

Global Customers and Competition

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Abstract

The present paper is an attempt to explore desirable strategies for brass industry in order to gain competitive advantage in international market with respect to globalization and changing rules of wining business wars in the global field.

The border issue relates to regaining of the competitive advantage in international market, thus becomes the scope of the paper. With respect to brass industry, the paper studies the required strategies related to a) positioning of the brass industry b) identifying and creating industry focus c) making growth in export – a continuous process d) addressing the issue of quality consciousness e) improving operations and linkages in international market f) managing cost and g) converting business in brass –a profitable venture on the basis of long term and situational approaches.

This paper is based both on secondary and primary data. Secondary data has been collected from Export Promotion Council for Handicraft (EPCH) and Indian trade Promotion Organization (ITPO). For primary data, a questionnaire including important variable as mentioned above have been prepared for the study. Additionally, a flexible format has been used to interview the captains in the brass industry. Being the mega centre of brass export, Moradabad has been confined for the generation of primary data.

Introduction

India is one of the important suppliers of handicraft to the world market. Although, exports of handicrafts appear to be sizable, India's share in the world import is small.

Moradabad in Uttar Pradesh, is the place to buy any product made of metal – especially brass. The harmonious sound of artisans manufacturing brassware is exclusive to the lanes of Moradabad. This is a place where almost 90% of the country's brass is designed, manufactured and exported. It has helped preserve the tradition and legacy of brass making over centuries. The livelihood of the entities of the city is totally based on the exports and the sale of brassware.

Despite the existence of production base and a large number of craftsmen, India has not been able to encash existing opportunities. Although the knowledge of business culture, management attitudes and methods are known to the exporters but the gap between the internal environment and the external has started challenging Indian exporters in the international market. With profound goods and services, customers are getting aware of multiple ranges available and are circumvented with mammoth alternatives. The flexibility by majority of exporters does not match with the basic pattern of thinking of buyers. This further is preventing from reaching satisfactory conclusion to business transaction. Buyer on one hand enjoys freedom of choice, supported by the opportunity of the ease of availability of brass ware items (that was not the case in past); and on the other the stereotype phrases related to orders and price are abrogated. Thus buyer relishes both, bargain and consideration from marketer; hence adding egoistic pinch to the human dignity of the customers. If the critical factors justify suboptimizing the satisfaction of the buyer in the international market, the sale closes with a reject decision.

With rapid change in technology, new challenges knock the door of Indian brass industry. Competitors are operating within the domain of guan-xi networks containing intrinsic mutual obligations, trust and better understanding among themselves; hence gaining competencies. Due to this, Indian brass industry that once enjoyed supremacy has started doubting its legacy in the international market. The suddenness of competitors' dynamics has led to a gradual power shift. At present brass industry in India depicts following scenario-

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Positioning

Instead of creating new processes and strategies that empower the industry, Indian brass exporters are sticking with pre-decided and pre-established positioning strategies. By adopting opportunistic approach, these exporters have started doubting their supremacy in the international market as depicted in Exhibit 1. The comparative study of the two graphs of the year 2001-02 and 2006-07 reveal that the exporters were much more confident regarding the position of Indian brass industry whereas present scenario seems to be divided with respect to the position i.e. the exporters are confused.

In the past, it was immaterial how the goods and services were being offered. Competitors have emerged to meet a variety of consumer preferences that has led to highly aware conscious consumers, who not only know more but also feel empowered by being more assertive and selective. Exhibit 2 shows satisfied and dissatisfied exporters during the year 2001-2002 and 2006-2007 with respect to the experience.

The notion of brass exporters towards future growth is shown in Exhibit 3. Indian brass industry demands repositioning so that it occupies a distinct and valuable place in the minds of international consumers.

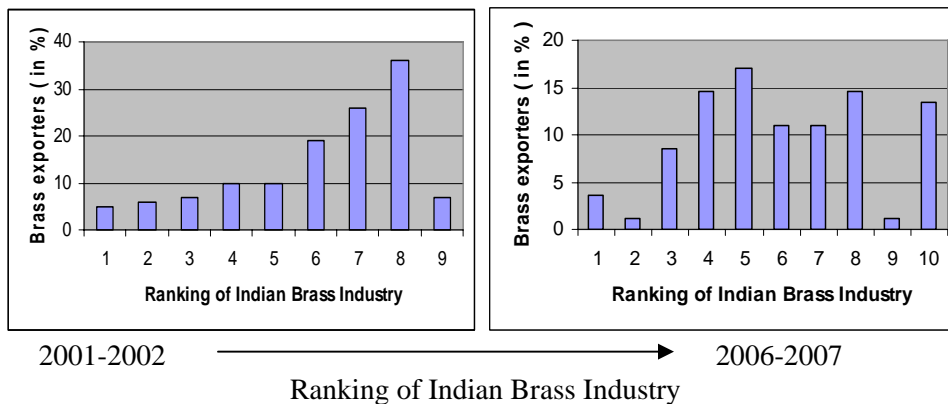


Exhibit 1- Representation of position Indian brass industry as per the ranking by exporters

Experience in years	Exporters (in %)		Level of satisfaction by the sales of last year (in %)			
			Satisfied exporter		Dissatisfied exporter	
	2001-2002	2006-2007	2001-2002	2006-2007	2001-2002	2006-2007
Less than 5	21	13.41	2	10.97	19	2.44
5-10	39	31.71	5	21.95	34	9.76
10-15	30	23.17	5	14.63	25	8.54
More than 15	10	43.90	3	35.36	07	8.54

Exhibit 2-Variation in satisfaction with the experience of the exporter

Future prospect	Exporter (in %)	
	2001-2002	2006-2007
Favorable	27	59.76
Unfavorable	73	62.20s

Exhibit 3-Notion of brass exporter toward future prospect

Facilitators	% of exporter	
	2001-2002	2006-2006
Aesthetic know-how	49	25.61
Resources	59	45.12
infrastructure	20	54.88

Exhibit 4(a)-Variation in the opinion of exporters towards facilitators

IDENTIFYING AND CREATING INDUSTRY FOCUS

Core competence is the essence of the industry as a whole. Handicraft is the sector that is still explored from the point of view of hidden potential area. Going back into the reason for the small share of Indian handicraft in the world market, the main parameter which comes out is SEARCH & EXPLORATION OF HIDDEN CRAFT OF INDIA- the field which has not been ever touched by Indian handicraft industry.

The unique “know-how” of Indian brass industry has been identified as its core competence. Also the exporters have initiated exporting on value creation of the capabilities and skills of the resources at home. Exhibit 4a shows the variation in the opinion of the exporters towards facilitating agents. Exhibit 4b shows that the preferences for the value creation of internal competencies increase with the experience of the exporter. Industry looks forward to focus, exploit and renew the internal competencies of ethnic know- how by inculcating latest technological developments.

Experience brass in yr.	% brass exporter		Distribution of focusing factors							
			Designers		Trade Fairs		Buffer meet		Value creation	
	2001-2002	2006-2007	2001-2002	2006-2007	2001-2002	2006-2007	2001-2002	2006-2007	2001-2002	2006-2007
Less than 5	21	13.41	3	1.21	7	4.88	7	6.10	4	1.21
5-10	39	31.71	8	6.10	8	7.32	13	10.98	10	7.32
10-15	30	23.17	5	1.22	5	9.75	8	10.98	12	1.22
More than 15	10	43.90	2	9.75	2	12.20	2	12.20	4	9.75

Exhibit 4(b)-Variation in preference of different factors with the experience of exporters

Making growth in export- a continuous process: There has been continuous growth (except in 1997-98) in the export of art metal ware during last years as depicted in Exhibit 5.

The core competencies in an industry need to be maintained and further developed through constant sophisticated and challenging situations. It is feasible to achieve continuous improvement in the products for continuous growth in the export. Performance is gained by pressing for continuous reduction or elimination of constraints on one hand and blending emerging technologies on the other.

Item	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	2004-2005	2005-2006
Art metal ware	341.05	480.05	680.20	1022.25	1205.95	1370.60	1214.60	1324.16	1497.18	1778.10	3364.93	3662.93

Exhibit 5- Statement of export art metal ware

ADDRESSING THE ISSUE OF QUALITY CONSCIOUSNESS

Quality is the pre- requisite for market leadership. Customer of brass demand quality goods in bulk at reasonable price. Indian brass industry focuses on product whereas competitors use sophisticated technology, use high standards and culture of excellence from production to marketing of goods. Due to inextensive allocation of technology and improper divergence of information in Indian brass industry, the effectiveness if the product has not reached upto the buyer’s expectation. Competitors being quality conscious gain competitive advantage. Moreover competitors are customized, enjoy the support from the respective government at home and feel stronger; whereas uncustomized and supportless Indian brass exporters are meandering in search for better opportunities. Exhibit 6 reflects major threats from the competitors as per buyer’s belief. It shows that exporters believe that Indian brass products fail to conform to cost and

quality; and hence quality and cost appear to be a major threat. Market stance of Indian brass industry is measured not only in terms of the number of rejects or returns but also on the function of human resources and their attitude towards quality improvement. High conformance with quality seems difficult with stereotype manufacturing; and hence rejects and replacements of Indian brass products are larger.

Major threats	Exporter view (in %)	
	2001-2002	2006-2007
Less cost	53	76.83
Less transfer time	45	4.88
High quality	75	51.22

Exhibit 6– Representation of major threats from the competitor as per exporter

IMPROVING OPERATIONS AND LINKAGES IN INTERNATIONAL MARKET

With massive labour intensity and weak brand distinction, the industry is adopting new technology, state-of-art, client support program, product development, concentrating on features and style improvement etc. for winning market battle field. Exporting firms are putting tremendous modes for timely dispatch of the product.

MANAGING COST

Obsolete manufacturing process and loopholes at infrastructure level like power supply, transport etc. is resulting in high variable cost. Not able to negate cost- the fundamental strategy precept, Indian brass exporters fail to keep the price low and are performing at a price disadvantage level. Exporters believe that cost changes with production scale, concentrated efforts of designers, engineers, purchasing and supplying agents. Assessing that competitor is not weak and is rather enthusiastic in fighting the price battle, Indian brass exporters are seeking measures to increase production, reduce cost (without compromising with quality) and attract even price sensitive customers to gain market share. Exhibit 7 shows the sensitivity of cost in the purchase as per the exporter.

Attributes	Buyers preference as per exporter (in %)	
	2001-2002	2006-2007
Timely dispatch	58	39.02
Cost	61	69.51
Quality	59	85.37
Aesthetic beauty	26	29.27

Exhibit 7- Variations in the buyer's preference of various attributes as per exporter

CONVERTING BUSINESS OF BRASS- A PROFITABLE VENTURE ON THE BASIS OF LONG TERM SITUATIONAL APPRAECH

There has been growth in the export of brass products from the country in the past. The unique technical skills with the capability of internal resources applied in manufacturing has had led Indian brass industry to reach the pinnacle. At present, the lack of harmony between know-how and emerging technology has outbroken the position. Indian brass exporters seem demotivated by the attitude of the government and feel skeptical with the facilities and incentives provided to them. Exhibit 8 shows that exporters feel that the government possesses an indifferent attitude towards export of brass. Exporters even feel that the government should actively participate in facilitating exports.

Exporters have started exploring the ways of their survival. So as to capture the lost market, exporters are in the midst of scrutinizing various means to constraints and optimize integrands like infrastructure facilities, physical facilities, state of technology and skills and could lead to continuous improvement of the product, increase in production and reduction the cost.

Hurdles	Exporters facilitating (%)	
	2001-2002	2006-2007
Lack of information	30	6.10
Lack of technology	41	28.04
Lack of R&D	43	37.80
Lack of infrastructure facilities	59	36.58
Govt. indifferent attitude	92	50
More internal competition	27	25.60

Exhibit 8- Variations in the opinion of the brass exporters towards hurdles

Brass exporters have started entering the retail sector. There are still many in the line who think to invest in retailing. One can expect many more players (global players joining local big exporters) entering the brass retail, both as high end exclusive stores and mass value for money.

SWOT ANALYSIS OF INDIAN BRASS INDUSTRY

Opportunities-

Increasing interest for decorative items by consumers in the developed countries.
Passion for novelty and exclusivity.
Mammoth income at the disposal of customers in developed countries.
Growing trend of offering gifts to developing interpersonal relationship.
Growth in retail sector.
Growth of e- commerce for direct marketing.

Strengths-

Trained and cheap labour.
Aesthetic know-how, functional integration and engagements.
Few competitors for hand made products.
Uniqueness of products.
Exporters are flexible and can handle small to medium orders.

Threats-

Competitors are providing products of better quality at a cheaper rate.
Trade terms of competitors compatible to the customers.
International standards.
Unstable government at home.
Legal obligations.

Weaknesses-

Unstable price of raw material.
Internal competition.
Expensive infrastructure.
Exporters cannot handle big orders.
Untimely delivery.
Stereotype manufacturing.
Stereotype system of marketing adopted by exporters.
Traditional management style adopted by exporters.

Suggestions

1. Instead of adopting an indifferent attitude, government should encourage the export of brass by minimizing the trade restrictions and promoting exports.

2. Good infrastructure is the best way to facilitate brass industry. Regular power supply is very important for the brass industries.
3. Government must take measures to publicize e-retailing.
4. Not ignoring cost- the fundamental strategy axiom, manufacturers should shift to new technology to reduce the cost and attract price sensitive customers.
5. Exporters should avoid opportunistic approach as it would reduce internal competition.
6. International market demands for quality standards. So as to fight the international battle, the unique know-how and international capabilities of Indian craftsmen must be renewed by inculcating latest technological developments.
7. Indian brass industry should focus on state of art, client support program, product development, and concentrate on style and packaging.
8. Exporters should fetch modes for timely dispatch of the products to reduce the rejects and returns.

Indian small scale and cottage sector helps to solve various social and economic problems of the artisans, by providing employment to over six million artisans, which include a large number of women and people belonging to weaker section of society of the society. In addition to high potential for employment, the sector is economically important from the point of view of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country. The industry is high labour intensive and decentralized, being spread all over the country in rural and urban areas.

In the changing world scenario, craft products exported to various countries form a part of life style products in the international market. The impact is due to the changing consumer taste and trends. In view of this it is high time for Indian craft industry to go into the details of changing designs, patterns, product development, requisite change in production facilities for the variety of materials, production techniques, and related expertise to achieve a significant position in the fast growing competitiveness with other countries. The six million craft persons who are the backbone of Indian handicraft industry are provided with inherent skills, technique and traditional craftsmanship; but that is quite sufficient for primary platform. In the changing world market, the craft persons need an institutional support.

Indian brass industry is looking ahead for fabricating strategies to uphold long term growth. Specialized labour is now more in demand than ever. The exporter is trying its level best to deliver attractive returns to the investors.

The response of the exporters for the different situations is in terms of creating processes and strategies that empowers them to jump from one advantage to another.

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