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A STUDY ON “DEALERS PERCEPTION OF DIFFERENT BRANDS OF CEMENTS”

SUMMER PROJECT REPORT

Submitted to the
Faculty of Management Sciences, Anna University
in partial fulfillment of the requirement
for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION

by

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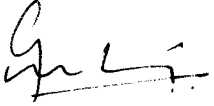
October 2006

DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY

COIMBATORE – 641 006

DECLARATION

I hereby declare that the dissertation entitled “A STUDY ON DEALERS PERCEPTION OF DIFERENT BRANDS OF CEMENTS AT GRASIM INDUSTRIES LTD , ADITYA BIRLA GROUP” submitted for the MASTER OF BUSINESS ADMINISTRATION degree is my original work and the dissertation has not formed the basis for the award of any other Degree, Associate ship, Fellowship or any other similar titles.


Gowri Mandharia.M
Signature of the Student
With date



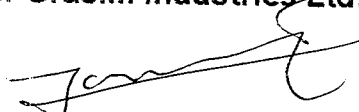
6th October 2006.

BONAFIDE CERTIFICATE

This is to certify that Ms.M.Gowri Manohari, II year M.B.A, student of Kumaraguru College of Technology, Coimbatore, had undergone her research work from 26th June – 09th August 2006 under the title “Dealers Perception on Different Brands of Cement” in M/s.Grasim Industries Ltd., Coimbatore

To the best of my knowledge this is her original effort in the course of her project work.

For Grasim Industries Ltd.,


T.Sivashanmukam
Sr. Manager - Marketing.

GRASIM INDUSTRIES LIMITED
CEMENT BUSINESS - MARKETING

ACKNOWLEDGEMENT

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ABSTRACT

In today's highly competitive climate, organizational survival and growth is dependant upon attracting and retaining quality customers as well as dealers. They are playing a vital role in a company's success. Especially dealers are acting as a bridge between the company and the customers. Choosing the inefficient or incapable dealers may cause further losses associated with quality, reliability and to a greater extent, the corporate image. In turn, this may lead to shrinkages in the organization's client base which ultimately may cause the demise of the organization, especially like cement industries. Cement industries are basically depends on the quality of dealerships more than its product's quality. Cement industry is one of the key industries in India. This project presents findings from an exploratory co-relational study that examined the dealership perception of different cement brands. The organization which has been selected for this study is "*Grasim Cements*".

This report outlines the findings about the dealers' perception about various cement brands and the opinion of the dealers regarding the price of the cement profit margin available for them. This report also outlines the findings on timely delivery / supply at short notice and quality of the Cement. This project also given a brief notes about the opinion of the dealers regarding the rapport maintained and grievance handling by the company officers and as well the opinion of the dealers regarding consumer preference.

This project would give a robust understanding of the issues underpinning the various perceptions among the dealerships about the different cement brands

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Chapter I

INTRODUCTION

1.INTRODUCTION

1.1 PROFILE OF INDIAN CEMENT MARKET

Cement industry is one of the key industries in India. The location is wide spread and the cement manufacturing units are found in almost all the states in our country. The industry is bound to exists and continues to exists because of the cement industry, the enterprises of all kinds.

The five major market leaders ACC, L&T, GUJARAT AMBUJA, INDIA CEMENT and BIRLA CORPARATION together had a market share of 30.26%, which increased to 34.46% at an average rate of 3.53% this is within a short. This is within a short period of five years. With acquisitions in the recent past, their combined share may be expected to grow even faster.

There may be threat of acquisition by multi national corporations (MNC) in cement industry. However it is not limited to India. What could be typing to the case of cement is the systematic way in which the MNC's are going about consolidating their position world over in cement industry.

Given its ambitious plans to developing vast infrastructure base for its growing economy, no wonder India caught the MNC's fancy. Moreover, given India's huge population, its housing needs are acute. Therefore, although the current supplies of cement exceed its demands, India offers a potentially lucrative market for cement manufacturers. For MNC's India could become an important base for exports with its position as the world's fourth largest producer of cement.

1.2 OBJECTIVES OF THE SYUDY

1. To improve the company sales, service & maintenance.
2. To find the opinion of the dealers regarding the price of the cement profit margin available for them and them.
3. To find the timely delivery / supply at short notice and quality of the Cement.
4. To find the opinion of the dealers regarding timely receipt of credit note
5. Account statement and other related details.
6. To find the various services offered by the cement manufacturers.
7. To find the opinion of the dealers regarding the rapport maintained and grievance handling by the company officers.
8. To find the opinion of the dealers regarding their loyally and consumer preference.

1.3 SCOPE OF THE STUDY

The study will be very much helpful for the company since they are hardly two years old in the area. The project will help the company to know its stand in the market

Since Coimbatore is said to be the “MACHINESTER of SOUTH INDIA” with lot of cotton and textile mills there would be a lot of scope for construction and allied materials. Irrespective of new constructions, repair works on already constructed mills and buildings itself will result in a higher usage of cement.

Moreover Coimbatore nowadays is turning to be an industrial city with lot of allied industries, schools and colleges all resulting in increased demand for construction activity. Since cement is a vital component among the construction materials, it was decided to find out the Market potential of cement industry with reference to Coimbatore city limit.

Also Coimbatore serves as an entry point for several districts of Kerala. Whose requirements may be met by serving the surplus quantity of cement available at Coimbatore.

1.4 METHODOLOGY

Methodology is the way to solve the research problem systematically. It explains the various steps generally adopted by a researcher in studying research problems along with the logic behind them.

1.4.1 TYPES OF STUDY

This consists of some 2 components such as

- Research design
- Sample design

RESEARCH DESIGN

Fundamental to the success of any research is sound research design. A good research design has the characteristics namely, problem definition, specific methods of data collection and analysis of the same. A research design is purely and simply the frame works or plan for a study that guides the collection of data and analysis. In this study Descriptive research design has been applied.

SAMPLE DESIGN

Under Probability sampling technique, Simple Random Sampling has been used to collect data from the finite Universe. Data has been collected from a Sample size of 63 dealers selling cement in the Coimbatore city.

1.4.2 TYPE OF DATA

There are two types of data

- Primary data
- Secondary data

PRIMARY DATA

Primary data have been collected directly from the dealers using Questionnaire as a tool.

SECONDARY DATA

Secondary data such as about the company, Product profile have been accessed from the portal WWW.GRASIM.COM and from various journals, magazines and news papers.

DATA SOURCE

The data has been collected from the cement wholesalers and retailers situated within the Coimbatore city limit.

INSTRUMENT FOR DATA COLLECTION

Questionnaire has been used as a tool and proper assistance have been made to collect data so as to avoid the possibility of non-responses.

1.4.3 STATISTICAL TOOLS

The data so collected have been analyzed mainly using Simple Percentage analysis as tool and the things so analyzed have been graphically represented using Pie Charts an Bar charts.

1.5 LIMITATIONS

1. The data have been collected only from 63 respondents constituting wholesalers as well as retailers.
2. The data have been collected from the persons dealing with cement within the Coimbatore city limit alone.
3. Simple random method has been used to select the respondents.

Data have been collected only from the Trading business and non-trading have been completely ignored.

Chapter II

ORGANIZATIONAL PROFILE

2.ORGANISATION PROFILE

2.1 HISTORY OF THE ORGANISATION

Grasim Industries Limited, a flagship of the Aditya Birla Group, is among India's ten largest companies in the private sector in terms of Assets and Sales. The Aditya Birla group is the second largest business house in the country with a Turnover of Rs.20000 Crore and an Asset base valued at over Rs.18000 Crore in 15 countries all over the world. The group has got over 75 units in India and elsewhere. Incorporated in 1947, Grasim commenced operations as a textile Manufacturer.

TEXTILES

The company's main product is fabrics and suiting made from different blends of polyester, wool, viscose and silk.

The brands includes

- GRASIM
- GRAVIERA
- LOUIS PHILLIPPE (acquired world rights)
- VAN HEUSEN
- ALLEN SOLLY (world rights)
- BYFORD
- PETER ENGLAND (world rights) and
- SAN FRISCO

VISCOSE STAPLE FIBER

In 1954, the company ventured into the production of VSF (Viscose Staple Fiber) a man-made fiber used in textiles production. Since then, Grasim continued to be India's largest manufacturer of VS F-meeting over 80% of the country's VSF requirements. Grasim also have got factories producing VSF at Thailand and Indonesia.

Grasim is also one of the worlds' lowest cost producers of VSF-due to its vertically integrated operations, producing most of its requirements of two principal raw materials viz. caustic soda and rayon grade pulp. For the year 1998-99, VSF accounted for over 30 percent of Grasim's turnover. The company has two VSF plants located at Nagda in central India and Harihar in southern India. The company have got a capacity of 3, 60,000 TPA and they are world's NO.1 offering a wide variety of Rayon fibers.

CEMENT

In the mid 1980s, with the opening up of the cement industry, Grasim diversified in to cement production. Its first cement plant at Jawad in central India went on stream till 1985. Since then the cement division of Grasim has grown rapidly - with two more plants coming up at Rajpur and Shambhupra. In 1999 Grasim acquired Dharani cements and Shree Dig Vijay Cement - strengthening its position in the south and west.

In the same year, with the consolidation of the groups cement operations, the cement business of Group Company Indian Rayon was transferred to Grasim. This added India's largest single - location Grey cement plant and one of the mid's largest white cement plants in Grasim's city. As a result, Grasim was catapulted in to the No. 3 position in the Indian cement industry with a-total capacity of over 10.72 mtpa.

The cement division of Grasim Industry's Ltd. is a leading name in the Indian cement industry with which it occupies a premium position with its multi brands for multiple applications. Grasim is operating all over India. The plants are located strategically in different lime stone clusters i.e., Rajashree Cement plant at Ivlalkhed, Karnataka; Vikram Cement plant at Khor, Rajasthan; Grasim cement plant at Rawan, MP; Grasim south at Reddipalayam, Ariyalur District, Tamil Nadu. Apart from that they have got grinding unit at Hotgi, Sholapur District, Maharashtra and Bulk Terminal at Doddaballpur, Karnataka. Grasim's Ready Mix Concrete (RMC) plants operate at I-Iyderabad, Gurgaon, Bangalore and Chennai.

The entire product range includes

OPC (Ordinary Pozzelona Cement) under the Brand names:

Rajashree Cement	- 43 Grades
Grasim Cement	- 43 as well as 53 Grade
Vikram Premium Cement	- 43 as well as 53 Grade
Birla Super	-53 Grade Cement

PPC (Pozzelona Portland cement) under the Brand names:

Birla Star
Birla Tri Star
Grasim PPC

SRC (Sulphate Resistance Cement) under the Brand names:

- Birla Coastal
- Vikram SRC

PSC under the Brand name - Grasim Super Concrete Special Cement

The company is also on the way of launching a new brand in the name

BIRLA PLUS

With the features of

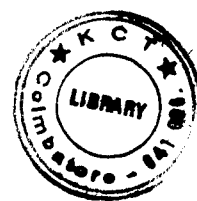
- Low permeability
- Porosity and
- Low heat of hydration with corrosive resistance components.

All the plants are backed by ISO 9002 quality systems. The Products are manufactured under strict and stringent quality control. Also, the products surpass the BIS requirements and maintain good consistency level.

Cements from Grasim power a wide spectrum of constructions. As every construction needs cement that helps to withstand the local climatic conditions, corrosive air pollutants, stress and load factors; specialty cements are the order of the day. Be it to build a dam, bridge, skyscraper or our dream home. These specialty cements, which are manufactured with cutting - edge technology, offer solutions for all types of constructions in which they are leaders in their respective segments. That is the reason why Architects, Structural Engineers and Contractors all over the country put their faith in these Hi-tech cements.

Some of Grasim's Valued Customers

Konkan Railway
Earthquake Rehabilitation, Latur
US Embassy, New Delhi
KAIGA Nuclear power plant, Karnataka
Leela Hotel, Bangalore
Dry Dock, Mumbai
P & O Jetty, Navi Mumbai
Bajaj Auto Ltd., Factory, Pune
Bandra Effluent / Influent plant, Mumbai
National Games Complex, Pune
Dabhol power corporation (ENRON project), Maharashtra
UTI Complex, Mumbai
Apollo Hospital, Chennai
Hotel Holiday Inn, Pune and so on



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Performance of cement business for the Quarter ended 30th June 2001

Grasim Industries has reported a turnover of Rs. 1,184 crores in the first three months ended June 30, 2001 against Rs. 1,196 crores. The gross profit before depreciation and interest charges was up by 3.15 percent to Rs.247.70 crores from Rs. 188.40 Crores. The cement business has registered an impressive growth of 24 percent in realizations. Cement production was 2.57 million tones (2.46 million tons) and sales 2.55 million tones (2.47 million tons). Realizations, stronger at Rs. 2,046 per Ton against Rs. 1,646 tons have been the major contributing factor in the enhanced operating margin of the cement business.

Interest charges claimed Rs.47.50 crores (Rs.61.30 crores) and depreciation accounted to Rs.62~60 crores (Rs.62.30 crores). Restructuring of high cost debts coupled with effective fund management saw a reduction in interest costs.

The profit after provision for employee separation cost of Rs.2.40 crores (Rs.1.40 crores) and for taxation of Rs.23 crores (Rs.4 crores), was up by 89 percent at Rs. 112 crores (Rs.59 crores). The company has also made a provision of Rs. 10 crores (nil) towards defined taxes. The net profit after this provision stood at Rs. 102.20 crores.

To grow its cement business and to sustain its market share, Grasim has planned a total capital expenditure of Rs.530 crores.

ABOUT RMC

Following Grasim, a clutch of cement companies have begun discussions with three southern states - Tamil Nadu, Kamataka and Andhra Pradesh - for supplying RMC on a deferred payment basis. The discussions have included Infrastructure Development Finance Company, Infrastructure Leasing and Financial Services, ICICI and other financial institutions. Sources said that the financial institutions were involved in the discussions so that a package for financing could be involved.

Under the scheme, the cement companies have sought to receive the cash upfront for the sales. This would essentially mean that the financial institutions would have to fund the program. Asked if this would allow for discounting of the bills or securitization of receivables from the states. Sources said that the scheme would not involve the cement

companies themselves providing credit to the state governments in view of the past experiences and the current poor state of finance of the states. Such mechanism has been already adapted in the case of Maharashtra for the construction of the expressway between Mumbai and Pune.

The companies have impressed upon the states to utilize RMC, a cement derivative, for the road - building programs. Though comparative cost of other materials is the same, the economic life of RMC - built roads would be longer with very little maintenance.

SOFTWARE

Birla Technologies spearheads the Aditya Birla Group's technology ventures. With allies like Lawson, Microsoft, IBM, Oracle, Sun, Hot palm and knowledge Mechanics, the company has the right people, proven business processes and direct access to emerging technologies to offer its customer end-to-end solutions in a number of business areas. The focus areas are financial services, insurance, telecom and knowledge management.

Birla Technologies was set up in 1992 as Birla Consultancy & Software Services (BCSS), a division of Grasim Industries Limited, one of the flagship companies of the Aditya Birla group. Having gained a strong footing in various aspects of business technology, the company was spun off as an independent entity and renamed as Birla Technologies in February 2001.

FINANCIAL SERVICES

Birla Mutual Fund by having a joint venture with Sun Life Assurance of Canada is supposed to be the largest private sector Mutual Fund in India. Besides this they offer a wide range of financial services including Insurance.

TELECOM

The firm has been successfully providing Cellular services in Gujarat, Maharashtra (excluding Mumbai) and Goa. Now they have been setting up India's largest private microwave communications system. Besides the above said things they have got Joint Venture with AT&T (USA), TA TAS and BPL. in bidding for cellular services in the service unavailable areas.

ALUMINIUM

The world's largest integrated producer of aluminium with an installed capacity of 2,42,000 TP A and also among the world's lowest cost producers of aluminium. They are a leading player in the aluminium market with wide export markets of North America, Europe, Africa and other parts of Asia.

COPPER

With an installed capacity of 1,00,000 TPA of copper cathodes, they are the Market leader in India with over 40% of Market share.

CARBON BLACK

With a capacity over 3,55,000 TPA they are the worlds Fifth largest producer, largest producer in Thai land and Egypt and second largest producer in India.

2.3 PRODUCT PROFILE AND MARKET POTENTIAL

FINANCIAL PERFORMANCE

Financial performance for Q2 - FY 2001

Particulars	Quarter ended (Unaudited)	Quarter ended (Audited)	Variation (in %)	Year ended (Audited)
Turnover	1192.15	1030.46	16	4289.72
PBIDT	218.88	211.22	04	756.32
Interest	60.45	72.09	16	256.08
Gross Profit	158.39	139.13	14	500.24
Depreciation	62.97	58.43	08	236.98
E.S.Cost	6.45	0.85	-	17.81
Taxation	6.00	5.00	20	12.35
PAT	82.97	74.85	11	233.1

Table no : 1

Grasim, the flagship company of the Aditya Birla Group, has reported a turnover of Rs.1192 crore (Rs.1030 Crore) for the quarter ended September 2000, reflecting a 16% increase over the corresponding quarter of the previous year.

2.4 COMPETITIVE STRENGTH OF THE COMPANY

Gross profit was higher by 14% at Rs.158 crores despite higher depreciation charge of the new cement plant commission in April this year. Higher production and turnover volumes were the driver's key of the company's enhanced performance during the quarter. Interest costs debts contributed to the profits as well. Grasim continues its efforts towards rationalization of its manpower. During the quarter under review, 3 II people opted for voluntary retirements, who were paid Rs.6.45 crores, beside their normal retirement benefits.

Year ending 31 st March	2000	2001	2002	2003	2004	2005
Operating Margin (%)	21.6	20.5	18.5	16.4	15.0	15.6
Gross Margin	20.2	19.8	14.5	12.7	10.2	11.7
Net margin	15.0	12.1	08.9	06.6	04.4	05.9
Interest Cover (x)	03.7	03.0	02.6	02.6	02.3	02.8
Debt Equity ratio (x)	01.1	01.0	01.0	00.9	00.9	00.8
Net sales/ Total Assets (x)	00.6	00.7	00.7	00.8	00.7	00.8
ROACE (%)	13.1	15.3	13.1	11.2	09.6	10.6
ROAE (%)	18.5	18.4	12.6	10.2	06.6	08.4
EPS (Rs)	42.7	45.9	36.0	31.9	19.6	25.4
CEPS (Rs)	53.1	63.0	58.7	55.0	44.7	51.3
Dividend / Share (Rs)	05.8	06.3	06.5	06.8	06.8	07.0
Book value / Share (Rs)	230.2	269.4	301.0	325.1	285.0	303.0

Table No : 2

2.5 FUTURE PLANS

1. ADVERTISING

Advertising is any paid form of non-personal presentation of ideas, goods and services by an identified sponsor.

2. ADVERTISING CAMPAIGN

Advertising Campaign means advertising effort relating to a specific product or service extending over a specified time period.

3. BRAND

A Brand is a name, term, sign, symbol or design or a combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

4. BRAND EQUITY

Brand Equity is the value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand associations and other assets such as patents, trademarks and channel relationships.

5. BRAND EXTENSION

Brand Extension means using a successful brand name to launch a new or modified product in a new category.

6. CUSTOMER SATISFACTION

Customer Satisfaction means the extent to which a product's perceived performance matches a buyer's expectations. If the product's performance falls short of expectations, the buyer is dissatisfied. If performance matches or exceeds expectations, the buyer is satisfied or delighted.

7. CUSTOMER VALUE

Customer Value means the difference between the values the customer gains from owning and using a product and the costs of obtaining the products.

8. DESCRIPTIVE RESEARCH

Descriptive Research means marketing research to better describe marketing problems, situations or markets, such as the market potential for a product or the demographics and attitudes of consumers.

9. DIRECT MARKETING

Direct Marketing is marketing through various advertising media that interact directly with consumers, generally calling for the consumer to make a direct response.

10. EXPLORATORY RESEARCH

Exploratory Research means marketing research to gather preliminary information that will help to better define problems and suggest hypotheses.

11. MARKET POSITIONING

Market Positioning is arranging for a product to occupy a clear distinctive and desirable place relating to competing products in the minds of target consumers. It means formulating competitive positioning for a products and a detailed marketing mix.

12. MARKET POTENTIAL

Market Potential is the maximum sales possible for all sellers of a product to an identified market segment within a specified time frame.

13. MARKET SEGMENT

Market Segment is a group of consumers who respond in a similar way to a given set of marketing stimuli.

14. MARKET SEGMENTATION

Market segmentation means dividing a market for goods or services into distinct several smaller groups of buyers having similar wants.

15. MARKETING STRATEGY

Marketing Strategy means marketing logic by which the business unit hopes to achieve its marketing objectives.

16. MEDIA PLAN

Media plan means a part of the marketing strategy knowing the consumer profile accurately and the market to be reached i.e. the target market.

17. MEDIUM

Medium is a channel of communication such as News Papers, Magazines, Radio and Television. A medium is a vehicle for carrying the sales message of an advertiser to the prospects.

18. POINTS-OF-PURCHASE (POP)

Point-of-Purchase means promotional material displayed in the retail store to encourage sales.

19. PRODUCT

Product means anything that can offer to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and, ideas.

20. PRODUCT ADVERTISING

Product Advertising conveys information about a product to stimulate primary demand of the product category rather than a specific brand.

21. PRODUCT DESIGN

Product Design is the process of designing a product's style and function: Creating a product that is attractive easy, safe and inexpensive to use and service and simple and economical to produce and distribute.

22. PRODUCT LINE

Product Line means a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets or fall within price ranges.

23. PRODUCT QUALITY

Product Quality Means the ability of a product to perform its functions; It includes the products overall durability, reliability, precision, ease of operation and repair, and other valued attributes.

24. SALES FORCE PROMOTION

Sales Force Promotion means sales promotion designed to motivate the sales force and make sales force selling efforts more effective including bonuses, contests and sales rallies.

25. SALES POTENTIAL

Sales Potential means maximum sales possible for one company's product as the firm's marketing efforts increase relative to competitors.

26. SALES PROMOTION

Sales Promotion means short term incentives to encourage purchase or sales of a product or service.

27. SEASONALITY ANALYSIS

Seasonality Analysis is a method of predicting sales in which a manager studies daily, weekly or monthly sales figures to evaluate the degree to which seasonal factors such as climate, festivals and holiday activities, influence the firm's sales.

28. TOTAL QUALITY MANAGEMENT (TQM)

Total Quality Management includes programs designed to constantly improve the quality of products, services and marketing processes.

2.6 DISCRPTION OF THE FUNCTIONAL AREA

- The Coimbatore city has got a good market potential of 480 Tons of Cement per day.
- The Chettinad cement dealers have got belie I' experience than other cement dealers.
- Majority of the dealers select the cement on the basis of Quality followed by Brand name.
- Majority of the respondents deal with cement because they already deal with construction related business and they felt that selling cement would be an added advantage.
- Advertising plays a major role for the customer to select the cement and about the place of the availability.
- The cement companies advertise at their own cost and they have never pressured the dealer to advertise at dealers cost.
- The multi-branded India Cement Limited have got the most appealing Advertisement that too mainly in the outdoor media.
- Cement transactions are mainly made on Credit terms that too on 40 days credit.
- The cement manufacturers are making efforts to properly deliver the credit note and account statement in time.
- Majority of the dealers where not allowed to use their own truck to take delivery of cement from the factory / Godown.
- The dealers average cost of Loading, Transportation and Unloading of a bag stood at Rs.3.30.

- Majority of the dealers receives damaged cement bag during transit, which is been replaced within 2 weeks (dealers average).
- In most of the cases, the dealers do not receive complaint on the quality of cement. Whenever rarely it occurs, the complained cement was duly compensated or replaced.
- The cement manufacturers are regularly ascertaining the dealers' views on Quality, price, profit margin & supply of cement vis-a-vis competitors.
- The dealers are provided with Technical knowledge/service regarding the mixing proportion of cement: sand: aggregate; water: cement ratio; mix design; pamphlets; booklets and test results.
- There was pressure from the manufacturer to the dealer regarding sales target.
- The dealers are been provided with promotional scheme for pushing sales volume.
- Laboratory testing service is been provided to the dealers whenever and wherever needed.
- Chettinad cement is:
 - ❖ The fast moving brand
 - ❖ The Brand that would be recommended for the customer by the dealers and
 - ❖ Frequently enquired brand by the customers.
- ICL & MCL provide good margin over the selling price.
- L & T p 53 is the leading brand in the quality aspect.
- Chettinad cement stood first when Timely delivery and supply at short

notice is taken in to account.

- When Advertisement factor is taken for consideration, the brands of ICL strikes in the minds of the majority of the dealers.
- In case of provision of other services like Maintenance of Rapport, Grievance handling by the Marketing officers etc. GRASIM company ranks top position.

Majority of the dealers are loyal to the brands that they deal with at present and don't have the intention of changing the portfolio.

Chapter III

MACRO – MICRO ECONOMIC ANALYSIS

3.MACRO – MICRO ECONOMIC ANALYSIS

Cement is one of the key infrastructure industries. India is the second-largest producer of cement in the world after China with industry capacity of approximately 160 MT in 2006. The cement industry comprises 128 large cement plants with an installed capacity of 151.69 million tonnes and more than 300 mini cement plants with an estimated capacity of 11.10 million tonnes per annum resulting in total installed capacity of 163 million tonnes. Actual cement production in 2003-04 was 123.50 million tonnes as against a production of 116.35 million tonnes in 2002-03, which is an increase of 6.15% over 2002-03. Cement production during the year 2004-05 (April-January, 2004-05) was 108.06 million tonnes (provisional), registering a growth of 7.10%.

The Cement Corporation of India, which is a central public sector undertaking, has 10 units. Besides, there are 10 large cement plants owned by various state governments. Keeping in view the past trends, a production target of 133 million tonnes has been set for the year 2004-05. During the Tenth Plan, the industry is expected to grow at the rate of 10% per annum and is expected to add capacity of 40-52 million tonnes, mainly through expansion of existing plants and use of more flyash in the production of cement. Apart from meeting the domestic demand, the cement industry also contributes towards exports.

The cement industry is regional in nature due to the concentration of limestone reserves located in a few states. This has resulted in a surplus situation in some regions and a deficit in others. Demand for cement has grown at a CAGR of 9.1% in the last two years with supply growing at a CAGR of 8.2% in the same period. With a large amount of

infrastructure activities being planned in commercial, real estate and housing sector along with huge development works in roads, railways, ports and hydel projects.

3.1 Overview of the performance of the Cement Sector

The Indian cement Industry not only ranks second in the production of cement in the world but also produces quality cement, which meets global standards. However, the industry faces a number of constraints in terms of high cost of power, high railway tariff; high incidence of state and central levies and duties; lack of private and public investment in infrastructure projects; poor quality coal and inadequate growth of related infrastructure like sea and rail transport, ports and bulk terminals. In order to utilize excess capacity available with the cement industry, the government has identified the following thrust areas for increasing demand for cement:

- (i) Housing development programmes;
- (ii) Promotion of concrete highways and roads;
- (iii) Use of ready-mix concrete in large infrastructure projects; and
- (iv) Construction of concrete roads in rural areas.

3.2 Demand Supply dynamics

Demand for cement has been increasing at a very good pace since 2004-05, driven by large amount of infrastructure investments and housing growth. Supply has also been improving on account of capacity additions as well as higher capacity utilizations achieved through higher blending. However, FY06 saw a robust demand for cement, with demand registering a growth of more than 10%. To cater to increased demand, capacity utilizations jumped to 92.7%. The cement demand is expected to grow by 10% for the

next three years due to limited capacity additions to cater the increased demand. We believe capacity utilizations would jump to 97% in the next two years till new capacities come up by mid-FY09.

Increasing capacity utilization								
(mn tonnes)	2002	2003	2004	2005	2006	2007E	2008E	2009E
Total capacity	129.8	137	144.4	151.6	159.8	166.7	182.8	221.1
Effective capacity	123.8	130.2	137.6	144.8	153	159.7	175.8	214.1
Total Dispatches	102	111.4	117.4	128.6	141.8	155	169.4	185
<i>% growth</i>		9.2%	5.4%	9.5%	10.3%	9.3%	9.3%	9.2%
Total Consumption	99	107.6	113.8	123.1	135.5	148.7	163.1	178.7
<i>% growth</i>		8.7%	5.8%	8.2%	10.1%	9.7%	9.7%	9.6%
Total Exports	3.4	3.5	3.4	4.1	6	6.4	6.4	6.3
Capacity utilization (%)	82.4%	85.6%	85.3%	88.8%	92.7%	97.1%	96.4%	86.4%

Source: CMA, Cris Infac

Table No : 3

3.3 Grasim Cements

Riding on the back of a strong product portfolio and intelligent, innovations, Grasim Cement is firmly into expansion mode. When one discusses the behemoths of Indian industry, it is hard to miss the name Grasim Industries Limited, the flagship of the Aditya Birla Group. Currently, it ranks among India's 10 largest private sector companies in terms of assets and sales, with a turnover of Rs 4626 crore in financial 2003. Having commenced operations as a textiles manufacturer in 1948, it has diversified into sponge iron, chemicals, textiles and cement. Among all these industries, it is cement, which stands out as the focus area for the company. In the mid-eighties, with the opening up of the cement industry, Grasim diversified into cement production. Its first cement plant at Jawad in central India went on stream in 1985. Since then the cement division of Grasim

has grown rapidly - with two more plants coming up at Raipur and Shambhupura. In the same year, with the consolidation of the group's cement operations, the cement business of group company Indian Rayon was transferred to Grasim. This added India's largest single-location grey cement plant at Raipur (Madhya Pradesh), Shambhupura(Rajasthan), Reddipalayam (Tamil Nadu), Sikka (Gujarat), Malkhed (Karnataka), Hotgi and one of the world's largest white cement plants at Kharia Khangar (Rajasthan) in Grasim's kitty. Since then, its cement business has grown rapidly, making it one of India's premier cement companies.

Its cement production for financial 2003 was 11.09 million tons (MT). Grasim Cement is India's third largest cement manufacturer, with an aggregate grey cement capacity of 13.41 million tonnes per annum spread across India with implementation of ongoing modification and capacity expansion projects through removal of bottlenecking.

In 1998, Grasim acquired Dharani Cements with its plant at Ariyalur (Tamil Nadu), strengthening its position in the south and west. The unit was subsequently merged and together with the recently-expanded plant at Reddipalayam, is known as Grasim South. Shree Digvijay Cement, a subsidiary company of Grasim, which was acquired in 1998, has its integrated grey cement plant at Sikka (Gujarat).

At each of these plants, due attention has been paid to infrastructure to facilitate seamless operations. The plants are located close to sizeable limestone mines and are fully automated to ensure consistently good quality. Grasim has procured railway wagon rakes to ease the problem of movement of cement besides saving on transportation cost. The

company has a captive jetty having dry cargo capacity of 3 million tones per annum. This jetty is used to export cement and clinker and to import coal for captive use.

To leverage its brand equity, Birla Plus, Birla Super and Birla Ready Mix have been identified as national brands. The Birla White cement has made its mark in the niche segment of flooring and wall finishing. To fulfill customer needs in niche segments, Birla White has introduced two new products - Birla White GRC (Glass Reinforced Concrete) and Birla White Wall Care Putty and the Birla White Glass Reinforced Concrete. With a rising demand from customers for quality and standardization, Birla Ready mix has an edge with quick and prompt delivery of fresh factory-made concrete, delivered at the customer's site. The company has commissioned four ready-mix concrete plants of an aggregate capacity of 1 million cubic meters at Hyderabad, Chennai, Noida and Bangalore. Moreover, with the existing six plants of 420-m³/hr capacity and plans for more, Birla Ready mix enables customers to plan for just-in-time concreting.

Recognizing the fact that a large product portfolio does not necessarily ensure success in the intensely fragmented and competitive cement industry, Grasim Industries Ltd. offers a host of value-added services to customers, viz, concrete mix design, cube testing services, non-destructive testing and training and site visits by qualified engineers. It is pooling the collective inputs of construction professional's knowledge, through a web based knowledge community. There are mobile testing cement silos at Bangalore to deliver fresh cement at the customer's doorstep; a very innovative concept developed by Grasim Industries Ltd. was the launch of 'Mobile Concrete Laboratory', at almost 38 locations throughout India.

Grasim is strengthening its hold over distribution, by its foray into retailing. Birla Super Shoppes - a chain of exclusive cement outlets, are taking shape across the country. Each Shoppe has a qualified civil engineer who assists customers. These initiatives explain exactly why the company was awarded the National award for Quality Excellence in Indian Cement Industry by the National Council for Cement and Building Materials, in the year 2000-01.

Cement production of Aditya Birla Group for the period April-October 2006 moved up by 6.94 per cent at 167.96 lakh mt as against 157.07 lakh mt during April-October 2005. While dispatches moved up 6.94 per cent at 167.63 lakh mt in April-October 2006 as against 156.76 lakh mt in the corresponding period last year.

Cement production and dispatches of Aditya Birla Group for the month of October 2006 stood at 25.40 lakh mt and 25.36 lakh mt, registering a growth of 9.97 per cent and 7.93 per cent over October 2005 respectively.

Chapter IV

DATA ANALYSIS AND INTERPRETATION

4.DATA ANALYSIS & INTER PRETATION

DEALERS OPINION ON THE CEMENT THAT WOULD BE PROBABLY RECOMMENDED

Company name	No. of Respondents	Percentage
ICL	12	19.05
MCL	10	15.87
CHETTINAD CEMENT	18	28.57
GRASIM	08	12.70
L&T	15	23.81
TOTAL	63	100

Table No : 4

Nearly 29% of the dealers said that they would recommend chettinad for the consumers, whereas 24% said that they would recommend the consumer to buy L&T cement, 19% of the dealers recommended brands of ICL, followed by MCL 16% and Grasim 12 %. It is in the hands of the dealers to take a brand to its peak or crush it down to the bin. The probable reasons for dealers recommending the Chettinad cement is the Brand name, the company has built in the past Three decades and the attractive “Cash Discounts” that they offer.

RESPONDENTS RATING OF THE COMPANY

PRICE

Company \ Rank	Rank									
	I	II	III	IV	V	VI	VII	VIII	IX	X
ICL	11	11	12	17	6	4	1	0	0	1
MCL	11	11	8	7	13	6	4	3	0	0
CCL	6	6	5	2	11	18	9	0	4	2
ACC	1	2	3	6	8	15	20	6	0	2
GIL	9	11	10	9	12	10	1	1	0	0
L & T	7	7	9	14	8	5	6	5	2	0
DALMIA	0	1	3	1	1	3	17	27	10	0
ZUARI	2	4	2	1	1	1	4	20	22	6
PRIYA	9	8	5	4	3	2	0	1	22	9
OTHERS	8	1	5	3	0	0	0	0	3	43

Table No : 5

As far as price and profit margin is concerned both ICL and MCL (17.46%) each stands first.

Multi branded ICL as well as single branded follow the strategy of satisfying the dealer by providing them Gold Sovereigns on the volume traded by them in the Annual Dealers meet. It may be a reason for the dealers ranking them at the top position.

Grasim, the flagship of A V BIRLA group and also the new player in the market stands second, where as Priya cement occupies third position in the market.

QUALITY

Company \ Rank	Rank									
	I	II	III	IV	V	VI	VII	VIII	IX	X
ICL	12	11	8	16	9	6	0	0	0	1
MCL	7	8	14	6	17	8	2	0	1	0
CCL	10	6	4	9	12	13	5	1	3	0
ACC	2	2	1	5	5	18	18	8	3	1
GIL	12	14	14	11	6	3	2	1	0	0
L & T	14	13	8	13	6	3	1	5	0	0
DALMIA	0	0	1	0	2	3	30	17	9	1
ZUARI	2	2	1	2	5	4	4	28	11	4
PRIYA	4	3	1	1	1	4	2	5	34	8
OTHERS	4	2	7	1	0	0	0	0	1	48

Table No : 6

When Quality is concerned, L & T P 53, the solo brand of the construction giant Larsen & Toubra stands first. Constructions of Bye-pass road in the locality and Fly-over have extended their support to capture the Top position in Quality.

Multi branded ICL as well as the new player GRASIM occupies the second position. But the Market Leader Chettinad cement was able to capture only the Third position. A notable point among the runner position is that ICL with several brands viz. Shankar, Raasi, Vishnu, Coromandel etc. shared the place with GRASIM which have got only 3 brands in the market: Birla Super, Rajashree, Birla star.

This indicates that sustainable share of the market can be achieved only with quality and not by multiple brands.

SUPPLY

Company \ Rank	Rank									
	I	II	III	IV	V	VI	VII	VIII	IX	X
ICL	12	11	8	16	9	6	0	0	0	1
MCL	7	8	14	6	17	8	2	0	1	0
CCL	10	6	4	9	12	13	5	1	3	0
ACC	2	2	1	5	5	18	18	8	3	1
GIL	12	14	14	11	6	3	2	1	0	0
L & T	14	13	8	13	6	3	1	5	0	0
DALMIA	0	0	1	0	2	3	30	17	9	1
ZUARI	2	2	1	2	5	4	4	28	11	4
PRIYA	4	3	1	1	1	4	2	5	34	8
OTHERS	4	2	7	1	0	0	0	0	1	48

Table No : 7

As far as timely delivery and supply at short notice is concern, the market leader Chettinad cement took the top position, followed by ICL in the second position and Grasim in the third position.

ADVERTISEMENT

Company \ Rank	Rank									
	I	II	III	IV	V	VI	VII	VIII	IX	X
ICL	21	14	8	12	2	5	1	0	0	0
MCL	11	9	9	8	16	5	4	1	0	0
CCL	8	4	8	10	12	13	6	0	1	1
ACC	3	1	2	2	9	23	11	8	2	2
GIL	7	18	11	14	7	3	0	2	1	0
L & T	10	8	16	10	9	4	4	2	0	0
DALMIA	0	1	0	3	1	4	29	17	8	0
ZUARI	1	1	3	2	3	3	6	31	10	3
PRIYA	2	3	1	1	3	1	3	1	41	7
OTHERS	2	3	0	2	1	1	0	1	0	50

Table No : 8

When advertisement factor was taken in to account, ICL among its multi brands shared the top position, where as Ramco cement took the second position followed by L&T in the third position.

OTHER SERVICES

Rank Company	I	II	III	IV	V	VI	VII	VIII	IX	X
ICL	7	13	21	9	8	3	1	0	1	0
MCL	10	8	10	13	14	5	2	1	0	0
CCL	7	4	7	8	19	5	6	4	2	1
ACC	1	1	2	3	10	33	8	3	1	1
GIL	30	10	9	7	2	4	0	1	0	0
L & T	3	21	9	15	2	8	3	1	1	0
DALMIA	0	1	0	1	4	2	38	10	6	1
ZUARI	1	2	1	2	1	1	2	3	45	5
PRIYA	1	2	1	2	1	1	2	3	45	5
OTHERS	2	1	3	2	1	0	0	0	1	53

Table No : 9

In case of other services like maintenance of rapport, grievance handling by the company officers, provision of testing and laboratory facility GRASIM took the top position. The reason is because of the service rendered by the company in the form of MOBILE CONCRETE LAB, which is a function of the TASC. These have got high familiarity among the dealer's.

MCL took the second position followed by ICL and Chettinad in the third position.

Chapter v

CONCLUSION

5.CONCLUSION

5.1 RESULT & DISCUSSION

The study revealed the Market potential of cement industry in the Coimbatore city which shall reveal the stand of the major players. The company could follow the suggestions as mentioned for improvement from its present position. The study does not carry any personal opinion of the researcher and the findings are totally based upon the primary data collected from the dealers.

Data collection was a wonderful experience for the researcher meeting different personalities of persons. Hence the researcher had taken all the possible efforts to present the project report in the best possible manner to satisfy the requirements of the Company as well as the Academic quest.

5.2 RECOMMENDATION

The cement cartel has to make some steps such that the cement prices do not fluctuate to an Everest high / Rock bottom low prices. This fluctuation creates inconvenience in case of price Reimbursements for the dealers.

- The Margin that is been provided by the manufacturers to the wholesalers on "Trading" have to be increased in such a way that the margin shall compete even with the margin available to the dealers in "Non-trading" business.
- The dealers must be allowed to use their own truck to take delivery of cement from the Factory/ Godown, if at all they prefer to do so.
- The manufacturers must permit delivery of cement in small lots such as 5 Tons or 10 Tons by any medium of Transport that will boost up the sales quantity.
- Though supply of cement at short notice is been carried out, making arrangements such as Delivery of cement within 6 hrs of receipt of order will be convenient for the end users.
- The cement manufacturers should fasten the process such that Credit note and account statement reach the dealers in time. By doing so, grievance can be handled in the budding stage itself.
- All the companies should provide Technical Knowledge and service such that the dealers could be technically very strong about all aspects of cement. This will be very useful in dealers' point of view in pushing volume in competitive grounds.
- The cement bags get damaged mainly during unloading and loading. The

companies could innovate some alternatives like plastic clips so as to replace metal hooks which are normally used. This could minimize the damages that occur during loading and unloading.

- The manufacturers, at present spent majority of their Advertising budget for Outdoor media and Print media. This can be well diversified to the Television media that serves as a window for updating the happenings of the world.
- The cartel has to initiate some steps so that the cement purchased on "Non-Trading" is not been used in Trading line. This affects dealers business to a great extent.

ANNEXURE

ANNEXURE-I

KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE
DEPARTMENT OF MANAGEMENT STUDIES

A Survey On “STUDY ON DEALERSHIP PERCEPTION OF DIFERENT BRANDS OF CEMENTS”.

Questionnaire

1. Which are the different cement brands you are aware of?

- a. Coramental / Shankar
- b. Brila Super / Plus
- c. Chetiainad
- d. Ultratech
- e. Ramco
- f. Dalmia
- g. ACC
- h. Others

2. Which are the different cement brands you are dealing with?

- a. Coramental / Shankar
- b. Brila Super / Plus
- c. Chetiainad
- d. Ultratech
- e. Ramco
- f. Dalmia
- g. ACC
- h. Others

3. How long you are associated with this business?

- a. 1 year
- b. 2 years
- c. 5 years
- d. Above 5 years

4. How long you are associated with different brands?

- a. Coramental / Shankar
- b. Brila Super / Plus
- c. Chetiainad
- d. Ultratech
- e. Ramco
- f. Dalmia
- g. ACC
- h. Others

5. Average sale of cement per month

- a. Less than 50 bags
- b. 100 – 200 bags
- c. above 500 bags

6. Why do you deal with particular brand?

7. Which type of cement do you prefer?

- a. OPC (Ordinary Portland Cement)
- b. PPC (Portland Pozzolona Cement)

8. Opinion about the brand image of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

9. Opinion about the quality of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

10. Opinion about the price of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

11. Opinion about the profit margin of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

12. Opinion about the services offered by different brands

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

13. Opinion about the personal relationship of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

14. Opinion about Customer preference of different brands.

Brands	Excellent	Good	Satisfactory	Not Satisfactory
Coramental / Shankar				
Brila Super / Plus				
Chetiainad				
Ultratech				
Ramco				
Dalmia				
ACC				
Others				

15. Are you satisfied with the after sales service provided by different brands?

Brands	Yes	No
Coramental / Shankar		
Brila Super / Plus		
Chettinad		
Ultratech		
Ramco		
Dalmia		
ACC		
Others		

16. Do you find any decrease in volume of sales of different brands?

Brands	Yes	No
Coramental / Shankar		
Brila Super / Plus		
Chettinad		
Ultratech		
Ramco		
Dalmia		
ACC		
Others		

17. Are you satisfied with the dealer's promotion programs offered by the companies?

Brands	Yes	No
Coramental / Shankar		
If yes, mention,		
Brila Super / Plus		
If yes, mention,		
Chettinad		
If yes, mention,		
Ultratech		
If yes, mention,		
Ramco		

19. Suggestion :

20. Personal Details:

Name :

Address :