

EFFECTIVE STRATEGIES FOR SURVIVAL AND DEVELOPMENT IN THE ERA OF GLOBALISATION

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I. INTRODUCTION

Globalization refers to in which activities of large number of business enterprises is carried out in many different locations across national boundaries. It is when companies decide to take part in the emerging global economy and establish themselves in foreign markets. It increases the interdependence, connectivity and integration on a global level with respect to the social, cultural, political, technological, economic levels. They adapt their products or services to the linguistic and cultural requirements of different nations. This requires a strategic approach for getting established by capturing the market and for sustaining in the market.

Effective Strategies for sustainable development help to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations. In simple terms, sustainable development means in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come. This requires seeking mutually supportive approaches whenever possible, and making trade-offs where necessary. For developing countries, and for development co-operation, reducing poverty and meeting the International Development Goals are imperatives — within the broad context of sustainable development — for this generation.

II. APPROACHES

The paper discusses about the three leading companies of different sectors *viz.* Proctor & Gamble, (FMCG sector), Max New York Life Insurance (service sector) and Wal-Mart (retail sector). It also throws light on the strategies adopted by Proctor & Gamble for gaining market share, the strategies for survival adopted by Max New York Life Insurance and the reasons for which Wal-Mart was not able to mark its significance presence in India

There are some effective strategies that are discussed and can be helpful for any firm that needs to create itself in Indian market.

III. INDIAN ECONOMY

The current scenario of the Indian market looks bright. It is no longer a seller's market and over the years, it has become one of the largest consumer markets in the world.

To complement the economic growth, the retail marketing sector in India is also on its high. It contributes around 10 % of the overall GDP and generates around 8 % of the overall employment in the country. Over the years, the retail marketing sector is expected to rise by around 25 % due to improvement in per capita income, better lifestyle, and better demographic patterns. According to the experts, the retail and marketing sector in India will amount to around US\$ 175- 200 billion by the year 2016 attracting several MNC's to establish themselves and awaking them of the Indian economic, political, legal and social realities. In the Indian Marketing Scenario, it is the MADE FOR INDIA marketing strategies that work.

IV. PROCTOR AND GAMBLE

P&G is the world's largest consumer goods company that markets more than 300 brands in over 180 countries. The company is engaged in producing beauty, health, fabric, home, baby, family and personal care products. The company's product portfolio also includes pet health products and snacks. The company's leading market position along with its strong brand portfolio provides it with a significant competitive advantage. However, slowdown in global economic condition is making it increasingly difficult for branded product manufacturers like P&G to maintain their sales volume and revenue growth.

SWOT Analysis

Strengths

- The large scale, on which the P & G operates, is one of its strengths. It is a global leader for different product categories like fabric, home, baby, beauty, health and personal care in many countries. Its three hundred products are sold in over one hundred and eighty countries.
- The strong branding of P & G makes it one of the most successful brands in the world.
- The company has a vast experience in oral and personal hygiene products as they are working since....
- Also, it has an extensive experience in marketing in different market segments and is one of the best marketers in the world.
- P & G is tightly integrated with some of the largest retailers in United States of America as well as world around. and around the world Distribution channels all over the world
- Gross profit margin of the company is 15 times the industry average
- P & G is known for its diverse brand portfolio. The company is able to customize its global products and brands according to the local preferences.
- P & G invests greatly in its research and development to. About \$2 billion are invested every year by P & G for improving and introducing new products. The end-consumer understanding of P & G and its large database of consumers make its research and development strong.

Weaknesses

- Many of the top brands of P & G are losing their market share rapidly. In online media leadership and presence P & G is lagging behind.
- The beauty and health products by P & G are mostly for women.
- P & G does not make and offer any private label products for the retail customers and is, missing an opportunity.

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- The large scale operation of the company makes the culture heavy and processes slow. This also leads to quality control problems.
- P & G does not divest its weak or poor brands.
- The major customers of P & G are located at some of the places and it concentrates heavily as them.
- When P & G acquired Clairol business in year 2001, it was unable to grow this business. The Clairol Herbal Essence brand failed to enter new markets as the market had access to better and innovative products. This shows weakness of P & G in the beauty care division.

Opportunities

• An opportunity for P & G is health and beauty products for men. With the acquisition of Gillette, the company now has several growth opportunities in this market segment.

P & G has doubled its Environmental Goals for the year 2012 and thus, promises more value for the environment concerned customers today.

- Using the online social networks and internet marketing techniques is also an opportunity for P & G.
- Divest brands that are not in accordance or do not meet P & G's long-term goals
- Company is constantly trying to pursue growth overseas.

Threats

- There is a cut throat competition in the fast moving consumer's goods markets today. Companies like Kimberly Clark, Unilever, Johnsons & Johnsons and Colgate-Palmolive etc pose a serious threat to its market share in different countries.
- The competitors are making their product portfolios diverse day b day and using different marketing and promotional strategies to increase their market share.
- In the market many substitutes are available for P & G products at cheaper prices.
- The private label growth is also a serious threat to the P & G's market share.

P&G Successful Strategies in India:-

- Differentiation strategies: It involves creating the brand value and leading towards the highest market share.
- Product Diversification: It deals with the product line, width and depth of the product and diversifying in different product segments.
- Innovation Strategy: Creating innovation through new product development and modification in the products.
- Pricing Strategies: Maintaing such a price of the product that is affordable by the general mass by delivering the high product value generating brand loyalty in its customers.

V. MAX NEWYORK LIFE INSURANCE

Max New York Life Insurance Company Ltd. is a joint venture between Max India Limited, one of India's leading multi-business corporations and New York Life International, the international arm of New York Life, a Fortune 100 company. The company has positioned itself on the quality platform. In line with its vision to be the

most admired life insurance company in India, it has developed a strong corporate governance model based on the core values of excellence, honesty, knowledge, caring, integrity and teamwork.

Max New York Life offers a suite of flexible products. It now has 33 products covering both life and health insurance that can be customized to over 800 combinations enabling customers to choose the policy that best fits their need. Besides this, the company offers 6 products in group insurance business.

SWOT Analysis

Strengths:-

MNYL is a leading company in insurance sector with a large network. It has a strong brand name and a strong corporate governance model. The company provides quality products and these products have an adaptability to changes. The investors have an option of diversifying their funds under the guidance of well efficient management.

Weakness:-

The awareness about the products of insurance in market is very low. This is a hindrance in selling the product. The advertising of such products have a very low scope as they focus only in urban areas.

Opportunities:-

Indian economy is a fast growing economy. It has a number of potential states and cities which provides the company a wide scope for opening new branches. The growth in ULIPs industry is high as people are more attracted towards investing in secured areas these days. The population of the country is providing an increase in increase business. The increase in the level of income and lifestyle also helps the industry in expanding. Most parts of the semi-urban and rural areas are yet to be exploited.

Threats:-

In the era of cut throat competition, the stress and pressure on insurance industry for survival is very high. The market conditions are also uncertain which leads to low level of investment by the potential market during the times of economic slowdown and recession. It is very difficult to convince the Indian Rural consumer to invest as they believe in traditional methods of fixed deposits and *hundis*. There is a very rapid arrival of new entrants in the insurance industry.

Strategies of MNYL

PRODUCT STRATEGIES

The Insurance Industry exhibits the following **FIVE product levels:-**

Core benefit: security

Basic product: health, child, life, pension, growth

Expected product: claim settlement

Augmented product: electronic fund transfer facility for claim settlement (done by MNYL)

DIFFERENTIATION STRATEGIES:

Product Differentiation:

MNYL decided to straddle more on life benefits than death benefits. On the basis of a study conducted on the category & competition they realized that the competitors were focusing on pure protection & family protection as a benefit. So MNYL decided to focus on the aspirational proposition – thereby differentiating from their competitors.

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Services Differentiation:

With the launch of 'Health Family Floater Plan' MNYL became the first and the only company to offer benefits for congenital disorder. It also introduces some other significant firsts and bests to the industry:

WALMART

Wal-Mart Stores, Inc. branded as **Walmart** since 2008 and **Wal-Mart** before then, is an American multinational retailer corporation that runs chains of large discount department stores and warehouse stores. The company is the world's 18th largest public corporation, according to the Forbes Global 2000 list, and the largest public corporation when ranked by revenue. It is also the biggest private employer in the world with over 2 million employees, and is the largest retailer in the world. The company is controlled by the Walton family which owns 48% stake in Wal-Mart.

Strengths

1. The company has a core competence involving its use of information technology to support its international logistics system. For example, it can see how individual products are performing country-wide, store-by-store at a glance.
2. A focused strategy is in place for human resource management and development. People are key to Wal-Mart's business and it invests time and money in training people, and retaining a developing them.
3. Wal-Mart has grown substantially over recent years, and has experienced global expansion (for example its purchase of the United Kingdom based retailer ASDA). It has also created a joint venture with bharti in India.

Weakness

1. Since Wal-Mart sell products across many sectors (such as clothing, food, or stationary), it may not have the flexibility of some of its more focused competitors.
2. Like Wal-Mart is facing competition in North America with stores such as Kmart and target. Several smaller retailers, primarily dollar stores, such as Family Dollar and Dollar General, have been able to find a small niche market and compete successfully against Wal-Mart for home consumer sales.
3. Wal-Mart is the World's largest grocery retailer and control of its empire, despite its IT advantages, could leave it weak in some areas due to the huge span of control.

Opportunities

1. To take over, merge with, or form strategic alliances with other global retailers, focusing on specific markets. Example – bharti-walmart in India.
2. The stores are currently only trade in a relatively small number of countries. Therefore there are tremendous opportunities for future business in expanding consumer markets.

Threats

1. Being number one means that you are the target of competition, locally and globally.
2. Being a global retailer means that you are exposed to political problems in the countries that you operate in.

REASONS FOR THE FALIURE OF WALMART IN INDIA

The management of Walmart has committed various mistakes which has led the company a downward position. The following is the list of those mistakes:

1) Out of City Limits

Everywhere in the world including US, all Wal-Mart stores are located at-least 10 kms away from city center. The area of this stores is approx. 51,000 to 250,000 sq. feet. Most of them on an average 1.5 lakh sq feet. Considering that such sizes are not feasible in city centers they are located away from city. Where it is cheaper to set up shops. Since most Americans own cars, they go out and purchase the same on an weekend and get themselves supplies for every month.

2) Everything under one roof:

The idea of Walmart is to have everything under one roof, from farm's produce to do-it-yourself kits for plumbing or even a refrigerator. The model is "*jo dikhta hai woh bikta hai*". So when a person comes to buy one thing he ends up buying more.

3) Personal touch:

The most critical reasons for Indians to buy from a specific "kirana" store is the personal touch. The owner of the Kirana store generally knows every customer and has a personal touch with the customer. At the same time the owner of the kirana store goes a step ahead to please the customer. Though Walmart has its own way of customer service, it cannot beat the personal touch of the Indian marwaris who sell at the local "*kirana stores*".

4) Home delivery And Credit:

The biggest advantage of the *Kirana Store* is the provision of home delivery of all the goods that you order a day before. And you generally enjoy a good credit period with the "kirana" store with out interest. Most of the times the credit enjoyed by customers range from 1- 2 months and sometimes even as high as 3-4 months. Additionally, this credit is completely interest free. Whereas in bigger stores you have to pay up front or via credit card. Where interest rates can be as high as 3% per month on Credit cards after service tax.

5) Idea of buying a month's Supply:

The whole idea behind Walmart business model is to buy the goods which one may require over a period of month and buy it in wholesale, without needing to go to *kirana stores*. But one must also remember that Americans and westerns use lot of canned food, thereby having a mental capacity to buy vegetable or even meat, store it for a period of time and then consume it.

Marketing Strategies for Sustainable Development :

Urban India:

The marketing Strategy of urban India is divided into four perspectives viz..

1. **Affordable Price with Better Quality:** - The urban Indian consumer require the product to be perfectly balanced between price and quality. The companies have to focus on reliable manufacturing where the best quality is offered at the least price possible.
2. **Good Quality Products:** - A marketing Strategy focusing only on low price may not attract the urban Indian consumer. At the same time, the marketing strategy focusing only on brand name will also not be able to capture the market. It requires for a company not to rely on price or brand name alone but to focus on attractive and competitive price along with good quality.
3. **Channels Of Distribution:** - The channel of distribution has to be as transparent and as short as possible to make the product available to the final consumer. The concept of retail outlet is becoming very popular

in urban Indian market. It not only helps in making the distribution channel simple but also it helps in serving the consumers at the least possible prices.

4. **Advertisement & Promotion:** - The advertisements of the product should be as such that the people feel connected and can be tempted to buy the product. The information sources of the urban India are as such that it primarily consists of mass media and word of mouth involving friends and family. With the expansion of internet, the word of mouth offers a significant opportunity to the marketers. But it requires well organized preparations. The after sales services adds to converting a negative feedback to the positive one. The enhancement of such after sales services is of vital importance in the Indian market.

Marketing Strategies for Sustainable Development

Rural India:

In order to make strategies for rural India the following points have to be considered:

1. **Differentiation Strategy:** Introducing variation in products or altogether a new product to meet the needs of the rural people in terms of price, sensitivity, requirements etc..
2. **Effective Communication:** - The marketers face the problem of communicating and spreading the information to the rural people as the communication network is very weak. It should be kept in mind that the communication language is acquaint to the people and comprehensible for them.
3. **Innovation:** - Innovative and new concepts to reach and serve rural consumers have to be thought for making rural consumers buy the product.
 - **Go Mobile Services:-** A service station on wheels providing services to the very interiors. Through such vehicles information and awareness about the product can also be spread. These vehicles can act as a source of advertisement and can also help in selling the product. This helps in reaching the rural people to the very grass root levels.
 - **Customer Care Outlets:-** The retail stores on wheels providing various FMCG products and customer care outlets should be established helping people by creating awareness and usage of the products reaching the rural and backward sections of the society.
 - **Local Advisory Committee:-** A committee consisting of local people who are connected to the nearby rural areas such as *mandi dalals and adats* in every state can be of very much helpful in finding customer needs and tastes. They can be helpful in providing customer feedback right at the grass-root levels. They can help in providing information to the nearby villagers regarding the different products and there benefits.
4. **Distribution Channel:** - The rural market is sparsely located and is not connected with good roads. The distribution channel has to be very much effective and efficient so as to reach the rural consumers.

VI. CONCLUSION

While choosing strategies, executives need to figure out how the product, labor, and capital markets work—and don't work—in their target countries. In addition, each country's social and political structure—as well as the

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manner in which it has opened up to the outside world—shapes those markets and companies must consider those factors also.

Thus rural markets can be fully exploited by adopting strategies, rather than treating them as inconvenient and poor extensions of the urban market. Organisations must create rural specific products and communication along with that they also need to explore new distribution models. Brands such as Tide sell in rural market because they know their market and its by intuition and in addition to that they also know how to sell it. But those engaged in opportunistic market will not be able to sustain for long in the rural market. Message, media, channel and price i.e. all constituents of marketing, need to be tailored to meet the needs of the rural market.

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