focused on the potential of the industry and the researcher has gained a lot of insight about the working of the industry from the market perspective. This study will provide a platform for the future studies.

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